

Fort Hancock 21st Century Advisory Committee
Meeting Summary
March 12, 2013

The Fort Hancock 21st Century Advisory Committee, chartered under the Federal Advisory Committee Act (FACA), held its second meeting, March 1, 2013, at the Ocean Place Resort, Long Branch, New Jersey.

Summary of Decisions

1. Gerard Glaser and John Reynolds were selected as Co-Chairs for the Committee.
2. The Committee approved and adopted the Operating Procedures.
3. The Committee established four working groups: Community Outreach/Communication, Flood Insurance+ and Examples, Real Property Costing, and Vision, and disbanded the informal agenda planning working group established at the January 2013 meeting.

Welcome and Opening of Meeting

Linda Canzanelli, the Committee's designated federal officer, opened the meeting at 9: 10 a.m. and welcomed everyone. Committee members introduced themselves and Robert Fisher, facilitator, provided an overview of the agenda for the day.

Operating Procedures

The Committee reviewed and discussed the revised draft Operating Procedures containing the changes discussed at the January 23-24, 2013, meeting. Upon motion from John Reynolds and seconded by Michael Holenstein, the Committee unanimously adopted the Operating Procedures as revised in the draft dated February 27, 2013.

Factors Affecting Reuse of Historic Buildings at Fort Hancock

The Committee heard presentations relating to factors that affect the reuse of the buildings at Fort Hancock, including presentations on the types of agreements that NPS can enter into with the private sector; the condition of the buildings at Fort Hancock, the impact of the availability of flood insurance; and the NPS budget process.

NPS Authorities and Authorizations for Park Operations

Pam Mclay of Gateway's Business Services Office gave a presentation on the various instruments available for partners to work in the park. Ms. Mclay noted the following:

- Use of park property must be appropriate: not in conflict with law (NPS Organic Act), regulation (Title 36 of the Code of Federal Regulations), or park policy (NPS Management Policies/Director's Orders) and must promote the park mission.
- Appropriate forms of visitor enjoyment emphasize appropriate recreation consistent with the protection of the park.

- There are various authorizing instruments utilized to allow for the use and possession of federal property over time: Leases, Cooperative Agreements, Concession Contracts, Commercial Use Authorizations (CUA), and Special Use Permits.
- Leases
 - The most appropriate instrument for reuse of buildings at Fort Hancock and must charge Fair Market Value Rent.
 - Funds obtained through leasing can be used by the Park to renovate and pay for maintenance of park facilities and infrastructure.
 - Three methods are available to award a lease:
 - 1) Request for Bids,
 - 2) Request for Proposals and
 - 3) Non-Competitive Award.
 - Sixty days or less leases may be approved by the park superintendent (in the Northeast Region).
 - Sixty-one days to 10-year leases must be approved by the Regional Director.
 - Ten-to-60-year leases must be authorized by the Director of the National Park Service.
- Cooperative agreements provide financial assistance to a cooperator in which substantial involvement is anticipated on the part of the NPS. NPS assigned buildings are considered financial assistance and generally prohibited.
- Concessions contracts authorize concessioners to provide necessary and appropriate visitor services in park areas. They are generally 10 years or less but can be extended for as many as 20 years. There are three categories of concessions contracts:
 - Category 1 – Allows for capital investments in building facilities (the concessionaire receives leasehold surrender interest (LSI))
 - Category 2 – Assigns buildings (no LSI), and
 - Category 3 – Allows for use of federal land, but no facilities
- Commercial Use Authorization (CUAs) – Two types
 - Inside the park – Allows for visitor services as long as the gross receipts are under \$25,000 per year.
 - Outside the park –
 - \$100,000 Revenue Threshold: Allows for visitor services, and needs the Regional Director's approval
 - \$1 million Revenue Threshold: Allows for visitor services, and needs the NPS Director's approval.
- Special Use Permits: Allows a specific activity; long term building use is prohibited under this instrument. Permits are also issued for a utility right of way with a maximum 10-year term. The NPS does not issue standard rights of way or easements.

Ms. Mclay also stated that in a lease, rent can be offset by the lessee rehabilitating the buildings he/she is using. The length of a lease is usually decided by the lessee, but needs to be justified to park management, and needs the accompanying approvals.

In a concession contract, the concessioner pays a monthly franchise fee based on gross revenues earned, not monthly rent. Ed Segall at Sandy Hook has been a concessioner for several decades, but his contract expires on December 31, 2014. A new prospectus for the food and beverage contract at Sandy Hook for the next 10 years will come out in the near future. There is no preferential right in retaining a concession contract from one term to the next. Each bidder in a new prospectus must present a detailed proposal of how he or she would run their food and beverage operation. Ultimately, the bidder with the best overall proposal will win the new contract.

Non-profit organizations can obtain a lease, and they must pay the corresponding rent according to Fair Market Value. Depending on the developer, the various instruments may be mixed or matched according to each situation. For example, a developer may lease out six buildings, and then sub-lease out to other individuals. Of course, this arrangement would need approval from park management.

Condition of Fort Hancock Buildings

John Warren, External Affairs Officer at Gateway, provided an overview of the current condition of buildings at Fort Hancock. The NPS's Organic Act of 1916 stipulates that the mission of the NPS is "... to conserve the scenery and the natural and historic objects and the wildlife therein and to provide for the enjoyment of the same in such manner and by such means as will leave them unimpaired for the enjoyment of future generations."

Thus, it is necessary to maintain existing buildings in good condition. The NPS determines the costs/investments needed to bring assets back into "good" condition by evaluating them. Structures are evaluated as good, fair, poor or serious based on criteria that include number work orders. This condition is calculated using the Facility Condition Index (FCI). The FCI is

- the value of all deficiencies divided by the current replacement value (CRV), and
- the CRV is the replacement cost to rebuild the entire structure.

If the FCI is less than 0.10 the building is considered "good", if it is equal to 0.11 to 0.14, the building is considered "fair". If the FCI is equal to 0.15 to 0.49, the building is considered "poor" and if FCI is greater than 0.50, the condition of the building is considered "serious".

Fort Hancock has been designated as a National Historic Landmark District with over 200 structures. Most buildings on the list were built within the first 10 years of the establishment of the Army base (1898). The deferred maintenance range is between \$94,864 and \$5,763,827 per building, with the total combined deferred maintenance cost of \$28,792,973. The total square footage of the 35 buildings is 278,636 sq. ft.

The Impact of the Availability of Flood Insurance

Linda Canzanelli reported that she had a discussion with the working group dedicated to flood insurance prior to the Committee meeting. Her research indicated that the state of Florida provides an insurance pool for people who don't have flood insurance. In her view New York and New Jersey would probably adopt a similar arrangement for people who own houses that are

prone to flooding. She indicated that California probably has a similar insurance arrangement for people who own houses in earthquake prone areas.

All concessioners or lessees (including non-profit organizations) are required to have general liability and property insurance on buildings they are using. High insurance rates can sometimes be offset by lowering the rental rate of a lease.

NPS Budget Process

Suzanne McCarthy, Deputy Superintendent of Gateway, provided a presentation on the federal budget process. The NPS works on a 3 year budget cycle. In Year I (2013), the current year budget is executed. For Year II (2014) the Congressional review process takes place (already done from the Park level). In Year III (2015) the budget is formulated, (with heavy input from the Park level). In any given year, the NPS proposes a budget to Congress, Congress evaluates the budget, and finally the NPS spends the money appropriated by Congress.

Of the Total 2012 federal budget, 0.31 % or \$11.4 billion makes up the appropriations for the Department of the Interior. Of that amount NPS will receive \$2.58 billion. For 2012, the Gateway repair/rehab funding is at \$359,292. Line Item construction is at \$448,000, and leasing is at \$40,713. Gateway has \$6.6 million for the maintenance of all three units. Ninety percent of the fixed costs in Gateway's operating budget are spent on personnel costs.

Congress generally has diminished funding for line-item construction. Overall, this means the NPS has a large maintenance backlog and buildings and structures are in bad physical shape.

The NPS was included in the \$50 billion Hurricane Sandy appropriations package. Of this package, \$35 million are designated for Gateway. This funding is "no year" money, (meaning the funding doesn't have an expiration date). Building exteriors, such as roofs, windows, stairs, etc., can be repaired with this funding. None of this money can be used to rehabilitate buildings at Fort Hancock.

During the year, Gateway does receive donations from individuals. If the person giving the donation doesn't indicate how the money should be spent, it can be used to make building repairs. These donations are tax deductible.

Selection of Co-Chairs

The Committee discussed the Co-Chair role, as well as potential candidates. The Committee unanimously selected Gerard Glaser and John Reynolds as the Co-Chairs.

Potential Frameworks (Visions) for the Fort Hancock Historic District

The Committee worked in small groups to brainstorm and discuss "visions" for Fort Hancock. The public was invited to sit with these groups and listen to the conversations. The small groups reported and the Committee discussed the following suggestions:

Potential Uses

- Tasteful development with a large portion of the hook in public domain; mixed use, possibly a bed and breakfast.
- Educational and recreational use (biking).
- Foundation or friends' group.
- Commercial development might be the most difficult, residential bed and breakfast, houses, youth hostel, low impact uses (artist's retreat like Vermont studio)
- Successful use of facilities would be residential, because of location and availability of services; this type of use is most likely to be funded by private money, conducted under leasing program, barracks as hostel under concession, each individually and privately and immediately fundable.
- College with marine biology center, lodge for people using facility, clearly mark and bring out educational aspect of Fort Hancock.
- Campus model either education or business or a combination both.
- Next generation campus, models for how people learn are changing in major ways.
- Emphasize story of Fort Hancock: Nike site, coast artillery, radar, radio, telephones, steel development, construction development, research and development, soldier life, harbor defenses, air defenses.
- No build / demolition alternative; demolition is not desired end state.
- Seasonality and isolation is both an attraction and a complication
- Low impact residential use.

Process

- Start small and then branch out with specific area or focal point to draw people to Fort Hancock, such as using Building 26 for a children's discovery center or a nature center; bring together all the cooperators at Sandy Hook.
- Should not recommend specific uses, large scale development plan, recommendations for process with internal guidelines.
- Committee develops accepted process - what is and is not possible, not too restrictive, not inconsistent with what community wants, RFI process, reality test with developers, then RFP for hard bids, developers prove qualifications, then negotiations leading to contract.
- The world will tell us if it works, consistent with park guidelines and community vision.
- Set vision why we want to do something with these buildings, clearly articulated, encompassing educational framework like a campus, cultural experiences, formal education, place to stay, environmental and cultural resources, artists and theater present which already fit in this framework.
- Start small with a cluster of housing to use as a model, architecturally landscaped, centers for environment and education, artists.
- Pay attention to the end use to attract individual developers may be too broken up.
- Put a process in place to make a use possible, use must be compatible with national historic landmark and doesn't affect other resource values. •
- Focus on end state and different end uses
- Have one master developer sub-contract out work on the buildings

Financing/Money

- Make financial sustainability the cornerstone of the development plan
- Finance with entry fees and long-term leasing
- Raising some money, even if small, is important
- Entice the government to invest by demonstrating the soundness of the investment
- Use Building 26 for three or four possible uses which could generate \$3-6m per year and sustain itself
- Make an estimate and create submission to NPS for x dollars to make it happen
- There is a cost to closing / demolishing buildings at Fort Hancock, not doing anything will not be free

Working Groups/Subcommittees

The Committee considered whether to establish subcommittees or working groups to support and provide information / recommendations to the Committee as a whole. Robert Fisher explained to the Committee the main differences between subcommittees, which have a more formal role under FACA, and working groups, which tend to be less formal in their structure and in their reporting requirements. In addition, subcommittees also can have broader membership that includes non-Committee members. The Committee opted to establish four Working Groups: Community Outreach/ Communication, Flood Insurance+ and Examples, Real Property Costing, and Vision.

Community Outreach and Communication Working Group consisting of Linda Cohen, George Conway, John Ekdahl (Coordinator), Mary Eileen Fourett, Tim Hill, and Karolyn Wray.

Charge: develop ideas or a plan for outreach to the community and get it involved in the Fort Hancock building reuse effort.

Flood Insurance+ Examples Working Group consisting of George Conway, Tim Hill (Coordinator), Michael Holenstein, and Dan Saunders.

Charge: identify NPS sites with similar flood insurance related issues to Fort Hancock, and identify potential resources and speakers

Real Property Costing Working Group consisting of Guy Hembling, Mike Holenstein and Shawn Welch (Coordinator).

Charge: provide support for working groups and subcommittees with analysis and options relating to costing of improvements and maintenance, etc.

Vision Working Group consisting of Linda Cohen, Arthur Imperatore Jr (Coordinator), John Reynolds, Shawn Welch, and Karolyn Wray.

Charge: develop a proposed statement of vision for the future of Fort Hancock (including the rationale).

Also, with the selection of the Co-Chairs, the Committee disbanded the informal agenda planning workgroup established at the Jan. 23-24, 2013, meeting.

Public Comment Highlights

Following the establishment of the working Groups, the Committee took comment from the Public.

William A. Jackson: (Former US Army, served on Nike Missiles at Fort Hancock, and long-time Sandy Hook visitor). He was a Nike Missile volunteer tour guide at Sandy Hook. He stated that Fort Hancock and Sandy Hook are one, and the Fort Hancock buildings are integral to the future of Sandy Hook.

James Kraus: (Environmental Chief at Atlantic Highlands). He does not favor high impact uses for the Fort Hancock buildings and welcomes off-season uses of the buildings to help the local community. He supports the arts at Fort Hancock and is not very concerned about the impact of traffic.

Mike Murray: (Member of the Army Ground Forces Association (AGFA)). He thanked the NPS and the Committee for their work. Fort Hancock is near and dear to him, and should not be destroyed. He expressed appreciation for the Committee's transparent process and stated that for volunteer groups at Fort Hancock to continue they must have housing to support public events and work trips.

Paul Taylor: (Member of the Army Ground Forces Association (AGFA), retired from New Jersey Parks and Forestry and a manager of historic sites in New Jersey). He indicated that any attempt to destroy the buildings should be a non-starter. Preservation is needed to rehabilitate the buildings. The Committee needs to acknowledge the role the U.S. Army played, and recognize the name "Fort Hancock" and Sandy Hook as being one and the same.

Tara Ryan: (Council member of Highlands, New Jersey). She commended the Committee for its work, which will bring more people to New Jersey, and develop the economy. She also pointed out that even though Save Sandy Hook sued the NPS the lawsuit was not successful.

Henry Komorowski: (Member of AGFA and Historian). He thanked the Committee and is happy about the work being done to preserve Fort Hancock for the next 100 years. The buildings at Fort Hancock need to be rehabilitated now, not in four years' time.

Kathleen Kluxen: (Member of AGFA). He stated that the history of Fort Hancock needs to be brought back to life, much as it was in the 1940's with the bowling alley, bakery and other structures.

Donna Cusano: (Member of AGFA). She stated that Fort Hancock is a tremendous resource and must be preserved. She suggested that Sandy Hook should be repositioned as "Fort Hancock/Sandy Hook". She also stated that the NPS must provide housing for NPS volunteers, such as AGFA, or there may be no substantive historic programming in the future.

Thomas Minton: (Member of AGFA, long-time Sandy Hook visitor, and seasonal park ranger). He stated that he public is very interested in what's going to happen to the Fort Hancock buildings and frequently asks him about them. Also, since Hurricane Sandy he has been asked about the History House and why it's not open.

Christopher Egan: (Member of AGFA, and attended the Marine Academy of Science and Technology at Sandy Hook in 1999). The entire peninsula, in addition to the facilities, was a U.S. Army base and that history needs to be explained. He also said the buildings have been decaying for over 10 years and the decay is escalating. He suggested that the NPS use the buildings and gate fees to get money to restore more of Fort Hancock. He thanked everyone.

Rod Scott: (an experienced specialist in historic resources preservation and involved in moving Cape Hatteras Lighthouse). He offered to help the Committee to preserve Fort Hancock.

Lou Venuto: (a former Gateway employee who worked at Sandy Hook and a Highlands resident). He stated that the Fort Hancock buildings should not be developed only by one developer and cautioned the Committee to not put all the eggs in one basket. He urged the Committee to get something going now and to get an agreement from the NPS on both costs and what the NPS is willing to do at Fort Hancock. He also said that public outreach is important in this effort and it should be initiated now.

Next Steps and Close of Meeting

The committee identified the following dates in 2013 for future meetings: Tuesday, April 23: Thursday, May 16; Friday, June 28; Friday, August 2: Friday, September 20: Friday, November 1; and Monday, December 9.

Linda Canzanelli thanked Committee members and the public and adjourned the meeting at 5:22 pm.

Attachment A

Fort Hancock 21st Century Advisory Commission Meeting #2 - March 12, 2013

Attendance

Robert Fisher

David Emmerson

John Ekdahl

George Conway

Lillian Burry

Guy Hembling

Michael Holenstein

Linda Cohen

Shawn Welch

Arthur Imperatore

Gerard Glaser

Daniel Saunders
Margot Walsh
Linda Rose
Karolyn Wray
Mary Eileen Fouratt
Timothy Hill
John Reynolds
Linda Canzanelli
John Berndl
Pam Mclay
Robert Vohden
John Warren
Oliver Spellman
Norb Psuty

Action Items

Post presentation materials from this meeting to website – Park staff
Send draft action items list to committee members – facilitators
Finalize action item list – facilitators
Organize working groups and create a schedule/work plan
Post examples of RFIs (RFEIs) to website
Post Meeting #1 summary and operating procedures to website
Working group meetings/conference calls
Develop proposed agenda for next meeting
Send proposed agenda and meeting notes to committee members
Draft meeting #2 summary and send to committee
Finalize meeting #1 summary and post to website.

Working Groups Established at March 12, 2013 Meeting

COMMUNITY OUTREACH/ COMMUNICATION Working

Charge: Begin developing a community outreach and communication plan

Coordinator: John Ekdahl

Committee Members: Lillian Burry, George Conway, John Ekdahl, Mary Eileen Fouratt, Tim Hill, Lynda Rose, and Karolyn Wray

Staff: John Warren

Flood Insurance & Examples Working Group

Charge: Look at other NPS sites and identify resources and potential speakers

Coordinator: Tim Hill

Committee Members: George Conway, Tim Hill, Michael Holenstein, and Dan Saunders

Staff: Linda Canzanelli and Dave Emmerson

REAL PROPERTY COSTING Working Group

Charge: Support working groups and subcommittees with analysis and options

Coordinator: Shawn Welch

Committee Members: Guy Hembling, Michael Holenstein, and Shawn Welch

Staff: Dave Emmerson and Pete McCarthy

VISION Working Group

Charge: Develop a proposed statement of vision for the future of Fort Hancock (including the "why") Coordinator: Arthur Imperatore, Jr.

Committee Members: Linda Cohen, Arthur Imperatore, Jr, John Reynolds, Shawn Welch, and Karolyn Wray

Staff: Robert Fisher and Pam McLay