

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 19, 2012

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: RASHAD M. YOUNG, CITY MANAGER 

SUBJECT: BUDGET MEMO #44: LEE-FENDALL HOUSE

This memorandum is in response to City Council's request to provide information about the Virginia Trust for Historic Preservation's (VTHP) request for \$50,000 to support capital improvements and on-going operating expenditures at the Lee-Fendall House as well as City Council's request for information about what the City is doing to meet other City museum capital needs. The VTHP is a non-profit educational foundation whose sole function is the operation of the Lee-Fendall House.

Prior Contributions to the Lee-Fendall House

During the FY 2005 add-delete budget process, City Council approved \$50,000 for the Lee-Fendall House to repair the primary structural beam that supports the main block of the house. In 2006, as part of the requirement for the City's contribution of the \$50,000, the VTHP granted an open space easement to the Commonwealth of Virginia's Board of Historic Resources, for which it received a one-time tax credit of \$570,000. The tax credit required the VTHP to maintain the facility in good condition, operate the facility, and preserve and protect the open space and natural resources on the property.¹ The one-time tax credit funds have been used to restore the structural failings of the house while also being utilized to cover operating budget shortfalls. VTHP indicates that the funds received from the tax credit will soon be exhausted.

Funding Request

At the March 5, 2012 budget public hearing, Dr. Patricia Sanders, Board President of the VTHP requested an appropriation of \$50,000 from City Council as part of the City's FY 2013 budget.² The requested funds would be utilized for repairs to the roof caused by storm damage (estimated at \$10,000), chimney damage caused by deterioration over time and the August 2011 earthquake (estimated at over \$30,000), and to support operating costs including heating bills which during the winter exceeded \$700/month. Additionally, the exterior of the house needs to be repainted, although a cost estimate was not provided.

Staff does not recommend providing on-going public funding for privately owned facilities. Should City Council wish to direct resources toward the Lee-Fendall House in the FY 2013 budget, it is recommended that any funding appropriated be designated for one-time capital

¹ Additional information regarding the tax credit and mandatory requirements associated with the tax credit can be found on Attachment 2, page 2.

² The entire testimony of Dr. Sanders at the March 5, 2012 public hearing is included as Attachment 1.

improvements, and not for support of on-going operating expenditures.

City-Owned Historic Facilities

City-owned historic facilities are managed by the Office of Historic Alexandria (OHA), with support for capital improvements provided by the City’s General Services department. These facilities include: Fort Ward Museum, Gadsby’s Tavern, Lloyd House, The Lyceum, Stabler-Leadbeater Apothecary Museum, Friendship Firehouse, Payne Street Records Center (Archives), Black History Museum, and Archaeology space located at the Torpedo Factory Arts Center. In FY 2006, an assessment of these City-owned facilities was completed to determine capital needs. Annual funding through the FY 2013 – 2022 Capital Budget in the amount of \$345,000 (\$3.45 million over ten-years) is planned for maintaining capital assets at the City’s historic facilities.³ The following capital improvements are planned for FY 2013 but due to the possibility of unexpected or emergency repairs, or if efficiencies can be achieved by staging projects together, are subject to change.

| Fiscal Year 2013 | |
|---|-------------------|
| Description | Amount |
| Gadsbys Tavern - redesign courtyard, brick point-up and replace kitchen equipment on the first floor. | \$ 208,000 |
| Apothecary replacement windows | \$ 10,500 |
| Lyceum roof repairs and museum store renovations | \$ 53,500 |
| Fort Ward Museum interior painting and soil erosion work | \$ 27,000 |
| Friendship Firehouse interior paint and repairs | \$ 35,000 |
| Black History Resource Center exterior paint and repairs | \$ 11,000 |
| Total Fiscal Year 2013 | \$ 345,000 |

ATTACHMENT #1: Testimony of Dr. Patricia Sanders at the March 5, 2012 Budget Public Hearing

ATTACHMENT #2: Lee-Fendall House Museum and Garden Fact Sheet

STAFF: Laura Triggs, Acting Chief Financial Officer
 Morgan Routt, Acting Budget Director
 Jeremy McPike, Director, General Services
 Lance Mallamo, Director, Office of Historic Alexandria
 Kendel Taylor, Assistant Budget Director

³ See p. 10-18 of the Proposed FY 2013-2022 Capital Improvement Program for additional information on the Office of Historic Alexandria’s Capital Facilities Maintenance Plan.

Testimony of Dr. Patricia Sanders

Virginia Trust for Historic Preservation – The Lee-Fendall House Museum and Garden

Public Hearing: City of Alexandria's 2013 Proposed Operating Budget

5 March 2012

My name is Patricia Sanders and I am speaking to you this evening as the Board President of the Virginia Trust for Historic Preservation and a citizen of Alexandria. The Virginia Trust for Historic Preservation is a non-profit educational foundation whose sole function is the ownership and operation of Alexandria's only privately held historic house museum and its only remaining Lee Family property open to the public – the Lee-Fendall House.

The Lee-Fendall House is a showcase of Alexandria and American history. Since the early 70s, our museum has served the community as a dynamic historical, educational and cultural resource. It is our City's only historic house museum connecting thousands of visitors annually with three centuries of our community's family history - it is Alexandria's oldest Lee family home, as well as home to the prominent Downham family and the nationally recognized labor leader John L. Lewis.

Thus, it is a contributing feature to our City's attraction as a tourist destination, which directly impacts City revenue in the form of retail, restaurant and lodging taxes. Most importantly, it is an example of the significance of grass roots historic preservation in Alexandria, first exemplified when a group of community activists formed our foundation, specifically to raise the funds needed to save the house from demolition in the early 1970s, and provide stewardship for this historic resource... a stewardship that has continued for well over thirty years and, with the support of our community, will continue for many more to come.

But we have a significant financial challenge. Our revenue sources are donations, entrance fees, income from events, and rental fees – we have no endowment. Basic operating and maintenance costs are \$120,000-140,000 annually. This does not include funding for restorations, preservation, staffing beyond one full-time employee, nor unanticipated expenses. We struggle to meet these expenses and have ended many years with a sizable negative gap between revenue and costs.

Our Board is committed to meeting this challenge rather than face the alternatives – closing the museum and seeing the property deteriorate, selling to a private owner, or seeking a transfer to a public entity. We have been pursuing every funding opportunity. But we currently face an exceptionally difficult period. The current tough economy has stressed donations. Our heating bill – even in a mild winter – has been about \$700 a week due to the rising cost of oil. We sustained storm damage to the roof which has caused leaking and plaster deterioration which had to be addressed. This cost \$10,000. Aging and earthquake related damage to the house's two chimneys requires repairs that must be dealt with for safety reasons. The estimated cost is over \$30,000. And Alexandria Code Enforcement has notified us that we will be cited this spring for the deteriorated condition of our exterior paint. The cost of coming into compliance is not yet known.

The City of Alexandria was generous to us in the past when the Lee-Fendall House was threatened with the failure of the primary structural beam that supports the main block of the house. We are requesting that you consider supporting us again and appropriate \$50,000 to help us deal with the major expenses we are currently experiencing. We believe the City will realize a return on this investment through the contributions the Lee-Fendall House makes to the community and the visitors it brings to Alexandria.

Thank you for your time, consideration, and continuing commitment to the Lee-Fendall House.

Lee-Fendall House Museum and Garden

Fact Sheet

Brief History:

Originally the property of General "Light Horse Harry" Lee, Revolutionary War Hero and father of General Robert E. Lee, the lot at the corner of Oronoco and Washington Streets was sold to his cousin Philip Fendall who built the wood frame house on that site. Philip Fendall was a friend and business partner with George Washington and a number of historic events, such as the Masons' planning of Washington's funeral, occurred in this house.

Over the course of the next 118 years, 37 members of the Lee family lived in the house.

With the departure of the last Lee family member in 1903, Robert Downham, prominent Alexandria haberdasher and liquor purveyor, resided in the house for the next 31 years. In 1937, Downham conveyed the house to John. L. Lewis, President of the United Mine Workers, who lived in the house until his death in 1969.

In 1972, the property was acquired by the Virginia Trust for Historic Preservation (VTHP) which opened it to the public. Lee-Fendall House is the only property owned by the VTHP. The Lee-Fendall House Museum and Garden and the VTHP are managed by a Board of Directors comprised of members of the Alexandria community who are committed to the mission of the museum.

Unique Importance to Alexandria:

Lee-Fendall House is a showcase of American history listed on the National Register of Historic Places and the Virginia Landmarks Register. It is the city's **oldest** Lee family home (first Alexandria home of the historically significant Lees) and the **only** Lee family home in Alexandria that remains open to the public. It is the **only privately owned** historic house museum connecting more than 5,000 visitors annually with **three centuries** of our community's history. And it is the **only** house museum with an interpretive focus on our community's **Victorian Era traditions**. Lee-Fendall House is a vital and **valued partner** in the **historic community** in Alexandria, working with other museums in planning city-wide events, developing workshops, hosting social studies administrators, and other endeavors.

Lee-Fendall House is a venue for many valued community events. **Educational programs** focused on the area's history have been developed and are provided to school groups, Boy and Girl Scout troops, and other audiences of all ages. Gardening seminars and other programs are also provided. Interns in the George Washington University graduate program in museum science are supervised and trained at Lee-Fendall House. **Specialized tours** are provided to highlight the historical aspects of various events, e.g., Candlelight tours during the Christmas season feature Victorian Era holiday traditions. Ghost tours at Halloween inform of the mourning traditions of that time frame. Popular **community events** are provided such as wine receptions, garden parties, brunches, teas, Easter Egg hunts and Teddy Bear parades. Its **award winning garden** is one of the largest gardens in Old Town and the site of many community receptions.

Lee-Fendall House is a **unique and desirable rental location** for private events such as weddings, corporate board meetings, receptions, and holiday parties.

Very importantly, visitors to Lee-Fendall House patronize local businesses and bring dollars into the community. E.g., dozens of non-Alexandria residents participate in the Easter egg hunts and stay for

lunch in the area. Wedding guests stay in local hotels, eat at the local restaurants, and shop in the local shops.

The Financial Challenge:

Lee-Fendall House is owned by the Virginia Trust for Historic Preservation (VTHP) and receives **no public funding**. The VTHP's sole activity is to manage and restore the property, but has **no endowment** for its operation and maintenance. The Board's directions are executed by **one full-time employee** (Executive Director) and a staff of part-time volunteers.

Lee-Fendall House has been operating at a **financial loss**. Revenue sources are private donations, memberships, income from events, and rental fees. Annual revenue has averaged \$73,000 but due to aggressive efforts of the Board, revenue in 2011 approached \$100,000. But basic annual operating costs are approximately \$120,000 – 140,000 which does not include unanticipated repairs, storm damage, nor complete fulfillment of the museum's charter and mandates.

In 1999, the VTHP granted an easement on the Lee-Fendall House property to the Commonwealth of Virginia's Board of Historic Resources. In 2006, the VTHP granted an open space easement to the same entity for which it received a one-time tax credit of \$570,000. The easements came with the unfunded mandatory requirement to: (1) restore the Lee-Fendall House, preserve it, maintain it in good condition, and improve it as needed; (2) operate a modern, well-staffed museum interpreting life in the mid-nineteenth century; and (3) preserve and protect in perpetuity the open space and natural resource values of the property, as well as its historic value.

The tax credit was used to restore the structural failures of the house, saving it from collapse, and has been applied to cover budget shortfalls. I.e., the gap between revenue and operating costs has been paid for from the remaining tax credit resources. **This is not a sustainable business model and these funds will soon be exhausted.**

Lee-Fendall House has received several greatly appreciated small grants for restoration work in the house and garden which have been effectively applied, but are insufficient to the tasks. In some cases, matching funds were required and had to be raised.

Lee-Fendall faces special challenges in 2012. We had roof damage from last year's storms that caused leakage and necessitated emergency repairs and plaster damage restoration at a cost of about **\$10,000**. Deterioration of the two chimneys – severely exacerbated by last year's earthquake – must be addressed as an urgent safety issue and will cost approximately **\$30,000**. The rising cost of oil has brought our weekly heating bill up to about **\$700 per week**. And Alexandria Code Enforcement has notified us that we will be cited this spring for the deteriorated condition of our exterior paint. The cost of achieving compliance is not yet known.

Alternatives:

As the current business model is not sustainable, the Board of Directors has explored several alternatives to include aggressively seeking to increase revenues through donations and fund-raising events; dramatically cutting back on services including elimination of community and educational programs and reducing the hours of operation; closing the museum leading to eventual deterioration of the property; selling the property to a private owner; and transferring the property to a public entity. The Board has chosen at this time to pursue the first alternative and is **vigorously seeking to increase revenue while closely monitoring its financial status on a weekly basis**. This is especially challenging in the current economic environment, but deemed preferable to the other alternatives. **If not successful, however, another course of action will have to be followed.**