



Investigative Report of Alleged Collusion and Misconduct by Presidio Trust Employees

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This is a version of the report prepared for public release.

SYNOPSIS

In late July 2015, the U.S. Department of the Interior (DOI) Office of Inspector General (OIG) received a congressional complaint letter from Congresswoman Jackie Speier, U.S. Representative for California's 14th Congressional District, alleging that Presidio Trust (Trust) employees improperly influenced the Trust's decisions during the evaluation of proposals to build a cultural facility in the Mid-Crissy area of the Presidio in San Francisco, CA. Based on internal Trust emails obtained from a Freedom of Information Act (FOIA) request, the complaint alleged that Trust employees privately ruled out filmmaker George Lucas' proposal before the bidding process had begun, plotted against Lucas' bid throughout the evaluation process, and colluded with the Golden Gate National Parks Conservancy by encouraging that organization to submit a proposal. Congresswoman Speier requested that OIG investigate whether any Trust employees engaged in misconduct, the Trust's bidding process was fair and followed relevant policies and procedures, and the Trust had sufficient safeguards to prevent the alleged misconduct from occurring in future contracting processes.

We did not substantiate the allegations against the Trust employees. The Trust followed its project policies and procedures, published all project documentation on its official website, and sought public input throughout the process. Lucas' proposal failed to meet the Mid-Crissy Area Design Guidelines (Guidelines), which were published in the request for concept proposals and request for proposals as well as on the Trust's public website. The board notified Lucas it would not select his project if his proposed building did not conform to the Guidelines. Further, the employee emails collected during the FOIA process were revealed after the board canceled the project; the board, therefore, was unaware of the negative comments between the Mid-Crissy project manager and the contracted advisor until after it had rendered its decision. The project manager subsequently resigned from her position at the Trust and the advisor's contract ended when the project was canceled. We referred this report to the Presidio Trust for information only.

BACKGROUND

Presidio Trust

The Presidio Trust's (Trust) key partners are NPS and the nonprofit Golden Gate National Parks Conservancy (GGNPC). The Trust is managed by a seven-member board of directors. The President of the United States appoints six members of the board, and the Secretary of the Interior designates the seventh member.

Federal laws and regulations governing procurement by Federal agencies, including the Federal Acquisition Regulations, do not apply to the Trust. Instead, the Presidio Trust Act mandates that the Trust obtain "reasonable competition" before entering into leases and other use and occupancy agreements with third parties. The Trust may solicit and accept donations of funds, property, supplies, or services from individuals, foundations, corporations, and other private or public entities to carry out its duties. In 2013, the Trust became financially self-sustaining, as mandated by Congress.

DETAILS OF INVESTIGATION

In late July 2015, DOI OIG received a complaint letter from the office of Congresswoman Jackie Speier, 14th District, CA, alleging that Trust employees improperly influenced the Trust's decisions during the evaluation of proposals to build a cultural facility in the Mid-Crissy area of the Presidio in San Francisco, CA. Based on internal Trust emails obtained from a Freedom of Information Act (FOIA) request, the letter alleged that two Trust employees—the former Trust Project Manager and a contracted advisor—privately ruled out filmmaker George Lucas' proposal before the bidding process had begun, plotted against Lucas' bid throughout the evaluation process, and colluded with GGNPC by encouraging it to submit a proposal. Congresswoman Speier requested that OIG investigate whether—

- any Trust employees engaged in misconduct;
- the Trust's bidding process was fair and followed relevant policies and procedures; and
- the Trust had sufficient safeguards to prevent the alleged misconduct from occurring in future contracting processes.

In 2010, Lucas presented the Trust board with an unsolicited conceptual proposal to build a digital arts museum, which would house Lucas' digital arts collection, on the Mid-Crissy site. While Lucas' proposal had no drawings because he wanted to hold an international competition for the final building design, the proposed building concept was an ornate Beaux-Arts architecture.¹ The Trust was not offering the Mid-Crissy site at that time, but it notified Lucas that it would solicit and evaluate any proposals through a competitive process. The Lucas project manager told us that, because Lucas had successfully navigated the competitive and historic

¹ A French style of architecture that influenced American architecture from 1880 – 1920. The San Francisco War Memorial Opera House, constructed in 1932, is an example of Beaux-Arts architecture. Characteristics include a flat roof, arched windows, arched and pedimented doors, statuary, and classical architectural details. *Source:* https://en.wikipedia.org/wiki/Beaux-Arts_architecture

review processes to build the Letterman Digital Arts Center on Presidio grounds, they felt comfortable with the process.

Former Trust Executive Director Craig Middleton said that the Trust had learned from a failed project that damaged its credibility with the public that the best way to earn and keep the public trust was to adhere to a competitive process for new projects, seek public participation, and provide transparency regarding Trust actions and decisions. In the case of the failed project, the Trust had created guidelines after accepting the project proposal. For the Mid-Crissy project, the Trust gathered input from NPS, the National Trust for Historic Preservation, and the public to develop the Mid-Crissy Area Design Guidelines prior to reviewing any proposals for the Mid-Crissy site. The former Trust project manager told us that the Guidelines indicated appropriate architectural parameters for the site and were met with enthusiasm and support by the Trust staff and community stakeholders.

According to the Trust Chief of Strategy and Communications, the Trust wanted to generate enthusiasm and wide participation from as many proponents as possible to gather the best project ideas because it had been entrusted with ensuring the best use of the public land. In December 2011, the Trust published the Guidelines on its official website and contracted an advisor to assist with the project solicitation and evaluation processes.

The Trust ensured that the project solicitation and selection process was fair and transparent by holding public meetings, setting clear guidelines and goals, seeking competition, and deliberating in a public setting. At the outset, the board explicitly reserved the authority to not accept any proposals and suspend the project.

The Trust initiated the request-for-concept-proposal (RFCP) process in November 2012 by advertising the project on its website, in press releases, and through presentations at conferences that the former Trust project manager and former contracted advisor conducted. The Trust actively sought proposals from entities other than Lucas to ensure a robust competitive process. There was no particular emphasis to solicit a proposal specifically from GGNPC. According to DOI-designated board member John Reynolds, contacting GGNPC to gauge its interest in the project would have been “perfectly legitimate” and aligned with the Trust’s goal of reaching potential bidders and obtaining the best proposals from which to choose.

Using the goals stated in the RFCP and the Guidelines to review and evaluate the proposals, the Trust board winnowed the submissions received in response to the RFCP from 16 to 5. The Trust board interviewed the five semifinalist proponents, including Lucas, and selected three finalists, again including Lucas. The Trust issued a request for proposals directed only at the three finalists on May 2013.

In September 2013, Middleton removed the Trust project manager from the Mid-Crissy project manager position based on a complaint of a board member and others regarding objectivity. The former Trust project manager allegedly told museum directors at a conference that the Trust did not want Lucas’ project; one of the attending museum directors later relayed this comment to Lucas’ “front person,” the Lucas project manager. Although Middleton did not believe that the former Trust project manager’s personal opinion of the Lucas proposal affected how she

conducted the process, he felt that even the hint of bias was sufficient cause to remove her. Later in September 2013, the Trust received and posted the three final proposals, and the finalists publicly presented and answered questions.

The Trust board met with the finalists to provide feedback about the strengths and weaknesses of each of their proposals. Several Trust staff members described the Lucas team as being the least responsive and cooperative of the three finalists, believing the Lucas team delayed providing building schematics because they knew that the building height exceeded the limit stated in the Guidelines. The Lucas project manager acknowledged that the renderings of the proposed Lucas museum had probably been submitted late because the team felt that the Trust did not want the project at the Mid-Crissy site.

The Trust board and staff met with Lucas' team twice as often as they met with the other two finalists because of the "recalcitrance of the Lucas folks to consider the information . . . [the Trust's] requirements". Reynolds stated that Lucas was "not amenable in any way" to addressing the issues identified by the board and completely ignored the board's suggestions. He felt that the other two finalists were not only receptive, but anxious to incorporate the board's suggestions regarding their projects.

In November 2013, the board extended the deadline for finalized proposals to mid-January 2014, because the Lucas team had not submitted the finalized project plans in time. The public criticized the Trust for what it perceived as a bias in favor of Lucas due to the additional time allowed for Lucas to produce his building plans.

Lucas was inflexible and unwilling to modify the architecture to meet the Guidelines, which limited building height in the Mid-Crissy area to 45 feet and stated that the architecture must be compatible with the setting. Lucas' 65-foot building would have obscured the view of the Golden Gate Bridge from the Presidio main post and other public areas. The ornate style of the building also concerned the board members, who believed the architectural style was inappropriate for the Presidio and would not pass the historic review process.

The Lucas project manager acknowledged that the building proposal was a reaction to the Trust's rejection of Lucas' idea to hold an international architectural competition for the design of his museums. The Lucas project manager admitted there was "no doubt" that the Lucas team tried to exceed the building height limit, but he felt that the building itself incorporated elements from other buildings at the Presidio. After the initial proposal was rejected, the Lucas team hired a second architect and the Trust gave the firm building designs that met its specifications. The Lucas project manager felt that the Trust wanted Lucas to pay for a museum that they designed, but said Lucas was not willing to pay \$300 million for what Trust Acting Executive Director Michael Boland wanted. The board offered Lucas an alternate site in the Presidio where he would have fewer restrictions on the building, but Lucas did not respond to the offer.

In January 2014, NPS sent the Trust a letter encouraging it to delay action on the Mid-Crissy project and to reject any project that did not meet the Guidelines. Other foundations and associations that were already investing money in the Presidio also recommended that the board defer making any decisions about the project at that time.

The Lucas project manager told us that Lucas' team launched a campaign to convince local politicians and high-powered business people that his project was "the best, perfect thing" for San Francisco; Lucas hoped the external pressure would sway the Trust to select his project. Middleton felt that the "political stakes were quite high" on this project because Lucas pressured the Trust to do what he wanted through his influential supporters, including California Senator Dianne Feinstein, San Francisco Mayor Ed Lee, and California Governor Jerry Brown. The Lucas project manager noted that it probably had been the wrong decision to create pressure from outside the process to try to change the minds of the board members and commented that it didn't work.

The board announced its decision not to proceed with any of the proposals at a press conference on February 3, 2014. The Trust Chief of Strategy and Communications believed that Lucas had "compelling" personal reasons to want his project on the Mid-Crissy site, but his proposed museum's lack of connection to the Presidio and the non-conforming architectural style created an impasse between Lucas and the board. Reynolds stated that, of the three finalists, the board had favored the Lucas proposal, but did not award the project to Lucas because his building failed to meet the Guidelines.

The former Trust project manager felt that the Trust "bent over backwards" to accommodate Lucas and that it had been his "project to lose." Middleton believed that the Trust had gone as far as it could to accommodate Lucas while still keeping the process fair for the other proponents. In the end, the board voted unanimously against the project. The board also voted unanimously to postpone the project indefinitely; it had publicly stated from the beginning that if no proposal was deemed acceptable for the site, it would not go through with the project.

On February 10, 2014, the Trust received a FOIA request regarding the project evaluation process. The Trust FOIA officer told us that Lucas supporters made the FOIA request for internal Trust communications and believed that the underlying reason was to prove that the Trust had decided prematurely and unfairly to reject Lucas' proposal.

The Trust FOIA officer believed that the FOIA response documents actually showed that the Trust board had "gone out of its way" to accommodate Lucas, even providing board members' personal emails, which were not subject to FOIA requests. Within the approximately 37,000 emails gathered by the Trust FOIA officer was a short series of emails sent between the former Trust project manager and contracted advisor, which he felt undermined the transparency of the proposal evaluation process—a process he described as the most open, honest, and scrupulous process he had witnessed during his 17-year tenure with the Trust.

In one email, the former Trust project manager commented that the Lucas building would "NEVER" (emphasis in original) be built; the Trust Chief of Strategy and Communications felt that, while perhaps the sentiment may have been inappropriately communicated, the statement accurately reflected the former Trust project manager's experience and knowledge of Trust projects and the Guidelines. He stated that, in reality, the proposed Lucas project would never have been approved by the board for the Mid-Crissy site because it did not meet the Guidelines. He added that the former Trust project manager had taken no actions to "thwart or sabotage" the Lucas project and that she was not a decision maker at the Trust. The former Trust project

manager admitted to sending a couple of “irritated or snarky” remarks, but did not believe the email exchange contained anything of major significance. The former Trust project manager added that her input’s effect on the board was next to nothing; no one was privy to her emails to the contracted advisor and comments regarding the Lucas project until the FOIA response was released, months after the board’s decision to cancel the project.

Middleton also believed that the emails—which he categorized as a “gossip session” between two individuals—had no effect on the board’s final determination because it had rendered its decision to postpone the project months before the emails were revealed. He attributed the contracted advisor’s comments to the former Trust project manager to a lapse in judgment, reflecting his exasperation with the Lucas team’s lack of responsiveness throughout the process. While the email exchange had not violated any specific Trust policy, their existence created an embarrassment for the Trust and the potential to generate questions about the fairness and integrity of the process.

Reynolds commented that the board was “not reticent at all to reach its own opinions and conclusions.” He emphasized that the email exchange between the former Trust project manager and contracted advisor had no effect on the board’s decision making process because the members made their own decisions, remained unaware of the comments at the time, and adhered to the Guidelines.

We attempted to contact the five members of the Presidio Trust board who were appointed by the president and were members during 2012 through 2015—William R. Hambrecht, Charlene Harvey, Paula Collins, Alex Mehran and Nancy Hellman Bechtle. Harvey, Collins, and Mehran stated that derogatory comments by the former Trust project manager and contracted advisor did not affect their decisions. Hambrecht and Bechtle did not respond.

In the spring of 2015, the former Trust project manager resigned from her position at the Trust. The contracted advisor’s employment with the Trust ended when the board canceled the Mid-Crissy project.

SUBJECT(S)

Former Public Affairs Officer and Mid-Crissy Project Manager, Presidio Trust
Former contractor for the Presidio Trust

DISPOSITION

We briefed Congresswoman Speier’s staff on the results of our investigation and referred our findings to the Secretary of the Interior for appropriate action.