



Executive Director's Report for the
Fort Monroe Authority Board of Trustees Meeting
Bay Breeze Conference Center
March 5, 2015

Operations Report

Postern Gate Bridge Repair

Kimley-Horn bridge engineers have developed the plans and specifications for the repair to the Postern Gate. The information was submitted to five qualified companies. Only one company submitted a bid for the work but the pricing is in line with the original estimates for the repair of \$25,000. The contract will be awarded to the contractor by the end of February and the work should be completed by the end of April. The work will be funded by the FY15 VDOT maintenance funds.

VDOT Maintenance Project Update

The plans have been submitted to prospective contractors for bids. As a reminder, the list of priorities for the current fiscal year are:

- Continue 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.

Due to the money required for the Postern Gate bridge repair, the money available for these repairs will be reduced by \$25,000, which will likely reduce the number of ADA ramps that can be replaced. Money will still 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 on Building 83 has been completed. During the renovation of Building 83 for the Authority's office additional roof issues were discovered. These repairs will be completed in the March/April timeframe. The mortar and roof repairs on Building 100 are substantially complete. Work on the basement improvements is substantially complete.
- 3) Construction continues 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. While working on the slip-lining of an 8" clay sanitary sewer line between lift station 254 and lift station 251, the pipe collapsed. After excavating at the site of the collapse it was determined that the pipe could no longer be slip-lined. Veolia and Clark-Nexsen designed a solution by installing new 8" PVC pipe with an interim manhole to bypass the collapsed pipe and to avoid harm to potentially sensitive archeological and environmental areas. The work on the replacement should be completed by the end of February. The Contractor is waiting for several dig permits to be issued by the VA Department of Historic Resources in archeologically sensitive areas.
- 4) Work continues on the pump station upgrade project (CIP # 4-005). The utility subcontractor has completed work on the isolation valves and bypass connections to be installed on five of the pump stations. The contractor has received 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 contractor is installing the control units and antennas on the pump stations. The central monitoring station will be installed in the Veolia office. The work should be completed by the end of the June.
- 5) Clark Nexsen continues to work on 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

FMA is still working with DGS to contract with a project management firm to provide a project manager to work at Fort Monroe to manage projects funded by the VBPA allocation. Once the contract project manager is working at Fort Monroe the Authority will begin procuring through DGS the architectural and engineering services for the capital projects in the CIP plan approved by the Board of Trustees at the December meeting.

Building 83 Office Renovations

Work commenced on the renovation of Building 83 in early January. The contractor has completed most of the demolition. Several issues were identified during the demolition that have delayed the project. The original completion date for the project was May 5th. Despite the delays due to the unexpected conditions the Authority still hope to finish the renovation in early May and move to the new office before Memorial Day.

Real Estate Activity Report

Commercial Division

By way of a reminder, the commercial portfolio is broken down into six categories as follows:

- 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

We continue to experience measured success leasing Category 1 assets as evidenced by the execution of two additional leases since the last Board of Trustees meeting. Leasing efforts remain focused on these buildings as they provide an immediate revenue stream to the FMA and require no capital outlay, with the exception of market standard tenant improvement packages.

Additional resources have been leveled towards Category 2 buildings in an effort to increase our available inventory. That work continues and is set out in more detail below.

Significant Projects

Building 171: In preparation for lease execution with the YMCA, the elevator in Building 171 had to be repaired. Upon contracting with a reputable elevator repair company, it was discovered that the original elevator shaft was not deep enough to accommodate a fully functioning elevator. In order to properly address the elevator issues, the elevator pit will have to be drilled deeper to accommodate the new equipment. That work is currently underway and we expect the project to be completed by the end of March 2015.

Building 100: This represents the first of the Category 2 assets that is undergoing improvements in an effort to increase our marketable portfolio. The current layout of the building, along with its limited bathroom count and configuration, makes leasing the building challenging at best. We have engaged an architect to prepare construction drawings that would improve the bathroom layout and increase leasable office space for future tenants. The construction drawings were completed and submitted to BCOM for a courtesy review on January 13, 2015.

Building 80: The conversion of Building 80 to multi-family housing is progressing, albeit slower than planned. 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. Revisions to the construction drawings were made and submitted to BCOM on or around January 28, 2015. The target completion date for this project is the second quarter of 2015.

Building 83: Construction work began on January 6, 2015 with an estimated completion date of May 5, 2015. Building 83 will serve as the new office for FMA staff and will be designed to accommodate some public activities.

Virginia STEAM Academy: The FMA 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. A final lease draft has been prepared and delivered to the STEAM Academy and it is currently under review. The STEAM Academy is in a holding pattern pending initial funding for the program from the General Assembly.

Metro Fiber: Metro is still working in Hampton and is not ready to begin work on Fort Monroe. As a result, they have not yet executed the license agreement. They have submitted a first draft of a dig permit but are in the process of revising it. Once a complete dig permit is received, the FMA will submit a package for DHR review

New Leases

YMCA: After many months of negotiations, the lease with the YMCA for Building 171 has been executed. The lease is for 34,020 rentable square feet for a period of three years with one, three year option to renew. The YMCA expects to open the facility on or around May 2015. The YMCA is a diverse organization of men, women and children joined together by a shared commitment to nurturing the potential of kids, promoting healthy living and fostering a sense of social responsibility. They bring men, women and children together, and a shared commitment to their communities ensures the opportunities to learn, grow, and thrive that they create for all, are ones that endure.

Senex Law: Shortly after Christmas, the FMA executed a new lease with Senex Law for approximately 3,745 rentable square feet in Building 77, specifically the former Freedom Support Center space. Senex Law's vision is to redefine multifamily law – what lawyers do and what clients expect. They use their innovative software and their "Wow!" customer service to deliver great results for their clients – property management companies and multifamily building owners.

Commercial Financial Summary

As of January 31, 2015, there was a net operating deficit of (\$327,687) for the month. This represents an unfavorable budget variance of (\$182,774.59). Revenue from commercial leasing activity totaled \$419,249 for the year, which represents a 95% increase from the same time period in FY14. Net operating income was (\$1,558,235) as compared to (\$1,193,926) for FY14, but this sizeable increase in our net operating deficit was expected and is largely attributable to the reversion of 312 acres of property and buildings in June 2013.

Residential Division

The winter months are considered the "off season" for residential leasing and Fort Monroe is no exception. While we are coming off of the incredible achievement of reaching 100% occupancy late last year, our occupancy rate currently sits at 96% with 155 units occupied. Residential leasing is more volatile than commercial leasing as residential leases are characterized by shorter lease terms and more tenant turn-over so this decrease in occupancy was neither unexpected nor alarming.

The work on the "down" units continues with repairs in progress on four units (61A, 61B, 167A & 167B). It is projected that the necessary work to bring these units back on-line will be completed by March 2015, pending review and approval by the Department of Historic Resources. Once completed, we will be left with eight down units that require a more detailed feasibility analysis before repairs are commenced. The cost associated with repairing these units is substantial, generally in excess of \$100,000 per unit, and it is unlikely that the FMA will be able to allocate additional funds in FY15 towards those repairs.

Residential Financial Summary

As of January 31, 2015, the residential division reported \$1,639,835 in rental revenue year to date, which represents a 3.4% increase from FY14. Year-to-date net operating income was \$390,704, which represents a 63% increase from FY14. Latent in these figures is the fact that, during the same time period, the FMA decreased internal operating expenses and rental concessions by 13% and 77%, respectively. The increase in year-over-year net operating income is due, in large part, to favorable leasing velocity driven by a strong residential leasing market. All market factors indicate that the residential rental market will continue to remain strong in Hampton Roads for several years, due in part to a decrease in home ownership and our central location to several military installations that provides a continuous supply of renters.

Special Events Report

Planning continues on the 2015 Calendar of Events, to include the traditional Fort Monroe events such as the weekly *Music by the Bay Summer Concert Series* and *Fourth at the Fort*, as well as the newly established events, *Fort Monroe Ghost Walk* and *Mistletoe Homes Tour*. In addition, some events produced by private, public and non-profit agencies are returning in 2015.

The Music by the Bay Concerts will take place on Thursday evenings in June, July and August but have been expanded to include a kick-off concert on Friday, June 5 and a special concert on Saturday, July 4. An end of the season finale concert by the Virginia Symphony Orchestra is once again being considered, provided sponsorship funding is secured.

The Fort Monroe Ghost Walk will have more stories to tell on Friday and Saturday, October 23 and 24. On Saturday, December 12, the Mistletoe Homes Tour will feature four historic homes decorated for the holidays and open house locations at other special points of interest.

For the second year, the Bodacious Boardwalk Bazaar will take place at Fort Monroe on May 1, 2 and 3. In addition to the 200 vendors, music and exhibits, a wine-tasting festival and beer garden have been added to the program. This event generates revenue for the Fort Monroe Authority

and the Fort Monroe Foundation.

The National Park Service and the Fort Monroe Authority have expanded the Commemoration of the Contraband Decision to include two weekends of living history programming on May 16 and 23, a concert on May 22 and a ceremony on May 24.

The 90th Hampton Cup Regatta will return on Saturday and Sunday, August 8 and 9. They will use the same basic footprint along Mill Creek as they have in the past.

In addition to the aforementioned events, there are already 14 weddings booked at Continental Park and 34 picnics booked at Shelter 5 throughout the 2015 season. Due to the high demand for holding private events at Fort Monroe, additional rental sites are being developed for picnics, weddings, family reunions and other similar activities.

Casemate Museum Update

Visitation

During CY2014, total museum visitation was 39,556, representing an 11% increase over the previous year. November 2014 attendance was 2,198, down 18% from 2013. In December 2014 attendance was 1,772 down 5% from 2013 and January 2015 attendance was 1,525 a 40% increase over last year.

In CY 2014, the Casemate Museum hosted 204 tour groups or special programs both on and off-site. This represents 6,437 contacts and \$5,651 in tour income. January 2015 saw an additional eight tours/events with 737 contacts. These include the Hampton Roads Peace Conference activities, student outreach, and the beginning of the annual Hampton City Schools 12th grade field trips. Twenty-one additional tours are scheduled between February and April to host all of the 12th graders from Hampton's four High Schools.

Volunteers

In CY 2014, volunteers logged 1,284 hours of service. In January 2015, volunteers added an additional 308 hours of service. Much of this was in support of the special commemoration events for the 150th anniversary of the Hampton Roads Peace Conference.

New Programs & Tours

On Friday, January 30, 2015 and Saturday, January 31, 2015, the Casemate Museum presented two days of programming to commemorate the 150th anniversary of the Hampton Roads Peace Conference, which was conducted by President Lincoln on a river boat under the guns of Fort Monroe on February 3, 1865.

Friday's events focused on a student audience (primarily 6th & 11th graders from local public, private, and home-school groups). Interpretive stations were provided to accommodate the large number of students and included educational activities relating to Civil War history while exploring the themes of peace, freedom, and local historical connections. The Casemate Museum partnered with the *Virginia Civil War 150 HistoryMobile*, Hampton History Museum, and National Park Service in the development and presentation of educational activities. A total of 213 elementary and high school students attended on Friday.

Saturday's event was geared to collegiate and history interest groups as well as the general public. The *Virginia Civil War 150 HistoryMobile* and Casemate Museum were opened for tours and the film *Lincoln* was screened in the Fort Monroe Post Theater followed by a panel discussion. The panel of local scholars consisted of Mr. Robert Watson of Hampton University, Dr. Timothy Orr from Old Dominion University, and Drs. Phillip Hamilton and Jonathan White of Christopher Newport University. Over 250 people attended the film and panel discussion on Saturday.

The Museum staff participated in the Living History Open House hosted by the NPS National Monument this past January.

Casemate Museum and Fort Monroe National Monument staff presented to the Hampton Public Schools' Social Studies teachers during "Faculty in Service Day." Upcoming field trips and interpretive opportunities were discussed as the Museum continues to partner with local schools to provide educational services to engage the younger demographic.

Communications Report

Media clips since the last Board meeting are attached.

Historic Preservation Report

Buildings

The department reviewed plans for projects described in the Operations and Real Estate reports including: buildings 61, 80, 83, 100, 28 housing units in the Tidball Road area, 167, and 171. Additionally, the department met with the Veolia project manager to plan the installation of pilot water meters with wireless readers in nine of the Fort Monroe quadplex units. Progress continued on the Historic Structure Report (HSR) investigation of the historic fortress areas housing the Casemate Museum, Library/Archives, Workshop, Collections Storage, and the former Fort Monroe Officers' Club.

A historic exterior door to a powder magazine was almost entirely destroyed by vandals January 19. The copper sheet-riveted door had stood since the magazine was completed in the 1830s. The opening has been secured with the appropriate temporary measures to protect public safety and avoid damaging the fragile sandstone quoins surrounding the door. The FMA's research for plans and details to reconstruct this door included a trip to National Archives in College Park, MD on February 5.

A catastrophic rupture of hot water lines at Building 37 led to inundation of the habitable subgrade spaces and steam release throughout all three levels of the building February 19. The FMA response included rapid system shutoff, building space venting through doors and windows, forced air circulation by fans, hazardous material testing and commercial dehumidification by contractors. The situation is considered stable and is being closely monitored.

Grounds and Environs

The FMA and NPS FOMR jointly submitted a proposal to investigate soils on the grounds of Building 17 (aka Lee's Quarters) looking for a suspected abandoned fuel storage tank. There are known archaeological deposits in the area and the suspected location is in close proximity to the historic building's foundation. Subsequent field investigation reported a Leaking Underground Storage Tank (LUST), previously unknown to the Commonwealth. FMA will be meeting with DEQ and NPS representatives to begin the response to this discovery.

The FMA met with USGS hydrologists and NPS FOMR Superintendent to survey sites and determine the best location for a new permanent Fort Monroe tide gage station. It was decided the Navy Pier at buildings 204 and 205 was the best location for useful data collection and public awareness. The \$30,000 gage installation would be funded wholly by federal dollars under Hurricane Sandy response appropriations. The FMA would contribute 50% of the costs of the ongoing maintenance and operations of the station, which will provide real-time notice of storm surges and other information for emergency action.

The City of Hampton presented revised conceptual plans for a fixed pier and floating dock to FMA management and NPS FOMR Superintendent January 20. It was unclear when or how the concept plan presented would be revised prior to a final conceptual form.

During the period, the department provided heavy support to the archaeological considerations and required permits for excavation and investigations at several locations including: rerouting of a broken sewer line near Walker Airfield, emergency installation of a broken valve on a water main just outside the Main Gate, shaft cleaning and pile driving for the elevator piston at the historic YMCA (B171), and other utility maintenance and repair locations.

Governing Documents

The department met with Virginia Department of Historic Resources directors and managers on several topics on February 6, including updating records missing from the Army's prior investigations and reports, the pending comments on the *Fort Monroe Historic Preservation Manual and Design Standards*, and on recent urgent assessment and response permits for the utility work described in the previous paragraph.

Virginia Department of Historic Resources issued consolidated review comments on the *Fort Monroe Historic Preservation Manual and Design Standards* to the FMA February 6. The FMA is currently reviewing those comments for responses.

The US Army issued a draft of the amendment to the Fort Monroe National Historic Landmark district February to Fort Monroe stakeholders February 4. The FMA is currently reviewing the 124 page draft for consistency with governing documents, agreements, and other related materials.

The US Army issued a response to comments on the proposed Remedial Investigation of the Fort Monroe moat January 26. FMA is coordinating comments on the responses with the Virginia Department of Environmental Quality, DHR, and several consultants.