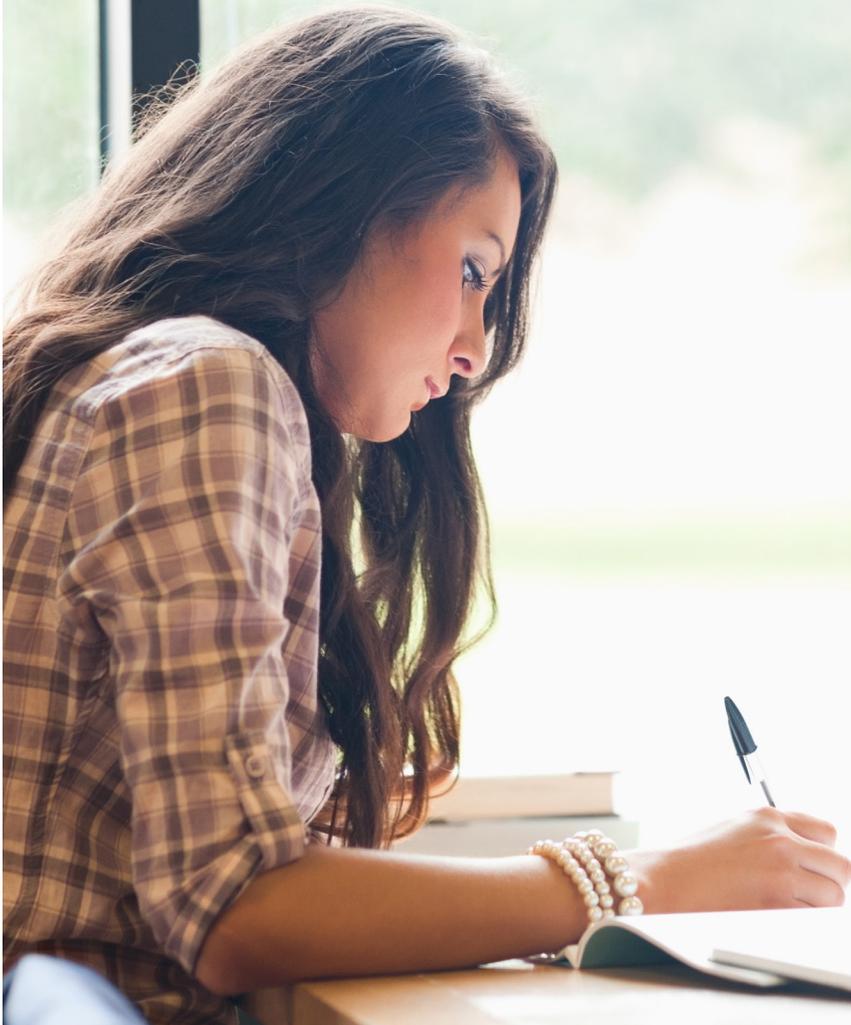


# Monitoring and Oversight of General Obligation Bonds to Improve Broward County Schools:

*SMART Program Quarterly Report Review for  
the Quarter Ended December 31, 2017*

Presented to the Broward County Bond Oversight Committee  
February 26, 2018

**Q2**  
2017-18



Florida  
**TaxWatch**



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**David Mann**  
Chairman of the Board of Trustees

**Dominic M. Calabro**  
President & Chief Executive Officer

Dear Fellow Taxpayer,

In November 2014, Broward County voters approved an \$800 million bond referendum to renovate and repair Broward's aging school facilities, upgrade school safety and security systems and purchase new computers and educational technology. A citizen bond oversight committee ("Committee") was appointed to encourage greater accountability, transparency, public support and confidence in the use of the general obligation bond funds. The Committee is charged with ensuring that bond proceeds are used in compliance with the purposes set forth in the bond programs, as approved by the School Board of Broward County.

Broward County taxpayers must hold the School Board accountable for making smart business decisions and doing the high-level planning and project management necessary to minimize the risk to the County and to make sure every dollar of bond proceeds is spent consistent with the purposes set forth in the bond programs, as approved by the School Board of Broward County.

Superintendent Robert W. Runcie has expressed a commitment to an open and transparent process to guide the oversight of the general obligation bond program and has asked Florida TaxWatch to provide high quality, independent research and analyses to help the bond oversight Committee to effectively carry out its oversight duties and obligations. To that end, Florida TaxWatch has agreed to: (1) provide a research report on industry or national "best practices" to aid the Committee in its oversight of the bond-funded capital outlay program; and (2) review quarterly reports submitted to the Committee and present our findings to the public during the regular (quarterly) Committee meetings. This effort is funded by the Broward community, and does not use taxpayer dollars.

I am pleased to present the following report, which includes the TaxWatch review of the SMART Program quarterly report for the quarter ending December 31, 2017. TaxWatch staff will be available to present our findings and recommendations at the Committee's February 26, 2018 meeting.

Sincerely,

  
Dominic M. Calabro  
President & CEO

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# INTRODUCTION

On February 12, 2018, Florida TaxWatch received the *Bond Oversight Committee Quarterly Report for the Quarter Ended December 31, 2017* (“Quarterly Report”). This single 648-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, TaxWatch has reviewed this report against the SMART Program budget, which was most recently amended in December 2017. TaxWatch is pleased to present the following report and recommendations.

## SECTION 1 --- TECHNOLOGY SBBC SCHOOLS

The SMART Program allocates \$80.9 million for Technology (computer devices and hardware) for SBBC schools (\$68.9 million) and charter schools (\$12.0 million), all of which is programmed to be spent in Years 1-3. Technology allocations in SMART Program during Year 1 (FY 2015-16) and Year 2 (FY 2016-17) focus on the acquisition of additional computers to achieve desired student-to-computer ratios, and on technology infrastructure upgrades (servers, racks, etc.).

The District reports that, as of September 30, 2017, the planned SMART technology deployment has been fully completed for all 230 schools. Table 1 provides a summary of the SMART Program technology deployment.

TABLE 1.  
TECHNOLOGY UPGRADE SUMMARY (Q2 2017-18)

	Ordered	Installed	%
Student Laptops	64,455	64,455	100%
Teacher Laptops	13,333	13,333	100%
Desktops	5,051	5,051	100%
Tablets	523	523	100%
Computer Carts	1,066	1,066	100%
Wireless Access Points	13,166	13,166	100%
Category 6 Cable Drops	12,738	12,738	100%

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. As shown in Table 2, 160 (70 percent) schools have student-to-computer ratios of 2:1 or better. Student-to-computer ratios range from 0.9:1 (Hollywood Central Elementary School, Larkdale Elementary School, Oakridge Elementary School, Palmview Elementary School, and the Quest Center) to 3.5:1 (Coral Park Elementary School).

TABLE 2.  
FINAL STUDENT-TO-COMPUTER RATIOS (Q2 2017-18)

Range	Number	Percentage
0.0 - 1.0	11	4.8%
1.1 - 2.0	150	65.2%
2.1 - 3.0	45	19.6%
3.1 - 3.5	4	1.7%
Met Standard*	20	8.7%
<b>Total</b>	<b>230</b>	<b>100%</b>

\* Twenty schools met the 3.5:1 ratio standard prior to any action under this program, and were not required to purchase additional equipment.

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The District reports that the SMART Program technology deployment was completed with a savings of \$10.3 million. TaxWatch has been able to confirm the District's technology cost savings estimate by subtracting the current budget from the original budgets for each of these 585 completed<sup>1</sup> projects, which yields a savings of \$10,284,075.

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 reports that greatly increased demand for network capacity and reliability has required either the replacement or implementation of 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.

To meet this demand, the District has spent or encumbered \$8.17 million to:

- 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);
- Improve the reliability of critical network services and systems (\$905,556);
- Improve the speed and capacity of the core network (\$836,056);
- 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 (\$386,312);
- Relocate and build storage for offsite disaster recovery (\$212,881);
- 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); and
- Update data network infrastructure (\$385,070).

Since the Q1 2017-18 Report, expenditures to replace the existing automatic call distribution system increased \$189,187, and disaster recovery storage expenditures increased \$49,827.

## **RECOMMENDATION 1**

**TaxWatch recommends that, beginning with the Q3 2017-18 Bond Oversight Committee Report, the District begin reporting the status of TSSC infrastructure projects to support upgrades for school networks and computer expansion.**

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<sup>1</sup> Completed projects are projects that have had financial activity within the SMART Program and the scope of the project has been completed. There may be some additional financial activity on these projects as the final payments are made and all purchase orders are closed out.

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## SECTION 2 --- TECHNOLOGY CHARTER SCHOOLS

The SMART Program includes a \$12.0 million allocation for “SMART Charter School Technology from General Obligation Bonds” which is to be allocated based on charter school enrollment. 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. Table 3 provides a summary of the SMART Program charter school technology deployment.

TABLE 3.  
CHARTER SCHOOL TECHNOLOGY UPGRADE SUMMARY (Q2 2017-18)

	Ordered	Installed	%
Student Laptops	5,086	5,086	100.0%
Teacher Laptops	1,417	1,417	100.0%
Desktops	1,712	1,712	100.0%
Tablets	3,099	3,099	100.0%
Computer Carts/Trays	316	316	100.0%
Digital Classrooms	1,347	1,347	100.0%
Accessories & Peripherals	3,394	3,394	100.0%

In its review of the projects that have been completed and meets standards identified in the Budget Activity Report (Section 6), TaxWatch found:

- The current budget for the Henry McNeal Turner Learning Academy (\$24,668) exceeds the original budget (\$24,576) by \$92; and
- The current budget for the Imagine Elementary at North Lauderdale Charter School (\$162,438) exceeds original budget (\$162,443) by \$5.

Subtracting the current budget from the original budgets for each of the completed<sup>2</sup> charter school projects yields a savings of \$1,186. When the overspending at Henry McNeal Turner Learning Academy and Imagine Elementary at North Lauderdale Charter School is included, the net saving is reduced to \$1,089.

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<sup>2</sup> Completed projects are projects that have had financial activity within the SMART Program and the scope of the project has been completed. There may be some additional financial activity on these projects as the final payments are made and all purchase orders are closed out.

# SECTION 3 --- MUSIC & ART EQUIPMENT

## MUSIC EQUIPMENT

The District reports that music equipment deployment has begun in schools identified in Year 1 (FY 2014-15) and Year 2 (FY 2015-16) of the schedule contained in the SMART Program. The District has recommended 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 District reports that all schools with music programs had completed their orders for music equipment. More than 57,000 pieces of music equipment have been ordered and more than 48,000 pieces have been received at 188 schools.

The status of each project is shown in Table 4.

TABLE 4.  
MUSIC EQUIPMENT DEPLOYMENT STATUS (Q2 2017-18)

	Q2 2017-18		Q1 2017-18	
	Number	Percent	Number	Percent
In Process	0	0.0%	0	0.0%
Ordering	0	0.0%	0	0.0%
Closing Out	37	17.0%	105	48.2%
Closed	151	69.2%	82	37.6%
No Program	30	13.8%	31	14.2%
<b>Total</b>	<b>218</b>	<b>100%</b>	<b>218</b>	<b>100.0%</b>

The District is making considerable progress implementing the music equipment upgrades, with 86 percent of the equipment orders either closed or closing out. As shown in Table 4, the number of schools at which music equipment deployment projects have closed has almost doubled since Q1 2017-18.

Approximately \$17.2 million has been spent or encumbered on music equipment as of June 30, 2017. Music and art equipment has been purchased from 13 vendors (see Table 5).

TABLE 5.  
Q2 2017-18 MUSIC & ART VENDOR PAYMENTS (CUMULATIVE)

Vendor	Amount	Percentage
All County Music	\$10,646,898	61.9%
Cascio Interstate Music	\$3,229	< 0.1%
Enabling Devices	\$8,729	0.1%
JW Pepper	\$3,383	< 0.1%
Malmark	\$6,372	< 0.1%
Music Arts Enterprises	\$3,616,877	21.2%
Music Man	\$1,259,975	7.3%
Romeo Music	\$437,549	2.3%
School Specialty	\$62,262	0.4%
Summer Arts Sessions	\$9,600	0.1%
Summer Hays Music	\$11,984	0.1%
Vista Pan Steel Instruments	\$5,036	< 0.1%
Wenger	\$1,130,309	6.6%
<b>Total</b>	<b>\$17,202,203</b>	<b>100.0%</b>

Subtracting the current budget from the original budgets for each of the completed<sup>3</sup> music equipment projects yields a savings of \$43,308.

Of the approximately \$17.2 million spent on replacement music and art equipment, approximately \$10.6 million (61.9 percent) has been spent with one vendor, All County Music.

<sup>3</sup> Completed projects are projects that have had financial activity within the SMART Program and the scope of the project has been completed. There may be some additional financial activity on these projects as the final payments are made and all purchase orders are closed out.

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## ART EQUIPMENT

The SMART Program allocates \$313,600 for replacement kilns. Kilns are ordered on an “as needed” basis subject to the process for kiln evaluation/repair/orders. The District reports that 29 kilns have been delivered to 22 schools, and 8 more have been ordered and are awaiting delivery. A total of \$105,932 has been spent on replacement kilns, leaving a Q2 2017-18 unexpended balance of \$207,668.

## 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 \$1.1 million will be allocated as follows through the fourth year of the SMART Program:

- Elementary schools with 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.

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## SECTION 4 --- ATHLETICS

### TRACK PROJECTS

The SMART Program allocates \$3.81 million for new tracks at three middle schools and 12 high schools. The track resurfacing projects at the three middle schools and five of the 12 high schools have been completed. This is unchanged since the last quarterly report.

The District reports that the remaining seven high schools are scheduled for completion during the first quarter of calendar year 2018 (by March 31, 2018).

TaxWatch reviewed the projects that have been completed and meets standards identified in the Budget Activity Report (Section 6), to add up the balances of the completed<sup>4</sup> track resurfacing projects. In its review, Florida TaxWatch identified \$403,371 in savings.

### 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 the following 8 high schools:

- Blanche Ely High School;
- Coconut Creek High School;
- Cypress Bay High School;
- Dillard 6-12;
- Everglades High School;
- Nova High School;
- Piper High School; and
- Stranahan High School.

TaxWatch notes that the completion dates identified for 7 of these 8 projects are after the end of the reporting quarter (December 31, 2017); therefore, it appears that only 1 (Cypress Bay High School) of the 8 weight room projects was completed during Q2 2017-18.

The District reports that weight room projects are scheduled for completion during the first quarter of calendar year 2018 at Charles W. Flanagan High School, Hollywood Hills High School, Lauderdale 6-12 Magnet, and South Broward High School. The weight room project at Boyd H. Anderson High School is scheduled for completion during the second quarter of calendar year 2018. The remaining 17 weight room projects are scheduled for completion during the third quarter of calendar year 2018.

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<sup>4</sup> Completed projects are projects that have had financial activity within the SMART Program and the scope of the project has been completed. There may be some additional financial activity on these projects as the final payments are made and all purchase orders are closed out.

## SECTION 5 --- FACILITIES

### RENOVATIONS

The District's Q2 2017-18 Facilities Construction Report includes project-specific information on more than 1,400 construction projects at 232 schools. The District reports that 89 percent of the scheduled construction activities are underway and all 232 schools (100 percent) have at least one project that is currently initiated<sup>5</sup> or underway.<sup>6</sup> This includes 40 Year-4 schools and 64 Year-5 schools that have been initiated early.

During Q2 2017-18, the School Board:

- Authorized 2 schools to advertise Requests for Qualification (RFQs) for Construction Manager At-Risk (CMAR) services;
- Approved Design Professional Services Agreements (PSAs) at 25 schools;
- Authorized 22 schools to advertise for bids;
- Approved CMAR agreements at 4 schools; and
- Approved 10 construction bid recommendations.

An additional 33 schools advertised for RFQs for professional design services. No School Board approval is required for these, since these projects only require a single trade specialty which can be provided from pre-approved qualified trade specialists.

The status of facility construction projects is shown in Table 6 (which allows readers to view progress from the quarter ending September 30, 2017 to the quarter ending December 31, 2017).

TABLE 6.  
FACILITIES CONSTRUCTION PROJECT STATUS (Q2 2017-18)

Phase	(as of Dec. 31, 2017)		(as of Sept. 30, 2017)	
	Number	Percentage	Number	Percentage
Not Started	62	4.1%	179	13.1%
Planning	40	2.7%	92	6.7%
Hire Design Team	408	27.2%	247	18.0%
Design Project	715	47.7%	598	43.7%
Hire Contractor/Vendor	15	1.0%	42	3.1%
Implement Improvements	163	10.9%	122	8.9%
Complete	97	6.4%	89	6.5%
<b>Total</b>	<b>1,500</b>	<b>100.0%</b>	<b>1,369</b>	<b>100.0%</b>

5 A project is "initiated" when funding is released and planning has begun.

6 A project is "underway" when it enters Phase 2, Hire Design Team.

As shown in Table 6, the District is making considerable progress implementing the SMART Program facility construction projects. Since the end of the last quarter:

- The number of projects not yet started has decreased from 179 to 62;
- More projects are moving from the Project Planning Phase into the Design and Implementation phases; and
- The number of Completed projects has increased from 89 to 97.

## FLAGGED SCHOOLS

The District identified 117 schools with one or more projects where “unexpected complications” have created budget<sup>7</sup> and/or schedule<sup>8</sup> issues. This represents one-half of the 232 schools at which facility construction/renovation projects are planned. Of these schools, 113 are experiencing schedule delays and 11 are experiencing budget issues. Seven schools are experiencing schedule delays and budget issues. Almost without exception, the schedule delays are occurring in Phase 3 (Design). The District has expressed its intent to “regain time” during Phases 4 (Hire Vendor) and 5 (Implementation).

## FLAGGED PROJECTS

TaxWatch reviewed the individual School Spotlights for each school and identified a total of 163 flagged projects. These projects are broken out in Table 7.

TABLE 7.  
FLAGGED PROJECTS (Q2 2017-18)

	Schedule Issues	Budget Issues	Total
Primary Renovations	80	5	85
Single Point of Entry	16	4	20
School Choice Enhancements	53	0	53
Track Projects	2	2	4
Fire Alarms	1	0	1
<b>Total</b>	<b>152</b>	<b>11</b>	<b>163</b>

As shown in Table 7, most of the flagged projects are Primary Renovation projects. Primary Renovations include, for example, electrical improvements, HVAC improvements, building envelope improvements, etc. It is not uncommon for a Primary Renovation project to include a bundle of anywhere from two to 10 specific construction activities.

7 Budget issues reflect a need for School Board approval of an increase in funding based on bid and/or change order results.

8 Schedule issues reflect a risk of or inability to meet the planned milestone date for progressing to the next phase in the process.

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TaxWatch reviewed the scopes of each of the flagged Primary Renovation projects and identified 371 specific construction activities bundled up in those 85 Primary Renovation projects. This suggests that, of the 1,438 construction activities currently underway, one-fourth are included in Primary Renovation projects that have been flagged for budget or schedule issues.

TaxWatch also reviewed the Planned and Actual/Forecast completion dates identified on the School Spotlights for each project and identified 26 projects that appear to be delayed but were not flagged:

- Chapel Trail Elementary School --- the School Choice Enhancement Project playground upgrade design process is reported as delayed. It is unclear whether the District's efforts to regain the schedule will delay completion of the Implementation Phase, which is planned to be completed during the second quarter of calendar year 2018.
- Coconut Palm Elementary School --- the School Choice Enhancement Project resubmittal of design drawings is reported as delayed. It is unclear whether the District's efforts to regain the schedule will delay completion of the Implementation Phase, which is planned to be completed during the second quarter of calendar year 2018.
- Collins Elementary School --- the beginning of the Design Phase for the Primary Renovation project appears to have been delayed by about one month. The transition from the Hire Design Team Phase to the Design Phase, planned to be completed by the end of the third quarter of calendar year 2017, occurred during the fourth quarter of calendar year 2017.
- Cypress Elementary School --- the beginning of the Design Phase for the Primary Renovations project appears to have been delayed 2-3 months. The transition from the Hire Vendor Phase to the Implementation Phase, planned to be completed by the end of the third quarter of calendar year 2017, occurred during the fourth quarter of calendar year 2017.
- Dave Thomas Education Center (West) --- the single point of entry project appears to be delayed 1-2 months. The transition from the Hire Vendor Phase to the Implementation Phase, planned to be completed by the end of the third quarter of calendar year 2017, occurred during the fourth quarter of calendar year 2017.
- Dolphin Bay Elementary School --- the School Choice Enhancement Project resubmittal of design drawings is reported as delayed. It is unclear whether the District's efforts to regain the schedule will delay completion of the Implementation Phase, which is planned to be completed during the second quarter of calendar year 2018.

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- Dr. Martin Luther King, Jr., Montessori Academy --- the School Choice Enhancement Project marquee design process is reported as delayed. It is unclear whether the District's efforts to regain the schedule will delay completion of the Implementation Phase, which is planned to be completed during the first quarter of calendar year 2018.
  - Forest Hills Elementary School --- the School Choice Enhancement Project marquee design process is reported as delayed. It is unclear whether the District's efforts to regain the schedule will delay completion of the Implementation Phase, which is planned to be completed during the first quarter of calendar year 2018.
  - Griffin Elementary School --- the School Choice Enhancement Project marquee design process is reported as delayed. It is unclear whether the District's efforts to regain the schedule will delay completion of the Implementation Phase, which is planned to be completed during the second quarter of calendar year 2018.
  - Maplewood Elementary School --- the beginning of the Design Phase for the Primary Renovations (phase 2) project appears to have been delayed by 2-3 months. The transition from the Hire Design Team Phase to the Design Phase, planned to be completed by the end of the third quarter of calendar year 2017, occurred during the fourth quarter of calendar year 2017.
  - Margate Elementary School --- the School Choice Enhancement Project submittal of drawings is reported as delayed. It is unclear whether the District's efforts to regain the schedule will delay completion of the Implementation Phase, which is planned to be completed during the first quarter of calendar year 2018.
  - Northeast High School --- the beginning of the Implementation Phase for the single point of entry project appears to be delayed 1 month. The transition from the Hire Vendor Phase to the Implementation Phase, planned to be completed by the end of the third quarter of calendar year 2017, occurred during the fourth quarter of calendar year 2017.
  - Orange Brook Elementary School --- the School Choice Enhancement Project marquee design process is reported as delayed. It is unclear whether the District's efforts to regain the schedule will delay completion of the Implementation Phase, which is planned to be completed during the second quarter of calendar year 2018.
  - Pasadena Lakes Elementary School ---- the School Choice Enhancement Project marquee design process is reported as delayed. It is unclear whether the District's efforts to regain the schedule will delay completion of the Implementation Phase, which is planned to be completed during the first quarter of calendar year 2018.

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- Pinewood Elementary School --- the School Choice Enhancement Project marquee design process is reported as delayed. It is unclear whether the District's efforts to regain the schedule will delay completion of the Implementation Phase, which is planned to be completed during the second quarter of calendar year 2018.
  - Pioneer Middle School --- the School Choice Enhancement Project marquee design process is reported as delayed. It is unclear whether the District's efforts to regain the schedule will delay completion of the Implementation Phase, which is planned to be completed during the second quarter of calendar year 2018.
  - Seagull Alternative High School --- the School Choice Enhancement Project playground upgrade design process is reported as delayed. It is unclear whether the District's efforts to regain the schedule will delay completion of the Implementation Phase, which is planned to be completed during the second quarter of calendar year 2018.
  - Silver Shores Elementary School --- the School Choice Enhancement Project playground upgrade design process is reported as delayed. It is unclear whether the District's efforts to regain the schedule will delay completion of the Implementation Phase, which is planned to be completed during the second quarter of calendar year 2018.
  - Silver Trail Middle School --- the School Choice Enhancement Project marquee design process is reported as delayed. It is unclear whether the District's efforts to regain the schedule will delay completion of the Implementation Phase, which is planned to be completed during the second quarter of calendar year 2018.
  - South Broward High School --- the beginning of the Design Phase for the single point of entry project appears to have been delayed 1 month. The transition from the Hire Design Team Phase to the Design Phase, planned to be completed by the end of the second quarter of calendar year 2017, occurred during the third quarter of calendar year 2017.
  - Sunrise Middle School --- the beginning of the Implementation Phase for the single point of entry project appears to have been delayed 1-2 months. The transition from the Hire Vendor Phase to the Implementation Phase, planned to be completed by the end of the second quarter of calendar year 2017, occurred during the fourth quarter of calendar year 2017.
  - Tedder Elementary School --- the School Choice Enhancement Project playground upgrade process appears to be delayed 2-3 months. The transition from the Plan/Design Phase to the Implementation Phase, planned to be completed by the end of the first quarter of calendar year 2016, occurred during the second quarter of calendar year 2016. It is unclear whether the District's efforts to regain the schedule will delay completion of the Implementation Phase, which is planned to be completed during the second quarter of calendar year 2018.
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- Tequesta Trace Elementary School --- the beginning of the Implementation Phase for the single point of entry project appears to have been delayed 1-2 months. The transition from the Hire Vendor Phase to the Implementation Phase, planned to be completed by the end of the third quarter of calendar year 2017, occurred during the fourth quarter of calendar year 2017.
  - West Hollywood Elementary School --- the School Choice Enhancement Project marquee design process is reported as delayed. It is unclear whether the District's efforts to regain the schedule will delay completion of the Implementation Phase, which is planned to be completed during the second quarter of calendar year 2018.
  - Westwood Heights Elementary School --- the School Choice Enhancement Project marquee design process is reported as delayed. It is unclear whether the District's efforts to regain the schedule will delay completion of the Implementation Phase, which is planned to be completed during the first quarter of calendar year 2018.
  - Wingate Oaks Center --- the beginning of the Hire Vendor Phase for the Primary Renovations project appears to have been delayed by 3-6 months. The transition from the Design Phase to the Hire Vendor Phase, planned to be completed by the end of the third quarter of calendar year 2017, is forecast to occur during the first quarter of calendar year 2018.

## **RECOMMENDATION 2**

**TaxWatch recommends the District revisit these 26 projects and flag their status as appropriate.**

## **PSA AMENDMENTS, BIDS, AND CHANGE ORDERS**

The District reports the following Professional Service Agreements (PSAs) were amended during Q2 2017-18:

- Atlantic Technical College;
- Hollywood Park Elementary School;
- Pembroke Lakes Elementary School;
- West Hollywood Elementary School; and
- Nova High School.

TaxWatch was unable to find any explanation regarding the nature of or need for these PSA amendments.

## **RECOMMENDATION 3**

**Florida TaxWatch recommends that, to encourage accountability, transparency, public support, and confidence in the use of SMART Program funding, the District include in the Bond Oversight Committee Report for Q3 2017-18 (and all subsequent reports) a summary or explanation of any PSA amendments.**

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The District reports the School Board rejected bids and subsequently increased funding for the following projects:

- Monarch High School track resurfacing;
- Cypress Bay High School track resurfacing;
- Forest Glen Middle School single point of entry project;
- Larkdale Elementary School single point of entry project; and
- Tradewinds Elementary School single point of entry project.

A review of the School Spotlights and the financially active projects identified in the Budget Activity Report (Section 6) reflects the following:

- Funding for the Monarch High School track resurfacing project has increased from \$300,000 to \$335,000, due to a higher bid;
- Funding for the Cypress Bay High School track resurfacing project has increased from \$300,000 to \$345,000, due to a higher bid;
- Funding for the Forest Glen Middle School single point of entry project has increased from \$233,000 to \$411,186, due to a higher bid;
- Funding for the Larkdale Elementary School single point of entry project has increased from \$60,000 to \$349,410, due to a higher bid; and
- Funding for the Tradewinds Elementary School single point of entry project has increased from \$195,000 to \$381,560.

All told, the funding for these five projects has increased from \$1,088,000 to \$1,822,156, an increase of 67 percent. In addition, all bids for construction at Lauderdale Lakes Middle School were rejected. The reasons for rejecting the bids are noted and the reasons for the delays are reflected on the school's School Spotlight.

The District reports a change order was approved to accelerate the scope of renovations (including the swimming pool renovation) at Stranahan High School. Florida TaxWatch reviewed the Athletics Report (Section 4), the School Spotlight, and the financially active projects identified in the Budget Activity Report (Section 6), but was unable to find any mention of a swimming pool renovation project.

#### **RECOMMENDATION 4**

**Florida TaxWatch recommends the District brief the Bond Oversight Committee on the swimming pool renovation project at Stranahan High School.**

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## THE “BIG 3” SCHOOLS

At the May 22, 2017 BOC meeting, Chairman Rabinowitz requested that the District provide an update on the status of construction activities at Blanche Ely High School, Northeast High School, and Stranahan High School at every BOC meeting.

### RECOMMENDATION 5

**Florida TaxWatch recommends the District include in the Facilities Report (Section 5) of the Bond Oversight Committee Report for Q3 2017-18 (and all subsequent reports) a brief update on the status of construction activities at Blanche Ely High School, Northeast High School, and Stranahan High School.**

## SCHOOL CHOICE ENHANCEMENT PROGRAM (SCEP)

The District reports that, because of the early mobilization of 31 Year 3 schools, there are now 170 School Choice Enhancement Program (SCEP) projects initiated, under way, or complete. 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.

A new three-phased SCEP process was introduced during Q4 2016-17. The first phase begins with Planning & Design, which includes scope and budget evaluation and voting authorization. The second phase, Implementation, includes selection and procurement. The third phase, Completion, occurs when all items have been delivered and installed. The status of these projects is shown in Table 8.

TABLE 8.  
SCHOOL CHOICE ENHANCEMENTS PROJECT STATUS

Project Phase	(as of Dec. 31, 2017)		(as of Sept. 30, 2017)	
	Number	Percentage	Number	Percentage
Planning/Design	59	34.7%	35	26.4%
Implement Improvements	83	48.8%	84	62.9%
Improvements Complete	28	16.5%	20	10.7%
<b>Total</b>	<b>170</b>	<b>100%</b>	<b>139</b>	<b>100%</b>

The District is making considerable progress implementing the SCEP Program projects. Since the end of the last quarter, more SCEP projects are in the Planning and Design phase and more have moved into the Improvements Completed phases. As previously reported, 53 SCEP projects have been flagged due to schedule delays.

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## SECTION 6 --- BUDGET ACTIVITY

The SMART Program Budget Activity Quarterly Report provides expenditure information for financially active projects, and projects that have been completed and meet standards. The SMART Program total budget is \$987 million. This includes the \$800 million in general obligation bond (GOB) funding and \$187 million in non-GOB capital project funding (capital millage and impact fees). The current SMART Program budget combines years 1 (FY 2014-15), 2 (FY 2015-16), 3 (FY 2016-17), and 4 (FY 2017-18).

The District reports the School Board approved funding increases due to higher bids for the following projects during Q2 2017-18:

- McNichol Middle School single point of entry --- increase of \$25,000;
- North Fork Elementary School single point of entry --- increase of \$28,863;
- Monarch High School track resurfacing --- increase of \$35,000;
- Cypress Bay High School track resurfacing --- increase of \$45,000;
- Manatee Bay Elementary School renovations --- increase of \$625,661;
- Indian Ridge Elementary School renovations --- increase of \$945,102;
- Forest Glen Middle School single point of entry --- increase of 178,186;
- Tradewinds Elementary School single point of entry --- increase of \$186,560;
- Larkdale Elementary School point of entry --- increase of \$289,410;
- Coconut Creek Elementary School renovations --- increase of \$517,143; and
- Cypress Elementary School renovations --- increase of \$452,897.

When the above increases (\$3.33 million) are added to the SMART Program budget, and \$11.9 million in technology savings are moved into the SMART Reserve fund, the amount of SMART Program funding available for years 1-4 is \$803.2 million.

### FINANCIALLY ACTIVE PROJECTS

Budget activity increased dramatically during the quarter ending December 31, 2017. The District reports that the number of financially active and completed/meets standards projects increased from 1,423 at the end of Q1 2017-18 to 1,441 at the end of Q2 2017-18, an increase of 18 projects.

This, however, is contrary to what was reported at the end of Q1 2017-18. In the SMART Program Budget Activity Quarterly Report for Q1 2017-18, the District reported that the number of financially active and completed/meets standards projects increased from 1,423 at the end of Q4 2016-17 to 1,623 at the end of Q1 2017-18, an increase of 200 projects.

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## RECOMMENDATION 6

**Florida TaxWatch recommends the District reconcile the discrepancy in the number of financially active and completes/meets standards projects.**

The District reports that SMART Program expenditures increased from \$134,157,386 to \$145,739,921 (an 8.6 percent increase) during the same period.

Florida TaxWatch reviewed the original and current budgets for financially active projects contained in the Budget Activity Report (Section 6), and found the revised budgets to match funding increases approved by the School Board, with the following exceptions: the additional funding approved for track resurfacing at Monarch High School and Cypress Bay High School was not reflected in the current budgets for these projects.

## RECOMMENDATION 7

**Florida TaxWatch recommends the current budgets for the track resurfacing at Monarch High School and Cypress Bay High School be revised to reflect the additional funding approved by the School Board.**

## SAVINGS

TaxWatch reviewed the projects that have been completed and meets standards identified in the Budget Activity Report (Section 6) to identify cost savings. The total savings are identified in Table 9. These are moneys that can be placed into the Reserve fund and reallocated by the SBBC to meet other critical needs.

TABLE 9.  
CUMULATIVE SAVINGS THROUGH Q2 2017-18

Cost Category	Savings
Technology SBBC Schools	\$10,284,075
Technology Charter Schools	\$1,089
Music & Art Equipment	\$43,308
Athletics	\$403,371
Facilities Construction	\$5,334,603
<b>Total</b>	<b>\$16,066,446</b>

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## SECTION 7 --- SUPPLIER DIVERSITY OUTREACH

The Supplier Diversity Outreach Program Report includes data specific to Minority/Women Business Enterprise (M/WBE) participation and committed funding in the SMART Program. The Q1 2017-18 Report included, for the first time, small business enterprises (SBEs) in addition to minority and women-owned businesses (M/WBEs). This now permits the reporting of historically underutilized businesses, in addition to M/WBEs, as previously recommended by Florida TaxWatch.

The District reports that, as of December 8, 2017, there were 699 active certified small and minority/women-owned (S/M/WBE) firms that provide commodities (supplies), construction, professional services, and business services to District schools. This represents an increase of 39 S/M/WBE firms over Q1 2017-18. Of these 699 S/M/WBEs:

- 365 (52 percent) are women-owned businesses;
- 534 (76 percent) are minority-owned businesses; and
- 221 (32 percent) are businesses owned by female minorities.

The District reports as part of its Contract Compliance Metrics an S/M/WBE commitment of \$19.6 million during Q2 2017-18. This represents 97 percent of the total \$20.3 million in contracts awarded during the quarter. This is a dramatic increase over the \$4.2 million (93 percent of total contract awards) awarded to S/W/MBE firms during Q1 2017-18. Through December 31, 2017, the District has issued purchase orders to S/M/WBEs totaling \$44.16 million. This represents a cumulative S/M/WBE commitment of 24.6 percent.

In terms of minority (ethnic) spending, 86 percent (\$16.8 million) of the purchase orders issued to S/M/WBEs during Q2 2017-18 were issued to Hispanic-owned firms. In terms of minority (gender) spending, the District reports 365 certified women-owned firms that provide commodities (supplies), construction, professional services, and business services to District schools; however, SMART Program purchase orders have been issued to less than one percent of these firms.

### **RECOMMENDATION 8**

**TaxWatch recommends the District step up its efforts to award SMART Program purchase orders to women-owned firms.**

As previously recommended by Florida TaxWatch, the Q2 2017-18 Supplier Diversity Outreach Program Report includes information on contracts awarded to or purchases made from 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

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businesses for technology upgrades, replacement musical equipment, and replacement kilns to be determined. No S/M/WBEs have received any of the bond money for Music and Art equipment or for Technology improvements.

**RECOMMENDATION 9**

**TaxWatch recommends the District, as part of its ongoing outreach efforts, continue to step up its efforts to recruit and retain qualified S/M/WBEs for all SMART Program categories.**

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## SECTION 8 --- COMMUNICATIONS

The Q2 2017-18 Report highlights the District's continued efforts to promote the SMART Program. When the School Board approves a new phase of a SMART project, the Office of Facilities and Construction sends a memo to the principal of the school explaining the Board's decision and the timetable for going forward. This is designed to help school administrators speak more knowledgeably about ongoing improvements that affect their facilities. During Q2 2017-18, 63 of these principal letters were distributed.

Other outreach efforts include:

- "In the Loop," a new flier designed to communicate SMART Program highlights and milestones;
- More than 20 outreach events were conducted at schools, community, and business forums;
- SMART Program updates (monthly); and
- Use of Twitter and social media to "spotlight" SMART Program accomplishments.

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## LOOKING AHEAD

The District continues to make progress in implementing the \$987 million SMART Program. SMART Program expenditures and commitments now exceed \$195 million, and there are more than 1,400 financially active projects. All planned computer devices have been ordered and received, and all SBBC schools now comply with the District's standard of 1 computer for every 3.5 students. All technology projects planned for charter schools have been completed. The focus on technology now shifts to the implementation of the remaining Technology and Support Services Center upgrades.

The replacement of music and arts equipment continues, with all planned projects accelerated and underway. About one-half of the track resurfacing projects and about one-fourth of the new weight room projects have been completed. The remaining track resurfacing projects are planned for completion by March 31, 2018 and should be reflected in the next quarterly report. The remaining weight room projects are planned to be completed by September 30, 2018.

The District has spent or committed more than \$145 million of SMART Program funds to date. Of the projects that have been completed and/or meet standards, more than \$16 million has been saved. This is money that can be placed into the Reserve fund and reallocated by the School Board to support other SMART Program projects.

The District continues its efforts to issue purchase orders to women and minority-owned businesses and historically-underutilized businesses. Although no SMART Program purchase orders have been issued to women and minority-owned businesses and historically-underutilized businesses in the Technology and Music and Art program categories, and although less than one percent of SMART Program purchase orders have been issued to women-owned businesses, more than \$44 million in SMART Program purchase orders have been issued to women and minority-owned businesses and historically-underutilized businesses

TaxWatch acknowledges and appreciates the District's continued efforts to encourage accountability, transparency, public support, and confidence in SMART Program reporting.

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In response to previous TaxWatch recommendations, the District's quarterly SMART Program reports:

- Include a revised School Spotlight template now includes more project-specific information on construction and renovation activities at SBBC schools;
- Include summary information that makes it much easier to monitor the District's progress in upgrading music and art equipment;
- Include summary information that makes it much easier to monitor the District's progress in upgrading athletic facilities;
- Identify construction projects that are experiencing budget and scheduling issues; and
- Include information on contracts awarded to and purchase orders issued to S/M/WBE firms for all SMART Program categories.

Almost 90 percent of the planned construction and renovation activities are underway, and every school at which renovations are planned has at least one project underway. Projects appear to be moving smoothly through the Planning and Hiring Design Team phases, but the "pig in the python" occurs when projects enter the Design Phase.

About one-half of the 232 schools have one or more projects that has been "flagged" for either schedule delays or budget issues. Almost all of these projects are flagged for delays, and almost all of the delays are occurring in the Design Phase. The District has expressed optimism that, through the use of the Construction Manager At-Risk process (which will obviate the need for the Hire Vendor Phase) and other mitigation measures, staff can regain time during the remaining phases.

During the quarter, the School Board approved increased funding for 11 projects by a total of \$3.3 million. All of these increases were necessary because the responses to District bids were higher than the planned project amounts. As more and more projects move through the process, TaxWatch encourages the Bond Oversight Committee to monitor closely any future delays and budget increases.

In this report, 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. TaxWatch looks forward to presenting the results of its review to the Committee and the taxpayers, 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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