

Request for Proposals: ADDENDUM #1
Comprehensive Property Management Services
Harbor Hill Complex

11/3/2017

Provincetown Year Round Rental Housing Trust
260 Commercial Street
Provincetown, MA 02657

➤ **Proposal due date extended to TUESDAY, November 21, 2017, 4:00 pm**

Proposals are due by Tuesday, November 21, 2017 at 4:00 p.m. to:

Town Manager/Chief Procurement Officer
Town of Provincetown
Town Hall
260 Commercial Street
Provincetown, Massachusetts, 02657

Late proposals will not be considered and faxed or electronic proposals will not be accepted. (Please note that overnight carriers do not deliver to Provincetown in the morning. If using Fed-Ex, USPS Express Mail, UPS Overnight, DSL or similar carriers, please allow two days for delivery.)

SELECTION SCHEDULE

Briefing & Walkthrough: **October 31, 2:00 p.m. at Town Hall, Provincetown MA**
Question Submittal Deadline: **Friday, November 10, 2017, noon.**
Answers sent to all who requested the RFQ/P: **by November 14, 2017.**
Proposals due: **Tuesday, November 21, 2017, 4:00 p.m.**
Interview Window: **week of December 4, 2017**
Selection Recommendation to Board: **week of December 11, 2017**

➤ **Responses & Comments to Questions at the Briefing Session on Oct. 31 or received by Nov. 1, 2017:**

Ownership: The Provincetown Year Round Rental Housing Trust will be the owner of Harbor Hill and will award contracts and set policies regarding its operations. The Management Company will be reporting regularly to the Trust through the Housing Specialist; anticipated monthly.

Timeline: at this time, the Trust anticipates closing on the property sometime between January and April 2018. The process continues in the court system. The Town anticipates hiring an architectural firm in November and conducting a comprehensive property evaluation for the renovation project to be done as soon as possible following closing.

QUESTIONS:

Either from the Briefing Session or in writing:

See attached draft pro-forma distributed for discussion only. Note that the Trust has not set rents as yet and line-items are estimates and numbers are evolving.

What is "replacement reserve?"

There is a “construction reserve” which is for the renovation project and future capital improvements.
There is a “sinking fund” which is also for future capital improvements.
There is an “operating reserve” which is intended for replacement of appliances and other operational needs.

How quickly can reserves be accessed? Unless otherwise established, the Trust must vote on allocations from any funds at a properly posted meeting which requires a minimum of 48-hour notice and a majority of the members attending for a quorum.

What about appliances & water heaters? Attendees expressed concern over potential age of each appliance and potential for failure given lack of use since closing. Note that the Architectural firm will be doing a complete assessment which will include condition of appliances and will make recommendations as to replacement now or in the future. Replacement can then be addressed by the Trust with its reserve accounts and/or within the renovation project.

What is the fiscal year? The Provincetown Year Round Rental Housing Trust is a municipal entity. The municipal fiscal year [FY] runs from July 1 through June 30.

What is expected to be included in the Management Fee? The Trust will provide for property insurance, snow plowing of the driveways, trash pick-up, and fees for water, septic/sewer. The Trust will pay for utilities for common spaces and for vacant units.

The Management Fee should include salaries, fees, office space *, office equipment/supplies, computers, software, IT support, accounting, maintenance equipment, tools, phone, and internet to provide for the scope of services in the RFP.

* the current office on-site or other space might be used on short-term basis for initial rent-up depending upon the renovation plans which may include conversion of such spaces to ADA units. The existing furniture can also be utilized.

Space for Applicant Screening? If the Management Company requires additional space, this can be arranged through the Community Housing Specialist.

What about legal fees and bank charges? The Management Fee should include basic legal fees and bank charges. Coverage of larger legal fees, such as for eviction proceedings, can be requested on a case-by-case basis from the Trust.

Landscaping & Shoveling of walkways & stairs: The Management Company should plan on doing the day-to-day work but subcontracts for larger projects may be done [in compliance with procurement laws].

Winterization? The buildings on the property were winterized as follows:
The property was shut down in November 2016 and was not re-opened.

Winterize All units/Fixtures/Outside Spigots:

Task: 26 Units

26 Hot water tanks drained

All Water drained from all units and all common areas across all four buildings

Antifreeze in all dishwashers and toilets

Hot Tubs: Drain/AntiFreeze and Pump Protection

Rental Property Cash Flow Analysis

Harbor Hill Project

Unit Count	26
Number of Units	26
Average Monthly Rent per Unit	2,119.23
Total Rental Income	55,100.00
% Vacancy and Credit Losses	5.00%
Total Vacancy Loss	2,755.00
Other Monthly Income (laundry, vending, parking, etc.)	-
Gross Monthly Operating Income	52,345.00
Monthly Operating Expenses	
Mgmt Fee	5,234.50
Repairs and Maintenance	523.45
Sinking Fund	2,000.00
Rental Property Insurance	3,750.00
Septic Pump out	250.00
Water	833.33
Electric (common areas)	333.33
Misc Expenses:	250.00
	-
Advertising	250.00
Subtotal	13,424.62
Contingency	2,083.33
Monthly Operating Expenses	15,507.95
Net Operating Income (NOI)	
Total Annual Operating Income	628,140.00
Total Annual Operating Expense	186,095.40
Annual Net Operating Income	442,044.60
Actual Purchase Price	8,101,620.00
Loan Information	
Inside Renovation	726,425.00
Outside Renovation	639,254.00
	-
Total Renovation	1,365,679.00
Construction Reserve (trust)	200,000.00
Operating Reserve for Repairs (trust)	100,000.00
Acquisition Costs and Loan Fees	300,000.00
Loan Amount	9,767,299.00
Length of Bond	30
Annual Interest Rate	3.500%
Monthly Bond payment	43,859.54
	338,867.48
Annual Principal	187,446.97
Total Annual Debt Service	526,314.45
Cash Flow and ROI	
Total Monthly Cash Flow	(7,022.49)
Annual Rental Trust Fund Contribution	(84,269.85)