



AGENDA REPORT

Meeting Date: October 6, 2009
Item Number: F-15
To: Honorable Mayor & City Council
From: Alan Schneider, Director of Project Administration
Subject: APPROVAL OF A SECOND LEASE ADDENDUM WITH MOBILE MODULAR MANAGEMENT CORPORATION TO EXTEND THE TERM OF THE LEASE OF THREE MODULAR BUILDINGS FOR TEMPORARY STAFF OFFICES; AND
APPROVE A CHANGE PURCHASE ORDER IN THE AMOUNT OF \$110,399.49 TO MOBILE MODULAR MANAGEMENT CORPORATION
Attachments: 1. Agreement

RECOMMENDATION

Staff recommends that the City Council move to approve the second lease addendum to the lease agreement with Mobile Modular Management Corporation (Mobile Modular) in the amount of \$110,399.49 to extend the term of the lease for seven months for three modular buildings currently used for temporary staff offices located at 9357 West Third Street. Total compensation under this agreement and two lease extensions is \$847,399.49.

INTRODUCTION

In May 2007, the City entered into a lease agreement with Mobile Modular for the lease of three modular buildings to serve as temporary staff office space during the remodel of the ground floor of City Hall. The first lease addendum was approved in September 2008 to extend the lease period for twelve additional months. The proposed second lease addendum would further extend the term of the lease for an additional seven months to cover the remodeling of the third floor in City Hall.

DISCUSSION

The City Hall Capital Improvement Project (CIP) for this fiscal year continues the remodel of City Hall to improve staff work space and develop better efficiencies through spatial rearrangement of the departments and divisions. The initial phase of the project addressed the Customer Service Center and staff offices for the Community

Development Department on the first floor, and was completed in October 2008. The second phase is the remodel of the second and third floors, which started in August 2009. To implement this phase of the project, it was necessary to relocate the entire Administrative Services Department staff to the modular buildings on Third Street. The contractual completion date for the second and third floor remodel is March 2010. Consequently, an additional seven months of occupancy of the modular buildings is required.

The original lease agreement contemplated extended terms and specifies the monthly lease rate for each of the three buildings. The proposed second addendum calculates the additional cost for seven additional months as follows:

- Building A \$35,917.67
- Building B \$23,009.07
- Building C \$51,472.75

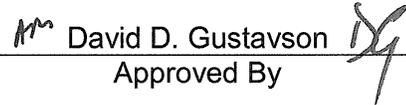
The total cost for this second addendum is \$110,399.49.

FISCAL IMPACT

Funding for this component of the project is allocated in the fiscal year 2009-10 CIP budget for City Hall Master Project #851.



Scott G. Miller
Finance Approval



David D. Gustavson
Approved By

CONTRACT EXTENSION SUMMARY

COMPENSATION (including taxes)	<u>Modular Building A</u>	
	Total Rental Payments	\$35,917.67
	<u>Modular Building B</u>	
	Total Rental Payments	\$23,009.07
	<u>Modular Building C</u>	
	Total Rental Payments	<u>\$51,472.75</u>
	Total:	\$110,399.49

7-MONTH LEASE
EXTENSION START DATE September 13, 2009

INSURANCE VALUE The building(s) insurance value shall decrease per month by 20% of the paid rental, capped at thirty-six months.

PURCHASE PRICE If the City of Beverly Hills elects to purchase any building(s), then 20% of the paid rental will be applied towards the original proposed purchase price. Credit for paid rental is capped at thirty-six (36) months. City may elect to purchase at any time, either during or at the termination of the lease period. City shall provide (30) day notice for any purchase.

Contract Summary Worksheet

RENTAL SCHEDULE – BASED ON A 7-MONTH LEASE EXTENSION

Building A

	<u>Rental</u>	<u>Tax Rate</u>	<u>Total After Tax</u>
Period 1	\$4,675	9.75%	\$5,130.81
Period 2	\$4,675	9.75%	\$5,130.81
Period 3	\$4,675	9.75%	\$5,130.81
Period 4	\$4,675	9.75%	\$5,130.81
Period 5	\$4,675	9.75%	\$5,130.81
Period 6	\$4,675	9.75%	\$5,130.81
Period 7	\$4,675	9.75%	\$5,130.81
Total	\$32,725		\$35,917.67

Building B

	<u>Rental</u>	<u>Tax Rate</u>	<u>Total After Tax</u>
Period 1	\$2,995	9.75%	\$3,287.01
Period 2	\$2,995	9.75%	\$3,287.01
Period 3	\$2,995	9.75%	\$3,287.01
Period 4	\$2,995	9.75%	\$3,287.01
Period 5	\$2,995	9.75%	\$3,287.01
Period 6	\$2,995	9.75%	\$3,287.01
Period 7	\$2,995	9.75%	\$3,287.01
Total	\$20,965		\$23,009.07

Building C

	<u>Rental</u>	<u>Tax Rate</u>	<u>Total After Tax</u>
Period 1	\$6,700	9.75%	\$7,353.25
Period 2	\$6,700	9.75%	\$7,353.25
Period 3	\$6,700	9.75%	\$7,353.25
Period 4	\$6,700	9.75%	\$7,353.25
Period 5	\$6,700	9.75%	\$7,353.25
Period 6	\$6,700	9.75%	\$7,353.25
Period 7	\$6,700	9.75%	\$7,353.25
Total	\$46,900		\$51,472.75

Agreement No. 158-07
1st Addendum, Agreement No. 405-08
Lease Extension 9/13/09

Lease #: 575379
Addendum Date: 9/13/09
72' x 60' sn 9661-9666
Second Lease Addendum

Customer: City of Beverly Hills
345 Foothill Road
Beverly Hills, CA 90210

Attention: Alan Schneider
Phone: (310) 285-1188
Fax: (310) 858-5965
Email: aschneider@beverlyhills.org

Project Name: Building (A)
Site Address: 9357 West Third Street, Beverly Hills

This will serve as a second addendum to the lease agreement entered into between CITY of BEVERLY HILLS (Lessee) and MOBILE MODULAR MANAGEMENT CORPORATION (Lessor) with an original start rent date of 9/24/09.

ALL OTHER TERMS AND CONDITIONS TO REMAIN THE SAME.

Renewal Information

Contract No.	Original Term	Original Start Rent Date	Bldg. ID	Item Description	Addendum Start Date	Addendum Stop Date	Term	Rental Rate
575379	12	9/24/07	45660	Office, 72x60 HCD (Non Std)	9/13/09	4/10/10	7	\$4,675.00

- Rental rates do not include any applicable taxes. Return delivery and preparing equipment for return will be quoted at time of return.
- This contract agreement defines a month as 30 calendar days. Bill frequency for this contract is Monthly.

Agreement No. 158-07
1st Addendum, Agreement No. 405-08
Lease Extension 9/13/09

Lease #: 575380
Addendum Date: 9/13/09
48' x 60' sn 9657-9660
Second Lease Addendum

Customer: City of Beverly Hills
345 Foothill Road
Beverly Hills, CA 90210

Attention: Alan Schneider
Phone: (310) 285-1188
Fax: (310) 858-5965
Email: aschneider@beverlyhills.org

Project Name: Building (B)
Site Address: 9357 West Third Street, Beverly Hills

This will serve as a second addendum to the lease agreement entered into between CITY of BEVERLY HILLS (Lessee) and MOBILE MODULAR MANAGEMENT CORPORATION (Lessor) with an original start rent date of 9/24/09.

ALL OTHER TERMS AND CONDITIONS TO REMAIN THE SAME.

Renewal Information

Contract No.	Original Term	Original Start Rent Date	Bldg. ID	Item Description	Addendum Start Date	Addendum Stop Date	Term	Rental Rate
575380	12	9/24/07	45599	Office, 48x60 HCD (Non Std)	9/13/09	4/10/10	7	\$2,995.00

- Rental rates do not include any applicable taxes. Return delivery and preparing equipment for return will be quoted at time of return.
- This contract agreement defines a month as 30 calendar days. Bill frequency for this contract is Monthly.

Agreement No. 158-07
1st Addendum, Agreement No. 405-08
Lease Extension 9/13/09

Lease #: 575381
Addendum Date: 9/13/09
84' x 60' sn 9667-9673
Second Lease Addendum

Customer: City of Beverly Hills
345 Foothill Road
Beverly Hills, CA 90210

Attention: Alan Schneider
Phone: (310) 285-1188
Fax: (310) 858-5965
Email: aschneider@beverlyhills.org

Project Name: Building (C)
Site Address: 9357 West Third Street, Beverly Hills

This will serve as a second addendum to the lease agreement entered into between CITY of BEVERLY HILLS (Lessee) and MOBILE MODULAR MANAGEMENT CORPORATION (Lessor) with an original start rent date of 9/24/09.

ALL OTHER TERMS AND CONDITIONS TO REMAIN THE SAME.

Renewal Information

Contract No.	Original Term	Original Start Rent Date	Bldg. ID	Item Description	Addendum Start Date	Addendum Stop Date	Term	Rental Rate
575381	12	9/24/07	45669	Office, 84x60 HCD (Non Std)	9/13/09	4/10/10	7	\$6,700.00

- Rental rates do not include any applicable taxes. Return delivery and preparing equipment for return will be quoted at time of return.

This contract agreement defines a month as 30 calendar days. Bill frequency for this contract is Monthly.

Signature page to Mobile Modular Management Corporation Second Addendum to Agreement
EXECUTED the ____ day of _____, 2009, at Beverly Hills, California.

CITY OF BEVERLY HILLS
A Municipal Corporation

NANCY KRASNE
Mayor of the City of Beverly Hills,
California

ATTEST:

_____(Seal)
BYRON POPE
City Clerk

MMMC: MOBILE MODULAR
MANAGEMENT CORPORATION



RICHARD BROWN
Vice President



DAVE WHITNEY
Controller

APPROVED AS TO FORM:



LAURENCE S. WIENER
City Attorney

APPROVED AS TO CONTENT:

RODERICK J. WOOD, ICMA-CM
City Manager



DAVID D. GUSTAVSON
Director of Public Works & Transportation



KARL KIRKMAN
Risk Manager