ITEM FOR ACTION AT A FUTURE MEETING

BOND PROGRAM BUDGET UPDATE

SUMMARY
The bond budget includes contingency funds. Program contingency is commonly used to complete bond promised projects when additional funding is needed. The board will consider a recommendation to update the bond budget to allocate some of the available contingency funds to complete specific projects.

BACKGROUND
We are over two-thirds of the way through the 2022 bond, and the overall bond financial forecast is progressing on track and within budget.

The bond budget includes program contingency funds as well as project contingency within each individual project, meant to ensure the voter commitments are met. The bond program initially included $43M in program contingency, representing 5.8% of the initial program budget. The last two years, the board approved allocating contingency funds to complete certain projects and heard there would be additional allocations proposed in future. The contingency has increased thanks to bond premium, interest earnings and various energy reimbursements. During this time, we have also made significant progress toward delivering projects on budget, returning savings to program contingency and reducing risk to the bond program.

The contingency is now $31.9M, 27.3% of the current uncommitted budget ($117.0M).
It is recommended that all of the current and future contingency be allocated from the bond program contingency as described below. Recommended budget adjustments:

- Seismic Upgrades: $22.0 M
- Single User Restrooms: $2.0 M
- Deferred Maintenance: $6.9 M
- Program Management & OH: $1.0 M
- Total: $31.9 M

Our practices require that the school board approve any use of program contingency over $1M or any new projects. The bond team reviewed this proposal with the Bond Accountability Committee on September 9, 2026. They agreed that this was an appropriate use of bond funds and were in favor of the proposal.

RECOMMENDATION
This is presented for initial consideration and will come before the board for approval at its next meeting.

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