



Executive Director's Report for the
Fort Monroe Authority Board of Trustees Meeting
Bay Breeze Conference Center
October 16, 2014

Operations Report

VDOT Maintenance Project Update

The FMA, Kimley-Horn and Veolia have commenced planning for the FY15 VDOT projects. At a meeting on August 19th, the group developed a list of priorities for FY15:

- ADA ramps (currently 50% complete)
- Bridge inspections & repairs (inspections required biennially)
- Sidewalk improvements (within right-of-way)
- LED lights for signals at Front & North Gates
- Stormwater structure repair on Stillwell Road
- Flume/Spillway project at property entrance (Mallory Street side)

The group also identified a list of projects that may be eligible for VDOT funding in the future. These projects will be completed as VDOT money becomes available.

- Traffic calming devices at Engineer's Pier
- Various stormwater improvements
- Signal improvements (pedestrian crossing, LED's light heads, relocation of signals off Fortress walls)
- Ponding at property entrance and on Fenwick near the Chamberlin
- Removal of remaining concrete security structure foundations
- Repair of the concrete guard rail at Marina
- Fenwick Road improvements
- Milling Bernard Road for stormwater improvements
- Re-establish radius and walkway along Northgate

Some money each year will be reserved for spring-time pothole repairs.

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 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.

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). The mortar repointing on Building 83 has been completed. The roof repair on Building 83 is expected to be completed during October. The mortar and roof repairs on Building 100 are expected to be completed by the end of November. During the installation of the elevated water heaters, a condition was discovered that resulted in the need to request a consultation with the Department of Historic Resources. The concurrence has been obtained and work has recommenced on the project. This portion of the project is now expected to be completed by the end of November.

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). During work on the Area 6 site, the contractor encountered undisclosed conditions such as a section of concrete road surface underneath the asphalt and the presence of a water line that required the installation of a conflict manhole. Change orders were requested for these conditions. The contractor next moved to work on another pipe replacement site under Bernard Road between the Casemate Museum and Matthews Lane (Project Area 7). While working on the Area 7 site, the contractor informed DGS that it could not continue working until the change orders from Area 6 were approved. Since the change orders had not been processed on a timely manner, the contractor pulled the crew off the job site until the change orders are resolved. A meeting was held with the contractor in September

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 is working with DGS to determine a list of projects that can be completed under the current authorization without having to issue a new RFP for architectural and engineering services.

Updated Capital Improvement Plan (CIP) Update

The FMA had a preliminary planning meeting with the Hampton Public Works (HPW) department about sewer and stormwater projects. The parties agreed to work together to define projects that might lead to eventual transfer of the sewer and stormwater system to the City. The FMA has scheduled another meeting with Newport News Waterworks (NNWW) on October 14th to continue discussing upgrades to the water system and the possibility for transfer of the water system to NNWW. The discussions with NNWW are more relevant since Veolia has responded and repaired two leaks on the 14" water service line in the right of way along Mercury Boulevard between Clay and Webster Streets. Once the series of meetings are completed, the FMA and its contractors will be preparing a new 5-year CIP that will be presented to the Finance Committee and Board of Trustees for review and approval later this fiscal year.

VBPA \$22.5 Million Bond Program

The FMA has scheduled a meeting on October 17th with representatives of the Treasury Department, 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. Once the CIP plan is revised and approved by the Board, the FMA will begin working with DGS to begin design work on the new capital projects to utilize the new bond funding.

Real Estate Activity Report

Commercial Division

The commercial division continues to negatively impact the performance of the real estate portfolio as a whole. Since the last Board meeting, tenant improvement work has been progressing for our newest tenants and both are expected to take occupancy of their space no later than November 1, 2014. I would stress that while this leasing activity is encouraging, I do not expect to see a significant improvement in the performance of the commercial division until some of the larger adaptive re-use projects are completed. The adaptive re-use projects are essentially on hold until such time as the Authority can work out several threshold issues, which include subjects such as parcelization and utility easement language. We continue to work with the City of Hampton with regard to zoning and we met with the City was on August 20, 2014, to discuss the details of a proposed zoning plan. It is anticipated that we will have an approved zoning plan sometime around July 2015.

Significant Projects

Building 80: The conversion of Building 80 to apartments is progressing on schedule. The construction drawings were submitted to the Bureau of Capital Outlay Management ("BCOM") for plan approval on October 2, 2014, and we are updating the bids based on the revised plans concurrently with plan approval. Final bids are due on October 17, 2014, at which time we will select our general contractor and begin construction as soon as the plans are approved by BCOM. The target completion date for this project is December 31, 2014.

Building 83: The basement tuck pointing work has been completed and the roof repair work is currently in progress. Final contractor bids are due to be received on October 12, 2014, and we hope to have final plan approval and a construction permit issued by BCOM by the end of October. Barring any unforeseen delays, we can expect to complete the FMA office relocation sometime during the first quarter of 2015.

Virginia STEAM Academy: Material lease terms with the STEAM Academy have been agreed to and STEAM has completed the changes to their corporate structure necessitated by tax credit regulations. All that remains before this lease is executed is confirmation of the square footage in several buildings where a discrepancy was discovered between the Army calculations and those of STEAM's architect.

Liberty-Source PBC: This lease is executed and Liberty Source has taken occupancy of a portion of Building 259 and all of Building 260 bringing their total area under lease to approximately 9,000 square feet. With a current employee count nearing 100, Liberty Source has brought back some life to Fort Monroe and it is a joy to see so much commercial activity in that area of the fort.

Alternatives, Inc.: This lease for 5,800 square feet is executed and the tenant is expected to begin moving systems into the space on October 22, 2014, with occupancy slated for November 1, 2014. Currently, the final work for the tenant improvements is nearing completion and occupancy permits are expected to be issued as scheduled.

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 3 years while the tenant has a permanent location constructed in Hampton Roads.

Financial Summary

As of August 31, 2014, the commercial division experienced a net operating deficit of -\$168,718 for the month. This represents a favorable budget variance of \$28,943 (15%). The favorable variance is largely attributable to lower than anticipated costs for insurance, utilities and HVAC repairs. Year-to-Date NOI demonstrates a deficit of -\$317,775, which represents a favorable budget variance of \$49,438 (13%).

Residential Division

At the outset of summer, I made what many considered the bold prediction that we would achieve 95% residential occupancy by the end of August. I am pleased to report that not only did we achieve that goal in the projected time frame, we have exceeded all expectations and reached 100% occupancy of all available units. This is no small accomplishment and it was achieved as a result of the dedication and team-work of the residential leasing staff.

The work on the "down" units continues with only 4 units remaining before the project is complete. Building 61 should be completed and ready for the market by the end of October, while Building 167 will take slightly longer as it was discovered that a load bearing wall was removed at some point during its history and the floors have begun to sag as a result. With the assistance of a structural engineer, we have designed a plan to return the building to a safe condition and make it available for occupancy. Bids for the actual construction work are pending but it is expected to be available for market by the end of November 2014. That will leave 10 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 this year towards those repairs.

Financial Summary

As of September 30, 2014, the residential division reported \$644,437 in rental revenue, year to date. What is important to note, is that while rental revenue only increased 7% as compared to the same time period last year, rental concessions decreased 28%. This demonstrates a favorable trend that, as a result of the new pricing policy put in place in FY14, should continue to improve as we move through FY15. YTD net operating income was \$186,529. I am also pleased to report that while we increased revenues, we decreased our internal operating expenses by 4%.

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*, is scheduled for 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. Tickets went on sale on Monday, October 6th. Advanced tickets are \$15.00 and tickets sold at the gate are \$20.00 each. In the first three days of sales, 96 tickets have been sold.

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. The *Fort Monroe Mistletoe Tour* is a ticketed tour of four historic homes decorated for the holidays. Several places of interest, including the Casemate Museum and the Chamberlin, will be open for free tours on the same day.

In addition to the aforementioned major events, between April and October of 2014, there were 17 weddings booked at Continental Park and 55 picnics booked at Shelter 5. There are already 25 private events booked for 2015.

Casemate Museum Update

Visitation and Volunteers

Summer and early fall have been busy at the Museum; July, August and September logged 17,574 visitors, an increase of 12% over the same months from the previous year. Additionally, volunteers accounted for 351 hours during July-September. In September alone, the Museum hosted 29 tours.

On October 1, the FMA hosted a Volunteer Appreciation BBQ to recognize the important contributions volunteers make throughout the entire property. The Museum recognized its volunteers who have logged over 860 hours in 2014. Special recognition was given to seven volunteers who contributed over 70 hours each.

New Exhibit

Girl Scouting at Fort Monroe – A Look Back

On Saturday October 4th, the Casemate Museum opened a new exhibit about the history of Girl Scouting at Fort Monroe. The exhibit incorporates a 1926 Fort Monroe Girl Scouts scrapbook and photographs from the Museum archives, as well as historic uniforms and scout handbooks on loan from the Girl Scouts of the Colonial Coast. A generous \$1,250 donation to the Fort Monroe Foundation by the Museum's security contractor, Top Guard Security, made the exhibit and opening reception possible.

The opening reception was held the evening of Saturday, October 4th and was attended by a total of 50 people. Those in attendance included Fort Monroe Girl Scout Alumnae, numerous executives and board members of the Girl Scouts of the Colonial Coast, representatives from Top Guard Security and the National Park Service. The exhibit will be on display until Spring 2015.

New Tours - Update

Between July-September, the Museum introduced two new tour opportunities. Guided walking tours of the Museum were conducted on Fridays and Saturdays at 1 pm. There was a suggested \$3 donation for the tour. Casemate staff also led walking tours prior to the *Music by the Bay* concerts. A \$5 donation was suggested. These two tour opportunities were enjoyed by 165 people and raised a total \$355 in donations.

We plan to continue these types of tour offerings during the upcoming year.

Collections

The Museum is actively building its collection. We have received inquiries from individuals with objects connected to Fort Monroe. This has led to several donations and loans to the Museum collection. For example, this summer a family brought in a photograph that they believed to be of Fort Monroe and ended up loaning an 1863 Sharps Carbine that is now on display.

Community Outreach and Participation

Throughout the summer and early fall, Museum staff has been regularly meeting with faculty from Hampton University and Christopher Newport University to begin developing outreach and internship programs for local students.

In July and September, Museum staff conducted historical lectures at the *Chamberlin* reaching over 45 people. Following the July lecture, three *Chamberlin* residents became Museum volunteers and have helped in the transcription of a 1930s diary from the Casemate Museum archives.

In September, staff from the Museum participated in the *1619: The Making of America* education symposium held at Hampton University and Norfolk State University.

Upcoming

Together with representatives from the Center of Military History and the National Park Service, Casemate Museum staff is presenting a panel discussion, *Museums in Transition and Transition in Museums*, at the Mid-Atlantic Association of Museum annual conference in Washington, DC later this month.

Throughout October 2014, Museum staff will be conducting oral interviews of past employees, contractors and volunteers to support the research portion of the Museum Historic Structures Report. We hope to learn more about the recent preservation, care and maintenance of the Museum space.

The Casemate Museum will be supporting the Special Events department during the Halloween Ghost Walk later this month. Staff will participate as guides and the Museum will be open until 10pm both evenings.

Communications Report

Media clips since the last Board meeting are attached.

Historic Preservation Report

The Department is responsible for management of Fort Monroe's cultural, natural and environmental resources. Many activities are jointly developed and executed with FMA Operations, Real Estate and Casemate Museum departments and with external organizations including the Virginia Department of Historic Resources (DHR), the National Park Service (NPS), the US Army and management of St. Mary's Star of the Sea Catholic Church and the Chapel of the Centurion.

This report summarizes activities since FMA's August 21 Board meeting.

Personnel

The Department interviewed final Archaeology and Environmental Coordinator candidates September 3. Representatives from DHR, NPS and Newport News-based consulting firm AH Environmental joined the interviews. Samantha (Sam) Henderson reported for a first day at FMA on September 25. Sam, a Virginia Beach native, returns to Hampton Roads after experience living and working in Boston, MA and Orange County, VA. She has an undergraduate degree from Randolph-Macon Woman's College and a graduate degree in archaeology from the University of Massachusetts, Boston. She was most recently a staff archaeologist at the Montpelier Foundation. She will represent FMA at the Fall Meeting of Virginia Council of Archaeologists on October 9.

Historic Resources

- After meeting with DHR and NPS staff in Richmond on August 14 to review the final draft *Fort Monroe Historic Preservation Manual and Design Standards* and future preservation easements, awaiting comments from those organizations. *Requesting comments on Part 1* for resolution of this critical item.
- Received the draft Grant of Historic Preservation and Access Easement proposed by the NPS for lands inside and surrounding the moat on September 22. *Will meet with OAG and DHR on October 9.*
- Stated in August report Phase II building condition assessments reports for twenty-five (25) of the non-residential properties not in the Virginia STEAM Academy area of interest were *received* in late July. Recommendations to be enacted for capital improvement, repair and maintenance programming for those properties are *pending meeting* with FMA and Commonwealth of Virginia agencies for Public Buildings and General Services on *October 17.*

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

Buildings

- Building 80:
 - Rehabilitation by FMA for new use as apartment dwellings. *Reviewed and commented* on final plans and bid documents, with changes noted to avoid damaging historic, character-defining features and to restore and/or rehabilitate historic materials and conditions. Plans were finalized for bid.
- Building 83:
 - Extensive masonry repointing and wall reconstruction. Began the week of May 11. *Completed* in July
 - Repairs to the slate roof. *Oversaw* with the superintendent and quality inspector the onsite installation September 26. This involved the complicated selection and replacement of individual slate tiles to minimize the overall visual effect of the selective replacement and make watertight.
 - *Pending* bidding and contract award. Work *may begin* in October



- Building 100:
 - Repairs to exterior masonry walls and reconstructed brick parapets. Began week of April 21. *Scheduled* August completion adjusted to October, and *expanded to include* lighting damage to a chimney, and damaged terra cotta keystones and structural brick piers and load-bearing walls (photos following).
 - 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 adjusted to October



Damaged brick wall/column



Spalling keystone

- Tidball Housing Basements projects:
 - Upgrades to electrical, sump pump, and water heating systems began May 22. Following in-progress changes and consultation with DHR, ten (10) elevated tankless water heaters to be relocated to vent into visible faces on the rear elevations. Project *scheduled* August completion adjusted to early October

- 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 June and July.
 - Fort Monroe Site Visits from architects, engineers and architectural historians and conservators: #1 – May, #2 – June, #3 – *most recent was September 8-12*
 - Crack and environmental monitors installed in May and June
 - Crack monitors read monthly to track structural movement and environmental conditions read 'live' with online data publishing
 - *Pending* investigations for drains and flues in October and archaeological from the terre plein (aka ramparts) Winter
 - *Scheduling oral interviews* with former casemates staff and Army contractors October/November
 - *Awaiting* the Part 1 50% complete report will be delivered December 16
- Repairs underway to historic buildings 93, 3 and 18 *uncovered deteriorated wood, metal and masonry conditions to be repaired*. Unusual materials discovered includes apparently original formed wooden gutter trough firehardened.



- 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). Vibratory impacts on nearby properties must be assessed along with visual and archaeological considerations. *Pending* resolution by internal meeting to consider FMA's desired site plan and above and below-ground conditions before, during and after construction.
- Army-controlled properties
 - No notable activity in the period.

Grounds

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.

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.

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. *DEQ issued* permit in 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
- Permits for petroleum storage and air pollutants generators (emergency power backup) by DEQ. *Submitted* August 2014
- Held site enhancement service project with Water Environment Association's Young Professionals September 7
- Josh Gillespie participated in a Forum on *Comparing Flooding and Sea Level Rise Risk Assessment Tools* cosponsored by VIMS-Sea Grant Virginia, Hampton Roads Planning District Commission (HRPDC) and Old Dominion University (ODU). FMA flood impact analysis tool was presented as a model in the region
 - <http://gis.larc.nasa.gov/fmamaps/floodtool/index.html>.
- Held beach cleanup and site weeding on the seawall with the Church of Jesus Christ of Latter Day Saints September 20

Upcoming Events and Meetings of Note

- October 17 – Josh Gillespie will meet with FMA and Virginia Departments of Treasury, Planning & Budget and General Services regarding the bonds issued for Fort Monroe properties under the Virginia Public Buildings Act
- October 26-28 – 2014 Virginia Preservation conference. Fort Monroe sessions on October 28. 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/>.

Lunch and Learn Presentation

On Friday, September 26, the Executive Director and Secretary of Commerce and Trade Maurice Jones hosted a group of seasoned economic development directors from Richmond and across the region to tour the FMA property and learn the latest information regarding the status of the property. The FMA staff organized a series of activities designed to expose the participants to the current status of property ownership at Fort Monroe as well as provide an update on the latest information regarding utilities, parcelization, land planning, zoning, and building assessments. Although many of the participants had been to Fort Monroe in the past, the FMA staff now has far more information on the property and a better understanding of the challenges as well as the opportunities on the property. The meetings included a presentation of what has been accomplished at Fort Monroe as well as what the future could hold for the property. Secretary Jones has already followed up with the FMA and I understand his office is working on an internal analysis of what his Secretariat could bring to Fort Monroe. The FMA staff looks forward to more opportunities, similar to the Company Town Pilot series for CBS or Liberty Source, where local and state partnerships can come together to bring commercial activity to Fort Monroe.

Those in attendance included Secretary of Commerce and Trade Maurice Jones, Virginia Economic Development Partnership Sites Manager John Loftus, Virginia Economic Development Partnership Vice President of Research Rob McClintock, Virginia Economic Development Partnership Vice President of Business Expansion Liz Povar, Virginia Economic Development Partnership Business Expansion Manager for the Hampton Roads Region Twyla Powell, Hampton Roads Economic Development Alliance President and CEO Darryl Gosnell, Hampton Roads Economic Development Alliance Vice President of Business Recruitment Steve Cook, Hampton City Manager Mary Bunting, Hampton Director of Economic Development Leonard Sledge, Hampton Business Development Manager Mike Yaskowsky, Virginia Tourism Corporation President and CEO Rita McClenny, Virginia Resource Authority Executive Director Stephanie Hamlett, and Sandy Cohen of Divaris Real Estate.

Day of Service at Fort Monroe

Joan Baker worked with Tracy King from the Church of the Latter Day Saints to organize a "Day of Service" at Fort Monroe. The Church brought 145 volunteers to the property and, if you counted all of the children, the total number exceeded 200 participants. Their assignment was to remove the weeds and plant growth on the seawall area along the land side of Gulick Road next to the Bay. This is a public space along the boardwalk that is not maintained by our landscape contractor and some weeds reached three feet in height. At the conclusion of the effort the property was substantially improved and over 200 bags of debris were filled and stacked along Gulick Road. Special thanks to Secretary of Natural Resources Molly Ward who was first approached by this group and directed them to the FMA to coordinate this volunteer effort.

At the conclusion of this activity, the FMA Special Events Department roped off an area near Outlook Beach for a restricted picnic area. They found numerous picnic tables in various locations on the property and a couple of "smoking shelters" near commercial office buildings that were no longer in use. Working with Veolia, they had the tables and shelters delivered to the special roped off area. As a test, the FMA allowed the Church volunteers to use the space for a private picnic area. We are pleased to report the space was a huge success and the FMA Special Events Team now considers this area as a leasable space known as Picnic Area 2. We expect this area will be another source of revenue for the FMA next spring and summer.