

Department of Planning and Budget 2012 Fiscal Impact Statement

1. Bill Number: HB580

House of Origin	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Enrolled

2. Patron: Helsel

3. Committee: Passed Both Houses

4. Title: Fort Monroe Authority Act; declaration of policy.

5. Summary: Removes the requirement for the consent of both the Governor and the General Assembly in cases where real property interests in the Area of Operation at Fort Monroe are sold. The bill retains, however, the requirement that such sale may only be accomplished under covenants, historic conservation easements, or other appropriate legal restrictions approved as to form by the Attorney General that protect these historic and natural resources, and adds historic preservation easements to these conditions. The bill provides that insofar as the provisions of the Fort Monroe Authority Act are inconsistent with the provisions of any other law, general, special or local, or parts thereof, the provisions of the Act shall be controlling. The bill provides that properties in the Wherry Quarter and Inner Fort areas identified in the Fort Monroe Reuse Plan may only be sold with the consent of both the Governor and the General Assembly, except that any transfer to the National Park Service shall require only the approval of the Governor. The proceeds of any sales and pre-paid leases of any property within the Area of Operation will be retained by the authority and used for infrastructure improvements with the Area of Operation.

The bill provides that the authority may acquire, purchase, or lease real or personal property for less than fair market value if the authority's Board of Trustees determines that the acquisition or the transfer is consistent with the authority's fiduciary obligations to the Commonwealth. The bill adds a definition of the term 'Fort Monroe Master Plan' and a definition of the term 'State Memorandum of Understanding', and requires the Governor approve the master plan prior to it becoming effective. The bill clarifies that the authority's duties as the Commonwealth's management agent include the implementation of actions and fulfillment of obligations under the Programmatic Agreement, Design Standards, Reuse Plan, State Memorandum of Understanding, and any other agreements regarding Fort Monroe to which the Commonwealth is a party.

The bill also provides that the authority is solely responsible for regulating the operation of golf carts and utility vehicles within the Area of Operation. Authority regulation shall provide that the operation of golf carts and utility vehicles is limited to authority staff and contractors engaged by the authority while such staff and contractors are conducting the official business of the authority. By its terms, certain parts of the bill will not become effective until the

completion of the Fort Monroe Master Plan; the provisions providing for the authority to regulate the operation of golf carts and utility vehicles will become effective July 1, 2012. This bill requires that the Executive Director of the authority advise the General Assembly when the Fort Monroe Master Plan is completed.

- 6. Budget Amendment Necessary:** See item 8, below.
- 7. Fiscal Impact Estimates:** Indeterminate. See item 8, below.
- 8. Fiscal Implications:** The fiscal impact of the proposed legislation is indeterminate. Although the Fort Monroe Authority is a political subdivision of the Commonwealth, the Commonwealth provides a significant portion of the authority's operating and capital funding. The authority receives funding from a variety of sources, including enterprise activities on the fort, pass-through funding from the Commonwealth, and federal funds from a grant through the Office of Economic Adjustment. Over time, the amount of federal support available to the authority has decreased. As the availability of federal funding to support the authority's operations has decreased, the Commonwealth's contribution to the authority's operations has increased.

The Governor's introduced budget for the 2012-2014 biennium (HB30) included \$6.2 million in general fund appropriation for the authority, or approximately 98 percent of the authority's operating budget for FY 2013, and \$4 million in the 2012-2014 biennium in maintenance reserve funding to support the authority's capital needs. The budget as originally approved by the House maintained this funding, as did the budget recommendations made by the Senate Finance Committee. The newly introduced HB1301, as approved by the House Appropriations Committee, includes the funding originally requested by the Governor to support the operations of the authority.

The proposed legislation modifies the requirement for consent regarding the sale of real property. In the event the authority sells property, the authority's expenditures and budgetary requirements may decrease. For example, once property is sold and privately held, the authority would no longer be responsible for the maintenance of such property or the fees payable to the City of Hampton for municipal services provided by the city. The authority's proposed FY 2013 budget includes approximately \$1.4 million for the payments to the City of Hampton for its services; this is an ongoing cost.

Similarly, the sale of any property could result in additional revenue for the authority. According to the authority, any such revenue would be used for capital improvements on the fort. Water distribution, roadway, flood protection infrastructure, wastewater system, and stormwater system improvements are needed. According to the 2010 update to the authority's "Infrastructure Condition Assessment Report and Capital Improvement Plan", these improvements are estimated to cost \$67 million over a 20-year period.

There may be some costs incurred in the development of the Fort Monroe Master Plan and the State Memorandum of Understanding required by this bill, but any such costs are

indeterminate. The State Memorandum of Understanding will be between the authority, the Secretary of Administration, the State Historic Preservation Officer, and the Governor.

- 9. Specific Agency or Political Subdivisions Affected:** Fort Monroe Authority, Secretary of Administration, Department of Historic Resources, Office of the Governor, Office of the Attorney General.

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** SB473 also modifies the consent requirement for the transfer of real property.

Date: 3/02/12