



FY17 Budget Revision Review for
Fort Monroe Authority Board of Trustees
Bay Breeze Community Center
October 20, 2016

Submitted for consideration by the Finance Committee and Board of Trustees are revisions to the Fiscal Year 2017 (FY17) budgets for the Fort Monroe Authority's (FMA) Government Fund (GF) and Enterprise Fund (EF). These budgets cover the fiscal year beginning July 1, 2016 and ending June 30, 2017. The revisions to the budgets presented and approved in June are required due to (1) the Governor's 5% budget savings directive, (2) the approval of the OEA grant, and (3) adjustments necessary due to changes in operation since the original budgets were submitted. Each of these will be explained in more detail below.

Report Format

As with previous requests for approval, separate budgets are presented for each of the two funds. The numerical budget information for each fund is organized in three sections. The leftmost section reflects the budgets approved by the Board of Trustees on June 16, 2016. The middle section contains columns showing the adjustments made for each of the 3 categories above. The rightmost section reflects the revised budget submitted for approval. Individual lines items with adjustments have been highlighted for easier reference.

Government Fund Revisions

5% Budget Savings Directive

The line items reduced to meet the 5% savings directive are highlighted in yellow. A description of the individual initiatives is provided below. The total amount of government fund reductions is \$126,736.

- 1) Line 39: The 3% salary increase budgeted for December 10th was eliminated due to state revenues falling below the required targets.
- 2) Lines 100-101: The FMA maintains term contracts for architectural and engineering support for small projects that are complex enough to require plans and specifications to ensure the contractor performs the work correctly and with the appropriate materials. The FMA will utilize the reduced funds for the highest priority projects. Other projects will likely be delayed due to the reduced funding.
- 3) Line 146: The FMA maintains a term contract for archeological monitoring support in the event that the staff archeologist is not available. The FMA will utilize the reduced funds for the highest priority projects. Other projects will be delayed until the staff archeologist can provide monitoring.

- 4) Line 147: The FMA budgeted funds to compensate VDEQ for support. To date, VDEQ has not billed the FMA since they are working under an agreement with the Army for the environmental remediation efforts.
- 5) Line 162: The FMA had budgeted to replace an older storage server with a larger capacity model. After reviewing the current usage, it was determined that the replacement could be delayed.
- 6) Line 171: The Historic Structure Report for the Casemate Museum identified some non-capital projects that were recommended. The FMA had budgeted to spend \$110,557 on projects at the Casement Museum during FY16. These lower priority projects will be delayed until additional funding becomes available.

Budget Adjustments

This column reflects adjustments in the budget based on new grant activity, revised contracts, and new initiatives, as well as changes in some priorities since the budget was submitted in June. These line items are highlighted in blue for reference.

- 1) Line 54: The contract with Bay Area Economics had not been finalized when the original budget was submitted.
- 2) Line 92: The contract with Kimley-Horn was revised to reflect a separate contract for the Main Gate water line replacement and more funding from OEA.
- 3) Lines 93/273: The FMA signed a contract with Kimley-Horn for the survey and design drawings for the Main Gate water line replacement. The cost is expected to be reimbursed by the Department of Risk Management under the insurance claim for the winter weather event in February 2015. The expected reimbursement is reflected in the revenue section.
- 4) Lines 94/274: The FMA signed a contract with Glavé & Holmes Architecture to design the renovations to Building 138 as the new Fort Monroe Visitor Center. The project will be funded from the VPBA allocation of \$5.25M. The VPBA funding is reflected in the revenue section.
- 5) Line 99: The contract with Matrix Environmental had not been finalized when the original budget was submitted. A portion of the increase is funded by the OEA grant.
- 6) Line 110: The FMA signed a contract with Stroud Pence to design the repairs and renovations to the Finger Pier.
- 7) Line 127: The contract with Garrity and Knisely was not finalized when the original budget was submitted.
- 8) Line 166: The FMA's phone system is over 5 years old and no longer supported by the vendor. The FMA signed a contract to replace the outdated Samsung VOIP system with a new Avaya VOIP system.

- 9) Lines 239/275: This line reflects the estimated cost for the repairs and renovations of the Finger Pier. The construction costs are reimbursed by the VMRC RFAB grant award. The RFAB funding is reflected in the revenue section.

FY17 OEA Grant

Since the grant had not been completed in time for the budget approval, the grant funding presented in the original budget was the minimum amount that could be expected from OEA of \$550,551. The grant application was approved for \$1,021,058, which included additional funding for some general and administrative expenses as well as funding for three new projects. The majority of the OEA changes highlighted in green do not reflect an increase in expenses, only a change in the amount reimbursed by the OEA grant. For that reason, only the line items with changes in total expense amount are listed below.

- 1) Line 92: The Kimley-Horn contract was been revised to move some of the expenses for the Main Gate water line replacement to a separate contract. The amount of OEA funding for Kimley-Horn increased significantly in the final grant.
- 2) Line 99: The contract with Matrix Environmental had not been finalized when the original budget was submitted. A portion of the increase is funded by the OEA grant.
- 3) Line 107: The FMA requested funding for an inflow and infiltration study for the sanitary sewer system to update the study performed by Hankins & Anderson for the Army in 2002. Once completed, this study will help to determine the upgrades for the Utility Master Plan.
- 4) Line 108: The FMA requested funding to complete a study on the condition of the various fire exits, fire stairs, and fire ladders on the commercial and residential buildings at Fort Monroe in order to assess the condition and to develop a list of priority repairs.
- 5) Line 109: The FMA requested funding to complete the parking strategy that was requested by the City of Hampton as the final part of the City zoning ordinance for Fort Monroe.
- 6) Line 139: The FMA renegotiated its contract for technology support services to include all software license renewals. This increase was offset by an increase in funding from the OEA grant.
- 7) Line 267: The increase in the grant award is reflected on this line in the revenue section.

Enterprise Fund Revisions

5% Budget Savings Directive

The line items reduced to meet the 5% savings directive are highlighted in yellow. A description of the individual initiatives is provided below. The total in enterprise fund reductions is \$88,984.

- 1) Line 16: The 3% salary increase budgeted for December 10th was eliminated due to state revenues below the required targets.
- 2) Lines 90-91: The FMA will attempt to reduce the cost for turns by maintaining high customer satisfaction levels, which reduces the rate of turnover for residential leases.
- 3) Line 138: The FMA had budgeted to perform some minor repairs to the Post Theater. The Theater has been proposed as one of the legacy projects for the 2019 commemoration. The plan calls for substantial renovation of the building. The repairs will be deferred until the legacy project is funded.

Budget Adjustments

This column reflects adjustments in the budget based on new or changing initiatives, as well as changes in some priorities since the budget was submitted in June. These line items are highlighted in blue for reference.

- 1) Line 92: The FMA budgeted to complete two exterior improvement projects that involve painting the wood treatments on the historic brick homes. The first three projects have identified significant wood and gutter repair needed prior to the painting. The FMA has allocated additional funds to try to complete a total of 4-5 exterior painting projects in FY17.
- 2) Lines 109: The FMA has or is expecting to sign several leases which require non-capital tenant improvements. The line item was increased to provide additional funding for two of these projects.
- 3) Lines 111: The FMA is proposing to use this increase in budgeted funds to make repairs to buildings 15, 62, and 63 to make these six residential units available for leasing. This line item also includes funding for the repairs to the wood treatments and front porch of Building 77 being designed by Guernsey Tingle.
- 4) Line 122: This line item was adjusted to reflect the full amount of the PILOT fee to be paid to the City of Hampton based on the expected transfer of Army EDC property during FY17. A small portion of the PILOT fee is budgeted on line 148 of the Government Fund.
- 5) Line 135: The FMA continues to deal with water leaks in vacant buildings. The FMA purchased additional industrial dehumidifiers due to the cost savings compared to renting the units.

- 6) Line 150: Building 100 was designated as a commercial building due to the central elevator and adjacent parking. The building has been available for several years with no leases signed to date. The previous plan was to build ADA-accessible restrooms in the lobby of the building to replace the non-accessible restrooms in the individual suites. The cost of the central restrooms was less than the cost of renovating the existing restrooms to meet ADA-accessibility compliance. The building has recently been identified as a possible candidate for adaptive reuse conversion to residential utilizing historic tax credits. Until the final use of the building is determined the restrooms project has been suspended.

FY17 OEA Grant

The OEA grant only provides funding for planning activities. As a result there is no OEA funding and no changes in this category for the business activities reported in the enterprise fund.