

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

*SMART Program Quarterly Report
Review for the Quarter Ended
March 31, 2022*

Presented to the Broward County Bond Oversight Committee
June 13, 2022

Q3
2021-22



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Senator George S. LeMieux
Chairman of the Board of Trustees

Dominic M. Calabro
President & Chief Executive Officer

Dear fellow taxpayer,

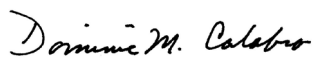
As Florida TaxWatch reports the Broward Public School District's progress in implementing the SMART Program for the quarter ended March 31, 2022, the school year will have ended and students will have begun their summer break. The May 24 mass murder of 19 students and two adults at an elementary school in Texas will undoubtedly weigh heavily on the minds of Broward students and their families as the 2022-23 school year approaches.

The safety and security component of the SMART Program includes projects designed to limit access to each school through a single point-of-entry, which are in place at all Broward County public schools. Other safety and security projects include fire alarms and sprinklers, emergency exit signage/lighting improvements, fencing, and door hardware. These improvements are bundled together as part of active Primary Renovations projects, many of which are behind their original schedule and over their original budget. Florida TaxWatch is taking a "deeper dive" into the status of the outstanding safety and security projects.

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 the costs of the active Primary Renovations projects. Florida TaxWatch considers controlling project costs and mitigating the additional financial risk to be the greatest challenge facing the District at this point as SMART Program implementation moves forward.

I am pleased to present the following report, which includes the Florida TaxWatch review of the District's Bond Oversight Committee Quarterly Report for the Quarter Ended March 31, 2022. Florida TaxWatch staff will be available to present our findings and recommendations at the Committee's upcoming June 13, 2022, meeting.

Sincerely,


Dominic M. Calabro
President & CEO

INTRODUCTION

The Broward County Public Schools' Bond Oversight Committee *Quarterly Report for the Quarter Ended March 31, 2022* ("District Quarterly 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 school safety and security, 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, and Theater Equipment;
- Section 4 --- Athletics;
- Section 5 --- Facilities;
- Section 6 --- Budget Activity;
- Section 7 --- Supplier Diversity Outreach Program; and
- Section 8 --- Communications.

The SBBC has provided guidance to the Bond Oversight Committee ("BOC") 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 SBBC;
- Ensuring that bond revenues are expended for the purpose set forth in the bond programs as approved by the SBBC;
- Ensuring that any deferred proposals or changes of plans are executed after appropriate approval of the SBBC;
- 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 SBBC.

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 the District's Quarterly Report against the most recent SMART Program schedule and budget and is pleased to present the following report and recommendations.

SCHOOL SAFETY & SECURITY

The tragic and senseless murder of 14 students and three faculty/staff at Marjory Stoneman Douglas High School in February 2018 focused nationwide attention on school safety and security. The recent mass murders of 19 students and two adults at an elementary school in Texas have once again put the issue of school safety and security in the national spotlight.

ALL SINGLE POINT-OF-ENTRY PROJECTS HAVE BEEN COMPLETED

After the shootings at Marjory Stoneman Douglas High School, the SBBC accelerated the release of funds so all remaining Single Point-of-Entry projects could be initiated ahead of schedule. All remaining Single Point-of-Entry projects were complete and operational before students returned to school in the Fall of 2019, bringing the total number of Single Point of Entry projects to 238. In addition, a statewide grand jury was impaneled and tasked with examining and reviewing: (1) school safety measures in Broward County and across the state; and (2) the responses of public entities to laws designed to protect schools (such as the Marjory Stoneman Douglas High School Public Safety Act).

ADDITIONAL SAFETY AND SECURITY MEASURES ARE BUNDLED AS PART OF PRIMARY RENOVATIONS PROJECTS

Additional SMART Program safety improvements include such things as fire sprinklers, fire alarms, emergency exit signage/lighting improvements, fencing, and door hardware. These improvements are bundled together as part of Primary Renovations projects. The District Quarterly Report (reference page 40) identifies the status of 192 fire alarm and fire sprinkler projects (see Table 1).

TABLE 1. SCHOOL SAFETY & SECURITY

	Planning	Design	Hire Contractor	Construction	Complete/ Closeout	Total
Fire Alarms	0	9	23	67	4	103
Fire Sprinklers	1	8	25	47	8	89

Florida TaxWatch reviewed the School Spotlights (reference pages 71 through 363) for each school to determine the status of Primary Renovations projects with scopes of work that include one or more activities related to student safety and security (e.g., fire alarms and sprinklers, emergency exit signage, lightning protection, etc.). Florida TaxWatch identified 144 such projects. Their completion is tied to the schedule for the Primary Renovations projects into which they are bundled; however, 16 of these Primary Renovations projects are “flagged” for schedule delays, six are flagged with budget issues, and the remaining 122 projects are not flagged and are presumed to be on schedule. These flagged Primary Renovations projects are identified in Table 2.

TABLE 2. FLAGGED PRIMARY RENOVATIONS PROJECTS THAT INCLUDE SAFETY & SECURITY IMPROVEMENTS

Schedule Flags	Budget Flags
Atlantic Technical College (Ashe)	Deerfield Beach Middle School
Bright Horizons Center	Lauderhill Community School
Dillard 6-12	Lloyd Estates Elementary School
Embassy Creek Elementary School	Westchester Elementary School
Griffin Elementary School	Whiddon-Rogers Ed. Center
Larkdale Elementary School	Whispering Pines Ed. Center
Margate Elementary School	
Pompano Beach Elementary School	
Ramblewood Elementary School	
Royal Palm STEM Museum Magnet	
Sandpiper Elementary School	
Sea Castle Elementary School	
Seagull Alternative High School	
Stranahan High School	
Sunrise Middle School	
West Hollywood Elementary School	

The current SMART Program budget for school safety and security improvements is \$164.1 million. A summary of school safety and security budget activity through March 31, 2022, is presented in Table 3.

TABLE 3. SMART PROGRAM SAFETY & SECURITY PROJECT BUDGET ACTIVITY (THROUGH MARCH 31, 2022)

	Original Budget	Current Budget	Prior Year Expenditures	Commitments	Current Year Expenditures	Balance
Financially Active						
GOB Funds	\$87,211,473	\$87,968,015	\$30,441,424	\$20,197,634	\$9,873,035	\$27,455,922
Non-GOB Funds	\$17,107,387	\$53,771,981	\$18,445,541	\$15,601,037	\$9,066,084	\$10,659,319
Completed/Meets Standards						
GOB Funds	\$19,555,592	\$16,646,245	\$15,451,858	\$167,794	\$302,296	\$724,297
Non-GOB Funds	\$1,679,673	\$5,750,053	\$4,690,958	\$321,192	\$257,924	\$479,979

MUSIC, ART, AND THEATER EQUIPMENT

Overall, more than 60,000 pieces of musical equipment have been ordered and delivered. A summary of the music equipment purchased through the SMART Program is provided in Table 4.

TABLE 4. MUSIC EQUIPMENT ORDERED AND DELIVERED
(Q3 2021-22)

	Ordered	Delivered
Elementary	47,342	47,342
Middle	3,847	3,847
High	8,303	8,303
Center	584	584
Total	60,076	60,076

The District reports that all 136 kilns have been purchased and delivered to the schools. Installation of two kilns (at the same site) awaits design approval to relocate the kilns. Planned theater upgrades have been completed at all 40 schools with full or part-time theater programs.

The current SMART Program budget for music, art, and theater equipment is \$45.6 million. A summary of SMART Program budget activity through March 31, 2022, is provided in Table 5.

TABLE 5. SMART PROGRAM MUSIC & ARTS PROJECT BUDGET ACTIVITY
(THROUGH MARCH 31, 2022)

	Original Budget	Current Budget	Prior Year Expenditures	Commitments	Current Year Expenditures	Balance
Financially Active						
GOB Funds	\$12,833,000	\$13,127,052	\$3,844,840	\$2,763,177	\$2,137,307	\$4,381,728
Non-GOB Funds	\$3,055,000	\$8,265,196	\$1,724,066	\$2,755,571	\$1,499,284	\$2,286,275
Completed/Meets Standards						
GOB Funds	\$4,659,000	\$4,659,000	\$4,171,183	\$32,030	\$156,343	\$299,444
Non-GOB Funds	\$20,518,000	\$19,572,152	\$19,523,637	\$41,446	\$0	\$7,069

ATHLETICS

The 15 planned track resurfacing projects at the three middle schools and 12 high schools have been completed as of September 30, 2018, and the 30 planned weight room upgrades have been completed as of March 31, 2021.

The current SMART Program budget for Athletics is \$7.6 million. A summary of SMART Program expenditures through March 31, 2022, is provided in Table 6.

TABLE 6. SMART PROGRAM ATHLETICS PROJECT BUDGET ACTIVITY
(THROUGH MARCH 31, 2022)

	Original Budget	Current Budget	Prior Year Expenditures	Commitments	Current Year Expenditures	Balance
Financially Active						
GOB Funds	\$40,000	\$40,000	\$17,402	\$15,048	\$5,015	\$2,535
Non-GOB Funds	\$0	\$17,867	\$9,725	\$4,148	\$1,860	\$2,134
Completed/Meets Standards						
GOB Funds	\$7,333,360	\$7,333,360	\$6,438,812	\$112,657	\$10,591	\$771,300
Non-GOB Funds	\$126,640	\$227,159	\$181,095	\$2,104	\$12,868	\$31,092

RENOVATIONS

The most recent (Schedule 2020) revision to the construction schedule acknowledges that nearly all projects have been flagged and deemed at risk of schedule delays with potential budget impacts and reflects completion of most planned facility construction projects in late 2025, with remaining projects completed in Spring 2026 (a delay of an additional three years).

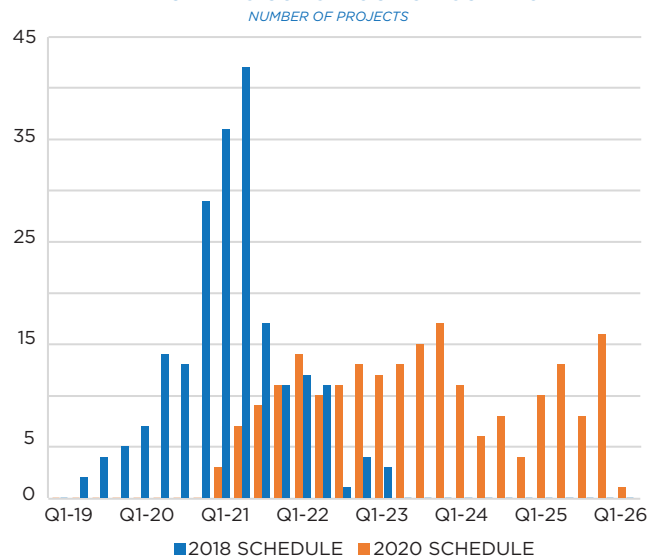
Figure 1, which overlays the 2020 Schedule with the previous (2018) schedule, shows that the 2020 Schedule will flatten and extend the facilities construction schedule, extending the completion dates for more than 140 planned Primary Renovations projects by more than two years.

MORE PRIMARY RENOVATIONS PROJECTS ARE MOVING INTO THE CONSTRUCTION PHASE

The District reports that 296 Primary Renovations projects are either underway or complete at Broward County schools.

Actual project construction has begun or has been completed at 219 schools.¹ The status of the Primary Renovations projects over the past four quarters is shown in Figure 2.

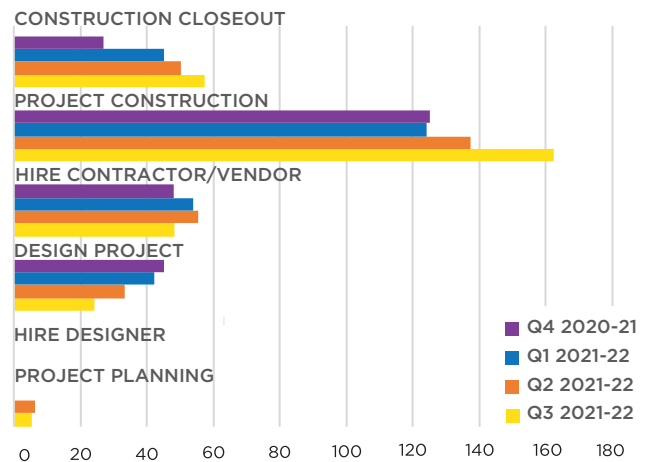
FIG. 1 - 2020 SCHEDULE WILL FLATTEN AND EXTEND THE FACILITIES CONSTRUCTION SCHEDULE



¹ Some schools have more than one Primary Renovations project, which may be in different phases.

When compared to Q2 2021-22, Figure 2 shows a decrease in the number of active Primary Renovations Projects in the Design Phase (33 to 24); a decrease in the number of active Primary Renovations Projects in the Hire Contractor/ Vendor Phase (55 to 48); and an increase in the number of active Primary Renovations Projects in the Project Construction Phase (137 to 162). Florida TaxWatch considers this to be a good sign since project delays have occurred most frequently in the Design phase. In addition, the number of Primary Renovations projects in the Construction Closeout Phase has increased from 50 to 57.

FIG. 2 - MORE PRIMARY RENOVATIONS PROJECTS ARE MOVING INTO THE CONSTRUCTION PHASE
NUMBER OF PROJECTS



DESPITE THE 2020 SCHEDULE RESET, PROJECTS CONTINUE TO BE FLAGGED FOR SCHEDULE-RELATED 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. With the adoption of the 2020 Schedule, the list of projects flagged for schedule-related issues (i.e., delays) was effectively “wiped clean.”

The District identified 33 projects (reference page 45) that, at the end of the reporting period, are experiencing schedule “variances.” Nineteen (19) of the delayed projects are 95 percent or more completed. The District offers several reasons for these delays:

- 22.5 projects are substantially complete; however, the District has required additional work;
- 3.5 projects are experiencing delays due to errors and omissions;
- 4 projects are experiencing delays due to contractor delays;
- 2 projects are experiencing delays due to “unforeseen circumstances”; and
- 1 project is delayed due to materials shortages and/or supplier delays.

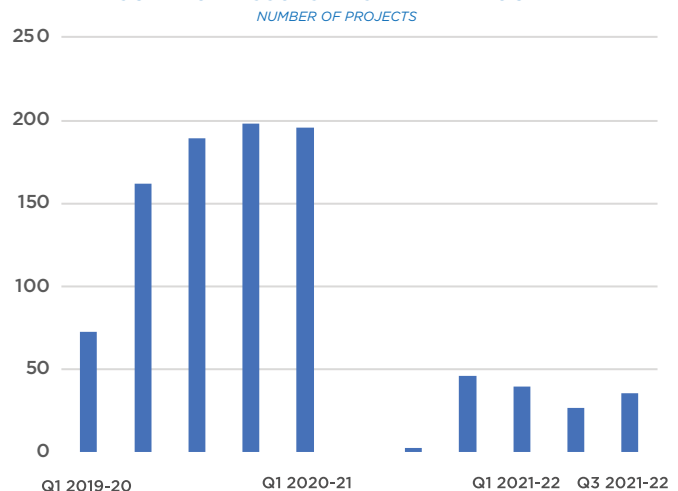
A review of the School Spotlights for each school by Florida TaxWatch, however, identified the following 36 Primary Renovations projects that were “flagged” for schedule issues:

- Atlantic Technical College Arthur Ashe Jr. Campus (owner delays);
- Bright Horizons Center (owner delays);
- Castle Hill Elementary School (owner delays);
- Chapel Trail Elementary School (owner delays);
- Dillard 6-12 (owner delays);
- Dr. Martin Luther King, Jr., Montessori Academy (not available);
- Dr. Martin Luther King, Jr., Montessori Academy (not available);

- Embassy Creek Elementary School (contractor delays);
- Forest Glen Middle School (owner delays);
- Gator Run Elementary School (owner delays);
- Griffin Elementary School (owner delays);
- Lake Forest Elementary School (owner delays);
- Lakeside Elementary School (owner delays);
- Larkdale Elementary School (owner delays);
- Maplewood Elementary School (owner delays);
- Margate Elementary School (contractor delays);
- Margate Elementary School (unforeseen circumstances);
- Marjory Stoneman Douglas High School (owner delays);
- Marjory Stoneman Douglas High School (material shortage/supplier delays);
- Miramar Elementary School (not available);
- Mirror Lake Elementary School (errors and omissions);
- Norcrest Elementary School (errors and omissions);
- Pompano Beach Elementary School (owner delays);
- Quiet Waters Elementary School (contractor delays);
- Ramblewood Elementary School (contractor delays);
- Rock Island Elementary School (owner delays);
- Royal Palm STEM Museum Magnet (owner delays);
- Sandpiper Elementary School (owner delays/errors and omissions);
- Sea Castle Elementary School (owner delays);
- Seagull Alternative High School (unforeseen circumstances);
- Silver Shores Elementary School (not available);
- Stranahan High School (owner delays);
- Sunrise Middle School (owner delays);
- Tamarac Elementary School (errors and omissions);
- West Hollywood Elementary School (owner delays); and
- Westchester Elementary School (owner delays).

As shown in Figure 3, since the 2020 Schedule Reset (Q2 2020-21), the number of Primary Renovations projects flagged for schedule issues has been greatly reduced. Florida TaxWatch considers this to be good news.

FIG. 3 - SINCE THE 2020 SCHEDULE RESET, THE NUMBER OF PRIMARY RENOVATIONS PROJECTS FLAGGED FOR SCHEDULE ISSUES HAS BEEN REDUCED



MORE PRIMARY RENOVATIONS PROJECTS ARE AT GREATER RISK OF ADDITIONAL REDESIGN OR OTHER CHANGES

The *School Spotlight* forms have been revised to include an additional indicator of risk. Fashioned after a traffic signal, each *School Spotlight* includes the following assessments of risk:

- Red --- reflects a high level of risk and requires further analysis to be performed to determine whether additional redesign or other changes are required;
- Yellow --- reflects a medium level of risk and may require additional redesign or other changes; and
- Green --- reflects a low level of risk with additional actions unnecessary.

The District Q2 2021-22 Report identified 12 Primary Renovations projects that have been assigned a high level (red) of risk and three Primary Renovations that had been assigned a medium level (yellow) of risk. The District Q3 2021-22 Report reflects a significant increase in the number of Primary Renovations projects at additional risk of redesign or other changes.

Florida TaxWatch reviewed the School Spotlight for each school in the Q3 2021-22 District report. The number of Primary Renovations projects assigned a high level of risk (red) has increased from 12 to 25. The number of Primary Renovations projects assigned a medium level of risk (yellow) has increased from three to 63.

The Primary Renovations projects assigned a high level of risk are:

- Attucks Middle School;
- Broadview Elementary School;
- Challenger Elementary School;
- Dillard 6-12 School;
- Driftwood Middle School;
- Forest Glen Middle School;
- Gator Run Elementary School;
- Griffin Elementary School;
- Larkdale Elementary School;
- Maplewood Elementary School;
- Oakridge Elementary School;
- Olsen Middle School;
- Plantation Middle School;
- Pompano Beach Elementary School;
- Quiet Waters Elementary School;
- Ramblewood Elementary School;
- Sandpiper Elementary School;
- Sea Castle Elementary School;
- Seagull Alternative High School;
- Stirling Elementary School;

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- Stranahan High School;
 - Sunrise Middle School;
 - Walker Elementary School;
 - West Hollywood Elementary School; and
 - Westchester Elementary School.

RECOMMENDATION 1

Florida TaxWatch recommends District staff brief the BOC at its June 13, 2022, meeting on the 25 high-risk (red) Primary Renovations, including efforts to mitigate the high risk.

Concerns remain that, after resetting the facilities construction schedule, projects are already being flagged for schedule delays. The March 8, 2021, BOC meeting included a lengthy discussion as to why District construction projects experience such frequent and lengthy delays. Several reasons were offered, including: (1) the average amount of time required to approve change orders; and (2) the average number of times design documents go back-and-forth to the Building Department before they are approved.

CHANGE ORDERS

It has been explained to the BOC that the average time required to navigate the change order process is 192 days. Change orders undergo review by the Change Order Review Process (CORP) to make sure they are fair and reasonable and to identify the reasons for the changes. Several rounds through CORP may be necessary to gain the necessary approvals. Once CORP approves a change order, it then goes to the SBBC for approval.

It was explained to the Committee that the SBBC has a policy that permits the Superintendent to approve change orders up to \$25,000; however, the SBBC has ostensibly given “verbal direction” to the Superintendent not to approve any change orders. It should be noted that, according to District staff, approximately 85 percent of all change orders are below the \$25,000 threshold

As projects move from the Design Phase to the Construction Phase, the District tracks change orders as they occur and reports their relative impact. The District reports 38 change orders (reference pages 41-44) were approved by the SBBC during Q3 2021-22 (see Table 7). Of these 38 change orders, 35 involved the approval of additional funds by the SBBC.

TABLE 7. CHANGE ORDERS Q3 2021-22

	Ordered	Delivered
Owner Request	12	31.6%
Consultant Omission	12	31.6%
Unforeseen Conditions	6	15.8%
Consultant Error	7	18.4%
Tax Savings	1	2.6%
Total	38	100%

For those 35 change orders requiring additional funding, the amounts ranged from \$434 to \$192,493. Of these, 32 (91 percent) were less than \$25,000, the threshold below which the SBBC could delegate authority to approve change orders, thereby speeding up the process. In previous reports, Florida TaxWatch has recommended the SBBC exercise its delegation of authority to permit the Superintendent or other senior staff member to approve change orders below the \$25,000 threshold. Both District staff and the BOC have urged the SBBC at workshops to delegate authority for change order approval as a means to speed up the review process; however, the SBBC has shown little or no appetite to delegate authority to approve change orders.

Florida TaxWatch considers the SBBC's unwillingness to delegate authority to approve change orders that are less than \$25,000 to be an inefficient use of limited staff, time, and other resources. At the BOC's December 13, 2021, meeting, Ms. Langan (AECOM) mentioned that a proposal had been prepared for consideration by the SBBC that would permit the SBBC to delegate authority to approve change orders that are less than \$15,000. Had this policy been in effect, 31 of the 35 change orders requiring additional funding would have been below the proposed \$15,000 threshold.

RECOMMENDATION 2

Florida TaxWatch recommends the SBBC delegate authority to approve change orders less than \$15,000 to the Superintendent or other senior official.

CHANGE ORDERS RESULTING FROM CONSULTANT ERRORS AND/OR OMISSIONS COST THE DISTRICT MORE THAN \$110,000

Most change orders are the result of unforeseen conditions; however, only six of the 38 change orders approved during Q3 2021-22 were due to unforeseen conditions. It is important to note that one-half (50 percent) of the change orders approved during Q3 2021-22 were due to either an omission or error by the consultant.

The additional cost to the District is more than \$110,000. Over the past three reporting periods, change orders approved by the SBBC that were due to errors or omissions by consultants totaled more than \$1.45 million. At the September 27, 2021, meeting, BOC members made clear their expectations that any misspent funds be recovered by the District.

BUILDING DEPARTMENT DELAYS DURING THE DESIGN PHASE PERSIST

Much has been written about the delays experienced in the Design Phase, which Florida TaxWatch has previously referred to as the “pig in the python.” At the September 27, 2021, BOC meeting, Ms. Langan (AECOM) explained that the 2018 schedule (shown in orange in Figure 1) was based on the assumption that design documents would be reviewed twice by the Building Department before approval. The actual number of building department reviews of design documents was trending at nine or ten reviews, which would have pushed back the completion of the planned renovations into 2027. The 2020 Schedule, which envisions the completion of the planned renovations in late 2025 or early 2026, assumes five building department reviews. BOC members have expressed and reiterated their opposition to the 2020 Schedule reset and any subsequent resets because “that obscures how far behind some of these projects really are.”

Revisions to the School Spotlight for each school (reference pages 71 through 363) now permit the taxpayer to better visualize and understand the amount of time that any given Primary Renovations project spends in the Design Phase. Florida TaxWatch looked at the amount of time each Primary Renovations project that has progressed beyond the Design Phase spent in the Design Phase (as identified on each school’s School Spotlight). Florida TaxWatch calculated a range of from one quarter to 22 quarters, or from three months to more than five years. Florida TaxWatch calculated a median value of 8.0 quarters, or up to 24 months. This means that 50 percent of the Primary Renovations projects spent more (or less) than 24 months in the Design Phase.

In response to a recommendation by Florida TaxWatch that District staff brief the Committee on steps taken to reduce the frequency and length of construction delays, the District Q3 2021-22 Report identify steps taken; however, it is unclear how much of an effect these actions have had on the frequency and length of construction delays. This is critical since the 2020 Schedule is based upon the assumption that there will be five Building Department reviews instead of nine to ten reviews (current trend).

RECOMMENDATION 3

Florida TaxWatch recommends the District’s Chief Building Official brief the Bond Oversight Committee at its June 13, 2022, meeting on steps taken by the Building Department to reduce the number of “back-and-forths” between design firms and the Building Department.

PRIMARY RENOVATIONS PROJECTS CONTINUE TO EXPERIENCE BUDGET-RELATED ISSUES

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 from the school's School Spotlight. Florida TaxWatch reviewed each School Spotlight and identified the following 10 Primary Renovations projects that have been flagged for budget-related reasons.

- Deerfield Beach Middle School (budget adjustment);
- Deerfield Beach Middle School (budget adjustment);
- Deerfield Beach Middle School (budget adjustment);
- Deerfield Beach Middle School (budget adjustment);
- Lauderhill Community School at Park Lakes Learning Center (budget adjustment);
- Lloyd Estates Elementary School (budget adjustment);
- Northeast High School (budget adjustment);
- Westchester Elementary School (budget adjustment);
- Whiddon-Rogers Education Center (budget adjustment); and
- Whispering Pines Education Center (budget adjustment).

THE DISTRICT CONTINUES TO HOLD VENDORS ACCOUNTABLE

Florida TaxWatch has included recommendations in previous reports to the Bond Oversight Committee that the District identify actions taken to enforce the terms and conditions of contracts with design firms, vendors, and contractors.

The Q3 2021-22 Facilities Report includes a "running list" of financial penalties that have been collected from firms for delays (reference page 46). The District reports that it has recovered \$765,450 in penalties from an unspecified number of architects/engineers who experienced delays in the Design Phase.

THE "BIG 3" SCHOOLS CONTINUE TO EXPERIENCE DELAYS AND ELEVATED RISK

Florida TaxWatch has recommended that the District provide a more balanced and accurate "snapshot" of the status of facilities renovation projects at the Big 3 schools. The status of the Primary Renovations and other projects is identified, and key milestones and their target completion dates are identified:

- **Blanche Ely High School** --- the District reports that the Primary Renovations are nearing completion, with final inspections in progress. Substantial completion is scheduled for Q2 of Calendar year 2022 and final completion is scheduled for Q3 of calendar year 2022 (reference page 34). The School Spotlight suggests that activities are on schedule, but the level of risk has increased from "low" to "medium." Completed work includes the media center; outdoor dining structure; chiller plant replacement; Building 1 roofing repairs, water piping, air handling unit replacement, and ceiling installation; Building 2 STEM Lab, restroom, roofing, HVAC and fire sprinklers; Building 4 HVAC chiller; Building 14 ADA restroom, HVAC, and ADA lift; Building 15 HVAC duct heater; Building 17 exterior ADA improvements and HVAC; Building 18 roofing repairs and STEM lab; Building 26 STEM lab, and locker rooms (ADA compliance).

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- **Northeast High School** --- the District reports that Phase 1 of the Primary Renovations project is scheduled for substantial completion in Q1 of calendar year 2023 and final completion in Q2 of calendar year 2023 (reference page 36). Completed work includes the weight room renovations; Building 1 science labs; Building 3 restroom, electrical and ceiling tile installation; and Building 12 fire alarm and roofing.

In the District's Q1 2021-22 Report, substantial completion of Phase 2 (new classroom addition) was scheduled for Q3 of calendar year 2023. The Q2 2021-22 Report, however, pushes this date back to Q4 of calendar year 2023, a delay of one quarter. The Q3 2021-22 Report pushes this date back one more quarter to Q1 of calendar year 2024. No final completion date is identified. The District offers no reason for these delays, and there is no schedule flag on the School Spotlight. The School Spotlight does include a flag for a budget adjustment; however, there is no mention of any budget issues on pages 36 through 37.

- **Stranahan High School** --- In the District Q2 2021-22 Report, substantial completion of Phase 1 was scheduled for Q1 of calendar year 2022, with final completion scheduled for Q2 of calendar year 2023. The District Q3 2021-22 Report, however, pushes these dates back to Q2 and Q3 of calendar year 2022, respectively --- a delay of one quarter. The District offers no reason for these delays, although there is a schedule flag on the School Spotlight. The level of risk assigned to this project is "high" and there is no explanation for this elevated risk.

Completed work includes Building 1 HVAC and roofing; Building 4 Media Center, HVAC, and roofing; Building 5 roofing, restrooms, and HVAC; Building 6 STEM Lab, HVAC, and roofing; Building 7 roofing, interior work, and HVAC; Building 9 restrooms, fire protection, and HVAC; Building 15 HVAC; and Building 23 STEM Lab. All HVAC and fire alarm improvements are complete. Roofing repairs remain ongoing.

Given the heightened sensitivity of the status of Primary Renovations projects at the "Big 3" schools and the BOC's requests for accurate information on the status of these renovations, the "Big 3 Schools Update" section of the District Q3 2021-22 Report (reference pages 33 through 39) provides a misleading and incomplete summary of the status of Primary Renovations projects at the Big 3 schools. For example:

- There is no mention of or explanation why the level of risk assigned to the Primary Renovations at Blanche Ely High School has increased from "low" to "medium."
- There is no mention of or explanation why the substantial completion of Phase 2 (new classroom addition) at Northeast High School was pushed back to Q1 of calendar year 2024.
- There is no mention or explanation of any budget adjustments or issues at Northeast High School, even though the School Spotlight does include a flag for a budget adjustment.
- There is no mention of or explanation why the dates for substantial completion and final completion for Phase 1 at Stranahan High School were pushed back one quarter.
- There is no mention of or explanation why the Primary Renovations at Stranahan High School have been assigned a "high" level of risk (see School Spotlight).

The importance of this section of the District quarterly SMART Program reports cannot be overstated. The BOC asked the District to include a separate section summarizing the status of renovations at the Big 3 schools because those were the schools BOC members were being asked about most often. Assuming that this is the one section in the District quarterly report that many Broward residents will read, it is critical that this section of the Report be concise, complete, and balanced.

RECOMMENDATION 4

Florida TaxWatch recommends that future District quarterly SMART Program reports include a section summarizing the status of the Big 3 schools that is concise, complete and balanced. Information included in this summary should be consistent with, and not conflict with, information on the School Spotlight for each Big 3 school.

SCHOOL CHOICE ENHANCEMENT PROGRAM PROJECTS ARE UNDERWAY OR COMPLETE AT 230 SCHOOLS

School Choice Enhancement Project (SCEP) projects are budgeted at \$100,000, and 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 March 31, 2022, the number of SCEP projects in the Planning Phase decreased from seven to five. The second phase (Implementation) includes selection and procurement. There are currently 58 schools in the second phase, down from 59 in Q2 2020-21. The third phase (Completion) occurs when all items have been delivered and installed. There are 167 schools with completed SCEP projects, up from 164 in Q2

2021-22. As shown in Figure 4, the number of SCEP projects that are in the Planning and Design Phase has decreased over the past four quarters and the number of Completed projects has increased.

The current SMART Program budget for facility renovations is \$1.157 billion. A summary of SMART Program expenditures for facility renovation through March 31, 2022, is provided in Table 8.

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

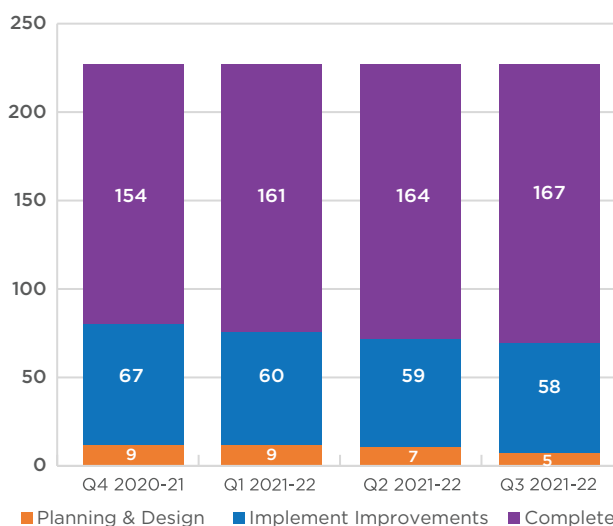


TABLE 8. SMART PROGRAM RENOVATIONS PROJECTS BUDGET ACTIVITY
(THROUGH MARCH 31, 2022)

	Original Budget	Current Budget	Prior Year Expenditures	Commitments	Current Year Expenditures	Balance
Financially Active						
GOB Funds	\$521,736,875	\$525,551,928	\$194,865,648	\$131,128,928	\$65,053,021	\$134,504,331
Non-GOB Funds	\$66,780,969	\$398,557,917	\$108,393,930	\$112,531,727	\$55,949,646	\$121,682,614
Completed/Meets Standards						
GOB Funds	\$107,841,700	\$107,548,862	\$90,102,741	\$3,713,065	\$7,104,519	\$6,628,537
Non-GOB Funds	\$35,435,867	\$110,248,470	\$87,351,701	\$4,123,883	\$9,255,950	\$9,516,936

TECHNOLOGY

THE TECHNOLOGY SPEND PORTION OF THE SMART PROGRAM IS COMPLETE.

As of June 30, 2018, the planned SMART technology deployment has been fully completed for all 230 SBBC schools. The planned charter school SMART Program technology projects were completed as of March 31, 2017.

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. A summary of SMART Program Technology purchases for traditional SBBC and charter schools is provided in Table 9.

TABLE 9. SCHOOL TECHNOLOGY PURCHASES (FINAL)

Items	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

The following TSSC infrastructure upgrades (to support upgrades for school networks and computer expansion) have been completed:

- Implement a new “Next Generation Firewall” at the District’s Internet perimeter;
- Improve the speed and capacity of the systems that manage and balance the Internet traffic pattern and load distribution;
- Upgrade the application-specific load balancing system;
- Improve the reliability of critical network services and systems;
- Improve the speed and capacity of the core network;
- Replace the out-of-service tape back-up system with a virtual back-up tape solution;
- Replace the existing automatic call distribution system with one that will be integrated into the District’s current voice application system;
- Relocate and build storage for offsite disaster recovery;
- Replace disk storage that supports the Enterprise Resource Planning (ERP) system;
- Implement enhanced content filters;
- Build firewall internet capacity;
- Update data network infrastructure;
- Address the immediate need for additional storage space;
- Upgrade systems that support the Student Information System and Data Warehouse;
- Provide additional capacity to support Internet growth and security requirements;
- Replace/upgrade back-up to an enterprise solution;
- Provide additional hardware to support centralized management tools Local Area Network endpoints (laptops/desktops); and
- Replace UPS devices and computer batteries at all schools and District sites as needed.

A January 2021 independent audit of the SBBC’s compliance with its purchasing policies and requirements related to the purchase of technology devices concluded that, although the purchase of technology devices comports with the Technical Advisory Committee’s recommendations and specifications and meets budgetary requirements, the reliability of the equipment purchased was called into question.

“The SBBC purchase of Lenovo equipment (laptops and tablets) ultimately prove not to hold their initial quality several months after actual usage by students and teachers... The evidence of over 10,000 support tickets adds more credence to the notion of SBBC procuring more robust equipment going forward.”²

The current SMART Program budget allocates \$68.5 million to purchase computer devices and hardware for SBBC schools and charter schools, and to fund upgrades at the Technology and Support Service Center (TSSC) necessary to support the additional computer devices and hardware. A summary of SMART Program budget activity through March 31, 2022, is provided in Table 10.

² HCT Certified Public Accountants and Consultants, LLC, “The School Board of Broward County, Florida, Bid #16-059E – IT Technology Devices Agreed-Upon Procedures Report,” January 22, 2021.

TABLE 10. SMART PROGRAM TECHNOLOGY PROJECTS BUDGET ACTIVITY
(THROUGH MARCH 31, 2022)

	Original Budget	Current Budget	Prior Year Expenditures	Commitments	Current Year Expenditures	Balance
Financially Active						
GOB Funds	\$11,000,000	\$11,000,000	\$10,933,757	\$51,995	\$13,211	\$1,037
Non-GOB Funds	\$0	\$0	\$0	\$0	\$0	\$0
Completed/Meets Standards						
GOB Funds	\$27,489,000	\$25,825,538	\$25,825,538	\$0	\$0	\$0
Non-GOB Funds	\$42,343,000	\$37,900,084	\$37,898,472	\$0	\$0	\$1,612

BUDGET ACTIVITY

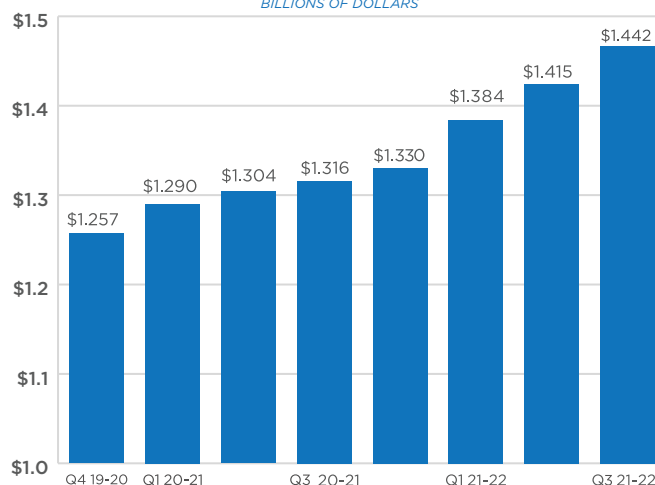
THE SMART PROGRAM TOTAL BUDGET HAS INCREASED TO \$1.442 BILLION.

The District Quarterly Report provides expenditure information for financially active projects as well as projects that have been completed. The 2020 Schedule includes SMART Program activity through the end of calendar year 2025 and possibly into 2026, which necessitates a longer financial outlook. As previously recommended by Florida TaxWatch, the District has included in the Q3 2021-22 Report SMART Program budget allocations for years nine (FY 2022-23) through 11 (FY 2024-25).

The SMART Program total budget has increased from \$1.415 billion in Q2 2021-22 to \$1.442 billion in Q3 2021-22, a net increase of about \$27 million (see Figure 5). This includes the \$800 million in general obligation bond (GOB) funding and \$535.0 million in non-GOB capital project funding (capital millage and impact fees). This represents an increase of about \$455.0 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 \$764,041,766 in Q2 2021-22 to \$821,011,282 in Q3 2021-22, an increase of about \$57 million. The District reports a SMART Program balance (current budget minus commitments and expenditures) of \$327.8 million at the end of Q3 2021-22. Over the past two years the District has spent \$429.9 million, which equates to approximately \$53.7 million per quarter or \$17.9 million per month. With an unspent balance (current budget minus expenditures) of

FIG. 5 - SMART PROGRAM BUDGET INCREASED BY \$27 MILLION DURING Q3 2021-22
BILLIONS OF DOLLARS



\$621.34 million, if the District continues to spend at the current rate of \$17.9 million per month, the District will exhaust the remaining unspent SMART Program funds in about 35 months, or in the late stages of Q1 of calendar year 2025.

This is of concern because the 2020 Schedule does not envision the completion of most of the Primary Renovations projects until the end of calendar year 2025. The possibility exists that, at the current spend/burn rate, the District may exhaust the remaining unspent SMART Program funds well before the planned facilities construction projects have been completed. If the spend rate increases, the District may exhaust the remaining unspent SMART Program funds before the planned facilities construction projects have been completed.

RECOMMENDATION 5

Florida TaxWatch reiterates its previous recommendation that, if it appears that the District may exhaust the remaining unspent SMART Program funds before the planned facilities construction projects have been completed, District staff should be prepared to present to the BOC at its June 13, 2022 meeting the plan to make up the shortfall.

During Q3 2021-22, the SBBC approved 10 SMART Program budget amendments totaling \$27.05 million. Since inception of the SMART Program, the SBBC has approved 270 SMART Program budget amendments with a net increase of \$455.0 million.

SMART PROGRAM FINANCIAL RISK HAS INCREASED SIGNIFICANTLY

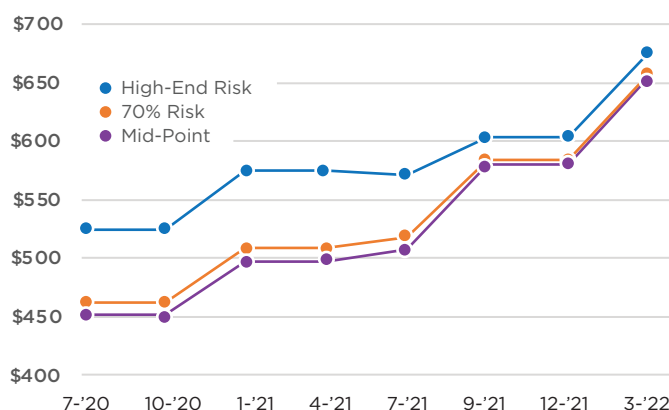
It has been previously understood that higher rates of inflation, higher roofing and mechanical/electrical/fire protection costs, and items that were excluded from the original scopes of work would increase the costs of SMART Program construction projects. The most recent (March 2022) assessment of financial risk prepared by Atkins reflects the continued escalation of financial risk.

As shown in Figure 6, the potential risk outcomes represent a significant change from the previous (December 2021) assessment.

Atkins estimates the SMART Program financial risk will range from a low (mid-point risk) of \$655 million to a high (high end risk) of \$676 million, with a most likely estimate (70 percent risk) near \$658 million.

With 78 percent of the SMART projects under contract, Atkins believes its running construction budget

FIG. 6 - SMART PROGRAM FINANCIAL RISK HAS INCREASED SIGNIFICANTLY DURING Q3 2021-22
MILLIONS OF DOLLARS



(RCB) base provides a more accurate risk assessment. Atkins notes that any opportunity for potential reduction in future costs is now minimized, since the Design Phase is nearly completed and project costs have been estimated, and the market shows no signs of greatly increased competition (that could decrease future pricing).

Other cost factors that have influenced the risk results include:

- Actual roofing costs that are well above the initial established budgets;
- Cumulative impact of higher-than-budgeted inflation;
- Scope creep; and
- Material supply chain disruptions.

SMART PROGRAM RESERVE FUNDING HAS INCREASED COMMENSURATE WITH THE FINANCIAL RISK

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. In March 2020, the District authorized the issuance of \$250 million in Certificates of Participation to provide supplemental funding for SMART Program risk, \$211 million of which was placed into the SMART Program reserve. In July 2020, the SBBC approved a new SMART Program Project Manager/Owner's Representative (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 \$483.2 million.

In September 2021, the SBBC placed in reserve an additional \$29 million to replace Building 1 at Markham Elementary School and \$46 million to cover expected SMART Program increases in FY 2023-24 and FY 2024-25, bringing the total amount of funds in reserve to \$558 million. After the fourth and final tranche of general obligation bonds was sold, the SBBC added the cumulative bond premiums (\$133 million) to the SMART Program reserves, increasing the total amount of reserve funds to \$691 million. This amount is sufficient to meet any of the current three risk scenarios. The District reports a current balance of reserve funds in the amount of \$236 million. The SMART Program budget (reference page 367) reflects an additional \$102.9 million in reserve funds that will likely be needed in years 8 (current year) through 11 (FY 2024-25).

HARD AND SOFT COSTS REMAIN UNCHANGED

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 Q3 2021-22 Facilities Report includes a breakdown of hard and soft costs for 33 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 33 schools identified (reference page 62) range from 62 percent (West Broward High School) to 88 percent (Cypress Run Education Center). Although soft costs typically make up 30-35 percent of a project's total budget, the soft costs for the 33 schools identified range from 12 percent (Cypress Run Education Center) to 38 percent (West Broward High School).

In previous 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 District reports that while the project budgets were developed with approximately 30 percent of the costs being soft costs, funds that remain unspent at the project's completion are then swept back to the SMART Program Reserve, which 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 DISTRICT IS AHEAD OF ITS GOAL TO AWARD 30 PERCENT OR MORE OF SMART PROGRAM CONTRACTS TO E/S/M/WBE CERTIFIED COMPANIES

The District reports an E/S/M/WBE commitment of \$11.8 million during Q3 2021-22. This represents almost one-third (33 percent) of the total \$35.8 million in contracts awarded during the quarter. Through March 31, 2022, the District reports purchase orders to E/S/M/WBEs totaling \$327.8 million. This represents a cumulative E/S/M/WBE commitment of 32 percent of the reported \$1.039 billion total cumulative spend. Of this \$327.8 million E/S/M/WBE commitment:

- \$9.67 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;
- \$12,699 has been awarded to E/S/M/WBE firms for Athletics projects;
- \$318.13 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.

The District reports that, as of the end of Q3 2021-22, there were 503 active E/S/M/WBE certified companies that provide commodities (supplies), construction, professional services, and business services to District schools. The 503 E/S/M/WBE certified companies are evenly divided by gender, with 245 (49 percent) female-owned companies and 258 (51 percent) male-owned companies.

Of these 503 active E/S/M/WBE certified companies:

- 162 (32.2 percent) are African-American owned companies;
- 182 (36.2 percent) are Hispanic-American owned companies;
- 24 (4.8 percent) are Asian-American owned companies;
- 61 (12.1 percent) are non-minority SBEs; and
- 74 (14.7 percent) are women-owned WBEs..

THE DISTRICT NEEDS TO INCREASE AWARDS TO AFRICAN-AMERICAN OWNED BUSINESSES

Table 11 compares the cumulative SMART Program spend with E/S/M/WBE (prime) certified companies to the 2015 Disparity Study and the aspirational Target Goals outlined in the District's Policy 3330.³ Table 11 shows close alignment between the District's cumulative spend and the Disparity Study; however, the District is far short of meeting the aspirational Target Goals for African-American owned businesses outlined in the District's Policy 3330.

TABLE 11. SUPPLIER DIVERSITY CUMULATIVE SPEND ANALYSIS (FY2014-15—PRESENT)

Ethnicity & Gender	Disparity Study	Target Goals	Cumulative Spend
African-American	7.54%	19.00%	6.08%
Hispanic-American	59.89%	54.00%	60.52%
Native-American	0.00%	0.00%	0.00%
Asian-Pacific American	2.40%	5.00%	0.28%
Women Business Enterprise	30.17%	17.00%	37.07%
Small Business Enterprise	0.00%	5.00%	2.23%

Table 12 shows the total cumulative spend by ethnicity and gender. African-American-owned companies make up almost one-third of the E/S/M/WBE certified companies, yet have been awarded only 8.0 percent of the contracts. Hispanic-American-owned companies make up just more than one-third of the E/S/M/WBE certified companies and have been awarded 78.0 percent of the contracts. (Caucasian) women-owned companies make up 14.7 percent of the E/S/M/WBE certified companies and have been awarded 8.0 percent of the contracts.

TABLE 12. E/S/M/WBE COMMITMENT BY ETHNICITY AND GENDER

Ethnicity & Gender	% of E/S/W/MBEs	% of Work Awarded
African-American	32.2%	8.0%
Hispanic-American	36.2%	78.0%
Native-American	0.0%	0.0%
Asian-Pacific American	4.8%	4.0%
Non-minority SBE	12.1%	2.0%
Women Business Enterprise	14.7%	8.0%

³ Policy 3330 was adopted to remedy the ongoing effects of identified marketplace discrimination that continues to adversely affect the participation of Emerging/Small/Minority and/or Women Business Enterprises (E/S/M/WBE) in all solicitations and awards of contracts for the purchase of services, goods, or supplies.

In its Q4 2020-21 Report, Florida TaxWatch recommended District staff brief the BOC on its plan to address the over-representation of Hispanic-American businesses and under-representation of African-American owned businesses. At the September 27, 2021, Committee meeting, Mr. Ballou acknowledged that, although the District is ahead of its goal to award 30 percent or more of SMART Program contracts to E/S/M/WBE certified companies, the District needs to increase awards to African-American owned businesses.

Mr. Ballou acknowledged that the District was “not a compelling place to do business” and, as a result, many African-American owned business owners do not attend pre-bid conferences. This is significant in that “if you don’t go to a pre-bid conference, you can’t bid.” During Q3 2021-22, the District conducted 13 pre-bid meetings. The District reports that, of the 104 unique M/WBE certified firms that attended these pre-bid meetings, African-American and Women-owned firms had eight and 11 attendees, respectively.

COMMUNICATIONS

The District’s Q3 2021-22 Report highlights continued efforts to promote the SMART Program. In response to previous concerns by Florida TaxWatch and Committee members that the District was not doing enough to communicate to the taxpayers the construction delays and the reasons for the delays, the District has ramped up its efforts to notify the public of the new schedule and projected completion dates for SMART Program construction projects in their communities. Information on the 2020 schedule is available on each individual School Spotlight and on dedicated project pages on the SMART Program website.

Launched in September 2021, the District’s “What SMART Means to Me” campaign is designed to educate taxpayers on the impacts of the SMART Program on Broward County residents, businesses, community organizations, municipalities, students, teachers, and parents. So far, the District reports 12,998 total views of the “All About SMART” video and 6,552 total views of the “Moving for Education” introductory video. The District continues to use virtual meetings and presentations to keep taxpayers informed and held community outreach events at Coconut Creek, Deerfield Beach, Oakland Park, and Country Hills Elementary School.

LOOKING AHEAD

The District continues to make progress in implementing the SMART Program. The Technology, Music and Arts, and Athletics spend portions of the SMART Program have been completed. More than 90,000 computing devices have been purchased, bringing the ratio of students-to-computers to 2:1, better than the adopted standard of 3.5 students per computer. Numerous “back office” upgrades to the Technology Support Services Center have been implemented to support these new devices. The District has upped its investment in the Arts, with the purchase of more than 60,000 pieces of musical equipment, more than 130 kilns, and theater program upgrades at 39 schools. Athletic tracks have been resurfaced at 15 schools and 30 high schools have received new weight rooms.

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. The District is ahead of its goal to award 30 percent or more of SMART Program contracts to E/S/M/WBE certified companies; however, Hispanic-American owned businesses and Women-owned businesses are over-represented and African-American owned businesses are under-represented. Although effort has been made to increase attendance at and participation in pre-bid meetings by African-American owned firms, more effort will be required to address these inequities.

Despite this progress, the District will face several challenges going forward. The first challenge is controlling costs. Florida TaxWatch considers controlling project costs and mitigating the additional financial risk to be the greatest challenge facing the District as SMART Program implementation moves forward. When we talk about “financial risk,” we are talking about the potential for increases to the SMART Program budget and projected costs.

The SMART Program budget has increased from \$987.4 million to \$1.442 billion, an increase of about \$455 million over the original budget. Every dollar above the \$987.4 million originally allocated to the SMART Program represents a dollar of additional risk, and comes from capital millage, impact fees, state funds (e.g., Public Education Capital Outlay), and other sources, which have specific restrictions and spending limitations, or which were intended to be spent on other projects.

After a period of relative stability, the potential financial risk has increased significantly, with outcomes ranging from a low (mid-point risk) of \$655 million to a high (high end risk) of \$676 million, with a most likely estimate (70 percent risk) near \$658 million. The District has set aside \$691 million in reserve to mitigate the SMART Program’s financial risk, which should cover all of the risk scenarios. Should the financial risk continue to escalate, the District will be required to increase the amount of money placed into reserve.

There is also the question of whether the unexpended balance of the SMART Program funds is sufficient to permit the completion of the planned construction projects. If the District continues to spend at the current rate, the District will exhaust the remaining unspent SMART Program funds about one year before the completion of most of the Primary Renovations projects.

The second challenge is maintaining the schedule and scopes of work. The 2020 Schedule reset projects the completion of the planned facilities construction projects late in calendar year 2025 or early in calendar year 2026, approximately three years after the planned completion milestones in the 2018 schedule. Following the 2020 Schedule reset, the number of Primary Renovations projects flagged for schedule issues has been reduced significantly; however, the number of Primary Renovations projects assigned to a high level of risk has increased significantly, which raises the possibility of requiring further analysis to be performed to determine whether additional redesign or other changes are required.

The reasons for these continued delays are well-documented. Florida TaxWatch thinks it is unrealistic to think the planned facilities construction projects will remain on schedule absent immediate actions by the SBBC to reduce the amount of time between contract award and authorization to proceed; reduce the multiple trips to the building department required before approval is received; and reduce the amount of time required to approve change orders.

The third challenge is resetting the expectations of Broward County taxpayers, who will now learn that, with the adoption of the 2020 Schedule, the completion dates for many of the Primary Renovations projects at schools where they work or where their children attend school will be pushed back several years. The District has acknowledged the need to communicate the 2020 Schedule to the public and to help them understand what has happened and to reset their expectations going 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.

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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.

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