



Executive Director's Report for the
Fort Monroe Authority Board of Trustees Meeting
Bay Breeze Conference Center
June 19, 2014

Operations Report

VDOT Maintenance Projects

The Authority has commenced work on the balance of the VDOT-eligible projects for FY14. The work includes: (1) installation of 19 new or replacement handicap ramps along Ingalls Road and Fenwick Road; (2) completion of additional street markings including lane striping on Patch Road and crosswalk markings at locations where new or replacement handicap ramps were installed; (3) installation of additional traffic signage; (4) reprogramming of traffic control signals to improve safety and traffic flow at entry points to the Inner Fortress; and (5) pothole and crack sealing to extend the life of the roadway surfaces. 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.

Utility Operation Transfer

Since the last Board meeting, the Authority has held meetings with representatives from Newport News Waterworks, Hampton Roads Sanitation District and the City of Hampton Public Works departments to discuss strategies for the transfer of ownership and/or operations and maintenance of utility infrastructure. None of the meetings resulted in any significant change in position by the utility operators but the parties agreed to meet periodically to discuss possible strategies for the Authority to get out of the utility business.

Maintenance Reserve Projects

Work continues on the fire hydrant replacement project (CIP Project # 3-009). The contractor has experienced several stoppages for unexpected archeology and undocumented conflicting utilities. Approximately 50 of the 78 hydrants have been replaced. The project is expected to continue for another 2-3 months.

Work has commenced on the multi-specialty architectural maintenance reserve project. The contractor has commenced structural re-pointing of mortar and roofing projects in buildings 100 (CIP # 8-009) and 83 (CIP # 8-006). The contractor has recently commenced the installation of elevated tank-less water heaters (CIP # 8-001), elevated electrical outlets (CIP # 8-002) and upgraded sump pumps (CIP # 8-003) in 28 flood-prone basements in the marina area.

Work commenced on June 9th on the sewer pipe and manhole repair project (CIP # 4-001). This project will address stormwater inflow and infiltration into the wastewater system by replacing or lining approximately 5,000 linear feet of sewer pipe and repairing or replacing stormwater 43 manhole structures at 16 project sites across the property. Work is expected to continue for the balance of the calendar year.

The project (CIP # 4-005) to install SCADA remote monitoring equipment on the 6 medium and large sewer pump stations has been posted for bids by the Department of General Services. The plans for the SCADA equipment have been reviewed by the engineer for Hampton Public Works to ensure compatibility with the system used by Hampton on their pump stations. Bids are expected to be received in June with work commencing in FY15.

Design work continues on the replacement of the main sewer pump station 180 (CIP # 4-002). The project engineer has submitted the plans to HRSD for review and comments. Review comments are expected to be received during June. The design for the pump station will be completed under the maintenance reserve funding but the construction of the new pump station will be done under the \$22.5 bond issuance by the Virginia Public Building Authority.

Public Works Activities - Veolia

The majority of Veolia's activity since the last Board meeting has been in support of the fire hydrant replacement program including relocating several conflicting water lines and replacing several faulty isolation valves. Veolia has also been actively involved in the planning for the sewer rehabilitation and pump station 180 projects. Veolia continues to read the water and sewer meters each business day to monitor daily water consumption and sewer discharge for any indication of leaks. Veolia continues to perform preventive maintenance and respond to required repairs on the water and sewer systems. Veolia also provides general public works functions including emptying trash containers, servicing portable restrooms and setting up chairs for special events such as weddings and concerts.

Renovation of Building 83 for the new FMA offices

Working drawings for the renovations were submitted to BCOM in May for review. Design comments were received in early June. The Authority will be meeting with the architect and engineer on June 17th to review the design comments and make any decisions necessary to respond to the comments. Final drawings will be submitted to BCOM as soon as possible. Once the final drawings are approved by BCOM the Authority will publish the request for proposals on eVA. The Authority is expected to relocate its headquarters to Building 83 by the end of the calendar year.

Real Estate Activity Report

Commercial Division

The commercial division currently manages approximately 1.1 million square feet of buildings and ancillary structures. We are seeing an increased interest in commercial leasing activity, however, we do not expect to see a significant improvement in the financial performance of the commercial division until some of the larger adaptive re-use projects are completed. Unfortunately, these projects are on hold until such time as the zoning issue is resolved and we can begin to sell properties or enter into joint venture agreements with private developers who are able to take advantage of available tax credits. A meeting with the City of Hampton has been scheduled for June 12, 2014, to chart our course forward as it relates to zoning and a master subdivision plat.

Significant Projects

Building 80: The conversion of Building 80 to apartments is progressing on schedule. The architect has revised the plans to add a two bedroom apartment in the space formerly set aside for a coffee shop, resulting in a project with 8, one-bedroom units and 2, two-bedroom units. The construction drawings are in progress and the contractors are revising their previous bids to reflect the new scope of work. As a testament to interest in this unit type, we already have two individuals on the waiting list for apartments in Building 80.

Building 83: We have received comments to the working drawings from the Bureau of Capital Outlay Management ("BCOM"). FMA staff is meeting with the architect in June to address the comments from BCOM. At the same time, the maintenance reserve work on Building 83 is progressing on a parallel track and we are still on schedule to relocate the FMA office by the end of 2014.

Virginia STEAM Academy: We met again with representatives from STEAM Academy to discuss their new corporate structure, a change necessitated by the regulations governing various tax credits that the STEAM Academy intends to pursue. We also received comments to the latest lease draft and we are in the process of reviewing the comments with an eye towards lease execution by the end of June 2014.

Tenant 1: This lease has not been executed so the tenant name must be withheld at this time. However, negotiations to lease approximately 12,000 square feet in Buildings 259 & 260 are nearing a conclusion. 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. Due to the many moving parts, there has been some delay in bringing the deal together but we expect to have an executed lease by the end of May and for tenant operations to begin early third quarter 2014.

Tenant 2: This lease has not been executed so the tenant name must be withheld at this time. However, we have agreed on terms to lease approximately 5,800 square feet in Building 263 for a period of 10 years and 6 months. The lease is currently being drafted with lease commencement scheduled for July 1, 2014.

Freedom Support Center: The Freedom Support Center in Building 77 ceased operations at Fort Monroe on March 31, 2014, due to the lack of an adequate client base seeking offered services. A Lease Termination Agreement with the Department of Veterans Services was executed on June 5, 2014. As consideration for the early lease termination, the Department of Veterans Services agreed to reimburse the FMA for all unamortized tenant improvements and leasing commissions and to pay all rent due through the end of fiscal year 2014.

Financial Summary

As of April 30, 2014, there was a net operating deficit of -\$192,445.29 for the month. This represents an unfavorable budget variance of -\$87,185.76. The negative variance is largely attributable to significantly lower than anticipated leasing velocity, several significant HVAC repairs and replacements and the initial billing for natural gas service at the TRADOC complex. Year-to-Date NOI shows a deficit of -\$1,718,945.06, which demonstrates an unfavorable budget variance of -\$279,106.90 (-19%).

Residential Division

With the beginning of summer came the usual tenant churn that is typical with rental communities. Residential occupancy has dropped to 145, which translates to an occupancy rate of 90%, excluding the 15 units that are not in leasable condition. Although the residential division is currently experiencing a slightly lower occupancy rate, property tours and office visitation have increased significantly. Based on the historical capture rate, I anticipate achieving a 95% occupancy rate by the end of the summer.

The work on the "down" units is currently underway with the expectation that all of the work necessary to bring these units back on-line will be completed by the end of August 2014. There remains 8 units that will require further feasibility analysis as the cost associated with repairing these units is substantial, generally in excess of \$100,000 per unit.

The Lead, Asbestos and Mold Program ("LAMP") Operations and Management Plan has been reviewed and comments to the draft plan have been submitted to AH Environmental. The LAMP will guide our response to environmental hazards when they re-occur and will provide the real estate department with an effective, efficient plan to address the reoccurrence. The initial lead paint clean-up effort was complete nine months ago and it provided a solid baseline with which to gauge the speed at which lead dust accumulates in amounts in excess of EPA guidelines. Over the next few months, the residential division, in coordination with AH Environmental, will conduct follow up sampling of various units. The data collected from this sampling will be critical in determining not only the scope of the problem posed by lead based paint but also the frequency in which the problem occurs. While the data collection has not been completed, it should be anticipated that further clean-up and or abatement efforts will be required.

Financial Summary

As of April 30, 2014, the residential division reported \$2,287,026 in rental revenue year to date, which is a 23% increase in rental income as compared to the same time period last year. Net operating income was \$486,140 YTD. I am also pleased to report that while we increased revenues by 23%, we decreased our internal operating expenses by 5%. One large expense that negatively impacted the bottom line was the cost of the lead dust clean-up effort, which totaled \$180,000. I wish I could report that the lead dust clean-up effort was a one-time expense but based on the preliminary data, there is a good chance that it will become a permanent line item in our budget. The increase in year over year net operating income is due in large part to favorable leasing velocity driven by a strong residential leasing market. All market factors indicate that the residential rental market will continue to remain strong in Hampton Roads for several years due in part to a decrease in home ownership. However, it is reasonable to project that FY15 net operating income will decline once the repairs on the down units are completed and the next phase of the LAMP is commenced.

Special Events Report

The Bodacious Boardwalk Bazaar

The Bodacious Boardwalk Bazaar brought just under 7,000 visitors to Fort Monroe from Friday, May 2nd through Sunday, May 4th. These visitors enjoyed live music, 200 artists & crafters, RV displays and food vendors. The FMA was paid a \$5,000 base fee for the use of the event site and \$1.00 for each ticket sold, resulting in \$6,968 of additional revenue.

Music by the Bay Concert Series

The Fort Monroe Authority's Music by the Bay Concert Series opened with a tribute to 70th Anniversary of D-day on Friday, June 6th in Continental Park. Approximately 1,000 people attended this musical performance by the USAF Heritage of America Band. The series will continue on Thursday evenings throughout June, July and August. Music will be provided by several ensembles from the US Air Force and the US Navy, the Hampton Roads Philharmonic Orchestra and the Virginia Symphony Orchestra. The Virginia Symphony Orchestra will finish Fort Monroe's Music by the Bay season with a concert on Friday, August 29th at 7:30 p.m.

Bicentennial of the War of 1812 Legacy Symposium

The Bicentennial of the War of 1812 Legacy Symposium is scheduled for June 19th through 21st. The program features an educators' workshop, a walking tour of Fort Monroe and an outdoor concert by the Hampton Roads Philharmonic Orchestra. There are currently 137 educators registered for the symposium.

Fourth at the Fort

Planning continues for this year's, Fourth at the Fort. The entertainment and activity area will take place in Wherry Quarter and a new type of fireworks show will be launched from atop the ramparts at 9:15 p.m. This close proximity fireworks show will showcase the unique features of the Fort. Also new this year, is the addition of exhibits by local agencies that will provide free, family friendly, hands-on activities from 6:00 to 8:30 p.m. Musical entertainment will be provided by the US Navy Fleet Forces Wind Ensemble at 8:00 p.m.

Hampton Cup Regatta

The 89th Annual Hampton Cup Regatta will take place on Saturday and Sunday, August 2nd and 3rd. They will use the same basic footprint as in the past. They have expressed an interest in moving the entire event site onto Fort Monroe in the future.

Facility Rental

In addition to the aforementioned major events, there are 17 weddings booked at Continental Park and 45 picnic shelter reservations at Shelter #5 for calendar year 2014.

Casemate Museum Update

Casemate Museum Visitation (including tours and events)

- April, a total of (3,722) visitors a decrease of (4.69) %
- May, a total of (3,403) visitors a decrease of (6.95) %

Personnel

- Posted and started the interviewing process for Museum Historian.

Administration

- Casemate Museum Staff hosted a reception for AIA Architecture Week.
- Staff contributed to the planning for Hampton History Day held at Fort Monroe.
- Staff met with Mr. Steven Alban conducting research on Benjamin Butler.
- Staff is working with the 1812 Commission for the Education Symposium to be held June 19-21.
- Director served as a support historian for Colonial Williamsburg's War of 1812 Electronic Field Trip.
- Director led a committee to review the NPS Fort Monroe National Monument Foundation Document Part 1; this document is one of the building blocks for the General Management Plan.

- Director met with members of the Casemate Foundation MOU committee.
- Director hosted Carrie Taylor a visiting museum director from Preserve Rhode Island's Governor Henry Lippitt House located in Providence, Rhode Island.
- Director met with NPS regional and local certified black powder range officers about black powder firing demonstrations.

Education

- Staff met with Valerie Holmes a program/living history performer and expert from Colonial Williamsburg and discussed potential programming at Fort Monroe.
- Staff met with members from the Fort Monroe National Monument to discuss programming for the fall and 2015.
- The museum co-sponsored the regional Contraband Commemorative Event on Saturday May 24, with the National Park Service, Hampton Parks and Recreation, The Contraband Historical Society, and Project 1619. The event included Living History Tours, Children's Activities, a dramatic story reading, and open houses at the Casemate Museum, and Fort Monroe Community Center.
- April: Staff and volunteers conducted 13 group tours representing 291 adults. Groups of note were Mid-Atlantic Construction Specification Institute, American Institute of Architects, and the Navy Operational Testing Evaluation Force.
- April: Staff and volunteers conducted nine school tours representing 361 students. Groups of note were the Carden Memorial School of Salt Lake City, Utah and four senior civic classes from Hampton High Schools.
- May: Staff and volunteers conducted 11 group tours and representing 281 adults. Groups of note were National Intelligence University, and Langley Air Force Legal Office.
- May: Staff and volunteers conducted four school representing 164 students. Groups of note are high school band students from New Jersey and elementary students from St. Mary's Star of the Sea in Phoebus.

Volunteers

- The museum staff and volunteers took a guided tour of Fort Wool. The tour was led by the Fort's Curator, Mike Cobb. Transportation for 21 participants was provided by members of the Old Point Comfort Yacht Club.
- April: Volunteers worked a total of (112) hours.
- May: Volunteers worked a total of (155) hours.

Tourism

- Casemate Museum Staff conducted a tour for the Virginia Peninsula Chamber of Commerce Lead group.
- Staff participated in Hampton Tourism Week including hosting an open house.
- Casemate Educator met with Bruce Newton, Group Sales Manager, and Mary Fugere, Media and Community Relations Director at the Hampton Convention and Visitors' Bureau to discuss collaborative marketing strategies and networking with the local hospitality industry.

Day to Day Operations

- Museum is now opened on Mondays from Memorial Day to Labor Day from 10:30-4:30pm.
- Museum is now charging for guided tours.

Fire, Life, Safety and Security Initiatives

- Quarterly maintenance routines on cameras, motion detectors, overhead door contacts, and panic buttons was performed in April 2014.
- New Top Guard security officers are being trained. All security officers are required to receive CPR and First Aid Training.
- Inspection and maintenance of fire extinguishers is complete.
- Museums Emergency Disaster Plan was updated.

Preservation and Maintenance

- Casemate Museum Historic Structure Report (HSR) has kicked off. Museum staff are major participants in assisting the HSR study. Initiatives, roles and responsibilities to support the HRS:
 - Staff installed PEM2 data loggers that record temperature and relative humidity in every room of our museum in which artifacts are displayed or stored. We use the PEM2 loggers in 20 different locations. This includes the gallery spaces, collection storage rooms, archives, Powder room and Education Center (for possible archive movement).
 - Museum has installed eClimateNotebook software which has significant features that collect environment data to help us understand and improve long-term preservation of historic structure and the collections. This includes data management, analysis and reporting features, location comparison report, custom reports, mapping and photographing. The software goes hand and hand with the PEM2s.
 - Staff conducted a site tour for the NPS/HSR staff for the purpose of research and historic structure investigations.

- Staff provided NPS/HSR staff with primary sources, historic plans, administration records, photographs and other information that will assist in a thorough level of investigation.
- Staff assisted NPS/HSR staff with installing 7 crack monitors throughout the museum. Staff is responsible for monthly monitoring.
- Staff is planning to conduct oral interviews with current and former U.S. Army personnel responsible for management and operations of the Casemate Museum.
- Seasonal site inspection of the museum was conducted by Divaris maintenance crew.
- Water intrusion at the museum remains a constant challenge. Museum Cultural Resources Manager is preparing for the next Casemate Archway Water Divergent replacement.
- Door replacement project. The current doors are either composed of recycled plastic lumber or a wood-plastic combination material which has not withstood humid weather and door material is deteriorating. Cultural Resources Manager is working with FMA Project Manager in replacing the entrance and exit door of the museum.
- Controlling pests is an important part of the maintenance and preservation of the Casemate Museum. By eliminating vermin, we preserve our collections and building, and ensure a welcoming environment for our audience. Monthly Integrated Pest Management (IPM) is conducted and overseen by staff.

Collections Management

- Staff conducted a collection policy peer review and finalized collections management forms.
- Staff conducted its first acquisition review and added the following things to the Collections and archives:
 1. **Plate**, Chamberlain Hotel plate with image of the Coast Artillery.
 2. **Lee letters, flag and two busts**
 3. **Hospital picture**
 4. **Battery Ruggles photo** taken in 1910. Has the list of the soldiers pictured on the reverse.
 5. **6th company photo**
 6. **Scrapbook** is filled with photographs; most with descriptions on the reverse.
 7. **Research book on Quarters No. 1**
 8. **Oozlefinch certificate**
 9. **Fort Monroe photo album**. Dated to 1900. Contains images of the Fort as well as the Hygeia and first Chamberlain
 10. **Postcard of Hospital**
- Staff conducted a quarterly inventory of the gifted artifacts. This will help the museum to begin cataloging and preparing condition reports of the artifacts.
- Staff developed a numbering system and policy to be used with all newly accessioned objects. This is important because it will cover the materials and methods of object numbering: registration, handling, labeling and marking, number placement, documentation, and health and safety of artifacts.

Exhibitions

- Staff met with Marcy Germanotta, Communications Director at the Girl Scout Council of Colonial Coast (GSCCC), concerning the installation of an exhibit on Girl Scouting at Old Point Comfort and Fort Monroe.
- Staff is working to receive a loan of Jefferson Davis artifacts to create an exhibit. The artifacts are of his time spent imprisoned at Fort Monroe.
- Staff is working on developing an exhibit policy

Communications Report

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

1. Lieutenant Governor Ralph Northam joining the Fort Monroe Authority Board of Trustees
2. Repair work on Buildings 83 and 100
3. 1619 Commemoration Committee
4. Bodacious Bazaar at Fort Monroe
5. The History of Freedom's Fortress and the Contraband Decision

Historic Preservation Report

The Historic Preservation Department is engaged in the planning and design for and the construction of many maintenance, repair and rehabilitation projects currently underway. The local media reported on three of the architectural projects and one of the civil works projects in "Fort Monroe Begins Building Restoration" May 23, 2014 Daily Press: pages 1 and 4.

Over the last two months, we have made number of unexpected discoveries underground near previously disturbed utilities and, more surprisingly, at the interior basement of the building to house FMA's future main office, Building 83 at 20 Ingalls Road. These discoveries require immediate field action to avoid damaging historic resources, document the finds and prepare appropriate courses of action to continue the work. The Department has coordinated archaeological responses in over a dozen locations for fire hydrants and in the basement of Building 83.

Buildings

1. Building 83:
 - Repairs to brick foundation walls including replacing damaged masonry units and repointing with historically appropriate materials began the week of May 11 – scheduled August completion
 - Repairs to the slate roof and surrounding cornice are being scheduled now for June/July
 - Rehabilitation plans are pending revisions required by state building official – work expected to begin in September

2. Building 100:
 - Interior floor replacement (one room) was accomplished the last two weeks of April, including abatement of unexpected and previously undocumented asbestos flooring in the four layers of flooring
 - Repairs to exterior masonry walls and brick parapets began week of April 21 – scheduled for August completion
 - Repairs to the asphalt shingle roof, galvanized iron metal cornice, stainless steel gutters and stone ornament are yet to be scheduled – expected to begin in July
3. Tidball Housing Basements projects:
 - Upgrades to electrical, sump pump, and water heating systems began May 22 – scheduled for August completion
4. Casemates – Site Visits from experts continue, the second being June 13 and 14
5. Architectural Plan elevations have been received for the building to replace Fort Monroe's main pump station. The plans are being reviewed internally for adjustments before consultation with the Virginia Department of Historic Resources (DHR).
6. Army-controlled properties
 - The reconstructed chimney stack of the 1938 Motor Pool Building (57) at 57 Patch Road was completed the last week of May. This replaced the chimney lightning damaged in October 2013. FMA and the caretaker each have a supply of about one thousand (1000) of the original bricks for future replacements.

Grounds

Environmental Management Program: FMA management and counsel from the Virginia Office of the Attorney General (OAG) met with the Virginia Department of Environmental Quality (DEQ) May 22 regarding the US Army's outstanding environmental remediation on properties carved out from reversionary tracts transferred by quitclaim deed in June 2013 and those on 'disputed' parcels under the Army's continuing caretaker management.

Historic Resources

Continuing work: We are consulting with DHR on final comments on the draft Fort Monroe Historic Preservation Manual and Design Standards and future preservation easements.

Since the last FMA Board meeting, we completed describing roughly 1,000 select maps, plans and site plans with useful information for database entry.

Natural Resources and Environmental Management

Pending and In Progress:

1. Municipal Separate Storm Sewer (MS4) permit to discharge storm water into bodies of the Commonwealth Issuance by Virginia Department of Environmental Quality (DEQ) – expected with Virginia's General Permit in June 2014
 - The Army retains an MS4 permit for the storm system parts remaining in the caretaker area
 - The NPS will need to acquire a new permit for areas under direct storm drain management after transfer of Commonwealth lands
2. Permit to operate a water distribution system by Virginia Department of Health (DEH) – pending, projected date unknown
3. Permits for petroleum storage and air pollutants generators (emergency power backup) by DEQ – expect in June
4. Notice of grant awards from the National Fish and Wildlife Federation (NFWF) FMA applied for a living shoreline on Mill Creek featuring an enhanced vegetative and naturalized shore that protects Fort Monroe properties, residents and visitors from storms – expected in June
5. Final brochure for Virginia Cooperative Extension's Tree Stewards program for Fort Monroe Self-Guided Walking Tour of Heritage Trees: Inside the Moat – working on revisions with the Fort Monroe National Monument, expected July

We are carefully monitoring a mature cottonwood in the Wherry Area /Bodacious Bazaar grounds struck by lightning May 29. It appears to be recovering without failure

Other

Josh Gillespie attended the memorial service for Louis Guy on Memorial Day. Mr. Guy was a citizen advocate for Fort Monroe's preservation and former president.

Personnel

The Department will be hiring a new position for archaeology and environmental programs. Former Preservation and Research Assistant Robert Kelly is transitioning to fulltime responsibilities as Museum Historian at the Casemate Museum.

Upcoming Events and Meetings of Note

1. July 20 – Army meets with DHR regarding proposed easements for historic properties claimed in the 'disputed' lands
2. Planning and review is currently underway for Summer 2014 capital projects.
3. Summer beach clean-up events – monthly with sailors from the USS Lincoln
4. September 7 – site enhancement by Virginia Water Environment Association's Young Professionals

5. September 27 – Fort Monroe field session from the 2014 Virginia Preservation conference in Norfolk.
6. October – Annual Meeting per Programmatic Agreement (PA) and Memorandum of Understanding (MOU) requirements following the one year anniversary of the Army's transfer of lands (June 14, 2014). Board members will be notified of the event details and receive a meeting report.