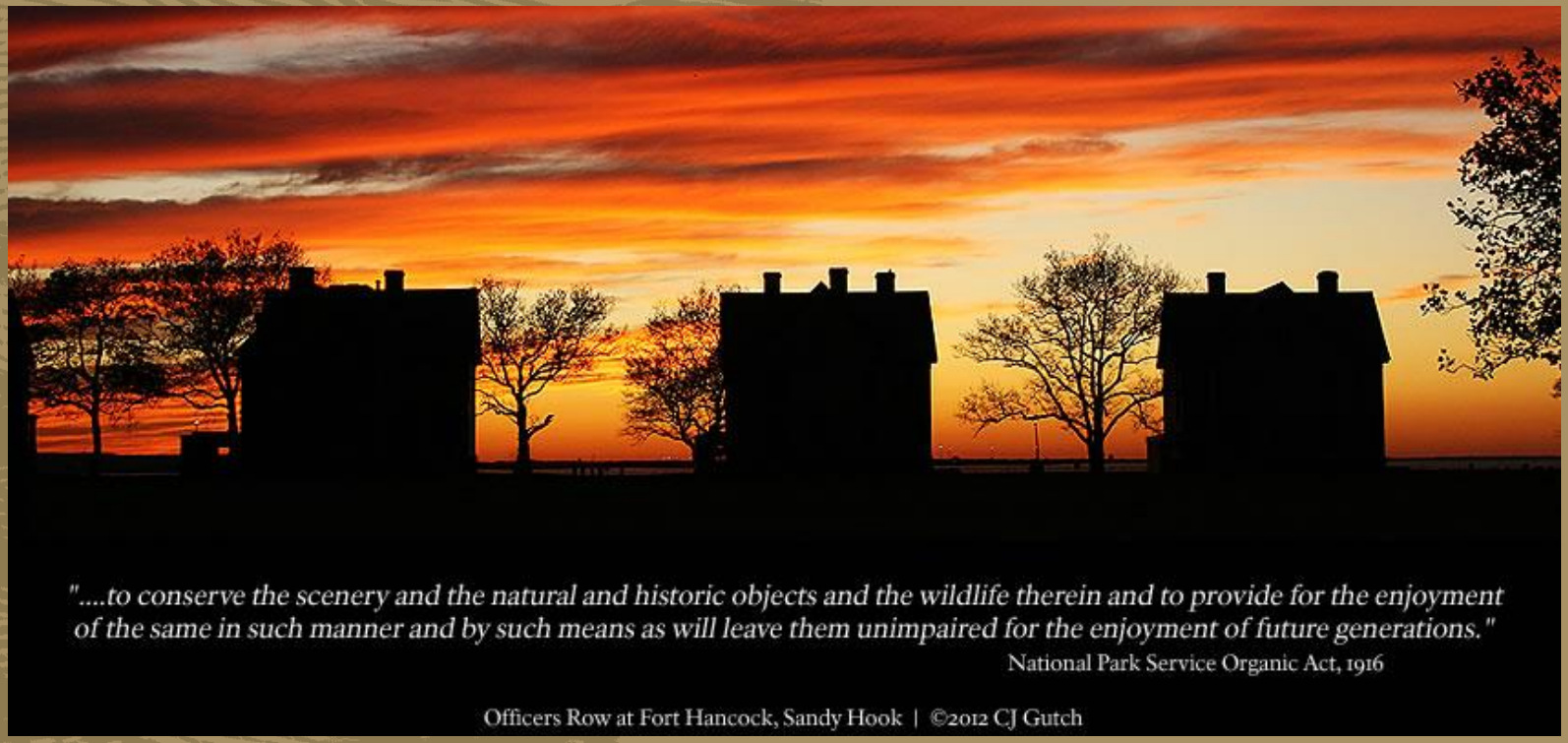
National Park Service
U.S. Department of the Interior
Gateway National Recreation Area

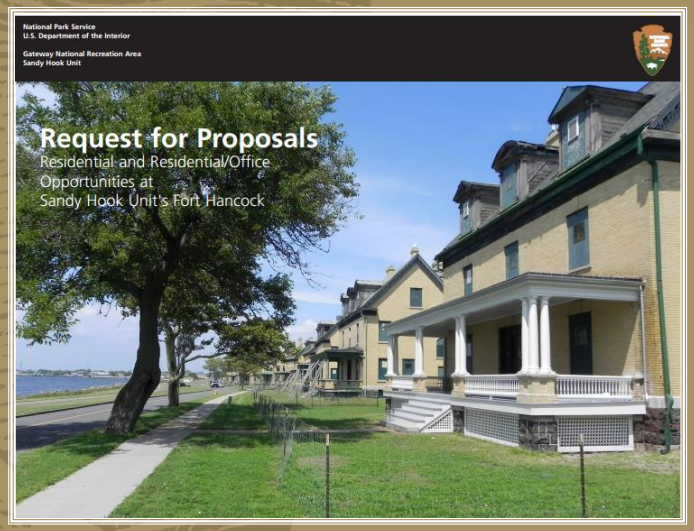
Frequently Asked Questions



EXPERIENCE YOUR AMERICA

LEASE TERMS

National Park Service
U.S. Department of the Interior
Gateway National Recreation Area
Sandy Hook Unit
Request for Proposals
Bed-and-Breakfast Opportunities for
Buildings 6 and 27 at Fort Hancock


National Park Service
U.S. Department of the Interior
Gateway National Recreation Area
Sandy Hook Unit
Request for Proposals
Residential and Residential/Office
Opportunities at
Sandy Hook Unit's Fort Hancock

National Park Service
U.S. Department of the Interior
Gateway National Recreation Area
Sandy Hook Unit
Request for Proposals
Leasing Opportunity for Not-for-Profit or Educational Facility
at Fort Hancock, Sandy Hook, New Jersey
(Buildings 23, 24, 25, 40, 53, 55, 56, 57, 60, 70)

LEASE TERMS

Q. How long is a lease?

A. The minimum lease term is 10 years. The maximum term permitted by law (36CFR, Part 18) is up to 60 years.

LEASE TERMS

Q. Are the leases renewable?

A. No. The law does not provide for lease renewals. At the end of the lease term, if NPS elects to lease the property for an additional term, the former Lessee may compete for a new lease along with others interested in the property.

LEASE TERMS

Q. The current form of lease gives the landlord the right to terminate the lease after 5 years for any or no reason. Is this correct?

A. The final lease terms and conditions are negotiable. Section 22. GENERAL PROVISIONS, Paragraph (p) of the draft Lease, (which states "*Notwithstanding any term of this Lease to the contrary, the Lessor may terminate this lease at any time after the initial five (5) years of the term if the park's General Management Plan (GMP) identifies the Premises as necessary to meet park purposes specified therein, and the Lessor has identified funding to implement the said plan. In the event the Lessor terminates the Lease as provided herein, the Lessee shall vacate the Premises within ninety (90) days of the date of the written notice provided by the Lessor, and the Lessee shall have no further claim against Lessor*") pre-dates the final approval of the park's 2014 General Management Plan and is no longer applicable. This provision will be removed from the final lease.

RENT

RENT

Q. The Request for Proposal states "The applicant should state how much rent they are offering to pay." Why isn't the NPS telling us what the rent is or how much rent we are required to pay?

A. Individual Lease terms will vary. NPS will negotiate the rent, and length of lease with the successful RFP applicant. When determining what Fair Market Value Rent you would be willing to offer, please take the following into consideration:

a. The cost of renovations you propose to make to the facility as well as the cost of capital, and the return on your investment.
b. The length of time you expect it will take to complete the renovations as proposed.
c. The proposed lease term (length).

RENT: Hypothetical Case Study

The total estimated cost of initial investment including capital and return is $2,500,000. A rental adjustment for CPI may be required after year 10.

Leases exceeding a term of 20 years may be evaluated at year 20 for additional capital investments if required.

The Fair Market Rental Value (Renovated) is $120,000/year, net rent where the Lessee pays for all fixed and operational expenses and also pays a District Service Charge that is similar to a Common Area Maintenance ("CAM") charge. The CAM charge is separate and distinct from any Rent charges.

The intent is that the invested capital will be returned by an offset in fair market rent for whatever term is necessary up to the maximum term allowed by law of 60 years. In short, Rent = Fair Market Value – Investment.

Based on our example, the $2,500,000 in invested capital, applied at the rate of $120,000/year, is paid up front and the lease is "rent free" for 20 years, as depicted in the below table:

Hypothetical Case Study (cont.)

CASE STUDY EXAMPLE				
	Base Rent of Completed Building	Initial Investment Including Capital and Returns	Net Investment Remaining After Annual Base Rent Payment	Actual Rent
Year 1	$120,000	$2,500,000	$2,380,000	$0.00
Year 2	$120,000		$2,260,000	$0.00
Year 3	$120,000		$2,140,000	$0.00
Year 4	$120,000		$2,020,000	$0.00
Year 5	$120,000		$1,900,000	$0.00
Year 6	$120,000		$1,780,000	$0.00
Year 7	$120,000		$1,660,000	$0.00
Year 8	$120,000		$1,540,000	$0.00
Year 9	$120,000		$1,420,000	$0.00
Year 10	$120,000	Assume 3% annual CPI increase after Year 10	$1,300,000	$0.00
Year 11	$123,600		$1,176,400	$0.00
Year 12	$127,308		$1,049,092	$0.00
Year 13	$131,127		$917,965	$0.00
Year 14	$135,061		$782,904	$0.00
Year 15	$139,113		$643,791	$0.00
Year 16	$143,286		$500,505	$0.00
Year 17	$147,585		$352,920	$0.00
Year 18	$152,012		$200,907	$0.00
Year 19	$156,573		$44,334	$0.00
Year 20	$161,270		-$116,935	$116,993.00

In this example, an annual rent of $120,000 (with 3% annual increase after year 10) is offset by an investment of $2,380,000 to restore the building. Year 21 would be the first year this leaseholder would have to pay the full rent. (However, the leaseholder would be responsible for paying the full CAM from Year 1.)

FACILITY IMPROVEMENTS

FACILITY IMPROVEMENTS

Q. Why hasn't NPS provided a list of standard materials that are authorized for use in connection with rehabilitation of buildings such as windows, railings, balusters, roofing, materials, and siding materials?

A. We can't provide a list of standard materials. NPS is prohibited from recommending any one manufacturer over another. There are many acceptable manufacturers offering materials for replacement in kind. The Lessee will have to submit plans and specifications for replacement in kind components. NPS will review the plans and specifications and authorize, if appropriate, use of materials.

FACILITY IMPROVEMENTS

Q. How much will it cost to repair one of these buildings?

A. You must determine the cost to rehabilitate the building you are interested in. If estimating the cost to rehabilitate a historic structure is not your area of expertise, we strongly encourage you to hire professionals who can help you develop estimates.

The Request for Proposals requires each applicant to produce credible cost estimates based on Historic Rehabilitation Standards identified in:

36 CFR 68 http://www.gpo.gov/fdsys/pkg/CFR-2014-title36-vol1/pdf/CFR-2014-title36-vol1-part68.pdf and
36 CFR 61 http://www.gpo.gov/fdsys/pkg/CFR-2014-title36-vol1/pdf/CFR-2014-title36-vol1.pdf

FACILITY IMPROVEMENTS

Q. When I hire contractors, must I follow the requirement of the Davis Bacon Act (which applies to contractors and subcontractors performing on federally funded or assisted contracts in excess of $2,000 for the construction, alteration, or repair, including painting and decorating, of public buildings or public works)?

A. No.

FACILITY IMPROVEMENTS

Q. May I install a dishwasher and other modern conveniences, or do the Secretary's Standards for Historic Rehabilitation prevent me from doing that?

A. Yes. You may install new appliances.

FACILITY IMPROVEMENTS

Q. How is a Lessee compensated for "sweat equity"?

A. Applicants are required to submit detailed renovation cost estimates per the RFP. In the event applicants choose to do some or all of the renovation work themselves, the applicants should include customary charges and costs supported by industry standards, costing indexes, or provide competitive bids. The park will consider the customary charges and costs as "sweat equity" value and as such, offset the cost of such work against Fair Market Value Rent.

FACILITY IMPROVEMENTS

Q. Will the NPS cover any cost to rehabilitate the buildings?

A. No. The Lessee is responsible for the cost of rehabilitation.

FACILITY IMPROVEMENTS

Q. Can we put solar panels on the roof?

A. It is possible. Solar panel installation must be approved by the State Historic Preservation Office (SHPO). We encourage applicants to come up with creative solutions.

FACILITY IMPROVEMENTS

Q. Am I required to make the building accessible?

A. Yes, depending on the use. If the building is meant to be open to the public for use as a bed and breakfast, an office, or educational use, the building must be accessible. The original configuration may be modified to meet accessibility requirements though exterior modifications may require SHPO review.

B. No, in most circumstances, if the building will be used a residence.

FACILITY IMPROVEMENTS

Q. Am I required to make my building resilient?

A. Yes. Rehabilitation of an existing building is "greener" than construction of new buildings. Applicants should employ sustainable design practices as much as feasible when rehabilitating these buildings. NPS encourages efforts resulting in LEED (Leadership in Energy & Environmental Design) certification or ratings. Other resiliency efforts include replacing vulnerable mechanical or other systems within buildings or relocating those systems elsewhere in the buildings, in a manner consistent with the FEMA recommendations at 1 foot above 100 year floodplain elevation as defined by current FEMA Advisory Base Flood Elevation maps: http://www.region2coastal.com/bestdata. Applicants cannot raise buildings to meet FEMA requirements.

FACILITY IMPROVEMENTS

Q. How did these buildings fare during Sandy?

A. During "Superstorm Sandy" water rose over the seawall and many of the buildings within Fort Hancock sustained water infiltration in the basement. None of the first floors were flooded in spite of the fact that Sandy Hook saw a storm surge of more than 15 feet above mean high tide line. Portions of the Historic District do fall within the floodplain area. Applicants can learn more about this by consulting the FEMA 100-year floodplain map: http://fema.maps.arcgis.com/home/item.html?id=cbe088e7c8704464aa0fc34eb99e7f30.

FACILITY IMPROVEMENTS

Q. Are Federal Grants or other funds available for rehabilitation?

A. Not to our knowledge. For state grants, check with the New Jersey State Historic Preservation Office (SHPO) at http://www.njht.org/resources/sandy/ for any changes or updates.

FACILITY IMPROVEMENTS

Q. Is there another access road or point of access into the park for Lessees?

A. No.

FACILITY IMPROVEMENTS

Q. Can we replace the windows?

A. Maybe. Windows that are original to the structure should be retained unless damaged beyond repair. If windows are replaced, they must be of the same type and appearance as the original. For example, a true divided light wood window must be replaced with a divided light wood window with details similar to, if not exactly the same as, the existing. In the specific case of building 25, offered under this RFP, many windows were replaced in a previous renovation. If replaced again, those new windows should retain the appearance of what was installed at the time of original construction. Window replacement practices should conform to the Secretary of Interior standards guiding rehabilitation of historic structures. However, a determination of compliance with these guidelines is negotiated by lessees with the New Jersey State Historic Preservation Office, with concurrence by the National Park Service.

FACILITY IMPROVEMENTS

Q. Are these buildings insulated?

A. No.

FACILITY IMPROVEMENTS

Q. Can plaster be removed and replaced with drywall?

A. Yes, in some cases. Drywall is permitted in areas where the plaster is damaged or missing, or in areas where the plaster must be removed for the installation of new building systems. In such cases, the plaster can be replaced with drywall but should be coated with a skim coat of plaster. This approach enables the two materials to be blended. Removal off all of the plaster and complete replacement with drywall is not permitted.

FACILITY IMPROVEMENTS

Q. Can rooms be stripped?

A. Lessees are required to repair. Replacement in kind is an option available when the character defining features cannot be repaired. Replacement practices should conform to the Secretary of Interior standards guiding rehabilitation of historic structures. However, a determination of compliance with these guidelines is negotiated by lessees with the New Jersey State Historic Preservation Office, with concurrence by the National Park Service.

FACILITY IMPROVEMENTS

Q. Are bathrooms required to be finished to period (e.g. must I replace with a claw foot tub if there is an existing claw foot tub)?

A. No.

COSTS OTHER THAN RENT

COSTS OTHER THAN RENT

Q. Will common area maintenance charges be assessed and how will they be calculated?

A. Yes. Service District Fees (SDF) or Common Area Maintenance (CAM) charges will be assessed. Examples of SDF or CAM eligible charges include but are not limited to: Road maintenance, law enforcement, fire protection, emergency medical services, and mowing/basic grounds maintenance. SDF or CAM eligible charges also include the cost of infrastructure repair and replacement, which will be determined and formalized in the lease, and will be subject to periodic adjustment.

COSTS OTHER THAN RENT

Q. Will participants in the pilot effort be expected to pay common area maintenance charges at a level that will cover all of Fort Hancock's maintenance expenses or will they be prorated based on occupancy rates?

A. Yes. All facility occupants will be obligated for a prorated portion of common area maintenance charges.

TRANSFERS and ASSIGNMENTS

TRANSFERS and ASSIGNMENTS

Q. Is a Lease transferable?

A. Yes. A lease is transferable if it says so in the lease. Any transfer will be subject to NPS approval and will require proof that the party to which the lease is to be transferred can meet the requirements and obligations contained in the lease.

TRANSFERS and ASSIGNMENTS

Q. Can leases be passed on to family members?

A. Yes. A lease is a property right that is considered part of your estate for the duration of the lease term.

INSURANCE

INSURANCE

Q. Will I have to obtain flood insurance?

A. Yes. Lessees must make the effort to obtain Flood Insurance in sufficient coverage amounts. Applicants must provide evidence that such coverage is available in their response to this RFP. However, as part of this RFP, Applicants may request a waiver from the requirement to provide flood insurance if they provide supporting evidence that flood insurance is not available or is so cost prohibitive as to render the Applicant's proposal infeasible, in which case Applicants agree to accept the associated risks.

TAXES

TAXES

Q. Will I have to pay property taxes if I use or occupy a Fort Hancock facility?

A. Yes, depending on what the municipality (Middletown Township) charges for your leasehold interest (or any portion thereof).

TAXES

Q. Are there any tax breaks that might be available to Lessees?

A. Lessees may be eligible for a 20% tax credit for the rehabilitation of a "certified historic structure." Fort Hancock is a National Historic Landmark District. Rehabilitation of a facility must be consistent with the Secretary's Standards for Historic Structures. Plans for rehabilitation must be reviewed by the NPS and the State Historic Preservation Office (SHPO). Applicants should consult their tax advisors with any questions. More about historic tax credits: http://www.nps.gov/tps/taxincentives/before-you-apply.htm

FACILITY USE

FACILITY USE:

Q. How flexible is the lease in case you want to: sublet it out for the season; make individual rooms available for rent; change the use from residence only to a residence with office, or to a bed-and-breakfast?

A. A Lessee may sub-lease the Premises subject to NPS approval. The use is limited to those identified in the lease. This means that a building authorized for residential use can only be sub-let for residential use. A Lessee is not authorized to sub-let bedrooms in a residential facility but may sub-lease the entire building to a sub-Lessee. Only Lessees authorized to operate B&B facilities may rent bedrooms. The buildings identified for use as residence/office can be used for residential and office use or for office use only. The buildings selected for office use were selected based on proximity to available parking. Changes in use of the facility are not authorized except in accordance with the use zone map.

FACILITY USE

Q. I am interested in a building on Officers Row, but I want to use it for a museum for my non-profit. Is this something you would consider?

A. For the purposes of this RFP, no. There are areas in which non-profit use is authorized and anticipated. Please see the use zone map at http://www.nps.gov/gate/learn/management/fort-rfp-2015.htm

UTILITIES

UTILITIES

Q. Can the park guarantee that utilities such as electricity, telecommunications, water, and sewer will be available at work sites?

A. The park's utility infrastructure includes:

Electric: The electric service provided by JCP&L supports multi-tenant use. The Lessee will be responsible for installing individual meters at each building and for repair to the electrical system from the meter into the Leased Premises. The main trunk power line from the transformer and the individual spliced feeder cable to the building meter panel will remain the responsibility of NPS.

UTILITIES

A. The park's utility infrastructure includes:

Telecommunications: A new telecommunications infrastructure is being installed underground at Fort Hancock in a loop configuration. Only NPS buildings in use will be hooked up to the new infrastructure installed as part of this contract. The loop design allows for redundancy in service and future connections to other buildings. Each of the proposed Lessees can connect to the infrastructure at specified new maintenance hole locations. The anticipated cost to the proposed Lessee for connection to the infrastructure is estimated at approximately $11,000 (subject to change based on actual costs). NPS plans to install the new underground telecommunications infrastructure by spring 2016.

UTILITIES

A. The park's utility infrastructure includes:

Potable Water: Potable water is available and capacity is sufficient to support the full development of the entirety of Sandy Hook. The Lessee will be required to install a new water meter provided by the park and billed to the Lessee. Also, the Lessee will be required to have the water service line inspected and tested by a licensed plumber and an inspection report with recommendations must be submitted to the park for approval. The capacity of the water system is 500 gallons per minute, not to exceed 7.5 million gallons per month by permit. The annual maximum for potable water is 50 million gallons. We currently average 100,000 gallons per day. Some buildings connect to a 6 inch water main and are served by 1.5 inch pipes. For all buildings, Applicants should propose how they intend to replace any non-copper plumbing components.

UTILITIES

A. The park's utility infrastructure includes:

Sanitary Sewer: The sanitary sewer system (which is fully separate from the storm sewer system) at Fort Hancock is functional and sized appropriately to accommodate the anticipated future development. The current sanitary sewer system is appropriately sized and a new sewage treatment plant is expected to be online in 2018. The system works by gravity-fed distribution by which pipes bring sanitary waste to a pump station. From there, sanitary waste is fed by a force main into the park's wastewater treatment plant. NPS maintains the collection and force main system, and the Lessee will be responsible for repairs to the lateral system from the building to the main trunk line. The Lessee must have the sanitary sewer lateral line videoed, tested, and inspected by a qualified licensed plumber and submit an inspection report with recommendations to NPS for approval. The Lessee will be required to make any repairs to the sanitary sewer prior to occupying the building.

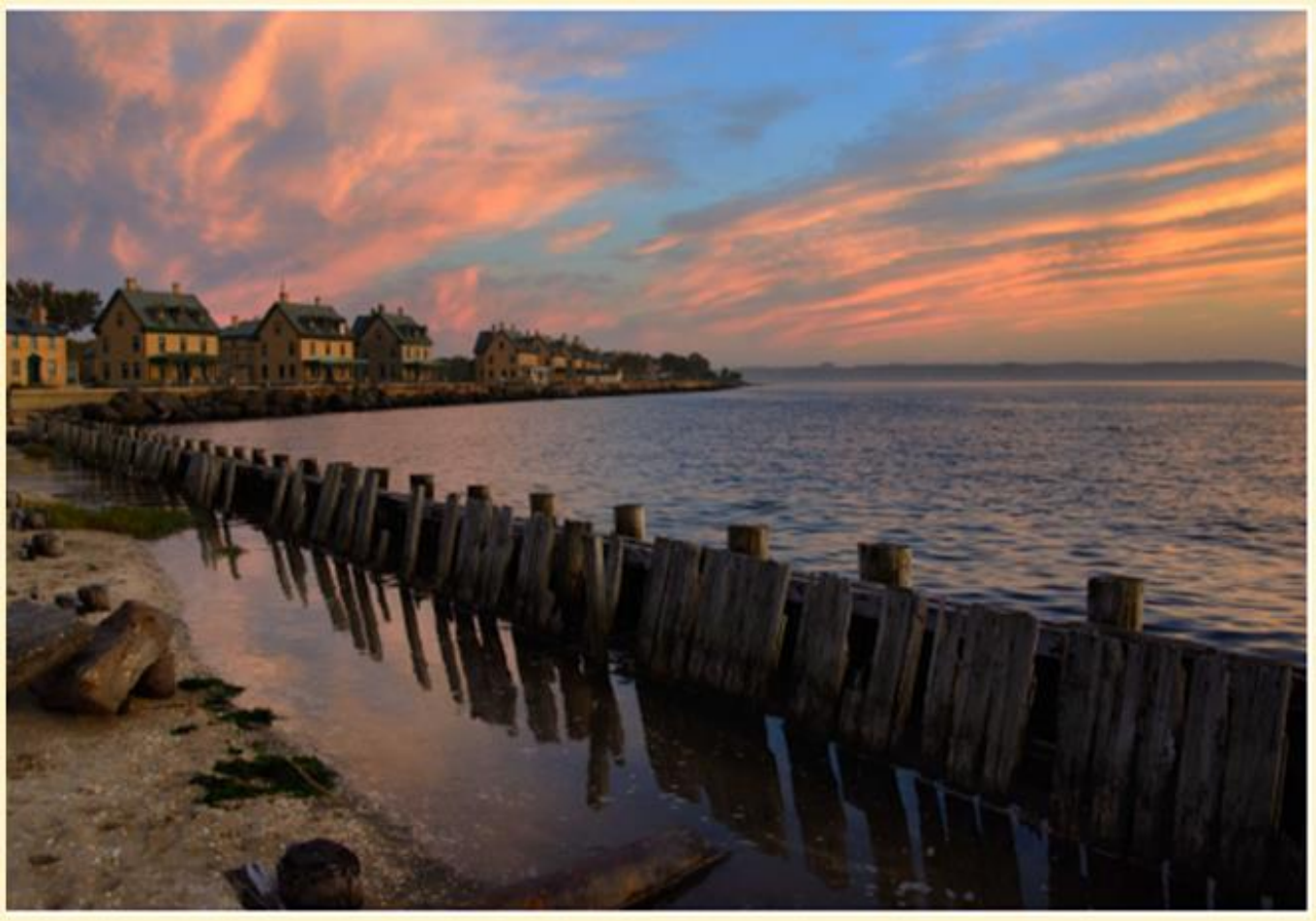
FORMS

FORMS

Q. Can you provide a template for filling out the RFP proposal?

A. No. The RFP contains a number of templates (financial forms). The NPS cannot supply any templates beyond those already included.

VETERANS



VETERANS

Q. Will any buildings be set aside for use by veterans?

A. No. However, we welcome all applicants, including Veterans or veterans' organizations, to submit applications in response to any of the RFPs.

RELATED OPPORTUNITIES

RELATED OPPORTUNITIES

Q. Is there an opportunity to become a listing agent?

A. Yes. There is opportunity to become a listing agent as long as the Lessee is willing to pay the commission and any related costs or fees. NPS is prohibited from paying any realty related commissions.

RELATED OPPORTUNITIES

Q. Is the park planning a follow-up leasing effort after the pilot and if so, when will that process begin?

A. The park is planning to lease additional buildings at Fort Hancock. Related information will be made public accordingly.

RELATED OPPORTUNITIES

Q. Does the park have plans to offer development opportunities for restaurants, groceries, sundries, etc. during or after the pilot begins?

A. Yes. The park anticipates some form of community commercial development in accordance with the Fort Hancock use map. Such use may include opportunities for restaurants, groceries, and sundries at Fort Hancock.

SELECTION OF APPLICANT/S

SELECTION OF APPLICANT/S

Q. How long will the park take to issue a lease to a successful applicant who has submitted a proposal in the pilot phase?

A. The evaluation process typically takes several weeks, after which, the park may begin lease negotiations with the selected applicant/s.

IMPORTANT DATES

RELEASE DATE: Friday, December 12, 2014	**Proposal Submission Deadline:** Monday, April 17, 2015 at 1 PM EST
Site tours available by appointment only	**Anticipated Date for Selection:** Five Weeks After Submittal Deadline
Question Submission Deadline: Monday, March 16, 2015	**Anticipated Lease Commencement:** Subject to negotiation
NPS does not warrant and assumes no liability for the accuracy of the information provided in this RFP.	

Gateway National Recreation Area

http://www.nps.gov/gate/index.htm

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