



# tourism strategy 5

## HISTORY OF OLD POINT COMFORT AS A RESORT DESTINATION

Old Point Comfort's seaside location has been the site for several of America's leading resort hotels. In the early to mid 1800s salt water bathing, as well as salty bay air, was believed to have revitalizing and health restorative properties.

Many grand hotels were built on Old Point Comfort in the 1800s, making it the leading resort in the south. The first of these hotels was the luxurious Hygeia Hotel, named for the Greek goddess of health. Built in 1822, the hotel was used primarily to house the workmen engaged in the construction of Fort Monroe. Described as "large and commodious" the Hygeia Hotel became a popular rendezvous for Senator Henry Clay, President John Tyler, Edgar Allan Poe and other leading figures of the day until its demolition during the Civil War. With steamboat and railroad connections, Old Point Comfort was a destination of choice for travelers.

Reconstruction of the Hygeia began in 1866, built to accommodate over 1,000 guests. When Harrison Phoebus assumed ownership in 1872, it was called the "Great Southern Resort." The Hygeia Hotel welcomed prominent guests from around the world, including King David Kalakaua of Hawaii. Many guests arrived by steamboat from throughout the South to enjoy the "health-giving wonders of Old Point Comfort." The Hygeia was eventually destroyed by order of the U.S. Army in 1903. In 1896 the \$5 million Chamberlin Hotel opened featuring electric lighting and rooms with private baths. Tragically, this grand structure was razed by fire in 1920. In 1928, the second Chamberlin Hotel was completed and offered an array of amenities including an indoor saltwater pool. The Chamberlin Hotel remains an enduring landmark representative of Old Point Comfort's long history as a resort destination.

The majestic hotels on Old Point Comfort helped to spur tourism development and other resorts in the Hampton Roads region, including tourist destinations at Phoebus, Buckroe, Norfolk, and Virginia Beach.

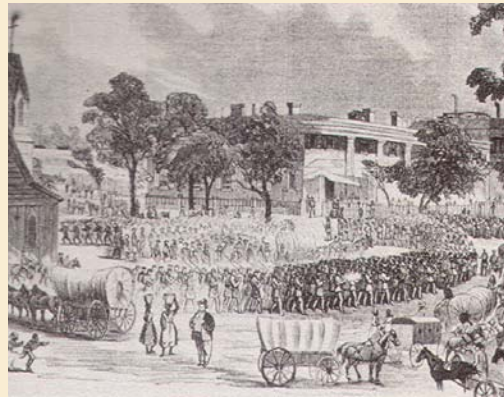


Figure 5.1. Hygeia Hotel, 1862



Figure 5.2. Chamberlin Hotel, 1880s



Figure 5.3. The Second Hygeia Hotel, 1873



Figure 5.4. Chamberlin Hotel, pre-1920s



Figure 5.5. The expanded, four-story Hygeia Hotel



Figure 5.6. Chamberlin Hotel, 2006

*The Tourism Strategy was prepared by Economic Research Associates (ERA) of Washington, D.C. The following is a summary; additional materials can be found in The Technical Support Manual for the Reuse of Fort Monroe. Prior to the start of Economic Research Associates' analysis, the Fort Monroe Federal Area Development Authority formed a Tourism Advisory Group to examine the potential for heritage and beach tourism at Fort Monroe. Members of the Fort Monroe Tourism Advisory Group are:*

*Sallie Grant-DiVenuti, Hampton Convention and Visitors Bureau  
Jim Ricketts, VA Beach Convention & Visitors Bureau  
Phyllis Terrell, Colonial Williamsburg Foundation  
Shawn Hash, Owner/Operator, Tangent Outfitters  
Jack Berry, Richmond Convention & Visitors Bureau  
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This section reviews existing visitor attendance and lodging patterns, and data on heritage tourism, resort tourism, and general waterfront recreational activities. ERA collected and analyzed data on a number of recreational and historical uses. Research addressed elements affecting visitor expenditures and destinations including visitor characteristics, visitor origin, purpose of trip, length of stay, and mode of transport.

## **TOURISM MARKET OVERVIEW**

According to the Virginia Tourism Corporation, Virginia tourism in 2007 totaled 35,000,000 visitors, the same as 2003-2004, reflecting a non-growth trend.

- Average party size is one to two persons, suggesting more travelers without children.
- 78% are overnight visitors; 57% utilized hotel/ motel accommodations

### *National Parks*

- Total attendance at the 11 parks within 200 miles of Fort Monroe in 2007 was 7,845,605 persons; visitation is seasonal, with numbers spiking during the summer months. The most heavily visited site is the Colonial National Historic Park, encompassing Historic Jamestown, Yorktown Battlefield and Cape Henry Memorial. Visitation trends show that historic sites and battlefields have the highest total visitation throughout the year.
- There are three wildlife/wilderness sites administered by the National Parks Service within 200 miles of Fort Monroe. Common activities at these sites are fishing, swimming, boating, camping, horseback riding, shelling, and ranger-led programs. These sites offer free admission but include many pay-as-you-go activities ranging in price from \$10-\$16 per person, and achieve annual visitation between 860,000 and 2.2 million.

- Military parks commemorate the sites of major civil war battles. Activities at these sites include guided tours and hiking. These sites typically have a visitor's center, offer free admission, and achieve annual visitation between 500,000 and 1.6 million.
- Military history attractions are the least popular attractions with annual visitation ranging between 85,000 and 380,000. These sites are restored forts offering a glimpse into the area's past. The sites achieving the highest visitation have been carefully restored, offer strong programming and natural amenities.

### *Local Hotel Market*

- Based on data provided by the Hampton Convention and Visitors Bureau (CVB), The City of Hampton contains 3,151 hotel rooms. Approximately 36 percent are full-service properties with adequate meeting space.
- Hampton hotel occupancy in 2007 averaged 58.1 percent with an average daily rate of \$73.89. By comparison, the reported statewide average room rate in 2007 was \$97.45 and the occupancy rate averaged 59.6 percent.
- Annual occupancy rates declined between 2002 and 2007, decreasing from 66 percent to 58.1 percent (2007). Hotel occu-

pancy is seasonal, with almost 31 percent of 2007 roomnight demand experienced in June, July, and August.

- In 2007, almost 40 percent of Hampton visitors were there for pleasure, almost 20 percent of visitors were there for work and an additional 22 percent came for a meeting or a convention. 25 percent of 2007 Hampton visitors were from Virginia.
- By comparison with the competitive facilities, Hampton's traditional focus on more budget oriented properties has kept average room rates low, influenced by the government per diem rates for the defense-related visitor market and limited available amenities.

#### *Regional Resort Comparables*

- ERA examined seven comparable resort properties: The Tides Inn, Virginia Crossing, Boar's Head Inn, Crowne Plaza Williamsburg at Ft. Magruder, Kingsmill Resort and Spa, Keswick Hall, and The Sanderling Resort on the Outer Banks of North Carolina. Average daily rates and annual occupancy levels outpaced the Hampton market in 2007.
- Because of its long-time focus on budget and military-oriented lodging, the Hampton area lacks a beachfront resort hotel of the type and scale exhibited in these comparable resort properties.

- The market for resort properties is seasonal, with one-third of 2007 room night demand in June, July, and August and room revenue almost four times as high in July/ August than in December, January, and February.

#### *Marina*

- There are 27 marinas within a 30-minute drive of Fort Monroe.
- Approximately half of the marinas maintain a wait list for slips. Pent up demand is concentrated in either the newer modern marinas, or for larger slips for boats over 40 feet.
- Current slip demand patterns suggest that amenities and services will be important facility attributes.
- Average per night slip rental rates are between \$1.35-1.85 per foot. Average long-term slip rental rates range from \$6.25 to \$8.00 per foot per month. Marinas that offer semi-annual rates range from \$8.50 to \$10 per foot per month. Month to month rates vary between from \$7.70 to \$15.00 per foot per month.

#### *Recreational Vehicles and Campground*

The market for RV facilities at Fort Monroe is opportunistic, but the size of the existing facility — 14 spaces — cannot support the level of amenities that generate premium rates. Prior

to the BRAC decision, the Army formulated a plan to more than double the existing facility. Infrastructure is already in place to accommodate a larger and more upscale park.

- The average nightly cost at trailer parks near Richmond is \$24.50.
- Some parks charge premiums depending on the season or view.
- Most parks have a swimming amenity.

#### *Key Findings*

ERA's research indicates that there is tourism potential for Fort Monroe based on two complementary, but different site characteristics:

- The extraordinary historical significance of the site to a range of submarkets – military historians, African American visitors, and preservationists who will be drawn by the Fort's military compound, connection with slavery, and historic structures.
- The appeal to recreation and resort visitors: 3.2 miles of beach and seawall, the open space between the bay and the harbor, the Recreation Center, marina and RV grounds.

Estimated visitation includes between 100,000 to 150,000 persons per year for cultural attractions and 115,000 to 125,000 annual beach visitors, totaling 225,000 and 275,000 persons per year. These visitors will likely follow the seasonality patterns that cluster the

greater majority of visitations within the three summer months and two shoulder months.

To increase total visitation, the Fort's historic/military and cultural attractions should be linked to a packaged visitor experience incorporating existing historic destinations such as Jamestown, Yorktown and Williamsburg and positioned as complementary to these places. ERA notes that visitation at historic sites nationwide is declining, despite the stated preference for these types of sites among aging Baby Boomers and other select audiences.

ERA's experience suggests that when niche markets (African American history groups, military history, etc.) become a focus of marketing and interpretation, the market responds favorably, but the numbers attracted will be highly dependent upon the quality, pricing and duration of the visitor experience created.

#### *Resort Potential*

There is also qualified potential in the resort hotel market for the Fort Monroe site. If focal markets are identified and a 'branded hotel' can be attracted to the site, a minimum of 130-150 rooms will be required, but will also bring the advantage of a national reservations system and a chain-affiliated company's marketing strength.

#### *Conclusion*

The overall conclusion about tourism potential at Fort Monroe is that a market exists for development of tourist and visitor destination facilities, but, at this time, the core market is regional, not national or international; it is automobile-oriented, is more price-sensitive than the area's existing destination resort visitors, and is seasonal in nature with visitation peaking in summer months.

#### **MARKETING FORT MONROE: INTERPRETATION AND SUSTAINABILITY**

In addition to analysis of alternatives for management and development, the most appropriate marketing strategies for the project have been evaluated. The marketing plan for Fort Monroe will be affected by several factors:

- The phasing and timing of redevelopment and integration of new elements – for example, if the Museum cluster 'inside the moat' will require 7-10 years to develop, this element should not be marketed heavily until the year before it opens. Incremental cultural attractions can be marketed much earlier in the process. The recreational aspects of the site can be marketed more quickly and be used to position Fort Monroe as a leisure waterfront destination while the cultural attractions are being enhanced and developed. Accessibility to the site can be rapidly enhanced once the recreational components are established.

- The opportunity to form a Cultural Attraction Cooperative Agreement with other area historical and cultural attractions that will draw cultural visitors to the greater Hampton Roads area. A joint effort should be structured to attract new visitors and to extend the stay of existing visitors. This can be accomplished by expanding the marketing focus of the "History Triangle" to become "America's History Quadrangle" that would include new Fort Monroe cultural destinations. This regional/national/international joint marketing arrangement will require a clear understanding about how to expand the campaign strategy as well as an agreement on how to fund it among the partners.
- The Fort Monroe Hotel will also affect how the site is marketed. In ERA's view, the Fort will be more generally accessible and enjoys spectacular views of the Bay, but will need an aggressive market positioning strategy and the financial capacity and name recognition of a branded hotel to make the greatest impact and generate revenues for FMFADA. However, introduction of a branded location should not be implemented in a cookie-cutter manner from a design perspective. The new hotel should be designed and built at a scale that might recall the exterior character of the Hygeia Hotel, incorporating state of the art amenities on the interiors. The resort component can be tied to access to the

beach, the marina and a system of walking and biking paths throughout the site, complemented by spa services and other resort amenities.

- The potential for ongoing funding for a strategic marketing program will affect the scope, reach and targeted audience programs that will sustain Fort Monroe as a destination. A comprehensive marketing effort should position Fort Monroe as a major addition to the Hampton Roads area. This can involve the Virginia Tourism Corporation as well as specific interest donors who might support events, special exhibits or other programming. A comprehensive approach to interpreting Fort Monroe's history should also appeal to foundations, whose impact could include funding/ marketing of educational programming and underwriting travel/ transportation costs for school visits. Connections with area/ state universities through scholarly research and development of educational materials can provide content for marketing, but not require full funding by FMFADA.
- It is recommended that a budget line item be included for ongoing marketing of the site. Typically 3-5 % of the total operating budget should be dedicated to marketing costs.

A marketing strategy for FMFADA and Fort Monroe should be structured to appeal to a diverse audience and different income levels.

### **FORT MONROE DEVELOPMENT OPTIONS**

The FMFADA has several options regarding the management and development of heritage and recreational tourism components at Fort Monroe. The following text outlines the many management, leasing, or sale options available to the organization for the tourism components of Fort Monroe. ERA understands that the board is considering development of a non-profit organization under which some components could be managed and developed, and would be used to provide fund raising to support public programs.

#### *Concessions Management*

- Pros: Highly experienced, efficient, well-funded, easily obtain necessary financing, steady franchise fee income stream
- Cons: Institutional, high overhead, will limit control, may be hesitant to take on non-revenue producing components

#### *Direct Management*

- Pros: Maintain complete control, cohesive plan, strong revenue potential
- Cons: Require high capital investment from FMFADA, may be difficult to obtain financing/ funding, lack experience in management of hospitality operations, take on complete project risk

#### *Ground Lease*

- Pros: Steady rental income stream, maintain ownership of sites, no capital investment requirement, long-term value enhancement
- Cons: Limited development control, can be difficult to finance, may lack cohesion with introduction of sub-leasing and various management agreements for separate components

#### *Direct Sale*

- Pros: Large immediate capital income to fund non-profit initiatives
- Cons: Complete release of control, lack of cohesion, no long term income potential; will not address long term guarantees for quality and protection

#### *National Park Service*

- Pros: Will ease linkage to "America's Historic Triangle"; guarantees some government funding, maintains site cohesion, guarantees site's protection in perpetuity; NPS is a 'brand'
- Cons: Bureaucratic, under-funded, restricted income potential, tax exemption limits fiscal and economic benefits for surrounding community; lease terms limit use of historic tax credits.

## NATIONAL PARK SERVICE'S "RECONNAISSANCE STUDY"

The National Park Service's "Reconnaissance Study" of historic Fort Monroe was the first step to determine whether the Fort should be more extensively evaluated for possible inclusion in the National Park System after the Army vacates the base in 2011 and the property reverts to state ownership.

This reconnaissance study, conducted by the Northeast Region of the National Park Service (NPS), contains the analysis and findings of the likelihood of Fort Monroe's resources meeting Special Resource Study criteria for designation as a unit of the National Park System. The study was undertaken by an interdisciplinary team of NPS personnel representing the fields of park management and maintenance, history, curatorial services, architectural history and park planning.

The conclusions of the study indicate that the resources of Fort Monroe are likely to meet the criteria for national significance and suitability as a potential unit of the National Park System should a Special Resource Study be authorized by Congress. These resources enjoy a high degree of integrity due to the continuous stewardship of the United States Army.

Because of cost and a number of other factors, including the current lack of knowledge regarding future uses of the Fort's resources, the study concludes that it is unlikely that a Special Resource Study would find the entire resource base of Fort Monroe feasible for NPS designation. Even the Fort itself, the area surrounded by a moat, is not likely feasible without a strong and financially sustainable partner to contribute to the costs of managing, maintaining and operating its historic structures and landscapes. The study also concludes that until such time as the Reuse Plan for Fort Monroe is approved by the Department of Defense, and the administrative structure and its authorities for implementation of the plan are known, the need for NPS management cannot be determined.

This study, therefore, recommends that Congress defer any authorization of a Special Resource Study until the NPS can review the Department of Defense approved Fort Monroe Reuse Plan to determine if any potential role for the NPS is likely to meet the feasibility criterion. This review would also permit the NPS, based on the provisions of the plan and the administrative mechanisms for its implementation, to determine if a Special Resource Study is likely or unlikely to find that there is need for NPS management of some portion of the Fort's resources. Any potential role for the NPS would need to be considered in light of the Commonwealth of Virginia's taking on the ownership of resources associated with Fort Monroe after the Fort has been vacated by the United States Army. At the conclusion of the BRAC closure process for Fort Monroe, virtually all of its nationally significant resources will revert to the Commonwealth of Virginia.

In the interim, the NPS will offer to provide technical assistance under existing authorities to the FMFADA to assist that agency in devising plans for the historic preservation of the Fort's resources and for the development of an Interpretive and Educational Master Plan defining programs, visitor services and visitor experiences that promote public understanding and appreciation of those resources and the rich history of Fort Monroe. Such assistance does not presume that the NPS will own, operate, manage or provide interpretive services at the Fort in the future.

*This information was drawn from the Reconnaissance Study of Fort Monroe in Hampton, Virginia conducted by the Northeast Region of the National Park Service, May 2008, Executive Summary. The study can be reviewed in its entirety at [www.FMFADA.com](http://www.FMFADA.com).*

