

Date of Hearing: March 25, 2026

ASSEMBLY COMMITTEE ON EDUCATION  
Darshana R. Patel, Chair  
AB 2067 (Patel) – As Introduced February 18, 2026

**SUBJECT:** School facilities: leasing real property

**SUMMARY:** States that the authorization for school district utilization of lease-leaseback based on a competitive, best value solicitation process extends the authorization from July 1, 2027 to July 1, 2032. Specifically, **this bill:**

- 1) States that the authorization for school district utilization of lease-leaseback based on a competitive, best value solicitation process becomes inoperative on July 1, 2032, extending the authorization from July 1, 2027.

**EXISTING LAW:**

- 1) Authorizes, notwithstanding Education Code (EC) 17417, the governing board of a school district to let, for a minimum rental of \$1 a year, to a person, firm, or corporation real property that belongs to the school district if the instrument by which this property is let requires the lessee therein to construct on the demised premises, or provide for the construction thereon of, a building or buildings for the use of the school district during the term of the lease, and provides that title to that building is required to vest in the school district at the expiration of that term. Requires the instrument to be awarded based on a competitive solicitation process to the proposer providing the best value to the school district. (EC 17406)
- 2) States that the authorization for school district utilization of a lease-leaseback becomes inoperative on July 1, 2027. (EC 17406)
- 3) Authorizes the governing board of any school district to enter into an agreement with any person, firm, or corporation under which that person, firm, or corporation shall construct, or provide for the construction of, a building to be used by the district upon a designated site and lease the building and site to the district. Requires the instrument to provide that the title to the building and site to vest in the district at the expiration of the lease, and is authorized to provide the means or method by which the title to the building and site is required to vest in the district prior to the expiration of the lease, and is required to contain other terms and conditions as the governing board of the district deems to be in the best interest of the district. Requires the agreement entered into to be with the lowest responsible bidder, who is required to give the security that any board requires. (EC 17407)
- 4) Prohibits the governing board of a school district from entering into a lease-leaseback agreement with any entity unless the entity provides to the governing board of the school district an enforceable commitment that the entity and its subcontractors at every tier will use a skilled and trained workforce to perform all work on the project or contract that falls within an apprenticeable occupation in the building and construction trades. (EC 17407.5)
- 5) Defines, for the purpose of lease-leaseback, “best value” to mean a competitive procurement process whereby the selected propose is selected on the basis of objective criteria for

evaluating the qualifications of proposers with the resulting selection representing the best combination of price and qualifications. (EC 17400)

**FISCAL EFFECT:** Unknown

**COMMENTS:**

***Need for the bill.*** According to the author, “AB 2067 affords the continued use of an existing tool to improve transparency and bring certainty to school districts, contractors, and architects engaged in delivering school construction projects. Most importantly, this authority helps to control project costs and deliver facility projects on time, which directly benefits students and taxpayers.”

***Lease-leaseback.*** Under current law, school districts are required to competitively bid any public works contract over \$15,000 and award the contract to the lowest responsible bidder. School districts can choose from a variety of project delivery methods, including lease-leaseback agreements.

Lease-leaseback is a process whereby a governing board of a school district may rent district property for a minimum of \$1 a year to any person, firm, or corporation, using a best value competitive bidding process, rather than simply the lowest price. The person, firm or corporation constructs the school building and rents the facility back to the school district. During the construction process, the builder secures the necessary financing, rather than the school district securing funding and acquiring debt. At the end of the multi-year leaseback period, ownership of the property and new facilities vests with the district, and the contractor has been paid in full. At the end of the lease, the district resumes title to the building and site. In practice, some school districts have used state and local bond funds to make construction payments during construction. The lease is terminated when the building is constructed.

Current law prohibits the governing board of a school district from entering into a lease-leaseback agreement with any entity unless the entity provides to the governing board of the school district an enforceable commitment that the entity and its subcontractors at every tier will use a skilled and trained workforce to perform all work on the project or contract that falls within an apprenticeable occupation in the building and construction trades.

Supporters of lease-leaseback state the benefits include the use of best value to select the entity developing the project, integrated project delivery, use of a Guaranteed Maximum Price, and flexibility to set parameters within the project (such as the relationship with the architect, district participation in selecting the trade contractors, and financing options).

AB 2316 (O’Donnell), Chapter 521, Statutes of 2016, created a competitive selection process for K-12 lease-leaseback using the best value methodology. This bill was introduced in response to the *Davis vs. Fresno* lawsuit, in which plaintiff *Davis* alleged the Fresno Unified School District entered a contract for the construction of a middle school in violation of California’s competitive bidding requirements while using lease-leaseback. AB 2316 (O’Donnell) provided both protections and guardrails when using the method. The bill also protected contracts signed prior to July 1, 2015, from disgorgement; contractors could keep costs of labor, equipment, materials, and services, but return profit for contracts deemed invalid if certain parameters are met, as determined by a court. The competitive selection process component of lease-leaseback had an

original sunset date of July 1, 2022. AB 486 (Committee on Education), Chapter 666, Statutes of 2021, the elementary and secondary omnibus bill, extended the competitive selection process sunset until July 1, 2027.

This bill proposes extending the lease-leaseback sunset date based on a competitive, best value solicitation process until July 1, 2032. Should the competitive selection component sunset, the EC would revert to the original EC 17406 with one major change: “without advertising for bids” was struck from the original lease-leaseback statute in 2016 by AB 2361 (O’Donnell). According to supporters of this bill, this change would make it much more difficult to confidently and efficiently use lease-leaseback.

***Arguments in support.*** The Coalition for Adequate School Housing (CASH) writes, “The competitive selection provisions of lease-leaseback (LLB), which this bill would extend, comprise the framework that ensures transparency and accountability to the public, and protects all parties. Specifically, they: allow school districts to incorporate pre-construction services into the contract, giving them—and especially small school districts—the benefit of expert guidance early in the process, control costs by reducing the need for change orders throughout the construction period, require full disclosure of pricing in an open meeting of the school district governing board, reserve skilled and trained labor requirements in LLB, and uphold protections for subcontractors. This bill will maintain a tool that school districts need to ensure they can deliver facilities projects on time and under budget.”

***Related legislation.*** AB 486 (Committee on Education), Chapter 666, Statutes of 2021, extends the lease-leaseback construction project delivery method from July 1, 2022, to July 1, 2027.

AB 2316 (O’Donnell), Chapter 521, Statutes of 2016, eliminates the authority for school districts to issue a lease-leaseback contract without advertising for bid, establishes a competitive selections process for awarding lease-leaseback contracts, and allows a contractor to be paid the reasonable cost of labor, equipment, materials, and services furnished by the contractor meeting specified conditions if a lease-leaseback contract entered into prior to July 1, 2015, is found to be invalid by a court.

AB 566 (O’Donnell), Chapter 214, Statutes of 2015, requires school districts entering into specified school building lease contracts to use a skilled and trained workforce.

AB 1581 (Buchanan), Chapter 408, Statutes of 2014, requires school districts entering into lease-leaseback and lease-to-own contracts to comply with the requirements to prequalify and rate prospective bidders, if the project is funded with state bond funds, the expenditure of the project is \$1 million or more, and the average daily attendance of the school district is more than 2,500.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

Alameda County Office of Education  
Antioch Unified School District  
Balfour Beatty  
Blach Construction Company  
Cajon Valley Union School District

Calco Fence INC  
Castro Valley Unified School District  
Coalition for Adequate School Housing (CASH)  
Del Mar Union School District  
Elk Grove Unified School District  
Fieldturf  
Folsom Cordova Unified School District  
Harris Construction Co., INC.  
Hemet Unified School District  
Jurupa Unified School District  
Livermore Valley Joint Unified School District  
Los Angeles Unified School District  
Manteca Unified School District  
Petaluma City Schools  
Quattrocchi Kwok Architects  
Robert A Bothman Construction  
San Benito High School District  
Santa Monica-Malibu Unified School District  
Thermalito Union Elementary School District

**Opposition**

None on file

**Analysis Prepared by:** Marguerite Ries / ED. / (916) 319-2087