

MINUTES OF A REGULAR MEETING OF THE COMMISSIONERS
OF THE
CITY OF ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

The Commissioners of the City of Roanoke Redevelopment and Housing Authority met for a regular session on Monday, September 24, 2012, in the offices of the City of Roanoke Redevelopment and Housing Authority, 2624 Salem Turnpike, NW, in the City of Roanoke, Virginia.

I. CALL TO ORDER – ROLL CALL

Vice-Chair Smith called the meeting to order at 3:04 p.m. and declared that a quorum was present.

PRESENT: Commissioners Burruss, Butler, Garner, Karnes, Smith

ABSENT: Commissioner Boitnott, Witten

OFFICER PRESENT: Glenda Edwards, Secretary-Treasurer

ALSO PRESENT: Cathy Wells, VP of Resident Services and Administration; Jackie Austin, VP of Finance/CFO; Joel Shank, VP of Operations; Helen Shampine, HCV Director; Desi Wynter, Director of Redevelopment and Modernization; David Bustamante, Director of Housing; Crystal Hall, Resident Services Manager; Wanda Alston, FSS Coordinator; Samantha Shepherd, ROSS Coordinator; Katie Meyer, Executive Assistant; Nick Conte, Legal Counsel; interested citizen

Vice-Chair Smith welcomed everyone to today's meeting.

II. REPORTS

1. Financial Report

Vice-Chair Smith asked for the Financial Report.

Ms. Austin referred to page 23 and stated that Public Housing sites are utilizing reserves to fund a portion of operations expenses. The total amount of reserves used through August 2012, comprising the first eleven months of the fiscal year and eight months of the calendar year, is approximately \$1,300,000. Dwelling rental continues to catch up with budget projections and is currently under budget approximately \$2,500, mostly attributable to the sites having a current occupancy rate of 99%. Total expenses are showing a favorable variance of approximately \$196,500 and administrative expenses are approximately \$86,000 under budget due to costs that were budgeted but have not been incurred as of August 30, 2012 and savings that have been recognized from the restructuring of benefits. Central Office and Property Management fees are reporting an unfavorable variance due to the higher occupancy rates. Tenant Services is reporting a favorable variance of \$72,000 due to expenses that are being covered by the Resident Opportunities for Self-Sufficiency (ROSS) grants. Utility expenses are under budget approximately \$255,000 due to budgeting for higher utility rates and usage expenses that have not been incurred to date. General expenses are under budget approximately \$178,000 due to reduced insurance costs and year-to-date debt setoff collections from the Virginia Department of Taxation. Ordinary maintenance is over budget approximately \$96,000 due additional maintenance work that has been performed at most sites in preparation for Real Estate Assessment Center (REAC) inspections. Extraordinary maintenance is over budget approximately \$58,000 due to unanticipated siding replacement at Indian Rock Village, bathtub refinishing needed in

preparation for REAC inspections, and playground equipment that was installed at Lansdowne Park. Replacement of equipment is over budget approximately \$83,000 due to the purchase of trucks at several sites in order to have dependable vehicles for the winter season and the purchase of lawn mowers for Melrose Towers and Hunt Manor. During the months of October 2011 and August 2012 two lease-purchase houses were sold, resulting in the transfer of approximately \$170,000 in assets to the Public Housing Program.

The COCC is reporting net income of approximately \$113,000 as shown on page 32. Property Management income is over budget approximately \$34,000 due to increased occupancy at the sites which allows for increased fee revenue for the COCC due to billing based on occupied units. Other income is reporting a favorable variance of approximately \$5,400 due to the sale of excess vehicles and surplus equipment. Total expenses are showing a favorable variance of approximately \$48,000. Administrative expenses are reporting a favorable variance of approximately \$25,000 mainly attributable to the cost savings realized from the transition to the Virginia Retirement System (VRS).

The Section 8 program is reporting a difference in revenues over expenses of approximately \$77,500 as shown on page 33. Total administrative fee revenue is reporting a favorable variance of \$38,000 mainly due to HUD's reconciliation of Section 8 Administrative Fees and the distribution of excess funds. Total expenses are showing a favorable variance of approximately \$39,000. Administrative expenses are under budget approximately \$57,000 due to cost savings in employee benefits, and expenses that have not been incurred to date. Tenant Services is under budget related to the

temporary leave of the Family Self-Sufficiency (FSS) Coordinator for Section 8 participants. Replacement of equipment is over budget approximately \$80,000 due to purchases made for replacement of equipment.

Ms. Austin stated that last month there had been a question regarding the Other assets line item for Private Development reported on page 19. Ms. Austin clarified that the funds were from the purchase of Day Avenue Houses. Roanoke City provided a grant to RRHA which provided the funds for RRHA's investment in Day Avenue LP.

Ms. Austin asked if there were any questions.

Commissioner Garner stated that the \$80,000 for replacement of equipment on page 33 is not correct as Ms. Austin stated and the amount is \$40,000. Ms. Austin apologized and stated that she had misspoken and Commissioner Garner is correct.

Vice-Chair Smith thanked Ms. Austin for her report and asked if there were any other questions. There were none.

2. Executive Director's Report

Vice-Chair Smith asked for the Executive Director's report.

Ms. Edwards referred to her written report in the Monthly Operations Report and stated that the REAC inspection scores have been received for Morningside Manor and Melrose Towers. Morningside Manor scored 75 and Melrose Towers scored 55. Ms. Edwards stated that as a result of the last REAC inspection \$12,000 had been spent on replacing sprinkler heads that had paint on them at Melrose Towers. Melrose Towers lost 17 points on one sprinkler head in the basement, not due to paint but the sprinkler head was missing a decorative ring and Mr. Bustamante is filing a formal appeal to HUD to regain the lost points. Ms. Edwards asked Mr. Bustamante to give the Board of

Commissioners a more detailed explanation of the low REAC inspection scores for Morningside Manor and Melrose Towers.

Mr. Bustamante stated that REAC inspections are not an exact science and regrettably it depends on the type of inspector that is sent to the property. Unfortunately the inspector for Morningside Manor and Melrose Towers went way beyond what is supposed to transpire in a REAC inspection. Mr. Bustamante stated that several of the items that the sites were cited for he is certain RRHA will regain those points. Melrose Towers lost 17 points due to the absence of fire hoses in the fire boxes in the building that were taken out by the Fire Department and are not used due to the fact the building has a sprinkler system and the Fire Department brings their own hoses. The Fire Department does not declare the absence of the hoses as a deficiency during the annual inspections conducted by the Fire Department. Morningside Manor was in the process of having the roof replaced, contractors were on site and working on the roof, yet was cited for not having the roof repaired which resulted in a loss of 12 points. Mr. Bustamante has submitted pictures that were taken the same day the inspector was on site showing that the work was being completed and he is confident RRHA will regain the 12 points.

Mr. Bustamante stated that RRHA is currently in preparation for REAC inspections scheduled in January 2013 for Lansdowne Park and Villages at Lincoln and there will be an extensive unit by unit, piece by piece inspection.

Commissioner Karnes asked if there would be a new inspector for each property. Mr. Bustamante stated that Morningside Manor and Melrose Towers had the same inspector and Lansdowne Park and Villages at Lincoln will have an inspector from a

different company.

Commissioner Garner stated that if the 17 points are reinstated at Melrose Towers that will only raise the score to 72 and asked if RRHA staff is being trained to get up to speed to enable RRHA to have passing scores. Mr. Bustamante stated that a score between 70-80 is considered average/passing. Ms. Edwards stated that for the last 3 years all maintenance staff have been required to have Uniform Physical Conditions Standards training and pass the test to ensure competency and understanding of the standards the REAC inspectors are supposed to be inspecting to. Ms. Edwards stated that a discussion at a management team meeting focused on the fact that RRHA cannot get a handle on how to predict the outcome of the inspections and discussed if RRHA could send some staff to the same training as the REAC inspectors. Ms. Edwards stated that it is her understand that RRHA staff can attend the training. Mr. Edwards stated that it is very frustrating when Mr. Bustamante walked the properties with the managers and check the units and the standards list well in advance and did not expect these low scores.

Mr. Bustamante stated that the REAC scores depend on the inspectors, who have a lot of discretion, and the deficiencies that were cited at Melrose Towers and Morningside Manor are not typical findings for an inspection and it is extremely frustrating.

Commissioner Burruss asked if there were other areas in the scoring that can be contested. Mr. Bustamante stated that there are only two data adjustments to appeal in order to regain points and those are the 12 points at Morningside Manor which would raise the score to 86 and 17 points at Melrose Towers which would raise the score to

72.

Commissioner Garner asked how many property inspection scores are used to determine the overall score and what the ramifications of scoring between 75-78 are. Mrs. Edwards stated that only the four current inspections count for the Public Housing Assessment System (PHAS) scoring measure and the heaviest weighted is Lansdowne Park which has the largest number of units. A low PHAS score would not allow RRHA to be designated high performer and below 60 is considered Physically Trouble status.

Commissioner Burruss asked if other Housing Authorities are having the same concerns about the type of discretions with the REAC inspectors. Ms. Edwards stated that it is a national issue and will a topic of sessions at the NAHRO conference in Nashville, TN. There are some actions to cap some of the scores and there has been communication from HUD on quality assurance efforts to ensure that inspectors are scoring consistently. The variations across inspectors makes it very difficult to prepare for inspections considering two different inspectors can cite the same deficiency and one may deduct 5 points and the other 17 points. Mr. Bustamante is a results man and it is humiliating when he and Ms. Edwards were confident he was out on the properties and knew what to look for and it is challenging.

Commissioner Burruss asked if there was and connection between compensation and scoring for the inspectors. Ms. Edwards stated that she does not know and also does not know how HUD's quality assurance inspections correlate with the scoring.

Commissioner Burruss asked if the inspectors are local contractors. Mr. Bustamante stated that some are local and some are not. Ms. Edwards stated that the

contracts for the inspections are awarded through the bid process.

Mr. Shank stated that Hackley Apartments were inspected the same week by a different inspector and received a score of 91.

Vice-Chair Smith asked if RRHA is prepared for the REAC inspection at Lansdowne Park. Mr. Bustamante stated RRHA's yearly inspection company will be onsite the first week of October 2012 and any deficiencies that are identify will be corrected before the REAC inspection in January 2013.

Ms. Edwards stated that she would be happy to answer any questions.

Commissioner Karnes stated that he had the honor and pleasure of nominating Ms. Edwards for a Women of Achievement Award sponsored by DuPaul Community Resources. The recognition of nominees and announcement of winners will be held at a luncheon on October 2, 2012. Ms. Edward stated that if anyone would like to attend to contact Ms. Meyer.

Commissioner Burruss congratulated Ms. Edwards on her nomination. Ms. Edwards thanked Commissioner Burruss.

Vice-Chair Smith thanked Ms. Edwards for her report and asked if there were any other questions. There were none.

3. Staff Reports

Vice-Chair Smith asked if there were any staff reports. There were none.

4. Committee Reports

Vice-Chair Smith asked for committee reports.

Commissioner Karnes stated that the Personnel Committee met and continued reviewing the Annual Performance Appraisal Policy to be brought before the Board at a

next month's meeting and began reviewing other policies for consideration at a later date.

5. Commissioner Comments

Vice-Chair Smith asked if there were any Commissioner comments.

Vice-Chair Smith stated that the Resident Council and other residents attended a National Statewide Conference and one of their workshops was selected to be presented. The True Colors Workshop turned out to be one of the most popular. The Resident Council and attendees received invitations to come to other cities to conduct the True Colors Workshop.

Vice-Chair Smith asked if there were any other Commissioner comments. There were none.

6. Residents or other community members to address the Board

Vice-Chair Smith asked if there were any residents or other community members who would like to address the Board. There were none.

III. CONSENT AGENDA

C-1 Minutes of the Regular Meeting of the Board of Commissioners held Monday, August 27, 2012.

RECOMMENDED ACTION: Dispense with the reading thereof and approve as recorded.

C-2 Monthly Operations Report for the month of August 2012.

RECOMMENDED ACTION: File as submitted

Commissioner Butler introduced a motion to approve the Consent Agenda. The motion was seconded by Commissioner Karnes and upon roll call the following vote

was recorded:

AYES: Commissioners Burruss, Butler, Garner, Karnes, Smith

NAYS: None

Vice-Chair Smith thereupon declared said motion carried as introduced.

IV. **REGULAR AGENDA**

1. Presentation of Reports – Discussion

Vice-Chair Smith stated that Agenda item #1 was initiated by Chair Boitnott and will be deferred until Octobers Board meeting.

2. Resolution No. 3718

Ms. Austin asked for approval of Resolution No. 3718 approving the Consolidated Operating Budget for fiscal year ending September 30, 2013. Ms. Austin stated that there were slight changes in corrections to a mathematical formula error and change in the wording.

Commissioner Burruss asked if the changes modify the budgets bottom line. Ms. Austin stated the changes had no impact on the bottom line. Ms. Edwards stated that there was a percentage change on year to year budget reserves in Capital Improvements and the changes were on the explanation document and there were no changes to the budget numbers.

Vice-Chair Smith asked if there were any other questions. There were none.

Commissioner Butler introduced Resolution No. 3718 and moved its adoption as introduced:

RESOLUTION OF THE CITY OF ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY APPROVING THE CONSOLIDATED OPERATING BUDGET FOR FISCAL YEAR ENDING SEPTEMBER 30, 2013

WHEREAS, The City of Roanoke Redevelopment and Housing Authority (RRHA) has prepared a Consolidated Operating Budget for fiscal year ending September 30, 2013, covering the following programs: Public Housing, Section 8, Hackley, Private Management, Private Development, Jamison/Downing, CDBG/HOME, Homeownership Opportunities (HOP), ROSS Grant, City Activities, Capital Fund Grants/Bond Fund; and

WHEREAS, RRHA is required to submit a Board resolution approving the annual operating budget for U.S. Department of Housing and Urban Development (HUD) funded programs to HUD within 60 days of the beginning of the fiscal year; and

WHEREAS, the Board of Commissioners having reviewed the Consolidated Operating Budget has determined that the budget presented is a fair representation of projected operating revenues and expenditures for fiscal year ending September 30, 2013.

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of the City of Roanoke Redevelopment and Housing Authority that the Consolidated Operating Budget is approved for the fiscal year ending September 30, 2013.

The motion was seconded by Commissioner Burruss and upon roll call the following vote was recorded:

AYES: Commissioners Burruss, Butler, Garner, Karnes, Smith

NAYS: None

Vice-Chair Smith thereupon declared said motion carried and Resolution No. 3718 adopted as introduced.

3. Resolution No. 3719

Mr. Shank asked for approval of Resolution No. 3719 awarding a contract for replacement of chiller, cooling tower, and air handlers for the first floor for Melrose Towers using Public Housing Operating Reserve funds.

Mr. Shank asked if there were any questions.

Commissioner Butler asked about the \$100,000 difference between Valley Boiler and Mechanical, Inc. and the next lowest bidder. Mr. Shank stated that he went over

the bid with Valley Boiler and Mechanical, Inc. and they have integration with both projects therefore they were more competitive.

Chair Garner asked how much the contract would have to exceed the original amount before a change order is required to be brought before the Board and if the contract would be monitored for cost overages. Mr. Shank stated that any contract modifications would have to be deemed reasonable, and it would have to exceed the original amount of \$438,000 by \$43,000 before Board approval would be required for a contract modification. Ms. Edwards stated that an approval for a change order would require items such as additional work outside of the initial scope of the work, weather delays, delivery delays or reasons beyond what the contractor knew at the time of the original bid.

Vice-Chair Smith asked if there were any other questions. There were none.

Commissioner Garner introduced Resolution No. 3719 and moved its adoption as introduced:

RESOLUTION OF THE CITY OF ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY AWARING A CONTRACT FOR REPLACEMENT OF CHILLER, COOLING TOWER, AND AIR HANDLERS FOR THE FIRST FLOOR FOR MELROSE TOWERS USING PUBLIC HOUSING OPERATING RESERVE FUNDS

WHEREAS, in FY 2012 pursuant to the HUD Appropriations Act, Public Housing Authorities (PHAs) may use the portion of operating reserves above the HUD recommended minimum operating reserve levels for capital improvements; and

WHEREAS, the HUD recommended minimum operating reserve level for PHAs with 250 or more units is four months of formula expenses or \$100,000, whichever is greater; and

WHEREAS, VA11-6 Melrose Towers, AMP 206, has sufficient excess operating reserves to fund replacement of chiller, cooling tower, and air handlers for the first floor for Melrose Towers; and

WHEREAS, HVAC Upgrades for Melrose Towers, were included on the 2011 Annual Plan update to the 2010 – 2014 Annual Plan, which was approved by the City of Roanoke Redevelopment and Housing Authority (RRHA) Board of Commissioners by Resolution No. 3648 on June 27, 2011; and

WHEREAS, RRHA needs a qualified contractor to replace the chiller, cooling tower, and air handlers for the first floor for Melrose Towers; and

WHEREAS, RRHA issued an Invitation for Bid on August 5, 2012, with bids being due on August 28, 2012; and

WHEREAS, RRHA received four (4) responsive bids to the invitation which were opened for consideration, such bids being as follows:

<u>Bidder</u>	<u>Total Bid Amount</u>
Moore's Electrical and Mechanical South End Construction, Inc. (self-certified as Section 3 Business Concern)	\$539,692
Valley Boiler and Mechanical, Inc.	\$528,594
Varney, Inc.	\$438,000
	\$517,200

WHEREAS, HUD regulations at 24 CFR 135.1 state that "section 3 of the Housing and Urban Development Act of 1968 (12 U. S. C. 1701u) (section 3) directs that employment and other economic opportunities generated by certain HUD financial assistance shall to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to Business concerns which provide economic opportunities to low- and very low-income persons."; and

WHEREAS, one of the bids received by RRHA in this procurement was submitted by a certified section 3 business concern; and

WHEREAS, RRHA has adopted the method for providing preference in the award of section 3 covered contracts under a sealed bid process defined in section III(2)(i) of the Appendix to Part 135 of Section 24 of the Code of Federal Regulations, which defines the preference to be provided to section 3 business concerns when the lowest responsive bid is at least \$400,000 but less than \$500,000 as the lesser of 6% of amount of lowest responsive bid or \$25,000; and

WHEREAS, the amount of the preference provided for section 3 business concerns in this procurement is \$25,000; and

WHEREAS, the lowest bid submitted by a section 3 business concern is \$528,594 submitted by South End Construction, Inc., which is not within \$25,000 of the lowest responsive bid of \$438,000; and

WHEREAS, section III(2)(ii) of the Appendix to Part 135 of Section 24 of the Code of Federal Regulations states, "If no responsive bid by a section 3 business concern meets (2)(i) of this section, the contract shall be awarded to a responsible bidder with the lowest responsive bid"; and

WHEREAS, the lowest responsive bid in this procurement was submitted by Valley Boiler and Mechanical, Inc., with a bid amount of \$438,000; and

WHEREAS, the amount of the bid submitted by Valley Boiler and Mechanical, Inc. was determined to be fair and reasonable for the work specified when compared to the amount of the independent cost estimate, based on RS Means Cost Data, for the project; and

WHEREAS, review, evaluation, and confirmation of bid documentation has been completed, and Valley Boiler and Mechanical, Inc. has been found to be capable and in all other respects acceptable to RRHA; and

WHEREAS, the Vice President of Operations recommends an award to Valley Boiler and Mechanical, Inc.; and

WHEREAS, the Executive Director has determined that this procurement complies with RRHA's Procurement Policy and that it is in the best interests of RRHA to accept such bid and execute an appropriate contract.

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of the City of Roanoke Redevelopment and Housing Authority that:

- (1) The bid submitted by Valley Boiler and Mechanical, Inc. be and hereby is accepted;
- (2) The Executive Director be and hereby is authorized and directed to execute a standard contract for construction, which by reference is inclusive of all plans, specifications, addenda and related project documents, between Valley Boiler and Mechanical, Inc. and RRHA for the fixed price of \$438,000.
- (3) The Executive Director be and hereby is authorized to take such other actions as may be necessary to fulfill the intent of this Resolution.

The motion was seconded by Commissioner Butler and upon roll call the following vote was recorded:

AYES: Commissioners Burruss, Butler, Garner, Karnes, Smith

NAYS: None

Vice-Chair Smith thereupon declared said motion carried and Resolution No. 3719 adopted as introduced.

3.

V. **ADJOURNMENT**

There being no further business to come before the Board, Commissioner Butler moved that the meeting be adjourned.

The motion was seconded by Commissioner Karnes and upon roll call the following vote was recorded:

AYES: Commissioners Burruss, Butler, Garner, Karnes, Smith

NAYS: None

Vice-Chair Smith declared the meeting adjourned at 3:39 p.m.

Adam Boitnott, Chair

Glenda Edwards, Secretary-Treasurer