



# Gateway National Recreation Area

## FORT HANCOCK LEASING NEGOTIATION UPDATE



EXPERIENCE YOUR AMERICA



# Fort Hancock Use Map



Gateway National Recreation Area  
New York / New Jersey

National Park Service  
U.S. Department of the Interior



## Fort Hancock Historic Post Use Map





# LEASING PROGRESS

## To Date

### **JANUARY 23-24, 2013 – Present**

- > Held 20 Public Meetings - <http://www.forthancock21.org/meeting-minutes-and-materials.html>
- > Completed Federal Advisory Committee Act and Ethics Training
- > Elected Co-Chairs
- > Adopted Operating Procedures
- > Established (6) Working Groups
  - + Real Property Costing Group
  - + Vision Working Group
  - + Historical Context Group
  - + Community Outreach & Communication Group
  - + Flood Insurance Work Group
  - + RFEI Working Group(s)
- > Adopted a “Vision Statement”
- > Met with Fort Hancock “Cooperators”
- > Developed and later revised a Use Plan
- > RFEI - Released October 22, 2013
- > Pilot RFP- Released December 12, 2014
- > Rolling RFP (16 Buildings) – Released July 31, 2015
- > Rolling RFPs (12 Buildings) - Released December 15, 2015
- > Lease Negotiations are underway for several buildings along Officer’s Row





# Request for Proposals – 30 Buildings



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

**Request for Proposals**  
Multiple Buildings on Officers Row for  
Compatible Use (Residential, Lodging, Business  
Uses Related to Residential or Lodging Use)  
at Sandy Hook Unit's Fort Hancock

National Park Service  
U.S. Department of the Interior  
Gateway National Recreation Area  
Sandy Hook Unit, Fort Hancock and Sandy Hook Proving Ground National Historic Landmark

**Request for Proposals**  
Leases for Not-for-Profit or Educational Facility  
(Buildings 23-25, 40, 53, 55-57, 60, 70)  
at Sandy Hook Unit's Fort Hancock Historic Post

National Park Service  
U.S. Department of the Interior  
Gateway National Recreation Area  
Sandy Hook Unit, Fort Hancock and Sandy Hook Proving Ground National Historic Landmark

**Request for Proposals**  
Leasing Opportunity for Community/Commercial  
Uses (Buildings 33, 36, 79 and 80)  
at Sandy Hook Unit's Fort Hancock Historic Post

<http://www.nps.gov/gate/learn/management/fort-hancock-rolling-RFP.htm>



# Lease Negotiations – A Confidential Process



- » NPS will negotiate the terms of the final lease with the Applicant determined to have submitted the best proposal under the selection criteria. The lease is not final until awarded.
- » If negotiations fail, NPS may negotiate with other Applicants for award of the offered lease or may terminate this solicitation without liability to any person.

- **Length of Term**
- **DO35B**
- **Inspections and Permitting**
- **Flood Insurance**
- **Local Levies**







# Length of Lease

## 36 CFR 18.10 - How long can the term of a lease be?

[CFR](#)[eCFR](#)[Authorities \(U.S. Code\)](#)[prev](#) | [next](#)

### § 18.10 How long can the term of a lease be?

All leases entered into under this part shall have as short a term as possible, taking into account the financial obligations of the lessee and other factors related to determining an appropriate lease term. No lease shall have a term of more than 60 years. Leases entered under the authority of this part may not be extended, except that, leases with an initial term of one (1) year or more may be extended once for a period not to exceed one (1) additional year if the Director determines that an extension is necessary because of circumstances beyond the Director's control.



*"....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."*

National Park Service Organic Act, 1916



# Approval Process Timeline

- » NPS and Middletown Township have agreed to enter into an Agreement to coordinate and facilitate inspections and permitting necessary in connection with the rehabilitation efforts.
- » Middletown Township Construction, Sub-code, and Fire officials will review submissions and issue Permits as applicable.
- » Lessees will be obligated for the cost of Middletown Township Permitting Fees which can be offset against rent.



# Director's Order #35B

## Sale of NPS Produced Utilities

- 36 CFR 18 (g) requires the lease contain "Appropriate provisions requiring the lessee to pay for use of all utilities used by the lessee and to pay all taxes and assessments imposed by federal, state, or local agencies applicable to the leased property or to lessee activities." NPS has no authority to waive laws.
- NPS has agreed to waive CAM (Common Area Maintenance) expenses for the life of the lease for the first five (5) leases executed.







# FLOOD INSURANCE - FEMA



- » According to FEMA a Lessee can purchase a flood insurance policy through any **NFIP Write Your Own agent**. **Flood Insurance is meant to protect the building.**
- » The NPS should be named as an additional insured on the policy.
- » NFIP direct servicing agents: 1 800 638 6620
- » Floodsmart.gov <https://www.floodsmart.gov/floodsmart/>
- » The Lessee may also purchase a separate *contents-only* policy in the Lessee's name. In the event of flood damage, ten percent of the contents coverage may apply to improvements and betterments made at the Lessee's expense.
- » Fees and surcharges may apply to each policy separately.



# FLOOD INSURANCE LIMITATIONS - FEMA



- » Since Fort Hancock is in a Coastal Barrier Resource System (CBRS) zone, there are restrictions on the amount of improvements that can be made to any of the buildings.
- » Improvements that constitute 50% or more of the value of the building will be classified as a substantial improvement, which would render the buildings ineligible for flood insurance through the NFIP.
- » NPS can provide Lessees with contact information for FEMA officials.





# Local Levies - Middletown Example

- The values for each used will be based upon a total \$\$ per square foot.

## Uses

Residential  
Commercial/B&B's  
Office

## Values

\$150 - \$225/sq.ft.  
\$150 - \$225/sq.ft.  
\$175 - \$250/sq.ft.

- Final value will be discounted to 55% to account for extraordinary costs of construction, lack of land value, and services provided by landlord (NPS).

### **EXAMPLE - Value of completed structure, a B&B of 6000 sq. ft.**

- 6000 sq.ft. X \$200/sq. ft. = 1,200,000.00 x .55 (discount) = **\$660,000.00**
- Middletown Tax Rate \$2.18 per \$100 of value = Annual Taxes of **\$14,388**

### **Anticipated abatement for first five years 0% due.**

Year 6 - 20% due	\$2,877.60
Year 7 - 40% due	\$5,755.20
Year 8 - 60% due	\$8,632.80
Year 9 - 80% due	\$11,504.40
Year 10 - 100% due	\$14,388.00