

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

## SMART Program Quarterly Report

Presented to the Broward County Bond Oversight Committee  
September 21, 2023

**Q4**  
2022-23



**Piyush Patel**  
Chairman of the Board of Trustees

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

## Dear Fellow Taxpayer,

As the 2023-24 school year begins and students return to class, Broward County Public Schools (BCPS) begins Year 10 of the SMART Program. This is significant in that former Superintendent Runcie promised the taxpayers that all SMART projects would start within five years and be completed by year seven.

On May 9, 2023, the School Board of Broward County (SBBC) adopted Resolution Number 23-109, which acknowledged the commitment of the Bond Oversight Committee and Florida TaxWatch in monitoring implementation of the SMART Program and acknowledged the work of the Twentieth Statewide Grand Jury in highlighting deficiencies in the SMART Program. The Resolution also expresses the expectation of the SBBC that the SMART Program will be completed no later than October 31, 2025. This expectation includes the financial close-out and the full expenditure of General Obligation Bond funds.

The rising financial risks and critical questions that need answers should remind us all why the Bond Oversight Committee exists and how critical the role of Florida TaxWatch is. I am extremely proud that the Grand Jury recognized Florida TaxWatch for its role and actions as a trusted and constructive third party/independent fiscal watchdog and I thank our professional staff and the volunteer leaders on the Bond Oversight Committee for their efforts to keep Broward County taxpayers informed on how their tax dollars are being spent.

Newly-appointed Superintendent Licata has (rightfully so) focused his attention on the opening of Broward County public schools. Florida TaxWatch looks forward to meeting with the Superintendent, sharing our observations, and discussing our continued role as a trusted resource and advisor to the Bond Oversight Committee.

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 June 30, 2023. Florida TaxWatch staff will be available to present our findings and recommendations at the Committee's upcoming September 21, 2023, meeting.

Sincerely,

Dominic M. Calabro  
President & Chief Executive Officer

## Introduction

The Broward County Public Schools' Bond Oversight Committee Quarterly Report for the Quarter Ended June 30, 2023 ("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, arts, and theater equipment; improve school safety and security; upgrade athletic facilities; and renovate educational facilities.

The District 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 Number 15-106 (as amended). In reviewing quarterly reports prepared by District staff, the BOC 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 and compared the District Quarterly Report to the most recent SMART Program schedule and budget and is pleased to present the following report and recommendations.

## Recommendations

### RECOMMENDATION 1

Florida TaxWatch recommends the District brief the BOC at its September 21, 2023 meeting on its plan to comply with Resolution number 23-109.

### RECOMMENDATION 2

Florida TaxWatch recommends the District Chief Facilities Officer brief the BOC at its September 21, 2023 meeting on project number P.002777 at C. Robert Markham Elementary School. This briefing should include the reasons for pulling the GMP from the SBBC agendas and the District's plan to complete the project in compliance with SBBC Resolution 23-109.

### RECOMMENDATION 3

Florida TaxWatch recommends that the District's Facilities Report for Q1 2023-24 identify the proposed completion dates for ongoing Primary Renovations activities at the Big 3 schools; identify and explain any schedule or budget flags; identify and explain the nature of any required change order work; and identify and explain any other issues that are relevant to the completion of the Primary Renovations projects.

### RECOMMENDATION 4

Florida TaxWatch recommends the District include in its Q1 2023-24 Facilities Report scheduled completion dates of the remaining SCEP projects (assuming they have not been completed by then).

### RECOMMENDATION 5

Florida TaxWatch recommends District staff brief the BOC at its September 21, 2023 meeting of its plan to move another \$22-36 million into reserves to mitigate the additional financial risk.

### RECOMMENDATION 6

Florida TaxWatch recommends the District continue its efforts to increase awards to businesses owned by African-Americans, Non-Minority SBEs, and Caucasian Women.

## **School Safety & Security**

Two weeks before the tragic and senseless murder of 14 students and three faculty/staff at Marjory Stoneman Douglas High School in February 2018, Education Week began tracking the incidence of gunfire in schools that result in injury or death. Since then, there have been a reported 171 incidents, resulting in 115 deaths and 303 injuries.<sup>1</sup>

The Safety component of the SMART program includes making District schools more secure through the installation of fences, gates, and barriers around school perimeters to restrict access through single points-of-entry. Other safety improvements (e.g., fire alarms and fire sprinklers, emergency exit signage, lighting improvements, door hardware, etc.) are bundled together as part of Primary Renovations projects.

### **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 Single Point-of-Entry projects were complete and operational before students returned to school in the Fall of 2019, bringing the total number of completed Single Point of Entry projects to 238.

### **More Fire Alarm and Fire Sprinkler Projects are Moving into the Completion and Closeout Phase**

The District Quarterly Report (reference page 44) identifies the status of 189 fire alarm and fire sprinkler projects (see Table 1) that are bundled as part of Primary Renovations projects. Compared to Q3 2022-23, the number of fire alarm projects that are in the Completion/Closeout Phase has increased from 9 to 13, and the number of fire sprinkler projects that are in the Completion/Closeout Phase has increased from 16 to 17.

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<sup>1</sup> Education Week, "School Shootings Over Time: Incidents, Injuries, and Deaths," retrieved from <https://www.edweek.org/leadership/school-shootings-over-time-incidents-injuries-and-deaths>, September 4, 2023.

**Table 1.**

Phase	Fire Alarms		Fire Sprinklers	
	Q4 2022-23	Q3 2022-23	Q4 2022-23	Q3 2022-23
Planning	1	1	1	1
Design	2	4	0	3
Hire Contractor	3	2	3	3
Construction	81	84	68	66
Complete/Closeout	13	9	17	16
Total	100	100	89	89

**Other Safety and Security Improvements That are Bundled as Part of Primary Renovations Projects are Experiencing Delays**

In addition to fire alarms and fire sprinklers, there are other SMART Program safety improvements such as emergency exit signage/lighting improvements, fencing, and door hardware, that are bundled together as part of active Primary Renovations projects. In response to concerns by BOC member Demopoulos, Florida TaxWatch has done a deeper dive and reviewed the School Spotlights (reference pages 111 through 402) for each school to determine the status of active Primary Renovations projects with scopes of work that make mention of one or more activities related to student safety and security.

Florida TaxWatch identified 160 such projects. Their completion is tied to the schedule for the Primary Renovations projects into which they are bundled. The status of these 160 Primary Renovations projects is identified in Table 2.

**Table 2.**

Status of Safety & Security Projects	
Closed	11
Financial Closeout	4
Final Completion	2
Substantial Completion	8
Active Construction	124
Hire Contractor	0
Bid & Award	7
Design	2
Planning	2
Total	160

Review of the School Spotlights for each school identified 15 Primary Renovations projects with scopes of work that make mention of one or more activities related to student safety and security that have been flagged for schedule delays (see Table 3) and nine that have been flagged for budget issues (see Table 4). The 145 projects not flagged for schedule delays are presumed to be on schedule.

**Table 3.**

15 Primary Renovations Projects That Include Safety & Security Improvements are Experiencing Schedule Delays	
Atlantic Technical - Ashe Jr. Campus	Ramblewood Middle School
Castle Hill Elementary School	Royal Palm STEM Museum Magnet
Country Isles Elementary School	Sandpiper Elementary School
Dillard 6-12 School	Sea Castle Elementary School
Driftwood Middle School	The Quest Center
Hollywood Hills High School	Westchester Elementary School
Lauderdale Lakes Middle School	Winston Park Elementary School
Pompano Beach Middle School	

**Table 4.**

9 Primary Renovations Projects That Include Safety & Security Improvements are Experiencing Budget Issues	
Banyan Elementary School	Gulfstream ELC of Excellence
Cooper City High School	North Fork Elementary School
Coral Springs High School	Northeast High School
Cresthaven Elementary School	Pioneer Middle School
Gulfstream Acad. of Hallandale Beach K-8	

NOTE: It is important to recognize and understand that the improvements related to student safety and security may be in place and operational, and that the other activities with which the safety and security improvements are bundled (e.g., re-roofing, building envelope and interior renovations, etc.) may be the reason a given Primary Renovations project is flagged for schedule issues.

The current SMART Program budget for school safety and security improvements is \$164.7 million. A summary of school safety and security budget activity through June 30, 2023, is presented in Table 5.

**Table 5.**

SMART Program Safety and Security Project Budget Activity (Through June 30, 2023)							
		Original Budget	Current Budget	Prior Year Expenditures	Commitments	Current Year Expenditures	Balance
<b>Financially Active</b>							
	GOB Funds	\$83,616,473	\$83,440,389	\$40,776,460	\$19,449,473	\$13,571,047	\$9,653,409
	Non-GOB Funds	\$14,562,387	\$49,702,705	\$24,689,818	\$10,362,041	\$9,015,598	\$5,635,248
<b>Completed/Meets Standards</b>							
	GOB Funds	\$23,150,592	\$20,241,245	\$18,757,379	\$225,145	\$502,385	\$756,336
	Non-GOB Funds	\$4,224,673	\$11,272,570	\$9,832,297	\$355,617	\$521,660	\$562,996

## Music, Art, and Theater

### The Music, Art, and Theater Spend Portion of the SMART Program is Complete

The District reports that, as of Q4 2020-21, all music and art equipment projects were completed. 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 6.

**Table 6.**

Music Equipment Ordered and Delivered (Final)		
	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. 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 June 30, 2023, is provided in Table 7.

**Table 7.**

SMART Program Music, Arts, & Theater Project Budget Activity (Through June 30, 2023)							
	Original Budget	Current Budget	Prior Year Expenditures	Commitments	Current Year Expenditures	Balance	
<b>Financially Active</b>							
GOB Funds	\$12,203,000	\$12,587,052	\$5,894,729	\$2,199,154	\$1,749,042	\$2,744,127	
Non-GOB Funds	\$3,055,000	\$7,942,724	\$3,341,237	\$1,882,761	\$2,079,503	\$639,223	
<b>Completed/Meets Standards</b>							
GOB Funds	\$5,199,000	\$5,199,000	\$4,845,321	\$6,837	\$68,806	\$278,036	
Non-GOB Funds	\$20,518,000	\$19,894,624	\$19,802,922	\$4,083	\$71,936	\$15,683	

## Athletics

### The Athletics Spend Portion of the SMART Program is Complete

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

The current SMART Program budget for Athletics is \$6.8 million. A summary of SMART Program expenditures through June 30, 2023, is provided in Table 8.

**Table 8.**

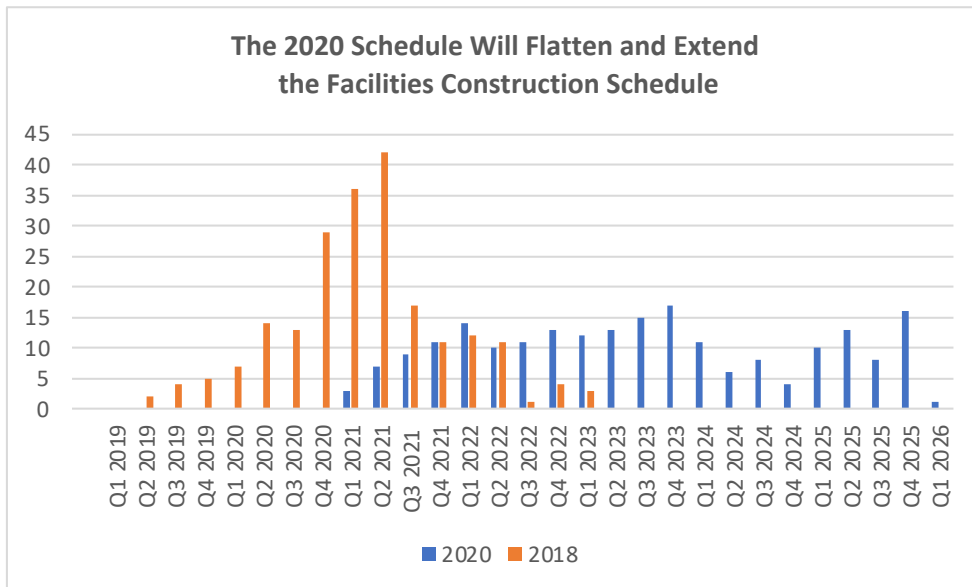
SMART Program Athletics Project Budget Activity (Through June 30, 2023)							
		Original Budget	Current Budget	Prior Year Expenditures	Commitments	Current Year Expenditures	Balance
<b>Financially Active</b>							
	GOB Funds	\$40,000	\$40,000	\$26,928	\$5,648	\$6,490	\$934
	Non-GOB Funds	\$0	\$17,867	\$12,669	\$1,687	\$2,165	\$1,346
<b>Completed/Meets Standards</b>							
	GOB Funds	\$7,333,360	\$6,496,579	\$6,496,182	\$3	\$394	\$0
	Non-GOB Funds	\$126,640	\$205,677	\$197,678	\$144	\$349	\$7,506

## 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.

**Figure 1.**



In May 2023, the SBBC adopted Resolution Number 23-109, which expresses the expectation of the SBBC that the SMART Program will be completed no later than October 31, 2025. This expectation includes the financial close-out and the full expenditure of GOB funds. As shown in Figure 1, there appears to be as many as 15-20 Primary Renovations projects whose completion date may need to be expedited to comply with the October 31, 2025 deadline. If the completion dates cannot be expedited to comply, then the District may need to consider alternative funding.

## RECOMMENDATION 1

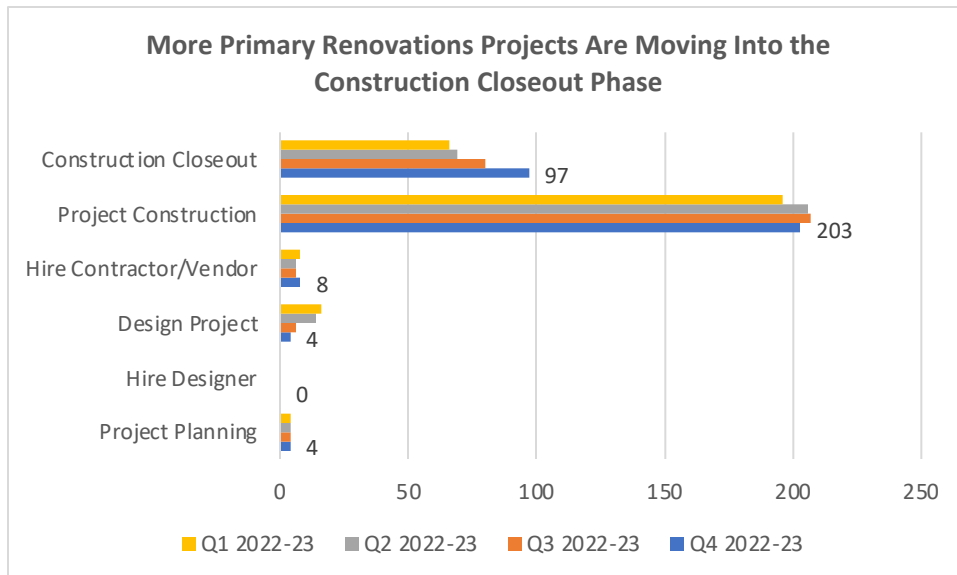
**Florida TaxWatch recommends the District brief the BOC at its September 21, 2023 meeting on its plan to comply with Resolution number 23-109.**

### **More Primary Renovations Projects are Moving Into the Construction Phase**

The District reports that there are currently 203 Primary Renovations projects under active construction, and another 97 Primary Renovations projects either completed or in the process of being closed. The status of the Primary Renovations projects over the past four quarters is shown in Figure 2.

When compared to Q3 2022-23, Figure 2 shows a decrease in the number of active Primary Renovations Projects in the Design Phase (6 to 4) and in the Project Construction Phase (207 to 203). All of these numbers are moving in the right direction. 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 80 to 97.

**Figure 2.**



### **The Number of Primary Renovations Projects Flagged for Schedule Delays has Remained Steady**

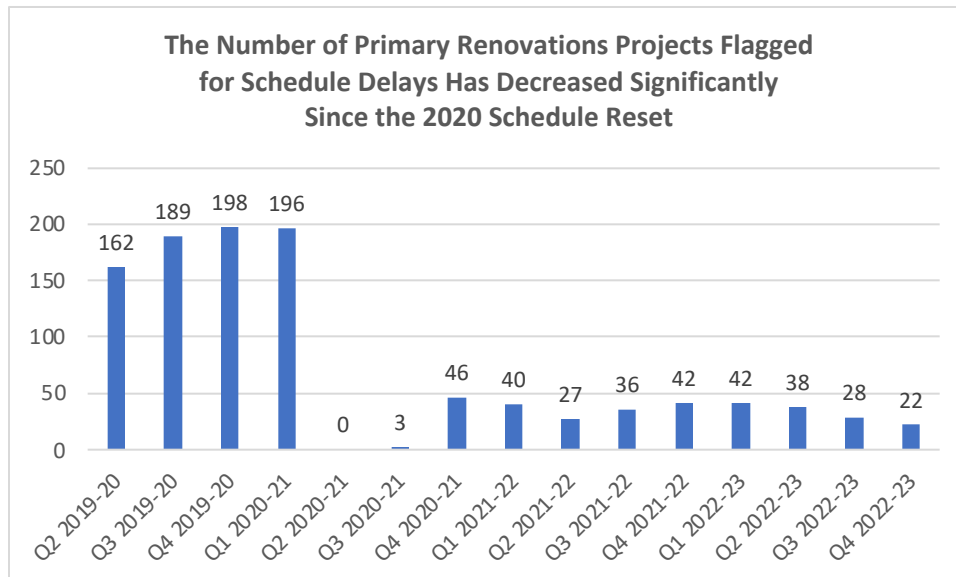
Schedule flags reflect a risk of or inability to meet the planned milestone date for progressing to the next phase in the process. Schedule flags are removed once the project has regained the time and is back on its planned schedule. With the adoption of the 2020 Schedule, the list of projects flagged for schedule-related issues (i.e., delays) was effectively “wiped clean.”

The District identified 22 Primary Renovations projects (reference page 72) that, at the end of the reporting period, are experiencing schedule delays. This represents a decrease of six projects compared to Q3 2022-23. The District also reports 47 Primary Renovations Projects that are ahead of schedule (reference page 72). As was the case in Q3 2022-23, the number of Primary Renovations projects that are ahead of schedule outnumbers the Primary Renovations projects that are experiencing schedule delays.

The District reports that, of the 22 Primary Renovations projects flagged for schedule delays, 12.75 (58 percent) were identified (reference page 72) as being 95 percent or more complete and were delayed due to owner (District) delays. This is significant because this delays the issuance of a Certificate of Occupancy (Form 110B), which is generally issued when a project reaches “substantial completion.”<sup>2</sup>

Figure 3 shows that, since the 2020 Schedule Reset (Q2 2020-21), the number of Primary Renovations projects flagged for schedule issues has remained greatly reduced.

**Figure 3.**



<sup>2</sup> “Substantial completion” occurs when the owner can make use of the building or occupy the building or portion thereof, where only minor work remains. Substantial completion has been met when only minor, corrective, or warranty work remains for the project.

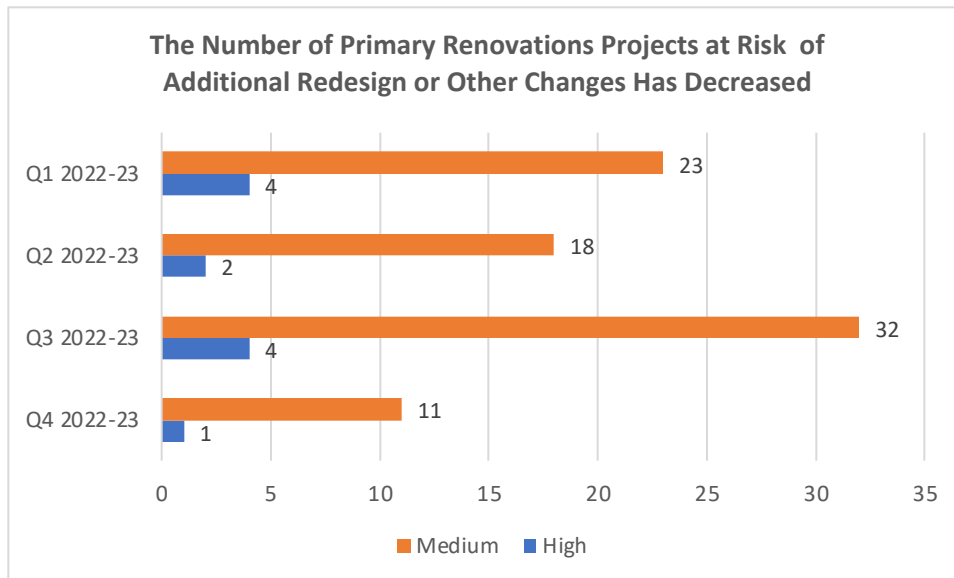
### Fewer Primary Renovations Projects are at Medium or High Risk of Additional Redesign or Other Changes

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 (reference page 104):

- Red --- reflects a high level of risk and can cause budget and/or schedule impact to the project. A resolution has not yet been determined or put in place;
- Yellow --- reflects a medium level of risk and may cause an impact to the project budget and or schedule, with a resolution planned and in process; and
- Green --- reflects a low level of risk with little/o impact to the project budget and/or schedule but is being tracked.

The District’s Q4 2022-23 Facilities Report includes a detailed breakdown and discussion of how risk levels have changed from Q3 2022-23 to Q4 2022-23 (reference pages 105-109). As shown in Figure 4, the number of Primary Renovations projects assigned a medium level of risk decreased from 32 in Q3 2022-23 to 11 in Q4 2022-23. Likewise, the number of Primary Renovations projects assigned a high level of risk decreased from four in Q3 2022-23 to one in Q4 2022-23.

**Figure 4.**



The one Primary Renovations project that is assigned a high level of risk is project number P.002777, the scope of which is the “replacement of Building 1 and Building 9 chiller yard” at C. Robert Markham Elementary School. The District notes that the guaranteed maximum price (GMP) was pulled from the April and May SBBC agendas,

“creating an additional critical delay” to the project’s schedule. The District further notes that the project will not be complete by October 2025. This is significant in light of SBBC Resolution 23-109, which expresses the expectation of the SBBC that the SMART Program will be completed no later than October 31, 2025. This expectation includes the financial close-out and the full expenditure of General Obligation Bond funds.

**RECOMMENDATION 2**

**Florida TaxWatch recommends the District Chief Facilities Officer brief the BOC at its September 21, 2023 meeting on project number P.002777 at C. Robert Markham Elementary School. This briefing should include the reasons for pulling the GMP from the SBBC agendas and the District’s plan to complete the project in compliance with SBBC Resolution 23-109.**

**Change Orders Resulting from Consultant Errors and/or Omissions Have Cost Broward Taxpayers More Than \$6.8 Million**

As projects move from the Design Phase to the Construction Phase, the District tracks change orders as they occur and reports their relative impact. During Q4 2022-23, the SBBC approved 76 change orders totaling \$1.54 million (see Table 9). Since inception, change orders have exceeded \$13.8 million.

Most change orders are the result of unforeseen conditions; however, 24 of the 76 change orders (31.6 percent) approved during Q4 2022-23, totaling more than \$617,000, were due to errors or omissions by consultants. Since inception, change orders due to errors or omissions by consultants have cost Broward taxpayers more than \$6.8 million (reference page 55).

**Table 9.**

<b>Change Orders Q4 2022-23</b>			
<b>Source</b>	<b>Number</b>	<b>Percent</b>	<b>Amount</b>
Owner Request	23	30.2%	\$186,932
Consultant Omission	19	25.0%	\$414,210
Unforeseen Conditions	29	38.2%	\$737,942
Consultant Error	5	6.6%	\$203,038
<b>Total</b>	<b>76</b>	<b>100.0%</b>	<b>\$1,542,122</b>

Previous District Facilities Reports have stated that construction projects typically build in a contingency (five percent of construction costs for new buildings and seven to eight percent of construction costs for renovations). This is because the complex nature of construction projects makes it impossible to anticipate every challenge from the outset. During Q4 2022-23, change orders represented 0.14 percent of the project costs (reference page 56). Since inception, change orders have represented roughly one percent of project costs.

At the March 13, 2023 BOC meeting, member Cortes pointed out that “...there are change orders that are beneficial for the owner. Not all change orders are negative.” Florida TaxWatch understands that not all change orders are negative and appreciates efforts by the District to keep the change order costs well below established contingencies; however, Florida TaxWatch is concerned that 24 of the 76 (31.6 percent) of the change orders approved during Q4 2022-23 were not the result of unforeseen circumstances or owner requests, but were the result of errors and omissions of the consultant. These errors and omissions cost Broward taxpayers more than \$617,000.

#### **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. The District identified Primary Renovations projects at 23 schools (reference page 87) flagged for Budget issues in the District’s Q4 2022-23 Report. The budget increases for these 23 projects totaled more than \$9.83 million.

#### **The District is Continuing to Hold Vendors Accountable**

Florida TaxWatch has included recommendations in previous reports to the BOC that the District identify actions taken to enforce the terms and conditions of contracts with design firms, vendors, and contractors. As recommended by Florida TaxWatch, the District’s Q4 2022-23 Report identifies \$8,000 in financial damages/penalties were recovered from design firms during Q4 2022-23, bringing the total amount of damages/financial penalties recovered from design firms by the District to \$813,150 (reference page 79). This was discussed at the March 13, 2023 BOC meeting, at which it was pointed out by Ms. Carpenter that, with only ten Primary Renovations projects that have not completed the design process, “...we’re kind of getting to the point where there aren’t that many of those to deal with.”

## The Status of the “Big 3 Schools” is Misleading and Incomplete

The status of the Primary Renovations projects at the “Big 3” schools is reported as follows:

- Blanche Ely High School --- the District reports that the Primary Renovations project is 100 percent complete for all buildings and final inspections are under way (reference page 39).
- Northeast High School --- the District reports that:
  - o Primary Renovations scheduled for buildings 6, 15, 17, 85, and 86 are complete.
  - o Primary Renovations for buildings 1, 2, 3, 4, 5, 7, 12, and 25 are in progress.
  - o Primary Renovations associated with the new classroom addition are in progress.
- Stranahan High School --- the District reports that:
  - o Contracted Primary Renovations are 100 percent complete; however, change order work needs to be completed at buildings 2, 4, 6, 8, 9, 14, 20, and 22.
  - o Castaldi reports<sup>3</sup> are in progress at buildings 17 and 18.

Despite 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 Q4 2022-23 Facilities Report (reference pages 38 through 42) continues to provide a misleading and incomplete summary of the status of Primary Renovations projects at the Big 3 schools. The level of detail included in the Q4 2022-23 Facilities Report is a step backwards from the Q3 2022-23 Facilities Report. For example:

- No scheduled completion dates are provided for the Primary Renovations for buildings 1, 2, 3, 4, 5, 7, 12, and 25 and for the new classroom addition at Northeast High School.
- No explanation of the nature of and need for change orders is offered for buildings 2, 4, 6, 8, 9, 14, 20, and 22 at Stranahan High School. No scheduled completion dates are identified.
- No mention is made of the budget flag for the Primary Renovations project at Northeast High School.

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<sup>3</sup> A Castaldi Report is a method of determining the economic feasibility of modernization of an existing facility and includes a detailed, comprehensive estimate of the costs of rehabilitation versus replacement.

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 Facility Report that many Broward residents will read, it is critical that this section of the Report be concise, complete, and balanced.

### **RECOMMENDATION 3**

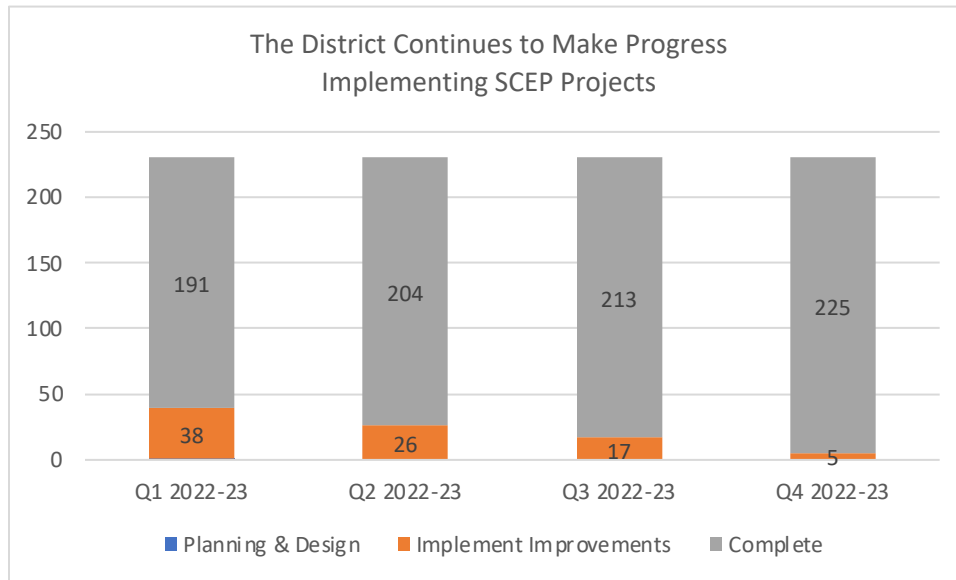
**Florida TaxWatch recommends that the District’s Facilities Report for Q1 2023-24 identify the proposed completion dates for ongoing Primary Renovations activities at the Big 3 schools; identify and explain any schedule or budget flags; identify and explain the nature of any required change order work; and identify and explain any other issues that are relevant to the completion of the Primary Renovations projects.**

### **School Choice Enhancement Program Projects are Complete at 204 of 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, 2023, all SCEP projects have moved past the Planning Phase. The second phase (Implementation) includes selection and procurement. There are currently five schools in the second phase, down from 17 in Q3 2022-23. The third phase (Completion) occurs when all items have been delivered and installed. There are 225 schools with completed SCEP projects, up from 213 in Q3 2022-23. As shown in Figure 5, 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.

**Figure 5.**



Completion of the remaining SCEP projects is forecast for the Summer of 2023.

**RECOMMENDATION 4**

**Florida TaxWatch recommends the District include in its Q1 2023-24 Facilities Report scheduled completion dates of the remaining SCEP projects (assuming they have not been completed by then).**

The current SMART Program budget for facility renovations is \$1.309 billion. A summary of SMART Program expenditures for facility renovation through June 30, 2023, is provided in Table 10.

**Table 10.**

SMART Program Renovations Project Budget Activity (Through June 30, 2023)							
		Original Budget	Current Budget	Prior Year Expenditures	Commitments	Current Year Expenditures	Balance
<b>Financially Active</b>							
	GOB Funds	\$492,384,875	\$548,358,752	\$254,211,214	\$146,873,810	\$85,631,843	\$61,641,885
	Non-GOB Funds	\$55,705,329	\$465,004,766	\$153,808,901	\$143,304,479	\$96,212,052	\$71,679,334
<b>Completed/Meets Standards</b>							
	GOB Funds	\$137,493,700	\$141,347,938	\$125,419,681	\$2,376,077	\$7,486,203	\$6,065,977
	Non-GOB Funds	\$46,811,507	\$148,315,245	\$125,328,262	\$3,223,682	\$13,596,096	\$6,167,205

## 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 11.

**Table 11.**

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

Additional infrastructure upgrades have been made at the District’s Technical Support Services Center (TSSC) to support the additional demand for improved network capacity, reliability, and security. 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.

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 June 30, 2023, is provided in Table 12.

**Table 12.**

SMART Program Technology Project Budget Activity (Through June 30, 2023)							
		Original Budget	Current Budget	Prior Year Expenditures	Commitments	Current Year Expenditures	Balance
<b>Financially Active</b>							
	GOB Funds	\$11,000,000	\$11,000,000	NA	NA	NA	NA
	Non-GOB Funds	\$0	\$0	\$0	\$0	\$0	\$0
<b>Completed/Meets Standards</b>							
	GOB Funds	\$38,489,000	\$36,825,538	\$36,807,636	\$2,335	\$10,937	\$4,630
	Non-GOB Funds	\$42,343,000	\$37,900,084	\$37,898,472	\$0	\$0	\$1,612

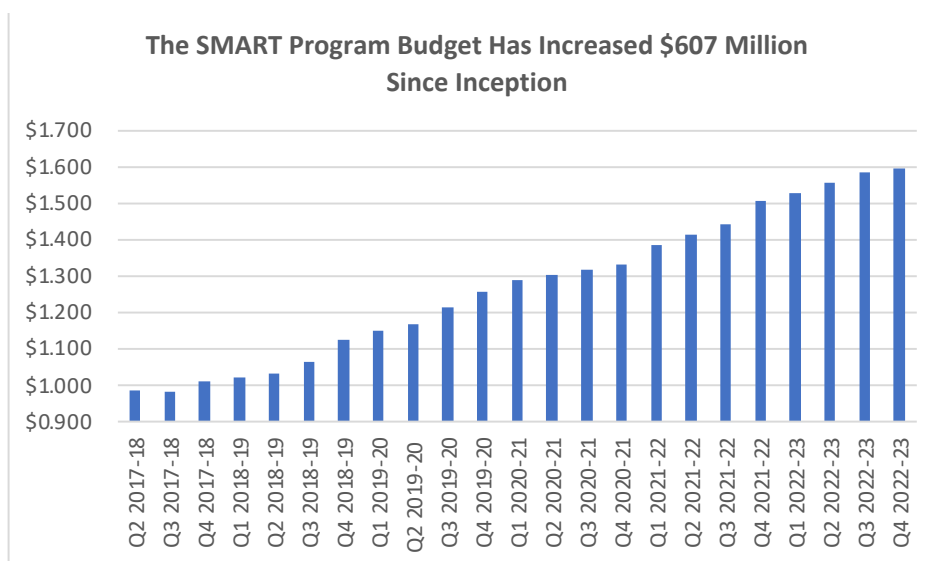
## Budget Activity

### The SMART Program Total Budget has Increased to \$1.595 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 Q4 2022-23 Report SMART Program budget allocations for years nine (FY 2022-23) through 11 (FY 2024-25). An additional \$84.3 million in reserve funds for years 10 and 11 have been realigned into year 9 to align with the award of construction projects. These funds will carry over with the projects until completion in year 11.

The SMART Program total budget has increased from \$1.586 billion in Q3 2022-23 to \$1.595 billion in Q4 2022-23, a net increase of about \$8.0 million (see Figure 6). This represents an increase of about \$607 million over the original budget of \$987.4 million (\$800 million GOB funds plus \$187.4 million in existing capital resources) (see Figure 6).

**Figure 6.**



SMART Program expenditures increased from \$1,021,533,770 in Q3 2022-23, to \$1,098,664,292 in Q4 2022-23, an increase of about \$77.1 million. The District reports a SMART Program balance (current budget minus commitments and expenditures) of \$165.86 million at the end of Q4 2022-23. Beginning in Q4 2018-19, quarterly SMART Program expenditures more than doubled, reflecting a significant increase in facility renovations. Since then, quarterly expenditures have remained at sustained elevated levels, averaging about \$57.9 million per quarter, or about \$19.3 million per month.

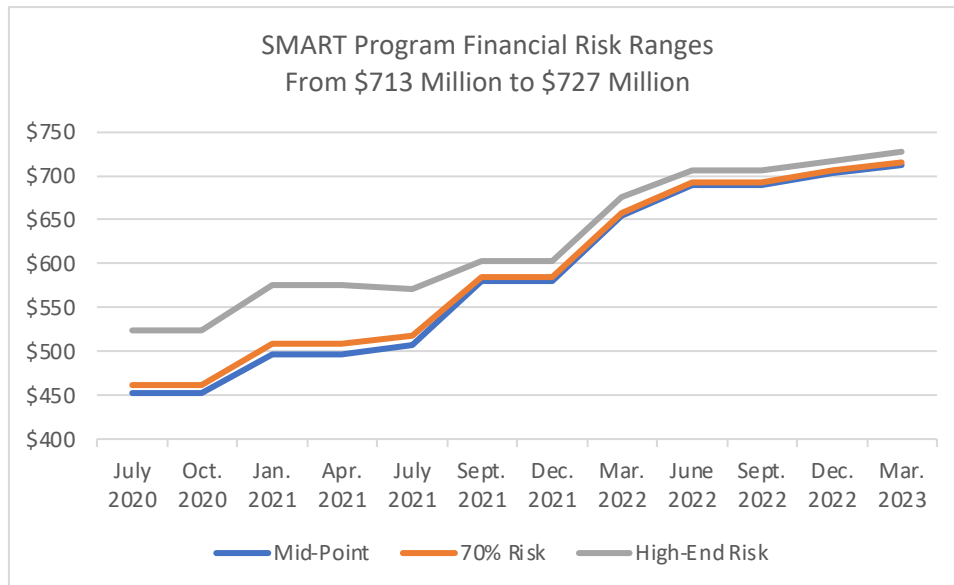
With an unspent balance (current budget minus expenditures) of about \$496.1 million, if the District continues to spend at the current rate of \$19.3 million per month, the District will exhaust the remaining unspent SMART Program funds in about 25-26 months, or near the middle of the fourth quarter of calendar year 2025. This aligns closely with the 2020 Schedule for planned facility construction and with the October 31, 2025 deadline for completing the SMART Program established by the SBBC in Resolution Number 23-109.

During Q4 2022-23, the SBBC approved 15 SMART Program budget amendments totaling \$9.1 million. Since inception, the SBBC has approved 345 SMART Program budget amendments with a net increase of \$607.45 million.

**SMART Program Financial Risk Exceeds \$700 Million for All Risk Scenarios**

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 2023) assessment of financial risk prepared by Atkins<sup>4</sup> estimates the SMART Program financial risk will range from a low (mid-point risk) of \$713 million to a high (high end risk) of \$727 million, with a most likely estimate (70 percent risk) near \$716 million (Figure 7). Atkins attributes the increased financial risk to market increases and added scope, and to align with the March 2023 SMART Program schedule.

**Figure 7.**



4 Atkins North America is an outside firm hired by the District to help control SMART Program costs.

## **SMART Program Reserve Funding is Insufficient to Cover Any of the Financial Risk Scenarios**

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 (COPs) 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 insufficient to meet any of the three financial risk scenarios developed by Atkins. The SBBC will likely be required to place another \$22-36 million in reserves, assuming the financial risk remains steady.

### **RECOMMENDATION 5**

**Florida TaxWatch recommends District staff brief the BOC at its September 21, 2023 meeting of its plan to move another \$22-36 million into reserves to mitigate the additional financial risk.**

### **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 Q4 2022-23 Facilities Report includes a breakdown of hard and soft costs for 49 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 49 schools identified (reference pages 89-90) range from 69 percent (Liberty Elementary School) to 91 percent (Forest Hills Elementary School). Although soft costs typically make up 30-35 percent of a project's total budget, the soft costs for the 49 schools identified range from nine percent (Forest Hills Elementary School) to 31 percent (Liberty Elementary 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 On-Track to Meet 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 \$5.7 million during Q4 2022-23. This represents 35 percent of the total \$16.3 million in contracts awarded during the quarter. Through June 30, 2023, the District reports purchase orders to E/S/M/WBEs totaling \$486.92 million. This represents a cumulative E/S/M/WBE commitment of 34.1 percent of the \$1.43 billion total cumulative spend (expenditures plus commitments). Of this \$486.92 million E/S/M/WBE commitment:

- \$18.07 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;
- \$468.8 million has been awarded to 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 Q4 2022-23, there were 540 active E/S/M/WBE certified companies that provide commodities (supplies), construction, professional services, and business services to District schools. This represents an increase of 24 companies from Q3 2022-23. The 540 E/S/M/WBE certified companies are fairly evenly divided by gender, with 268 (49.6 percent) female-owned companies and 272 (50.4 percent) male-owned companies. Of these 540 active E/S/M/WBE certified companies:

- 185 (34.4 percent) are African-American owned companies;
- 188 (34.8 percent) are Hispanic-American owned companies;
- 20 (3.7 percent) are Asian-American owned companies;
- 63 (11.6 percent) are non-minority SBEs; and
- 84 (15.5 percent) are women-owned WBEs.

**The District Needs to Continue Efforts to Increase Awards to Businesses Owned by African-Americans, Non-Minority SBEs, and Caucasian Women**

Table 13 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.<sup>5</sup>

Table 13 shows a fairly 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 and Asian-Pacific American owned businesses outlined in the District’s Policy 3330.

**Table 13.**

Supplier Diversity Cumulative Spend Analysis (FY 2014-15 to Present)				
Ethnicity & Gender	Disparity Study	Target Goals	Cumulative Spend (Prime)	Cumulative Spend (Sub)
African-American	7.54%	19.00%	9.71%	12.11%
Hispanic-American	59.89%	54.00%	57.43%	46.74%
Native-American	0.00%	0.00%	0.00%	0.00%
Asian-Pacific American	2.40%	5.00%	0.20%	0.00%
Women Business Enterprise	30.17%	17.00%	29.03%	36.40%
Small Business Enterprise	0.00%	5.00%	3.64%	4.74%

Table 14 shows the total cumulative spend by ethnicity and gender. African-American-owned companies make up just more than one-third of the E/S/M/WBE certified companies, yet have been awarded only 11.0 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 76.0 percent of the contracts. (Caucasian) women-owned companies make up 15.5 percent of the E/S/M/WBE certified companies and have been awarded 7.0 percent of the contracts.

<sup>5</sup> 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.

**Table 14.**

<b>E/S/M/WBE Total Commitment by Ethnicity and Gender</b>		
<b>Ethnicity &amp; Gender</b>	<b>% of E/S/W/MBEs</b>	<b>% of Work Awarded</b>
African-American	34.4%	11.0%
Hispanic-American	34.8%	76.0%
Native-American	0.0%	0.0%
Asian-Pacific American	3.7%	2.0%
Non-minority SBE	11.6%	4.0%
Women Business Enterprise	15.5%	7.0%

**RECOMMENDATION 6**

**Florida TaxWatch recommends the District continue its efforts to increase awards to businesses owned by African-Americans, Non-Minority SBEs, and Caucasian Women.**

## **Communications**

The District's Q4 2022-23 Report highlights continued efforts to promote the SMART Program. In response to previous concerns by Florida TaxWatch and Bond Oversight 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.

Communications staff has developed plans to celebrate a school's notice to proceed (NTP) and the beginning of the renovations. Most of these celebrations are held at groundbreaking celebrations and School Advisory Council meetings.

During Q4 2022-23, Communications staff focused on the continued highlighting of specific milestones accomplished that are significant for the SMART Bond Program and the Broward County Public Schools (BCPS) community. The team's efforts were specifically geared towards continuing the success of already-established initiatives through ongoing website updates and social media content, as well as organizing more in-person opportunities to connect with and receive feedback from the BCPS community. The campaign "What SMART Means to Me: Sparking the Joy of Reading" highlights the ongoing goal of renovating 100 media centers within the district.

## Looking Ahead

With the release of the Final Report of the Twentieth Statewide Grand Jury and the subsequent removal and replacement of four elected SBBC members, the election of four new SBBC members, the termination of the Superintendent's employment, the appointment of an Interim Superintendent, and the appointment of a permanent Superintendent, it would be an understatement to say that the District faces a considerable amount of uncertainty as it continues its implementation of the SMART Program.

The Twentieth Statewide Grand Jury's findings notwithstanding, 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 number of Primary Renovations projects that have been flagged for schedule delays has decreased significantly and has remained at lower numbers since the 2020 schedule reset. In addition, fewer Primary Renovation projects are at medium or high risk of additional redesign or other scope changes.

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 \$691 million currently placed in reserve will likely have to be increased by \$22-36 million to cover the anticipated financial risk of the SMART Program.

The SMART Program budget has increased from \$987.4 million to \$1.595 billion, an increase of more than \$600 million over the original budget. Every dollar above the \$987.4 million originally allocated to the SMART Program represents a dollar of

additional financial 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.

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. With the approval of Resolution Number 23-109 in May, the SBBC has made clear its expectation that all SMART Program activities be completed by October 31, 2025. Florida TaxWatch is encouraged by the low numbers of Primary Renovations projects that are experiencing schedule delays and the fact that more than 45 Primary Renovations projects are ahead of schedule.

The third challenge is resetting the expectations of Broward County taxpayers, who are learning 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.

A final challenge is addressing the perception by the business community that the District is not a compelling place to do business. 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. Hispanic-American owned businesses are over-represented and African-American owned businesses, non-minority-owned, and Women-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.

In this report, Florida TaxWatch has offered recommendations to help guide the BOC 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 BOC and the public, and to providing continued support and guidance as the BOC continues its effective and important 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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