

ITEM FOR ACTION**2022 BOND 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 have passed the halfway mark of 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. Last fall 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 \$53.2M, 23.8% of the current uncommitted budget.

It is recommended that \$40M be allocated from the bond program contingency to complete certain projects. This would leave a contingency balance of \$13.2M or 7.2% of the uncommitted balance.

Recommended budget adjustments:

- Seismic Upgrades: \$18 M
- Deferred Maintenance: \$15.5 M
- Barnes Cafeteria & Gym: \$6.5 M
- Total: \$40 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 10, 2025. They agreed that this was an appropriate use of bond funds and were in favor of the proposal. We reviewed the specifics of this proposal in the November business meeting.

RECOMMENDATION

The superintendent recommends the board approve the allocation of \$40M in bond program contingency to the projects outlined above.

SUGGESTED MOTION

I move to approve the allocation of bond program contingency as submitted.

Belong. Believe. Achieve.