

**FORT MONROE  
FEDERAL AREA DEVELOPMENT AUTHORITY  
May 28, 2008 ~ Meeting Minutes**

The Fort Monroe Federal Area Development Authority (FMFADA) Board meeting was held on May 28, 2008, at the Bay Breeze Community Center on Fort Monroe.

**I. ADMINISTRATIVE MATTERS**

**A. Call to Order and Opening Comments. The Honorable L. Preston Bryant, Jr., Chairman.**

Chairman Bryant called the meeting to order at 1:05 p.m. Chairman Bryant reminded the Board of the importance of the June 30<sup>th</sup> meeting; that at that meeting the Board would be voting on the Draft Reuse Plan that would be submitted to Governor Kaine.

Roll Call. Chairman Bryant

*Present:*

Deputy Secretary Richard Zorn for Secretary Viola Baskerville, Dr. Alvin Bryant, Secretary L. Preston Bryant, Jr., Mr. Robert Crouch, Delegate Tom Gear, Ms. Catharine Gilliam, Deputy Secretary Lynnette Hammond for Secretary Patrick Gottschalk, Mr. Robert Harper, Dr. Kanata Jackson, Dr. Wayne Lett, Senator Mamie Locke, Senator John Miller, Mr. John Quarstein, Mr. Robert Scott, Mr. Tommy Thompson, Secretary Jody Wagner.

Executive Director Bill Armbruster and Army Liaison Colonel Anthony Reyes, were also present.

*Absent:*

Dr. Rex Ellis, Delegate Phil Hamilton, Hampton City Council Liaisons Joe Spencer and Dr. Charlie Sapp.

**B. Approval of Minutes from the April 28, 2008, Meeting**

**MOTION.** Chairman Bryant moved to approve the minutes as submitted. Appendix I. Minutes were adopted unanimously.

**II. PUBLIC COMMENT**

Chairman Bryant called for open public comment. No individuals gave comment during the first segment. The final public comment segment concluded with comments from one individual. Appendix II. Secretary Bryant then introduced Mr. Bill Armbruster, Executive Director of the FMFADA and invited him to begin his presentation.

**III. REPORTS & BRIEFINGS**

**A. Executive Director's Report. Bill Armbruster, Executive Director**

June meeting: Mr. Armbruster began by saying that these next few weeks are a dynamic time for the FMFADA. He stated we have been working on various issues i.e., the Reuse Plan, the Programmatic Agreement, HUD Homeless Application Agreement. He added that the FMFADA is committed to honoring a timeline, and that everything seems to be on track. He reiterated that the June meeting is critical for Board member's attendance, in order to move this process forward.

Past month's activities: Mr. Armbruster detailed some of his activities since the last Board meeting to include: a trip to Fort Hancock and Governors Island, numerous interviews with periodicals reporters and the local press, Change of Command Ceremonies; a visit from Congresswoman Drake. Mr. Armbruster said he has deferred making a decision on a 4<sup>th</sup> vacant position until the FMFADA's financial situation is resolved during the transition of fiscal responsibility from the City of Hampton to the Commonwealth's Department of Housing and Community Development. He said he hopes to bring that position on board in the next fiscal year.

Financial Report: Mr. Armbruster stated that the transfer is underway from the City of Hampton as the FMFADA's fiscal agent and that he and his staff have been working very closely with both the City and the Department of Housing and Community Development. He directed the Board to the April 30<sup>th</sup> Cash Flow Statement from the City of Hampton. Appendix III. He said he would have a Cash Flow Statement from the State by the next meeting.

OEA: Mr. Armbruster stated that the OEA Project Manager, Mr. Jay Sweat, has assured him that we are on track to work with the FMFADA and approve the grant amendment requests. He said that we are still awaiting final approval. Mr. Armbruster stated that the total amended request was for \$1,421,664.00 of which our match is \$160,642. The grant encompasses the second half of FY 2008 and the first sixth months of 2009.

FY 2009 Budget: Mr. Armbruster announced that we are working on the FY 2009 Budget and said members of the Finance committee, Senator Locke and Robert Scott, have agreed to help. Mr. Armbruster invited the Board to review the preliminary draft in their packet. Mr. Armbruster added that once approval is received from OEA and the new state accounting system is in place, he would get the updated draft budget out to the Authority members hopefully prior to next Board Meeting.

Creation of a Non Profit: Mr. Armbruster claimed that funding to create plans for cultural programs to be operated for the good of the public will have to come from state allocations or the private sector. He suggested the creation of a Non Profit. Steve Owens of the OAG will describe this later in the meeting.

Programmatic Agreement: Mr. Armbruster stated that the Army has scheduled public meetings, and invited Kathleen Kilpatrick to comment on some of the latest details. Ms. Kilpatrick said the PA public meetings have been scheduled for June 7, 12 & 13 and that this kicks off a period of public comment that will run until June 30<sup>th</sup>. She detailed remaining steps for the PA, and said they hope for final signature by mid August. She remarked that the PA negotiations are on target, and are moving along satisfactorily.

Upcoming Events & Publicity: Mr. Armbruster stated that there will be a meeting of the Historic Preservation Advisory Committee on June 8-9, and that Governor Kaine had made his final appointment of Dorothy Redford to that group. He described more upcoming meetings to include the Civil War Sesquicentennial Commission, and FMFADA's participation in the Army's PA public meetings. Mr. Armbruster stated that since its activation, the FMFADA website has generated 18 thousand hits and thanked everyone for their active involvement.

Mr. Armbruster ended his report by reminding everyone of the FMFADA Public Meeting this evening for comments on the HUD Homeless Application and the Reuse Plan.

Questions/comments: Jay Sweat representing OEA to the FMFADA Board: Mr. Sweat said he would be reporting back to Mr. Armbruster soon. He added that as we move forward the OEA would work through the implementation stages with the FMFADA, although at this point there are too many unknowns.

Garrison Commander Colonel Reyes: Secretary Bryant introduced the new Garrison Commander, Colonel Anthony Reyes. Colonel Reyes announced that he looks forward to working with the FMFADA Board, and that he has worked with Executive Director Armbruster previously, and plans on continuing the good relationship with the Board that was established by his predecessor Colonel Evans.

**B. Update on BRAC and HUD. David Knisely, Garrity and Knisely.** Mr. Knisely was pleased to announce that both the Reuse Plan and the HUD Homeless Application were on track to get done by late August timeframe to submit to HUD. He stated that there have been very productive meetings with homeless providers. He said that the Public Hearing this evening is important and that we are anxious for comments on both the HUD applications and Reuse Plan. The comments will need to be recognized and considered into the plans of the Homeless Assistance Application. In reference to the BRAC timeline, with the push of both the staff and the Board we remain on track.

Questions/comments: Secretary Bryant acknowledged the cooperative work by the City of Hampton, in particular Rick Russ, in moving the Homeless Application forward.

Delegate Gear to Secretary Bryant: Where are we on the National Park study? Secretary Bryant stated that we hope to have the results of the Study very soon, and commended Representative Thelma Drake for her work in running interference with the NPS. Bill Armbruster stated that he had received the same information from Representative Drake; that the Study was in the NPS Director's office and that we should see the results of the study this week.

Secretary Bryant to Delegate Gear: Although we don't anticipate it, in the worst case scenario, if we do not have the NPS results back the Reuse Plan can be changed and amended as we progress.

**C. Update on Reuse Plan. Victor Dover, Dover, Kohl and Partners; Anita Morrison, BAE; Tom Moriarity, ERA; Eddie Marscheider, Kimley-Horn.** Mr. Dover gave a presentation on the updated Reuse Plan taking into account comments from the last Board meeting along with comments from consultants that is available on the Draft Reuse Plan posted on the FMFADA website. Appendix IV.

Questions/comments. Secretary Bryant to Board: This is a critical next two weeks to get comments in and last minute thoughts to prepare the document for a vote at the end of June. He reminded the Board that the Programmatic Agreement will govern what the FMFADA does with the Reuse Plan, and he commended Kathleen Kilpatrick and all the stakeholder groups who provided great input and worked closely together on the Programmatic Agreement.

Secretary Bryant then introduced Anita Morrison of BAE who reported on the range of costs in maintaining Fort Monroe. Appendix V.

Questions/comments: Chairman Bryant to Anita Morrison: We have been working with the figure of \$15 million to maintain Fort Monroe, and you are suggesting that it is a third of that. He then asked the Authority Members if they had any questions on these figures.

Mr. Robert Harper to Ms. Morrison: What are the major factors that led to this figure? Also, in the three columns designating "Implications for Stakeholders" in the report, please point out where the differences are. Ms. Morrison replied: This figures include no capital costs, and that the residents would take care of their own houses and yards, which will be a significant maintenance cost savings to the FMFADA. BAE's figures do not include utility costs, because future tenants will pay their own utilities. She added that the primary factor causing differences in the implications to stakeholders is the difference in the number of miles of roads, properties to be maintained, how dense the development is, and insurance costs. She stated they have not begun negotiations with the City of Hampton as far as who would be responsible for Fort Monroe's City services. Under this cost scenario the City would maintain roads, open space, parklands, and recreation facilities. Also included would be traditional city services: police, fire, schools. The FMFADA would be responsible for individual buildings, and costs that you would not ordinarily defer to developers.

Ms. Gilliam to Ms. Morrison: I am concerned about the amount of development in the North Gate area. The Draft Reuse Plan shows the creation of a new neighborhood; and that scenario is shown as the "base" or proposed Reuse Plan. Ms. Gilliam added that she doesn't think the FMFADA has made that decision. She added, what is the great advantage in that development? Ms. Morrison replied that she did not think that BAE had that answer yet, as they have started with an overall financial cash flow on the project and would have those numbers in the next few weeks.

Mr. Thompson to Ms. Morrison: Mr. Thompson asked how BAE can arrive at the conclusion that the leaseholders are going to pay for building maintenance. Ms. Morrison replied that buildings used for short leasing and office tenants would be the FMFADA's responsibility. The leaseholders they are referring to are long term lease holders for 50 years or more, which is essentially similar in nature to an absolute sale. In those cases they usually take on the responsibilities of a homeowner. They will be held to the standards and requirements for preservation and protection of the historic resource. The commercial expectation is

that the FMFADA would lease long term to a commercial developer who would be responsible for maintaining and operating the building. The individual commercial tenant probably would not go that route.

Mr. Thompson to Anita Morrison: What is the insurance estimate on all the buildings? Ms. Morrison replied, the insurance costs are largely related to the environmental costs. Insurance of individuals would be the requirement of the individual leaseholders, and to pay taxes.

Senator Miller to Ms. Morrison: What is the solid waste costs based on? Ms. Morrison stated the solid waste costs are dependent on the number of households.

Mr. Quarstein to Ms. Morrison: Have you made any considerations for interpretive trails or tourists? Ms. Morrison replied they have not included costs for an interpretive trail, as that would be included in the Parks and Recreation costs. This does not include the required support from the FMFADA to the nonprofit organization that runs the interpretive services inside the Fort. This is something that has yet to be budgeted.

Secretary Bryant to Ms. Morrison: Can you comment again on the level of dialogue you have had with the City of Hampton, and tell me the level of concurrence the City of Hampton has with your analysis? Ms. Morrison stated they started by contacting each department and going through the budget with them, to pick out the line items that had relevance to Fort Monroe. Then they developed many of the numbers by comparing to other cities.

Secretary Wagner to Anita Morrison: This is saying that every building gets long term leased? Ms. Morrison stated yes, except for the buildings inside the moat. There would be interim short term leasing that would offset costs. Secretary Wagner: How long will that take? Anita Morrison replied she thinks it might take 3 or 4 years, perhaps longer for the office spaces.

Mr. Quarstein to Ms. Morrison: If the lease estimates do not cover inside the moat, ~~and~~ what will happen to those properties? Anita Morrison answered they will be temporarily leased until the non-profit organizations need them. Until that time it will be the FMFADA's responsibility to maintain those buildings which is a large cost. Quarstein: Are we going to get that cost estimate? Anita Morrison said we will have that cost, but are not sure of any operating subsidies.

Mr. Scott to Ms. Morrison: We shouldn't be overly optimistic that these numbers are going to be good and that this will not be an easy lease transition. Secretary Bryant to Board: We have to understand that OEA input will perhaps begin to decline, so we need to understand the sense of urgency.

Ms. Morrison stated there will need to be an agreement between the City of the Hampton and FMFADA as to how the traditional operating costs will be covered. Maintenance of streets, sidewalks, parks and open space would most likely be covered by the City which they estimate to be between \$2 million and \$2.4 million. The FMFADA's operating costs would most likely be between \$800K and \$1 million. She added that the City services costs would change over time depending on the population. She said that some road costs may be reimbursed by the FMFADA after negotiations with the City and the FMFADA. Ms. Morrison stated that the costs estimates take into account a period of two years to get everything into a temporary lease. She stated that the \$32 million was estimated to be the total 20 year cash flow to the City.

Dr. Lett to Ms. Morrison: How many students are included in the calculations? Ms. Morrison stated based on market studies .15 children per household assuming most would be older residents.

Mr. Quarstein to Ms. Morrison: Did you include possible admission fees and parking fees? Ms. Morrison replied that will be part of the analysis for what the nonprofit's cash flow would look like. Ms. Morrison stated that the plans for that next step would have to be in the next couple of years.

Mr. Thompson to Ms. Morrison: Mr. Thompson stated he still had a concern that the leasing of units where the lessee pays all the expenses and insurance would have to be leased for substantially less. Ms. Morrison

stated based on their studies there is about a 10% difference between the market rate on sales of properties and properties that are leased for long terms. She stated that is what BAE used in their model.

Chairman Bryant introduced the next presenter, Tom Moriarity of ERA. Mr. Moriarity gave a presentation on Fort Monroe's tourism feasibility, marketing and development analysis. See Appendix VI. Mr. Morrison said ERA's studies were based on statewide numbers developed by Virginia Tourism Corporation.

Questions/comments: Delegate Gear to Tom Moriarity: Are the total numbers of projected visitors based on Fort Monroe's current state? Tom Moriarity stated yes, they are considering an early year visitation where the beach could be opened quickly providing parking and other amenities. We can open and extend the RV Park fairly quickly. Depending on how the Casemate is resolved it would draw people inside the moat. Mr. Moriarity stated once the Fort is opened to the public they think many people will be interested in visiting. Long term there is a need to expand the interpretation of Fort Monroe.

Secretary Bryant to Mr. Moriarity: What is your level of confidence in your 275,000 projected annual visitors? Mr. Moriarity stated they believe it is a conservative number and could go higher. He said those numbers were assumed based on full public access.

Dr. Lett to Mr. Moriarity: Does a Sanderling type resort meet your resort criteria? Mr. Moriarity replied, our confidence level would be even higher with a national brand like Marriott or higher. It would need to be established and operated as a resort not a strict business hotel.

Secretary Bryant to Colonel Reyes: How can the hurdles to get on Fort Monroe be lowered to give Fort Monroe more public access? Colonel Reyes replied with the security requirements since 911 he does not see the Army being able to ease the access.

Secretary Bryant introduced Eddie Marscheider of Kimley- Horn who gave an update on the infrastructure of Fort Monroe. Appendix VII. Mr. Marscheider noted that in Kimley- Horn's discussion with Virginia Power they discovered that the Army had sold their electrical distribution system for Fort Monroe to Virginia Power. Virginia Power's agreement with the Army was structured that if the Army left the post and a non federal agency eventually resided on the Fort, the Army has to buy the system back from Virginia Power. He also stated that Virginia Power said the system that exists today does not meet VA Power's standards. In addition if a non DOD agency resides on the Fort, they would have to start from scratch to reconstruct a system that meets Virginia Power's standards. Mr. Marscheider recommended the Board pursue negotiations with VA Power to directly understand the costs associated with that. Mr. Marscheider concluded by saying water, sewer and power will need additional assessments to ascertain costs for any upgrades which Kimley- Horn thinks are very likely.

Questions/comments: Mr. Thompson to Mr. Marscheider: Will metering individual buildings for electricity be a cost to the FMFADA? Mr. Marscheider replied there will be costs to existing buildings, as well as any new buildings, that unfortunately VA Power could not give an estimate of what that would be. Mr. Thompson also asked if the roads meet the standard cross-sectional dimensions or width according to VDOT and if it would affect the FMFADA or the City of Hampton? Mr. Marscheider replied many streets on Fort Monroe do not meet that criteria, however there are provisions in the VDOT guidelines that allow for reduced street cross sections if in a traditional neighborhood area, and historic areas would be grandfathered.

Delegate Gear to Eddie Marscheider: What is the buy- back cost of the electrical system from VA Power? Mr. Marscheider said VA Power would not provide that information. Mr. Armbruster stated the number is an estimated \$3 to \$5 million dollars. Mr. Thompson asked why would we want to own the electrical system. Mr. Marscheider replied ultimately the power system would have to be replaced, Virginia Power would do it, and that somebody will have to pay to have that system replaced. Mr. Armbruster explained that the replacement of the power system is part of the agreement, and that the Army is trying to get out of the power business and the agreement between VA Power and the Army was written that way to protect the Army.

Mr. Marscheider continued his presentation describing the flood protection project update.

Secretary Bryant to Mr. Marscheider: The improvements being made protect against what level of a storm surge? Mr. Marscheider asked Ken Dirks to reply: That most of the flooding from Hurricane Isabelle came from the storm back surge from Mill Creek. He said since Isabel 14 of the 31 pipes from Mill Creek have been outfitted with check valves or flap gates that will greatly enhance the flood protection of the Fort. He added more of them need to be done, and that they have included the costs that should be in the next phase of improvements.

Mr. Marscheider said they have learned that the City of Hampton is undertaking a city wide flood plain and drainage study which would include Fort Monroe. He said the City plans on implementing these improvements. Mr. Marscheider said that Kimley- Horn recommends continuing discussions with the City and urging them to put Fort Monroe on the top of the list.

Mr. Marscheider then turned the presentation over to Ken Dirks of Kimley- Horn to discuss sea level rise and flood insurance update. Mr. Dirks noted that it is very important to complete the flap gate project that has already been underway. He said completion of these flap gates will give Fort Monroe more protection than anything else. He said as we get more information over the next couple of years we will be able to better gauge the timing and costs of necessary modifications.

Mr. Marscheider concluded by summarizing Kimley- Horn's recommendations to the Board.

**D. Governors Island/Fort Hancock. Catharine Gilliam, NPCA.** Ms. Catharine Gilliam detailed her findings of a visit to both Governors Island and Fort Hancock by Mr. Armbruster, Ms. Kilpatrick, representatives from Citizens for a Fort Monroe National Park, and herself. Appendix IX. The National Historic Landmark staff of the NPS invited the group to tour both facilities. Ms. Gilliam said the visit was extraordinarily informative and a good choice by the Park Service to show two very different places that had much in common as previous Army Forts. Both are National Historic Landmarks and have transitioned to a new future with very different results. Fort Hancock has faced every challenge and roadblock in their transition between lawsuits, partnership agreements, private developers and a range of challenges. Ms. Gilliam stated it has not been a smooth project.

On the other hand Ms. Gilliam said that Governor's Island rivaled Fort Monroe as far as setting, architecture and history. Ms. Gilliam said their transition was handled creatively with a sophisticated approach and said as the FMFADA moves forward they need to look very closely at what has gone right with Governors Island's transition.

Questions/Comments: Preston Bryant to Ms. Gilliam: How long has Governor's Island been in transition?  
Ms. Gilliam to Chairman Bryant: Since 2001.

Ms. Gilliam stated that in many ways what we saw affirmed the work we have been doing and that the steps for the BRAC process are necessary steps for this kind of transition and will form a good foundation. It also showed the level of complexity and sophistication and expertise that has served them well. The bulk of Governors Island is 172 acres of which 22 acres was transferred to NPS. The NPS interprets and cooperatively works the larger historic districts. The rest of the Island is run by an entity called the Governors Island Preservation and Education Corporation which is in many ways similar to the FMFADA. Governors Island has a large staff as well as a large budget. She said some of the lessons learned were that we really have to plan for the long term. On a practical level she said don't let the Army leave without at least having copies of all their records and do not assume the records are accurate. One important lesson learned from Fort Hancock was to go to great lengths to not let buildings remain unoccupied.

Questions/Comments: Secretary Bryant requested that Ms. Gilliam and her colleagues prepare a 3-5 page statement on their trip to Fort Hancock/Governors Island detailing what they did and what they learned that they may be put on the website.

**E. Overview on Non Profit Entity. Steve Owens, Deputy Director OAG.** Steve Owens gave an overview of what considerations you have to address if the FMFADA wants to establish a charitable foundation. Appendix X. Mr. Owens suggested the board hire an attorney who is experienced in nonprofit/foundation area that could look at all the structural models and create the foundation correctly.

Questions/Comments: Secretary Bryant to Mr. Owens: What is the average time to get approval? Mr. Owens replied if things went smoothly 9 months to 2 years and we need to get the process started.

Delegate Gear to Steve Owens: Does the FMFADA have the authority to do the foundation? Mr. Owens replied yes.

**IV. BOARD QUESTIONS AND COMMENTS.** Chairman Bryant asked the Authority members if there were any looming questions or issues that may need following up.

Secretary Wagner to Chairman Bryant: Secretary Wagner expressed concern that we are overly optimistic in how fast we will be able to transform Fort Monroe. We need to look at a realistic time frame. Secretary Bryant stated that we also have the ongoing environmental cleanup discussions with the Army. He said he was happy to report that the discussions are moving right along.

Ms. Gilliam to Chairman Bryant: How does the Board report comments about the Reuse Plan? Mr. Armbruster stated to send them to him. She stated that the Historic Preservation Advisory Group should be advising on the area inside the moat.

Mr. Thompson to Secretary Bryant: Should the Board take action on the 501C3? Ms. Gilliam replied that what they learned at Governor's Island was that we need to understand the big picture and the parts before we take any action on the 501C3, and that she still had questions on how that should be structured. Chairman Bryant replied that perhaps we are just "not there yet" in reference to the 501C3 application.

Delegate Gear to Secretary Bryant: We need for the staff to start looking into what is exactly required to establish the 501C3, so we will save time in setting it up. Mr. Armbruster stated that is what he intended to do. Secretary Bryant stated that there is no question that we will create one; it is just where we are in the process. Mr. Thompson agreed with Delegate Gear.

Secretary Bryant to Kathleen Kilpatrick: What is the date the PA draft will be ready? Ms. Kilpatrick replied the document will be available for public comment through June 30.

#### **V. NEW BUSINESS.**

**MOTION.** Mr. Armbruster asked the Board to approve an amendment to the Cooperative Agreement between the FMFADA and the City of Hampton that would transfer the fiscal authority from the city to the Commonwealth's Department of Housing and Community Development. Dr. Lett moved; Mr. Thompson seconded. The motion passed unanimously.

#### **VI. ADDITIONAL PUBLIC COMMENT**

Chairman Bryant invited additional public comment. Appendix I.

#### **VII. ADJOURNMENT**

Chairman Bryant announced that the next meeting will be on June 30<sup>th</sup>. Chairman Bryant asked for a motion to adjourn the meeting, which was moved, seconded and carried at 3:50 p.m.

Respectfully submitted:

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The Honorable Mamie E. Locke

Secretary/Treasurer

MEL/jfb

**APPENDICES**

**APPENDIX I** April 28, 2008 Board Minutes

**APPENDIX II** Public Comment: Ms. Christine Gergely, representing United Daughters of the Confederacy. Ms. Gergely extended an invitation to FMFADA Board and all to attend a ceremony commemorating the Battle of Big Bethel on June 14th at 12:00 noon.

**APPENDIX III** Executive Director's Report Handout

**APPENDIX IV** Fort Monroe Reuse Plan Handout

**APPENDIX V** Bay Area Economics Handout

**APPENDIX VI** Tourism Feasibility Handout

**APPENDIX VII** Infrastructure Update

**APPENDIX VIII** Governors Island Flyer

**APPENDIX IX** Overview of Non-Profit Entity Handout

**Appendix X Amendment** to Cooperative Agreement