



Edwin M. Lee, Mayor
Philip A. Ginsburg, General Manager

Date: June 5, 2014

To: Recreation and Park Commission
Operations Committee

Through: Philip A. Ginsburg, General Manager
Nick Kinsey, Director of Property

From: Cassandra Costello, Property Manager

Subject: Palace of Fine Arts-Pan Pacific International Exposition Interim Short Term Tenant

Agenda Wording

Discussion and possible action to enter into a short term lease agreement with Ihangar to operate the Palace of Fine Arts for the purposes of the Pan Pacific International Exposition centennial celebration and related events and programs.

Background on the Palace of Fine Arts

The Palace of Fine Arts (the "Palace") was widely hailed as the finest structure built for the 1915 Panama-Pacific International Exposition (PPIE). It was designed by the legendary Bernard Maybeck, considered one of America's top ten most important and influential architects. With the Palace, Maybeck established a new standard for civic design by showing global audiences what critics have proclaimed "a perfect marriage between architecture and landscape." Incorporating an ancient tidal basin into his plan, Maybeck demonstrated how nature could serve as a vital design element.

The PPIE opened February 20, 1915 and closed as planned nine months later. More popular than ever imagined, the glittering Exposition celebrating the opening of the Panama Canal attracted nearly 19 million visitors from around the world. It was a seminal event in California's history. No longer would California be an isolated frontier state, but a player on the international scene and a future powerhouse of the Pacific Rim. The Exposition also heralded San Francisco's miraculous rise from the ashes of the 1906 earthquake and fire. The Palace of Fine Arts Exhibition Hall presented more than 11,000 works of art from around the world to awestruck fairgoers.

Exposition organizers originally expected to dismantle the entire 635 acre site of the fairgrounds, but citizens, led by Phoebe Apperson Hearst, succeeded in saving the Palace from destruction in 1916. It was turned over to the San Francisco Art Association (now the San Francisco Art Institute) becoming the City's first art museum. They mounted changing exhibitions and showcased collections from San Francisco's prominent art collectors and artists. The opening of the Palace of the Legion of Honor in 1924 shifted the art scene away from the Palace.



The 1930's brought tennis courts to the Palace. It was pressed into service as the Presidio's motor pool during World War II, and provided garage space for limousines of delegates to the San Francisco conference that founded the United Nations in 1945. The 1950's saw use as a phone book distribution center and fire station.

By the late 1950's the Palace structures had badly deteriorated and San Franciscans were again determined to save them. Voters approved a \$1.8 million bond measure to restore the Palace. These funds, coupled with \$2 million from the State of California and \$4.5 million from civic leader Walter S. Johnson, underwrote the recasting of the Palace of Fine Arts in permanent materials in the 1960's. 1969 marked the opening of the Exploratorium and 1970 the Palace of Fine Arts Theater. In 2010, a \$21 million restoration project of the exterior features was completed funded by generous support from more than 1,200 lovers of the Palace, plus State and local resources.

Status of Current Tenants

The Palace of Fine Arts is currently occupied by Town School through the end of June, 2014. Town began their temporary tenancy in the space in the summer of 2013 while their campus on Jackson Street was undergoing a remodel.

Celebrating the PPIE

February 20, 2015 marks the centennial of the PPIE. The Department is excited to be partnering with the Maybeck Foundation, the California Historical Society (CHS) and Innovation Hangar (IHangar) to host the centennial celebration at the Palace of Fine Arts. The theme of the centennial celebration is Then, Now and Tomorrow or TNT. The CHS and Maybeck Foundation will be curating activities and exhibits in the Palace to celebrate the PPIE at the Palace focusing on the Bay Area's significant history and record of innovation and entrepreneurship.

About California Historical Society

The California Historical Society is a 140-year-old, non-profit organization with a mission to inspire and empower people to make California's richly diverse past a meaningful part of their contemporary lives. The CHS is home to a comprehensive historical collection representing the environmental, economic, social, political, and cultural heritage of the entire state, including materials from outside California that contribute to a greater understanding of the state and its people. CHS provides changing exhibitions and programming highlighting stories and moments of California's rich history.

About the Maybeck Foundation

The Maybeck Foundation is dedicated to advancing, through preservation and education, the legacy of master architect Bernard Maybeck. The Maybeck Foundation has been an extraordinary partner to the Department in protecting and preserving the Palace of Fine Arts and surrounding grounds. In 2012, a \$23 Million dollar restoration of the famous and iconic Rotunda, spearheaded by the Maybeck Foundation, was completed.

About IHangar

IHangar's mission is to engage inventors, entrepreneurs, students and the general public in the innovation process by communicating the importance and benefit of entrepreneurship and innovation to society through multiple platforms and by showcasing innovations with positive social impact.

Innovation at the Palace Then and Now

Innovation played a major role in the 1915 PPIE. It was at this Exposition that the first transcontinental phone call was placed and where Ford Motor Company had a live assembly line to provide their customers with the ability to purchase a vehicle, observe it being manufactured and drive it off of the Palace grounds. In addition, on display at PPIE was the first steam locomotive, the C.P. Huntington, purchased by Southern Pacific Railroad and the introduction of new important devices from Singer Sewing Machine Company such as a machine for blind stitching, another for operating four needles at once for stitching toe caps on shoes and another that could stitch 500 stitches per minute.

IHangar, a nonprofit organization, proposes to partner with a number of organizations including the Smithsonian Institute, Maker Faire, Kaboom!, Stanford d.school, and ThinkFun to provide interactive programming that engages the public, inventors, entrepreneurs, and students in the modern innovation process. IHangar will provide a living classroom and a window into how innovation and entrepreneurship happens.

Programming and Education

Programming designed to celebrate the “Now” and “Tomorrow” portion of the exhibition will be offered by a number of organizations and will include a substantial k-12 educational component. Students from all over the Bay Area and beyond will have the opportunity to learn and implement social innovation through project based, grade appropriate learning. In addition, IHangar proposes to engage virtual and live instruction for teachers to implement in their classrooms with the culmination being a field trip to the Palace for a final project and presentation.

As a compliment to the educational K-12 programming, the Palace will also host an Invention Playground where tots and young children “build” their own playground structure. This “drop in” program will help to include families from all over the Bay Area to enjoy and participate in the celebration of the PPIE and take a look forward to what the future holds.

Café and PPIE Innovation Shop

Visitors to the space will also have the opportunity to enjoy food and beverages from a small café or purchase items from the shop that will sell high quality gifts, games, books, and other items relating to the Palace, the PPIE, and the programming and exhibits taking place at the Palace for the Centennial celebration.

Proposed Lease Terms

Term	The term of this lease shall commence on July 1, 2014 and continue through March 31, 2016.
Permitted Use	Operation of the Palace of Fine Arts for the purposes of the Pan Pacific International Exposition centennial celebration and related events and programs.
Monthly Minimum Rent	\$42,000
Percentage Rent	The Department will receive 10% of net revenues from sales from the museum shop, café, tours, and playground fees. The Department will receive 10% of gross revenues from special events held at the Palace.

Long Term Tenant Update

The Department proposes to commence the competitive bidding process for a long term tenant at the Palace in September of this year. The RFP will be presented to the Commission for approval at that time. The Department hopes to have a lease in place with the next tenant before the expiration of the PPIE lease.

Community Outreach

The Department has conducted the following outreach regarding this proposed lease agreement:

- Supervisor Mark Farrell
- Supervisor Farrell's E-Newsletter
- Public community meeting
- Palace of Fine Arts Advisory Committee
- Marina Community Association
- Marina Merchants Association
- Golden Gate National Recreation Area
- Golden Gate National Parks Conservancy
- Palace of Fine Arts League, Inc.
- Fort Mason Center
- Presidio Trust
- St. Francis Yacht Club
- Golden Gate Yacht Club
- National Park Service
- Marina/Cow Hollow Merchants' Association
- City Yachts
- Micro Soccer League
- Save Marina Green
- San Francisco Marina Harbor Association
- Individuals and groups who have signed in at community meetings regarding the Palace
- Groups and individuals who have shown interest in long term tenancy at the Palace
- Donors of the 2010 Palace restoration project
- Posting on RPD website

Staff Recommendation

Staff recommends the approval of this lease agreement

Supported By:

Maybeck Foundation
California Historical Society
Maker Faire
The Smithsonian Institute
Golden Gate National Parks Conservancy
Kaboom!
ARUP

Opposed By:

Julie Mushet, World Arts West

Attachments:

Proposed Lease between the City and County of San Francisco and IHangar