

Enhanced Use Lease
Navy Recreation Center Solomons

Questions and Answers

1. Q: Will the project be susceptible to municipal permitting?

A: Although local and state regulations may not apply to federal activities on Solomons, they may apply to private developments on Solomons. Interested developers are advised to engage their own legal counsel to help them navigate state and local regulatory processes.

2. Q: Will the project be subject to local real estate taxes?

A: The federal law authorizing the Navy's out-leasing program (10 U.S.C. 2667) and state laws allow the leasehold interest to be taxed. Interested developers are advised to engage their own tax counsel on this issue.

3. Q: Do you anticipate that local zoning ordinances will be adhered to during any construction of new facilities?

A: Local zoning does not apply to federal activities on Solomons. However, because the Navy Recreation Center Solomons is under concurrent jurisdiction, local zoning may apply to a private project on that installation.

4. Q: Do the individual sites have a monetary value to MWR? If you take two sites, how much of the \$1 million would be due per site?

A: The \$1 million would be the figure if Sites 1, 2, AND 3 were selected for development. If selected individually for development, each site would require a payment to MWR of \$333,333.33 per site, dependent on the type of development is proposed for the site. The Navy and the Selected Developer will negotiate a different amount if applicable.

5. Q: Would the revenue or balance sheets be available from the existing MWR facility?

A: No. Current revenue and balance sheets should have no impact on proposals.

6. Q: Please confirm that the \$1 million annual contribution to MWR is above and beyond the ground lease payment to the Navy.

A: The \$1 million annual contribution to MWR, which is the maximum payment if all four sites are leased out, would be factored into the agreed-upon amount of the ground lease payment to the Navy. It would not be an additional charge. It is expected that the Navy will receive sufficient funds to cover the impact on MWR's net revenues plus additional in-kind services, the total of which would constitute the compensation to the Navy for the ground lease.

7. Q: Can the \$1 million pay-back to MWR be in in-kind services in lieu of cash revenue?

A: No. MWR relies on this cash revenue to fund other MWR activities throughout the region. So, that specific aspect of the payment to the Navy would need to be in cash paid directly to MWR. But any payment to the Navy that is over and above the amount required to make MWR whole could be in the form of payment-in-kind.

8. Q: The narrative uses soft, non-business terms to describe the MWR revenue stream of \$1 million. During the presentation, it was referred to as "profit." Is the \$1 million EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) or is it post-EBITDA?

A: The \$1 million payment to MWR is based on Net Cash Flow less Depreciation. The Federal Government does not pay taxes.

9. Q: The draft RFQ discusses preferential pricing for MWR-eligible customers. Does the RFQ mean to say that prices will not increase?

A: No. It is anticipated that MWR-eligible customers will receive prices that are less than market, hence "preferential." But we realize that the new facilities proposed may be better and more costly than what the Navy currently offers, and anticipate that MWR-eligible customers would have to be charged more than they are currently charged. At the same time, it is expected that the developer will provide below-market preferential pricing to MWR-eligible customers that reflects the current rate structure.

10. Q: Is the Point Patience land up for possible inclusion in the EUL?

A: No, that land is already encumbered by a long-term lease under the Navy's PPV program.

11. Q: Would a port facility or terminal be an allowed use for Site 4?

A: Yes. The Navy would entertain such a proposal.

12. Q: If offerors choose to bid on less than the four sites, can multiple developers be selected? For example, if developer one gets parcels 1 and 2 and developer two gets parcels 3 and 4?

A: Yes. However, the Navy will not select more than one developer for the same site.

13. Q: Is the Navy contractor considered a paying tenant if they continue to occupy the base?

A: No. The Navy would not be considered a paying contractor to the leaseholder.

14. Q: What's the critical area overlay zone? Is it an IDA, LDA, or RCA?

A: It is an IDA (Intensively Developed Area).

15. Q: Will the site be secured similar to access to the Navy bases, i.e., a pass office?

A: It depends on the details of what Offerors propose to develop on particular sites. The Navy uses the notion of “enclave security.” We know that the PPV housing on Point Patience would require enclave security. If one or two of the sites proposed for development are contiguous to the current front gate, then there would be no requirement to have a pass office or even a physical gate. However, if one of the sites that is not adjacent to the front gate is proposed for development, the Navy would need to work on enclaving security for those Navy interests that remain on site, while allowing the offeror to develop that particular parcel without having to utilize a gate and/or pass and ID office.

16. Q: What's the most recent environmental assessment for the EUL sites? Will it be shared?

A: The Navy will be releasing the Environmental Condition of Property (ECP) report. In terms of an Environmental Assessment (EA) to satisfy National Environmental Policy Act (NEPA), a new document would be required for this lease action. The Developer will be responsible for funding and preparing NEPA documents, but they will be subject to the Navy’s approval, and the final Finding of No Significant Impact (FONSI) would be signed by the Navy.

17. Q: Are there any endangered species in any of the four sites?

A: There are no federally listed species, but there are three state-listed species. The final RFQ will include an Environmental Condition of Property (ECP) report that will answer these questions.

18. Q: Can we access the site at a later date?

A: Additional visits may be scheduled depending upon demand. However, any additional visits to the sites shall be publicized in advance to afford all interested parties the same degree of information about the project.

19. Q: Getting into specifics of MWR, can you provide rates currently charged for various lodging and the percent occupancy of each at the Rec Center?

A: The final RFQ will contain the most recent rates charged at the Navy Recreation Center Solomons. Currently, Appendix E of the draft RFQ contains rates as of October 1, 2009.

20. Q: Will you provide Cape Henry rates when they are available?

A: Please refer to Cape Henry's web site at http://old.armymwr.com/portal/travel/recreationcenters/cape_henry_inn.html

21. Q: Please define "eligible sponsor" rooms and "sponsor-plus-two" noted on page 55 of tab 4.

A: The term "eligible sponsor" refers to individuals who are allowed to use the Armed Forces Recreation Center Resorts (AFRC), which includes members on active duty, in the Reserves or National Guard, Cadets and Midshipmen of the Army, Air Force, Coast Guard, and Merchant Marine Academies, among others. The term "Sponsor-plus-two" mean that an eligible person can book up to 3 rooms at the AFRC resorts.

22. Q: This is in "Prohibited Uses," please define "large grocery store."

A: For the purpose of this solicitation, a grocery store exceeding 20,000 square feet would be considered a "large grocery store."

23. Q: Can you provide a definition for "bulk alcohol"?

A: For the purpose of this solicitation, "bulk alcohol" is defined as any quantity of alcohol sold that is greater than for individual consumption, within reason.

24. Q: The State is looking to upgrade the bridge soon. It's falling apart, basically. Has there been any talk with the County or the State about the developer contributing toward the upgrade of this bridge?

A: In the context of the EUL, the bridge discussions with the State have not come up.