

Sandy Hook Update



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Open House on March 22



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At least five partner orgs attended



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Approximately 60 attendees



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NJ News 12 covered the event



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Tours with potential leaseholders

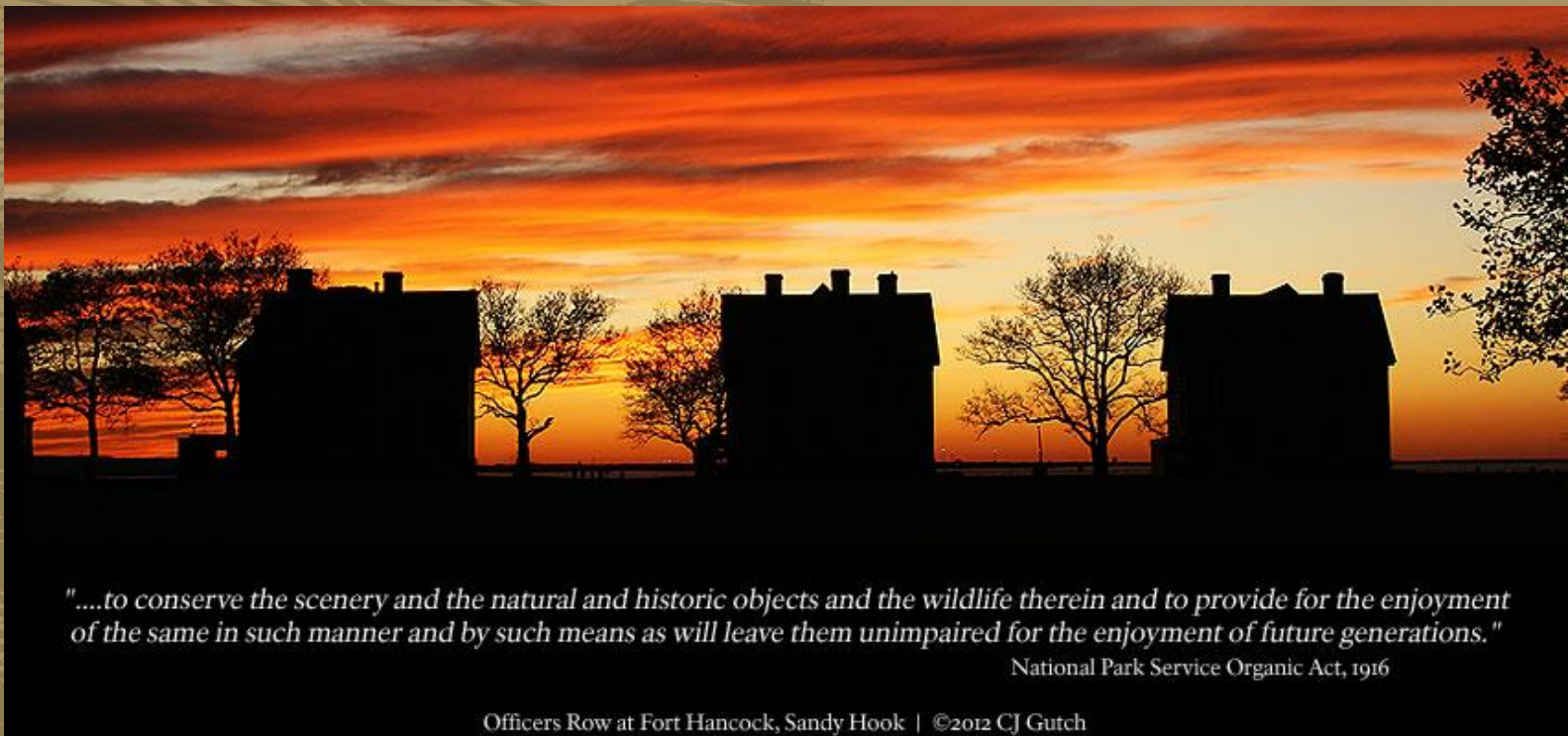


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National Park Service
U.S. Department of the Interior
Gateway National Recreation Area



Frequently Asked Questions



"...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

Officers Row at Fort Hancock, Sandy Hook | ©2012 CJ Gutch

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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, $\text{Rent} = \text{Fair Market Value} - \text{Investment}$.

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.)

Cleanup of Building 27

- Park's first project with New Jersey Youth Corps
- Young people from Phillipsburg, Asbury Park, Jersey City
- Sweep-out one week, mop up the next



Before work begins, a safety talk



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Personal Protective Equipment (PPE) issued

- Hard hats
- Respirators (face masks)
- Tyvek suits
- Gloves



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Spray, sweep, scrape



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Mopping up the following week



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Holly forest boardwalk rebuilt



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Will be finished by Memorial Day



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Built to survive a hurricane!



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Multi-Use Trail expansion around the bend



First section will be by Nine Gun



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Food vendors return under CUAs (Commercial Use Authorizations)



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Gateway National Recreation Area

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



National Park Service
U.S. Department of the Interior



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