



Folsom City Council Staff Report

MEETING DATE:	11/8/2022
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 10947 – A Resolution Authorizing the City Manager to Execute an Agreement with Vesta Modular for a Five-Year Lease of a Modular Trailer for the Waste and Recycling Division
FROM:	Public Works Department

RECOMMENDATION / CITY COUNCIL ACTION

The Public Works Department recommends that the City Council pass and adopt Resolution No. 10947 – A Resolution Authorizing the City Manager to Execute an Agreement with Vesta Modular for a Five-Year Lease of a Modular Trailer for the Waste and Recycling Division.

BACKGROUND / ISSUE

The Public Works Waste and Recycling Division is located at the City of Folsom Corporation Yard. The operations staff work out of a modular building originally leased from Performance Modular. Performance Modular has since been sold to Vesta Modular, who currently owns the building. The existing lease, originally executed in 2017, expires in November 2022 and the Waste and Recycling Division would like to continue to occupy and rent the building.

Staff is recommending entering into a lease agreement to continue using the current Waste and Recycling operations building for the next five years. The five-year lease option will eliminate any variation in rent, ensure maintenance issues are handled effectively, and secure the building for Waste and Recycling Division use. The short-term lease allows for an easier transition when the Waste and Recycling Division is moved to the future location of the Corporation Yard.

This resolution will authorize the City Manager to execute an agreement with Vesta Modular for a five-year lease of the modular trailer currently occupied by the Waste and Recycling

Division operations staff. Funding for this project is budgeted and available in the Solid Waste Fund (Fund 540).

POLICY / RULE

Section 2.36.080 of the Folsom Municipal Code states, in part, that contracts for supplies, equipment, services, and construction with an estimated value of \$66,141 or greater shall be awarded by the City Council.

ANALYSIS

In consideration of the future transition to a new Corporation Yard, the Waste and Recycling Division recommends entering into a five-year lease agreement to continue using the operations building it has occupied since 2017. A lease agreement fixes monthly cost and establishes the responsible party for maintenance and repairs of the building. If the current Corporation Yard were going to be used long-term, a longer-term office solution would be evaluated through a bid process; however, taking into consideration the cost and operational disruption of removing the current building and installing a new building, entering into a new lease to seamlessly continue operations is the most practical course of action.

FINANCIAL IMPACT

The Waste and Recycling Division proposes a five-year lease agreement with Vesta Modular for an amount not to exceed \$104,718.00, which includes \$18,735.60 per year for rent and an estimated \$11,040.00 in the final year to pay for the cost of removing the building. The final year removal costs are subject to change based on the market rate at the time. The annual cost is a 21% increase over the previous lease; however, the five-year lease agreement locks in a saving of \$2,715.24 per year over the shortest available lease of 12 months.

Funding for the remainder of Fiscal Year 2022-23 in the amount of \$14,051.70 is available in the FY 2022-23 Budget in the Solid Waste Fund (Fund 540). Funding for the annual lease cost of \$18,735.60 will be budgeted in subsequent years.

ENVIRONMENTAL REVIEW

This action is exempt from environmental review under the California Environmental Quality Act (CEQA).

ATTACHMENTS

Resolution No. 10947 – A Resolution Authorizing the City Manager to Execute an Agreement with Vesta Modular for a Five-Year Lease of a Modular Trailer for the Waste and Recycling Division

Submitted,

Mark Rackovan, PUBLIC WORKS DIRECTOR

RESOLUTION NO. 10947

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT WITH VESTA MODULAR FOR A FIVE-YEAR LEASE OF A MODULAR TRAILER FOR THE WASTE AND RECYCLING DIVISION

WHEREAS, the Public Works Waste and Recycling Division operation currently utilizes a rented modular trailer, located at the City of Folsom Corporation Yard; and

WHEREAS, the lease for the existing modular trailer has expired; and

WHEREAS, the current modular trailer is meeting operational needs of the Waste and Recycling Division; and

WHEREAS, staff has considered the limited term use of the current Corporation Yard in the recommendation to lease the existing building rather than solicit bids for a replacement building; and

WHEREAS, a lease agreement secures the building for use by the Waste and Recycling Division over the next five years; and

WHEREAS, staff recommends the execution of an agreement with Vesta Modular for a five-year lease of a modular trailer; and

WHEREAS, funds are budgeted and available in the Solid Waste Fund (Fund 540); and

WHEREAS, the agreement will be in a form acceptable to the City Attorney:

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom authorizes the City Manager to execute an agreement with Vesta Modular for a five-year lease of a modular trailer for the Waste and Recycling Division at a not to exceed amount of \$104,718.00, including estimated costs for removal of the leased trailer at the conclusion of the lease.

PASSED AND ADOPTED this 8th day of November 2022, by the following roll-call vote:

AYES: Councilmember(s)
NOES: Councilmember(s)
ABSENT: Councilmember(s)
ABSTAIN: Councilmember(s)

Kerri M. Howell, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK