

Lease-Leaseback FAQ Sheet

What is Lease-Leaseback?

Lease-leaseback is a construction project delivery method in which the District selects a “Developer-Contractor” (DC) to develop and construct a new building for the District. Basically, the District procures property and then executes a lease of the property to the DC, who then develops the property and constructs the facility (which includes a Guaranteed Maximum Price, or GMP). The District then leases back the property and facility from the developer. At the end of the lease, the District owns the project. The District selects/approves the site and project plans. In addition, the Division of the State Architect (DSA) must also approve the plans for fire, life, safety, accessibility, and structural considerations. The plans/specs are then approved by the Yuba Community College District (YCCD) Board of Trustees. The lease-leaseback construction delivery method is authorized by California Education Code §§ 17406 and 81330.

What is the Philosophy Behind Lease-Leaseback?

The philosophy behind lease-leaseback is to engage the contractor and architect at an early enough stage so as to minimize costly change orders once construction begins, thus staying within the GMP originally set by the DC. It fosters architect-builder coordination early on and throughout the process, something that doesn’t always happen with the traditional design-bid-build process as the design documents are finished before the contractor becomes involved.

What are the Pros?

- Projects Completed On-Time
- Projects Completed On-Budget
- Facilitates Architect-Contractor-Owner Partnership
- Facilitates Project Financing/Funding Requirements
- Saves on the Cost of Constructing a Building
- Saves Time
- Guaranteed Maximum Price (GMP) Set Early during Design
- Encourages Participation of Local Sub-Contractors
- Identifiable Track Record
- Allows District to “Best-Value” Contracting Based on Qualifications

What are the Cons?

- New Process to Community Colleges and thus Not Well Understood
- Concerns that the “Flexibility” of the Process Could Lead to Faulty Practices

For what Projects is YCCD Using the Lease-Leaseback Construction Delivery Method?

YCCD has chosen to use the lease-leaseback construction delivery method to construct new buildings under the Measure J Bond Construction Program. The sole exception to this is the Colusa County Outreach Facility, which is being constructed using conventional project delivery methods because of scheduling and smaller project value considerations. Currently, lease-leaseback contracts have been awarded for the Health and Public Safety Building at Yuba College (Sundt Construction, Inc.) and for the Yuba College Sutter Outreach Facility (DPR Construction, Inc.). In the future, the new Performing Arts Center/Culinary Arts building and the new Multi-Purpose facility at Woodland Community College (WCC), as well as the new Student Services Center at the Clear Lake Campus of Yuba College, will also be lease-leaseback projects.

Will Local Contractors be Used?

Yes. The District has as an overarching goal to use as many local vendors as possible to keep Measure J Bond dollars in our local communities. Specifically, the District has a target/goal of getting 60% to 70% local help in its lease-leaseback projects. This goal has been shared with the DCs and was emphasized during the open Request for Qualifications (RFQ) process. Specifically, the District's local employment criteria for lease-leaseback firms is that they be within 60 miles of the project location, that they have a willingness to work with local vendors, suppliers & contractors, and that they follow an open book policy, i.e., contractors will collect and evaluate all bids with the District prior to establishing the GMP. Since we had an open book policy and didn't have hard bids, but rather GMPs, the District was/is able to ensure that local vendors are not excluded.