



Executive Director's Report for the
Fort Monroe Authority Board of Trustees Meeting
Bay Breeze Conference Center
August 21, 2014

Operations Report

VDOT Maintenance Project Update

The FMA has completed the FY14 VDOT projects. These VDOT funds were received from the City of Hampton. Kimley-Horn and the City of Hampton Traffic Engineering department contributed to the design work. ICA was the successful bidder on the traffic control and street signage. Pembroke Construction was the successful bidder on the handicap ramps and road maintenance projects.

The VDOT funds provided for (1) the removal of 104 non-compliant traffic control signs, installation of 320 new street name signs and installation of 300 new traffic control and wayfinding signs; (2) installation of 23 new handicap ramps along Ingalls Road from Ruckman Road to Fenwick Road; (3) reprogramming of traffic control signals to the Inner Fortress and installation of directional arrows to improve traffic flow at entry and exit points; (4) painting of approximately 19,800 linear feet of pavement marking; (5) application of approximately 13,800 of crack sealing; and (6) approximately 150 square yard inches of pothole repair.

FMA and Kimley-Horn have scheduled a meeting later this month to discuss the projects to be funded by the FY15 VDOT funds.

Building Condition Inspections

As a follow-up to the roof condition assessments completed by Ballou Justice Upton Architects (BJU) and Roof Consulting Services last year, the FMA has contracted with BJU to complete a more detailed condition assessment on 25 administrative buildings at Fort Monroe. BJU hired Pond Engineering and Stroud Pence to assist with the assessments. The list of buildings was selected from a larger list of administrative buildings based on the potential for future reuse as office space or adaptive conversion to residential. The project scope includes inspections for exterior and interior building conditions as well as structural, mechanical, plumbing, electrical, security and fire/life safety systems assessments. This project, like the previous roof condition assessment, is funded by the FY14 OEA grant. The recommendations contained in the report will be incorporated in future versions of the budget and capital improvement plan.

Maintenance Reserve Project Update

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 MRF project (CIP Project # 3-009) to conform fire hydrants at Fort Monroe to the hose fittings used by the Hampton Fire Division (HFD) has reached substantial completion. The contractor still has to grade and seed the areas around the hydrants and complete the punchlist items. Work is expected to be completed by the end of August.

Work continues on the large, multi-specialty MRF project that includes elevated tankless water heaters (CIP # 8-001), elevated electrical systems improvements (CIP # 8-002) and improved sump pumps (CIP # 8-003) in 28 basements near the marina, together with structural repointing of mortar and roof repairs on buildings 100 (CIP # 8-009) and 83 (CIP # 8-006). Work on the project is expected to continue through September 2014.

Construction commenced in July on the MRF sewer pipe and manhole repair project (CIP # 4-001) that includes 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. This project will address stormwater inflow and infiltration (I&I) into the wastewater system and improve pipes and stormwater manhole structures in poor structural condition. The plans were reviewed by the Hampton Public Works department and found to be consistent with similar projects completed by the City. The project involves work on 16 separate sites across the property and is expected to be completed by the end of the calendar year. The first two sites being worked are inside the stone fortress along Bernard Road between the Casemate Museum and the FMA headquarters.

The Notice to Proceed has been sent to the successful bidder on the pump station upgrade project (CIP # 4-005). This project includes the installation of supervisory control and data acquisition (SCADA) monitoring equipment on nine sanitary sewer lift stations across the property. This equipment will allow for remote monitoring and real-time notification of any alarm conditions on the pump stations. The plans for the project were reviewed by the Hampton Public Works department and the system is compatible with the Hampton SCADA systems. The project will be completed by the same contractor that installed the Hampton SCADA system. The work should be completed by the end of the calendar year.

Clark Nexsen is continuing to review design comments received from the Hampton Roads Sanitation District (HRSD) engineering and field staffs after HRSD reviewed the 35% construction drawings for the replacement of pump station 180 (CIP # 4-002). The project will include SCADA monitoring equipment on the main force discharge station on the property. This project is expected to be constructed using a portion of the \$22.5 million bond program allocated to the FMA in the FY15-16 biennial budget.

The FMA has approximately \$2.5 million in Maintenance Reserve Funds remaining. The FMA will be meeting with Kimley-Horn to determine which of the CIP projects should be submitted to DGS for acceptance as a MRF project.

Capital Improvement Plan (CIP) Update

The FMA is in the process of setting up the next meetings with the Hampton Public Works (HPW) department and Newport News Waterworks (NNWW). During these meetings the FMA together with Kimley-Horn and Veolia will review the current CIP plan with the appropriate party to ensure that the projects are consistent with the municipal utility standards. Once these meetings are completed the FMA and its contractors will be preparing a new 5-year CIP that will be used to allocate the \$22.5 million Virginia Public Building Authority bond appropriation designated by the Governor and the General Assembly in the biennial budget. The new CIP will be presented to the Finance Committee and Board of Trustees for review and approval later this fiscal year.

Real Estate Activity Report

Commercial Division

The commercial division currently manages approximately 1.1 million square feet of buildings and ancillary structures. While the commercial division continues to negatively impact the resources of the Authority, we are experiencing an increase in commercial leasing activity, which should help reduce our burn rate. Since the last Board meeting, we have signed 2 new leases for approximately 15,000 square feet of space. While this leasing activity is encouraging, 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, the opportunities for these buildings are on hold as we investigate issues such as parcelization, infrastructure, improvements, utilities, property ownership, etc. Once these issues have been resolved, 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. We continue to work with the City of Hampton with regard to zoning and we will meet with the City on August 20, 2014, to discuss the details of a proposed zoning plan. Finally, our commercial property manager, Jae Roe, has accepted a position with another company. As a result, we have hired a new commercial property manager, Rhonda Williams. Rhonda's first day on the job was August 4, 2014, and she hit the ground running. OPCRES did an amazing job of minimizing disruptions during the property manager transition period, making it as seamless as possible.

Building 80: The conversion of Building 80 to apartments is progressing on schedule. The architect has revised the plans to add a 2 bedroom apartment in the space formerly set aside for a coffee shop, resulting in a project with 8, 1-bedroom units and 2, 2-bedroom units. The revised bid drawings are complete and we have received revised bids from prospective contractors, reflecting the new scope of work.

Building 83: We have responded to comments received from the Bureau of Capital Outlay Management ("BCOM"). The maintenance reserve work on Building 83 is progressing on a parallel track with the construction drawings. The masonry tuck pointing in the basement is complete and the roof repairs are under way. Barring any unforeseen delays with plan approval, we are on schedule to relocate the FMA office by the end of 2014.

Virginia STEAM Academy: We met again with representatives from the 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 delivered lease comments to the STEAM Academy last week and the comments are undergoing review by STEAM's legal counsel.

Liberty-Source PBC: This lease has been executed for approximately 6,000 square feet in Building 260 with an expansion option for Building 259. Within a week of executing the lease, Liberty Source realized their need for additional square footage and exercised the expansion option for 3,000 square feet in Building 259, bringing their total occupied square footage to 9,000. Liberty Source is a new business services outsourcing model that is continuously aligned with their clients' evolving goals and objectives through transparent governance, flexible agreements and a motivation to introduce the latest innovation. Their delivery excellence is derived from their social mission of staffing the enterprise with the extraordinary talents of the US military community. At full build-out, Liberty Source has the potential of bringing 600 jobs to Fort Monroe, 100 of which will be introduced in the first phase of their occupancy. This lease was made possible through the assistance of several state and local partners including the Hampton Economic Development Department, Tidewater Community College and the Virginia Economic Development Partnership.

Alternatives, Inc.: This lease has been executed and the tenant is expected to take occupancy of the space on October 1, 2014. Alternatives, Inc. has agreed to lease approximately 5,800 square feet in Building 263 for a period of 10 years. Alternatives' programs and services increase the creativity and civic leadership of young people; empowering them to develop a sense of altruism, self-confidence, self-efficacy, social competency, critical thinking, and an appreciation of diversity in cultures and beliefs. Alternatives' organizational model is based on the creation of partnerships and alliances with public and private schools, faith and community based child care centers, afterschool programs, city government, and mental health agencies.

Tenant 1: This lease has not yet been executed so the tenant's name cannot be disclosed at this time. However, we are in negotiations with Tenant 1 to occupy 17,500 square feet of office space in Building 96. The lease will be for a period of approximately 3 years while the tenant has a permanent location constructed in Hampton Roads.

Financial Summary

As of June 30, 2014, the commercial division experienced a net operating deficit of -\$192,445 for the month. This represents an unfavorable budget variance of -\$128,117. The negative variance is largely attributable to significantly lower than anticipated leasing velocity, several significant HVAC repairs and replacements, unbudgeted cost for the landscaping of the future NPS property, an unexpected expense for dead tree removal and preservation efforts for the Algernon Oak. Year-to-Date NOI shows a deficit of -\$2,120,042, which represents an unfavorable budget variance of -\$461,997 (-28%).

Residential Division

As summer begins to wind down, I am happy to report that the residential division not only weathered the attrition that occurs during the summer months, but it emerged with a net increase in occupancy. Residential occupancy increased to 157, which translates to an occupancy rate of 94%, excluding the 8 units that are not in leasable condition. At the outset of summer, it was projected that we would achieve 95% occupancy by the end of August. In light of the current leasing velocity and increase in property tours, we are on pace to exceed that projection.

The work on the "down" units is currently underway with only 4 units remaining before the project is complete. It is projected that the necessary work to bring these units back on-line will be completed by the end of August 2014. That will leave 8 down units that require a more detailed feasibility analysis before repairs are commenced as the cost associated with repairing these units is substantial, generally in excess of \$100,000 per unit, and it is unlikely that we will be able to allocate funds in this fiscal year towards those repairs.

The Lead, Asbestos and Mold Program ("LAMP") Operations and Management Plan has been finalized. As stated previously, 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. Now that the Operations and Management Plan is complete, we have commenced the implementation phase of the program. We continue to work with AH Environmental to formulate standard operating procedures for staff training, unit monitoring and implementation of the LAMP. In addition, the residential division, in coordination with AH Environmental, is currently conducting 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 is anticipated that ongoing clean-up and abatement efforts will be required. As a result, we have added a line item to the budget for future administration of the LAMP and affiliated clean-up efforts.

Financial Summary

As of June 30, 2014, the residential division reported \$2,741,691 in rental revenue year to date, which represents a 20% increase as compared to the same time period last year. YTD net operating income was \$604,398. I am also pleased to report that while we increased revenues by 20%, we decreased our internal operating expenses by 5%.

Special Events Report

Fourth at the Fort

Despite the threat of Hurricane Arthur, the 2014 Fourth at the Fort was a big success. Approximately 17,000 visitors enjoyed food vendors; free, family-friendly, hands-on activities; musical entertainment provided by the US Navy Fleet Forces Wind Ensemble; and a spectacular close proximity fireworks show. This event was supported by the City of Hampton Police, Fire and Parks & Recreation Departments, the National Park Service, as well as several corporate sponsors and community organizations.

Hampton Cup Regatta

The 89th Annual Hampton Cup Regatta was held on Saturday and Sunday, August 2nd and 3rd. Although rain hampered some of their operations, they were able to complete the races, as scheduled. They have expressed an interest in finding ways to use more of the Fort Monroe property by their 100th annual event in 2025.

Virginia Symphony Orchestra

For the third consecutive year, the Virginia Symphony Orchestra will perform a concert on Friday, August 29th at 7:30 pm in Continental Park. Their program will include the soundtrack from the movie Lincoln and a "Fort Monroe Fanfare" especially composed for this year's concert.

Fort Monroe Ghost Walk

Fall programming will include the Fort Monroe Ghost Walk: Where History Meets Mystery, on Friday and Saturday, October 24th & 25th. This is a guided walking tour of the inner Fort with costumed storytellers sharing classic Fort Monroe ghost tales.

December Events

Holiday events at Fort Monroe will include a free concert by the Hampton Roads Philharmonic Orchestra and a tree lighting ceremony on Sunday, December 7th. New for 2014 is a Holiday Homes Tour on the afternoon of Saturday, December 13th.

Additional Events

In addition to the aforementioned major events, between May and October of 2014, there are 17 weddings booked at Continental Park and 53 Picnics booked at Shelter 5.

Casemate Museum Update

Museum Historian

The Casemate Museum is proud to welcome and introduce our newest staff member, Robert Kelly, in the role of Museum Historian. Robert has been working with the Historic Preservation Department of the Fort Monroe Authority for the past three years. He brings a wealth of knowledge, particularly related to Fort Monroe's diverse architecture and associated maps, plans, and other primary source documents. As historian, Robert will be managing museum archives, conducting primary research, and supporting education, collections, and preservation initiatives. Robert loves sharing the stories of Fort Monroe and has already given a number of tours and speaking programs on behalf of the museum [Figure 1].

Visitation and Volunteers

Spring and early summer have been busy at the museum; April, May, and June logged 11,389 visitors and 327 volunteer hours. The Casemate Museum collaborated partner organizations on a number of public programs, most notably a Commemoration of the 153rd Anniversary of the Contraband Decision, an Educator Symposium on the War of 1812, and an "Artillery School of Practice" kids' activity for *Fourth at the Fort* Independence Day Celebration [Figure 2].

New Tours

In July, the museum has also introduced two new tour opportunities. Guests can join a regularly scheduled museum tour every Friday and Saturday at 1 p.m. through September. There is a suggested \$3 donation for the tour. Casemate staff are also leading walking tours beginning at 5:45 p.m. prior to each remaining *Music by the Bay* concert. Tours explore a variety of sites and topics such as *Anatomy of a Fort* and *The Shifting Sands of Old Point Comfort* [Figure 3]. Most tours begin with an introductory talk by a National Park Service Ranger and last about one hour. A \$5 donation is suggested. A full listing of dates and topics can be found on the Fort Monroe Events Calendar.

Preservation of the Casemate

Behind-the-scenes, the museum staff is working hard to ensure the preservation of our premier artifact, the fort itself. Some recent preservation initiatives include installation of crack monitors, digital temperature and humidity recorders, and upgraded water diverters. Staff is continuing work with National Park Service personnel to complete a Historic Structures Report. This team is examining every nook and cranny of the fort's interior and exterior, from scarp walls to manholes [Figure 4 & 5]. Their thorough report will have many benefits including identifying and prioritizing preservation efforts of the fort.



Figure 1 Casemate Historian Robert Kelly leads a tour for Hampton High School students.



Figure 2 Casemate Director, Robin Reed and Collections Specialist, Kris Barrow, look on as Volunteers Rachel Kilgore, center left, and Barbara Krumpfen, center right, assist children with the "Artillery School of Practice" activity at the Fourth at the Fort celebration.



Figure 3 Casemate Educator, Darcy Nelson, leads a group on a walking tour "Anatomy of a Fort" prior to the Music by the Bay concert





Figure 3 & 5 Casemate Cultural Resources Manager, Veronica Gallardo, leads the Historic Structures Report team on an examination of the scarp wall and a manhole in the postern gate.

Communications Report

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

- Fort Monroe Authority's first year recap since the transfer of property ownership
- Fort Monroe National Monument's Foundation Document draft
- Fireworks at Fort Monroe/Fourth at the Fort Celebration
- Liberty-Source and new jobs at Fort Monroe
- African Landing Day on August 15, 2014

Historic Preservation Report

The Department is engaged in planning, design and construction of the following current projects.

Buildings

Building 80:

- Rehabilitation by FMA for new use as apartment dwellings. *Pending* final plans and bid documents.

Building 83:

- Extensive masonry repointing and wall reconstruction. Began the week of May 11. *Completed* in July
- Repairs to the slate roof and surrounding cornice. *Scheduled* for late August after pre-construction meeting August 13
- Renovation plans for FMA office and event spaces. *Pending* final acceptance by the state building official. Work *may begin* in September

Building 100:

- Interior floor replacement (one room). Began April. *Completed* in April
- Repairs to exterior masonry walls and reconstructed 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 – *Scheduled* for August/September

Tidball Housing Basements projects:

- Upgrades to electrical, sump pump, and water heating systems began May 22. In-progress changes require consultation with the Department of Historic Resources. *Scheduled* for August completion

Casemates Historic Structures Report (HSR) – Began April 2014. Scheduled for June 2015 completion

- Historical records review in National Archives in Philadelphia, Washington DC, and College Park MD during June and July.
- Fort Monroe Site Visits: #1 – May, #2 – June, #3 – scheduled for September
- Crack and environmental monitors installed in May and June

Army-controlled properties

- Twenty-seven (27) wood sash windows appeared in the storage yard, source unknown. Army caretaker believes they are from a Fort Monroe property so FMA will assume custody and remove for safekeeping.

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). *No change* since June.

Grounds

Environmental Management Program: discussions continue with the Virginia Department of Environmental Quality (DEQ) regarding the US Army's outstanding environmental remediation actions. Scheduled September 18 meeting will address plans for these areas.

Pier and floating docks on Mill Creek Pond. Participated in a stakeholders meeting held August 6 to identify design considerations. *Planning and design* in progress.

Historic Resources

- Draft *Fort Monroe Historic Preservation Manual and Design Standards* and future preservation easements. *Scheduled* meetings with DHR and NPS staff in Richmond August 14.
- Building condition assessments. *Received* Phase II reports for twenty-five (25) of the non-residential properties not included the Virginia STEAM Academy area of interest. Department intern prepared summary table of requirements and recommendations to assist with planning maintenance, repair and capital projects for future years. *Scheduling* meeting with FMA and Commonwealth of Virginia agencies for Public Buildings and General Services, *expected September*.

Natural Resources and Environmental Management

- Municipal Separate Storm Sewer (MS4) permit to discharge storm water into bodies of the Commonwealth. Submitted second revisions August 8. *Pending*, expected by September
 - FMA operations and management practices will be adjusted to comply with new requirements for the Chesapeake Bay watershed, including to nutrient management (fertilizers), public education and facilities management.
 - The Army retains an MS4 permit for the storm system portions in their care
 - The NPS may need a new permit for areas under their direct management (future)
- Permit to operate a water distribution system by Virginia Department of Health (DEH). Submitted May 2013. *Pending final approval*, projected date end of 2014
- Permits for petroleum storage and air pollutants generators (emergency power backup) by DEQ. *Submitted* August 2014
- 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, *Rescheduled* from July to August.

Personnel

The Department will interview Archaeology and Environmental Coordinator candidates shortly after the August Board meeting. The department will continue internships supplementing the director and coordinator.

Upcoming Events and Meetings of Note

- Summer beach clean-up events – monthly with sailors from the USS Lincoln
- September 7 – site enhancement by Virginia Water Environment Association's Young Professionals around Building 12.
- September 18 – meeting with US Army to discuss the remedial investigations and feasibility studies for environmental remediation of five (5) sites in the reversionary carve-outs, the DEH compound and the former Dog Beach landfill.
- October 16 – Fort Monroe Authority will host the Annual Meeting for Programmatic Agreement (PA) Stakeholders Annual Meeting. Board members will be notified of the event details and receive a meeting report.
- October 28 – Fort Monroe sessions at the 2014 Virginia Preservation conference. More information is online at <http://preservationvirginia.org/programs/annual-conference>.
- November 11-14 – National Preservation Conference in Savannah, GA. Board members are encouraged to attend or speak with Josh Gillespie following. Select proceedings will be available live and via social media and webcasts. More information is online at <http://www.preservationnation.org/resources/training/npc/>.