

Bullard High contract riles Fresno Unified board over bid process

By Hannah
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The Bullard High School campus in northwest Fresno, where a construction contract awarded to Harris Construction Co. Inc. of Fresno drew sharp debate among Fresno Unified School District trustees on Wednesday, Sept. 10, 2014. CRAIG KOHLRUSS

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Fresno Unified trustees signed off on a \$35.2 million lease-leaseback construction bid on Wednesday for major Bullard High renovations, frustrating the trustee who represents the Bullard neighborhood and riling debate among board members about the disputed bidding method.

Trustee Michelle Asadoorian -- who's long been a voice of support for the plan that replaces portable classrooms and expands Bullard's library -- cast the lone "no" vote during the board's meeting, citing concerns about how the job was awarded.

Officials told trustees Fresno-based Harris Construction Co. Inc. got the job after a bidding process that included five other local companies. Harris offered the second lowest bid, but has "vast experience" with complicated campus projects and was ultimately the best pick, said Karin Temple, associate superintendent for operations and facilities.

Asadoorian pointed to a long list of major projects awarded to Harris in recent years and asked why one of the district's 13 other pre-approved developers wasn't given the deal. The vote sends a bad message, she said, calling Fresno Unified "Harrisland" and saying the "lion's share" of recent construction bond dollars have gone to Harris.

Other board members took issue with Asadoorian's comments, with Trustee Janet Ryan calling her address "inaccurate and offensive."

Ryan and four other trustees then approved the measure, with Trustee Luis Chavez absent for the vote.

The Bullard plan, part of a long line of projects funded through the \$280 million Measure Q construction bond, will replace portable classrooms with permanent buildings, expand the library, build a new administration building along Palm Avenue and make improvements to the quad.

The vote brings the total amount of Measure Q funds awarded to Harris to \$63 million. A total of \$220 million in the bond measure dollars have gone to construction projects through the lease-leaseback method. In all, Harris has received \$115 million in lease-leaseback projects from Fresno Unified.

Lease-leaseback agreements aren't new, but the district began awarding more of them after the Measure Q bond passed in 2010. The method came with the promise of streamlining building projects and stimulating business for construction companies hard-hit during the recession.

Under the practice, the developer leases the land where the facilities will sit for a small amount, usually \$1. That company then takes care of competitively bidding out subcontracts. The school district begins repaying the cost of construction while new buildings are going up.

The method is intended to make the building process fluid -- and eliminate the headaches that can come with revising budgets and other issues common under traditional bidding.

Under lease-leaseback, the contractor is awarded based on three considerations, Temple said: quality, performance and cost.

For the Bullard project, Temple said, six local general contractors were invited to bid and five submitted responses. Harris picked 35 subcontractors through competitive bidding, she added.

Selma-based Lewis C. Nelson and Sons Inc. put forward a proposal that ultimately was not selected.

General Manager Gordon Tessman called the lease-leaseback bidding process a "beauty contest" that's mostly been favorable to companies with a slick marketing pitch.

After more than two decades of completing projects for Fresno Unified, Tessman said Nelson and Sons now gets far fewer jobs than under the traditional lowest-bid method. Other companies like Harris have largely benefited from the method, he said.

"Them getting all of the work, it doesn't seem fair," he said, clarifying that "they're not getting all of it, but the bulk of it." Tessman said Nelson and Sons has completed a few lease-leaseback projects for Fresno Unified, including building Vang Pao Elementary and work at McLane High.

Richard Spencer, who owns Harris, did not return multiple phone messages left by The Bee this week.

Upcoming election

Tessman said it's not surprising Harris continues to get bids, noting Spencer's large contributions to political campaigns across Fresno County in recent years.

Concern like these about lease-leaseback aren't new -- the practice has drawn worries from lawyers, community members and local builders for years about its potential to foster political influence.

Two years ago, Harris was put under the microscope in a special watchdog report from The Bee that found it was awarded seven contracts totaling \$78 million between 2011 and 2012.

Spencer was the largest donor to the school construction bond measure and had also contributed to several school trustee campaigns.

At the time, there was concern that lease-leaseback fostered a pay-to-play system -- a notion that was challenged back then by trustees including Carol Mills, who said she never looked at the Measure Q contributors before deciding votes on construction projects.

That topic came up again on Wednesday night, with district administrators flatly denying any sway from builders or knowledge of who's given to the campaigns of trustees and bond measures.

"It's none of my business and I make sure it's none of my business," Temple said.

Ryan said she "certainly has never heard of a board member trying to influence (bids) in any way."

But Asadoorian pressed the issue, noting Spencer's recent contributions to both Board President Valerie Davis' and Trustee Christopher De La Cerda's campaigns.

Davis has accepted \$1,000 and De La Cerda has accepted \$3,000. Ryan, Chavez and Mills accepted contributions from Harris in previous election cycles.

In an interview after the vote, De La Cerda said his "vote will always be what's best for the students" and said he didn't get his school board job to make money or be won over by donors.

Although she didn't speak to the issue on Wednesday, just a day earlier Davis answered questions about the topic during an editorial board meeting with The Bee.

On the Bullard construction project, she said, "If we have reliable people meeting the price we can do, why would we take a chance and a gamble on someone we don't know? ... As long as they're coming through for us, I want them to have the work. It's that simple."

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