AGENDA

1. Guiding Principles & Community Engagement
2. Regulatory Context
3. Land Use Master Plan
4. Economic Evaluation
5. Implementation Recommendations
PLANNING PARTNERSHIP

City of Hampton

National Park Service

Fort Monroe Authority
GUIDING PRINCIPLES

Preserve the Place
Tell the Stories
Achieve Economic Independence
4. It is the policy of the Commonwealth to protect the historic resources at Fort Monroe, provide public access to the Fort's historic resources and recreational opportunities, exercise exemplary stewardship of the Fort's natural resources, and maintain Fort Monroe in perpetuity as a place that is a desirable one in which to reside, do business, and visit, all in a way that is economically sustainable.
<table>
<thead>
<tr>
<th>Year</th>
<th>Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>Master Plan Team Selection – Dec 2011</td>
</tr>
<tr>
<td>2012</td>
<td>Community Workshop – March 2012</td>
</tr>
<tr>
<td></td>
<td>PAG Meeting – March 2012</td>
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<tr>
<td></td>
<td>PAG Meeting – May 2012</td>
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<td></td>
<td>Community Workshop – June 2012</td>
</tr>
<tr>
<td></td>
<td>PA Stakeholders Meeting – June 2012</td>
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<tr>
<td></td>
<td>FMA Board Meeting – July 2012</td>
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<tr>
<td></td>
<td>Community Workshop – Sept 2012</td>
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<tr>
<td></td>
<td>PA Stakeholders Meeting – Sept 2012</td>
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<tr>
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<td>PAG Meeting – Dec 2012</td>
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<tr>
<td></td>
<td>FMA Board Meeting – Dec 2012</td>
</tr>
<tr>
<td></td>
<td>Community Workshop – Dec 2012</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>Economic Evaluation Team Mtgs: January – March 2013</td>
</tr>
<tr>
<td></td>
<td>PAG Meeting – March 2013</td>
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<tr>
<td></td>
<td>FMA Board Meeting – March 2013</td>
</tr>
<tr>
<td></td>
<td>PAG Meeting – April 2013</td>
</tr>
<tr>
<td></td>
<td>FMA Board Meeting – May 2013</td>
</tr>
<tr>
<td></td>
<td>FMA Board Meeting – July 2013</td>
</tr>
<tr>
<td></td>
<td>PAG Meeting – Sept 2013</td>
</tr>
<tr>
<td></td>
<td>Finance Committee – Oct 2013 **</td>
</tr>
<tr>
<td></td>
<td>FMA Board Meeting – Oct 2013 **</td>
</tr>
</tbody>
</table>

**Notes**

- **Scheduled Meetings**
- **PAG**: Planning Advisory Group
- **PA**: Programmatic Agreement
- **FMA**: Fort Monroe Authority
300+
PUBLIC MEETING PARTICIPANTS
2012-2013
MASTER PLAN WEBSITE

AVERAGE PARTICIPANT

Male

58 Years Old

Living in these Postal Codes:
23669, 23664, 23666

SITE TRAFFIC

Visitors
3,223

Page Views
23,900

PARTICIPANT AGE RANGE

<table>
<thead>
<tr>
<th>Age Range</th>
<th>Visitors</th>
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<tbody>
<tr>
<td>14-17</td>
<td>2</td>
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<tr>
<td>18-24</td>
<td>7</td>
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<tr>
<td>25-34</td>
<td>42</td>
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<td>35-44</td>
<td>33</td>
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<tr>
<td>45-54</td>
<td>84</td>
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<tr>
<td>55-64</td>
<td>134</td>
</tr>
<tr>
<td>65+</td>
<td>191</td>
</tr>
</tbody>
</table>
REGULATORY CONTEXT
We are working within the preservation framework endorsed by the Virginia Department of Historic Resources, the National Park Service, and others.

- Programmatic Agreement (PA)
- Memorandum of Understanding (MOU)
- Historic Preservation Manual & Design Standards (Draft)
The Design Standards will guide development, construction, preservation, enhancement and maintenance in the reuse of Fort Monroe to assure the protection and preservation of this national historic treasure.
Design Standards for the Treatment of HISTORIC PROPERTIES

• Developed as a requirement of the Programmatic Agreement.

• Explain the philosophies for building rehabilitation, restoration, preservation, and maintenance.

• Establish planning principles for the treatment of historic properties.

• Identify what is important to protect, maintain, and preserve.
The Secretary of the Interior’s Standards for the Treatment of Historic Properties and guidelines define four treatment approaches:

1. **Rehabilitation as a Treatment**
   When repair and replacement of deteriorated features are necessary; when alterations or additions to the property are planned for a new or continued use; and when its depiction at a particular period of time is not appropriate, Rehabilitation may be considered as a treatment.

2. **Restoration as a Treatment**
   When the property’s design, architectural, or historical significance during a particular period of time outweighs the potential loss of extant materials, features, spaces, and finishes that characterize other historical periods; when there is substantial physical and documentary evidence for the work; and when contemporary alterations and additions are not planned, Restoration may be considered as a treatment. Prior to undertaking work, a particular period of time, i.e., the restoration period, should be selected and justified, and a documentation plan for Restoration developed.

3. **Preservation as a Treatment**
   When the property’s distinctive materials, features, and spaces are essentially intact and thus convey the historic significance without extensive repair or replacement; when depiction at a particular period of time is not appropriate; and when a continuing or new use does not require additions or extensive alterations, Preservation may be considered as a treatment.

4. **Reconstruction as a Treatment**
   When a contemporary depiction is required to understand and interpret a property’s historic value (including the re-creation of missing components in a historic district or site); when no other property with the same associative value has survived; and when sufficient historical documentation exists to ensure an accurate reproduction, Reconstruction may be considered as a treatment.
Design Standards for NEW CONSTRUCTION

- Developed as a requirement of the Programmatic Agreement.
- Apply to new buildings, additions, and reconstructions.
- Provide guidance for compatible building massing, materials, and architectural features that are appropriate to the character of the Fort Monroe NHL District.
Design Standards for NEW CONSTRUCTION

New construction shall follow the Secretary of the Interior’s Standards:

“New additions...or related new construction shall not destroy historic materials that characterize the property. The new work shall be differentiated from the old and be compatible with the massing, scale and architectural features to protect the property and its environment.”
Design Standards for NEW CONSTRUCTION – EXAMPLE

SITE DESIGN

Building Orientation
New construction shall respond to the street system, open space, or other organizing principles. New construction along the southern edge of Stillwell Road and along North Gate Road shall be oriented to the street.

Setbacks
Building setback from the street shall be similar to buildings 56 and 57.

Landscape
More formal landscaping patterns responding to buildings and streets is encouraged. Street landscaping along Stillwell Road shall have a natural, informal feel.

Streets
The alignment of Patch Road and Stillwell Road shall be respected and made an organizing element, along with the historic street alignments of those roads. Other existing streets may be retained. New streets shall generally be narrow lanes with sidewalks. More formal, urban street grid patterns are encouraged to respond to Zone D to the west and transition to Zone B to the east.

Parking
New parking may be provided with new construction. Clustering parking for multiple buildings is encouraged. New Parking shall be located so that it is not in front of the primary building facade(s). Screening parking with landscaping is encouraged. Permeable paving is encouraged in Zone C.

Fencing and Screening
Fencing is discouraged, but if necessary, it shall be picket fencing. Landscaping is encouraged if it is necessary to define building sites. Landscaping is encouraged to screen mechanical equipment and refuse collection from view. Screening enclosures that respond to the materials used for new construction is also permitted.

BUILDING DESIGN

Building Form
New construction may be simple in form, or more articulated such as Building 28. Building footprints may be of similar scale as the industrial buildings in this zone.

Building Height
One or two story with simple roof forms and simple articulation of the roof. Flat roofs are permitted in this zone, as are penthouses and parapets.

Solid/Void
Fenestration and the relationship of solid to void shall be in keeping with the proposed style of the new construction. Larger window openings are encouraged in this zone to respond to the industrial character of buildings 28 and 57.

Entrances
Entrances shall be articulated in response to the style of the new construction.
Design Standards for NEW CONSTRUCTION – EXAMPLE

BUILDING FORM
Buildings at Fort Monroe have a distinct character due to both plan configuration and building massing. The predominant architectural styles of Colonial Revival and Neoclassical dictate certain building forms, heights and façade organization.

HEIGHT STANDARDS
There is generally a uniform height to the buildings. The majority of both residential structures and administrative buildings are no taller than two-and-a-half stories.

- Two stories above the ground on a raised base
- Two-and-a-half stories above the ground on a raised base
- Maintain established building height
- Maintain established building eave and cornice lines

VERTICAL ORGANIZATION STANDARDS
All buildings are to have a vertical (from the ground up) organization as follows:

- The first floor is to be on a raised base above the ground
- The first floor should be visually taller than the second floor
- The building has distinctive features as it meets the sky
- Cornices for buildings with flat roofs should be properly proportioned
- Buildings with pitched roofs should have articulated cornices and eaves

HORIZONTAL ORGANIZATION STANDARDS
- Symmetry is preferred, although there are good examples of asymmetric building facades along Ingalls road
- Building elements align vertically and repeat in an orderly pattern

PORCHES AND ENTRANCES
Porches and entrances are character-defining building elements. Significant elements include (but are not limited to) doors, fanlights, transoms, sidelights, pilasters, entablatures, pediments, columns, balustrades, brackets, architraves, railings, and stairs. Ramps and other features to provide barrier free access, in order to comply with the Americans with Disabilities Act, should be located so as to minimize visual intrusion and impact on the existing historical character of the zone.

PORCH LOCATION STANDARDS
- A variety of porch configurations is acceptable.
- Porches shall reinforce the symmetry of the building form.
- For buildings with porches, the main entrance shall be accessed via the front porch.

PORCH SCALE AND MASSING STANDARDS
- Porches shall be one-story in height.
- Porch roofs shall be of a slope that is less than the main roof of the building.
- Porch roofs may be of a different type (gable, hipped) than the main roof of the building.
- Porches shall not be enclosed for interior space.
Project Review Process for Building Rehabilitation & New Construction

STEP 1
Project Initiation

---

STEP 2
Project Consultation

---

STEP 3
Conceptual Design

---

STEP 4
Construction Documents

---

STEP 5
Construction

---

Design Standards Volume 1, Section 1G
Project Review Process for Building Rehabilitation & New Construction

**STEP 1**
Project Initiation

- **PROJECT PROPONENT**
  - Establish scope of undertaking, submit to FMHPO for review

- **FMHPO / FMA**
  - Determine compliance with the reuse plan
  - **Yes**
    - Initiate the historic review process
  - **No**
    - Undertaking may not proceed

- **FMHPO**
  - Proceed to next step
STEP 2
Project Consultation

- **PROJECT PROPOSENT**
  - Consult with FMHPO

- **FMHPO**
  - In Consultation with SHPO
  - Determine area of potential effect

- **Identify resources**
  - No
  - Yes
    - **FMHPO**
      - Advise proponent on measures to avoid adverse effect

- **Proceed to next step**

- **UNdertaking may proceed to the next step**
STEP 3
Conceptual Design

Project Review Process for Building Rehabilitation & New Construction

- **PROJECT PROPOSER**
  - Submit documents to FMHPO for Review

- **FMHPO**
  - In consultation with SHPO: Apply Criteria of Adverse Effect
  - If Adverse Effect cannot be avoided, consult with FMHPO and develop a Mitigation Agreement

- **Adverse effect**
  - No adverse effect
  - With concurrence from the SHPO, Undertaking may proceed to the next step
  - Undertaking may not proceed

- **Failure to develop an appropriate Mitigation Agreement**
  - Undertaking may proceed to the next step

- Revise Documents and Resubmit

*Design Standards Volume 1, Section 1G*
STEP 4
Construction Documents

PROJECT PROPOINENT
Submit Documents to FMHPD for Review

FMHPD
 Review Documents for compliance, if necessary, apply criteria of Adverse Effect

Adverse effect
Revise documents and resubmit

If Adverse Effect cannot be avoided, consult with FMHPD and develop Adverse Mitigation Agreement

Failure to develop an appropriate Mitigation Agreement

No adverse effect
Undertaking may proceed to the next step

With concurrence from the SHPO, Undertaking may proceed to the next step

Undertaking may not proceed
STEP 5
Construction

Project Review Process for Building Rehabilitation & New Construction

- Inform FMHPO of changes
- Consult on mitigation measures
- Determination of effect

FMHPO

Adverse effect
No adverse effect

Undertaking may proceed
LAND USE MASTER PLAN
### 2013 LAND USE MASTER PLAN

<table>
<thead>
<tr>
<th></th>
<th>Mixed Use – Residential</th>
<th>Mixed Use – Commercial*</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADAPTIVE REUSE</td>
<td>400 units</td>
<td>790,000 SF **</td>
</tr>
<tr>
<td>NEW CONSTRUCTION</td>
<td>720 units</td>
<td>160,000 SF</td>
</tr>
<tr>
<td>Total</td>
<td>1,120 units</td>
<td>950,000 SF</td>
</tr>
</tbody>
</table>

NOTES:
* Mixed Use – Commercial program includes employment, retail/dining, institutional, and hospitality focus land uses.
** Adaptive reuse square footage excludes interim use of buildings which are not in the long term plan (e.g. butler buildings).

~390 acres Open Space at Fort Monroe
2013 LAND USE MASTER PLAN

ZONE C
(North Gate)

ZONE B
(Wherry Quarter)

ZONE D
(Historic Village)

Baldwin Park, FL
1. **Enhance public access** to the waterfront and beach
NETWORK OF PUBLIC LANDSCAPES

1. **Enhance public access** to the waterfront and beach

2. **Transform McNair Drive** into a pedestrian and bicycle friendly street along the Marina and waterfront
1. **Enhance public access** to the waterfront and beach

2. **Transform McNair Drive** into a pedestrian and bicycle friendly street along the Marina and waterfront

3. **Create a “living shoreline”** along Mill Creek with a natural salt marsh landscape, habitat restoration, pedestrian promenade and pier.
1. **Enhance public access** to the waterfront and beach

2. **Transform McNair Drive** into a pedestrian and bicycle friendly street along the Marina and waterfront

3. **Create a “living shoreline”** along Mill Creek with a natural salt marsh landscape, habitat restoration, pedestrian promenade and pier.

4. **Link Bay to Creek** through a new Waterfront Park with a variety of open spaces, recreation amenities, and community facilities
1. **Enhance public access** to the waterfront and beach

2. **Transform McNair Drive** into a pedestrian and bicycle friendly street along the Marina and waterfront

3. **Create a “living shoreline”** along Mill Creek with a natural salt marsh landscape, habitat restoration, pedestrian promenade and pier.

4. **Link Bay to Creek** through a new Waterfront Park with a variety of open spaces, recreation amenities, and community facilities

5. **Connect the property** with pedestrian and bicycle friendly “green streets” linking all districts to each other and to the water

6. **Highlight views** from “Fort to Bay” and “Bay to Fort”
View from the Fort to the Bay

Chesapeake Bay

Building 88
GREAT PLACES IN AMERICA
Great Communities:
The Presidio, San Francisco, CA
Great Communities:
Fort Benjamin Harrison, IN
Great Communities: Lowell National Historic Park, MA

Source: NPS
Great Communities:
Harpers Ferry, WV

Source: Appalachian Trail Conservancy
Great Communities:
Annapolis, MD
Great Institutions:
Savannah College of Art & Design
Great Institutions:
Tanglewood, Lenox, MA
Great Public Spaces: Charleston Waterfront Park, SC
Great Public Spaces:
Walden Woods, Concord, MA

That land is a community
is the basic concept of ecology.
but that land is to be loved and trusted
is an extension of ethics. - Henry David Thoreau
When it established the FMA, the Virginia General Assembly mandated that Fort Monroe be operated in “a way that is economically sustainable.”

“Economic sustainability” means generating revenue to pay the costs to meet Commonwealth goals to:
- Preserve Fort Monroe’s historic buildings and grounds
- Provide access to historic features and recreation
- Demonstrate exemplary stewardship of natural resources
- Create a community where people want to live, work and visit
ECONOMIC ROLE OF THE MASTER PLAN

2013 Master Plan

- Mix of Uses
  - Residential
  - Commercial
  - Community Facility
- Density
- Capital Improvements

Financial Model

- Revenues
  - Residential
  - Commercial
  - Community Facility
- Absorption
  - Sales
  - Leasing
- Capital Budget
APPROACH TO FINANCIAL INDEPENDENCE

• Identify long-term FMA mission
  – Statutory mission
  – Business operations scaled to support mission

• Match revenues with expenses
  – Ongoing revenue to cover ongoing expenses
  – One-time revenue to fund one-time capital costs
  – Excess one-time revenue to fund “reserve” or “endowment” fund

• FMA staff formulated strategy alternatives
  – Complements and expands Economic Advisory Team suggestions
APPROACH TO BUILDING UP REVENUE

• **#1: Revenue from sold assets:**
  - Homeowner association dues
  - Utility system service charges
  - Property tax revenue splitting
  - Income earned from “endowment” fund or FMA “bank”
  - Sell properties to generate funds for capital improvements and reduce FMA operational requirements

• **#2: Other revenue**
  - Parking fees
  - Special event fees
  - Admissions charges
  - Levy reasonable and customary charges for utility system operation, museum entry, and parking

• **#3: Lease revenue**
  - Residential
  - Commercial
  - Retain certain properties to generate lease revenue to pay for ongoing operations

• **#4: Government support**
  - VDOT for streets
  - NPS cost sharing
  - Commonwealth for Casemate/Fortification
  - Identify appropriate level of long-term government funding
Revenue for the same asset can vary by disposition strategy

Take one Marina View duplex unit for example:

<table>
<thead>
<tr>
<th>Sales and reinvestment</th>
<th>Sales and FMA financing</th>
<th>Retain as Rental</th>
</tr>
</thead>
<tbody>
<tr>
<td>$150,000</td>
<td>$150,000</td>
<td>$150,000</td>
</tr>
<tr>
<td>$15,000</td>
<td>$30,000</td>
<td>$16,200</td>
</tr>
<tr>
<td>$135,000</td>
<td>$120,000</td>
<td>$7,290</td>
</tr>
<tr>
<td>3%</td>
<td>0.04</td>
<td>@45% of rent</td>
</tr>
<tr>
<td>$4,050</td>
<td>$6,940</td>
<td>$8,910</td>
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<tr>
<td></td>
<td>($139)</td>
<td>Net annual income</td>
</tr>
<tr>
<td></td>
<td>$6,801</td>
<td></td>
</tr>
<tr>
<td>$30,000</td>
<td>One time revenue</td>
<td></td>
</tr>
<tr>
<td>($15,000)</td>
<td>Less: Prep costs</td>
<td></td>
</tr>
<tr>
<td>($4,800)</td>
<td>Less: Underwriting @4%</td>
<td></td>
</tr>
<tr>
<td>$10,200</td>
<td>Net one time revenue</td>
<td></td>
</tr>
</tbody>
</table>
Rates of return to FMA vary by asset disposition strategy.

Take 8-acre Wherry lodging site for example:

**Sale and Reinvestment**

- **$3,277,000** Land sales price
- **3%** Reinvestment rate
- **$98,310** Annual income

**Ground Lease**

- **$3,277,000** Land value
- **7%** Rate of return to set annual ground rent
- **$229,390** Annual rent payment

There is no one “right strategy” – FMA will need to pursue a mix.
FMA prepared a revised financial analysis that:

- Incorporates Economic Advisory Team suggestions (HOA et cet.)
- Retains utility operations
- Offers 110 existing homes outside the Inner Fort for sale
- Finances home sales with FMA financing
- Continues to lease Inner Fort homes under management contract
- Leases and manages 5 office buildings in the Historic Village
- Encourages conversion of historic commercial buildings to residential use
- Retains, leases and manages 13 butler buildings in office use until more economically productive use materializes
- Assumes no EDC payment to the Army
- Manages Marina under concession or contract
- Assumes FMA exemption from PILOT payments for buildings in public use
- If insufficient funds are generated for operations or capital projects, seek VA appropriations and/or property tax revenue sharing
KEY ABSORPTION ASSUMPTIONS

• Residential
  – 95 units leased and managed by FMA - ongoing
  – 110 existing residences sold between 2017 and 2020
  – 186 units from adaptive reuse of commercial between 2017 and 2022
  – 540 new residential units between 2018 and 2027
  – 931 total units in this analysis

• Commercial
  – 20,000 sq. ft. existing or new office space absorbed annually
  – Marina office/retail mixed use development in years 2020 and 2021
  – New lodging developed in 2030
  – 933,000 total commercial space in this analysis

• Disposition is a mix of direct management, sales, and ground leasing
**Assumptions**

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent That Buyers Pay Cash</td>
<td>25%</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>4.250%</td>
</tr>
<tr>
<td>Average Term</td>
<td>25 Years; assumes mix of 15, 20 and 30-year mortgages.</td>
</tr>
<tr>
<td>Average Loan-to-Value</td>
<td>80%</td>
</tr>
<tr>
<td>Contracted Underwriting and Closing Costs</td>
<td>4% of Principal Amount</td>
</tr>
<tr>
<td>Loan Servicing Charges</td>
<td>2% of Total Gross Loan Payments to FMA</td>
</tr>
</tbody>
</table>

**FMA Bank Scenario Calculations**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Residential Sales Revenue (a)</td>
<td>$10,469,412</td>
<td>$8,876,792</td>
<td>$8,554,008</td>
<td>$1,374,302</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Gross Sales Financed by FMA (b)</td>
<td>$7,852,059</td>
<td>$6,657,594</td>
<td>$6,415,506</td>
<td>$1,030,726</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Principal Amount (c)</td>
<td>$6,281,647</td>
<td>$5,326,075</td>
<td>$5,132,405</td>
<td>$824,581</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Annual Loan Payment (d)</td>
<td>$412,795</td>
<td>$350,000</td>
<td>$337,274</td>
<td>$54,187</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Gross Loan Payments to FMA (d)</td>
<td>$412,795</td>
<td>$762,796</td>
<td>$1,100,069</td>
<td>$1,154,256</td>
<td>$1,154,256</td>
<td>$1,154,256</td>
</tr>
<tr>
<td>Less Contracted Underwriting Costs (e)</td>
<td>$251,266</td>
<td>$213,043</td>
<td>$205,296</td>
<td>$32,983</td>
<td>$70,259</td>
<td>$70,259</td>
</tr>
<tr>
<td>Less Loan Servicing Charges (f)</td>
<td>$8,256</td>
<td>$15,256</td>
<td>$22,001</td>
<td>$23,085</td>
<td>$23,085</td>
<td>$23,085</td>
</tr>
<tr>
<td>Net Loan Payments to FMA</td>
<td>$153,274</td>
<td>$534,497</td>
<td>$872,772</td>
<td>$1,098,188</td>
<td>$1,060,912</td>
<td>$1,060,912</td>
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<tr>
<td>Cash Sales/Downpayment Revenue (g)</td>
<td>$4,187,765</td>
<td>$3,550,717</td>
<td>$3,421,603</td>
<td>$549,721</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

(Cash sales plus downpayments received by FMA)

**Notes:**

(a) Sales generated by financial model from 110 existing residential units.
(b) A percentage of sales will be cash per buyer's preference.
(c) Gross initial principal balance after downpayments.
(d) Annual loan payment for loans financed in current year.
(e) Assumes FMA contracts out loan underwriting and closing services. Also assumes 10% annual roll over of mortgages and that FMA financing is required upon subsequent sale.
(f) Assumes FMA contracts out loan servicing.
(g) This is one-time revenue that goes to CIP program.
## Example Year

<table>
<thead>
<tr>
<th></th>
<th>FY 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross Sales Revenue</strong></td>
<td>$ 10,469,412</td>
</tr>
</tbody>
</table>

## Capital Improvement Program

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Commercial Tenant Improvements</strong></td>
<td>$ 401,081</td>
</tr>
<tr>
<td><strong>Residential Sales Program Improvements</strong></td>
<td>$ 1,124,025</td>
</tr>
<tr>
<td><strong>Environmental Remediation</strong></td>
<td>$ 259,400</td>
</tr>
<tr>
<td><strong>CIP Critical Infrastructure Improvements</strong></td>
<td>$ 4,000,000</td>
</tr>
<tr>
<td><strong>Subtotal Capital Budget</strong></td>
<td>$ 5,784,506</td>
</tr>
</tbody>
</table>

**NET CIP POSITION** $ 4,684,907

## FMA Endowment Calculations

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Reserve/Endowment Fund Balance</strong></td>
<td>$ 4,684,907</td>
<td>$ 8,672,857</td>
<td>$ 12,542,219</td>
<td>$ 13,385,366</td>
<td>$ 13,136,032</td>
<td>$ 13,024,403</td>
</tr>
<tr>
<td><strong>Interest @3%</strong></td>
<td>$ 140,547</td>
<td>$ 260,186</td>
<td>$ 376,267</td>
<td>$ 401,561</td>
<td>$ 394,081</td>
<td>$ 390,732</td>
</tr>
</tbody>
</table>
• BAE evaluated the recommended actions and approaches for the final 2013 Master Plan, including the FMA “bank” concept.

• The estimated 2027 deficit of $4.5 million changes to an operating surplus of $718,000 – **if** all the actions are adopted.
• BAE evaluated the recommended actions and approaches for the final 2013 Master Plan, but looked at an endowment fund instead of FMA Bank concept

• The estimated 2027 deficit of $4.5 million changes to an operating surplus of $86,000 – if all the actions are adopted
REVENUE BREAKDOWN

NOTE: Excludes capital budget

TODAY
- Commonwealth: $5,224,000
- FMA residential & commercial leasing: $3,127,000
- OEA and other Federal sources: $1,175,000

3 YEARS
- Commonwealth: $3,678,000
- FMA residential & commercial leasing: $3,328,000
- VDOT/OEA: $500,000

15 YEARS FROM NOW
- FMA residential and commercial leasing
  - Commercial: $3,296,000
  - Residential: $2,223,000
- HOA, Utilities & SDC: $832,000
- VDOT/ NPS: $500,000
- Tourism revenue: $430,000
- Investments: $1,100,000
- Total: $5,519,000
HOW REVENUES ARE LAYERED

• See Excel spreadsheet handout
The disposition choices made impact the degree to which capital projects can be funded:

<table>
<thead>
<tr>
<th>FMA “Bank” Scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td>• $15M available to fund $21M in CIP projects</td>
</tr>
<tr>
<td>• VA appropriations or property tax sharing may be required to bridge the $6M gap</td>
</tr>
<tr>
<td>• Reserve fund balance is $173,400 in 2027</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FMA Endowment Scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td>• $33M available to fund $21M in CIP projects</td>
</tr>
<tr>
<td>• $12M available for endowment fund to generate income</td>
</tr>
<tr>
<td>• Fund balance is $14.8M in 2027</td>
</tr>
</tbody>
</table>
THE FMA’S ROLE IN THE FUTURE

What will be the responsibilities of the FMA in 15 years?

Based upon statutory requirements and economic imperatives, these responsibilities would be:

1. Historic preservation oversight
2. Maintaining green areas, parks, and open space
3. Maintaining roads, sidewalks, and trails
4. Leasing and maintaining buildings in the Inner Fort due to restriction on sales and new development
5. Leasing and maintaining buildings in the Wherry Quarter until ground leases are executed for new development
6. Operating the utility systems
7. Operating the Casemate Museum & public programs
8. Administration of long-term ground leases and home-owner associations
9. Leasing and operating selected properties to the degree needed to generate ongoing revenue
The FMA will have its own portfolio of properties that it directly leases and manages, limited to the following:

- Buildings under interim lease pending disposition by sale or long-term ground lease
- Buildings that cannot be sold, e.g.:
  - Inner Fort
  - Wherry
  - Batteries, casemates, and fortifications
- Buildings needed to generate ongoing revenues
Under the 2013 Master Plan financial analysis, the following properties are shown as under FMA direct leasing and management control:

<table>
<thead>
<tr>
<th>Commercial Properties Managed Directly by FMA by Type</th>
<th>Sq. Ft.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Batteries and Casemates (5)</td>
<td>57,000</td>
</tr>
<tr>
<td>Casemate Museum (1)</td>
<td>35,000</td>
</tr>
<tr>
<td>Religious Structures (4)</td>
<td>42,000</td>
</tr>
<tr>
<td>STEAM Academy (27)</td>
<td>324,000</td>
</tr>
<tr>
<td>Recreation/Theater/Community (8)</td>
<td>108,000</td>
</tr>
<tr>
<td>Butler Buildings Office (13)</td>
<td>85,000</td>
</tr>
<tr>
<td>Other Office Buildings (7)</td>
<td>69,000</td>
</tr>
<tr>
<td>Marina Boathouse (1)</td>
<td>13,000</td>
</tr>
<tr>
<td><strong>Total Commercial</strong></td>
<td><strong>733,000</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Residential Properties Managed Directly by FMA</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Residential Units</strong></td>
<td><strong>95</strong></td>
</tr>
</tbody>
</table>
Although many properties will be disposed of through sale or long-term ground lease*, the FMA will still have ongoing responsibilities:

- Historic easement/deed restriction monitoring and enforcement
- Administration and/or oversight of multiple homeowner associations
- Administration and operation of FMA Bank program
- Administration of service district charge for commercial properties
- Ground lease administration:
  - Enforcement of terms and conditions
  - Periodic rent escalations/reappraisals
  - Percentage rent audits
  - Processing lease amendments/restatements

Note: *Long-term ground leases would be absolute net leases with terms up to 99 years and are akin to a sale; ground lessees would be fully responsible for operation and maintenance of all improvements.
Under the 2013 Master Plan financial analysis, the following properties would be disposed of by sale or ground lease:

<table>
<thead>
<tr>
<th>Commercial Properties Sold to or Ground Leased by 3rd Parties</th>
<th>Sq. Ft.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office</td>
<td>96,000</td>
</tr>
<tr>
<td>Retail</td>
<td>15,000</td>
</tr>
<tr>
<td>Lodging</td>
<td>113,000</td>
</tr>
<tr>
<td>Chamberlin Apartments</td>
<td>197,472</td>
</tr>
<tr>
<td><strong>Total Commercial</strong></td>
<td><strong>421,472</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Residential Properties Sold to or Ground Leased by 3rd Parties</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing Homes Sold</td>
<td>110</td>
</tr>
<tr>
<td>Residential Adaptive Use</td>
<td>186</td>
</tr>
<tr>
<td>New Residential Development</td>
<td>540</td>
</tr>
<tr>
<td><strong>Total Residential</strong></td>
<td><strong>836</strong></td>
</tr>
</tbody>
</table>

For these properties, the FMA would still have ongoing administrative responsibilities but would not be directly involved in leasing and operations.
IMPLEMENTATION RECOMMENDATIONS
Immediate Recommendations (0-5 years)

• Transfer National Monument site in Inner Fort to NPS Ownership & Establish NPS Easement

• Casemate Museum to continue to secure loan of Army artifacts

• Lease all houses in the Inner Fort

• Develop plan for houses in the Inner Fort not suitable for occupancy

• Maintain fortress ramparts trail and enhance perimeter Moat Walk

• Encourage the adaptive reuse and rehabilitation of vacant casemates

• Secure long term lease with the STEAM Academy

• Acquire moat from Army once environmental evaluation is completed

• Preserve Glacis on northeast green slope

• Support continued use of the Chapel of Centurion
• Encourage acquisition and adaptive reuse of historic buildings through historic tax credits

• Develop zoning plan to allow mixed-use development to create community-friendly development (i.e., home ownership, coffee shop, restaurants, specialty retail, etc.)

• Redesign McNair Drive to include on-street parking and Marina Walk portion of 7-mile Waterfront Trail

• Implement Chesapeake Bay section of Waterfront Park
  o Gazebo, landscape & lighting, new bathrooms
  o Outlook beach access

• Expand events at Continental Park

• Work with legislature to evaluate high speed ferry destination point at Point Comfort

• Continue to lease houses and apartments

• Work with St. Mary’s Church for continued use

• Acquire ownership of marina and adjoining property from Army

• Resolve environmental carve out properties with Army
Recommendations (0-15 years)

- Acquire unresolved Army property to complete ownership of North Gate
- Use existing multi-family residential and municipal buildings as transition to new development site from Historic Village area
- Seek new development in North Gate that:
  - Complies with the historic preservation design standards and the Programmatic Agreement
  - Brings investment & infrastructure improvements to this area
- Improve access to Mill Creek for boating, fishing, and swimming
- Create a living shoreline on Mill Creek
- Construct Mill Creek section of the 7 mile Waterfront Trail
Recommendations (0-20 years)

- Create and implement several strong green connections that link the NPS northern property to the Inner Fort
- Establish a strong green connection from the Chesapeake Bay to Mill Creek
- Use comprehensive landscape strategies to define green connections, including planting of native species, pedestrian lighting, benches, signage, and structures
- Utilize green areas in the Wherry Quarter for active/passive recreation (i.e. beach access, sports fields, bathhouses, picnic shelters, etc.)
- Continue to lease existing buildings to generate revenue for Fort Monroe
- Resolve environmental carve out area with Army
- Future development in the Wherry Quarter should occur as existing buildings near the end of “maintenance free” use
- Adherence to the Design Standards, inclusion of comprehensive landscape plans, and future public comment periods are requirements for future development
1. **What will the FMA be in 3 years?**
   - Substantial increase in property management responsibility
   - Leasing residential and commercial property
   - Relying heavily on General Assembly funding

2. **What will the FMA be in 15 years?**
   - Combination of Property Management Company and Property Owners Association

3. **Extent of FMA’s utility operations**
   - Scope and timing of exit

4. **Flexible response to changing markets**
   - Look for highest yielding use consistent with the Master Plan and Programmatic Agreement

5. **Flexible approach to sales versus leasing**
   - Pursue sales of property with historic preservation deed restrictions