

Department of Planning and Budget 2010 Fiscal Impact Statement

1. Bill Number: HB1297

House of Origin X Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Gear

3. Committee: General Laws

4. Title: **Fort Monroe Authority Act.**

5. Summary: Establishes the Fort Monroe Authority as a public body corporate and as a political subdivision of the Commonwealth to be governed by a 12-member Board of Trustees. As a result of decisions made by the federal Base Realignment and Closure Commission, Fort Monroe will cease to be an army base in 2011, and at that time most of the site will revert to the Commonwealth. Among other duties, the Authority shall have the power to oversee the preservation, conservation, protection, and maintenance of the Commonwealth's real property interests at Fort Monroe and the renewal of Fort Monroe as a vibrant and thriving community.

6. Fiscal impact estimates are indeterminate. See item 8, below.

7. Budget Amendment Necessary: Yes. Item 58. See item 8, below.

8. Fiscal Implications: Chapter 740, 2007 Acts of Assembly, established the Fort Monroe Federal Area Development Authority (FMFADA) and authorized the Governor to convey the property comprising Fort Monroe to FMFADA, created by the City of Hampton. The legislation also provides for the membership and operation of FMFADA.

HB1297 repeals §15.2-6304.1, Code of Virginia, which establishes FMFADA, and creates the Fort Monroe Authority. HB1297 also repeals the first and third enactments of FMFADA's enabling legislation, which provides that the Governor may convey ownership of Fort Monroe to FMFADA and that FMFADA is not an agency of the Commonwealth.

The Fort Monroe Authority will be governed by a Board of Trustees, which will consist of 12 members. FMFADA is currently governed by a Board of Commissioners, which consists of 18 members. The new authority will manage the property, on behalf of the Commonwealth, once ownership transfers from the Army to the Commonwealth in calendar year 2011. FMFADA's primary task is to develop a reuse plan for Fort Monroe. The reuse plan was adopted in August 2008. The bill prohibits the sale of Fort Monroe to private interests and states that the property will be maintained as Commonwealth-owned land.

Historically, FMFADA has received and continues to receive funding from the state. The state provides funds to cover the operational costs that are not eligible for reimbursement from the federal government and for which FMFADA has not identified an alternate source

of funding. Such funding is included in FY 2011 in HB30/SB30, as introduced. HB30/SB30 includes approximately \$2.2 million, from the general fund, in FY 2011. Also, language in HB30/SB30 provides that FMFADA's employees are eligible for membership in the Virginia Retirement System and participation in all of the health and related insurance and other benefits, including premium conversion and flexible benefits, available to state employees as provided in law. HB1297 includes similar language for employees of the Fort Monroe Authority.

Once the Army conveys property located on Fort Monroe to FMFADA, or the authority, the property will be eligible for coverage under the state's self-insurance program managed by the Department of the Treasury's Risk Management Division.

Additional funding may be required in FY 2012; however, the amount of any additional funding is unknown and will depend on the authority's estimated budget for FY 2012. The bill directs the authority to develop and submit an annual budget to the Senate Finance and House Appropriations Committees, and the Department of Planning and Budget by March 1 of each year. Anticipated expenses will not be known until the budget is submitted in March.

Also, the bill authorizes the authority to issue bonds (lines 310-315) and allows for the creation of tax-supported debt. Finally, the bill requires the authority to use the legal services of the Office of the Attorney General, if available. For legal services that are not available from the Attorney General, the authority may hire outside counsel or employ its own legal staff. The authority is also required to secure the approval of the Attorney General prior to entering into contracts and leases. The Office of the Attorney General estimates that it will require one additional staff attorney at an estimated cost of \$96,000 (\$85,000 salary and benefits and \$11,000 nonpersonal services costs) in FY 2011, and \$92,000 (\$85,000 salary and benefits and \$7,000 personal services costs in FY 2012. Included in the \$2.2 million in funding provided in FY 2011 in the introduced bill is funding for legal services.

9. Specific Agency or Political Subdivisions Affected: City of Hampton, General Assembly, Secretary of Administration, Secretary of Commerce and Trade, Secretary of Finance, Secretary of Natural Resources, Assistant to the Governor for Commonwealth Preparedness, Office of the Attorney General.

10. Technical Amendment Necessary: Yes. An amendment to clarify that the budget will be submitted in March prior to the fiscal year in which the budget would be effective is recommended. Alternatively, if the authority were to submit a budget by September 1 of each year it would permit the Governor to consider providing such funding in the introduced budget bill.

11. Other Comments: None.