Lease-Leaseback Projects

Just the Facts

In recent weeks, Fresno Unified School District has answered a number of questions about the fidelity of our use of the state-approve Lease-Leaseback Construction Delivery Method (Education Code, section 17406). It is a well-established construction project process that is used by hundreds of school districts in the state of California. It has allowed Fresno Unified to aggressively improve schools across the district, including new and upgraded facilities at all our comprehensive high schools, in less than five years. Below are statements of fact regarding Fresno Unified’s Lease-Leaseback program as we further our commitment to transparency.

Facts

Lease-Leaseback allows the District to select a general contractor based on criteria such as quality, experience and past performance on similar projects, in addition to cost.

In March-April 2011, the District conducted a public, competitive process to identify qualified general contractors for Lease-Leaseback projects. In May 2011, the Board of Education approved 14 general contractors qualified to provide Lease-Leaseback services to the District.

Pre-construction services allow essential collaboration between the district, architect and general contractor early in the design process to ensure the project’s functionality and financial feasibility. This results in a project that meets expectations for quality and cost.

Never has a competitive process been conducted after one of the 14 pre-approved Lease-Leaseback contractors was engaged for pre-construction services.

Only the Board of Education can approve a Lease-Leaseback construction agreement. The pre-construction agreement is clear that providing the services does not guarantee the contractor will be awarded the construction contract.

District staff keeps the Board of Education informed about facilities projects through regular written communications, including information about identifying general contractors for a specific project and entering in pre-construction agreements.

To say the Board of Education “never knew of any of the hidden agreements” is simply not true. Here’s why: in May 2012 the pre-construction services agreement with Harris Construction for the Gaston project was approved unanimously by the six Board Members present. Furthermore, the agreement incorporated by reference the February 2012 pre-construction services agreement with Harris Construction and described it in detail. In addition, for the Bullard project the Board was informed in writing both that a process was going to be conducted to identify a general contractor from among those previously qualified, and then again when Harris Construction was engaged for pre-construction services for the project.

Fresno Unified has utilized eleven different general contractors on 25 Lease-Leaseback projects. Seven different general contractors have been engaged for pre-construction services.

Lease-Leaseback projects are competitively bid. All the subcontractor (trades) work, which represents over 90% of the total project cost, is competitively bid through a publically advertised bidding process. There have been close to 800 competitively awarded subcontractor bids on Fresno Unified Lease-Leaseback projects.

Keeping local bond dollars local is a priority for Fresno Unified – 90% of our Measure Q project dollars have been awarded to local contractors.

Every bond dollar spent is detailed in a publically available report, by school and project. This information is presented to the District’s Citizens’ Oversight Committee at quarterly public meetings.

State law requires an annual performance audit of bond expenditures to ensure bond dollars are spent only on bond projects. To increase transparency, an independent external auditor has been conducting quarterly audits on Fresno Unified bond projects for years, in addition to the required annual audit. These reports are reviewed by the Citizens’ Oversight Committee at quarterly public meetings.

Fresno Unified has spent over $225 million on 25 Lease-Leaseback projects since 2011 to provide safe, modern, comfortable school facilities for students and staff.

Fresno Unified is committed to building top quality, world class school facilities that will stand as a point of pride for the District and community for decades to come.

For more information on Lease-Leaseback visit www.fresnounified.org