

FORT MONROE

*Where Freedom Lives*

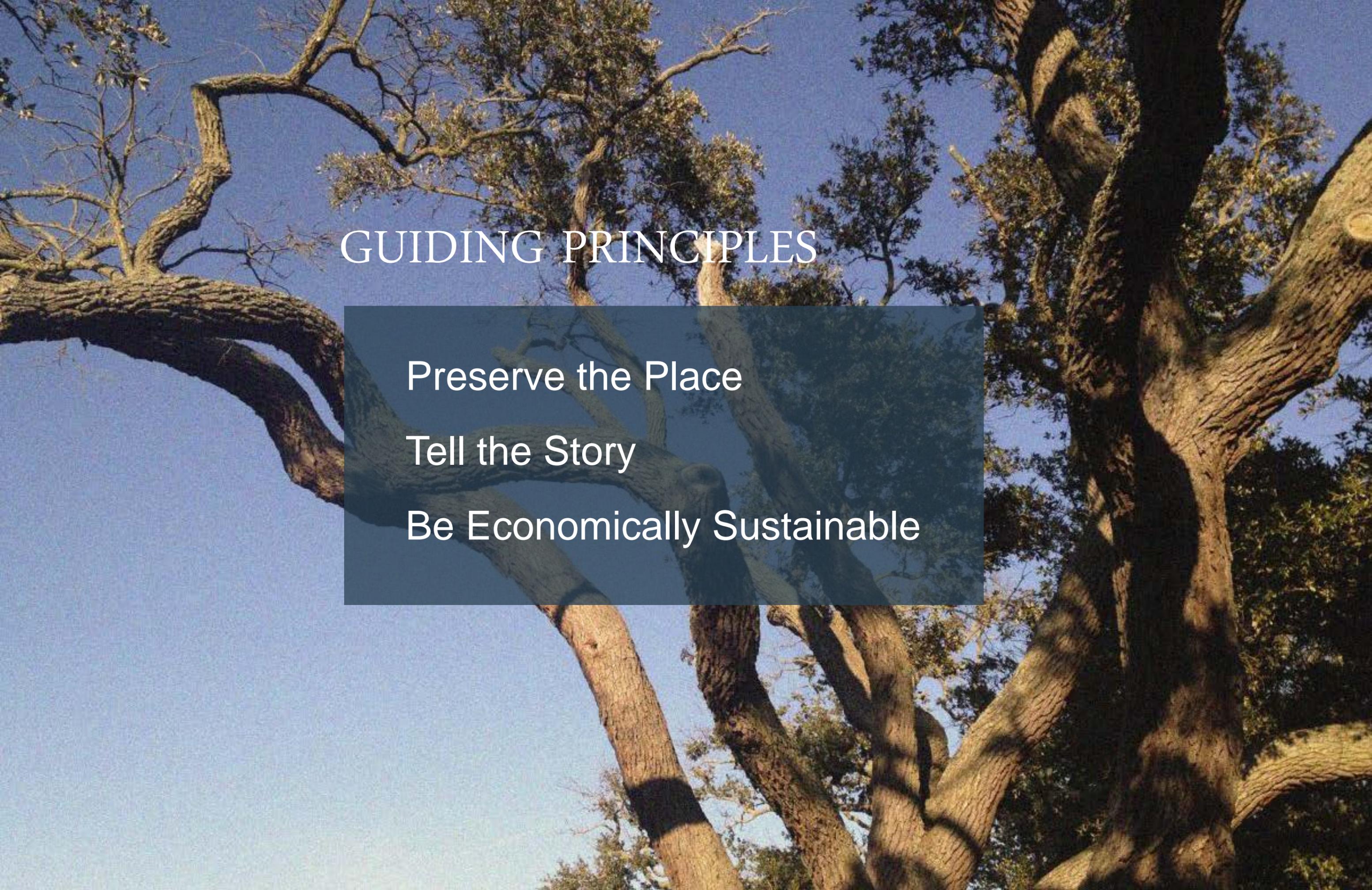
GENERAL ASSEMBLY  
UPDATE

GLENN ODER, EXECUTIVE DIRECTOR  
FORT MONROE AUTHORITY

FORT  
MONROE

*Where Freedom Lives*





# GUIDING PRINCIPLES

Preserve the Place

Tell the Story

Be Economically Sustainable

# 2013 FMA Achievements



- ✦ Exceeded 90% occupancy of leasable homes
- ✦ Received 312 acres of property from the Army
- ✦ Approved the Fort Monroe Master Plan

# LAND USE MASTER PLAN



# 2013 LAND USE MASTER PLAN

- MIXED USE - RESIDENTIAL FOCUS
- MIXED USE - EMPLOYMENT FOCUS
- MIXED USE - RETAIL/DINING FOCUS
- MIXED USE - INSTITUTIONAL FOCUS
- MIXED USE - HOSPITALITY FOCUS
- COMMUNITY FACILITIES
- INFRASTRUCTURE BLDGs
- NPS BLDGs
- NPS LAND
- ACTIVE OPEN SPACE
- PUBLIC BEACH
- ACTIVE OPEN SPACE - WHERRY RESERVE
- NOT IN LONG TERM PLAN



# 2013 LAND USE MASTER PLAN

	Mixed Use – Residential	Mixed Use – Commercial*
<b>ADAPTIVE REUSE</b>	400 units	790,000 SF **
<b>NEW CONSTRUCTION</b>	720 units	160,000 SF
<b>Total</b>	<b>1,120 units</b>	<b>950,000 SF</b>

~390 acres Open Space at Fort Monroe

**NOTES:**

\* Mixed Use – Commercial program includes employment, retail/dining, institutional, and hospitality focus land uses.

\*\* Adaptive reuse square footage excludes interim use of buildings which are not in the long term plan (e.g. butler buildings).

**LEGEND**

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# ECONOMIC EVALUATION



# THE ECONOMICS OF FORT MONROE

- The Virginia General Assembly requires that Fort Monroe be operated in “**a way that is economically sustainable.**”
- “**Economic sustainability**” means generating revenue to pay the costs to meet Commonwealth goals to:
  - Preserve Fort Monroe’s historic buildings and grounds
  - Provide access to historic features and recreation
  - Demonstrate exemplary stewardship of natural resources
  - Create a community where people want to live, work and visit

# APPROACH TO BUILDING UP REVENUE

- **#1: Revenue from sold assets:**

- Homeowner association dues
- Utility system service charges
- Property tax revenue splitting
- Income earned from “endowment” fund or FMA “bank”

Sell properties to generate funds for capital improvements and reduce FMA operational requirements

- **#2: Other revenue**

- Parking fees
- Special event fees
- Admissions charges

Levy reasonable and customary charges for utility system operation, museum entry, and parking

- **#3: Lease revenue**

- Residential
- Commercial

Retain certain properties to generate lease revenue to pay for ongoing operations

- **#4: Government support**

- VDOT for streets
- NPS cost sharing
- Commonwealth for historic fortifications

Identify appropriate level of long-term government funding

# APPROACH TO ASSET DISPOSITION

- **Revenue for the same asset can vary by disposition strategy**
- **Example: Marina View Duplex - \$150,000 sale price**
  - Traditional sale: Investment return = \$4,050 annual income
  - FMA Financing: \$10,200 upfront, \$6,800 annual cash flow
  - Retain as rental: \$8,910 net annual income
- **Example: 8 Acre lodging site - \$3,277,000 sale price**
  - Traditional sale: Annual investment income = \$98,310
  - Long-term ground lease: \$229,390 annual income

# KEY ABSORPTION ASSUMPTIONS

- **Residential**

- 95 units leased and managed by FMA - ongoing
- 110 existing residences sold between 2017 and 2020
- 186 units from adaptive reuse of commercial between 2017 and 2022
- 540 new residential units between 2018 and 2027
- 931 total units in this analysis

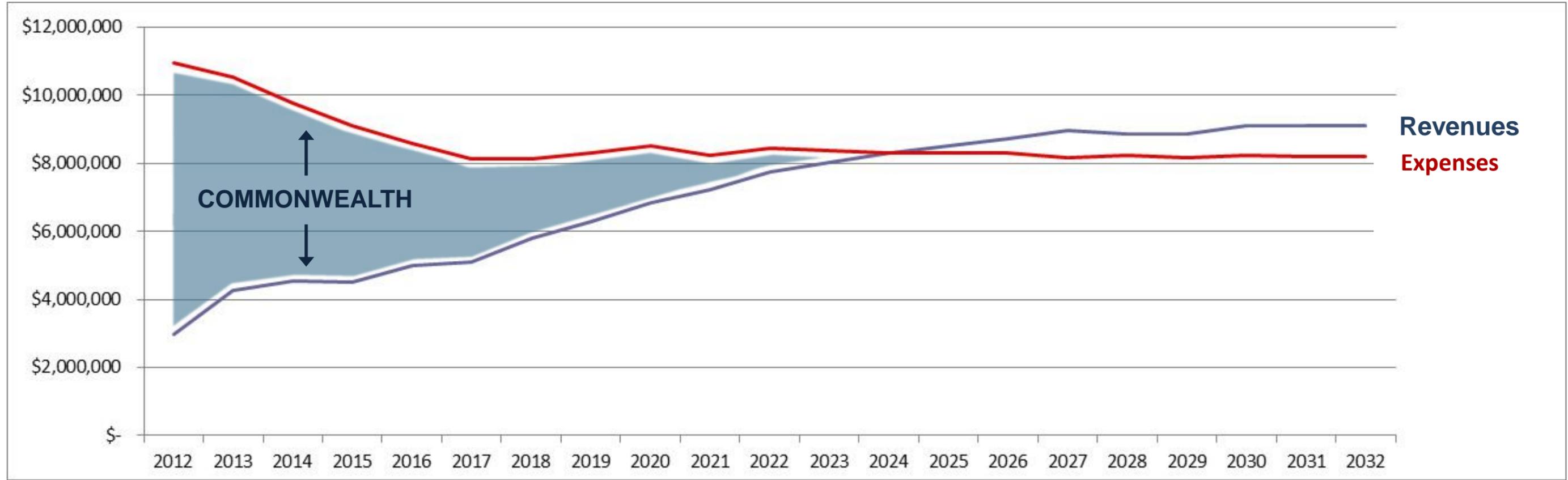
- **Commercial**

- 20,000 sq. ft. existing or new office space absorbed annually
- Marina office/retail mixed use development in years 2020 and 2021
- New lodging developed in 2030
- 933,000 total commercial space in this analysis

- **Disposition is a mix of direct management, sales, and ground leasing**

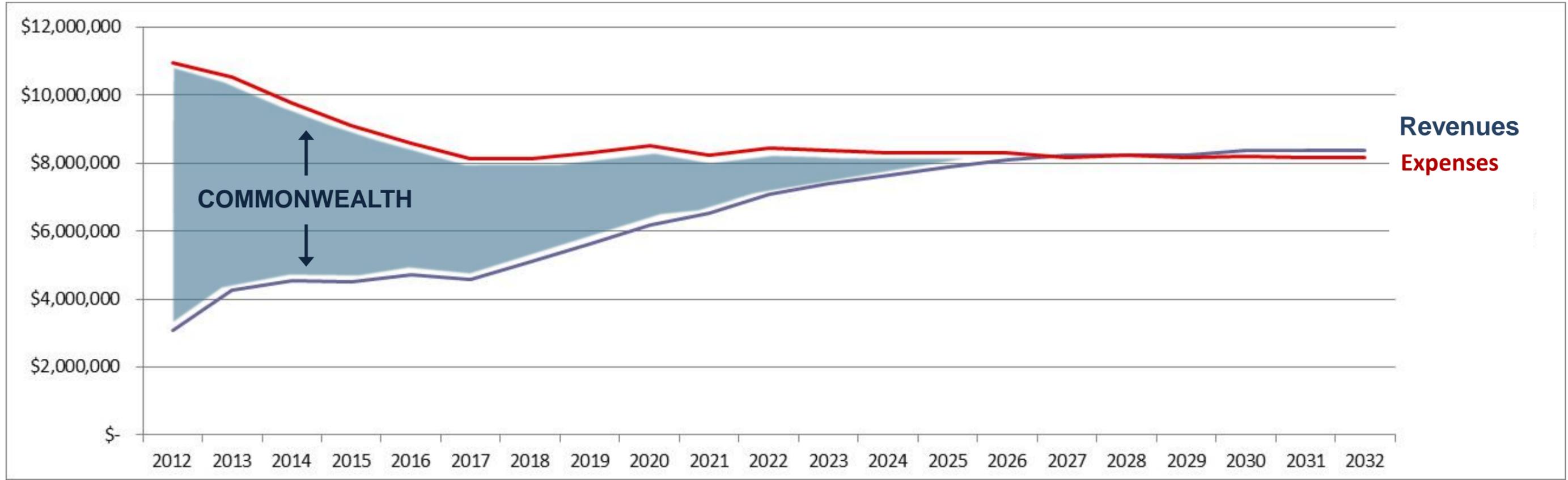
# FINANCIAL RESULTS

- BAE evaluated the recommended actions and approaches for the final 2013 Master Plan, including the FMA “bank” concept.
- The estimated 2027 deficit of \$4.5 million changes to an operating surplus of \$718,000 –if all the actions are adopted.



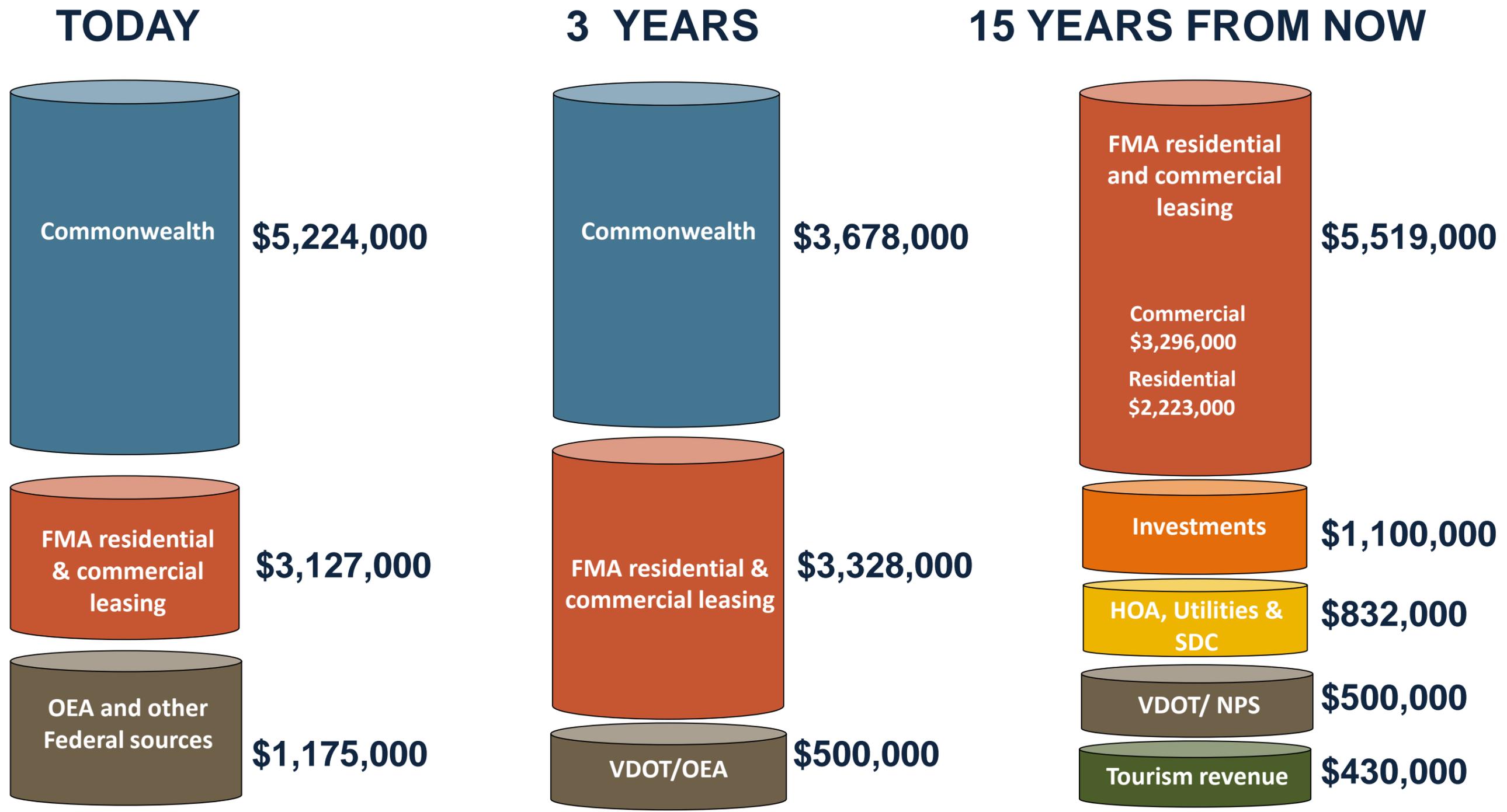
# FINANCIAL RESULTS – Alternative Scenario

- BAE evaluated the recommended actions and approaches for the final 2013 Master Plan, but looked at an endowment fund instead of FMA Bank concept
- The estimated 2027 deficit of \$4.5 million changes to an operating surplus of \$86,000 –if all the actions are adopted



# REVENUE BREAKDOWN

NOTE: Excludes capital budget



# CAPITAL BUDGET RESULTS

- Total estimated cost of Capital Improvement Projects for FY13-18 = \$25,908,000
- Pass-through of VDOT Maintenance Funds from Hampton = \$2,112,000
- Grant funding from U.S. Army Corps of Engineers = \$1,590,000
- Net unfunded balance of Capital Improvement Plan = \$22,206,000

# THE FMA'S ROLE IN THE FUTURE

**What will be the responsibilities of the FMA in 15 years?**

**Based upon statutory requirements and economic imperatives, these responsibilities would be:**

1. Historic preservation oversight
2. Maintaining green areas, parks, and open space
3. Maintaining roads, sidewalks, and trails
4. Leasing and maintaining buildings in the Inner Fort due to restriction on sales and new development
5. Leasing and maintaining buildings in the Wherry Quarter until ground leases are executed for new development
6. Operating the utility systems
7. Operating the Casemate Museum & public programs
8. **Administration of long-term ground leases and home-owner associations**
9. **Leasing and operating selected properties to the degree needed to generate ongoing revenue**

# FMA OWNED & OPERATED PROPERTIES

The FMA will have its own portfolio of properties that it directly leases and manages, limited to the following:

- Buildings under interim lease pending disposition by sale or long-term ground lease
- 733,000 sf of buildings that cannot be sold
  - Religious Structures
  - Inner Fort
  - Wherry
  - Batteries, casemates, and fortifications
- Buildings needed to generate ongoing revenues
- 95 residential units that will remain with the FMA
- Over 70 acres of historic park land and open space
- Over 20 miles of roads and bridges
- Numerous sidewalks, parking lots, and driveways

# GROUND LEASE & HOA ADMINISTRATION

**Although many properties will be disposed of through sale or long-term ground lease\*, the FMA will still have ongoing responsibilities:**

- Historic easement/deed restriction monitoring and enforcement
- Administration and/or oversight of multiple homeowner associations for 839 residential units sold or ground leased to 3<sup>rd</sup> parties
- Administration and operation of FMA Bank program
- Administration of service district charge for 400,000 sf of commercial properties

# Headwinds to Overcome



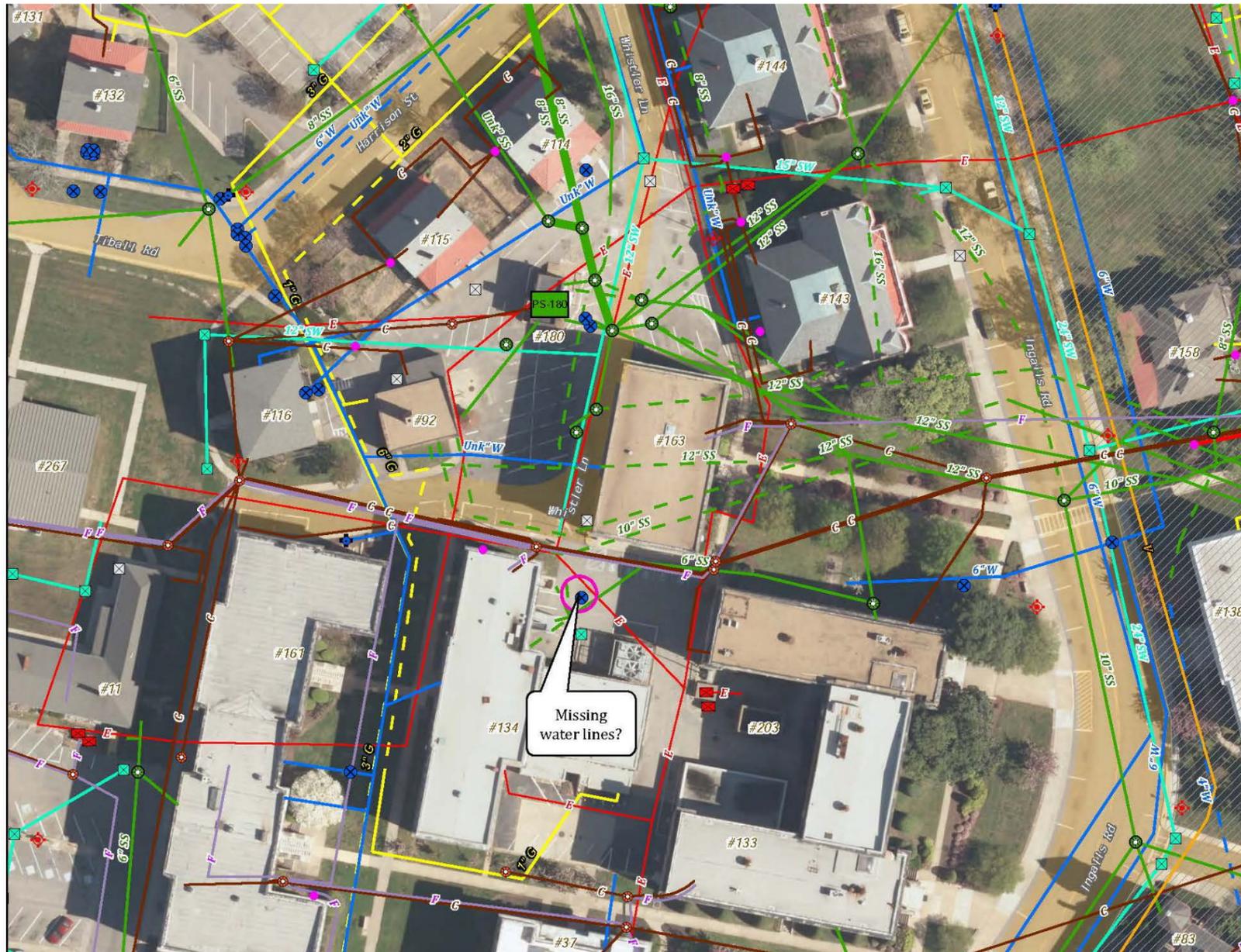
- 🌿 Building Conditions
  - 🌿 Roof repairs/replacements
  - 🌿 HVAC systems
  - 🌿 Elevator repairs
  - 🌿 ADA compliance
  - 🌿 Gutters, soffit, fascia
  - 🌿 Siding, railings, porches

# Headwinds to Overcome

- Army Transfer
  - Working on value of property
  - Negotiate an economic development conveyance
  - Transfer of environmental carve-outs



# Headwinds to Overcome



- 🌿 Utilities
  - 🌿 No easements
  - 🌿 Un-permitted systems
  - 🌿 Antiquated conditions

# Headwinds to Overcome

- 🌿 Zoning
  - 🌿 Responsibility of local government if sold or long term lease
  - 🌿 City of Hampton to adopt the Fort Monroe Master Plan



# 2014 Activities & Goals

- ✦ Receive the remaining property from the Army, except the environmental carve outs
- ✦ Adoption of the Fort Monroe Master Plan by the City of Hampton
- ✦ Sustain 90% occupancy in residential houses
- ✦ Transfer property to the NPS to reduce expenses
- ✦ Sign lease with VA STEAM Academy for 300,000 sf of property
- ✦ Host events and activities for approx. 100,000 visitor to Fort Monroe

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