



EXPANDED AGENDA
SPECIAL SESSION – February 17, 2023

YouTube Link: <https://youtube.com/live/g8qmO6-d6m4?feature=share>

HOC’s offices are now open to the public. The public is invited to attend HOC’s February 17, 2023 Special Session in-person. HOC’s Board of Commissioners and staff will continue to participate through a hybrid model (a combination of in-person online participation).

		Res #
11:00 a.m.	<u>SPECIAL SESSION MEETING</u>	
Page 4	I. <u>COMMITTEE REPORTS and RECOMMENDATION FOR ACTION</u> A. Budget, Finance and Audit Committee – Com. Nelson, Chair 1. Cider Mill Apartments: Approval to Execute a Change Order to the Existing Contract with Eastern Concrete Restoration to Replace Four Additional Flat Roofs and to Select Vertex Roofing Contractors, Inc. to Replace Mansard Roofs at Cider Mill Apartments	23-10 (pg. 11)
Page 14	<u>CLOSING STATEMENT</u> <ul style="list-style-type: none"> • Vote to close meeting 	
12:00 noon	<u>ADJOURN</u>	
12:15 p.m.	<u>CLOSED SESSION</u> <i>The closed session meeting will be called to order pursuant to Section 3-305(b)(1) of the General Provisions Article of the Annotated Code of Maryland</i>	

NOTES:

1. This Agenda is subject to change without notice.
2. Public participation is permitted on Agenda items in the same manner as if the Commission was holding a legislative-type Public Hearing.
3. ***Times are approximate and may vary depending on length of discussion.***

If you require any aids or services to fully participate in this meeting, please call (240) 627-9425 or email commissioners@hocmc.org.

Committee Reports and Recommendations for Action

Budget, Finance & Audit Committee

CIDER MILL APARTMENTS: APPROVAL TO EXECUTE A CHANGE ORDER TO THE EXISTING CONTRACT WITH EASTERN CONCRETE RESTORATION TO REPLACE FOUR (4) ADDITIONAL FLAT ROOFS, AND SELECT VERTEX ROOFING CONTRACTORS, INC., TO REPLACE MANSARD ROOFS.

FEBRUARY 17, 2023

- Cider Mill Apartments (“Cider Mill” or “Property”) is an 861-unit garden-style apartment community in Gaithersburg, MD, acquired by HOC in 2018 under Article 53A of the Montgomery County Code, the Right of First Refusal (“ROFR”) Ordinance.
- The Property was built in 1971 and is situated on approximately 43 acres of land. The community consists of 24 three-story garden apartment buildings with 72 entryways and roofs. The roofs are flat and covered with ballasted membranes, and are augmented with mansards that are covered with asphalt shingles. Some of the flat roofs and mansards have deteriorated and require immediate attention to resolve ongoing leaks and to address deficiencies identified in 2022 REAC inspection.
- In 2021, HOC’s Asset Management and the Property Management staff, along with the third-party Management Company (Grady Management) initiated an evaluation of the roofs for repair or replacement and engaged an engineering firm to develop the scope of work. The team solicited bids for roof replacement, to which six contractors responded. Eastern Concrete Restoration was contracted to replace seven flat roofs that required immediate replacement. This work was completed in November 2022.
- Since the start of the initial work, the property management team identified four (4) additional roofs that require immediate attention and obtained a cost estimate from Eastern Concrete Restoration to replace four (4) additional roofs. The contractor agreed to maintain the cost of additional roof replacements at the same per unit cost of \$116 thousand per roof.
- The Property’s REAC inspection, completed in January 2022, found that the Property’s mansard roofs have missing or damaged shingles. HUD instructed the Property’s management and ownership to rectify this deficiency as soon as possible.
- Staff obtained four (4) proposals for the removal and replacement of roof shingles. Vertex Roofing Contractors, Inc. submitted the lowest bid. All bidders confirmed availability to start work in spring 2023, weather permitting, and complete the scope of work by September 2023.
- Failure to take immediate corrective action to remedy the deficiencies identified in HUD’s Notice of Violation may result in serious injury to HOC. HUD may declare a default of the Property Regulatory Agreement, may pursue any other remedies provided under the Regulatory Agreement, and may flag the owner in HUD’s Active Partners Performance System (“APPS”). This flag may adversely affect HOC’s eligibility for participation in HUD programs.
- Staff recommends that the Commission accept the staff’s recommendation, which is supported by the Budget Finance and Audit Committee to grant its approval of the following:
 1. Funding for a \$464,000 change order to the existing contract with Eastern Concrete

Restoration to replace four (4) additional flat roofs, and

2. Emergency procurement authorization to execute a contract with Vertex Roofing Contractors, Inc., for the contract amount of \$819,720 for mansard roof replacement, subject to a final determination by the Executive Director that replacement is appropriate after receiving a final determination from HUD.
- If approved, these two (2) procurement requests, plus a 20% contingency funding request, would require funding in the amount of up to \$1,540,464. The Property has sufficient balance in its repair and replacement reserves to fund both components of this request. As of February 2023, the available balance of the Property's replacement reserve fund is \$3,885,368.

MEMORANDUM

TO: Budget, Audit & Finance Committee
Housing Opportunities Commission of Montgomery County

VIA: Chelsea J. Andrews, Executive Director

FROM: Division: Real Estate
Staff: Zachary Marks, Chief Real Estate Officer
Marcus Ervin, Director of Development
Gio Kaviladze, Senior Financial Analyst

Finance
Timothy Goetzinger, Acting Chief Financial Officer

RE: **Cider Mill Apartments:** Approval to: 1) Execute a Change Order to the Existing Contract with Eastern Concrete Restoration to Replace Four (4) Additional Flat Roofs, and 2) Select Vertex Roofing Contractors, Inc., to Replace Mansard Roofs at Cider Mill Apartments.

DATE: February 17, 2023

STATUS: Committee Report Deliberation X

OVERALL GOAL & OBJECTIVE:

Staff is seeking approval to 1) execute a change order to the existing contract with Eastern Concrete Restoration to replace four (4) additional flat roofs; and 2) select Vertex Roofing Contractors, Inc. to replace the mansard roofs at Cider Mill Apartments if determined appropriate by the Executive Director after receiving a final determination from HUD.

BACKGROUND:

Cider Mill Apartments (“Cider Mill”) is an 861-unit garden-style apartment community in Gaithersburg, MD. Amenities include a fitness center, surface parking, a swimming pool, and a soccer field. The Property, which is professionally managed by Grady Management (“Grady”) consists of 345 affordable units with income restricted to households earning up to 50% and 60% of Area Median Income (“AMI”) for the Washington DC metropolitan area and 516 market-rate units.

HOC acquired Cider Mill in 2018 under Article 53A of the Montgomery County Code, the Right of First Refusal (“ROFR”) Ordinance. The Property was built in 1971 and is situated on approximately 43 acres; and is directly across from Lakeforest Mall, which is slated for a multi-stage comprehensive redevelopment comprised of residential, commercial, employment, and retail uses. The Property is comprised of twenty-four (24) three-story garden apartment buildings with seventy-two (72) entryways, creating twelve (12) sheltered courtyards. The three-story walk-up residential buildings have similar concrete and brick construction with common exterior stairways/breezeways, and flat roofs covered with ballasted membranes and asphalt shingle-covered mansard roofs

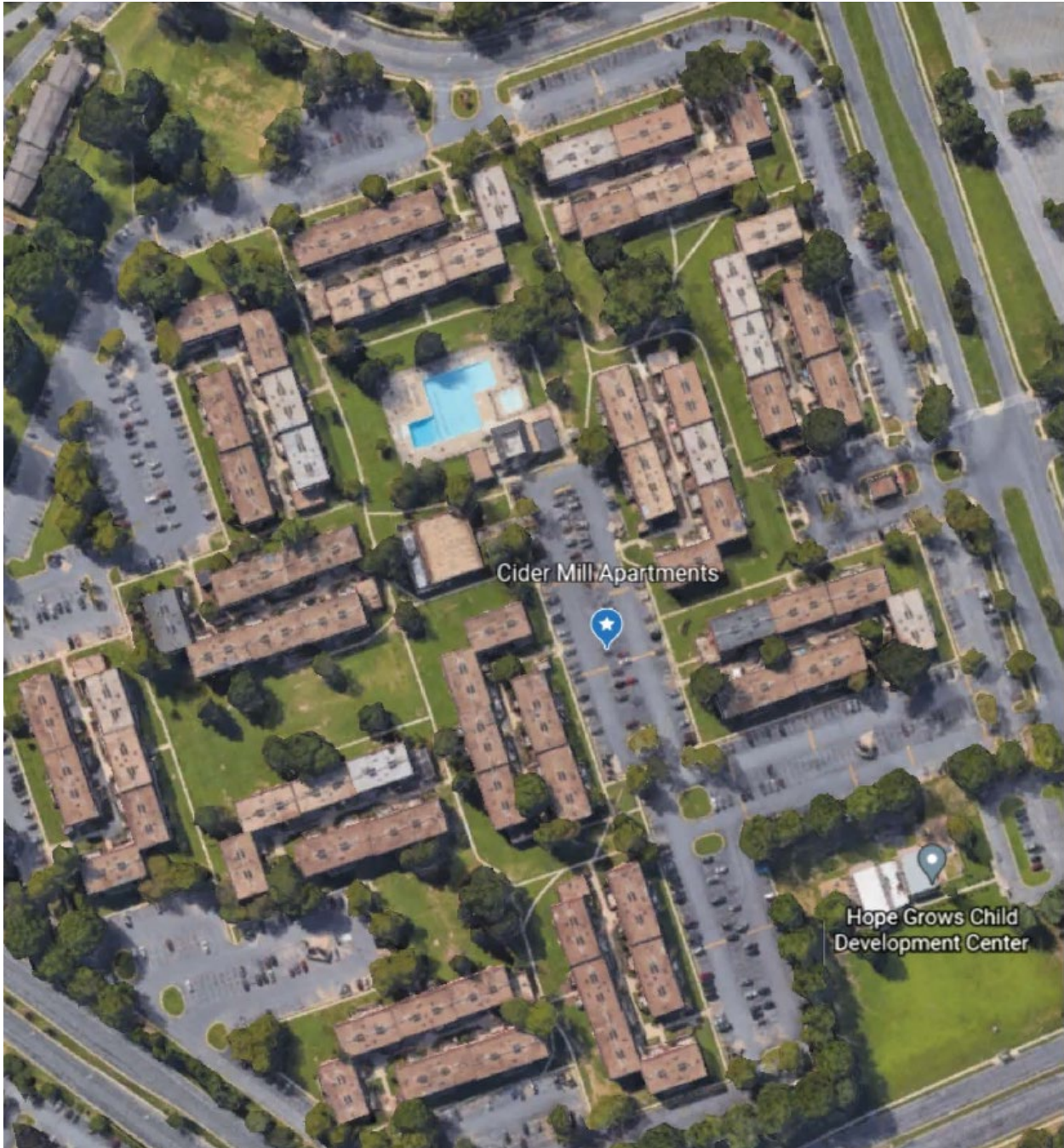


Figure 1 - Property Site Map

The Property underwent limited unit updates during renovation before HOC's acquisition, but the exterior and structural areas were not addressed. Several roofs have gradually deteriorated, and some require immediate attention and repairs due to water penetration issues and deterioration.

Flat Roofs

The Commission approved and Grady engaged Eastern Concrete Restoration to replace the roofs on seven (7) buildings, which needed immediate replacement to resolve ongoing leaks and was completed in late 2022.

Since the start of the initial work, Grady identified and brought to HOC staff’s attention that there are four (4) additional roofs with ongoing leaks that need immediate attention. Staff obtained a cost estimate from Eastern Concrete Restoration to replace four (4) additional roofs, of which the contractor agreed to maintain the cost of additional roof replacements at the same per unit cost of \$116,000 per roof. Eastern Concrete Restoration is fully-mobilized on site and is able to commence working on the additional roofs if and as soon as the change order is approved.

Flat Roof Replacement - Eastern Concrete Restoration	Amount
Original Contract Sum, 6 Buildings	\$699,826
Approved Change Orders, 1 Additional Building and Increased Material Costs	\$227,697
Work Completed in 2021-2022, 7 Roof Replacements	\$927,523
Roof Replacement for Additional 4 Buildings	\$464,000
Contingency (20%)	\$92,800
Funding Request for 4 Additional Roof Replacements, 2023	\$556,800
Total Roof Replacement Cost, 11 Buildings	\$1,484,323

Figure 3 - Eastern Concrete Restoration Proposal

Staff requests approval for a \$464,000 change order to the existing contract with Eastern Concrete Restoration to replace four (4) additional flat roofs. Staff further requests funding for a contingency of \$92,800 for unforeseen conditions during the completion of the work. If approved, this change order will result in a total contract amount of up to \$1,484,323, equivalent to approximately \$135,000 per replaced roof.

Mansard Roofs

In January 2022, the Property’s Real Estate Assessment Center (“REAC”) inspection identified damaged and missing shingles on the mansard roofs, which must be remediated promptly, according to the HUD inspection report. An extension was granted for procurement and work activities, but no further extensions will be granted until a contractor is selected¹.

Failure to take immediate corrective action to remedy the deficiencies identified in HUD’s Notice of Violation may result in serious injury to HOC. HUD may declare a default of the Property Regulatory Agreement, may pursue any other remedies provided under the Regulatory Agreement, and may flag the owner in HUD’s Active Partners Performance System (APPS). This flag may adversely affect HOC’s eligibility for participation in HUD programs.

¹ In June 2022, HOC issued an Invitation for Bid (“IFB”) #2329 to obtain bids for the removal and replacement of existing roof shingles. However, the contractor selection process was not concluded at the time.

Cider Mill Mansard Roof Replacement	Amount
Ruff Roofing and Sheet Metal	\$1,422,000
C.H. Siding Company	\$1,099,800
St.Mary's Roofing	\$938,480
Vertex Roofing	\$819,720

Figure 4 – Mansard Roofs Bid Summary

Staff obtained four (4) proposals for the removal and replacement of the mansard roof shingles. Vertex Roofing Contractors, Inc. submitted the lowest bid, which is 13% lower than the next lowest bid. All bidders confirmed availability to start work in spring 2023, weather permitting, and complete the scope of work by September 2023. Staff proposes selecting Vertex Roofing Contractors, Inc. to commence the mansard roof replacements immediately.

Mansard Roof Repair - Vertex Roofing Contractors	Amount
06/2022 Bid Amount (to be confirmed)	\$819,720
Contingency (20%)	\$163,944
Funding Request for Mansard Roof Repairs	\$983,664

Figure 5 - Mansard Roof Bid & Funding Request

Staff requests emergency authorization for the Executive Director to execute a contract for the mansard roof replacements with Vertex Roofing Contractors, Inc., for the contract amount of \$819,720. Staff further requests funding for a contingency of \$163,944 for unforeseen conditions during the completion of the work totaling \$983,664. In the meantime, staff continues to pursue conversations with HUD to explore any alternatives to a full replacement.

If the two (2) procurement requests for replacing four (4) flat roofs and the mansard roofs are approved, the total funding needed would be \$1,283,720, which is the sum of \$464,000 for the flat roofs' change order authorization and \$819,720 for the emergency procurement of the mansard roofs. Including the proposed 20% contingency funding of \$92,800 for flat roofs and \$163,944 for mansard roofs, the total amount of funding needed would be \$1,540,464, which is the sum of \$556,800 for the change order authorization of flat roofs and \$983,664 for the emergency procurement of the mansard roofs.

Funding for the Proposed Work

The Property's repair and replacement reserves were funded at \$6.2 million when acquired in 2018, and its available balance as of February 2023 is \$3,885,368. The proposed flat and mansard roof replacements will reduce the fund balance to \$2,601,648 without contingency funds or \$2,344,904 if all contingency funds are used. The reserve is replenished annually with \$302,400.

Longer-Term Plan for the Remaining Sixty-One (61) Flat Roofs

HOC staff and Grady propose replacing nine (9) flat roofs annually, starting in fiscal year 2024, for \$1,125,000 per year. This plan is based on assessing the current condition of the sixty-one (61) remaining

flat roofs and aims to avoid future emergency interventions caused by deterioration. Staff is exploring the feasibility of adding rooftop solar arrays to the buildings as a way to reduce the cost of electricity and potentially fund the roof replacement. An initial engineering assessment by Construction Insight showed potential for the roof structure to become overstressed with a typical addition of roof ballast for the solar array. Further exploration with engineering and solar consultants is planned for the remainder of 2023, and staff will report findings and recommend options for the remaining flat roofs to the Commission.

Summary of Past Approvals

Date	Res.	Description
8-Dec-21	21-115	Approval to Engage Eastern Concrete Restoration to Replace Six Roofs at Cider Mill Apartments

ISSUES FOR CONSIDERATION:

Does the Commission accept staff’s recommendation, which is supported by the Budget Finance and Audit Committee, to:

1. Authorize the Executive Director to execute a contract change order for \$464,000 with Eastern Concrete Restoration to replace four (4) additional flat roofs at Cider Mill Apartments; and
2. Accept a bid from Vertex Roofing Contractors, Inc. of \$819,720 to replace the mansard roofs at Cider Mill Apartments and authorize the Executive Director to execute a contract to replace the mansard roofs?
3. Approve the full cost and funding of the flat roof and mansard roof replacement, including a 20% overall contingency, totaling \$1,540,464, to be funded from the Property’s replacement reserves?

BUDGET IMPACT:

- There is no adverse impact on HOC’s adopted FY 2023 operating budget.
- The source of funds for this capital improvement project is Cider Mill’s replacement reserves, which have a current balance of \$3.9 million.
- The total anticipated cost of up to \$1,540,464 (which includes the base cost of \$1,283,720 plus 20% contingency and \$256,744) was not included in the adopted FY 2023 capital budget as the scope of work and pricing were not available during the preparation of the budget; therefore, the capital budget for Cider Mill will be amended to reflect these expenditures.

TIME FRAME:

For formal action at the February 17, 2023 Special Meeting of the Commission.

STAFF RECOMMENDATION & COMMISSION ACTION NEEDED:

Staff requests that the Commission:

1. Authorize the Executive Director to execute a contract change order for \$464,000 with Eastern Concrete Restoration to replace four (4) additional flat roofs at Cider Mill Apartments.
2. Approve acceptance of a bid from Vertex Roofing Contractors, Inc. for \$819,720 to replace mansard roofs at Cider Mill Apartments and authorize the Executive Director to execute a contract.
 - a. This request is subject to a final determination by the Executive Director that replacement is appropriate after receiving a final determination from HUD.
3. Approve the full cost and funding of the flat roof and mansard roof replacement, including a 20% overall contingency, totaling \$1,540,464, to be funded from the Property’s replacement reserves.

RESOLUTION NO. 23-10

RE: Approval to Execute a Change Order to the Existing Contract with Eastern Concrete Restoration to Replace Four Additional Flat Roofs and to Select Vertex Roofing Contractors, Inc. to Replace Mansard Roofs at Cider Mill Apartments

WHEREAS, the Housing Opportunities Commission of Montgomery County (“HOC”) is the sole member of MVG II, LLC (“MVG”), which is the sole member of MV Gateway LLC (“MV Gateway”), and MV Gateway owns the development known as Cider Mill Apartments (the “Property”) located in Gaithersburg, Maryland; and

WHEREAS, the Property was constructed in 1971, and some of the original flat roofs and mansard roofs at the Property have deteriorated and require immediate attention to resolve ongoing leaks; and

WHEREAS, in 2021, staff and Grady Management (“Grady”), the current property manager at the Property, determined that flat roofs on six buildings at the Property needed to be replaced immediately to resolve ongoing leaks, and received six bids in response to a solicitation;

WHEREAS, Eastern Concrete Restoration (“Eastern”) submitted the most competitive bid and completed the replacement of the six flat roofs by late 2022; and

WHEREAS, since Eastern started work, four additional flat roofs began to experience leaks, and staff and Grady recommend executing a change order to the existing contract with Eastern to replace the four flat roofs; and

WHEREAS, in January 2022, the Property’s Real Estate Assessment Center (“REAC”) inspection found that the Property’s mansard roofs have missing or damaged shingles, and HUD instructed the Property to rectify this deficiency as soon as possible; and

WHEREAS, failure to take immediate corrective action to remedy the deficiencies identified in HUD’s violation notice may result in serious injury to HOC, potentially including HUD declaring a default under the Property’s Regulatory Agreement and flagging MV Gateway in HUD’s Active Partners Performance System (“APPS”), which would adversely affect HOC’s eligibility for participation in HUD programs; and

WHEREAS, staff obtained four bids to replace the mansard roofs and Vertex Roofing Contractors, Inc. (“Vertex”) submitted the most competitive bid; and

WHEREAS, to prevent serious injury to HOC, staff is seeking authorization for an emergency procurement to select Vertex to replace the mansard roofs, subject to HOC’s Executive Director’s determination that replacement is appropriate after receiving a final determination from HUD; and

WHEREAS, both Eastern and Vertex are able to start work as soon as the change order and contract are approved; and

WHEREAS, if approved, the replacement of four additional flat roofs and replacement of the mansard roofs would require funding in the amount of \$1,540,464 (\$464,000 change order for the replacement of the flat roofs, \$819,720 emergency procurement for the replacement of the mansard

roofs, and a 20% contingency); and

WHEREAS, the Property has a sufficient balance in its repair and replacement reserves to fund both components of this request; and

WHEREAS, staff is working on a plan to address potential future capital needs of the remaining flat roofs at the Property, and will recommend a plan of action for the replacement or repair of the remaining flat roofs.

NOW, THEREFORE, BE IT RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of MVG, as its sole member, on behalf of itself and on behalf of MV Gateway, as its sole member, that the Executive Director of HOC, or her designee, is hereby authorized to execute a change order with Eastern in an amount up to \$556,800, to be paid from the Property's replacement reserves, to replace four flat roofs at the Property.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of MVG, as its sole member, on behalf of itself and on behalf of MV Gateway, as its sole member, that the Executive Director of HOC, or her designee, is hereby authorized to negotiate and execute a contract with Vertex in an amount up to \$983,664, to be paid from the Property's replacement reserves, to replace mansard roofs at the Property, subject to a final determination by HOC's Executive Director that replacement is appropriate after receiving a final determination from HUD.

BE IT FURTHER RESOLVED by the Housing Opportunities Commission of Montgomery County, acting for itself and on behalf of MVG, as its sole member, on behalf of itself and on behalf of MV Gateway, as its sole member, that the Executive Director of HOC, or her designee, is hereby authorized and directed, without any further action on its part, to take any and all other actions necessary and proper to carry out the transactions and actions contemplated herein, including the execution of any documents related thereto.

I HEREBY CERTIFY that the foregoing resolution was adopted by the Housing Opportunities Commission of Montgomery County at an open special meeting conducted on February 17, 2023.

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Chelsea Andrews
Executive Director

Closing Statement

Written Statement for Closing a Meeting (“Closing Statement”)

Date: February 17, 2023

A. Pursuant to Section 3-305(b) and (d) of the General Provisions Article of the Annotated Code of Maryland, I move to adjourn this open session to a closed session only:

1. “To discuss the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of appointees, employees, or officials over whom this public body has jurisdiction; any other personnel matter that affects one or more specific individuals.”

B. For each provision checked above, the topic to be discussed and the reason for discussing that topic in closed session is provided below.

Statutory Citation	Topic	Reason for closed-session discussion
§3-305(b)(1)	The employment and performance of a specific employee.	The meeting must be closed to the public because it involves an individual employee over whom HOC has jurisdiction, and the discussion will include personal information about the individual’s specific performance and employment.

C. This statement is made by Roy Priest, Chair.

D. Recorded vote to close the meeting:

- Date: February 17, 2023 Time: _____
- Location: HOC’s Kensington Office (10400 Detrick Avenue, Kensington, MD 20895), Zoom, & Livestream (YouTube).
- Motion to close meeting made by: _____
- Motion seconded by: _____
- Commissioners in favor: _____
- Commissioners opposed: _____
- Commissioners abstaining: _____
- Commissioners absent: _____

Officer’s Signature: _____