



Executive Director's Report for the
Fort Monroe Authority Board of Trustees Meeting
Bay Breeze Conference Center
February 20, 2014

Operations Report

VDOT Maintenance Projects

The FMA, Kimley-Horn, and the City of Hampton Traffic Engineering division continue the design work on new VDOT-eligible projects to utilize the balance of the FY14 VDOT Urban Maintenance Funds. The projects being evaluated include:

- (1) Completion of additional street markings including crosswalk markings at locations where new or replacement handicap ramps were or will be installed;
- (2) Installation of new handicap ramps along Ingalls Road from Ruckman Road to Fenwick Road to complete all ramps along Ingalls Road;
- (3) Installation of additional traffic signage to include traffic control, regulatory, historic, and way-finding markers;
- (4) Reprogramming of traffic control signals to improve traffic flow at entry points to the Inner Fortress;
- (5) Traffic calming measures on Stillwell Drive adjacent to the Mill Creek Kayak/Canoe Launch and on Fenwick Road adjacent to the Engineer Fishing Pier, based on recommendations by Hampton Traffic Engineering; and
- (6) Additional pothole and crack sealing to extend the life of the roadway surfaces with any remaining FY14 funds.

The design plans have been delayed by weather-related events but are now expected to be completed by March 1 with construction expected to start in April. These projects are being completed with VDOT funds passed through by the City of Hampton under the terms of the Memorandum of Agreement between the parties.

Roof Condition Inspections

Ballou Justice and Upton Architects (BJU) and Roof Consulting Services (RCS) have completed the roof condition assessment on 230 residential and commercial units. The OEA-funded project includes an extensive assessment of the existing conditions for each roof and includes recommended repairs categorized by urgency and a program for inspections and maintenance that will assist the Authority in improving the condition of roofing systems throughout the property. The recommendations for roof replacements or repairs contained in the 11-volume report will be incorporated into future versions of the budget and capital improvement plan.

Security Patrols

The City of Hampton Police Division (HPD) continues to provide extra-duty officers (EDO) to patrol Fort Monroe property on a 24-hour, 7-day a week basis. In addition to advising the public of allowed activities, the HPD officers are reporting improper conditions such as defective street lights, unsecured buildings and lights left on after hours to the Authority staff. The EDOs also respond to reports of unauthorized activities such as fishing in non-permitted areas, unauthorized vehicles in restricted areas and unpermitted commercial use of the property. The FMA will be meeting with the HPD Officer in Charge (OIC) to evaluate the success of the program to date and to discuss any changes to the program recommended by the OIC moving forward.

Security Cameras at Main Entrance

The Authority continues to monitor the security cameras installed at the main entrance. These cameras capture and store images of vehicles and pedestrians entering and leaving Fort Monroe property. The images will only be used to support the investigation of criminal activity such as the theft of the copper gutters and downspouts. The images captured by the cameras will be archived for a minimum of 30 days. The Authority is evaluating the cost and benefit of archiving the images for a longer period of time.

Mill Creek Dock and Accessible Boat Launch – Phase 1

The Authority has removed the accessible boat launch for maintenance and storage during the winter months. The Authority is working with a landscape architect to design improvements to provide access to the sandy beach adjacent to the pier and the parking lot across the street from the pier/launch. Grant funding for the construction of the beach access and parking lot improvements will be requested from the NPS Watertrails program once the architectural and engineering design process is complete.

Utility Operation

The Authority has established accounts with Newport News Waterworks, Hampton Roads Sanitation District and Virginia Natural Gas. Beginning in October 2013 the Authority has commenced billing the Army based on a per square footage basis and several private tenants based on metered water, sewer and natural gas usage.

The facility agreement between the Authority and Dominion Virginia Power (DVP) for electric service at Fort Monroe is still delayed pending the termination of the privatized agreement between the Army and DVP. Once the privatized agreement is terminated to the satisfaction of both parties, the Authority will enter into a facility contract with DVP and take responsibility for the master-metered electric service. The Authority will bill the Army for electric usage for any Army-controlled buildings on a per square footage basis until meters can be installed on each residential or occupied commercial building.

Public Works Activities – Veolia

Since the last Board meeting Veolia has been extremely busy responding to the two winter weather events. The minor snow event of January 21-23 saw Fort Monroe receive approximately 3" of snow. Veolia worked aggressively overnight on January 21st to cover the bridges with salt and to keep the primary roadways accessible for emergency vehicles. Beginning on the morning of January 22nd the Veolia crew worked to plow the primary and secondary streets. By the morning of January 23rd the roads at Fort Monroe were mostly clear. During the storm response Veolia applied approximately 10 tons of salt and sand to the roads and parking lots at Fort Monroe.

As the temperatures moderated, Veolia turned its attention to a number of water leaks that were discovered as frozen pipes began to thaw. All of the water leaks were repaired by January 27th.

The major snow storm that arrived on January 28th dumped approximately 8" of snow on Fort Monroe. The Veolia crew worked through the night on January 28th to keep the roads passable for emergency vehicles. Beginning early in the morning on January 29th Veolia began aggressively plowing the primary streets to provide access for residents and tenants. By sundown on January 29th the majority of the primary and secondary roads were passable but still covered in packed snow. Early in the morning on January 30th the Veolia crew worked to clear back alleys, driveways and parking lots. By the afternoon the Veolia crew and FMA employees began digging out cars buried by the plowing activities. By Thursday afternoon all the residents who needed to travel were able to access their cars. During the storm response Veolia applied approximately 15 tons of salt and sand.

As with the previous storm, the water leaks began to appear as the temperatures increased. On Monday, February 3rd Veolia crews repaired 4 leaks, working until 2:30 am Tuesday morning to complete the last leak. On Tuesday, the crew was back to work at 8:00 am to finish repairing the last known leak. This required two of the Veolia team to work from a boat in the moat to place a repair clamp on a water line running under the Main Gate bridge. On Wednesday, water meter readings indicated that another leak existed at Fort Monroe. Through the combined efforts of Veolia, Army Caretaker, OPCRES, FMA and Newport News Waterworks, the leak was located on Wednesday, February 12th on a water line at the edge of the historic parade ground in the Inner Fort management zone. The water was leaking directly into a stormwater manhole which empties into the Moat. This made the leak very difficult to detect. By closing valves Veolia was able to isolate the leak and eliminate the loss of potable water. This will allow Veolia and FMA to carefully plan for the repair in an area of high archeological sensitivity.”

Maintenance Reserve Projects

The Fort Monroe Authority continues to work with the Department of General Services, Ballou Justice Upton Architects and Clark Nexsen Engineers on the design work for the maintenance-reserve funded capital projects to utilize the \$6.5 million in Maintenance Reserve Fund (MRF) money that has been allocated to the FMA.

The first MRF project (CIP Project # 3-009) for the replacement of non-standard fire hydrants will commence during the week of February 10th. The project to conform fire hydrants at Fort Monroe to the hose fittings used by the Hampton Fire Division (HFD) is expected to last 2-3 months.

A low bidder has been selected for the large, multi-specialty MRF project that includes elevated tankless water heaters (CIP # 8-001) and electrical systems in basements (CIP # 8-002) in flood-prone areas, backflow preventers on sump pumps (CIP # 8-003) and structural repointing of mortar in buildings 100 (CIP # 8-009) and 83 (CIP # 8-006). Contract documents are expected to be completed in late February or early March with work expected to commence by April.

A low bidder has also been selected for the MRF sewer pipe and manhole repair project (CIP # 4-001). This project will address stormwater inflow and infiltration into the wastewater system and improve pipes and stormwater manhole structures in poor structural condition. The scope of the project will include the repair of sanitary sewer pipes and structures given a poor condition rating in the 2010 condition assessment report including lining/repairing 43 manholes, installing approximately 2,000 linear feet of pipe liner, and replacing approximately 3,000 linear feet of existing 6"-12" pipe. Contract documents are expected to be completed in late February or early March with work expected to commence by April.

Design work continues on the installation of SCADA monitoring equipment on sewer pump stations and the replacement of pump station 180.

Network Infrastructure Relocation

The FMA has completed the relocation of its network and financial servers to an access-controlled location in Building 182. To facilitate this relocation, the FMA reactivated the fiber-optic network abandoned by the Army after closure of the post. The new network infrastructure will facilitate delivering telephone, data and internet service to any building on the property that has single mode fiber connections to the main fiber ring. This will facilitate the relocation of the Authority office to Building 83 later this calendar year with minimal interruption to normal operations.

Real Estate Activity Report

Commercial Division

The commercial division currently manages approximately 1,032,045 square feet of buildings and ancillary structures. After little more than six months of complete management and control, we are starting to understand the depth of commitment needed to maintain and protect the historic structures. Repairs and maintenance of the aging boilers continues to consume the commercial maintenance staff as a significant amount of time and resources are being focused on that particular endeavor. In addition, with several weeks of below freezing weather, latent weaknesses in water pipes in several buildings became apparent as we experienced several water line breaks over the past few months; however, through a combination of constant vigilance and skilled maintenance work, we were able to keep the damage to the structures at a minimum.

Significant Tenant Developments

Carson Helicopters: I am pleased to report that the situation with Carson's electrical service upgrade has been resolved. Although it took longer than expected, the impasse previously reported to the Board has been resolved. Dominion Virginia Power agreed to proceed with the service upgrade to Building 261 and the work is currently underway. I expect the service upgrade to be completed within a week, at which time Carson will discontinue use of the generator to power their equipment and will resume normal rent payments to the Authority.

USO: A license agreement with the USO has been executed and they took occupancy of approximately 900 square feet in Building 77 on February 1, 2014. A license agreement was used in this instance due to the fact that the USO only needed temporary space and their occupancy is not expected to exceed 18 months in length. USO is paying for their occupancy cost only, they are not paying base rent.

Red Skye Solutions: We are nearing execution of a lease with Red Skye for approximately 400 square feet in Building 77 on a modified gross basis for a term of three years. Red Skye Solutions, LLC is a woman-owned, certified hub-zone, small business. The company's goal is to utilize their extensive experience with information technology including modeling and simulation, systems architecture, data management, program management, change management, cloud solutions and consulting services.

Virginia STEAM Academy: The draft lease for the STEAM Academy is ready to be finalized and executed. The execution of this lease will mark the culmination of several years' worth of work and negotiations that will place Fort Monroe and the Commonwealth of Virginia among a select minority of states in this country that offer this type of exceptional educational opportunity to the best and the brightest high school students in Virginia.

Marine Systems Corp (MSC): When MSC signed its lease with the Authority in January 2013, it was one of the first commercial tenants to do so. Since that time, its business has thrived and they are happy with their decision to relocate to Fort Monroe. MSC is doing so well, they have requested nearly 7,000 square feet of expansion space in an adjacent building. With the cooperation of the Army, we have begun the process of providing that expansion space in Building 264. The Army's involvement is necessary to accommodate MSC's expansion due to the fact that Building 264 is located on one of the environmental carve outs and not yet owned in fee by the Commonwealth. A Finding of Suitability to Lease ("FOSL") is required before a lease can be executed and that process has commenced. I expect to have the FOSL completed in no more than sixty days. In the interim, MSC will occupy the expansion space under the terms of a license agreement with the Army.

Liberty-Source: Negotiations with Liberty-Source (AKA Digital Divide Data) are nearing an end. This is a unique lease transaction with a unique tenant offering a unique service. As such, the process has involved assistance from many state and local partners including the Hampton Economic Development Department, Tidewater Community College and the Virginia Economic Development Partnership. I expect the lease to be signed within the month and for operations to begin by the end of the second quarter 2014. As previously reported to the Board, Liberty-Source will occupy approximately 13,000 square feet of space in Buildings 259 and 260 and their operations will result in the creation of 100 new jobs for the Commonwealth.

Financial Summary

As of January 31, 2014, there is a net operating deficit of \$477,496.00 for the month. This represents an unfavorable variance of \$371,211.75. The reconciliation of PILOT fees and leases not in place as predicted in leasing assumptions contributed greatly to this variance. However, the PILOT fees reflected this month are an anomaly and will return to similar levels as in previous months while some maintenance costs continue to track less than anticipated in the budget. Year-to-Date NOI shows a deficit of \$1,193,926.21, which demonstrates an unfavorable variance of \$61,862.70.

Residential Division

Residential leasing activity remained steady with 150 homes currently leased, which translates to an occupancy rate of 91%, excluding the 11 units that are not in leasable condition.

The unit condition assessment is complete and I am awaiting the budget appropriation to begin improvement work on selected, non-leasable units. Once the budget appropriation for the remedial repairs and maintenance has been confirmed, corrective action will begin. At this time, I anticipate corrective action on the non-leasable units to begin in the second quarter 2014.

We have received a draft copy of the Lead, Asbestos and Mold Program ("LAMP") Operations and Management Plan from AH Environmental. It is currently under internal review and once finalized, it will guide our response to environmental hazards when and if they re-occur. Based on my review of the draft reports produced during the clean-up effort, lead dust hazards will re-occur and it will be incumbent upon the real estate department to have an effective, efficient plan in place to address the situation. As part of the Operations and Management Plan, we have provided our maintenance technicians with additional environmental hazard training, purchased task-specific safety equipment and will provide ongoing continuing education for the safe handling of environmental hazards that are present in the homes at Fort Monroe.

Financial Summary

As of December 31, 2013, the Residential Division reported \$1,173,703 in total revenue year to date and realized a net operating income of \$209,836. That is a marked improvement when compared to the same time period in FY13, in which Residential experienced a net operating deficit of \$81,432. This turnaround is due in large part to favorable leasing velocity driven by a strong residential leasing market. The numbers would have been more favorable if not for a couple of large, one-time expenses (i.e. a \$176,000 cost for the lead dust clean-up project). However, I would caution against assuming residential revenue will experience a jump once the large, one-time expenditures are completed, due to the fact that there will likely be several additional significant repair and maintenance expenses in the near future.

Special Events Report

Susan Lineberry, Director of Special Events, came onboard on Monday, February 3, 2014. Her first priorities are to continue the planning and implementation of the events already scheduled and to assess the development of venues for use by non-FMA events.

Events currently booked at Fort Monroe for the 2014 Season include weddings, picnic shelter reservations and the Music by the Bay Concert Series. As of Monday, February 10, 2014, there are 8 weddings booked at Continental Park, 20 picnic shelter rentals at Shelter #5 and 12 military bands have been secured to perform between June 5 and August 21 for Music by the Bay. Expect weddings and picnic shelter rentals to increase by 20% by April 2014.

Additionally, the planning continues for the 1812 Legacy Symposium to be held June 19-21, 2014 at Fort Monroe and Hampton University.

Private event promoters have shown interest in using Fort Monroe as their event venue. An agreement has been established with The Bodacious Boardwalk Bazaar which is scheduled for May 2-4, 2014. We are in the process of developing a business and logistical plan with the event organizer.

The FMA has also been approached by event promoters, Whisper Concerts, Major League Aviation and J&A Racing. In order to become a venue that can regularly be used by non-FMA organizations wishing to produce large scale events on FMA property, we will need to develop policies, fees and an application process according to each type of event. These processes are currently being evaluated and developed.

Casemate Museum Update

Casemate Museum Visitation (including tours and events)

- December, a total of 1872 visitors
- January, a total of 1090 visitors, a decrease of 17.5%

Personnel

FMA's Casemate Museum has hired a new Education & Volunteer Coordinator to fill the vacancy reported at the previous Board of Trustees meeting in October 2013. The new Education and Volunteer Coordinator is Darcy Nelson. She formerly held a similar position at the Old Coast Guard Station Museum in Virginia Beach. She comes highly recommended and has a great background. She began her employment with the FMA on Monday, February 03, 2014.

Administration

- Staff attended the Virginia Association of Museums' workshop on writing professional exhibit labels.
- Director of the Casemate Museum provided a tour to members of the Army Capabilities Integration Command staff through many of their old staff buildings.
- Museum staff is continuing its work with the 1812 Commission in its planning of the 1812 Legacy Symposium.

Education & Programs

Education

During the month of December 2013, staff and volunteers conducted 3 group tours totaling 66 adults. One group of note was a group of AAA booking agents organized by the Hampton Convention and Visitors' Bureau. Additionally, staff and volunteers conducted 3 school tours totaling 175 students and boy scouts. The largest group consisted of 6th graders from Hines Middle School in Newport News.

During the month of January 2014, staff and volunteers conducted 2 group tours totaling 75 adults. One tour was cancelled due to winter weather and has been rescheduled for later this month. Additionally, staff and volunteers conducted one school tour totaling 25 students.

Volunteers

During the month of December, volunteers gathered to help decorate the Museum for Christmas. A Christmas party was also held for Casemate Museum Foundation members and the museum volunteers. The volunteer Christmas tree was decorated at that time and volunteers were recognized for their service throughout the year.

Operations, Cultural Resource and Collections

Collections

The United States Army collection that is currently on display has been approved for loan to the Casemate Museum. Over the next few months, the final paper work and parameters of the loan agreement will be negotiated. In addition to a collection of artifacts that will be loaned, we are expecting that over 800 artifacts will be taken off the Army's inventory (deaccessioned) and gifted to the Casemate Museum as part of the loan agreement. As part of moving forward with the loan update, museum staff and Central Military History (CMH) is conducting a 100% inventory of the artifacts that will be loaned to the Authority. This will help the museum to complete inventory, cataloging, and condition reports for the artifacts.

As part of the museum collection management initiative, staff is developing and implementing a numerical cataloguing system for accessioned objects. This will establish the materials and methods of object numbering: registration, handling, labeling and marking, number placement, documentation, and health and safety of artifacts.

Preservation and Maintenance

As part of our preservation efforts and collection management initiatives, the museum recently added 3 humidifiers in the collection storage to better control the RH temperature, helping us better protect the objects from damage (such as warping, cracking and discoloration). The 2nd Casemate Archway water divergent repairs and replacements are being installed in the next few weeks. Water intrusion at the museum remains a constant challenge. Future studies such as the Historic Structure Report of the facility will aid in identifying the cause and recommending the most appropriate remedies for the condition.

The Operations and Cultural Resources Manager is working with both the FMA's Historic Preservation Officer & Interim Director of Heritage Assets as well as the NPS in kick starting the Historic Structure Report that will focus on the Casemate Museum.

Museum staff continues to strengthen the Integrated Pest Management (IPM) program. The Operations and Cultural Resources Manager, along with the Collection Specialist, are continuing to work towards developing and implementing effective ways in controlling and documenting pests through a web-based program (a fee-less program). As IPM is an important part of the maintenance and preservation of the museum's collection, staff are scheduled to attend IPM workshops held in Colonial Williamsburg this March.

Basic Maintenance

- Professional Cooling and Heating replaced the flute on one of the four HVAC systems.
- Electricians relocated existing PVC conduit to allow the new install of the Water Diverter.

Fire, Life, Safety and Security Initiatives

- Quarterly maintenance routines on cameras, motion detectors, overhead door contacts, and panic buttons were performed in January 2014.
- BFPE- Testing, Inspection and Monitoring of Fire, Life and security system were performed.

Communications Report

Media clips since the last Board meeting are attached. Topics covered include:

- (1) Approval of the Master Plan by Gov. McDonnell
- (2) Statement of support from the National Trust for Historic Preservation
- (3) Fort Monroe included in Governor McDonnell's final budget
- (4) Civil War Black Troops—The US Colored Troops Infantry and Fort Monroe

Historic Preservation Report

The Heritage Assets Department is working with the Virginia Department of Historic Resources (VDHR), Virginia Department of Environmental Quality (VDEQ) and the National Park Service (NPS) on several matters.

Historic Resources

We are consulting with DHR Acting Director Julie Langan and her staff on receiving final comments for approval of the draft *Fort Monroe Historic Preservation Manual and Design Standards*, identifying and assessing potential archaeological discoveries uncovered in the course of emergency utility line repairs, and establishing preservation easements. FMA executed contracts for on-call archaeological services with three providers in Winter 2013. One of these three firms responded in support of the October 2013 sewer line repair excavation. The final report was entered into the DHR Virginia Cultural Resources Inventory System (V-CRIS) after the December FMA Board meeting. We continue to respond as-needed to emergencies, ensuring repairs are planned to avoid or minimize the potential to harm historic and archaeological properties. We continue to select pertinent information from the digital archives of 15,000 sheets created by the Army as a mitigation under the Programmatic Agreement for closure of Fort Monroe. Since the last FMA Board meeting and in response the numerous utility actions, we have culled out approximately 950 maps, plans and site plans with useful information. These are currently being described for entry into a searchable database.

The department will be working with Operations and Real Estate departments to program capital projects and repairs and maintenance actions for FY14. The department is also involved in the planning of special events and other programs with potential land-disturbing activities, including several for the upcoming Spring and Summer 2014 seasons.

The FMA continues work with the NPS on detailed reports for the treatment of significant Fort Monroe historic properties including Old Quarters #1 and historic casemates, especially those used by Fort Monroe's Casemate Museum. The first Fort Monroe virtual tours will be published online in the near future.

Natural Resources and Environmental Management

FMA is actively engaged in the transition from the US Army's ownership and management of potable water distribution, sanitary sewer collection, stormwater management/erosion control and petroleum storage. Several permit applications have been submitted or are pending.

The FMA's engineering consultant prepared a grant application for a living shoreline on Mill Creek with features designed to construct a more vegetative and naturalized shore while protecting Fort Monroe properties, residents and visitors from storms. This complements the existing and planned public features along the Mill Creek shore.

Army activities affecting historic properties

The FMA is awaiting the final archaeological report from the late 2012 gun emplacement discovery. The delivery of this report was delayed by the federal government shutdown in October 2013 and the final reporting timeline is out of FMA's control. The report will help plan for future preservation, interpretation and education activities around the archaeological site.

The chimney stack for Building 57 struck by lightning in October 2013 is still planned for reconstruction by the Army caretaker, following consultation with DHR. This building was constructed in 1938 as the Motor Pool and is a contributing property in the National Historic Landmark district. The planned reconstruction was postponed due to winter weather and other factors, making a start date with spring conditions generally more favorable for masonry construction likely.

Upcoming

The Department will be working with organizers on a field session to Fort Monroe from the 2014 Virginia Preservation conference to be held in Norfolk.