

David Polatnick Comments on Crissy Field Developments

Author: Jim Welte, IJ reporter

Date: November 22, 2004

Publication: Marin Independent Journal (San Rafael, CA)

<http://media.mnginteractive.com>

Legendary filmmaker George Lucas is not the only Marin business owner who sees the Presidio in San Francisco as a land of opportunity.

Lucas' Lucasfilm Ltd. is expected to relocate from Marin to a portion of the 800,000-square-foot, four-building Letterman Digital Arts Center at the former military base by the middle of next year.

But while the pending move of Lucasfilm and its subsidiaries would be the most high-profile transition from Marin to the Presidio, more than a dozen other Marin business owners and entrepreneurs are eyeing the Presidio's abundance of commercial space.

Given the steady exodus of companies from Marin in recent years, the possibility of others moving to the Presidio and Marin entrepreneurs taking their ideas there don't bode well for the Marin economy, say several experts.

"Because we have a pretty grim employment picture going on right now, people are going to go wherever they can get work," said Nanda Schorske, director of the Marin Workforce Investment Board. "If the jobs are in San Francisco, people are going to pay the expense of the \$5 bridge toll and take themselves and their shopping and lunch money elsewhere, and that includes the Presidio. That's the transition we're watching."

The latest Presidio attraction involves West Crissy Field, nearly 138,000 square feet of commercial space in 10 buildings in the northwest section of the Presidio at the southern end of the Golden Gate Bridge. Several of the buildings are former airplane hangars built in 1921.

The Presidio Trust, which took over the 1,500-acre former U.S. Army post in November 1996, plans to lease the buildings in early 2005, although extensive renovations and environmental cleanup will be necessary in nearly all of the buildings before anyone could move in.

The trust must make the Presidio self-sufficient by 2013 under a deadline imposed by the federal government. While the nearly \$8 million a year in rent and fees Lucas is set to pay the trust will go a long way toward achieving that goal, the trust is continuing to find ways to create new revenue streams.

Although several Marin entrepreneurs were tight-lipped about their plans for the West Crissy Field buildings, a handful said they were thrilled at the opportunity to establish their businesses in such a picturesque setting, along the shoreline and overlooking the bay.

"It's a world-class setting, and we fit the bill for exactly what they're looking for," said Mill Valley resident Gerald Cowen, who plans to launch an educational company geared toward building and promoting kinesthetic intelligence with kids.

Although he declined to offer further details about the company, Cowen said his firm is looking for 80,000 square feet of space in the West Crissy Field area, which includes seven old airplane hangars and three former horse stables.

Mill Valley resident Michelle Magdycz, who owns the dog day care and boarding kennel Canine Cove in Sausalito with her husband, Paul, said the "Cavalry stable" buildings within the West Crissy development would suit her firm perfectly. Magdycz said her firm has 250 clients and is "hoping to get much bigger," but is bursting at the seams in its space on Harbor Drive.

"It's just a stone's throw away," she said.

Mark Melvin of Larkspur, CEO and co-founder of Touchstone Climbing Inc., which owns several climbing gyms in the Bay Area including the Class 5 gym in San Rafael, also is interested.

"We're really excited to put a world-class rock climbing gym there," he said. "We'll definitely be submitting [an application]."

Melvin, who said he escaped the corporate world 12 years ago after working for Fair Isaac Corp. in San Rafael for several years, said the West Crissy buildings are perfect for a climbing gym, and wouldn't require extensive renovations because the buildings are already open, airy spaces.

"It seems like we might have a pretty good chance," he said.

The chances of Melvin and other prospective tenants depend on a variety of criteria, not the least of which will likely be the lease terms he proposes to the trust, according to Paul Osmundson, the Presidio's director of real estate, who outlined the application process at a West Crissy open house earlier this month.

"We will be looking at lease terms on a case-by-case basis," he said. "We will not be setting a single lease rate for all of the buildings."

David Polatnick, a commercial real estate broker with Newmark Pacific in San Francisco, noted that prospective West Crissy tenants will have to account for a number of financial factors. For example, the Presidio charges businesses a fee for services such as police and sewerage.

Lease terms will likely vary from building to building, Polatnick said, depending on how much each company will have to spend on renovations before moving in. The Presidio often helps firms subsidize the rental rates based on how much they spent on construction by issuing credits toward those rental rates, he said.

But potential lease terms are the least of the concerns of Mill Valley resident Pete Dickson, who said he wants to open a recreational "retail service business" for families that he declined to describe in more detail.

Dickson believes it's unfair for the trust to require that tenants pay for any environmental cleanup that might be necessary. Tenants will likely be responsible for cleaning up any lead paint and asbestos in the buildings.

"Asking us to clean up someone else's mess for their benefit is unreasonable," said Dickson, who works as an institutional securities trader for Trading LLC in San Francisco.

Several attendees also raised concerns about a variety of issues within the Presidio, including restrictions imposed to protect the buildings' status as historical landmarks, the Presidio's traffic patterns, parking availability and the impact of long-planned construction on Doyle Drive, which runs directly above three of the for-lease buildings.

But despite the concern, Dickson said the location and the setting are a huge draw for his would-be business.

"What a fantastic location," he said. "It will have easy access for both people in Marin and San Francisco, which will definitely help business."

Schorske said that although there are clearly drawbacks to locating in the Presidio -not the least of which will be the \$5 bridge toll - the latest Presidio opportunity is another symptom of the economic transition taking place in Marin.

"Marin County really has to look at whether or not our future is in being a bedroom community, or if we're going to try and develop a tax base," she said. "That is really the question that we have to be asking ourselves."

Schorske used to work in the Presidio at E-Learn Foundation with her husband, Richard.

Marin County Supervisor Cynthia Murray said the potential loss of more companies is a continuing and urgent reminder that Marin must address the region's affordable housing and transportation issues.

"This is just more of the same," she said.

Continued opportunities within the Presidio for Marin businesses will likely have more negative impacts on the Marin economy than positive ones, according to Robert Eyler, economist and director of the Center of Regional Economic Analysis at Sonoma State University.

"There will be an initial shock to the Marin economy, for sure," he said. "Certainly it could be a negative impact most likely in the hundreds of millions of dollars."

But with Marin employers having to possibly work harder to attract employees, the move could also help drive up wages in the county and help improve the ratio between the cost of living and the average wage, he said.

"It really depends on how Marin County reacts," he said.

The county could use the opportunity to rezone vacated commercial buildings into residential to address the housing deficit in the area, he said.

The bottom line for Marin business owners and entrepreneurs such as Cowen is that if he could stay in Marin, he would.

"We just found it impossible to find a local site," said Cowen, a 12-year resident of Mill Valley. "Every time we seem to find some empty land it turns out to be a dead end."

Cowen is looking at three other potential sites in Marin.

"But it certainly appears that at the original size of this business venture, it would be tough for us to stay here," he said.

Contact Jim Welte via e-mail at jwelte@marinij.com

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