

Fort Hancock 21st Century

Common Area Maintenance Hypothetical Case Study



"....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

Definitions

- ❑ **Common Area Maintenance**

- ❑ Common Area Maintenance consists of the total cost of services such as Law Enforcement, Fire Safety, Administration, Roads and Grounds, that all occupants at Fort Hancock share the benefits of.

- ❑ **Utilities**

- ❑ Director's Order #35B is a policy requiring National Parks to recover the cost of providing and maintaining utility infrastructure, including electric, gas, water, wastewater, and waste, as authorized by 36 CFR 18.12(g).

- ❑ **Local Tax Assessment**

- ❑ Lessees at Fort Hancock may be subject to an additional levy determined by Middletown Township and/or Monmouth County.

The Sandy Hook Unit of Gateway NRA is similar to a municipality in terms of the services provided to our lessees.

Fort Hancock

Lessee Responsibilities

Rent	<i>(NPS)</i>
Common Area Maintenance	<i>(NPS)</i>
Utility Reimbursements (DO #35B)	<i>(NPS)</i>
Community Host Assessment	<i>(Local/County)</i>
Electric	<i>(Public provider)</i>
Phone, Internet, TV, etc.	<i>(Public provider)</i>

CAM Methodology

Hypothetical Case Study

- ❑ **Occupancy**
 - ❑ Determine Fort Hancock Historic Post total buildings and associated square footage
 - ❑ Determine appropriate allocation per occupant
- ❑ **Operation Cost Estimates (CAM)**
 - ❑ Annual cost of operation for Law Enforcement, Fire Safety, Administration, Roads and Grounds
- ❑ **CAM Allocation**
 - ❑ Rate - Per square foot basis
- ❑ **Local Market Analysis**
 - ❑ Middletown Township Property Tax Review
 - ❑ Property Value and Listings



Fort Hancock Historic Post Occupancy

COMMON AREA MAINTENANCE DISTRIBUTION

Agency	Number of Buildings	Square Feet	Occupancy %
NPS*	157	1,067,667	90.82%
MAST	14	29,380	2.50%
American Littoral Society	1	5,236	0.45%
State of NJ - Marine Lab	1	54,940	4.67%
Sandy Hook Child Care	1	1,202	0.10%
NJ Marine Science Consortium	1	17,116	1.46%
Total	177	1,175,541	100.00%

- All vacant Fort Hancock buildings including USCG buildings. Operating allocation will be adjusted as NPS buildings are leased.

Case Study

Sandy Hook Operations

Case Study – Assumptions for Operational Costs

(Rough order of magnitude with final costs being refined)

Law Enforcement & Protection	\$1,200,000
Fire Safety	\$ 100,000
Administration	\$ 200,000
Roads & Grounds	\$2,000,000
Total Sandy Hook Cost	\$3,500,000

- *Does not include Gateway NRA headquarters, support staff, materials, or supplies. Park Operations (Unit Coordinator, Interpretation, Education, Seasonal etc.) in general are not and will not be included in these cost.*

Sandy Hook

Case Study Operations Breakdown

Case Study Estimate Sandy Hook

\$3,500,000

Case Study Estimate Fort Hancock Post

\$2,100,000

The total operational costs over a 12-month period has been estimated at \$3,500,000 for this Case Study.

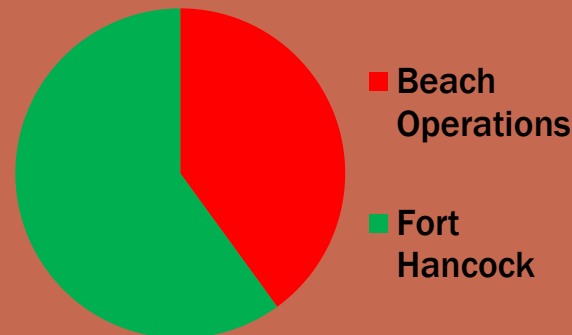
Beach Operations

Forty percent (40%) of annual operational costs are allocated to the Sandy Hook CAM beach operations.

Fort Hancock Historic Post Operations

Sixty percent (60%) of the total NPS operational costs allocated to the Fort Hancock Historic Post.

Sandy Hook Operations



Hypothetical CAM Allocation – Year 1

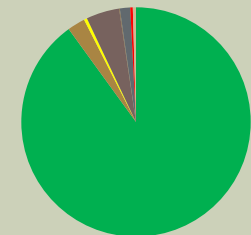
COMMON AREA MAINTENANCE DISTRIBUTION – YEAR 1

Agency	Number of Buildings	Square Feet	Occupancy %	Annual Cost	Monthly Cost
NPS	155	1,058,223	90.02%	\$1,890,422	\$157,535
MAST	14	29,380	2.50%	\$52,485	\$4,374
ALS	1	5,236	0.45%	\$9,354	\$779
NOAA	1	54,940	4.67%	\$98,145	\$8,179
SHCC	1	1,202	0.10%	\$2,147	\$179
Marine Science	1	17,116	1.46%	\$30,576	\$2,548
FOHA Res1	1	4,208	0.36%	\$7,517	\$626
FOHA Res2	1	5,236	0.45%	\$9,354	\$780
Total	177	1,175,541	100.00%	\$2,100,000	

Estimated Cost
p/sqft \$ 1.79

	Occupancy	Square Footage	Occupancy %	Cost
FOHA Cost	NPS	1,058,223	90.02%	\$1,890,422
\$2,100,000	Occupied	117,318	9.98%	\$209,578

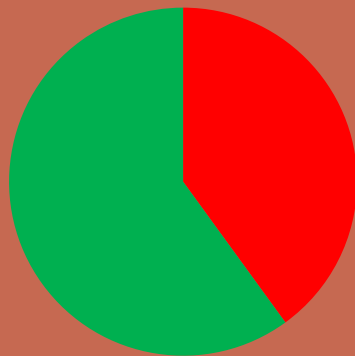
Fort Hancock Year 1



- Based on the hypothetical total operational costs for Fort Hancock Historic Post (FOHA) will be locked in for two-years but may include a 3% annual increase to account for burden rate, benefits, and cost of living increases.
- Non-NPS occupants are responsible for only **9.98%** of the FOHA cost share, or **\$209,578** collectively.

Hypothetical Year 1 CAM Distribution

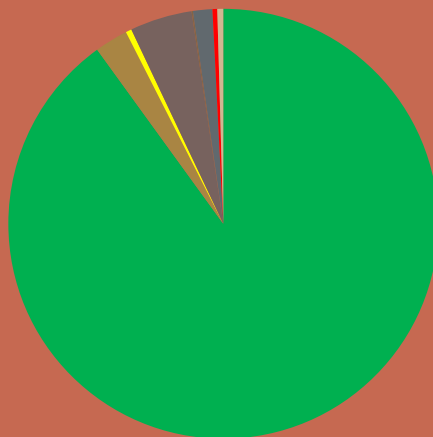
Sandy Hook Operations



■ Beach Operations

■ Fort Hancock

Fort Hancock Historic Post



■ NPS, 90.2%

■ MAST, 2.5%

■ ALS, 0.45%

■ NOAA, 4.67%

■ SAHO Child Care, 0.10%

■ NJ Marine Science Consortium, 1.46%

■ FOHA Res1, 0.36%

■ FOHA Res2, 0.45%

Hypothetical CAM Allocation – Year 2

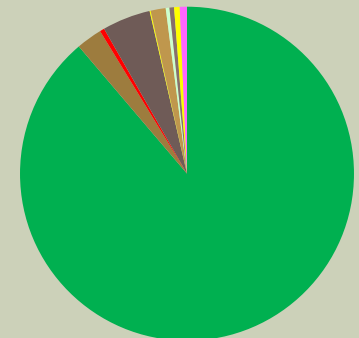
COMMON AREA MAINTENANCE DISTRIBUTION – YEAR 2

Agency	Number of Buildings	Square Feet	Occupancy %	Annual Cost	Monthly Cost
NPS	153	1,043,694	88.78%	\$1,920,401	\$160,033
MAST	14	29,380	2.50%	\$54,059	\$4,505
ALS	1	5,236	0.45%	\$9,634	\$803
NOAA	1	54,940	4.67%	\$101,090	\$8,124
SHCC	1	1,202	0.10%	\$2,212	\$184
NJ Marine Science Consortium	1	17,116	1.46%	\$31,494	\$2,624
<i>FOHA Res1</i>	1	4,208	0.36%	\$7,743	\$645
<i>FOHA Res2</i>	1	5,236	0.45%	\$9,634	\$803
<i>FOHA Non-Prof</i>	1	6,369	0.54%	\$11,719	\$977
<i>FOHA B&B</i>	1	8,160	0.69%	\$15,014	\$1,251
Total	175	1,175,541	100.00%	\$2,163,000	

**Estimated Cost
p/sqft \$ 1.84**

	Occupancy	Square Footage	Occupancy %	Cost
FOHA Cost	NPS	1,040,249	88.78%	\$1,920,401
\$2,163,000	Occupied	135,292	11.22%	\$242,599

Fort Hancock Year 2



- Includes a 3% increase over prior year.

Middletown Township Case Study

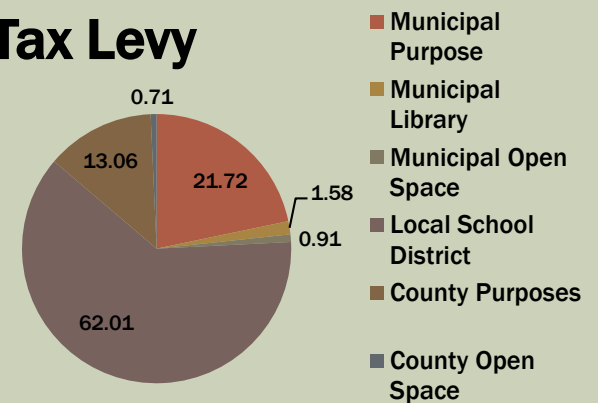
Extracted from Middletown Township 2014 Budget and Property Tax Breakdown.



Middletown 2014 Property Tax Breakdown

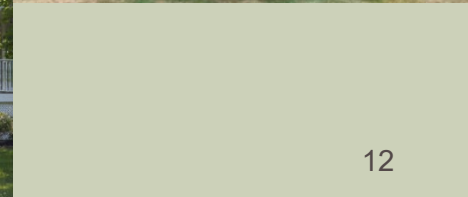
Property Tax Levies	Tax Levy	Total Levy
Local School District	\$ 132,860,343.00	62.01%
Municipal Purpose Tax	\$ 46,535,736.42	21.72%
County Purposes	\$ 27,979,504.68	13.06%
Municipal Library	\$ 3,387,630.70	1.58%
Municipal Open Space	\$ 1,960,337.00	0.91%
County Open Space	\$ 1,525,420.96	0.71%
Total	\$ 214,248,972.76	100.00%

Tax Levy



Middletown Township Case Study

Address	List Price	Beds	Baths	Square Feet	Built	Tax	Monthly Tax	P/sqft
9 Barrister Lane	\$ 1,299,000.00	6	4	5520	1987	\$ 24,594.00	\$ 2,049.50	\$ 4.46
5 Patriots Way	\$ 1,200,000.00	5	4	5956	2005	\$ 28,205.88	\$ 2,350.49	\$ 4.74
8 Pineridge Avenue	\$ 635,000.00	4	4	3500	1997	\$ 14,325.64	\$ 1,193.80	\$ 4.09
94 Four Winds Drive	\$ 729,999.00	5	4	3400	1997	\$ 14,738.40	\$ 1,228.20	\$ 4.33
68 Howland Drive	\$ 939,000.00	5	5	5000	1982	\$ 20,110.44	\$ 1,675.87	\$ 4.02
27 Bunker Hill Drive	\$ 1,049,000.00	4	5	4800	1977	\$ 19,373.52	\$ 1,614.46	\$ 4.04



CAM Case Study Comparison

The average per square foot rate of the previous market analysis indicates a \$4.28 per square foot tax rate.

BREAKDOWN OF MIDDLETOWN TAX LEVY FOR LOCAL PROPERTY

Schools = 62%	\$2.65 p/sq.ft
Library = 1.58%	\$0.07 p/sq.ft
County & Municipal Purpose = 34.78%	\$1.49 p/sq.ft
County & Municipal Open Space= 1.62%	\$0.07 p/sq.ft
TOTAL AVERAGE MIDDLETOWN	\$4.28 p/sq.ft

NPS anticipates CAM rates between
\$1.50 to \$2.50 per square foot.

Hypothetical NPS CAM Rate Year 1

\$1.79 p/sqft

Fort Hancock Pioneer Incentive

- In an effort to support the leasing program at Fort Hancock, the Superintendent is considering offering pioneers CAM-free leases.

Based on the Case Study and assuming a 5,200 sf building with a 40-year lease term, the estimated CAM-free lease cost savings is projected to be between:

<i>p/sq.ft</i>	\$1.50	\$2.50
<i>p/year</i>	\$7,854	\$13,090
<i>p/term</i>	\$339,780	\$566,300