

PERALTA COMMUNITY COLLEGE DISTRICT
Board of Trustees Agenda Report
For the Trustee Meeting Date of July 21, 2009

ITEM #

ITEM TITLE:

Consider Approval to Enter into a Lease with Mobile Modular for Portable Buildings for Interim Housing Needs at Laney College

SPECIFIC BOARD ACTION REQUESTED:

Approval is requested to enter into a two-year lease with Mobile Modular for portable buildings for interim housing needs at Laney College, at a cost of \$152,209.

ITEM SUMMARY:

Four portable buildings are required as interim housing during the refurbishment of the Administrative Tower Building (an approved Modernization and Short-Term Project for Laney College). The majority of Tower Building occupants, including the counseling department, will be relocated to the portable buildings as interim housing during the renovation project. Approval is requested to lease three 36' x 40' and one 24' x 40' DSA approved portable buildings. The lease period will be two years, and the total cost will be \$152,209. This includes charges for delivery, set-up and return.

BACKGROUND/ANALYSIS:

Staff investigated the cost to purchase the portables, and an analysis is attached. The cost to purchase the portable buildings would be \$340,960. The difference between leasing and purchasing is approximately \$190,000. It is recommended that the District lease the portables rather than purchase, as the intention is to use the buildings for interim space for a limited amount of time only. If the District elects to purchase the portables at any time during the lease period, that option will be available at the quoted purchase price of \$340,960.

ALTERNATIVES/OPTIONS:

Purchase of the portables is an option, but would be more costly and is not recommended at this time (see attached analysis).

EVALUATION AND RECOMMENDED ACTION:

Approval to enter into a two-year lease with Mobile Modular for portable buildings for interim housing needs at Laney College, at a cost of \$152,209, is recommended.

SOURCE OF FUNDS (AND FISCAL/BUDGETARY IMPACT):

The funding source is Measure A, as approved by the voters in Peralta's constituency and authorized under Resolution 05/06-45, Exhibit A-1, Laney College "Classrooms and facilities repairs and grounds improvements."

OTHER DEPARTMENTS IMPACTED BY THIS ACTION (E.G. INFORMATION TECHNOLOGY):

YES _____ NO X

COMMENTS:

No additional comments.

WHO WILL BE PRESENTING THIS ITEM AT THE BOARD MEETING?

Vice Chancellor Ikharo

DID A BOARD STANDING COMMITTEE RECOMMEND THE ITEM? YES _____ NO X

IF "YES", PLEASE INCLUDE THAT INFORMATION IN YOUR SUMMARY.

PLEASE ACQUIRE SIGNATURES IN THIS ORDER:

DOCUMENT PREPARED BY:
Prepared by: Sadiq B. Ikhano Date: 7/15/09
Dr. Sadiq B. Ikhano
Vice Chancellor of General Services

DOCUMENT PRESENTED BY:
Sadiq B. Ikhano Date: 7/15/09
Dr. Sadiq B. Ikhano
Vice Chancellor of General Services

FINANCE DEPARTMENT REVIEW

Finance review required Finance review *not* required

If Finance review is required, determination is: Approved Not Approved

If not approved, please give reason: _____

Signature: _____ Date: _____
Thomas Smith
Vice Chancellor for Finance and Administration

GENERAL COUNSEL (Legality and Format/adherence to Education Codes):

Legal review required Legal review *not* required

If Legal review is required, determination is: Approved Not Approved

Signature: _____ Date: _____
Thuy T. Nguyen, General Counsel

CHANCELLOR'S OFFICE APPROVAL

Approved, and Place on Agenda Not Approved, but Place on Agenda

Signature: Elihu Harris Date: 7/15/09
Elihu Harris, Chancellor

**ANALYSIS OF LEASE VERSUS PURCHASE OF
PORTABLE BUILDINGS FROM MOBILE MODULAR
FOR INTERIM HOUSING NEEDS AT LANEY COLLEGE**

The cost of lease versus purchase for the four used portable buildings is as follows:

LEASE COSTS:

The total for lease costs for a two-year period includes one-time charges for set-up and return. If the District wishes to extend the lease beyond the two-year period, the cost per month will be same, but the return costs would be the current charges at that future time. At the end of the lease period, the portable buildings could be purchased, but Mobile Modular does not offer a lease-to-own or lease-purchase option whereby the District would receive credit for rental payments.

LEASE COST for 3 – 36' x 40' and 1 – 24' x 40' Portable Buildings:

3 - 36' x 40' Portable Buildings:

One-Time Charges for delivery, installation and return:	\$ 50,766
One-time charge to add one unisex, single occupancy restroom:	6,875
Monthly Lease: \$1,067 x 3 x 24 months:	<u>76,824</u>
Charges plus lease cost for 3 - 36' x 40':	\$134,465

1 - 24' x 40' Portable Building:

One-Time Charges for delivery, installation and return:	\$ 7,664
Monthly Lease: \$420 x 24 months:	<u>10,080</u>
Charges plus lease Cost for 1 - 24' x 40':	\$ 17,744

TOTAL CHARGES AND LEASE COST OF 4 PORTABLES: \$152,209

PURCHASE COST for 3 – 36' x 40' and 1 – 24' x 40' Portable Buildings:

3 - 36' x 40' Portable Buildings:

Cost plus sales tax: (\$89,630+ \$3,496) x 3:	\$279,378
One-Time Charges for delivery and installation:	<u>19,792</u>
Charges plus purchase cost for 3 - 36' x 40':	\$299,170

1 - 24' x 40' Portable Building:

Cost plus sales tax: (\$36,418 + \$1,420):	\$37,838
One-Time Charges for delivery and installation:	<u>3,952</u>
Charges plus purchase cost for 1 - 24' x 40':	\$41,790

TOTAL PURCHASE COST OF 4 PORTABLES: \$340,960

ANALYSIS

It would cost approximately \$190,000 more to purchase the portables as opposed to leasing for a two-year period. Leasing is recommended, because:

- It is not anticipated that the portables would be the correct size or configuration to serve as interim housing for other major upcoming projects at Laney.
- Under the lease period, maintenance would be the responsibility of Mobile Modular. If the portables are owned, all maintenance would have to be provided by the District.
- Included in the lease price are costs to dismantle and return the buildings. If the District purchased the portable buildings, the District would assume any costs associated with relocating the buildings.
- The average life of the portables is dependent on the use, location and how well they are maintained. (Mobile Modular has some portable buildings that are 20-25 years old.) The intention of the District is to use the portable buildings for interim housing needs. The buildings would not be desirable for permanent space.
- The addition of permanent space would also negatively affect the already overbuilt status of the District as calculated and reported to California Community Colleges. This could affect State funding for future capital outlay projects.

Because the portable buildings will only be needed as interim space for a limited amount of time, it is recommended that they be leased rather than purchased.