



Metro

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**OPERATIONS COMMITTEE
MARCH 16, 2006**

**SUBJECT: SAN FERNANDO VALLEY SECTOR MODULAR FACILITY EXPANSION
AND LEASE EXTENSION**

**ACTION: AUTHORIZE THE EXECUTION OF A LEASE EXTENSION AND FACILITY
EXPANSION FOR SAN FERNANDO VALLEY SECTOR MODULAR
FACILITY**

RECOMMENDATION

Authorize the Chief Executive Officer to execute Modification No. 2 to Contract No. FY041206 with GE Capital Modular Space to add funding in the amount of \$278,409, to extend the existing lease agreement of one Modular Office Unit for an additional three-year period, and to add a second Modular Office Unit for the same three-year period, increasing the total contract value from \$64,439 to \$342,848.

RATIONALE

The Los Angeles County Sheriff's Department (LASD) provides law enforcement and security services for Metro's Los Angeles County service area. Under its agreement with the LASD, Metro is responsible for providing adequate office space to LASD personnel. Metro currently headquarters LASD personnel assigned to the San Fernando Valley sector in a factory-built modular office unit located immediately adjacent to its San Fernando Valley Sector administration building in Chatsworth. The 42' X 70' modular unit allows deputies to avoid a time-consuming and costly commute between the LASD downtown headquarters and the San Fernando Valley sector.

In December 2003, Metro awarded a contract to GE Capital Modular Space (GECMS) for the provision of a Modular Office Unit as a local headquarters for approximately 15 LASD personnel and 12 Metro Transit Operations Supervisors assigned to the San Fernando Valley Sector. The facility was installed on an existing concrete pad located adjacent to the San Fernando Valley Sector administration building. The space includes restrooms, locker facilities for shift changes, meeting rooms, and administrative offices. The three-section modular unit was taken from GECMS' existing inventory at a substantial cost savings, and required very minimal modifications to suit Metro's requirements. A lease was established for an eighteen-month base period with a single option to extend the lease by an additional

year. The single option year on the current lease expires in June 2006. There are no additional options available.

The recent opening of Metro's Orange Line, and subsequent increase in assigned LASD personnel has exceeded the capacity of the existing modular facility. The addition of approximately forty new LASD sheriff's deputies and support personnel represents a 146% increase in staff, necessitating the demand for additional office space. This contract modification permits the addition of adequate and necessary locker rooms, report-writing room, storage, armory, and administrative offices to accommodate additional LASD personnel recently assigned to the Metro Orange Line.

FINANCIAL IMPACT

Funding of \$120,000 for this project is included in the FY06 budget in cost center 8510, Construction Contracts under project 800112 Orange Line. Since this is a multi-year contract, Security Operations and the Deputy Chief Executive Officer will be accountable for budgeting the remaining cost of \$158,409 in future years for the lease payments, including any option exercised. In FY05 approximately \$32,500 dollars was expended for lease payments.

ALTERNATIVES CONSIDERED

Several alternatives to expanding Metro's existing factory-built, modular building were considered by Metro staff. First, Metro could undertake construction of a facility or, alternatively, make an outright purchase of modular units. Budget constraints make the former solution infeasible. As to the latter, staff determined that an outright purchase of modular units under today's market conditions is a less cost effective alternative to a lease arrangement. A lease will meet the immediate need for a solution and allow Metro staff sufficient time to prepare for a longer-term solution in a more competitive and cost-friendly market.

Metro could decide not to provide accommodation to the LASD in the San Fernando Valley. This alternative was rejected because the benefits of providing a local headquarters for a San Fernando Valley security force, particularly with the distance from and traffic between Downtown Los Angeles and the San Fernando Valley, outweigh opposing concerns.

Combining the existing modular unit with a compatible extension from GECMS is considered the most cost effective approach at this time.

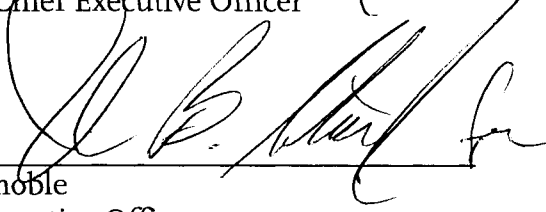
ATTACHMENT(S)

- A. Procurement Summary
- A-1. Procurement History
- A-2. List of Subcontractors

Prepared by: Brady Branstetter, Director of Facilities Maintenance
Gregory Moore, Senior Contract Administrator



John B. Catoe, Jr.
Deputy Chief Executive Officer



Roger Snoble
Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

**SAN FERNANDO VALLEY SECTOR MODULAR FACILITY EXPANSION AND LEASE
EXTENSION**

1.	Contract Number: FY041206		
2.	Recommended Vendor: GE Capital Modular Space		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: \$278,409	Recommended Price: \$278,409	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Mixed Firm Fixed Price plus Fixed Lease Amount		
5.	Procurement Dates:		
	A. Issued: N/A		
	B. Advertised: N/A		
	C. Pre-proposal Conference: N/A		
	D. Proposals Due: N/A		
	E. Pre-Qualification Completed: PENDING		
	F. Conflict of Interest Form Submitted to Ethics:		
6.	Small Business Participation: 0%		
	A. Bid/Proposal Goal: N/A	Date Small Business Evaluation Completed:	
	B. Small Business Commitment: Details are in Attachment A-2 N/A		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: N/A	Bids/Proposals Picked up: N/A	Bids/Proposals Received: N/A
8.	Evaluation Information:		
	A. Bidders/Proposers Names: N/A	<u>Bid/Proposal Amount:</u> N/A	<u>Best and Final Offer Amount:</u> N/A
	B. Evaluation Methodology: Details are in Attachment A-1.C		
9.	Protest Information:		
	A. Protest Period End Date: N/A		
	B. Protest Receipt Date: N/A		
	C. Disposition of Protest Date: N/A		
10.	Contract Administrator: Gregory Moore	Telephone Number: 213-922-7376	
11.	Project Manager: John Roberts	Telephone Number: 818-394-2631	

**BOARD REPORT ATTACHMENT A-1
PROCUREMENT HISTORY**

**SAN FERNANDO VALLEY SECTOR MODULAR FACILITY EXPANSION AND LEASE
EXTENSION**

A. Background on Contractor

GE Capital Modular Space (GECMS) is a nationwide company founded in 1969 that leases, rents, and sells a wide variety of modular buildings. GECMS maintains an office in Gardena, California, and possesses an extensive local client list in the commercial/industrial, education and healthcare fields. GECMS is one of North America's largest suppliers of mobile and modular buildings, with more than 75,000 buildings placed. GECM's services under two separate contracts with Metro have been satisfactory.

B. Procurement Background

In December 2003, Metro awarded a lease to GECMS to furnish and install a temporary modular building at Metro's San Fernando Valley Sector headquarters under Contract No. FY041206. Two potential bidders- Williams Scotsman and GE Capital Modular Space- submitted bids for the modular facility, and GECMS's price quote of \$62,908 was 186% lower than Williams Scotsman's bid of \$179,806, inclusive of all lease, installation and removal costs. Thus, GE Capital was deemed the lowest priced, responsive and responsible bidder.

Under Contract Modification No. 1, Metro added an ADA-approved ramp to the exterior of the modular unit in the amount of \$1,080. In May 2005, Metro exercised a one-year option to extend the lease agreement until June 2006. No additional options remain under the original lease. Additional funding is now required for the lease extension and facility expansion described in the Rationale section of this Report.

C. Evaluation of Proposals

A written cost proposal for the modification was submitted by GECMS and reviewed by Metro Procurement staff. Metro Estimating Department conducted an independent cost estimate, which was within 4% of GECMS proposed pricing terms, and staff conducted a detailed market survey of comparable lease arrangements and availability. Procurement staff also compared leasing versus purchase options, as described below.

D. Cost/Price Analysis Explanation of Variances

The recommended price has been determined to be fair and reasonable based upon: 1) an original competitive bid process for the extension of the existing lease; 2) an independent cost estimate and market research conducted by staff; and 3) the anticipated lack of competition and industry-wide cost impact as a result of recent and intensive demand for modular units in the Gulf Coast region.

The monthly lease rate for the existing lease modular building will be escalated by only 5% over the three-year lease extension. However, there is a marked increase in the lease costs associated with the additional modular unit due to market demand (precipitated by natural disasters in the Gulf Coast, increased construction costs, etc.), construction requirements, and increased number of floor sections required.

Based on a three-year period of usage, staff determined that it is more economical to lease the above-described modular units rather than make an outright purchase. The lease of the modular units is also more attractive than a purchase because the high demand for similar modular units in the Gulf Coast region has created a spike in current pricing. The total rental cost for the three-year period of performance is \$278,409, while the estimated purchase price for two comparable modular units is approximately \$533,752 plus maintenance costs.

**BOARD REPORT ATTACHMENT A-2
LIST OF SUBCONTRACTORS**

**SAN FERNANDO VALLEY SECTOR MODULAR FACILITY EXPANSION AND LEASE
EXTENSION**

PRIME CONTRACTOR – GE CAPITAL MODULAR SPACE

Small Business Commitment

N/A

Other Subcontractors

None

Total Commitment N/A

