



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** HOUSING

**File #:** 23-314

Board Meeting Date: 5/9/2023

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**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors  
**From:** Raymond Hodges, Housing Director  
**Subject:** Agreement with Mobile Modular for the purchase and installation of a modular classroom at Midway Village

**RECOMMENDATION:**

Adopt a resolution confirming the use of the first tranche of San Mateo County's American Rescue Plan ("ARPA") funds in the amount of \$373,794.93 for the purchase and installation of a modular classroom unit accommodating at least 39 preschool children at the Bayshore Child Development Center located at 45 Midway Drive in Daly City.

**BACKGROUND:**

Midway Village is an aging, 150-unit affordable rental housing development located on approximately 11.5 acres in the Bayshore neighborhood of Daly City ("Midway Village"). It was built by the Housing Authority of the County of San Mateo ("HACSM") in the mid-1970s and has been continuously owned and operated by HACSM and recently its affiliate, SAMCHAI.

The Bayshore Child Development Center ("Preschool Facility") is located on the property adjacent to Midway Village and addressed as 45 Midway Drive. The Preschool Facility consists of two permanent modular buildings. Peninsula Family Service (PFS) operates a subsidized early childhood education program for low-income children ("Preschool Program") at the Preschool Facility and at a classroom located adjacent to the Midway Village management office ("Preschool Classroom"). The Preschool Program serves 109 preschoolers, twenty-four (24) of which are served at the Preschool Classroom.

HACSM is in the process of redeveloping Midway Village. The redevelopment of Midway Village involves replacing the 150 existing Midway Village units and constructing an additional 385 affordable rental units along with 20 below-market-rate homeownership units. It will also involve relocating and rebuilding the Preschool Facility ("New Preschool Facility") and relocating a city park to a more accessible location within the master plan site ("Redevelopment Project"). The Redevelopment Project will take place over four phases of construction.

On May 11, 2017, HACSM acquired the property upon which the Preschool Facility is located and its

improvements in order to facilitate the redevelopment process. On July 1, 2017, HACSM and PFS entered into a lease agreement in order to facilitate ongoing operations of the Preschool Program. On June 29, 2017, HACSM released a Request for Proposals (“RFP”) seeking experienced and qualified developers interested in redeveloping, owning, operating and managing the Redevelopment Project. MidPen Housing Corporation (“MidPen”) was selected through this RFP process.

The New Preschool Facility will be built in the second phase of the Redevelopment Project (“Phase 2”). HACSM intends to facilitate the continuous operation of the Preschool Program, with no disruption in services, until such time as the New Preschool Facility is ready for move-in.

Construction of the first phase of the Redevelopment Project (“Phase 1”) required demolition of the Midway Village management office and the Preschool Classroom. A temporary classroom is needed to replace the Preschool Classroom beginning from the start of construction of Phase 1 until the New Preschool Facility is ready for move-in upon construction completion of Phase 2. In December 2020, one modular building in the Preschool Facility that serves fifteen (15) children was decommissioned due to mold (“Decommissioned Modular”). HACSM also wishes to replace the Decommissioned Modular. Altogether, HACSM wishes to provide for the temporary on-site relocation of thirty-nine (39) preschool slots over an approximately four-year period in order to avoid a loss to the community of 39 subsidized preschool slots.

Temporary on-site relocation of the Childcare Classroom and the Decommissioned Modular will entail the purchase, modification and installation of a modular classroom unit that accommodates at least 39 preschool children at the Midway Village master plan site that will be operated by PFS under its Preschool Program (“Project”).

The cost of building the New Preschool Facility will be included within the development budget for Phase 2. However, funding for the Project will not be included within the development budget for Phase 2.

## **DISCUSSION:**

The preservation of 39 preschool slots designated for children in low-income families is of great importance to the County of San Mateo. The County of San Mateo Department of Housing (“DOH”) has therefore agreed to provide funding for the costs associated with the Project. DOH and HACSM have been part of the oversight team directing the work and assisting in making cost-related decisions since the Project’s inception.

DOH determined it would be prudent for MidPen to assume management of the Project as relocation of a portion of the Preschool Program requires in-depth knowledge of site development constraints and constraints related to staging and construction of Phases 1 and 2. DOH will execute an agreement with Midpen for its provision of project management services at such time as the agreement with Mobile Modular, as described below, is executed.

After careful analysis, DOH found that the cost to lease a used modular classroom for a period of four-to-five years is roughly equivalent to the cost of purchasing a used modular classroom and the cost of purchasing a new modular classroom is 40 percent more expensive than buying a used one. In addition, used modular classrooms typically have 25-40 years of useful life remaining after purchase. Therefore, the most cost-effective strategy is to purchase a used modular classroom unit and make

the necessary modifications to convert it into two, 20-student preschool classrooms.

After conducting a search, it was determined that only one local company, Mobile Modular, has used modular classrooms available in the necessary size. Accordingly, DOH recommends that the Board waive the RFP requirement for procurement of the Project on the grounds that goods and services that are only available from a single source do not require competitive procurement.

DOH wishes to enter into a contract with Mobile Modular, in the amount of approximately \$373,794.93, to cover the costs of purchasing, modifying, and installing a used 40' x 48' modular unit that will provide two 20-student preschool classrooms ("Temporary Replacement Modular"). The Temporary Replacement Modular will be installed on a temporary foundation in the area where the Decommissioned Modular is now located, and the Decommissioned Modular will be demolished and removed. At a later date, DOH will procure Project-related goods and services including installing fixtures and appliances, ADA-compliant ramps and walkways, site work, and utility hook-ups.

During the pandemic, San Mateo County has lost critical childcare infrastructure. According to the San Mateo County Covid-19 Child Care Response Team, only 65% of centers and 39% of Family Child Care providers are very confident they will be in business next year. In addition to meeting current needs, the useful life of the Temporary Replacement Modular will extend well beyond its use at Midway Village, with an expected useful remaining life of 25-40 years. Given the interest in preschool expansion at the state and federal levels, it is anticipated that modulares like the Temporary Replacement Modular will be in demand at school district sites and elsewhere.

On May 18<sup>th</sup>, 2021, your Board adopted a Resolution authorizing the Director of the Department of Housing, or designee(s), acting in consultation with the County Attorney, to negotiate and execute an agreement with Mobile Modular, in a total amount not to exceed \$363,000 in Measure K funding, or other funding, as available, for the purchase and installation of a modular classroom unit accommodating at least 39 preschool children at the Bayshore Child Development Center located at 45 Midway Drive in Daly City; waiving the Request for Proposals process; and authorizing the Director of the Department of Housing, or designee(s), to execute contract amendments which modify the County's maximum fiscal obligation by no more than \$25,000, and/or modify the term and/or service so long as the term of services is/are within the current or revised fiscal provisions (Resolution No. 078182).

County wishes to confirm, through this resolution, that the first tranche of San Mateo County's ARPA funds will be used for the Project and that the agreement with Mobile Modular has been amended to increase the amount of the agreement by approximately \$10,800 for a total amount of \$373,794.93.

This resolution has been reviewed and approved as to form by the County Attorney.

**FISCAL IMPACT:**

The allocation of \$373,794.93 in ARPA funds is included in the first tranche ARPA funding. There is no further impact on the County General Fund associated with approving this agreement and ARPA expenditure for the Project.