

Media clips from August through October 2014

http://www.dailypress.com/news/hampton/dp-nws-fort-monroe-rental-space-20140826_0,3295324.story

Businesses slow to move to Fort Monroe

By Robert Brauchle, rbrauchle@dailypress.com

9:12 p.m. EDT, August 25, 2014

HAMPTON — Across the street from **Fort Monroe's** iconic beaches are a row of brick-facade buildings. Some teem with activity while others sit vacant.

A slow drip of business activity is beginning to repopulate Fort Monroe as the decommissioned Army post transitions into a civilian community. Two businesses have agreed to open offices on the property in the past month.

While Fort Monroe Authority officials have found success finding tenants for the 176 homes and apartments on the property — more than 95 percent of the units are full — the line of tenants willing to rent office and warehouse space is much shorter.

The Fort Monroe Authority lists 22 businesses and organizations on the property, but those entities include the Chamberlin, two churches, a Boy Scout troop and the contractor hired to maintain the property.

Close to 1.1 million square feet of commercial real estate space exists on Fort Monroe, roughly equivalent of the **Hampton Roads** Convention Center three times over.

Those buildings must be heated, cooled and maintained, even standing vacant. That comes with a hefty bill.

Even though leasing activity "is encouraging, I do not expect to see a significant improvement in the financial performance of the commercial division" until major renovations are completed on many of the buildings, Fort Monroe Authority Executive Director **Glenn Oder** wrote in an August report to authority's board of trustees.

The authority's commercial division had a \$192,445 operating deficit in June, ending a year that was \$2.1 million in the red, according to the report.

That's \$450,000 more than the roughly \$1.5 million deficit that had been built into the budget.

The variance comes from lower-than-anticipated leasing for commercial space, significant heating and cooling repairs and property maintenance costs, according to the report.

Fort Monroe officials have long said the property will need to remain a line item on the state's budget for years to come, although the goal is for operations on the property to become self sustaining.

And the authority has signed leases with at least two new tenants in the past month.

Liberty-Source PBC says it will bring 596 jobs to Fort Monroe in the next three years. The public benefit corporation will hire a workforce that will act as a third-party vendor for business services such as finance and accounting that often are outsourced.

A large percentage of those employees will be military spouses, said Steve Hosley, president and CEO of Liberty-Source.

"Virginia is the ideal location ...," Hosley said in a news release. "With over 30,000 active military from all five branches in the greater Hampton Roads area, Fort Monroe provides us access to a highly skilled and dedicated workforce."

Alternatives Inc. will also create an office on Fort Monroe. The agency works with young people to help fulfill their potential.

Combined, Alternatives Inc. and Liberty-Source will occupy about 15,000 square feet.

"Any time we can occupy buildings, that reduces expenses for us," Oder said.

Despite the operating deficit, revenue from commercial leases grew by \$282,187 in the past year, according to a financial report presented to the authority board of trustees Thursday. Residential lease revenue also grew \$455,071.

The authority collected an increase of \$1,071,424 from residential and commercial leases and utility fees from tenants in the past year.

"No one is resting on their laurels," Oder said during an Aug. 13 presentation to the City Council.

As the authority pushes to attract tenants, it's also working with the city to iron out details to provide municipal services; with legislators to shore up state funding; with the National Park Service to create needed reports and documents for the national monument; and with the Army to fully clean and transfer land to the state.

"We're all eager and we want to do more," he said.

Hampton Councilman Will Moffett worked at Fort Monroe for 31 years prior to the post's deactivation.

"It took me a long time to go to Fort Monroe because I was utterly depressed driving around Fort Monroe with it looking like a ghost town or the twilight zone," Moffett said during the Aug. 13 briefing. "Now when I go out to Fort Monroe, it's virtually back."

Brauchle can be reached by phone at 757-247-2827.

Fort Monroe

Who's on the property:

For a full roster, visit: fmauthority.com/about/whos-here

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[HTTP://HAMPTONROADS.COM/2014/09/HOW-FORT-MONROE-CAN-SHINE](http://HAMPTONROADS.COM/2014/09/HOW-FORT-MONROE-CAN-SHINE)

28 SEPTEMBER 2014 | 5:00 AM

HOW FORT MONROE CAN SHINE

RE 'FOR RENT' (front page, Sept. 25): This story misstates the position of Citizens for a Fort Monroe National Park on new construction at Fort Monroe.

We do not oppose all new construction of housing units and commercial space. We only oppose such new construction in the core of the 72-acre Wherry Quarter, because this land would be better used to unify and markedly enhance the national monument.

The greatest economic contribution Fort Monroe can make to the region is as the site of a great national park, a world-class cultural heritage site, and a public education and recreation center on the Chesapeake Bay, not as another business park.

By attracting tourists, providing local residents additional green space by the bay and providing an iconic 565-acre public site on the bay that can contribute to altering the region's mediocre national image, Fort Monroe could provide a valuable way to begin diversifying our defense-focused economy.

Adding housing and compatible businesses in areas other than the expanded national monument would help pay for the costs of the state-owned property without harming the appeal of the overall property or its potential for the region, state and nation.

It takes persistent vision and patience to create a national treasure. Recently, the Presidio in San Francisco announced plans for a second historic hotel (the first is always full), 20 years after the Army closed its base there. The hotel is needed because the access to footpaths through the many acres of green space is very popular.

Mark Perreault

Norfolk

<http://www.dailypress.com/business/tidewater/dp-nws-maurice-visit-0927-20140927,0,486318.story>

Virginia Commerce secretary Maurice Jones tours Fort Monroe Jones sees business growth potential in Fort Monroe site

By J. Elias O'Neal, joneal@dailypress.com
7:12 p.m. EDT, September 26, 2014

HAMPTON — With its panoramic water views, access to Interstate 64 and entrenched historical past, both state and local business officials realize the economic powder keg Fort Monroe could become for the region.

But figuring out how to light the economic fuse is drawing the attention and interest of one of the Commonwealth's top commerce official.

Maurice A. Jones, Virginia secretary of commerce and trade, was at Fort Monroe complex Friday to tour many of its commercial sites and buildings with an experienced contingency of economic officials, including members of the Fort Monroe Authority, the Hampton Economic Development Authority and the Virginia Economic Development Partnership.

Overall, Fort Monroe has about 1 million-square-feet of office and retail space, which is being leased by Virginia Beach-based Divaris Real Estate.

While part of the visit was to learn more about the complex and its facilities, Jones said the goal is leverage Fort Monroe's historic assets with business prospects looking to grow in Hampton — ultimately devising a plan the state can actively use to recruit businesses to the complex.

"The place has incredible assets," Jones said. "It's got the history, it's got the beauty, it has facilities, it has all the ingredients for a community."

Since its closure in 2011, Hampton, state and federal officials have been working to find ways to transform the 400-year-old Army base into a mixed-use community of industry, housing and commercial development and redevelopment.

To help guide those efforts, Hampton is looking to create fort zoning for the site in an effort to maintain and guide development at Fort Monroe. City staff, the Fort Monroe Authority and the National Park Service also continue to meet in effort to unilaterally streamline development and growth for the property's future.

There may be some signs of it working.

Liberty-Source announced plans this summer to create 600 jobs and invest nearly \$1.6 million to outfit 355 Fenwick Road at Fort Monroe. Its employees will provide business services such as finance and accounting that are often outsourced.

But while business momentum and interest is growing at Fort Monroe, Jones admits the complex, both physically and financially, is not without its challenges.

"We've got an asset that has multiple owners right now," Jones said. "You've got the federal government, the state government, the city of Hampton, the Fort Monroe Authority...the biggest challenge is it would be much simpler if you had one ownership. What we've got to do is

balance the equities of all these owners, and come up with a plan that accommodates the interest of all the owners."

Jones added the site's infrastructure, including its utilities and buildings, are incredibly worn and dated, and the fort needs to be more financially independent.

"We need a long-term financing vehicle that makes sense," Jones said. "One that actually invites the private sector to take part in the financing of the development of this asset, so that's what we need to go back and wrestle with; this is not going to be done with getting annual appropriations."

To help lure private development to the site, Jones said the state is not opposed to creating incentives for Fort Monroe, although specific incentives have yet to be determined. He added increased bonding capacity, which could be used to overhaul utilities, roads and fiber-optic options for high-speed Internet, could also be another way to bolster new growth and development at the complex.

But the potential, Jones said, is already in place to make Fort Monroe a viable economic player for the greater [Hampton Roads](#) region and the state.

"In my mind the asset is here," Jones said. "We've got to invest in the asset, partially for the reason...of enabling this place to live into the promise that it presents, because this place is gorgeous."

O'Neal can be reached by phone at 757-247-4744.

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<http://hamptonroads.com/2014/09/new-company-fort-monroe-will-soon-employ-100>

New company at Fort Monroe will soon employ 100

By [Philip Walzer](#)

The Virginian-Pilot

© September 25, 2014

HAMPTON

The company that opened in Fort Monroe over the summer vowing to find "outsourced" jobs for military spouses says it will employ 100 people by November.

More than 50 are already working at Liberty-Source PBC, said Deborah Kops, the chairwoman of the board.

They are doing a variety of finance and accounting jobs, including credit analysis and invoice reviews, said Kops and Steve Hosley, the CEO of Liberty-Source. The remainder will be in place by November, Hosley said.

They will work for a corporation that Hosley and Kops said they could not yet identify. The company, they said, will probably announce its partnership with Liberty-Source next month.

Hosley and Kops did not provide the salary range, but said it was "competitive." Kops also said the employees could not be interviewed because "our staff is not press-trained yet."

Most of them are military spouses, Kops said, and she predicted that would hold true as Liberty-Source expands. Its goal is to employ about 600 people within three to five years by contracting with other firms.

"We have a number of American corporations that are interested," Kops said. "It's not uncommon for it to take six months to a year or even longer for a client to ultimately contract."

Kops had the idea to target military spouses: "I wanted a population that had a sense of mission that, while it was not going to be priced the same way as India, could give clients a better service, a better customer experience but also a higher productivity."

Hosley said employers sometimes need a "special decoder" to uncover the potential of military spouses.

After undergoing transfers, they might pursue a second degree instead of finding work. "They might be underemployed, but they still wanted to learn something," he said. "That person wanted to grab onto those rungs...."

"Some on-ramps," Hosley said, "have passed them by. We're just providing them some on-ramps to get back on."

Hosley and Kops have experience in "business process outsourcing," in which companies contract with third parties to handle operations. The process has drawn criticism for siphoning jobs to other countries.

Hosley said he's come to believe that some functions requiring customer service are best handled domestically, and businesses will agree.

Liberty-Source is a subsidiary of Digital Divide Data, based in New York, which provides digital services with employees in Cambodia, Kenya and Laos.

Liberty-Source will receive \$717,200 in state grants. It also will get \$150,000 each from the city of Hampton and Virginia's Fort Monroe Authority. The latter contribution will be in the form of three years' free rent.

The company will occupy 12,000 square feet in two buildings, constructed in 2003, that are among the newest at the fort. The employees will get trained and work there, Hosley said, though a few may later work from home.

The site made sense not just because it's close to a large military population.

"We feel that being on Fort Monroe, with its pretty rich history, reinforces the messages that we want to convey to corporate America," Kops said. Hosley added: "Let's face it, it's a great little tour before you get to my building."

<http://hamptonroads.com/2014/09/most-fort-monroe-commercial-space-unfilled>

Most of Fort Monroe commercial space is unfilled

By [Philip Walzer](#)

The Virginian-Pilot

© September 25, 2014

HAMPTON

Three years after the Army decommissioned Fort Monroe, nearly all of the space intended for residential use has been filled. But less than one-quarter designated for businesses is occupied.

"It's easy to look at Fort Monroe and say perhaps more could have been done," said Glenn Oder, executive director of the Fort Monroe Authority, which operates the former post. "But the reality of this is, it's been unprecedented. I think everybody's surprised at how much success we've had with Fort Monroe."

Maurice Jones, Virginia's secretary of commerce and trade, said he will be among a group of state officials meeting Friday with Fort Monroe leaders to review progress.

"My hypothesis now is that we can do more to catalyze economic development on Fort Monroe," said Jones, a member of Fort Monroe's board. "We are going to take a team down to strategize."

The authority, a division of the state, in October approved a master plan envisioning a mix of shops, restaurants, offices and housing at the 565-acre site.

From former military housing, the authority carved out 176 units, from apartments to single-family homes. Of the 165 units ready to be rented, 97 percent, or 160, have been leased, spokeswoman Phyllis Terrell said. "We have college students, executives and empty-nesters," said Joseph DosReis, director of real estate at Fort Monroe.

Of 1.1 million square feet planned for commercial use, about 22 percent, or 241,000 square feet, is occupied, Terrell said. The fort's website lists 22 organizations based at the fort. They include businesses, nonprofit agencies, churches, government offices and institutions that had been at the fort before its decommissioning, such as the Casemate Museum.

Since the beginning of summer, two organizations have signed leases: Liberty-Source PBC, which aims to hire military spouses for "outsourced" jobs, and Alternatives Inc., a nonprofit youth leadership program.

Sandy Cohen, chief operating officer of Divaris Real Estate Inc., the property manager and leasing agent for commercial space at the former fort, said the attractions include "very competitive rates," a central location in Hampton Roads and amenities such as a beach, marina, restaurants, ball fields and jogging paths.

"The disadvantages," Cohen said, "are that it's not a traditional office space where you have a brick and glass suburban building." For instance, most of the two- and three-story buildings available to businesses are not equipped with elevators, DosReis said.

"It's just a giant challenge," said Oder, a former Republican delegate from Newport News.

To highlight the obstacles, Oder pointed to a white building across the road from his office. Seventy-one years old, with an odd configuration consisting of three stories and 1,872 square feet, it once housed the fort's radio station. Another hard-to-lease property: the three-story, 67,900-square-foot former hospital built in 1898, with additions in 1913 and 1931.

Construction of Fort Monroe began in 1819. It gained fame during the Civil War as "freedom's fortress," with tens of thousands of slaves flocking there to win their emancipation. It was decommissioned on Sept. 15, 2011.

Under the terms of its creation, the fort would revert to state control if it were no longer used by the military.

Virginia owns 313 acres, or about 55 percent of the land, Terrell said. The federal government controls the remaining 252 acres. Oder said that land will be transferred to the state, but he said he did not know when.

The National Park Service will eventually own 245 acres, said Kirsten Talken-Spaulling, superintendent of Fort Monroe National Monument. Visitors already can enjoy park walks and bird-watching at the site, she said.

The authority reported an operating deficit of \$2.1 million in the last fiscal year. Oder predicted it would break even by 2027.

He said the authority is trying to pump up activities including ghost tours starting next month. Special events bring 100,000 people a year to Fort Monroe, he said.

Mark Perreault, a preservation advocate in Norfolk who is president of Citizens for a Fort Monroe National Park, said the group supported most of the master plan. But it opposes the long-term vision of new buildings to provide 720 housing units and 160,000 square feet of commercial space.

"New construction is not likely in the near future," Terrell said.

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