



Gregory-Portland Independent School District

BOARD MEMORANDUM

TO: DR. MICHELLE CAVAZOS

FROM: DR. ISMAEL GONZALEZ III

CC: BOARD OF TRUSTEES
BRITTNEY SOLIZ SANDOVAL
DEBORAH GARZA
MICHAEL THIEME
DR. MICHAEL NORRIS
PENNY ARMSTRONG

DATE: Monday, March 30, 2026

SUBJECT: Discuss and Take Possible Action of Budget Amendments and Analysis of the Project Schedule and Completion Timeline for the BOND 2023 Project: T.M. Clark Elementary School

PRIORITIES

PRIORITY 1: EXCEPTIONAL STUDENT PERFORMANCE

N/A

PRIORITY 2: HIGH PERFORMING AND ENGAGED WORKFORCE

N/A

PRIORITY 3: QUALITY SERVICE AND IMPACTFUL COMMUNITY ENGAGEMENT

N/A

PRIORITY 4: EFFICIENT AND EFFECTIVE DISTRICT AND CAMPUS OPERATIONS

4.2 Maintain fiscal viability; stewardship; and improve staff knowledge of sustainable budgeting processes

BACKGROUND INFORMATION:

Type: Action

In an effort to address additional project needs for the **Bond 2023 – New T.M. Clark Elementary School**, the District is requesting an increase to the project budget, specifically the **Owner’s Contingency within the Construction Manager at Risk (CMAR) contract with Fulton CoastCon Construction**. This adjustment is necessary to ensure that all remaining project components are completed with **quality, fidelity, and full operational readiness** for the new campus.

The Owner’s Contingency was originally approved at **\$360,375**. On **October 20, 2026**, the Board approved an increase that brought the contingency to **\$1,252,342 (2.59% of GMP)**. Administration is now recommending a further increase to **\$2,252,342**, which represents an **additional \$1,000,000** and brings the contingency to **4.56% of the updated Guaranteed Maximum Price (GMP)**.

At the time of contract negotiation, both the District and contractor intentionally agreed to a **very conservative contingency level**, as the GMP was already at the upper limit of the anticipated project budget. At the same time, the District was also preparing for a reimbursement resolution for the project, which was ultimately approved in **May 2025**.

Industry Best Practice Benchmarks indicate that contingency levels for projects of this nature are typically higher:

- **AACE International:** 5–10% for new construction
- **A4LE (K-12 standard):** 5–10% at GMP stage
- **TASB/TASA guidance:** Approximately 5% for new construction

Even with this proposed increase, the project contingency will remain **generally aligned with or slightly below common industry benchmarks**, reflecting continued fiscal responsibility while providing the flexibility necessary to address final project needs.

Reason for Adjustment

As construction has progressed, **unforeseen conditions and necessary scope refinements** have resulted in multiple change orders. The attached financial and budget analysis provides a detailed summary of approved change orders, pending items, and allowances within the GMP. This increase will provide the necessary flexibility to **effectively manage remaining project risks, address outstanding construction needs, and support successful completion of the campus**.

Funding Allocation

This budget adjustment will require the use of **General Fund balance (local operating funds)**. If

approved, this action will reflect a **budget adjustment and funding alignment** to support the project's remaining needs, including the addition of General Fund dollars to cover this increase.

Following project completion, the District will conduct a **full financial reconciliation**. If any funds remain unspent, or if all General Fund dollars are not ultimately needed, the District will make the **appropriate budget adjustments and return or reallocate those funds accordingly**.

RECOMMENDATION:

Administration recommends increasing the Owner's Contingency for the Bond 2023 New T.M. Clark Elementary School project from \$1,252,342 (2.59% of GMP) to \$2,252,342 (4.56% of the updated GMP)

FINANCIAL IMPACT AMOUNT AND FUNDING SOURCE (IF APPLICABLE):

FUNDING SOURCE: GENERAL FUND BALANCE

Increase = \$1,000,000

BOARD RELATED POLICY:

CV (LEGAL) (LOCAL)

ACTION ITEM SUGGESTED MOTION (if applicable):

That the Board make a motion to approve the administration's recommendation to **increase the Owner's Contingency for the Bond 2023 New T.M. Clark Elementary School project from \$1,252,342 (2.59% of the original GMP) to \$2,252,342 (4.56% of the updated GMP)**, and authorize the **necessary budget amendments, including the use of General Fund balance to support this increase**.