

## **FACA MEETING #30 - September 7, 2018**

### **Attendees:**

NPS: Jennifer T. Nersesian, GATE Superintendent; Pam McLay, GATE Chief Business Services (Chief, BSD); Karen Edelman, Manuel Villalon, and Michal Wisniewski, GATE Business Services; Brenda Ling, GATE Public Affairs Officer, Daphne Yun, GATE Public Affairs; Patricia Rafferty, GATE Chief of Cultural Resources; Joshua Laird, Commissioner NPNH.

Stacie Smith, Facilitator

FACA Committee Attendees: Gerry Glaser and Shawn Welch, Committee co-chairs; Kate Stevenson, Margot Walsh, Mike Holenstien, Tony Mercantante, Gerry Scharfenburger, Linda Cohen, Jim Krauss, Lynda Rose, Lillian Burry, Patrick Collum, Michael Holenstien, Dr. Howard Parish

Not Present: Jeff Tyler, Mary Eileen Fouratt, Dan Saunders

- Pledge of Allegiance
- Welcome from Gerry Glaser. Assurances there is a lot of activity to move the leasing process along. The FACA co-chairs actively address related considerations with GATE between FACA meetings.
- Introduction of Committee members to proposed Lessees, i.e. parties who have Letters of Intent (LOI/s) with NPS and who have been invited to attend the meeting. LOI Holders in attendance include Barney Sheridan, Dan Ferrise, David Vezeris, Scot Heagney.
- Agenda Review
  
- Superintendent's Update and Announcements:
  - SAHO Lighthouse restoration work ribbon cutting 9/30 at 11 am. This is the oldest working lighthouse in the US. All are welcome to join in celebration of the milestone.
  - The Museum has also been reopened in the former jail. There are exhibits and public programming that include a presentation by Dr. Veit about the archaeological dig that took place around the light house a few years ago, a presentation on the history of the US Light House service by Ranger Tom Hoffman and an overview of the Harbor Defenses of New York by committee member Shawn Welch.
  - Building 102 is almost complete and will serve as seasonal housing for summer employees. During winter Building 102 will be used to host park volunteers and partners.
  - The Beach Area D demolition contract is out for bid. The park will undertake a planning process to identify what (something is missing here....!!!!)
  - Paving at SAHO will continue over the next few years. A DOT contract is in place.
  - Stabilization efforts for Buildings 23 and 24 continue. The design for Building 24 is just about complete and NPS is working to transfer stabilization funding to MAST by way of agreement.
  - The park is making improvements to the SAHO water treatment plant. The \$1MM ( \$11m or \$1m??) project to repair the roof and electrical system of this historic building should be completed by the end of the calendar year.

- The new maintenance facility is under construction.
  - All worn Moby (beach) mats are in the process of being replaced.
  - The park is in the process of rehabilitating two of the Nike radar buildings.
  - The park is planning to rehabilitate two of the Nike barracks buildings to serve as a group camping sites at SAHO. The park appreciates the opportunity to work on this with the Sandy Hook Foundation.
  - The ferry barge will be repainted.
- Changes to the Fort Hancock 21<sup>st</sup> Century Advisory Committee Charter:
    - Detailed Recommendations are required as a change under the FACA Charter. The new requirement is not unique to this Committee.
    - The Committee made the following recommendations (also included above):
      - The Park should work with Committee members to investigate opportunities to address deferred maintenance, and report back to the Committee for further discussion at its next meeting
      - The Park should work with Committee members to investigate and further explore ways to streamline the leasing process, and report back to the Committee for further discussion at its next meeting
      - The Park should, as a high priority, continue the excellent rehabilitation of the historic structures on officer's row, recognizing that initial investments can leverage far greater ones by potential partners.
      - The Committee receives and submits the Historic Context Report to the Park for action. There are four significant recommendations listed in the report, one of which is to produce several signs clearly outlining the NHL status of the Sandy Hook peninsula and placing these signs in locations across the peninsula that receive significant visitation.
- BMD Leasing Update:
    - Presentation and Status: LOIs, drawings, Leases.
    - Discussion: Extending LOIs and recent receipt of back up proposals for buildings subject to LOIs.
    - Discussion: NPS investment in the buildings has resulted in increased interest from potential Lessees.
    - Discussion: Our process is clumsy and challenging especially for those who are used to managing in the private real estate market/sector.
      - For LOI – Approximately one year from selection by panel
      - For Lease: Approximately one year from execution of LOI
      - Related considerations: cost and availability of materials, costs related to infrastructure, historic structure considerations, expense associated with Federal Government funded and managed projects.
    - Suggestions from Committee Members:
      - Cleaning the buildings to make them more attractive. Clean up should include removal of whatever a Lessee would otherwise have to demolish.

- Stripping materials such as plaster walls, ceilings, and anything non-structural so potential lessees can see the underlying infrastructure and utilities.
  - Stabilization of additional buildings.
- Per Agreement with NPS, Middletown Township (MT) will now undertake fire safety inspections. Deferring to MT makes this process more manageable for our Lessees and allows us to defer to NJ State Sub code.
- LOI holders are asked to speak to the Committee.

**Dan Ferrise** is the LOI Holder for Buildings 52, 80, and 36. Previously, Mr. Ferrise was the LOI Holder for Building 17. Mr. Ferrise laid out approximately 10K for Building #17 project costs before he walked decided he was not interested in moving forward. He had met with tax assessor and tax credit project facilitators in Trenton. He procured plans, estimated costs, addressed NFPA (fire safety) guidelines which were identified as point of concern very late in the process. He noted the tax credit application process is long and frustrating. He feels he should have had NFPA and tax credit information up front.

To Dan, success is a signed Lease. The best incentive for further development is being able to show people what has become. The process takes too long, there are many inefficiencies. There has not been a time where he submitted something and received a response within the expected period. LOIs are more important than showings [of buildings to prospective Lessees]. Staff should be following up with Lessees on steps in due diligence. How can we help Lessees get from an LOI to Lease? Every week, someone should be following up with the proposed Lessees to move the process along.

Negotiating leases is burdensome and inconsistent. There are different reviewers and terms that are allowed in one lease are not allowed in another. There is too much volleying back and forth on terms. To date, it is almost 14 months on Building 52 and the Lease is not signed.

Construction wise, the exteriors of buildings are the same. There should be a list of all approved components such as mortar mix, psi for spray, recommendations on materials. The information should be standardized and ready for use. You have to use the same brick, same windows, same porches - that information should be available. If that is available, then Lessees won't have to do all that research. Mr. Ferrise has read 32 of the 51 historic preservation briefs that NPS has made available. He still does not have all the answers he requires.

Additionally, project funds (cash, in the case of Building #52) are waiting to be used. There are opportunity costs that are not being considered. Mr. Ferrise is happy to speak with any interested party or to answer any questions from the Committee at any time.

The success of this project depends on getting buildings up and running. This has been a lot of work for the low hanging fruit. If it is taking this long to get there with these buildings, how much worse will it be when you have to address buildings that whose third floor is lying on the first floor. I have an attachment to building 17. The first buildings are those that will be tailored to investors. Building 17, one of the buildings in better shape, still requires us to consider the numbers for the rate of return. Something has to be done to level that playing field. Rents are going to be flat, but costs to investors will keep going up. That is why the buildings that have gone first, have gone first.

The park has to make an investment in the buildings to make them attractive. The roofs, the porches, the bigger the investment required, the less attractive it is to a prospective lessee. As the costs to improve increase, the interest in the more difficult buildings will wane and that money will get invested in other buildings in the private sector.

**David Vezeris** has executed an LOI for Building #17. The property is intended for personal use – not commercial development. Interest in the structure is based in history. Mr. and Mrs. Vezeris are actively involved with Monmouth County Historical Society, and Allaire State Park. They have 5 children and 7 grandchildren and wish to use property as a family residence. They discovered the properties for Lease while visiting the park. They have had good experiences with GATE staff responsible for site visits and Lease negotiations. If they'd had more information about the buildings up front, it would have helped. The Vezerises have invested over \$20K into this project to date. They are willing to put a substantial investment into the property but they have a budget to consider and they hope to make the project work within those parameters. They remain hopeful about their architect's ability to work with [the park's Division of Cultural Resource Management (DCRM)] to finalize what is required from a historical restoration process. Based on an upcoming meeting, Mr. Vezeris will determine whether he can move forward with the process.

A lot of the confusion is whether they are required to restore or replace. Moldings, for example, that have lead paint and have suffered mold and humidity. The price of removing the lead paint and refinishing the moldings is costed at \$200K. If we are allowed to replace them, it is a quarter of the price. The alternative proposed of spraying them over does not make Mr. Vezeris comfortable. Those moldings are old, they will chip, and he has small children whose health he must consider. From a historical context, the mantle, the fireplaces, the staircases, Mr. Vezeris has no issue leaving those as is but he needs to know what can and cannot be done.

Barney Sheridan has executed an LOI for Building #53 (Lease has been signed by Mr. Sheridan). The proposed use of the building is for a coffee shop. Mr. Sheridan thanks the NPS staff for the progress to date. Mr. Sheridan is 14 months into this process. He feels like he is playing a game without knowing the rules of the game. There is too much repetition, too much compartmentalizing. Everyone agrees that SAHO is a wonderful place to do business but we need to be allowed to do business, not identify the number of grains in the sand required to undertake the project. Wouldn't it be exciting to have a burger at Sandy Hook? You may say there are one million people coming onto the Hook but how many of them are coming to our place to have a burger? It is hard to draw the population outside the park into the park for dining but you have a demand inside the park. "It is the lift from NPS staff that keeps me going. You don't know what you don't know until it happens. Also, I picked the wrong architect – they didn't know what they were doing – that was my fault but that ate three months. I wish it moved faster."

Additionally, banks are not lending money for these projects. The cost of money is a factor.

- 11:30 Public Comment
  - Barney Sheridan – LOI Holder. The process takes too long. You can lease a property "on the mainland in three days – it is frustrating."
  - Don Stephenson – preservation architect. Here to speak to the Lessees about projects. As I hear what is going on, it sounds like there are sequential reviews. The 106 process has hidden

components that you are not aware of. It requires a lot of back and forth between the clients and architects. That impacts the fee structure for the client and it would be good if this committee could organize so there is one authority having jurisdiction so that Lessees can act on a collective level and speed things up. One level of review, or one period of review, for one component is frustrating. There should be a linear, sequential review so there is no need to re-mobilize or start and stop again.

Public Comment Period is CLOSED

LOI Holders continued

**Scot Heagney:** Not sure why this whole area has not been leased out. It is a great location and has great potential. Mr. Heagney's biggest concern is the architectural standards. If there was a list of materials identified in connection with windows, pointing, roofing, etc., that would strengthen his process. Otherwise, everyone on this panel has already vocalized the concerns he has.

- Subsequent Discussion

NPS response to suggestion that an additional technical review board be created to streamline review: The current process requires component approval from no less than 11 individuals. The cultural resource review necessary to ensure the proposed modifications to any structure are compliant with the Secretary's Standards requires the DCRM to consult with NERO, SHPO, sometimes the advisory council, and the historic tax credits program. This is just one component of the review and does not account for work necessary to address the LOI and Lease negotiations which are separate. Additionally, the process requires input from NERO and DC but we would be willing to consider setting up a roundtable internally to try and move these things along.

NPS response to comment about terms allowed in one lease which are not authorized in a subsequently negotiated Lease for another project: The ability to negotiate each lease allows us the flexibility to meet the needs of each Lessee. This is very different than our concession program which allows no flexibility and is one size fits all. We want to be able to consider different tolerances for risk and the legal considerations unique to each Lessee. Additionally, there is no one Solicitor dedicated to our Lease review.

NPS response, when asked what the park would like to have in order to better manage the leasing efforts: Staff.

- Project Managers for day to day interface between Lessees and the park
- Lease management staff to address the needs of the growing SAHO community
- Engineers and other staff capable of managing the construction process

**Action Item:** Engage LOI Holders on a frequent and consistent basis. One point of contact should follow up on a weekly basis to determine what action may need to be taken to assist with progress on behalf of the LOI Holder. Develop a "Technical Review Committee" that meets at least once a month to check/update status with each lease/LOI holder. Consider including committee representation.

- Deferred Maintenance Discussion.

- Deferred maintenance (DM) figures for NPS = \$12Billion Agency wide.
- GATE's share of that is \$791 Million.
- SAHO figures tracked in the system show \$106 Million in DM itself but actual numbers are closer to \$200MM.
- This issue is a priority for DOI. Given the focus on the issue of DM, it is likely DOI will provide funding to NPS. GATE is in line to receive a good portion of DM assistance due to our position as the number one park on the DM list and due to other focus from the Department that is directed at SAHO. We are positioning ourselves to capture as much of that funding as possible. We are planning for it, have been for a number of years, and are trying to address strategic use of any related opportunities and funds.
- Action GATE has taken to address DM and identify priorities:
  - Working with DC to address facility management for the whole NPS. The direction the agency policy is moving is on facility management with our help.
  - "Banding" park buildings into preservation, stabilization, or ruins categories
  - Realigning the park's asset management plan to align with the park's General Management Plan
  - Making investments in properties other than those we use for NPS purposes because such investment is critical to future use and preservation of historic structures.
  - Implementing a simple program that allows maintenance staff to capture information in real time rather than having to rely on a team of consultants to issue a formal condition assessment. As a result, we are able to respond in real time to what is happening on the ground. We are seeing that investment on our part results in real interest from third parties.
  - Summer 2018 seasonal crew completed the following projects:
    - Building 16 roof replacement
    - Building 16 porch
    - Building 4 roof patching
    - Building 6 rafter replacement (stabilization)
  - Prioritizing stabilization efforts and ensuring the building envelopes are sealed from water intrusion. Priorities include repairing roofs, windows and doors, masonry, and undertaking clean-out of buildings.
  - Utilized staff from the NPS historic preservation training center for porch replacement. The staff documented and analyzed the process, and trained GATE staff. Trained GATE staff are now directing the seasonal hires as we move on to new projects.
- Report out on Building #7 efforts (in response to a question from a Committee Member): GATE provided funding for Architectural Designs meant to be the prototype for rehabilitation of historic structures. Design incorporated green features. Drawings/results determined not viable due to costs. In the interim, GATE continues efforts to identify more feasible/realistic design. The results of those efforts will help the park determine whether to that is more realistic and that will help move ahead with a scaled down version or do we take those funds and stabilize Buildings 6 or replace multiple roofs and/or groups of windows on other buildings

instead. Additional information about Building 7 plans will help GATE determine which projects/actions will have the greatest impact to the park.

- Presentation on Presidio Leasing and DM – Gerry Glaser.
- Presentation - Historic Context and Recommendations, SAHO Peninsula – Shawn Welch and historic context working group (Mike Holenstein, Guy Hembling, Dan Saunders). Sandy Hook peninsula is historic in its entirety. The Landmark District is not limited to the area in which the majority of the historic buildings are situated. Committee accepts the report, with the exception of the item C, as presented. Item C was changed during presentation to reflect what is in the file located on the committee website. Overall recommendation is refer this report to the park for action and follow up.
- Cultural Resources Update
  - Steps we take to shorten the review process include up front consultation with National Historic Landmark Program, and the Historic Tax Credit Program. We initiate SHPO consultation right away. We initiate concurrent reviews where possible to avoid linear approach.
  - DCRM has agreed to make time to meet with Lessees at SAHO every other week. It is better for a Lessee to contact DCRM early so they can work together to identify any concerns early. DCRM are the experts on Historic Standards this park. The Historic District starts at the bridge and ends at north end of the park.
  - The Historic Standards are available on line. The Standards are not black and white. You look at the project as a whole. There needs to be a common understanding of what is acceptable for a project between NPS, SHPO, NHLP, and the Historic Tax Credits Program. There is not going to be any reversal of the standards absent a recommendation from the Department. DCRM points out that a qualified historic architect will know what those standards are and will work within the parameters. Superintendent notes there is a high level discussion about Historic Standards ongoing right now.
  - There are also 50 Preservation Briefs (<https://www.nps.gov/tps/education/online-pubs.htm>) available to anyone which address topics such as:
    - Preservation of character defining features
    - Repairing wood windows
    - Use of plaster vs gypsum board with skim coat
    - Replacement of slate roofs with simulated slate
    - Replacing cornices with other materials
    - Preservation of kitchens and baths (not necessary)
  - SHPO and DCRM have visited historic buildings together in the past and have agreed on a number of points:
    - Agreed that on the third floors which are collapsing, plaster is not required. Insulation is recommended.
    - With respect to porches, those should be wood if they are on the first floor. However, on attic windows, we are not averse to replacement with alternative materials such as plastic because those are not in eye's view, and harder to access, and are smaller.

- There is “gentleman’s agreement” with NHLP and Tax Credits Program to convene with all Lessees to ensure that all requirements are met for the Lessees to qualify for tax credits, and to ensure that they are complying with the SOI Standards.
- In addition, DCRM has agreed to attend walk through of buildings with proposed Lessees prior to development of drawings in order to identify historic rehabilitation considerations and character defining features as early in the process as possible.
- In response to a question from a Committee Member, DCRM notes that yellow exterior bricks were manufactured in PA and NPS is trying to ascertain whether we can purchase bulk match of those bricks to make them available for Lessees. GATE saves bricks from other projects and has a small stockpile.
- Subsequent Discussion:
  - GATE has seen that the level of investment Lessees are considering did not account for the true historic rehabilitation costs. As a result, we have started requiring that Lessees identify their historic architects early in the project so those costs can be counted.
  - We are at a critical point in this process as whole. The plans we are receiving from proposed Lessees will have to account for the actual costs required to undertake the projects. The subsequent review and comment and any required changes will test the viability of the projects as the Lessees realize the true cost of rehabilitating historic structures.
- Committee Membership.
  - Members: Half of the Committee Member’s terms were due to expire. The related call for nominations was released with very short notice. Most of the Committee Members resubmitted information or provided notice of an intention to do so. There will be a subsequent call for nominations.
  - Monmouth Beach is now included among the municipalities identified in our charter. We will be reaching out to additional municipalities for involvement and representation on the committee.
- Closing Comments

**Adjourned 3:43**

**Recommendations:**

The Committee made the following recommendations:

- The Park should work with Committee members to investigate opportunities to address deferred maintenance, and report back to the Committee for further discussion at its next meeting
- The Park should work with Committee members to investigate and further explore ways to streamline the leasing process, and report back to the Committee for further discussion at its next meeting
- The Park should, as a high priority, continue the excellent rehabilitation of the historic structures on officer’s row, recognizing that initial investments can leverage far greater ones by potential partners.
- The Committee receives and submits the Historic Context Report to the Park for action

### **Action Items:**

- The Process:
  - Engage LOI Holders on a frequent and consistent basis. One point of contact should follow up on a weekly basis to determine what action may need to be taken to assist with progress on behalf of the LOI Holder.
  - Technical Review Committee should be convened for streamlined process review. This is based on feedback from potential Lessees that length of time for review and negotiation is an impediment and that NPS should find ways to condense and shorten that time period. Middletown Township Administrator agreed to work with GATE to develop recommendations to bring into the next meeting. NPS will work with the committee to determine the best approach for committee involvement.
  - Reducing review time/setting a standard for when there has to be a response.
  - Obtain more delegations, which are critical to streamlining the process, especially as this pertains to lease negotiation, which take place at the park level.
  
- Non-traditional sources of funding for rehabilitation efforts:
  - GATE Superintendent and DCRM to follow up on availability of Centennial Challenge matching funds or Save America's Treasures funds for projects undertaken by proposed Lessees.
  
- Other Items:
  - Historic Context and Recommendations, SAHO Peninsula. Report referred to GATE for action and follow up.
  - Committee will revise recommendation on DM and ongoing routine repair and maintenance for next meeting.
  
- Agenda Items for Next Meeting:
  - Revisiting the results of the Building 7 Plans
  - Outreach Committee Efforts (omitted due to time considerations)