



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

JUL 20 2016

Memorandum

To: Secretary Jewell

From: Mary L. Kendall *Mary L. Kendall*
Deputy Assistant Inspector General

Subject: Report of Investigation – Misconduct and Collusion by Presidio Trust Employees
Case No. OI-CA-16-0131-I

The Office of Inspector General recently concluded an investigation into allegations of collusion and misconduct by Presidio Trust employees during the bidding process for a cultural facility to be located in the Mid-Crissy Area of the Presidio of San Francisco, CA. The congressional complaint from Congresswoman Jackie Speier, U.S. Representative for California's 14th Congressional District, specifically alleged that employees privately ruled out George Lucas' proposal before the bids were received, continued to plot against Lucas' proposal throughout the evaluation process, and colluded with Golden Gate National Parks Conservancy (Conservancy) by encouraging that organization to submit a proposal.

Our investigation did not substantiate these allegations. The Trust followed its project policies and procedures, published all project documentation on its official website, and sought public input throughout the process. In addition, the Trust contacted several potential proponents, including the Conservancy, but doing so was permissible under the Presidio Trust Act.

We are providing the attached report of investigation to you for your information. We intend to publish the results of this investigation on our website, in redacted or summary form, within 30 days from the date of this memorandum. If you have any questions, please contact Matthew Elliott, Assistant Inspector General, Office of Investigations, at 202-208-5745.

Attachment

cc: Michael Boland, Chief of Park Development and Operations
Joshua Steinberger, Chief of Strategy and Communications
Fran Gonek, Chief of Business Operations Presidio Trust
Paula R. Collins, Chair of the Presidio Trust board
Edward Keable, Office of the Solicitor, Deputy Solicitor-General Law



**Report of Investigation
Collusion and Misconduct
by
Presidio Trust Employees**



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REPORT OF INVESTIGATION

Case Title Collusion and Misconduct by Presidio Trust Employees	Case Number OI-CA-16-0131-I
Reporting Office Sacramento, CA	Report Date July 20, 2016
Report Subject Report of Investigation	

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

Reporting Official/Title Kenneth Colon/Special Agent	Signature Digitally signed.
Approving Official/Title Audra Dortch-Scott/SAC	Signature Digitally signed.
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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 (**Attachment 1**). 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 (**Attachment 2**). Based on internal Trust emails obtained from a Freedom of Information Act (FOIA) request, the letter alleged that two Trust employees—former Trust Project Manager Tia Lombardi and contracted advisor Brent Glass—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. Lucas Project Manager Angelo Garcia told us that, because Lucas had successfully navigated the competitive and historic review processes to build the Letterman Digital Arts Center on Presidio grounds, they felt comfortable with the process (**Attachment 3**).

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

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 (**Attachment 4**). Lombardi 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 (**Attachment 5**).

According to Chief of Strategy and Communications Joshua Steinberger, 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 (**Attachment 6**). In December 2011, the Trust published the Guidelines on its official website and hired Glass to assist with the project solicitation and evaluation processes (**Attachments 7 and 8**).

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 (see Attachment 6). At the outset, the board explicitly reserved the authority to not accept any proposals and suspend the project (**Attachment 9**).

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 Lombardi and Glass conducted (see Attachment 6 and **Attachment 10**). The Trust actively sought proposals from entities other than Lucas to ensure a robust competitive process (see Attachment 4). 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 (see Attachment 9).

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 (see Attachments 6, 10, and **Attachments 11 and 12**). The Trust issued a request for proposals directed only at the three finalists on May 2013 (see Attachment 12).

In September 2013, Middleton removed Lombardi from the Mid-Crissy project manager position based on a complaint of a board member and others that Lombardi was not as objective as she should be (see Attachment 4). Lombardi 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,” Garcia (see Attachment 3). Although Middleton did not believe that Lombardi’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 (see Attachment 4). 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 (see Attachments 4 and 6). Garcia 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 (see Attachment 3).

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 (see Attachment 9).

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 (Attachment 7). 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 (see Attachment 4).

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 (see Attachment 6). 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 (see Attachment 4).

Garcia 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 (see Attachment 3). He 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. Garcia 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 (Attachments 4, 6, and 9).

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 (**Attachment 13**). 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 (see Attachment 7).

Garcia 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 (see Attachment 3). 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 (see Attachment 4). Garcia 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 (see Attachment 3).

The board announced its decision not to proceed with any of the proposals at a press conference on February 3, 2014 (**Attachment 14**). Steinberger 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 (see Attachment 6). 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 (see Attachment 9).

Lombardi felt that the Trust "bent over backwards" to accommodate Lucas and that it had been his "project to lose" (see Attachment 5). 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 (see Attachment 4). 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 (see Attachment 6).

On February 10, 2014, the Trust received a FOIA request regarding the project evaluation process (**Attachment 15**). Trust FOIA Officer Steven Carp 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 (see Attachment 11).

Carp 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 Carp was a short series of emails sent between Lombardi and Glass, 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 (**Attachment 16**).

In one email, Lombardi commented that the Lucas building would "NEVER" (emphasis in original) be built (**Attachment 17**); Steinberger felt that, while perhaps the sentiment may have been inappropriately communicated, the statement accurately reflected Lombardi's experience and knowledge of Trust projects and the Guidelines (see Attachment 6). 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 Lombardi had taken no actions to "thwart or sabotage" the Lucas project and that she was not a decision maker at the Trust. Lombardi admitted to sending a couple of "irritated or snarky" remarks, but she did not believe the email exchange contained anything of major significance (see Attachment 5). She added that her input's effect on the board was next to nothing. She added that no one was privy to her emails to Glass 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 (see Attachment 6). He attributed Glass' comments to Lombardi 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 (see Attachments 4 and 6).

Reynolds commented that the board was “not reticent at all to reach its own opinions and conclusions”. He emphasized that Lombardi and Glass’ email exchange 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 (see Attachment 9).

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 Lombardi and Glass’ derogatory comments did not affect their decisions (**Attachments 18, 19, and 20**). Hambrecht and Bechtle did not respond.

In the spring of 2015, Lombardi resigned from her position at the Trust (see Attachment 5). Glass’ contracted employment with the Trust ended when the board canceled the Mid-Crissy project (see Attachment 6).

SUBJECT(S)

Tia Lombardi, former Public Affairs Officer and Mid-Crissy Project Manager, Presidio Trust
Brent Glass, Museum Consultant, 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.

ATTACHMENTS

1. The Presidio Trust Act, enacted November 12, 1996, as amended through December 28, 2001.
2. Complaint letter from Congresswoman Speier, dated July 27, 2015.
3. Investigative Activity Report (IAR): Interview of Angelo Garcia, dated March 7, 2016.
4. IAR: Interview of Craig Middleton, dated February 2, 2016.
5. IAR: Interview of Tia Lombardi, dated February 3, 2016.
6. IAR: Interview of Joshua Steinberger, dated January 15, 2016.
7. IAR: Interview of Brent Glass, dated March 4, 2016.
8. Mid-Crissy Area Design Guidelines, dated December 2011.
9. IAR: Interview of John Reynolds, dated February 29, 2016.
10. Request-For-Concept-Proposal, dated November 15, 2012.
11. IAR: Interview of Craig Middleton, dated February 5, 2016.
12. Request-For-Proposal, dated May 2013.
13. NPS letter to the Presidio Trust Board Members, dated January 29, 2014.
14. SFGate article on “Presidio Trust shoots down George Lucas’ plan, 2 others,” dated February 3, 2014.
15. FOIA Request Letter sent to Presidio Trust, dated February 10, 2015
16. IAR: Interview of Steven Carp, dated December 9, 2015.
17. Emails between Lombardi and Glass, dated January 15 and 16, 2013.

18. Email from Harvey, dated June 20, 2016.
19. Email from Collins, dated June 20, 2016.
20. Email from Mehran, dated June 30, 2016.