



Executive Director's Report for the
Fort Monroe Authority Board of Trustees Meeting
Bay Breeze Conference Center
April 17, 2014

Operations Report

Maintenance Reserve Projects

After a slow start, activity on the maintenance reserve (MR) projects is accelerating.

The first MR (CIP Project # 3-009) for the replacement of non-standard fire hydrants began during the week of February 10th. The new fire hydrants match the hose fittings used by the Hampton Fire Division (HFD). While the work was expected to last 2-3 months, the winter weather will likely cause this project to be extended into May or June. To date the contractor has replaced approximately 60% of the hydrants.

The contract has been executed with W. E. Bowman Construction on the multi-specialty MR project that includes elevated tankless water heaters (CIP # 8-001), electrical systems modifications (CIP # 8-002), and backflow preventers on sump pumps (CIP # 8-003) in flood-prone basements as well as structural mortar repointing and roof repairs to Building 100 (CIP # 8-009) and Building 83 (CIP # 8-006). The design work on this project was completed by Ballou Justice Upton Architects. The Notice to Proceed was submitted to the contractor on April 7th. The contractor will prioritize the masonry repairs in Building 83. This masonry work must be completed before the Authority can engage a contractor to complete the renovations necessary to relocate the Authority office from Quarters #1 by the end of the calendar year.

The contract has also been executed with Branscome Incorporated for the MR sewer pipe and manhole repair project (CIP # 4-001). This project will address inflow and infiltration into the sanitary sewer system by repairing sanitary sewer pipes and manhole structures given a poor condition rating in the 2010 condition assessment report. The project scope includes 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. The design work on this project was completed by Clark Nexsen Engineers. The Notice to Proceed will be submitted to the contractor on May 5th.

Clark Nexsen Engineers is continuing the design work on two additional MR projects. The MR funding will cover the design and installation of SCADA monitoring equipment on sewer pump stations. The MR funding will cover the design of the replacement of main pump station 180. Funding for construction of the new pump station will be part of the proposed \$22.5 million bond financing program.

FMA Office Relocation to Building 83

The Authority continues to work with Q-Design Architects and AEC Engineering to complete the construction drawings and specifications for the renovation of Building 83. A final plan review meeting was held on April 7th. Once final drawings and specifications are received from the architect, the Authority will submit the plans to the Bureau of Capital Outlay (BCOM) for review. Once approved by BCOM, the Authority will submit the project to contractors for bid proposals. Construction work is expected to begin by July with construction lasting 2-3 months. The Authority expects to relocate to Building 83 by the end of the calendar year.

VDOT Maintenance Projects

The FMA, Kimley-Horn, and the City of Hampton Traffic Engineering Division have completed the design work on new VDOT-eligible projects to utilize the balance of the FY14 VDOT Urban Maintenance Funds. The projects have been submitted to local road contractors for bids. The bids are still being evaluated. The work is expected to begin in April and be completed by the deadline of June 30, 2014. 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. The work will include additional street markings, new handicap ramps, installation of additional traffic signage, reprogramming of traffic control signals, traffic calming measures on Stilwell Drive and Fenwick Road, as well as pothole repair and crack sealing.

Building Condition Inspections

After completing the roof inspections on 230 residential and commercial units, the Authority has again engaged Ballou Justice Upton Architects to complete a more extensive condition inspection of approximately 25 commercial buildings. The inspection will be performed by architects working together with structural, mechanical and electrical engineers to assess the condition of these buildings and building systems. The results of the report will help inform future decisions on the reuse of these structures. Buildings requiring lesser repairs may be maintained as commercial leasing activities. Buildings requiring more extensive repairs may be targeted for adaptive reuse by private developers. Ninety percent of the funding is being provided by OEA under the current grant.

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.

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 the Fort Monroe property. The images will only be used to support the investigation of criminal activity.

Mill Creek Dock and Accessible Boat Launch – Phase 1

The Authority continues to work 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 Operations

The Authority continues to bill the Army and non-metered private tenants based on a per square footage basis for water, sewer and natural gas usage. The Authority also bills the Chamberlin and St. Mary's church and rectory for metered usage of water and sewer.

The Authority is still waiting for the resolution of the termination of the privatized agreement between the Army and Dominion Virginia Power.

Public Works Activities – Veolia

Veolia continues to respond to water and sewer issues related to the winter weather. Since the last meeting, Veolia has completed all of the repairs on water and sewer lines related to the winter weather. In particular, Veolia has re-routed the water line on the parade ground around the conflict manhole. This is the line that resulted in 3 million gallons of water loss during January and February.

Veolia has also been assisting the contractor working to replace the fire hydrants. In several locations, Veolia has relocated water lines to facilitate the installation of the new hydrants due to conflicts with adjacent utility lines.

The Authority and Veolia are negotiating a contract amendment that would increase the Veolia staffing from 4 to 6 permanent employees. This is the level expected by the original PPEA proposal. Veolia has been working with 4 employees while the Army had principal responsibility for the utility systems. Since taking over the operation and maintenance of the utility systems in June Veolia has been stretched thin trying to manage the responsibilities of operating a public drinking water and sanitary sewer system while responding to water line breaks and sewer stoppages.

Real Estate Activity Report

Commercial Division

The commercial division currently manages approximately 1,051,404 square feet of buildings and ancillary structures. The commercial division continues to be a drain on the resources of the Authority but we are seeing an increased interest in commercial leasing activity, which should help reduce our burn rate. I 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 the various forms of available tax credits.

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 is over. Dominion Virginia Power completed the service upgrade to Building 261 on February 24th and the tenant is no longer working on generator power. The rent abatement that was put in place to offset the cost of the generator rental has been terminated and the tenant is once again paying rent per the terms of the lease.

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. We are currently working through some minor modifications to the lease language and fully intend to have an executed lease no later than the end of April 2014.

Marine Systems Corp (MSC): As previously reported to the Board, MSC requested expansion space to accommodate increased business activity. The most convenient building for their expansion was Building 264, which is located on the Building 210 environmental carve out. This required us to work with the Army to obtain a Finding of Suitability to Lease ("FOSL") prior to adding Building 264 to the Master Lease Agreement with the Army. The Army moved quickly and both required documents were executed in time for us to lease an additional 3,700 square feet to MSC. The amendment for the expansion space became effective March 14, 2014, with the same rental rate and terms as their base lease.

Paradise Ocean Club: The original lease executed with the Paradise Ocean Club (POC) included a large portion of land and buildings in the northern portion of the fort that are not germane to the POC's core business and included things such as the Colonies RV Park and tennis courts. This created an untenable situation for the owner of the POC as well as the manager of the Colonies. We rectified this situation by amending the lease for the POC to remove all of the excess land and buildings from the lease with the exception of Buildings 185, 189, 190 and 235.

Colonies RV Park: While the husband and wife team that manage the Colonies have done so for more than a year now, they were linked to the POC business license and the property they manage was part of the POC lease. With the separation of the Colonies from the POC lease, we are now in the process of signing a new lease directly with the managers of the Colonies. This will allow them to function independently of the POC and give them freedom to make business decisions that are in the best interest of the Colonies and their guests.

YMCA Day Camp: The YMCA lost the ability to use the Community Activity Center for their Fort Monroe summer camp and reached out to the Authority for space so that the camp can continue on Fort Monroe. We have agreed to the terms of a license agreement with the YMCA and they will run the summer camp out of Building 246 for a period of three months.

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 I 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 tenant occupancy scheduled for July 1, 2014.

Freedom Support Center: We received a memo from the Department of Veterans Services notifying us that, effective March 31, 2014, the Freedom Support Center in Building 77 will close its doors permanently due to the lack of an adequate client base seeking offered services. We are currently in talks with the Department of Veterans Services to negotiate an early lease termination but as those talks are in their infancy, there is nothing of substance to report at this time.

Financial Summary

As of February 31, 2014, there is a net operating deficit of -\$141,652.27 for the month. This represents an unfavorable budget variance of -\$36,959.77. Although this represents a much improved variance as compared to January it is nevertheless a net operating deficit. The negative variance is largely attributable to significantly lower than anticipated leasing velocity upon which the budget was based. Year-to-Date NOI shows a deficit of -\$1,331,992.04, which demonstrates an unfavorable budget variance of -\$102,408.91.

Residential Division

Residential leasing activity remained steady with 154 homes currently leased, which translates to an occupancy rate of 96%, excluding the 15 units that are not in leasable condition.

The unit condition assessment is complete and the Caboose Budget Bill was signed by the Governor on April 1, 2014, so we have commenced repairs and maintenance on the 15 down units. It is notable that not all of the 15 down units will be repaired and returned to the stream of commerce. A financial analysis has revealed that it is simply not financially feasible to repair several of the homes as the cost of the necessary repairs makes it impossible to achieve a satisfactory return on investment. Those homes that appear to be "too far gone to save" will be analyzed from a historic structure perspective and appropriate remedial action will be implemented if deemed appropriate by the Heritage Assets Department and the State Historic Preservation Officer.

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 March 31, 2014, the residential division reported \$1,783,333 in total revenue year to date and achieved net operating income of \$394,909. That is a marked improvement as compared to the same time period in FY13, in which residential achieved net operating income of \$129,401. 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. However, it is reasonable to project that FY15 net operating income will notice a dip once the repairs on the 15 down units begin over the next few months.

Special Events Report

There are several major events scheduled at Fort Monroe for the 2014 Season. They include the *Bodacious Boardwalk Bazaar*, *Music by the Bay Summer Concert Series*, the *War of 1812 Legacy Symposium*, *Fourth at the Fort* and the *89th Annual Hampton Cup Regatta*.

The *Bodacious Boardwalk Bazaar* will transform Wherry Quarter into an Arts & Crafts village with over 200 vendors from May 2nd through May 4th. There will also be an assortment of outdoor activities such as food vendors, live music and RV/boat sales. The expected attendance is 3,000 to 5,000 visitors per day. The FMA has been paid a \$5,000 fee for the use of this site and will receive \$1.00 for each ticket sold.

The *Music by the Bay Summer Concert Series* consists of fifteen free concerts in Continental Park during 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 concerts will take place on eleven Thursdays and four Fridays. The kick-off concert is on Friday, June 6th at 7:30 p.m. with the USAF Heritage of America Band. They will commemorate the 70th Anniversary of D Day with period music and displays. 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.

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.

This year, *Fourth at the Fort* will see a few changes. 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.

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 but have expressed an interest in moving the entire event site onto Fort Monroe in the future.

In addition to the aforementioned major events, there are 13 weddings booked at Continental Park and 34 picnics booked at Shelter #5.

Casemate Museum Update

Casemate Museum Visitation (including tours and events)

- February, a total of 2014 visitors an increase of 43 %
- March, a total of 2646 visitors a decrease of .03 %

Administration

- Casemate staff members attend the Virginia Association of Museums' Annual Conference in Alexandria, Va.
- Staff met with the U.S. Army Center of Military History at their Fort Belvoir Museum Support Center.
- Staff is working with the 1812 Commission.
- Director of the Casemate Museum attended the Museum CEO group meeting.

- Director with FMA Director of Communications Phyllis Terrell met with the Howell & Associates Creative Group and discussed branding for the museum.
- Director attended the South East Museum Conference annual board and conference programming committee meeting.
- Director gave a presentation to the Rotary Club of Portsmouth.

Education & Programs

Education

- February: Staff and volunteers conducted seven group tours representing 305 adults. Groups of note were Langley Staff Ride, Diversity Restoration Solutions and (AIT) Echo Company.
- February: Staff and volunteers conducted six school tours representing 369 students. Groups of note were the Commonwealth Challenge Youth Academy and five senior civic classes from Hampton high schools.
- March: Staff and volunteers conducted nine group tours and representing 207 adults. Groups of note were Regimental memorial Chapter, Soul Saving Station, Joint Forces Staff College, African American Civil war Museum, Tidewater Appalachian Trail Club and the International Sorority of Female Education, Alpha Delta Kappa.
- March: Staff and volunteers conducted six school representing 297 students. Groups of note were five senior civic classes from Hampton high schools.

Volunteers

- The staff hosted an orientation breakfast for the museum's volunteers.
- February: Volunteers worked a total of 64 hours.
- March: Volunteers worked a total of 108.5 hours.

Operations, Cultural Resource and Collections

Collections

- The United States Army's Center of Military History and the Fort Monroe Authority have signed agreements approving loans from the Army and a Deed of Gift of artifacts that are currently located at the Casemate Museum.

Preservation and Maintenance

- Relocated some PVC conduit
- Removed old Army style water diverter and installed a new design diverter in the WB5 archway. This is the second of ten water diverter that have been identified for replacement.

Communications Report

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

Removal of Jefferson Davis artifacts from Casemate Museum
Army transfer of artifacts to the Casemate Museum
Hampton City Council candidates discuss issues—future of Fort Monroe
STEAM Academy Summer Programs
Landscape Architect Prospects given Bike Tour of Property

Other items of note:

Meeting with Editorial Board of the *Virginian Pilot* on April 22nd here at Fort Monroe. John Lawson, Board Chair, and Colin Campbell, Board Member will attend the meeting. Other attendees include Donald Luzzatto, Editorial Page Editor and Daryl Lease, Editorial Writer from the *Virginian Pilot*. Rob Niewig, from the National Trust of Historic Preservation will also attend.

Historic Preservation Report

The Heritage Assets Department is working closely with designers (architects and engineers), contractors and project managers during the execution of current maintenance, repair and rehabilitation projects including:

- Water Main Break Repairs
 - Parade Ground
 - Intersection of Fenwick and Stilwell roads
- Fire Hydrant Replacements
 - Several unexpected discoveries of archaeological artifacts in previously undisturbed soil layers, with significance yet to be determined
- Building 83
 - Repairs to the slate roof, brick foundation walls, historic tinted mortar
 - Rehabilitation for the FMA's new office
- Building 100
 - Repairs to the slate roof, metal cornice and gutters, stone ornament, brick parapet walls and historic tinted mortar
- Tidball Housing Basements Projects
 - Replace water heaters with vented tankless natural gas water heaters (venting to require new through wall penetrations)
- Pump Station 180 Replacement – in the center of the Coast Artillery Board aka TRADOC complex, a historically significant and sensitive area

The work is time intensive, requires outside expertise and must be undertaken carefully to avoid or minimize potential adverse effects to historic properties about which the FMA does not always have full documentation.

Historic Resources

Continuing work: We are consulting with new DHR Director Julie Langan's staff on receiving final comments on the draft *Fort Monroe Historic Preservation Manual and Design Standards*, assessing archaeological discoveries made in the course of remedial work to underground infrastructure and emergency utility line repairs, and outlining future preservation easements. At least one recent discovery has the potential to be added to the Fort Monroe archaeological site, increasing the numbered loci from twenty-three (23) to twenty-four (24).

The department continues to work closely with the Casemate Museum team and the NPS on detailed reports for the treatment of significant Fort Monroe historic properties including Quarters One and historic casemates, especially those used by Fort Monroe's Casemate Museum. This work is being performed by the NPS's Historic Architecture, Conservation and Engineering Center (HACE) in the Northeast Region. Josh Gillespie visited the Center in Lowell, Massachusetts in March to meet with the Center Director and Project Team to discuss conservation and assessment methods during a conference on Architectural Ceramics (terra cotta, clay tile blocks, etc.) at the Massachusetts Institute of Technology (MIT) in Cambridge, MA. Both the conference and visit to the HACE advanced this area of work in the FMA's stewardship of the special resources in the fortress and early twentieth century buildings with clay tile and terra cotta components.

Since the last FMA Board meeting, we have described approximately seventy-five percent (75%) of the roughly 1,000 select maps, plans and site plans with useful information for database entry. The FMA hosted one of the Hampton Roads area events during the American Institute of Architects (AIA)'s *Architecture Week* at the Casemate Museum.

Upcoming: The Fort Monroe virtual tours are being finalized at NASA for online publishing in the spring. Planning and review is currently underway for Summer 2014 capital projects, and for repairs and maintenance actions based on issues reported in comprehensive reports on roof conditions (complete December 2013) and to be identified in the building condition assessments (that began April 2014).

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)
2. Permit to operate a water distribution system by Virginia Department of Health (DEH)
3. Permits for petroleum storage and air pollutant generators (emergency power backup) by DEQ
4. Notice of grant award from the National Fish and Wildlife Federation (NFWF). The 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
5. Final brochure for Virginia Cooperative Extension's Tree Stewards program for *Fort Monroe Self-Guided Walking Tour of Heritage Trees: Inside the Moat*

Upcoming: Summer beach clean-up events and late summer site enhancement by Water-JAM service project.

Army activities affecting Fort Monroe historic properties

UPDATE: The US Army transmitted an Executive Summary describing artifacts uncovered in one of the 'environmental carveout' parcels from the reversionary lands near Tidball Road and the Old Point Comfort Marina. The excavations exposing these artifacts took place in March 2012 for environmental remediation around Buildings 111, 114, 115, 132 and a playground. The report documents artifacts discovered during the removal of contaminated soil, including brick-paved walkways only three inches below the surface. The FMA will be responsible for managing the archaeological sites when the Army transfers this property.

Pending: The final archaeological report from the late 2012 gun emplacement discovery, delayed by the federal government shutdown in October 2013. The Army transferred this site as part of the quitclaim for the reversionary parcel in June 2013. 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.

In Progress: Work began in March 2014 to partially demolish and reconstruct the chimney stack for Building 57 (constructed 1938) struck by lightning in October 2013. The planned reconstruction was postponed due to winter weather. The work is projected to last three weeks and should be completed by the end of April.

Upcoming Summer/Fall

The Department will hold an annual meeting with stakeholders and interested parties per the Programmatic Agreement (PA) and Memorandum of Understanding (MOU) requirements for a date 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.

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