

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

517



**FROM:** Department of Mental Health

**SUBMITTAL DATE:**  
October 12, 2011

**SUBJECT:** Approve the Purchase Order with Modular Space Corporation.

**RECOMMENDED MOTION:** Move that the Board of Supervisors ratify and:

1. Authorize the Riverside County Purchasing Agent to sign annual purchase orders with Modular Space Corporation for the leasing of the Riverside County Department of Mental Health's (RCDMH) modular space located at 4060A County Circle Drive, for no more than \$40,292 per year if required; and
2. Authorize the Purchasing Agent to renew annually this purchase order through June 30, 2013, and to sign a purchasing agreement for approximately \$30,000 for the removal of the trailer in FY 2013/2014.

**BACKGROUND:**

The Riverside County Department of Mental Health (RCDMH) has leased its modular building located at 4060A County Circle Drive from the Modular Space Corporation for five (5) years, since 2006. The modular building is approximately 5,760 square feet and is currently being used for storage at a cost savings to the department.

JW:DC:SL

*Jerry Wengerd*  
\_\_\_\_\_  
Jerry Wengerd, Director  
Department of Mental Health

**FINANCIAL DATA**

|                               |          |                         |       |
|-------------------------------|----------|-------------------------|-------|
| Current F.Y. Total Cost:      | \$40,292 | In Current Year Budget: | Yes   |
| Current F.Y. Net County Cost: | \$ 0     | Budget Adjustment:      | No    |
| Annual Net County Cost:       | \$ 0     | For Fiscal Year:        | 11/12 |

**SOURCE OF FUNDS:** MHSA – 100%

|                                  |                          |
|----------------------------------|--------------------------|
| Positions To Be Deleted Per A-30 | <input type="checkbox"/> |
| Requires 4/5 Vote                | <input type="checkbox"/> |

**C.E.O. RECOMMENDATION:**

APPROVE

*Debra Courmoyer*  
\_\_\_\_\_  
Debra Courmoyer

**County Executive Office Signature**

FORM APPROVED COUNTY COUNSEL  
 DATE 10/12/11  
 BY: NEAL R. KIPNIS  
 Department Director  
 Purchasing: Mark Seltzer, Assistant Director  
 Policy  / Consent   
 Policy  / Consent   
 Dep. Exec. Off.

ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD

Prev. Agn. Ref.: | District: 1 | Agenda Number:

3.18

**SUBJECT:** Approve the Purchase Order with Modular Space Corporation.

**BACKGROUND (CONTINUED):**

Historically, the purchase order for this site has been paid for through the RCDMH's Accounts Payable unit by means of an invoice on a month-to-month basis. Recently the RCDMH, among other County departments, was notified by the Auditor-Controller that all payments made to any organization on a consistent basis must now be paid for via a purchase order. As a result, in order for the RCDMH to continue to lease the aforementioned modular space, the Purchasing Department must have the authority to put into place a purchase order with Modular Space Corporation to make financial provisions for the monthly payment of the purchase order. Therefore, the RCDMH is requesting that the Board of Supervisors authorize the Riverside County Purchasing Agent to establish a purchase order with Modular Space Corporation for the annual leasing of the RCDMH's modular space located at 4060A County Circle Drive, in Riverside, California.

**PERFORMANCE PERIOD:**

This purchase order will only be in place for two (2) fiscal years commencing on July 1, 2011 until June 30, 2013. At the end of the two (2) fiscal years, the RCDMH plans to cease utilizing the aforementioned trailer as storage for furniture and program files that will be relocated to their permanent space by June 30, 2013. The RCDMH will terminate its current lease with the Modular Space Corporation for the trailer, and will return the trailer to Modular Space Corporation at a required price of approximately \$30,000 as set forth in the RCDMH's lease agreement with the Modular Space Corporation. Due to an insufficient need for the use of this trailer, and based on the costly purchase price of \$164,000 quoted by the Modular Space Corporation, the RCDMH has opted not to pursue any future options for the use of aforementioned trailer beyond June 30, 2013.

**FINANCIAL IMPACT:**

The annual cost of the modular space in FY 2010/2011 was approximately \$41,603 or \$3,467 per month. Beginning in FY 2011/2012, a rate of \$40,292 per fiscal year for two (2) years, or \$3,229 per month, was negotiated at a cost savings to the department. The cost for the monthly purchase order has been budgeted in the department's FY 11/12 budget and no additional County funds are required.

**PRICE REASONABLENESS:**

The RCDMH received a price reduction in FY 11/12 and FY 12/13 for entering into a two (2) year lease with the Modular Space Corporation. In addition, compared to a similar storage space that the RCDMH is leasing at \$.78 per square foot located at 1681 Sterling in Riverside, the current price offered by the Modular Space Corporation of \$.60 per square foot is also a \$.18 per square foot cost savings to the RCDMH.



**RE: LEASE RENEWAL ADDENDUM FOR Trailer "A" Dept of Mental Health-8Plex**

**CUSTOMER & LEASE INFORMATION:**

|                |                     |                       |              |
|----------------|---------------------|-----------------------|--------------|
| Customer Name: | County Of Riverside | Expired Lease Number: | 084297       |
| Account ID:    | 336565              | Delivery Location:    | Riverside    |
| Contact Name:  | Melanie Hurst       | Contact Number:       | 951-955-4931 |
| Unit Number    | 082791-082802       | Fax Number            | 951-955-4946 |

**Please indicate your lease renewal term and rate preference by selecting a standard term below by initialing your selection below, signing and faxing this form to ModSpace at 909-574-1470.**

| Initials | TERM OPTION    | MONTHLY LEASE RATE |
|----------|----------------|--------------------|
|          | Month to Month | \$ 4,553           |
|          | 12 Months      | \$ 3,423           |
|          | 24 Months      | \$ 3,229           |
|          | 36 Months      | \$ 3,100           |

This Addendum will serve to amend the terms, conditions and provisions of the above referenced Lease Agreement including all exhibits, attachments and modifications previously made (the "Lease") by and between County Of Riverside ("Customer") and Modular Space Corporation, Inc. also known as ModSpace. Now, therefore, in consideration of the Equipment, the Lease and other good and valuable consideration the sufficiency of which is hereby acknowledged the parties hereby agree to the following:

1. ModSpace and Customer hereby agree to extend the term of the Lease commencing 30 days after the printed date on this letter (the "Revised Commencement Date") for the number of months selected above, and Customer agrees to pay Modspace the corresponding Rent indicated above. The absence of, or Customer's failure to issue, a renewal purchase order will not eliminate or alter the Customer 's obligations under the Lease or this Addendum.
2. The rates for tear down and return freight previously agreed to in the expired lease agreement **084297** are no longer applicable, and all future tear down and return freight charges will be billed at the prevailing rate at the time of final lease termination.
3. The undersigned represents that they are fully authorized to enter into this Addendum with ModSpace.
4. Except as expressly set forth herein, all other terms, conditions and provisions of the Lease will remain the same. In the event of any conflict between the terms, conditions and provisions of the Lease and this Addendum, then this Addendum shall prevail.

**ACCEPTANCE:**

**County OF Riverside**

By: X \_\_\_\_\_  
Authorized Signature

Print Name \_\_\_\_\_

Title \_\_\_\_\_ Date \_\_\_\_\_

Email \_\_\_\_\_

**ModSpace**

By: X \_\_\_\_\_  
Authorized Signature

Print Name \_\_\_\_\_

Title \_\_\_\_\_ Date \_\_\_\_\_

**11115 Hemlock Ave., Fontana, CA 92337 (909) 574-1465**

FORM APPROVED COUNTY COUNSEL

BY: NEAL R. KIPNIS \_\_\_\_\_ DATE \_\_\_\_\_