

SAN RAFAEL CITY SCHOOLS AGENDA ONLINE MINUTES

Study Session - SRCS Board of Education

January 09, 2017 4:30 PM

District Office - Boardroom

310 Nova Albion Way

San Rafael, CA 94903

Attendance Taken at 4:49 PM:

Present:

Linda Jackson

Rachel Kertz

Greg Knell

Ms. Maika Llorens Gulati

Natu Tuatagaloa

I. OPEN SESSION

Minutes:

President Kertz convened the meeting to Public Session at 4:38 PM.

II. PLEDGE OF ALLEGIANCE

Minutes:

Attorney Mark Kelley led the Pledge of Allegiance.

III. PUBLIC COMMENTS on Agendized Items (Public comment on items that appear on the agenda will be taken at the time the item is addressed by the Board.)

Minutes:

None.

IV. STUDY SESSION

IV.1. CAPITAL FACILITIES PROGRAM: (ESD/HSD) Review of Project Delivery Methods and Lease-Leaseback Procurement Requirements

Minutes:

Dr. Dan Zaich introduced the team that was present to provide information about changes in the law to the lease-leaseback project delivery method.

Attorney Mark Kelley briefly described a project delivery method as how a District hires the builder that will be doing the construction. The three main project delivery methods used: bid/build; design/build; and lease-leaseback.

He explained how lease-leaseback works between the District and the builder who does improvements; the District leases to the builder, then the builder does improvements and leases back completed improvements to the District. Recent changes in the law change the builder procurement process for lease-leaseback to assure a selection process that is very formal, transparent, and fairly applied, negotiating the best price for the District. Mr. Kelley provided information about problems with lease-leaseback prior to the recent changes in the law which led to litigation with the Davis v. Fresno USD case.

Attorney Deidree Sakai provided information about new legislation that was enacted to address issues raised in the Davis case: AB 2316 for procurement or how to select a builder requires competitive selection and RFP process and eliminates conflicts of interest; SB 693 which provides new skilled and trained workforce requirements with a new graduation requirement from an acceptable apprenticeship program.

Ms. Sakai reviewed Davis requisites with occupancy and financing covered in leasing agreements. She reviewed the advantages for lease-leaseback: best value to the district, cost control, schedule control and easier administration for the District. She reviewed challenges with lease-leaseback: meeting the new percentages of skilled and trained workforce and the new graduation requirements, the potential for more legal challenges, and higher upfront costs.

Mr. Kelley described the types of projects that are more suited and those that are less suited for lease-leaseback. He noted that the SRHS stadium project would be a good test project for lease-leaseback and would improve the schedule.

In response to concerns expressed by Trustee Knell about using lease-leaseback on the stadium project at this point, and potential political ramifications, Mark Van Pelt noted that in this current economy, with competition from the many school districts that recently passed bond measures, and large construction projects such as the Google complex which are depleting available skilled workforce, with lease-leaseback the District could provide an opportunity to negotiate cheaper than we can build; he recommended using lease-leaseback.

Staff and the team responded to trustee questions and comments providing additional information regarding: a less adversarial climate with lease-leaseback; title does not transfer with lease-leaseback and is for the limited purpose of building only; liability and insurance transfers back over to the District after development and occupancy by the District; other districts that are planning to enter into lease-leaseback since the law changed include: San Carlos, Stockton, Moorland, Oakland, and Campbell among others; 2500 ADA mention in the law refers to mandatory pre-qualification; the importance of communication with Marin Builders Association and other construction firms, and outreach to the three unions that this is the fiscally responsible thing to be doing; lease-leaseback should result in fewer legal fees; should lease-leaseback sunset in 2022 it would not affect existing contracts; stadium project timeline with lease-leaseback should stay on schedule.

Trustee Llorens Gulati suggested coordination of a general community event to explain what is happening with the stadium project and to review the difference between bond funds for construction vs. other district funds. Trustee Tuatagaloa suggested staff work with

principal of SRHS Glenn Dennis to coordinate a bigger community meeting.

V. ADJOURNMENT: 5:29 PM

Minutes:

There being no further business the Study Session adjourned at 5:46 PM.

President

Superintendent