



Executive Director's Report for the
Fort Monroe Authority Board of Trustees Meeting
Bay Breeze Conference Center
December 18, 2014

Operations Report

VDOT Maintenance Project Update

The Kimley-Horn has completed preliminary design documents for the FY15 VDOT projects. The list of priorities for the current fiscal year are:

- Continuing to improve sidewalks ramps to make ADA compliant (currently 50% complete)
- Complete the required biennial bridge inspections on two of the four Moat bridges
- Make improvement to sidewalks within right-of-way
- Replace existing light signals at the Main Entrance and all three entrances to the fortress with new energy-efficient LED light heads
- Repair deteriorating stormwater structure along Stillwell Road, and
- Design and install a flume/spillway on Mellen Street at property entrance to reduce ponding during rain events.

Money will be reserved for pothole repairs in the spring.

Maintenance Reserve Project Update

The Fort Monroe Authority continues to work with the Department of General Services (DGS), Ballou Justice Upton Architects, and Clark Nexsen Engineers on the design work and construction for the maintenance-reserve funded capital projects.

- 1) Work is substantially complete on the fire hydrant replacement project (CIP # 3-009). Only punch-list items remain to be completed.
- 2) Work is coming to a conclusion on the large, multi-specialty 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). The mortaring repointing and roof repairs on Building 83 have been completed. The mortar and roof repairs on Building 100 are substantially complete. Work on the basement improvements is substantially complete.
- 3) 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 manhole structures at 16 separate sites across the property. The contractor completed the installation of new

sewer pipe at the first site under Bernard Road between Ruckman Road and East Gate (Project Area 6). The contractor has recently completed the work on another pipe replacement site under Bernard Road between the Casemate Museum and Matthews Lane (Project Area 7). The contractor is expected to complete the site restorations for Areas 6 and 7 including sidewalk and curb replacement and asphalt patching by the end of December. This will complete the portion of the project inside the fortress. The contractor will be submitting a project schedule to commence work on one of the other 13 repair and replacement sites in the project.

- 4) Work has commenced on the pump station upgrade project (CIP # 4-005). The utility subcontractor has commenced work on the isolation valves and bypass connections to be installed on five of the pump stations. The contractor is working with the Army Caretaker to get permission to mount an antenna on the water tank to assist with the communication from the remote monitoring (SCADA) stations that will be installed on nine of the pump stations. The central monitoring station will be installed in the Veolia office. The work should be completed by the end of the fiscal year.
- 5) Clark Nexsen has recommended the design for the replacement of pump station 180 (CIP # 4-002), incorporating the comments received from the Hampton Roads Sanitation District (HRSD) engineering and field staffs. The project will include SCADA monitoring equipment on the main force discharge station on the property. While the design work is being completed with maintenance reserve funds, the construction of the new station 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 is continuing to discuss projects with DGS to utilize the balance of the \$6.5 million in Maintenance Reserve funding provided by the state budget in FY12, FY13, and FY14.

VBPA \$22.5 Million Bond Program

On October 17th, the FMA met with representatives of the Treasury Department, the Office of the Attorney General, Department of Planning and Budget (DPB), and DGS to discuss the commencement of the new capital program to utilize the \$22.5 million in Virginia Public Building Authority (VBPA) bonds authorized for Fort Monroe in the FY15/16 state budget. FMA is working with DGS to contract with a project management firm to provide a contract project manager to work at Fort Monroe to manage projects funded by the VBPA allocation. Once the CIP is approved by the Board, the Authority will submit the plan to DPB for approval. Once approved, the FMA will submit project questionnaires to the Treasury Department, to determine the appropriate type of bond funding for the project. Once all the approvals are completed DGS will contract for the project design and/or construction until such time as the Authority's Procurement Manager Yvonne Cash completes the required DGS training to become a Virginia Construction Contracting Officer (VCCO). Once Ms. Cash has completed her VCCO training, expected to occur before the end of the fiscal year, the FMA will be authorized to issue contracts for design and/or construction after all the above approvals are obtained.

Real Estate Activity Report

Commercial Division

The commercial division currently manages a portfolio consisting of approximately 1.2 million square feet of buildings and ancillary structures. In an effort to better understand the commercial portfolio, the Real Estate Department devised a categorization matrix wherein each building has been assigned to a specific category, which in relevant part, consist of the following characteristics:

- Category 1 - Immediately available for lease with market standard tenant improvements.
- Category 2 - Viable leasing candidates, but require capital improvements over and above market standard tenant improvements.
- Category 3 - Viable leasing candidates, but require significant capital improvements.
- Category 4 - Residential adaptive reuse candidates.
- Category 5 - Infrastructure buildings that are not revenue producing assets.
- Category 6 - Buildings reserved for identified future uses and/or internal use.

When the commercial portfolio is analyzed using the categories detailed above, the success of our leasing program becomes more apparent. Category 1 buildings total approximately 292,514 square feet, of which 83% have been leased. When compared to the local submarket that is experiencing a direct vacancy rate of 23%, we are slightly outperforming the market. These buildings generally achieve market rents averaging \$12.50 per square foot, fully serviced, and require no capital improvements. Our leasing efforts remain focused on these buildings as they provide an immediate revenue stream to the Fort Monroe Authority and require no capital outlay with the exception of market standard tenant improvement packages.

Category 2 buildings total approximately 56,000 square feet. As we approach full occupancy in Category 1, the need for additional leasing inventory becomes more acute. In order to ensure that we are directing our resources in the most effective manner possible, we have identified Category 2 buildings as those that can readily become viable with the investment of capital improvements. An example of a building in this category is Building 100. This building is approximately 26,000 square feet in size, but lacks adequate restroom facilities to accommodate a smaller, multi-tenant use, which is the preferred delivery condition for the Peninsula market. In order to become a revenue producing asset, Building 100 will have to be updated and demised for multi-tenant occupancy. This will require a relatively small capital investment for architectural design and construction prior to delivery as leasable space.

In summary, of the buildings that are immediately available for delivery, we have achieved 83% occupancy. This exceeds the performance of the local submarket as a whole and we have significantly increased rental income from commercial leasing.

Significant Projects

Building 80: The conversion of Building 80 to apartments is progressing, albeit with some delays. The construction drawings were submitted to the Bureau of Capital Outlay Management (BCOM) for plan approval on October 2, 2014 and comments were received on November 6, 2014. Revised plans are undergoing preparation and will be submitted to BCOM on or around

December 15, 2014. The target completion date for this project is the second quarter of 2015.

Building 83: The basement tuck pointing and roof repair work has been completed. Final contractor bids have been received and upon receipt of budget approval, the approved contractor will be engaged and work will commence. Barring any unforeseen delays, we expect to complete the FMA office relocation sometime during the second quarter of 2015.

Virginia STEAM Academy: The final lease agreement has been drafted and delivered to the STEAM Academy. It is being reviewed by STEAM's legal counsel and should be ready for execution upon the completion of legal review.

Liberty Source PBC: Liberty Source has expanded again by taking an additional 3,492 square feet in Building 259. This brings the tenant's total square-footage under lease to 12,971 square feet.

Alternatives, Inc.: Tenant improvements have been completed and Alternatives, Inc. took occupancy of 5,770 square feet in Building 263 on November 1, 2014.

Tenant 1: This lease has not yet been executed so the tenant's name cannot be disclosed at this time. However, we continue 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 three years while the tenant has a permanent location constructed in Hampton Roads.

Tenant 2: This lease has not yet been executed so the tenant's name cannot be disclosed at this time. However, we are close to an executed lease for the former Department of Veteran's Affairs space in Building 77. It is anticipated that the lease will be signed this month and the tenant will take occupancy on January 2, 2015.

Financial Summary

As of October 31, 2014, the commercial division experienced a net operating deficit of - \$185,104 for the month. This represents a favorable budget variance of \$1,889 (1%). The favorable variance is largely attributable to lower than anticipated costs for insurance, utilities, and HVAC repairs. Year to date net operating income reflects a deficit of -\$685,008, which represents a favorable budget variance of \$73,057 (10%).

Residential Division

Interest in residential leasing at Fort Monroe remains high and we have remained at 100% occupancy for the past few months. Units are leased within days of becoming available and many units have waiting lists. We are working diligently to bring as many units online as feasible so that we can meet the strong demand.

The work on the "down" units continues with only four units remaining before the project is complete. Building 61 should be completed and ready for the market by the end of December, while Building 167 will take slightly longer as it requires the assistance of a structural engineer in order to return the building to a safe condition and make it available for occupancy. The remaining 10 down units 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. We will focus resources on those units once work on Buildings 61 and 167 are completed.

Financial Summary

As of October 31, 2014, the residential division reported \$862,190 in revenue from operations, year to date. This represents a 21% increase in revenue as compared to the same time period last year. A large contributor to the improved revenue is the 23% decrease in rental concessions. This favorable trend should continue throughout FY15 and is a direct result of the new pricing policy put in place during FY14. Year to date net operating income was \$269,506, an increase from \$79,503 for the same time period last year.

Special Events Report

The Music by the Bay Concert Series concluded with the *Virginia Symphony Orchestra* on Friday, August 29th at 7:30 pm in Continental Park. Approximately 2,400 people attended this free concert. The orchestra's program included the soundtrack from the movie *Lincoln* and a "Fort Monroe Fanfare" especially composed for this year's concert.

The *Fort Monroe Ghost Walk: Where History Meets Mystery*, took place on Friday and Saturday, October 24th & 25th. This new public event was a guided walking tour of the inner Fort with costumed storytellers sharing classic Fort Monroe ghost tales. The Ghost Walk was sold out and entertained over 500 visitors from the Hampton Roads region and beyond. Ticket sales generated \$7,267.

Fort Monroe has two holiday events in December. The Holly Days Concert and Tree Lighting took place on Sunday, December 7th from 4:00 to 6:30 pm. A free concert by the Hampton Roads Philharmonic Orchestra was held at the Post Theatre and was attended by over 350 people. Following the concert was a tree lighting ceremony at Canon Park with music, Santa, and refreshments.

New for 2014 is a holiday homes tour from 11:00 am to 5:00 pm Saturday, December 13th. The *Fort Monroe Mistletoe Homes Tour* is a ticketed tour of four historic homes decorated for the holidays. Several places of interest, including the Old Point Comfort Lighthouse, the Casemate Museum, and the Chamberlin will be open for free tours on the same day.

There are already 28 private events booked at Picnic Shelter 5 and in Continental Park for 2015.

Casemate Museum Update

Visitation and Volunteers

October attendance was 3,486, up 39% from 2013. November attendance is still out and will be reported in the next report. Over the two months there were 31 scheduled tours and events representing 1,265 people and \$673 in tour revenue. For the calendar-year through November,

tour attendance was 6,319 people and tour revenue at \$5,651. Groups to note included 447 attendees to the Fort Monroe Ghost Walk which concluded at the museum. Museum staff visited Hampton University where three introductory history courses, representing 127 students, were presented on the local and historical significance of Fort Monroe as well as the resources and opportunities currently available to students. Two weeks later, Hampton University students had the opportunity to take a guided tour of the museum and grounds on a reciprocal visit. Volunteers logged 200.25 hours at the museum in November and December.

New Exhibit

Christmas between the Wars

Museum volunteers helped create a new exhibit, *Christmas between the Wars*. It featured photographs, menus, and holiday cards from Christmases at Fort Monroe between WWI and WWII. Volunteers helped select images and archival materials, write photo text, and mount panels. We plan to repeat this exercise every few months with new topics.

New Programs & Tours

Hampton Roads Peace Conference, American Civil War Sesquicentennial

On January 30th & 31st of 2015, the Casemate Museum will present a program to commemorate the 150th anniversary of the Hampton Roads Peace Conference, which were failed peace talks that took place on a riverboat under the guns of Fort Monroe in February 1865.

In commemoration of the sesquicentennial of the Hampton Roads Peace Conference at Fort Monroe, the Casemate Museum will host a two day program on Friday, January 30, 2015 and Saturday, January 31, 2015. The Virginia Sesquicentennial of the American Civil War Commission's History Mobile¹ will be at Fort Monroe for the duration in support of the proposed activities.

Friday's events will focus on a student audience (primarily 6th & 11th graders from local public, private, and homeschool groups). Several stations will be set up to accommodate a large number of students and will include educational activities relating to civil war history while exploring the themes of peace and freedom and making local connections. The Casemate Museum is partnering with the History Mobile, Hampton History Museum, and National Park Service in the development and presentation of educational activities. We have secured participation from Phoebus High School 11th Graders (approximately 250 students).

Saturday's event will appeal to collegiate and history interest groups as well as the general public. The History Mobile and Casemate Museum will be open for tours and there will be a matinee screening of *Lincoln* in the Fort Monroe Post Theater followed by a panel discussion of the film. Weather permitting, walking tours may be offered. Donations may be accepted for programming that includes special tours.

¹ The Civil War 150 History Mobile is an interactive "museum on wheels" housed in a 53' expandable tractor-trailer. It draws together stories from all over Virginia and uses state-of-the-art technology and immersive exhibit spaces to present individual stories of the Civil War from the perspectives of those who experienced it—young and old, enslaved and free, soldiers and civilians.

<http://www.virginiacivilwar.org/historymobile.php>

Collections

As an update on the collection of 25 civil war era letters donated to the collection, many written while the author was stationed at Fort Monroe, are in the process of being transcribed by volunteer residents at the *Chamberlin*.

Staff Development

Veronica Gallardo, FMA Casemate Museum Operations & Cultural Resources Manager, was accepted to the 2014 Class of Developing History Leaders at the Seminar for Historical Administration (SHA). Twenty-one public history practitioners from across the nation gathered in Indianapolis to learn from leaders and from one another about changes that are occurring in our field. Increasingly, history organizations are finding ways to be more relevant to the people in their communities, states, the nation, and the world.

Communications Report

Media clips since the last Board meeting are attached.

Historic Preservation Report

The Department is responsible for Fort Monroe's cultural, natural and environmental resources. Activities affect many parties including the FMA Operations, Real Estate and Casemate Museum departments and external organizations such as the Virginia Department of Historic Resources (DHR), the National Park Service (NPS), the US Army Fort Monroe caretaker and the management of St. Mary's Star of the Sea Catholic Church and the Chapel of the Centurion.

The report period is October 6 to December 8, 2014.

Personnel training and education

Sam Henderson attended the Second Annual State of the Chesapeake Bay discussion October 7 convened by Congressman Scott Rigell.

Josh Gillespie and Sam Henderson attended the guidance information session October 8 at the Virginia Department of Environmental Quality (DEQ) to implement Chesapeake Bay Total Maximum Daily Load (TMDL) requirements for FMA's municipal separate storm system (MS4).

Glenn Oder and Josh Gillespie attended the October 10 lecture at Hampton University in the *For the Love of Architecture* series. President Stephanie Meeks of the National Trust for Historic Preservation (NTHP) spoke on the topic of historic preservation and civic engagement. Afterward, Mrs. Meeks and three NTHP staff were taken to areas of recent accomplishments, special considerations and future prospects at Fort Monroe in areas of the historic masonry fort and around the Parade Field.

Sam Henderson represented FMA at the quarterly Council of Virginia Archaeologists meeting October 10.

FMA staff addressed participants of the 29th Annual Virginia Preservation Conference in three October 28 sessions: *History and Rehabilitation of the 1858 Chapel of the Centurion* (Museum Historian Robert Kelly), *Management of Archaeological Resources at Fort Monroe* (Sam Henderson), and *Preservation Perspectives* (John Hutcheson, Joe DosReis, VA STEAM Academy Co-founder Judy Stewart and Josh Gillespie). Approximately 70 people attended.

FMA staff from Heritage Assets (Josh Gillespie and Sam Henderson) and the Casemate Museum (Robin Reed, Veronica Gallardo, Darcy Nelson and Kris Barrow) joined preservation and museum professionals October 28 for an annual roundtable discussion. The 2014 discussion was held at Fort Monroe on the topic *Museums in Historic Structures*. About 30 people attended.

Josh Gillespie attended the National Preservation Conference in Savannah Georgia November 11 – 14, picking up insights from conference sessions and a special visit with Fort Pulaski National Monument Superintendent and rangers.

Josh Gillespie and Sam Henderson participated November 19 in annual awareness and management training for Lead, Asbestos and Mold (LAM) hazards at Fort Monroe.

Sam Henderson attended the 2014 Jamestown Conference November 20 on Tidewater archaeological subjects.

Historic Resources

- Josh Gillespie attended the Annual Legislative Summit on Tax Credits November 5.
- Josh Gillespie and Sam Henderson met with Smith-Packet agents Winn Bishop and Justin Newman, consulting architect Jeff Stodghill of PMA Architects and Fort Monroe National Monument Superintendent Kirsten Talken-Spaulding to discuss a planned expansion to the historic Chamberlin. Materials were presented on the contextual setting in the National Historic Landmark district and site-specific issues of geotechnical soil bearing and potential archaeological deposits. The discussion concluded with an understanding that the US Army and DHR were responsible for review and compliance, and that a process to identify consulting and/or interested parties would be needed to proceed. It is expected that the NPS and FMA staff would be invited to provide comments for consideration and the official record.
- John Hutcheson, Josh Gillespie and Gary Miller met November 7 with FMA's OAG counsel, and with representatives from the Virginia departments of Treasury, General Services and Planning and Budget to discuss current and future management of capital improvements at Fort Monroe financed by General Assembly appropriations for bonds under the Virginia Public Buildings Act.
- After meeting with DHR and NPS staff in Richmond August 14 to review the final draft *Fort Monroe Historic Preservation Manual and Design Standards* and future preservation easements, awaiting comments from those organizations. Awaiting updates from the NPS following the departure of the Fort Monroe National Monument's Chief of Visitor Services and Resources Protection Eola Dance. *Requesting comments on Part 1 for resolution of this critical item.*
- Commented on drafts of the Fort Monroe National Monument Historic Preservation Easement and an agreement for Cooperative Management of Fort Monroe National Monument and Fort Monroe Authority lands on Old Point Comfort, Hampton, VA.

- Participated in updates to the FMA Capital Improvements Plan (CIP) for Board consideration December 18, 2014.

The Department engaged in planning, design and construction of the following current projects. The current status is shown in ALL CAPS. Noteworthy recent activities are show in *italics*.

Buildings

- Building 80: CONTRACT READY TO LET
 - Rehabilitation by FMA for new use as apartment dwellings. Project ready for let and management following design changes to avoid damaging historic, character-defining features and to restore and/or rehabilitate historic materials and finishes.
- Building 83: CLOSEOUT PENDING PUNCLIST
 - Extensive masonry repointing and wall reconstruction.
 - Repairs to the slate roof to make watertight included selective matching for replacement of individual slate tiles to minimize visual effects of selective replacement.
- Building 100: CLOSEOUT PENDING COMPLETION OF ADDITIONAL WORK TO ROOF COMPONENTS AND REPAIRS TO A CHIMNEY DAMAGED DURING ROOF REPAIRS
 - Repairs to exterior masonry walls and reconstructed brick parapets *expanded to include* damage to a chimney struck by a boom lift pushed by a wind gust. Damaged terra cotta keystones, structural brick piers and load-bearing walls remain to be assessed for future work.
 - *Repairs to the asphalt shingle roof, galvanized iron metal cornice, stainless steel gutters and stone ornament are in progress.*



Chimney struck by boom lift, initial stabilization



Chimney struck by boom lift, current

- Tidball Housing Basements projects: COMPLETED OCTOBER, CLOSEOUT PENDING
 - Upgrades to electrical, sump pump, and water heating systems
- Casemates Historic Structures Report (HSR) – Began April 2014. *Scheduled* for June 2015 completion CURRENTLY AWAITING DECEMBER 17 DELIVERY OF THE PART 1 50% DRAFT REPORT
 - Historical records review in National Archives in Philadelphia, Washington DC, and College Park MD June and July.
 - Fort Monroe Site Visits from architects, engineers, architectural historians and conservators: #1 – May, #2 – June, #3 – September, #4 – most recent was November 11-12 for installation of specialized data loggers and video investigation of drains, flues and vents
 - Crack and environmental monitors installed in May and June – read monthly to track structural movement and environmental conditions (accessible ‘live’ with online data publishing)
 - *Initial oral interviews* with former casemates staff and Army contractors held November, *others to be scheduled*
 - *Awaiting* the Part 1 50% complete report will be delivered December 16
 - Pending archaeological and structural investigations from the terreplein (aka ramparts), moat and possibly ground level Winter 2015
- Repairs complete to historic building 3. Repairs to Building 93 *uncovered additional deteriorated wood, metal and masonry conditions to be repaired*. Repairs planned for additional areas of the porches on Building 18.
- Architectural Plan elevations for the building to replace Fort Monroe’s main pump station have been reviewed internally for adjustments before consultation with the Virginia Department of Historic Resources (DHR). Vibratory impacts, visual and archaeological considerations must all be assessed. NO UPDATE
- Army-controlled properties
 - FMA rehabilitation of compromised brick pier, Building 35, required review and consultation.

Grounds

Pier and floating docks on Mill Creek Pond. No update since August 6 stakeholders meeting to identify design considerations. *Planning and design* in progress.

Natural Resources and Environmental Management (UPDATES ONLY)

- Environmental Management Program: discussions continue with the Virginia Department of Environmental Quality (DEQ) regarding the US Army’s outstanding environmental remediation actions. *Awaiting new meeting date for postponed meeting* previously scheduled September 18 meeting will address plans for these areas. NO UPDATE from October Board report.

- Municipal Separate Storm Sewer (MS4) permit to discharge storm water into bodies of the Commonwealth. *DEQ* permit issued September.
 - October 8 – Josh Gillespie and Sam Henderson will attend *DEQ's Chesapeake TMDL Action Plan Guidance Info Session* for MS4 permit holders
 - 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 until US Army ownership sunsets
 - 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

Upcoming Events and Meetings of Note

December 17 – FMA will receive the draft Casemates Historic Structures Report (HSR) Part 1 50% report for review and comment before Part 2 begins the first week in January.