

Bond Finance Update

May 16, 2022



Bond 2020 Budget Shortfall Options



- ❖ As reviewed at the March 31st special meeting the Dutton Elementary project of the 2020 bond is ***predicted*** to be \$4,069,991 over budget as submitted to the State and for bidding.
- ❖ Currently the budget includes two entrances. One off 76th Street SE and one improved main entrance on Patterson Avenue.
- ❖ Accordingly, we will need to exercise one or more of the options that have been presented. These options include:
 - **Project cancellations**
 - **Project scope reductions**
 - **Additional Options (unused contingencies/Public Improvement Funds/land sale)**
 - **Additional Board Proposals (Bond/Sinking Fund)**

Bond 2020 Budget Shortfall



- ❖ We do not have bid numbers returned for this project. We do not know the actual extent that the project will (or will not) be over budget. Our actions and recommendations are based on the budget predictions of our Owners Representation, our Architects, our Construction Management firm, and the district.

Bond 2020 Budget Shortfall Presented Options



❖ Project Cancellations:

- No classroom additions at Caledonia Elementary that would allow for full K-4th grade tracks.
\$420,000
 - No connector for the High School complex that would allow for student passing out of the weather
\$594,000
 - No (partial) covered bus parking that would protect Transportation staff and extend our fleet longevity
\$454,000
 - No Added bleachers at the High School complex gyms that would allow for greater daily student and event usage of these spaces.
\$268,000
 - No Playground improvements for Caledonia ES, Emmons Lake ES, Kettle Lake ES, and Paris Ridge ES
\$461,000
 - No additional landscape, no door and door hardware, no flooring, no additional furniture, no additional signage, no further sidewalk or path improvements
\$2,750,000
 - No Weight room, practice facility addition at the High School complex for physical education and athletics training.
\$2,200,000
- Total for cancelling these projects: **\$7,147,000**

Bond 2020 Budget Shortfall Presented Options



- ❖ **Project Scope Reductions:** (These are no longer available if selected as cancellations)
- Reduced additional landscaping district wide - including security lighting, security barriers, sidewalk replacement, pathway improvements, et al. **\$230,000**
 - Reduced door and door hardware improvements - including security locks, door openers and closures, fire door updates, et al. **\$146,000**
 - Reduced playground improvements - limiting the improvements to ground coverings and cosmetic updates. No new equipment would be installed at Caledonia ES, Emmons Lake ES, Kettle Lake ES, or Paris Ridge ES. **\$242,500**
 - Reduced further furniture replacement at all elementary schools (except Dutton) and the High School complex. **\$1,600,000**
- Total reductions in scope of projects **\$2,218,000**

Bond 2020 Budget Shortfall Presented Options



❖ Additional options that were presented for discussion:

- Utilization of accumulated bond funds from **unused contingencies**, projects completed under budget.
 - This option eliminates any safety net for projects with two years of projects remaining.
 - This options removes any opportunity to add back projects in the later years of the bond.
- Utilization of **Public Improvement Funds**
- Dedication of all **land sale** proceeds to the Dutton Elementary project.

Bond 2020 Budget Shortfall Presented Options



- ❖ **Additional options posed by the Board during the special board meeting:**
 - Could we go to voters for another **Bond**? What is our current bonding capacity?
 - Could we go to voters for a **Sinking Fund**? What would that generate?

Bond 2020 Budget Shortfall Presented Options



❖ Bond

- Requires voter approval
- Requires State of Michigan Treasury approval
- Would **NOT** be an increase in the annual Debt millage of 7.0 mills
- Current bonding capacity is \$46 million

❖ Sinking Fund

- Requires voter approval
- Would be a millage increase to voters
- Provides an annual funding source for capital projects (5-10 years)
- 1.0 mill would provide an estimated \$1.8 million in annual revenue

Bond 2020 Budget Shortfall Next Steps



- ❖ Bid packages estimated to go out early-mid June
- ❖ After bids are returned the Bond team will review, clarify question areas, and compile the results
- ❖ Bid results will be shared with the Board
- ❖ Board will discuss and determine the desired option(s)