

Monitoring and Oversight of General Obligation Bonds to Improve Broward County Schools:

*SMART Program Quarterly Report Review
for the Quarter Ended September 30, 2020*

Presented to the Broward County Bond Oversight Committee
December 14, 2020

Q1
2020-21



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Senator George S. LeMieux
Chairman of the Board of Trustees

Dominic M. Calabro
President & Chief Executive Officer

Dear Fellow Taxpayer,

The beginning of the 2020-21 school year marks the beginning of Year 7 of the SMART Program. This is significant in that all of the planned facilities construction projects at Broward public schools were to have been completed by the end of Year 7. This is not going to happen, and we now know that it is going to take considerably longer than expected to complete the planned renovations, perhaps several years beyond the original forecast completion dates.

A major reason for this delay is the difficulty finding enough proven roofing companies to replace more than 17 million square feet of roof on 1,300 buildings at more than 200 schools. This equates to more than 300 football fields (including the end zones), approximately 400 acres, or the six-lane paved area of Interstate 595 from Weston to Port Everglades (11 miles).

Higher rates of inflation, higher roofing and mechanical/electrical/fire protection costs, and items that were excluded from the original scopes of work will undoubtedly continue to increase project costs. The most recent risk assessment estimates that the total cost of SMART Program facility improvements could increase by \$452 million to \$524 million. Florida TaxWatch considers controlling project costs and mitigating the additional financial risk to be the greatest challenge facing the District as SMART project implementation moves forward.

Despite the construction-related challenges, SMART Program funds have dramatically improved the amount and quality of technology in the classrooms. With the additional computers purchased with SMART Program funds, the District-wide average ratio of students to computers is now 2:1. Weight rooms and track facilities have been improved and tens of thousands of pieces of music, arts, and theater equipment have been purchased.

I am pleased to present the following report, which includes the Florida TaxWatch review of the SMART Program quarterly report for the quarter ending September 30, 2020. Florida TaxWatch staff will be available to present our findings and recommendations at the Committee's December 14, 2020 meeting.

Sincerely,

Dominic M. Calabro
President & CEO

INTRODUCTION

On November 20, 2020, Florida TaxWatch received the *Bond Oversight Committee Quarterly Report for the Quarter Ended September 30, 2020* ("Quarterly Report"). This single 854-page report provides updated information on the implementation of the District's SMART Program and the use of general obligation bond funds to purchase and install technology upgrades, purchase music and arts equipment, improve safety, upgrade athletic facilities, and renovate educational facilities.

The Quarterly Report consists of an Introduction and the following eight sections:

- Section 1 ---Technology School Board Broward County (SBBC) Schools;
- Section 2 --- Technology Charter Schools;
- Section 3 --- Music & Art Equipment;
- Section 4 --- Athletics;
- Section 5 --- Facilities;
- Section 6 --- Budget Activity;
- Section 7 --- Supplier Diversity Outreach Program; and
- Section 8 --- Communications.

The School Board of Broward County has provided guidance to the Bond Oversight Committee in Section 4 of Resolution 15-106 (as amended). In reviewing quarterly reports prepared by District staff, the Committee is charged with:

- Verifying the effective use of bond proceeds and compliance with the purposes set forth in the bond programs as approved by the Board;
- Ensuring that bond revenues are expended for the purpose set forth in the bond programs as approved by the Board;
- Ensuring that any deferred proposals or changes of plans are executed after appropriate approval of the Board;
- Validating that no bond funds are used for any teacher or administrative salaries or other school operating expense; and
- Reviewing efforts by District staff to maximize bond revenues by balancing best value, quality, and efficiency in meeting the bond programs as approved by the Board.

To encourage greater accountability, transparency, public support and confidence in the use of the general obligation bond funds, and to hold the district accountable for spending decisions, Florida TaxWatch has reviewed this report against the most recent SMART Program schedule and budget and is pleased to present the following report and recommendations.

TECHNOLOGY

The SMART Program allocates \$80.5 million for Technology (computer devices and hardware) for SBBC schools (\$68.5 million) and charter schools (\$12.0 million), all of which is programmed to be spent in Years 1-3. As of June 30, 2018, the planned SMART technology deployment has been fully completed for all 230 SBBC schools. The District reports that all planned charter school SMART Program technology projects were completed as of the end of the quarter ended March 31, 2017.

Appendix 1 provides a final summary of the SMART Program technology deployment to SBBC and charter schools.

The District reports that all SBBC schools now comply with the District's standard of 1 computer for every 3.5 students. With the additional computers purchased with SMART Program funds, the District-wide average ratio of students to computers is now 2:1.

The SMART Program allocates \$11 million to the Technology and Support Services Center (TSSC) to purchase infrastructure to support upgrades for school networks and computer expansion. The District has spent or encumbered \$10,095,206 million on projects to replace or implement systems that provide:

- Improved network security perimeter defense and traffic management;
- Load balancing of Internet and internal network traffic;
- IP address management and Domain Name Systems (DNS) operations;
- Core network capacity and speed; and
- Back-up and recovery.

The completed TSSC projects are identified in Appendix 2. The one remaining project is the replacement of Uninterrupted Power Supply (UPS) devices and computer batteries as needed (\$904,794). The UPS project was originally expected to be completed by the end of Q1 2020-21 (September 30, 2020); however, delivery/installation and invoicing for some school sites has pushed the expected completion date back to December 18, 2020. It is anticipated that the District's next report, for the quarter ended December 31, 2020, will reflect the completion of the UPS project and the completion of the technology spend portion of the SMART Program.

MUSIC, ART, AND THEATER EQUIPMENT

MUSIC EQUIPMENT

The District has allocated amounts of \$300,000 for high schools, \$100,000 for middle schools, and \$50,000 for elementary schools to permit schools to address their most critical music equipment needs. The total amount of SMART Program funding allocated to purchase new music instruments and equipment is \$19.2 million. Deployment of music equipment is based upon the results of gap analyses and priority lists of needed equipment for each school. The deployment of music equipment has been completed at all 195 schools with music programs. Overall, more than 60,000 pieces of musical equipment have been ordered; all but about 400 of which (99.3 percent) have been delivered (see Table 1).

TABLE 1.
MUSIC EQUIPMENT ORDERING STATUS
AS OF SEPTEMBER 30, 2020

Grades	Ordered	Delivered
Elementary	47,326	46,972
Middle	3,847	3,847
High	8,303	8,258
Center	584	584
TOTAL	60,060	59,661

Approximately \$17.7 million has been spent or encumbered on music equipment as of September 30, 2020. Music and art equipment has been purchased from 13 vendors. Of the approximately \$17.7 million spent on replacement music and art equipment, approximately \$10.95 million (62 percent) has been spent with one vendor, All County Music.

ART EQUIPMENT

The SMART Program allocates \$392,000 for 136 replacement kilns (reference page 697). Kilns are ordered on an “as needed” basis subject to the process for kiln evaluation/repair/orders. The District reports that all 136 kilns have been purchased at a cost of \$351,027 and delivered to school sites.

THEATER EQUIPMENT

The District reports that SMART funding will be made available to schools to upgrade and/or add to their sound, lighting, and stage equipment. The District reports that \$1.3 million will be allocated to 39 schools over the term of the SMART Program:

- Elementary schools with full theater programs (3) will receive \$7,000;
- Middle schools with full programs (7) will receive \$14,000;
- Middle schools with partial programs (3) will receive \$7,000;
- High schools with full programs (19) will receive \$42,000; and
- High schools with partial programs (5) will receive \$14,000.

The District reports that all 39 schools with full or part-time theater programs are beginning to use their stage, lighting, and sound equipment. All orders have been completed and most schools have had their theater equipment delivered and installed. A total of \$998,384 (77 percent) of the \$1.3 million allocated has been used, which leaves a balance of \$301,616. The Chief Academic Officer reports that all planned theater upgrades should be completed by the end of Q2 2020-21 (December 31, 2020).

BUDGET

The current SMART Program budget (reference page 639) allocates \$17,492,000 in General Obligation Bond (GOB) funds and \$26,597,270 in Non-GOB funds (\$44,089,270 total) for Music and Art equipment in Years 1-8. Total GOB expenditures and commitments through September 30, 2020 are \$8,678,686, which leaves a GOB balance of \$8,813,314. Total Non-GOB expenditures and commitments through September 30, 2020 are \$22,028,672, which leaves a Non-GOB balance of \$4,568,598. The total balance of GOB and Non-GOB funds for Music and Art equipment is \$13,381,912, as reflected on page 639.

The amended SMART Program budget (reference page 615) reflects an increase in the current (2020-21) school year for Music, Art, and Theater equipment of \$1.1 million, from \$0.4 million to \$1.5 million. As a result, the total SMART Program budget for Music, Art, and Theater equipment through Program Year 8 (2021-22) has increased from \$43.0 million to \$44.1 million (reference page 615).

Two things are unclear. First, the total spent on music equipment (\$17.7 million), kilns (\$391,025) and theater equipment (\$998,384) is about \$19.0 million. This would leave a balance of about \$24 million and not \$13.38 million. Second, it is unclear why an additional \$1.1 million would be added to the current (2020-21) school year budget for Music, Art, and Theater equipment when there is a balance of funds for Music and Art equipment of at least \$13.38 million, and most of the equipment has been purchased/ordered and delivered.

RECOMMENDATION 1

Florida TaxWatch recommends either the Chief Financial Officer or the Chief Academic Officer clarify the balance in the Music and Art budget.

RECOMMENDATION 2

Florida TaxWatch recommends either the Chief Financial Officer or the Chief Academic Officer explain the need to increase the Music and Art budget by \$1.1 million during the current school year, given a current balance of at least \$13.38 million and most of the equipment having been purchased/ordered and delivered.

ATHLETICS

TRACK PROJECTS

The SMART Program allocates \$3.81 million for new tracks at three middle schools and 12 high schools. The District reports that the 15 planned track resurfacing projects at the 3 middle schools and 12 high schools have been completed, as of September 30, 2018.

WEIGHT ROOMS

The SMART Program allocates \$3.63 million for new weight rooms at each of the 30 high schools. The District reports that weight room projects have been completed at 29 of the 30 high schools. The Task Assigned Chief Portfolio Services Officer reports that the weight room is being relocated to a building that is set for Primary Renovations and cannot proceed until construction for the building is complete. Construction of the weight room is expected to begin during Q3 of the 2020 calendar year (July 1, 2020 – September 30, 2020) with completion expected in January 2021. This project is currently delayed more than two years (see School Spotlight, page 428).

FACILITIES

PMOR CHANGE

About two-thirds of the way through Q1 2020-21, the SMART Program transitioned from its current Manager/Owner's Representative (PMOR), CBRE | Heery, to the newly hired PMOR, AECOM. The District has tasked AECOM with assessing the overall state of the SMART Program, including the scope of work and schedule for each project.

CONSTRUCTION SCHEDULE

Twice since the beginning of construction activities, the District has revised the schedule for the completion of SMART Program construction projects. The most recent (Fall 2018) revision to the construction schedule was designed to ease the flow of projects moving through the Design phase; avoid an overabundance of projects being initiated simultaneously; and lighten the demand on an oversaturated construction and labor market.

The current construction schedule envisions the completion of all Primary Renovations projects by the end of Q1 of calendar year 2023. A much longer delay was discussed at a February 11, 2020 workshop of the School Board. District challenges (e.g., badging, difficulty of effort, harsh working conditions, and process complexities) have made some South Florida roofing companies reluctant to bid and work on SMART Program roofing projects. Whereas experienced roofing companies are completing the permit review process in as little as one to three months, the permit review process for newer roofing companies is taking up to six to nine months.

It is anticipated that an updated, more realistic, construction schedule will be presented at the December 14, 2020 Committee meeting and that progress will be measured against the new schedule beginning with the Q2 2020-21 Facilities Report.

RECOMMENDATION 3

Florida TaxWatch recommends the updated scheduled dates for construction projects reflect the school fiscal year and not the calendar year. This will bring all dates in the District Report into alignment with the school fiscal year and budget cycles. For example, a Primary Renovations project currently scheduled for completion in Q3 of 2020 would now be scheduled for completion in Q1 2020-21.

RECOMMENDATION 4

Florida TaxWatch recommends the Executive Director, Capital Programs, and AECOM present the updated construction schedule at the December 14, 2020 Committee meeting.

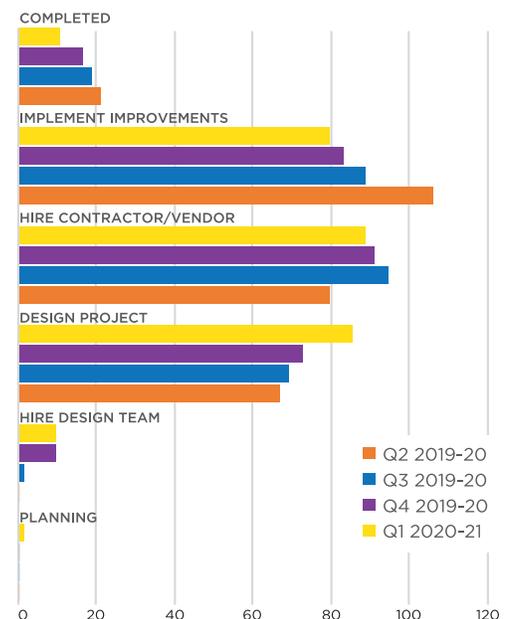
PRIMARY RENOVATIONS PROJECT STATUS

The District reports that 237 Primary Renovations projects are either underway or complete at Broward County schools. Actual project construction has begun or has been completed at 100 schools. The status of the Primary Renovations projects over the past four quarters is shown in Figure 1.

When compared to Q4 2019-20, Figure 1 shows a decrease in the number of active Primary Renovations Projects in the Design Phase (60 to 58); a decrease in the number of active Primary Renovations Projects in the Hire Contractor/Vendor Phase (82 to 69); and an increase in the number of active Primary Renovations Projects in the Project Construction Phase (77 to 92). Florida TaxWatch considers this to be a good sign. This trend has continued for the past seven reporting quarters. In addition, the number of Primary Renovations projects in the Construction Closeout Phase has increased from 16 to 18.

The current status (percentage completed) of the 92 Active Primary Renovations (in construction) projects is shown in Figure 2. In its Q4 2019-20 report, Florida TaxWatch reported that the majority (55.8 percent) of Primary Renovations projects in the Construction Phase were less than 50 percent complete. For Q1 2020-21, however, the majority (51.1 percent) of Primary Renovations projects in the Construction Phase are more than 50 percent complete.

FIG. 1 - MORE PRIMARY RENOVATIONS PROJECTS ARE MOVING FROM DESIGN TO CONSTRUCTION
NUMBER OF PROJECTS



FLAGGED SCHOOLS AND PROJECTS

In previous reports TaxWatch has identified schools and projects that were “flagged” for either schedule or budget issues.

- Schedule issues reflect a risk of or inability to meet the planned milestone date for progressing to the next phase in the process. Schedule flags are removed once the project has regained the time and is back on its planned schedule.
- Budget issues reflect a need for School Board approval of an increase in funding based on bid and/or change order results. When the School Board approves the necessary budget increase, the Budget flags are removed and replaced with an “Additional Funding” notation in the project’s scope of work on the school’s School Spotlight.

The Executive Director, Capital Programs, reports that, as of September 30, 2020, “nearly all projects have been flagged and deemed at risk of schedule delays with potential budget impacts” (reference page 92). In anticipation of AECOM’s reevaluation of the schedule and budget of all schools, no project schedule and budget flag breakdown was provided in the District’s Q1 2020-21 report. Florida TaxWatch did, however, review each individual School Spotlight to identify flagged schools

SCHEDULE-RELATED ISSUES

The review of the School Spotlights by Florida TaxWatch identified 209 construction projects (196 Primary Renovations and 13 “Other” projects) that have been flagged for schedule-related issues during Q1 2020-21 (see Figure 3). Florida TaxWatch reviewed each school’s School Spotlight (reference pages 163-611) to compare the actual/forecast completion dates to the new planned completion dates to better understand how long these projects are delayed. As shown in Figure 3, of the 209 Primary Renovations (196) and Other (13) projects that have been flagged for schedule-related delays as of the end of Q1 2020-21:

- 6 projects may or may not be delayed;
- 12 projects have been delayed by one quarter;
- 33 projects have been delayed by two quarters;
- 46 projects have been delayed by three quarters;
- 55 projects have been delayed by four quarters; and
- 57 projects have been delayed by more than four quarters.

FIG. 2 - THE MAJORITY OF ACTIVE PRIMARY RENOVATIONS PROJECTS ARE MORE THAN 50 PERCENT COMPLETE

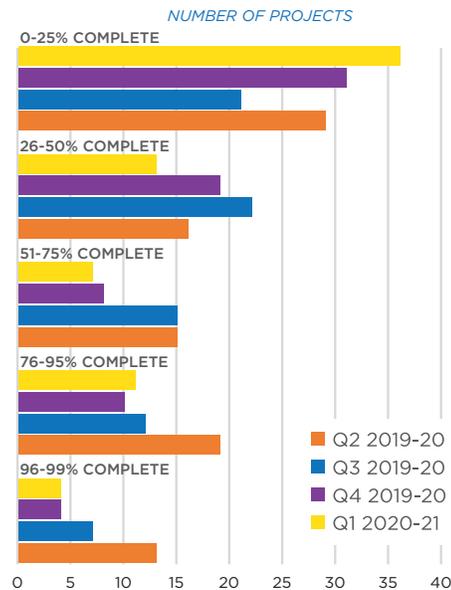
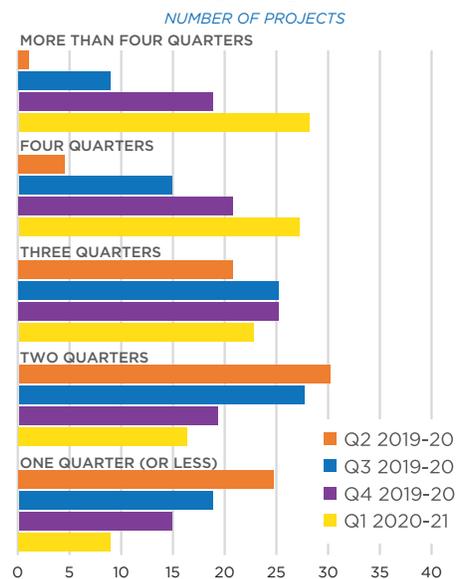


FIG. 3 - MORE CONSTRUCTION PROJECTS ARE DELAYED AND FOR LONGER PERIODS OF TIME



It is clear in Figure 3 that the number of Primary Renovations and Other construction projects that are delayed is increasing, and the length of the delay is increasing as well. During Q1 2019-20, the number of projects that are delayed by at least one calendar year increased from 80 to 112.

Florida TaxWatch has included recommendations in previous reports to the Bond Oversight Committee that the Executive Director, Capital Programs, identify actions taken by the District to enforce the terms and conditions of contracts with design firms, vendors, and contractors. The Q1 2020-21 Facilities Report includes a list of design firms that were either fined or had financial penalties levied against them because they were severely delayed compared to the planned schedule (reference page 118). To date, fines and financial penalties \$322,800 have been levied against six vendors at 16 schools, including “Big 3” schools Stranahan High School and Blanche Ely High School (see Table 2).

TABLE 2
FINANCIAL PENALTIES (SINCE Q1 2019-20)

School	Vendor	Fee Amount
Stranahan High School	Wolfberg Alvarez	\$19,600
Pioneer Middle School	Williamson Dacar	\$18,000
Westwood Heights Elementary School	ACAI	\$16,000
Mirror Lake Elementary School	ACAI	\$18,000
North Side Elementary School	ACAI	\$12,000
McNab Elementary School	ACAI	\$7,500
Hollywood Hills High School	ACAI	\$14,700
Nova High School	ACAI	\$15,800
James S. Rickards Middle School	Williamson Dacar	\$28,000
Blanche Ely High School	Wolfberg Alvarez	\$27,650
Maplewood Elementary School	MC Harry	\$11,050
Eagle Point Elementary School	Williamson Dacar	\$23,200
New River Middle School	Crain Atlantis	\$25,000
Sea Castle Elementary School	Crain Atlantis	\$20,000
Plantation Middle School	Sol-Arch	\$25,800
Piper High School	Wolfberg Alvarez	\$40,500
	Total	\$322,800

BUDGET-RELATED ISSUES

The School Spotlights identify 19 Primary Renovations projects that have been flagged for budget-related issues. The Budget flags represent \$33.7 million in additional funding approved by the School Board of Broward County (SBBC) to complete these 19 projects (see Table 3).

TABLE 3
ADDITIONAL PRIMARY RENOVATIONS PROJECTS FLAGGED FOR BUDGET
ISSUES DURING Q4 2019-20

School	Additional Spending
Broadview Elementary School	\$2,683,744
Broward Estates Elementary School	\$3,989,168
C. Robert Markham Elementary School	-\$1,245,170
Collins Elementary School	\$678,300
Coral Park Elementary School	-\$348,550
Coral Springs High School	\$3,831,000
Deerfield Beach High School	-\$1,414,600
Gulfstream Early Learning Center of Excellence	\$1,584,000
Henry D. Perry Education Center	\$3,501,580
Horizon Elementary School	\$726,000
J.B. Taravella High School	\$4,709,000
Larkdale Elementary School	\$1,289,350
Lauderdale Lakes Middle School	\$177,378
Olsen Middle School	\$3,981,315
Pine Lakes Elementary School	\$242,000
Pines Middle School	\$306,730
South Broward High School	\$4,813,100
Tradewinds Elementary School	\$2,132,900
Watkins Elementary School	\$2,114,840
Total	\$33,752,085

When the SBBC approves the necessary budget increases for these projects, the Budget flags are removed and replaced with an “Additional Funding” notation in the project’s scope of work on the school’s *School Spotlight*. A review of the *School Spotlight* for each school identifies Primary Renovations projects at 119 schools where additional funding totaling more than \$298 million has been approved by the SBBC. These projects are identified in Appendix 3.

PSA AMENDMENTS, BIDS, AND CHANGE ORDERS

The following is a summary of actions taken by the School Board during Q4 2019-20:

- Authorized 10 schools to advertise for bids;
- Approved bid recommendations from contractors at 16 schools;
- Approved PSA amendments (scope and/or service fees) to 11 PSAs;
- Approved contingency funds for 1 school;
- Approved the reassignment of HVAC scope of work at 1 school;
- Approved 20 change orders for projects at 16 schools (no fiscal impacts this quarter);
- Terminated 1 vendor;
- Approved additional funding for 2 schools; and
- Rejected 1 bid.

As projects move from the Design Phase to the Construction Phase, the District tracks change orders as they occur and reports their relative impact. Most change orders are the result of unforeseen circumstances. Change orders totaling \$2.97 million have been approved at 33 schools. Tax savings (dollars returned to projects in the form of credit) totaled \$304,740.

THE “BIG 3” SCHOOLS

As previously recommended by Florida TaxWatch, the District has provided a more balanced and accurate “snapshot” of the status of facilities renovation projects at the Big 3 schools. The status of the Primary Renovation and other projects is identified, and key milestones and their target completion dates are identified. The planned dates for “substantial completion” of Primary Renovation projects are as follows:

- Blanche Ely High School Primary Renovations --- Q3 calendar year 2021. This represents a completion date that is three months sooner than the completion date identified in the Q4 2019-20 Facilities Report;
- Northeast High School Primary Renovations (Phase 1) --- Q4 calendar year 2022. This represents an additional delay of three months, as compared to the completion date identified in the Q4 2019-20 Facilities Report;
- Northeast High School Primary Renovations (Phase 2) --- Q3 calendar year 2022. This represents an additional delay of nine months, as compared to the completion date identified in the Q4 2019-20 Facilities Report; and
- Stranahan High School Primary Renovations --- Q3 calendar year 2021. This represents an additional delay of six months, as compared to the completion date identified in the Q4 2019-20 Facilities Report.

RECOMMENDATION 5

Florida TaxWatch recommends that the Executive Director, Capital Programs, explain the additional delays for the Primary Renovations (Phases 1 and 2) projects at Northeast High School and for the Primary Renovations project at Stranahan High School. Given the significance the Committee has placed on the Big 3 schools, future Facilities Reports should include a thorough explanation for any additional delays at the Big 3 schools.

SINGLE POINT-OF-ENTRY PROJECTS

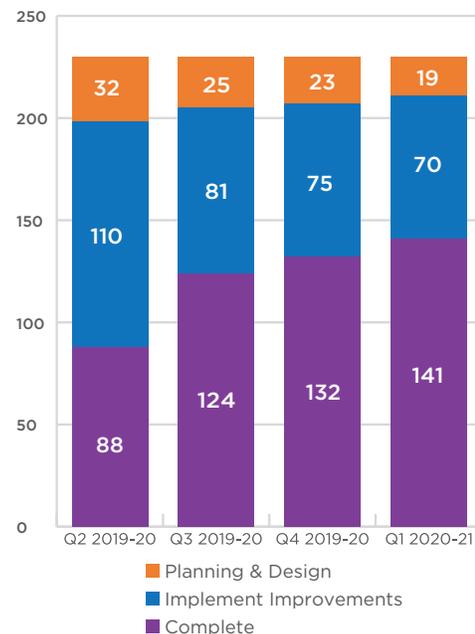
The tragic and senseless shootings at Marjory Stoneman Douglas High School have focused attention on school safety and security. Additional safety improvements include fire sprinklers, fire alarms, emergency exit signage/lighting improvements, fencing, and door hardware. The SBBC accelerated the release of funds so Single Point-of-Entry projects could be initiated ahead of schedule. All Single Point-of-Entry projects were complete and operational before students returned to school in the Fall of 2019.

SCHOOL CHOICE ENHANCEMENT PROGRAM

The District reports that School Choice Enhancement Program (SCEP) projects are underway or complete at 230 schools. SCEP projects are budgeted at \$100,000; the scope of the capital project (e.g., electronic marquees, shade structures, playgrounds, etc.) is determined by a vote of the teachers, staff, and parents of students at the school.

As of September 30, 2020, the number of SCEP projects in the Planning Phase has decreased from 23 to 19. The second phase (Implementation) includes selection and procurement. There are currently 70 schools in the second phase, down from 75 in Q4 2019-20. The third phase (Completion) occurs when all items have been delivered and installed. There are 141 schools with completed SCEP projects, up from 132 in Q4 2019-20. As shown in Figure 4, the number of SCEP projects that are in the Planning and Design Phase have decreased over the past four quarters and the number of Completed projects has increased.

FIG. 4 - THE DISTRICT CONTINUES TO MAKE PROGRESS IMPLEMENTING SCEP PROJECTS
NUMBER OF PROJECTS



BUDGET ACTIVITY

THE BUDGET

The SMART Program Budget Activity Quarterly Report provides expenditure information for financially active projects as well as projects that have been completed. As previously recommended by Florida TaxWatch, the District has included SMART Program budget allocations for years 6 (FY 2019-20) through 8 (FY 2021-22).

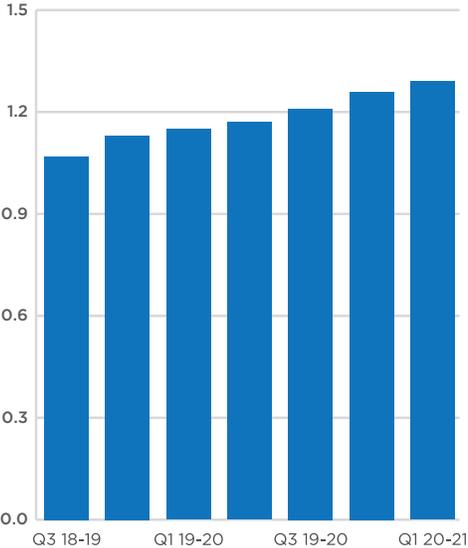
With the inclusion of budget allocations for years 6-8, the SMART Program total budget has increased from \$1.257 billion in Q4 2019-20 to \$1.290 billion, an increase of about \$33.7 million (see Figure 5). This includes the \$800 million in general obligation bond (GOB) funding and \$490.3 million in non-GOB capital project funding (capital millage and impact fees). This represents an increase of about \$303 million over the original budget of \$987.4 million (\$800 million GOB funds plus \$187.4 million in existing capital resources).

SMART Program expenditures increased from \$435,263,624 to \$478,581,387, an increase of about \$43.3 million during Q1 2020-21. The Chief Financial Officer reports a SMART Program balance of \$524,629,979 at the end of Q1 2020-21.

During Q1 2020-21, the SBBC approved the following funding increases:

- Broward Estates Elementary School --- Approved recommendation to award Construction Agreement (\$3,989,168);
- Horizon Elementary School --- Approved recommendation to award Construction Agreement (\$726,000);
- Broadview Elementary School --- Approved recommendation to award Construction Agreement (\$2,683,744);
- Tradewinds Elementary School --- Approved recommendation to award Construction Agreement (\$2,132,900);
- Collins Elementary School --- Approved request for additional funding (\$678,300);
- Pines Middle School --- Approved request for additional funding (\$306,730);
- Lauderdale Lakes Middle School --- Approved change order (\$177,378);
- South Broward High School --- Approved recommendation to award Construction Agreement (\$4,813,100);
- Gulfstream Early Childhood Center of Excellence --- Approved recommendation to award Construction Agreement (\$1,584,000);
- Larkdale Elementary School --- Approved recommendation to award Construction Agreement (\$1,289,350);

FIG. 5 - SMART PROGRAM BUDGET CONTINUES TO INCREASE
BILLIONS OF DOLLARS



- Coral Park Elementary School --- Approved recommendation to award Construction Agreement (-\$348,550);
- Deerfield Beach High School --- Approved recommendation to award Construction Agreement (-\$1,414,600);
- Henry D. Perry Education Center --- Approved recommendation to award Construction Agreement (\$3,501,580);
- Olsen Middle School --- Approved recommendation to award Construction Agreement and additional funding (\$3,981,315);
- J.P. Taravella High School --- Approved GMP amendment (\$4,709,000);
- Watkins Elementary School --- Approved recommendation to award Construction Agreement (\$2,114,840);
- C. Robert Markham Elementary School --- Approved recommendation to award Construction Agreement (-\$1,245,170);
- Coral Springs High School --- Approved recommendation to award Construction Agreement (\$3,831,000); and
- Pine Lakes Elementary School --- Approved recommendation to award Construction Agreement (\$242,000)

These increases total \$33.7 million. Since inception of the SMART Program, the School Board has approved net increases/decreases of \$303 million.

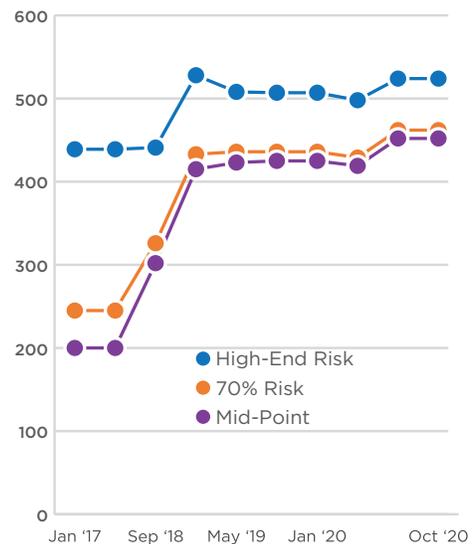
ASSESSMENT OF FINANCIAL RISK

It has been previously understood that higher rates of inflation, higher roofing and mechanical/electrical/fire protection costs, and items that were excluded from the original scopes of work would increase the costs of SMART Program construction projects. The range of potential risk outcomes (mid-range/70 percent/high-end) remains unchanged from the July 2020 financial risk assessment (see Figure 6).

RESERVE FUNDING

Florida TaxWatch considers the issue of financial risk to be the greatest concern and controlling project costs and mitigating the additional financial risk to be the greatest challenge facing the District as SMART project implementation moves forward. The District originally set aside \$225 million (reserve) to mitigate potential funding risks in the SMART Program. The most recent risk assessment suggests that the projected costs to complete planned SMART Program construction will exceed the original \$987 million SMART Program budget by \$462 million, which is \$237 million more than the amount the District placed into reserve.

FIG. 6 - SMART PROGRAM BUDGET CONTINUES TO INCREASE
BILLIONS OF DOLLARS



In March, the SBBC authorized the issuance of up to \$250 million in Certificates of Participation (CPOs). These CPOs will provide supplemental funding for the additional costs for the SMART Program, increasing the total amount of reserve funds to \$475 million. If the projected costs to complete planned SMART Program construction continue to exceed the original SMART Program budget by \$462 million, as projected, the District should have sufficient funding in reserve; however, it is important to note that the high end of the financial risk assessment prepared by Atkins (\$524 million) exceeds the amount placed in reserve.

In July 2020, the SBBC approved a new SMART Program Project Manager – Owner’s Representative Services (PMOR) contract which had a budget impact of \$47.2 million. This amount was added to the District’s reserve, increasing the total SMART Program reserve to \$483 million. Due to approved School Board approvals through the end of Q1 2020-21, the SMART Program reserve balance is currently \$169.8 million.

HARD COSTS VERSUS SOFT COSTS

Bond Oversight Committee members have, on more than one occasion, requested a breakdown of “hard costs” versus “soft costs” of SMART projects. “Hard costs” include tangible expenses that are directly related to the physical construction or implementation of the project’s scope, and include such costs as materials, equipment, labor and supervision, etc., and typically make up about 65-75 percent of total budget. “Soft costs” include expenses that are indirectly related to the physical construction or implementation of the project’s scope, and include such costs as architect and engineering fees, program management fees, furniture and fixtures, general and administrative costs, etc., and typically make up 30-35 percent of total budget.

As previously recommended by Florida TaxWatch, the District’s Q1 2020-21 Facilities Report included a breakdown of hard and soft costs for 11 schools at which construction activities had reached substantial/final completion. Although hard costs typically make up 65-70 percent of a project’s total budget, the hard costs for the 11 schools identified (reference page 56) range from 67 percent to 85 percent, with hard costs at ten of the 11 schools at 80 percent or greater. Although soft costs typically make up 30-35 percent of a project’s total budget, the soft costs for the 11 schools identified range from 15 percent to 33 percent, with soft costs at ten of the 11 schools at 20 percent or less.

In past reports, Florida TaxWatch has questioned why the hard and soft costs for the schools at which construction activities had reached substantial/final completion are outside the identified cost percentage ranges. The Executive Director, Capital Programs, reports that while the project budgets were developed with approximately 30% of the costs being soft costs, funds that remain unspent at the project’s completion are then swept back to the SMART Program Reserve and that lowers the soft cost percentage.

SUPPLIER DIVERSITY & OUTREACH

The Supplier Diversity Outreach Program Report includes data specific to the participation of and committed funding to Minority/Women Business Enterprises (M/WBE), ethnic-owned business enterprises (EBEs) and small business enterprises (SBEs). This permits the reporting of historically underutilized businesses, in addition to M/WBEs, as previously recommended by Florida TaxWatch.

The Chief Strategy & Operations Officer reports that, as of the end of Q1 2020-21, there were 586 active E/S/M/WBE certified companies that provide commodities (supplies), construction, professional services, and business services to District schools. Of these 586 E/S/M/WBEs:

- 63 (10.8 percent) are Non-minority (SBE) certified companies;
- 200 (34.2 percent) are African-American certified companies;
- 29 (4.9 percent) are Asian-American certified companies;
- 202 (34.6 percent) are Hispanic-American certified companies;
- 1 (0 percent) is a Native-American certified company; and
- 91 (15.5 percent) are Caucasian-American certified companies.

The Chief Strategy & Operations Officer reports an E/S/M/WBE commitment of \$26.2 million during Q1 2020-21. This represents about 32 percent of the total \$83.1 million in contracts awarded during the quarter. Through September 30, 2020, the District has issued purchase orders to E/S/M/WBEs totaling \$234.7 million. This represents a cumulative E/S/M/WBE prime commitment of 29.5 percent of the \$794.5 million total cumulative spend. Of this \$234.7 million E/S/M/WBE commitment:

- \$7.98 million has been awarded to E/S/M/WBE firms for Safety projects;
- \$0 has been awarded to E/S/M/WBE firms for Music and Arts projects;
- \$10,700 has been awarded to E/S/M/WBE firms for Athletics projects;
- \$226.69 million has been awarded to E/S/M/WBE firms for Renovation projects; and
- \$0 has been awarded to E/S/M/WBE firms for Technology projects.

As previously recommended by TaxWatch, the Q1 2020-21 Supplier Diversity Outreach Program Report includes information on contracts awarded to or purchases made from E/S/M/WBEs and historically underutilized businesses for safety projects, music and arts equipment, athletics projects, and technology upgrades. This permits the extent to which the District is utilizing M/WBEs and historically underutilized businesses for technology upgrades, replacement musical equipment, and replacement kilns to be determined. No E/S/M/WBEs have received any of the bond money for Music and Art equipment or for Technology improvements. In terms of the total cumulative SMART Program minority spend (per ethnicity):

- 7.7 percent has been awarded to African American-owned companies;
- 77.4 percent has been awarded to Hispanic American-owned companies;
- 0 percent has been awarded to Native American-owned companies;
- 3.5 percent has been awarded to Asian American-owned companies;
- 2.6 percent has been awarded to small business enterprises; and
- 8.8 percent has been awarded to White Female-owned companies.

As previously recommended by Florida TaxWatch, the District has stepped up its efforts to award SMART Program purchase orders to women-owned companies. Thirty-eight percent of the total minority spend was awarded to women-owned companies.

COMMUNICATIONS

The Q1 2020-21 Report highlights the District's continued efforts to promote the SMART Program.

The week of September 30 marked the launch of the new SMART Program website which will serve as the main source of SMART Program communications going forward. The District has continued to publish content regularly on all SMART Program social media platforms.

LOOKING AHEAD

The District continues to make progress in implementing the \$1.29 billion SMART Program. SMART Program expenditures and commitments now total \$765.7 million, leaving a balance of \$524.6 million. All planned computer devices have been ordered and received, all SBBC schools now comply with the District's standard of 1 computer for every 3.5 students, and all technology projects planned for charter schools have been completed. Upon completion of the Uninterrupted Power Supply project in December 2020, the Technology spend portion of the SMART Program will be completed.

The replacement of music, arts, and theater equipment continues, with all planned projects accelerated and underway, and more than 59,000 pieces of musical equipment have been delivered to Broward public schools. All 136 kilns have been delivered, and theater equipment has been ordered and is being delivered to the 39 schools with theater programs.

All 15 planned track resurfacing projects have been completed and 29 of the 30 weight room projects have been completed. The District continues its efforts to ensure participation by Minority/Women Business Enterprises (M/WBE), ethnic-owned business enterprises (EBEs) and small business enterprises (SBEs) that provide commodities (supplies), construction, professional services, and business services to District schools.

During Q1 2020-21, the number of active Primary Renovation Projects in the Design Phase decreased, and the number of active Primary Renovation Projects in the Implement Improvements Phase increased. Florida TaxWatch considers this to be a good sign and reflects a continuing trend over the past seven quarters.

The number of Primary Renovations and Other projects flagged for schedule related delays during Q1 2020-21 increased to 209. Not only is the number of construction projects flagged for schedule delays increasing, so too is the length of these delays. One hundred and twelve (112) of these flagged projects are experiencing delays of one year or longer, and there is nothing to suggest that this trend will be reversed. Florida TaxWatch finds this extremely concerning. The trajectory of the completion of these

projects should be accelerating in a positive direction with a realistic timetable that will be successfully completed. Anything less is unacceptable. It has become increasingly apparent that the current facilities construction schedule is no longer realistic. The newly-hired PMOR (AECOM) has been tasked to evaluate the construction schedule and project budgets, and to make recommendations, as appropriate.

Also of great concern is the issue of financial risk. Primary Renovations projects at 19 schools were flagged for Budget issues during Q1 2020-21. More than \$33.7 million in additional funding is required to complete these projects. Since inception, the School Board has approved more than \$298.4 million in additional funds for SMART construction projects at 119 schools. As a result, the SMART Program budget has increased from \$987.3 million to \$1.29 billion.

Higher rates of inflation, higher roofing and mechanical/electrical/fire protection costs, and items that were excluded from the original scopes of work will undoubtedly continue to increase project costs. After months of relative stability, the SMART Program's financial risk has increased from \$429 million to \$462 million (70 percent risk). Florida TaxWatch considers controlling project costs and mitigating the additional financial risk to be the greatest challenge facing the District as SMART project implementation moves forward.

In this report, Florida TaxWatch has offered recommendations to help guide the Bond Oversight Committee in its oversight of the implementation of the SMART Program, and to ensure that public's right-to-know how the taxpayer-approved General Obligation Bond funds are being spent is well-served. Florida TaxWatch looks forward to presenting the results of its review to the Committee and the public, and to providing continued support and guidance as the Bond Oversight Committee continues its effective oversight of SMART Program implementation.

APPENDIX 1

FINAL SMART PROGRAM TECHNOLOGY UPGRADE SUMMARY

	SBBC Schools	Charter Schools	Total
Student Laptops	64,455	5,086	69,541
Teacher Laptops	13,333	1,417	14,750
Desktops	5,051	1,712	6,763
Tablets	523	3,099	3,622
Computer Carts Trays	1,066	316	1,382
Wireless Access Points	13,166	0	13,166
Category 6 Cable Drops	12,738	0	12,738
Digital Classrooms	0	1,347	1,347
Accessories & Peripherals	0	3,394	3,394

APPENDIX 2

TSSC PROJECTS COMPLETED TO-DATE (\$10,095,206)

- Implement a new "Next Generation Firewall" at the District's Internet perimeter (\$1,519,323);
- Improve the speed and capacity of the systems that manage and balance the Internet traffic pattern and load distribution (\$564,591);
- Upgrade the application-specific load balancing system (\$31,497);
- Improve the reliability of critical network services and systems (\$905,556);
- Improve the speed and capacity of the core network (\$806,481);
- Replace the out-of-service tape back-up system with a virtual back-up tape solution (\$393,593);
- Replace the existing automatic call distribution system with one that will be integrated into the District's current voice application system (\$386,313);
- Relocate and build storage for offsite disaster recovery (\$221,488);
- Replace disk storage that supports the Enterprise Resource Planning (ERP) system (\$212,881);
- Implement enhanced content filters (\$1,354,141);
- Build firewall internet capacity (\$1,395,356);
- Update data network infrastructure (\$385,070);
- Address the immediate need for additional storage space (\$596,425);
- Upgrade systems that support the Student Information System and Data Warehouse (\$385,141);
- Provide additional capacity to support Internet growth and security requirements (\$357,193);
- Replace/upgrade back-up to an enterprise solution (\$314,988); and
- Provide additional hardware to support centralized management tools Local Area Network endpoints (laptops/desktops) (\$265,169).

APPENDIX 3

ADDITIONAL PRIMARY RENOVATIONS PROJECT FUNDING APPROVED BY SBBC (CUMULATIVE)

	School	Add. \$
1	Anabel C. Perry Pre K-8	\$1,950,037
2	Atlantic Technical, Arthur Ashe Jr., Campus	\$1,836,449
3	Banyan Elementary School	\$962,979
4	Bayview Elementary School	\$946,739
5	Blanche Ely High School	\$7,310,000
6	Bright Horizons Center	\$1,893,100
7	Broadview Elementary School	\$2,683,744
8	Broward Estates Elementary School	\$3,989,168
9	C. Robert Markham Elementary School	(\$1,245,170)
10	Castle Hill Elementary School	\$1,567,030
11	Central Park Elementary School	\$3,045,525
12	Challenger Elementary School	\$2,206,100
13	Chapel Trail Elementary School	\$2,850,436
14	Charles W. Flanagan High School	\$6,793,361
15	Coconut Creek Elementary School	\$517,143
16	Colbert Museum Magnet	\$834,903
17	Collins Elementary School	\$678,300
18	Coral Park Elementary School	(\$348,550)
19	Coral Springs High School	\$3,831,000
20	Country Isles Elementary School	\$681,660
21	Cypress Bay High School	\$18,839,000
22	Cypress Elementary School	\$452,897
23	Dave Thomas Education Center - East	\$1,861,494
24	Davie Elementary School	\$2,220,700
25	Deerfield Beach High School	(\$1,414,600)
26	Deerfield Park Elementary School	\$984,840
27	Dillard 6-12	\$4,266,232
28	Driftwood Middle School	\$2,801,700
29	Eagle Point Elementary School	\$1,325,450
30	Eagle Ridge Elementary School	\$1,047,383
31	Embassy Creek Elementary School	\$1,340,700
32	Endeavour Primary Learning Center	\$1,403,790
33	Everglades Elementary School	\$1,132,500
34	Everglades High School	\$2,707,254
35	Fairway Elementary School	\$3,507,900
36	Falcon Cove Middle School	\$12,047,000
37	Flamingo Elementary School	\$205,000
38	Floranada Elementary School	\$2,062,840

39	Forest Glen Middle School	\$3,858,800
40	Forest Hills Elementary School	\$1,083,601
41	Fort Lauderdale High School	\$1,363,887
42	Fox Trail Elementary School	\$627,150
43	Gator Run Elementary School	\$1,535,323
44	Griffin Elementary School	\$1,868,208
45	Gulfstream Early Learning Center of Excellence	\$1,584,000
46	Hawkes Bluff Elementary School	\$3,906,437
47	Henry D. Perry Education Center	\$3,501,580
48	Hollywood Central Elementary School	\$3,841,350
49	Hollywood Hills High School	\$7,154,351
50	Hollywood Park Elementary School	\$2,780,250
51	Horizon Elementary School	\$726,000
52	Indian Ridge Middle School	\$945,102
53	J.B. Taravella High School	\$4,709,000
54	James S. Rickards Middle School	\$5,449,080
55	Lake Forest Elementary School	\$1,202,142
56	Lakeside Elementary School	\$1,385,240
57	Larkdale Elementary School	\$1,289,350
58	Lauderdale Lakes Middle School	\$177,378
59	Lauderdale Manors EL&R Center	\$3,976,444
60	Liberty Elementary School	\$88,093
61	Manatee Bay Elementary School	\$625,661
62	Maplewood Elementary School	\$2,295,826
63	McFatter Tech. College/Broward Fire Academy	\$358,512
64	McNab Elementary School	\$1,915,437
65	Miramar Elementary School	\$2,286,935
66	Mirror Lake Elementary School	\$2,113,400
67	New River Middle School	\$2,082,600
68	Norcrest Elementary School	\$1,072,500
69	Northeast High School	\$10,706,440
70	North Lauderdale PreK-8	\$1,093,350
71	North Side Elementary School	\$1,769,430
72	Nova High School	\$11,993,745
73	Nova Middle School	\$4,037,300
74	Oakland Park Elementary School	\$2,701,330
75	Oakridge Elementary School	\$1,473,860
76	Olsen Middle School	\$3,981,315
77	Palm Cove Elementary School	\$1,318,659
78	Panther Run Elementary School	\$2,128,983
79	Pembroke Pines Elementary School	\$1,175,000
80	Pine Lakes Elementary School	\$242,000
81	Pines Middle School	\$306,730
82	Pinewood Elementary School	\$2,398,000

83	Piper High School	\$5,570,400
84	Pioneer Middle School	\$3,467,193
85	Plantation Middle School	\$3,188,300
86	Pompano Beach Elementary School	\$1,390,551
87	Pompano Beach Middle School	\$4,787,180
88	Quiet Waters Elementary School	\$1,576,000
89	Ramblewood Elementary School	\$1,353,158
90	Ramblewood Middle School	\$2,334,241
91	Riverglades Elementary School	\$448,177
92	Riverland Elementary School	\$2,551,192
93	Rock Island Elementary School	\$1,072,944
94	Royal Palm STEM Museum Magnet	\$4,275,900
95	Sandpiper Elementary School	\$452,942
96	Sea Castle Elementary School	\$1,508,179
97	Seagull Alternative High School	\$1,131,082
98	Silver Lakes Elementary School	\$1,505,741
99	Silver Ridge Elementary School	\$1,074,700
100	Silver Shores Elementary School	\$1,231,560
101	Silver Trail Middle School	\$1,781,150
103	South Broward High School	\$4,813,100
104	Stirling Elementary School	\$2,155,295
105	Stranahan High School	\$13,710,000
107	Sunland Park Academy	\$881,100
108	Sunrise Middle School	\$3,950,050
109	Sunset Lakes Elementary School	\$1,780,500
110	Tedder Elementary School	\$1,027,616
111	Tradewinds Elementary School	\$2,132,900
112	Virginia Shuman Young Elementary School	\$2,904,230
113	Walker Elementary School	\$1,837,090
114	Watkins Elementary School	\$2,114,840
115	West Hollywood Elementary School	\$1,231,160
116	Westpine Middle School	\$2,330,500
117	Westchester Elementary School	(\$547,142)
118	Westwood Heights Elementary School	\$2,517,269
119	William E. Dandy Middle School	\$4,023,550
	TOTAL	\$298,468,461

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ABOUT FLORIDA TAXWATCH

As an independent, nonpartisan, nonprofit taxpayer research institute and government watchdog, it is the mission of Florida TaxWatch to provide the citizens of Florida and public officials with high quality, independent research and analysis of issues related to state and local government taxation, expenditures, policies, and programs. Florida TaxWatch works to improve the productivity and accountability of Florida government. Its research recommends productivity enhancements and explains the statewide impact of fiscal and economic policies and practices on citizens and businesses.

Florida TaxWatch is supported by voluntary, tax-deductible donations and private grants, and does not accept government funding. Donations provide a solid, lasting foundation that has enabled Florida TaxWatch to bring about a more effective, responsive government that is accountable to the citizens it serves since 1979.

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