

Bond Program Budget Update

School Board Meeting
December 9, 2025

2022 Bond Budget Update

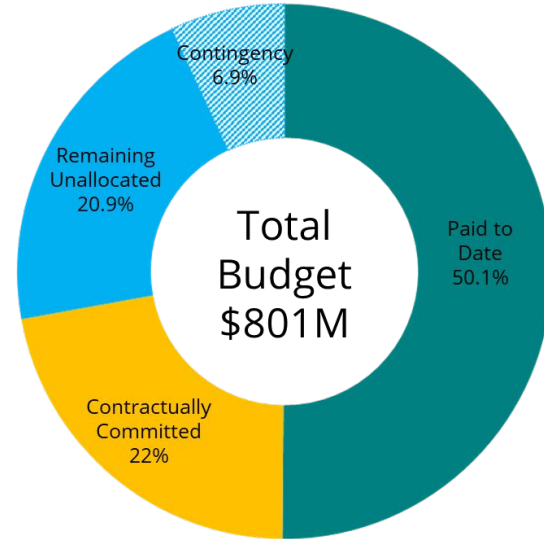


We last reviewed the bond budget performance in fall of 2024. We remain on track with what we presented last year. We are now recommending the allocation of a portion of the bond program contingency to support a few projects. We will look at the following:

- Current Budget Status
- Remaining Risk Analysis
- Seismic Upgrades
- Deferred Maintenance
- Barnes Gym/Cafeteria
- Summary & Future Considerations

Bond Program Budget - Current Status

| | |
|-----------------------|---------------------|
| Current Budget: | \$801,201,878 |
| Current Contingency: | \$55,551,409 |
| Paid to Date: | \$401,611,515 (50%) |
| Committed (and Paid): | \$578,015,926 (72%) |
| Uncommitted: | \$223,185,953 (28%) |



Bond Program Budget: Risk Analysis

In order to understand the implications of allocating the program contingency, we evaluated the outstanding risk for all bond projects not yet completed. This gives us a sense for how much contingency should be held.

It is important to note that majority of this contingency allocation is to complete projects that are part of our original bond commitments. We are not adding new projects, just completing ones already planned.

| <u>Project Name</u> | <u>Budget Risk</u> | <u>Recommendation</u> |
|--------------------------------|--------------------|-----------------------|
| Beaverton HS | Low | None |
| Raleigh Hills ES | Low | None |
| Allen Transportation | Low | Monitor |
| Physical Education & Athletics | High | Increase Budget |
| Additional Classrooms | Low | None |
| Office Relocations | Low | None |
| Athletic Facilities | Low | None |
| Outdoor Learning | Low | None |
| Seismic Upgrades | High | Increase Budget |
| School Modernization | Low | None |
| Deferred Maintenance | High | Increase Budget |
| Security Upgrades | Low | None |
| NS Upgrades | Low | None |
| Critical Equipment | Low | None |
| Management & OH | Low | None |
| Bus Replacements | Low | None |
| Technology | Low | None |
| SPED Upgrades | Low | None |
| Kinder Upgrades | Low | None |
| Contingency | n/a | Reduce Budget |

Bond Program Budget - Seismic Upgrades

The budget for seismic upgrades in the 2022 bond was \$40M. This was based on a conceptual design level estimate for the seismic upgrades at Whitford MS. This also assumed we would receive some SRGP grants from the state, which we have not.

The seismic upgrades are planned at the following schools:

- Five Oaks MS
- Mountain View MS
- Meadow Park MS
- Cedar Park MS
- Highland Park MS
- Whitford MS

Here is a summary of the seismic projects:

| | |
|----------------|-----------------------------|
| Five Oaks: | \$13,325,000 - Complete |
| Mountain View: | \$21,542,433 - 90% Complete |
| Meadow Park: | \$25,700,000 - 50% Complete |
| Cedar Park: | \$6,600,000 - In Design |
| Whitford: | \$6,600,000 - Not Started |
| Highland Park: | \$6,600,000 - Not Started |
| Total: | ~\$80M |

So far, most of the additional \$40M has come from deferred maintenance as this is the main driver of the additional costs.

Bond Program Budget - Seismic Upgrades

Complete/Underway

Five Oaks MS: This project included a full roof replacement. The scope of the seismic improvements was somewhat limited thanks to recent renovations at the school.

Mountain View MS: This project included upgrades to the electrical systems, as well as new ceilings, lights and finishes throughout.

Meadow Park MS: This project included a full roof replacement.

Upcoming

Cedar Park MS: The scope here will be very similar to Meadow Park, and cost estimates to date suggest it will be similar.

Whitford MS: This project will not include a roof replacement, which is expected to make it less costly than the seismic projects at Meadow Park and Cedar Park.

Highland Park MS: Similar to Whitford.

Bond Program Budget - Seismic Upgrades

Budget Needs

Cedar Park MS: Projected increase of \$18M. This includes costs for deferred maintenance (roof, lighting, etc).

Whitford MS: This project will likely need an additional \$5-10M. We will wait on this until next year.

Highland Park MS: This project will likely need an additional \$5-10M. We will wait on this until next year.



Bond Program Budget - Deferred Maintenance

The deferred maintenance program is the main way that we take care of major capital improvements. To date, we have done roughly 50 projects, not including work performed as part of the seismic upgrades. The main priorities for this work have been HVAC, roofs, water quality, site improvements and paging, among others.

We are quickly drawing down the deferred maintenance budget. A major factor has been the seismic upgrades, in addition to increased costs.



Bond Program Budget - Deferred Maintenance

Without transferring additional funds to deferred maintenance, we will not be able to complete all of the needed and planned projects. Some upcoming projects include:

- Kinnaman ES Roofing* \$2.5M
- Terra Linda ES Roofing* \$2.5M
- Paging Upgrades \$2M
- Sunset HS HVAC \$6.5M
- Other Maintenance \$2M
- Total \$15.5M

*Includes roof level seismic



Bond Program Budget - Physical Ed (Barnes ES)

The third project we flagged as needing additional funding is the Gym/Cafeteria addition at Barnes ES. We did not budget enough money for this.

We have two good comparisons when looking at the budget: Stoller MS Gym, and the new cafeteria at Beaver Acres ES.

While we are in the early stages of planning, we anticipate needing to increase the budget by approximately \$6.5M in order to achieve the project goals.

This project will be procured through a design-build approach, with a strong emphasis on cost and efficiency of design.



In addition to project performance, additional factors that will impact the overall financial picture of the bond program include:

- ETO/SB 1149 Revenue: We will receive reimbursements from energy projects including LED lighting, insulation, and HVAC upgrades. These improvements will return funds to the bond, likely totalling several million dollars.
- Interest Earnings: We will continue to earn interest over the course of the bond. Given current interest rates, this revenue will likely be significant. For the first half of the bond, interest earnings totaled \$28M.
- Project Savings: The Stoller MS project finished \$1M under budget, which is being returned to contingency. We anticipate to see savings on several other projects, including Beaverton HS.
- Seismic Resiliency Grant Program: Our budget assumed we would receive at least a couple of grants. So far we have received none in this bond, but we will keep applying. If successful, these could be up to \$2.5M per award.

Bond Program Budget - Summary

Recommended Transfers

- Cedar Park Roof/Seismic: \$18,000,000
- Deferred Maintenance: \$15,500,000
- Barnes Gym/Cafeteria: \$6,500,000
- Total: \$40,000,000

We 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.

This item will come back for a vote in December.

Overall Summary

Current Contingency: \$55.5M
Recommended Transfer: -\$40.0M
Remaining Contingency: \$15.5M

The remaining program contingency would represent 7.0% of the uncommitted balance of the bond budget. The original program contingency was 5.8% of the initial budget. This does not include project level contingencies.

Bond Program Budget - Future Considerations

This budget adjustment does not address the anticipated budget increases needed for the Whitford MS and Highland Park MS seismic projects. We expect this to be about \$10-20M total.

Similarly, we will have more needs in deferred maintenance.

Given the projected increase in contingency, we do not anticipate this being a problem. However, we will wait until next year to make this adjustment.

Our recommendation next year will likely be to transfer all remaining contingency to support seismic upgrades & deferred maintenance. The need here is almost limitless.