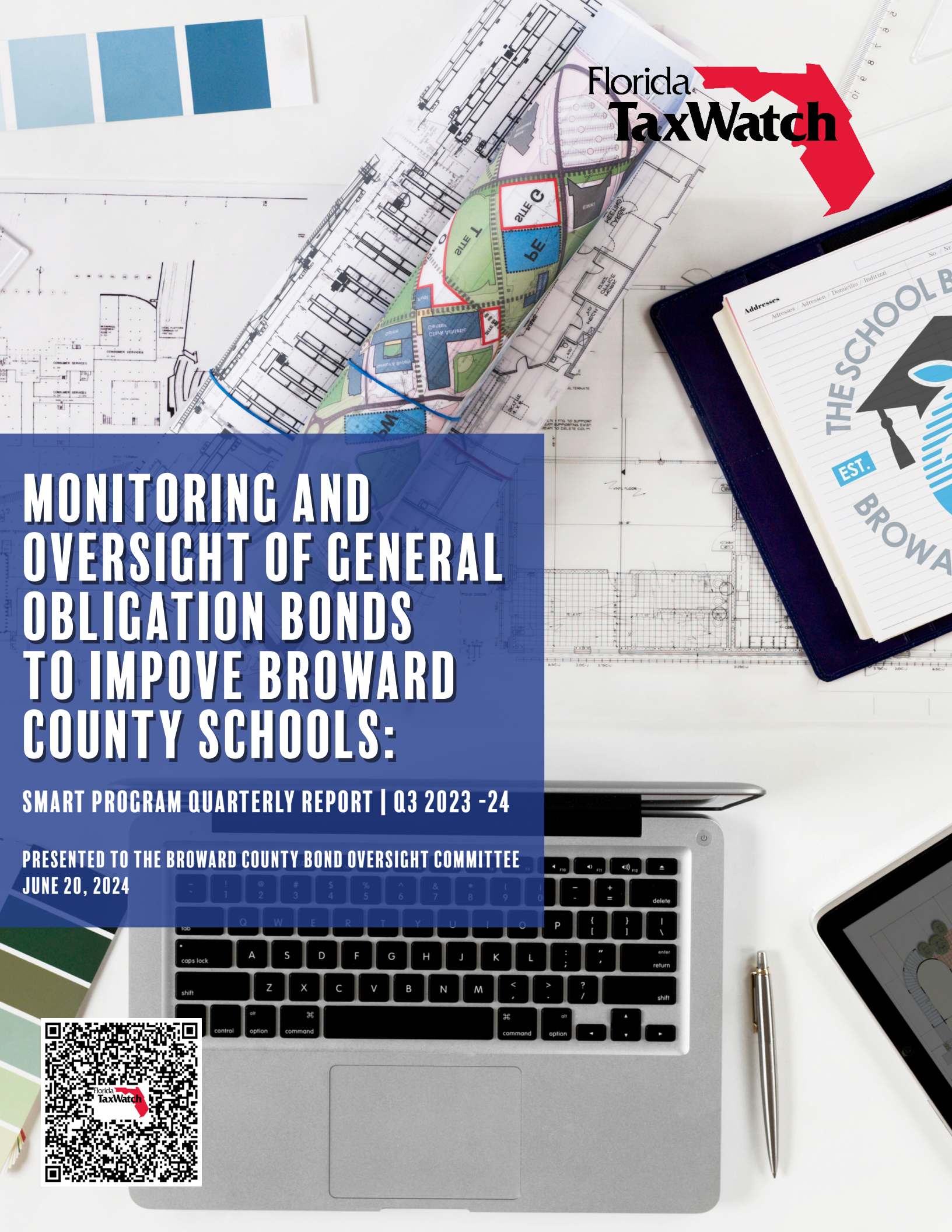
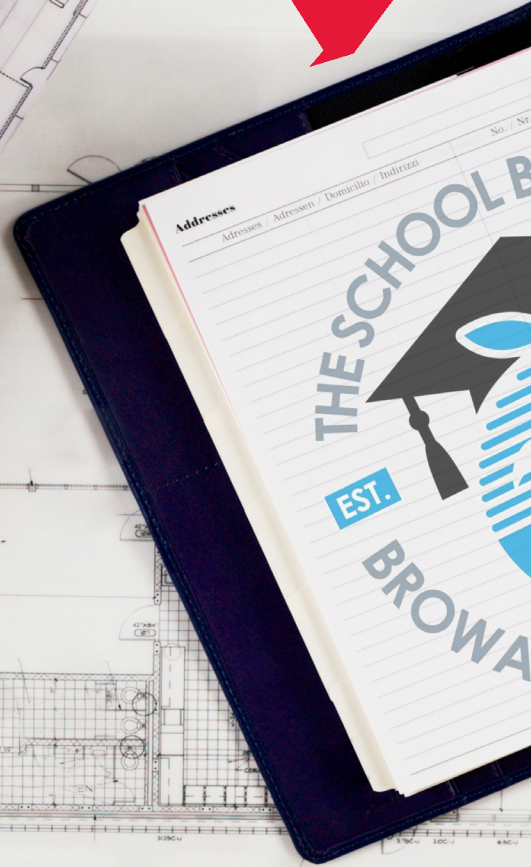


MONITORING AND OVERSIGHT OF GENERAL OBLIGATION BONDS TO IMPROVE BROWARD COUNTY SCHOOLS:

SMART PROGRAM QUARTERLY REPORT | Q3 2023 -24

PRESENTED TO THE BROWARD COUNTY BOND OVERSIGHT COMMITTEE
JUNE 20, 2024





106 North Bronough Street, Tallahassee, FL 32301 floridataxwatch.org o: 850.222.5052 f: 850.222.7476

Piyush Patel
Chairman of the Board of Trustees

Dominic M. Calabro
President & Chief Executive Officer

Dear Fellow Taxpayer,

As we approach the end of the 2023-24 school year and students start their summer break, a lot has happened since our last report on the SMART Program. Superintendent Dr. Peter Licata announced his retirement, prompting the School Board of Broward County (SBBC) to promote Deputy Superintendent for Teaching and Learning, Dr. Howard Hepburn, to the position of Superintendent. In addition, Deputy Superintendent of Operations Judith Marte is retiring, and Chief Facilities Officer Deborah Czubkowski has announced her resignation. The Bond Oversight Committee continues to struggle with membership and securing a meeting quorum in order to conduct business.

Broward County Public Schools (BCPS) is nearing the end of 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 SBBC adopted Resolution Number 23-109, which expresses the SBBC's expectation 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 one constant during the ten-year history of the SMART program has been the role of Florida TaxWatch in ensuring the public's right to know how the bond moneys are being spent is well-served. The significant changes in District Leadership should remind us all why the Bond Oversight Committee exists and how critical the continued involvement of Florida TaxWatch is. I am extremely proud of 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.

I am pleased to present the following report, which includes the Florida TaxWatch review of the District's *"Bond Oversight Committee Quarterly Report for the Quarter Ended March 31, 2024."*

Sincerely,

A handwritten signature in black ink that reads "Dominic M. Calabro".

Dominic M. Calabro
President & Chief Executive Officer

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Introduction

The Broward County Public Schools' *"Bond Oversight Committee Quarterly Report for the Quarter Ended March 31, 2024"* ("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.

Key Findings

School Safety & Security

- All 238 Single Point-of-Entry projects are complete and operational.
- There are 37 Primary Renovations projects at 33 schools 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.
- There are five 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 budget issues.

Music, Art, and Theater

- The Music, Art, and Theater spend portion of the SMART Program is complete. More than 60,000 pieces of musical equipment and 136 kilns have been delivered to the schools. Planned theater upgrades have been completed at all 40 schools with full or part-time theater programs.

Athletics

- The Athletics spend portion of the SMART Program is complete. The 15 planned track resurfacing projects and the 30 planned weight room upgrades have been completed.

Renovations

- There are 29 Primary Renovations projects that will not be completed by October 31, 2025, the date established by the SBBC by which the SMART Program is to be completed. One of these (Primary Renovations Phase 2 project at Parkway Middle School), is scheduled for completion in February 2028, more than 13 years after approval of the GOB referendum by Broward County voters.
- There are currently 187 Primary Renovations projects under active construction, and another 139 Primary Renovations projects either completed or in the process of being closed out.
- There are 30 Primary Renovations projects that, at the end of Q3 2023-24, are experiencing schedule delays. Of these, 11 are 95 percent or more complete and are delayed due to District delays. This delays the issuance of a Certificate of Occupancy, which is generally issued when a project reaches “substantial completion.”
- Since the 2020 Schedule Reset (Q2 2020-21), the number of Primary Renovations projects flagged for schedule issues has remained greatly reduced.
- Primary Renovations projects at the following schools are at a high risk of additional redesign or other changes: Lloyd Estates Elementary School; Pasadena Lakes Elementary School; Quiet Waters Elementary School; Riverglades Elementary School; and Stirling Elementary School.
- During Q3 2023-24, 124 change orders totaling \$147,466 were approved. Since inception, change orders have exceeded \$15.68 million. Change orders due to errors or omissions by consultants have cost Broward taxpayers more than \$9.25 million.
- The District identified 15 Primary Renovations projects flagged for Budget issues in the District’s Q3 2023-24 Report. The budget increases for these 15 projects totaled more than \$6.6 million.
- Despite the heightened sensitivity of the status of Primary Renovations projects at the “Big 3” schools and repeated requests for accurate information on the status of these renovations, the “Big 3 Schools Update” section of the District Q3 2023-24 Facilities Report continues to provide a misleading and incomplete summary of the status of Primary Renovations projects at Northeast High School.
- School Choice Enhancement Project (SCEP) projects have been completed at 230 schools.

Technology

- The Technology spend portion of the SMART Program is complete. All SBBC schools now comply with the District’s standard of 1 computer for every 3.5 students. The District-wide average ratio of students to computers is now 2:1.
- 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.

Budget Activity

- The SMART Program budget has increased to \$1.71 billion, a net increase of about \$722.6 million over the original budget of \$987.4 million (\$800 million GOB funds plus \$187.4 million in existing capital resources).
- The District reports a SMART Program balance of \$144.66 million at the end of Q3 2023-24. Of this total, \$9.46 million is GOB money and the remaining \$135.20 million is non-GOB money. There is now more non-GOB money in the SMART Program budget than GOB money.
- The most recent assessment of financial risk prepared by AtkinsRéalis estimates the SMART Program financial risk will range from a low of \$726 million to a high of \$741 million, with a most likely estimate near \$730 million.

Supplier Diversity & Outreach

- The District is on-track to meet its goal to award 30 percent or more of SMART Program contracts to minority certified companies.
- African-American-owned companies make up just more than one-third of the minority certified companies, yet have been awarded only 13.5 percent of the contracts.
- Hispanic-American-owned companies make up just more than one-third of the certified companies and have been awarded 76.5 percent of the contracts.
- (Caucasian) women-owned companies make up 13.9 percent of the minority certified companies and have been awarded 6.2 percent of the contracts.

Looking Ahead

- The key question going forward is “what happens on November 1, 2025?” It is clear from the District’s Quarterly Report that the SMART Program will not be “fully delivered” to the public by October 31, 2025, as laid out in Resolution Number 23-109.
- Of the remaining SMART Program funding (\$144.66 million), only \$9.46 million (6.5 percent) is GOB money; so, there is every reason to believe that the remaining GOB funds will be spent by October 31, 2025, even though SMART Program construction activity will continue into 2028.
- Once the remaining \$9.46 million in GOB funds are spent, the BOC will have completed what the SBBC charged it to do and its future becomes unclear.

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 shootings on K-12 school property that resulted in firearm-related injuries or deaths. Since then, there have been a reported 201 school shootings in which at least one person was killed or injured, resulting in 128 deaths and 344 injuries.¹

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.

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

The District Quarterly Report (reference page 49) 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 Q2 2023-24, the number of fire alarm projects that are in the Completion/Closeout Phase has increased from 20 to 23, and the number of fire sprinkler projects that are in the Completion/Closeout Phase has increased from 24 to 26.

Table 1.

Phase	Fire Alarms		Fire Sprinklers	
	Q3 2023-24	Q2 2023-24	Q3 2023-24	Q2 2023-24
Design	0	0	0	0
Planning	1	1	1	1
Hire Contractor	1	1	1	2
Construction	73	76	63	64
Complete/Closeout	23	20	26	24
Total	98	98	91	91

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 Bond Oversight Committee member Demopoulos, Florida TaxWatch has done a deeper dive and reviewed the *School Spotlights* (reference pages 117 through 452) 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.

¹ 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>, June 5, 2024.

Florida TaxWatch identified 166 such projects. Their completion is tied to the schedule for the Primary Renovations projects into which they are bundled. The status of these 166 Primary Renovations projects is identified in Table 2.

Table 2.

Status of Safety & Security Projects		
	Q3 2023-24	Q2 2023-24
Closed	16	15
Financial Closeout	7	6
Final Completion	5	2
Substantial Completion	14	15
Active Construction	121	124
Hire Contractor	0	0
Bid & Award	1	2
Design	0	0
Planning	2	2
Total	166	166

Review of the *School Spotlights* for each school shows that there are 37 Primary Renovations projects at 33 schools 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). This represents an increase of 15 Primary Renovations projects in Q3 2023-24. The number of 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 budget issues (see Table 4) has decreased from 22 to five in Q3 2023-24.

Table 3.

Primary Renovations Projects That Include Safety & Security Improvements and are Experiencing Schedule Delays	
Atlantic Tech. College Tech. High School	North Lauderdale Pre K-8 (3)
Atlantic West Elementary School	Northeast High School
Attucks Middle School	Oakridge Elementary School
Bennett Elementary School	Plantation High School
Boyd H. Anderson High School	Ramblewood Middle School
Country Isles Elementary School	Royal Palm STEM Museum Magnet
Deerfield Beach High School	Sandpiper Elementary School
Deerfield Beach Middle School	Sea Castle Elementary School
Deerfield Park Elementary School	Sheridan Hills Elementary School
Dillard 6-12 School	Sheridan Technical College
Driftwood Middle School	South Broward High School
Lauderhill 6-12 STEM-MED Magnet (3)	The Quest Center
Lauderhill Comm. School @ Park Lakes	Tropical Elementary School
Margate Middle School	Virginia Shuman Young Elementary School
Marjory Stoneman Douglas High School	Walker Elementary School
McArthur High School	Westchester Elementary School
Millenium 6-12 Collegiate Academy	

Table 4.

Primary Renovations Projects That Include Safety & Security Improvements and are Experiencing Budget Issues	
Boyd H. Anderson High School	Nova High School
Coral Springs High School	South Broward High School
Maplewood Elementary School	

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 March 31, 2024, is presented in Table 5.

Table 5.

SMART Program Safety and Security Project Budget Activity (Through March 31, 2024)						
	Original Budget	Current Budget	Prior Year Expenditures	Commitments	Current Year Expenditures	Balance
GOB Funds	\$106,767,065	\$103,681,634	\$73,597,271	\$16,804,820	\$11,279,988	\$1,999,555
Non-GOB Funds	\$18,787,060	\$60,974,015	\$44,059,373	\$9,435,431	\$1,407,082	\$6,072,129
Total	\$125,554,125	\$164,655,649	\$117,656,644	\$26,240,251	\$12,687,070	\$8,071,684

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 March 31, 2024, is provided in Table 7.

Table 7.

SMART Program Music, Arts, & Theater Project Budget Activity (Through March 31, 2024)						
	Original Budget	Current Budget	Prior Year Expenditures	Commitments	Current Year Expenditures	Balance
GOB Funds	\$17,492,000	\$17,786,052	\$12,557,898	\$3,623,578	\$1,084,327	\$520,249
Non-GOB Funds	\$23,573,000	\$27,837,348	\$25,296,784	\$877,906	\$962,087	\$700,571
Total	\$41,065,000	\$45,623,400	\$37,854,682	\$4,501,484	\$2,046,414	\$1,220,820

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 December 31, 2023, is provided in Table 8.

Table 8.

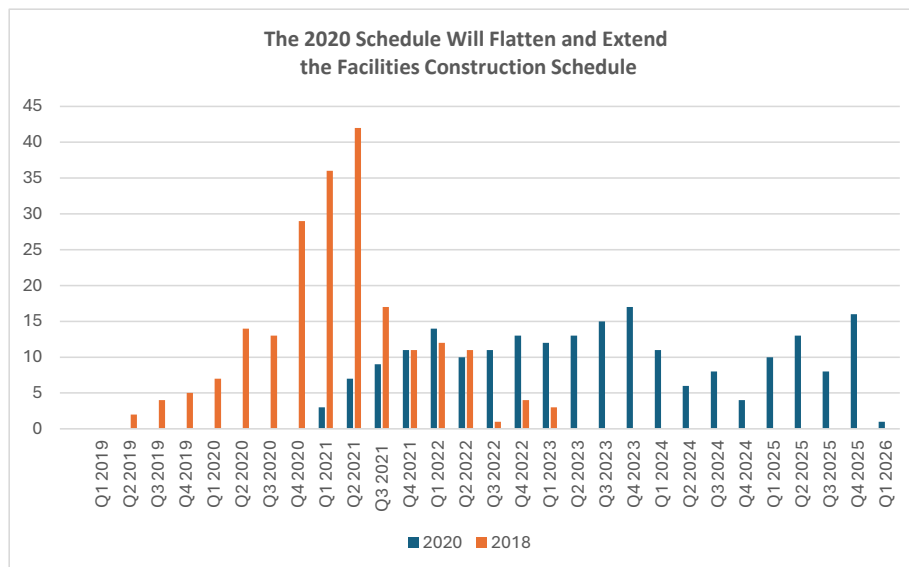
SMART Program Athletics Project Budget Activity (Through March 31, 2024)						
	Original Budget	Current Budget	Prior Year Expenditures	Commitments	Current Year Expenditures	Balance
GOB Funds	\$7,373,360	\$6,527,740	\$6,521,511	\$5,272	\$957	\$0
Non-GOB Funds	\$126,640	\$223,544	\$220,158	\$1,591	\$445	\$1,350
Total	\$7,500,000	\$6,751,284	\$6,741,669	\$6,863	\$1,402	\$1,350

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 calendar year 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.

In May 2023, the SBBC adopted Resolution Number 23-109, which expresses the SBBC’s expectation 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. The District reports (reference p. 39) that the number of Primary Renovations projects that will not be completed by October 31, 2025 (see Table 9) has increased from 19 in Q2 2023-24 to 29 in Q3 2023-24. The remaining 302 Primary Renovations projects are projected to be completed by October 31, 2025.

Figure 1.



As shown in Table 9, most of the 29 Primary Renovations projects that will not be completed by October 31, 2025, will be completed during Q4 of calendar year 2025 or Q1 and Q2 of calendar year 2026. The most glaring exception is the Primary Renovations Phase 2 project at Parkway Middle School, which is scheduled for completion in February 2028, more than 13 years after approval of the General Obligation Bond (GOB) referendum by Broward County voters.

Table 9.

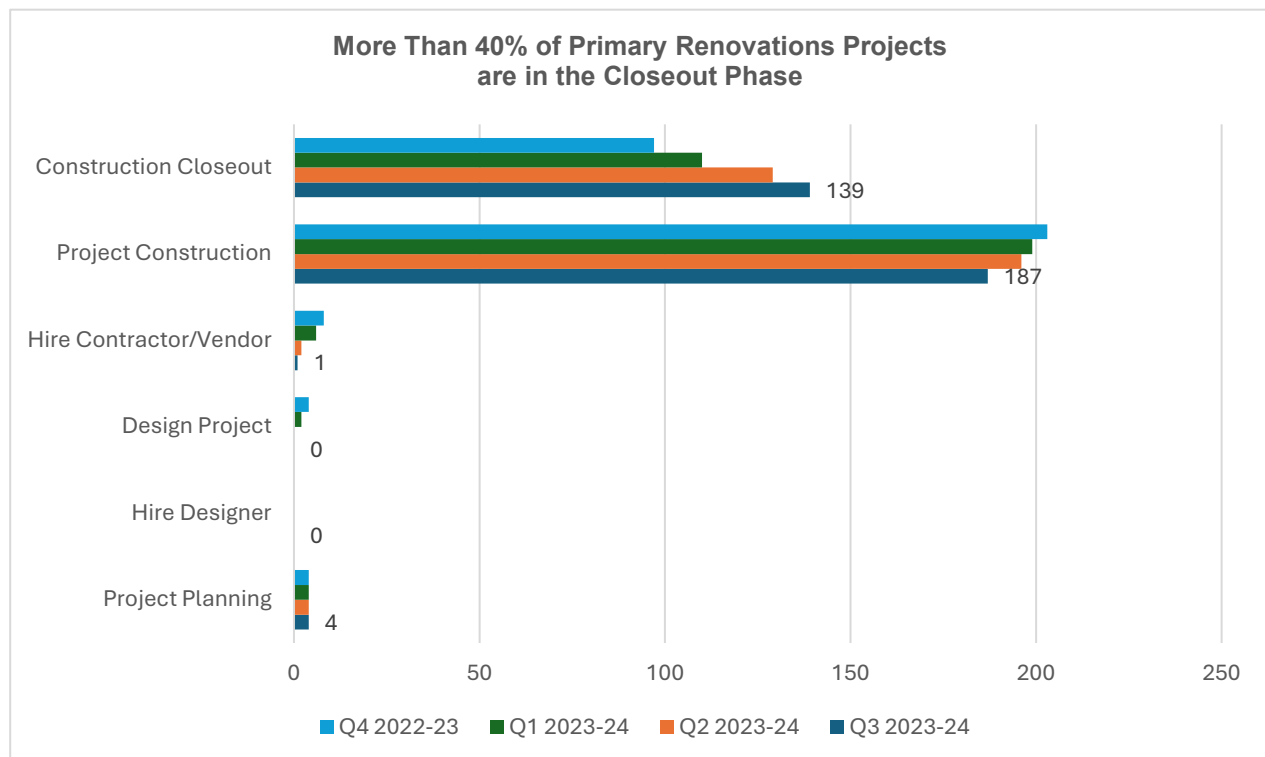
School / Project	Completion Date
Atlantic Tech. College Renovations	Oct. 2026
Atlantic West Elementary School ADA Restrooms	Jun. 2026
Atlantic West Elementary School HVAC	May 2026
Atlantic West Elementary School Renovations	Dec. 2025
Bennett Elementary School Renovations	Oct. 2027
C. Robert Markham Bldg. 1 Replacement (Phase 1)	Nov. 2025
C. Robert Markham Bldg. 1 Replacement	Aug. 2026
Charles Drew Elementary School HVAC (1)	Jun. 2026
Charles Drew Elementary School HVAC (2)	Jun. 2026
Coral Glades High School Auditorium	Mar. 2026
Deerfield Beach Elementary School Building 1	NA
Deerfield Beach Middle School Renovations	Nov. 2025
Glades Middle School Renovations	Jun. 2026
James Rickards Middle School Building 1	Jul. 2026
Lauderhill 6-12 STEM-MED ADA Restrooms	Jun. 2026
Lauderhill 6-12 STEM-MED Fire Alarm	Nov. 2025
Lauderhill 6-12 STEM-MED Renovations	Nov. 2025
Margate Middle School	Jan. 2026
Marjory Stoneman Douglas High School Renovations	Dec. 2025
Mary M. Bethune Elementary School Phase 2	Feb. 2027
McArthur High School Renovations	Dec. 2025
McArthur High School New Addition	Dec. 2025
Morrow Elementary School	Dec. 2025
North Lauderdale Elementary ADA Restrooms	Nov. 2025
North Lauderdale Elementary Fire Alarms	Feb. 2026
North Lauderdale Elementary ADA Restrooms	May 2026
Parkway Middle School Phase 2	Feb. 2028
Plantation High School Renovations	Jan. 2026
Sheridan Tech. College Renovations	Apr. 2026
South Broward High School Roofing	Dec. 2025

More Primary Renovations Projects are Moving Into the Construction Closeout Phase

The District reports that there are currently 187 Primary Renovations projects under active construction, and another 139 Primary Renovations projects either completed or in the process of being closed (reference p.29). The status of the Primary Renovations projects over the past four quarters is shown in Figure 2.

When compared to Q2 2023-24, Figure 2 shows a decrease in the number of active Primary Renovations Projects in the Project Construction Phase (196 to 187) and an increase in the number of active Primary Renovations Projects in the Construction Closeout Phase (129 to 139). 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.

Figure 2.



The Number of Primary Renovations Projects Flagged for Schedule Delays has Remained Low and Steady

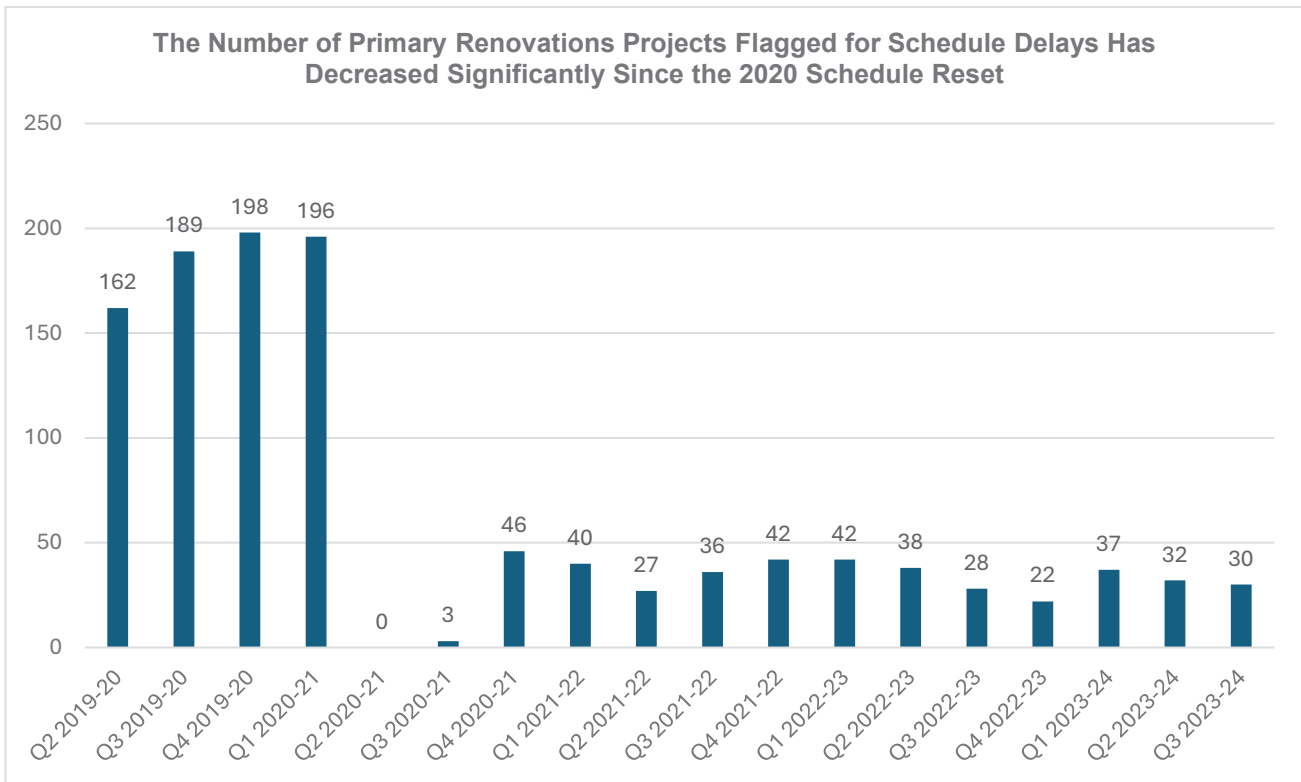
Schedule flags reflect a risk of or inability to meet the planned milestone date for progressing to the next phase in the process. Schedule flags are removed once the project has regained the time and is back on its planned schedule. With the adoption of the 2020 Schedule, the list of projects flagged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

The District identified 30 Primary Renovations projects (reference pp. 81-90) that, at the end of the reporting period, are experiencing schedule delays. This represents a decrease of two projects compared to Q2 2023-24. Of the 30 Primary Renovations projects flagged for schedule delays, 11 (37 percent) were identified (reference p. 80) 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.”²

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.

² “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.

Figure 3.



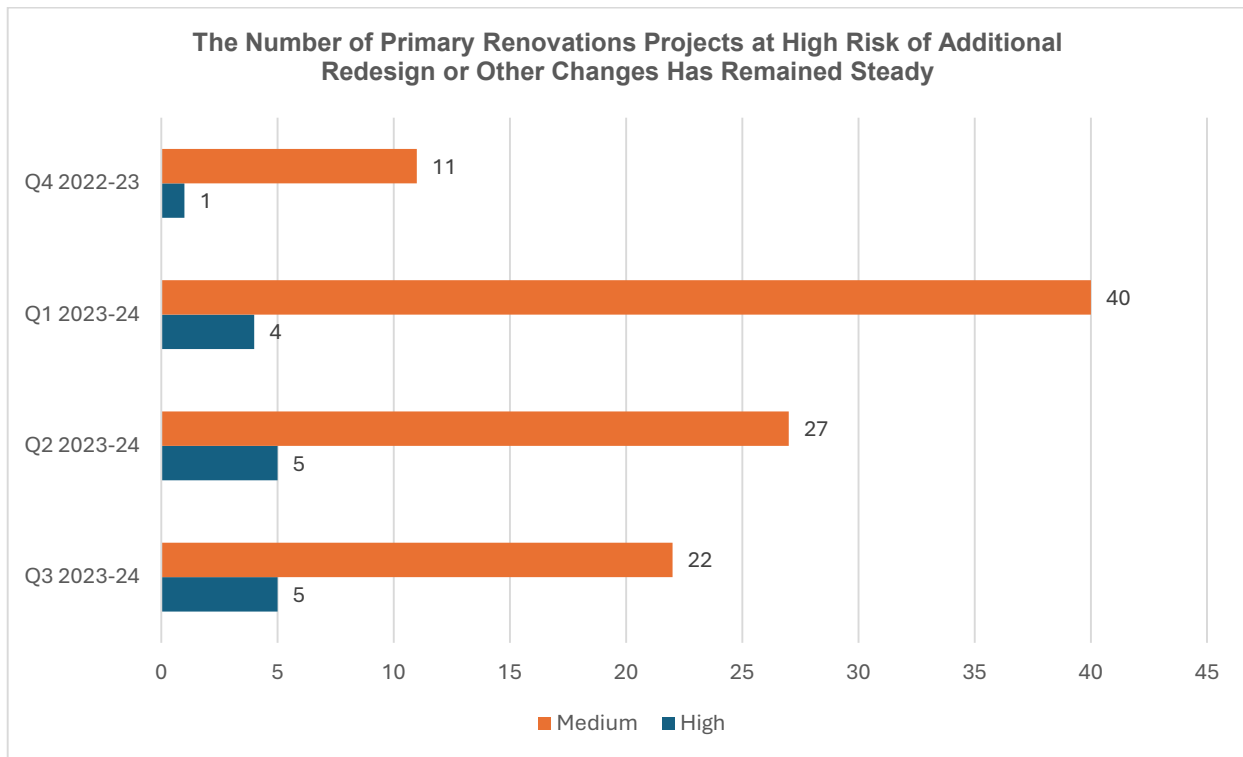
Fewer Primary Renovations Projects are at Medium or High Risk of Additional Redesign or Other Changes

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 p. 111):

- **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 Quarterly Report includes a detailed breakdown and discussion of how risk levels have changed from Q2 2023-24 to Q3 2023-24 (reference pp. 112-115); however, this breakdown only applies to Primary Renovations projects where the risk level has changed. Florida TaxWatch reviewed each *School Spotlight* to better understand which Primary Renovations projects were at a medium or high level of risk (see Figure 4). As shown in Figure 4, Florida TaxWatch identified 27 Primary Renovations projects at medium (22) or high (5) risk of additional redesign or other changes.

Figure 4.



The *School Spotlights* identify five Primary Renovations projects that have been assigned a “high” level risk, which can cause budget and/or schedule impact to the project and for which no resolution has been determined or put into place:

- Lloyd Estates Elementary School — the project update listed on the School Spotlight (reference p. 269) indicates that the drawings by the architect/engineer for the structural design for the roof-top units (RTUs) to be installed on Building 1 have been returned for correction and resubmittal. As a result, the contractor has “pulled off the project.”
- Pasadena Lakes Elementary School — the project update listed on the School Spotlight (reference p. 346) indicates that the architect/engineer is refusing to create the Architect Supplemental Instruction (ASI) needed to close the project, and that the air handling unit lacks the clearance needed for motor maintenance.
- Quiet Waters Elementary School — the project update listed on the School Spotlight (reference p. 370) indicates that there is no ongoing construction at this time. A meeting was scheduled for March 28 with the surety and the architect to discuss remaining work and how to move the project forward.
- Riverglades Elementary School — the project update listed on the School Spotlight (reference p. 373) indicates that the general contractor has informed BCPS that no more work will be done onsite “until payments resume.” No work has been performed during this reporting period.
- Stirling Elementary School — the project update listed on the School Spotlight (reference p. 411) indicates that additional costs to resolve a claim are under negotiation with the bonding company.

Change Orders Resulting from Consultant Errors and/or Omissions Have Cost Broward Taxpayers More Than \$9.25 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. The District reports that, during Q3 2023-24, 124 change orders totaling \$147,466 (reference p. 61) were approved. Since inception, change orders have exceeded \$15.68 million.

Most change orders are the result of unforeseen conditions; however, 48 of the 124 change orders (38.7 percent) approved during Q3 2023-24, totaling more than \$726,000, were due to errors or omissions by consultants (see Table 10). Since inception, change orders due to errors or omissions by consultants have cost Broward taxpayers more than \$9.25 million.

Table 10.

Change Orders Q3 2023-24			
Source	Number	Percent	Amount
Owner Request	29	23.4%	(\$614,906)
Consultant Omission	40	32.3%	\$616,972
Unforeseen Conditions	32	25.8%	\$573,815
Consultant Error	8	6.5%	\$109,152
Tax Savings	15	12.1%	(\$537,567)
Total	124	100.0%	\$147,466

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 Q3 2023-24, the District reports that change orders represented 0.013 percent of the project costs (reference p. 61).

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 more than one-third of the change orders approved during Q3 2023-24 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 \$726,000.

Primary Renovations Projects Continue to Experience Budget-Related Issues

Budget issues reflect a need for SBBC approval of an increase in funding based on bid and/or change order results. When the SBBC approves the necessary budget increase, the Budget flags are removed from the school’s *School Spotlight*. The District identified 15 Primary Renovations projects (reference p. 97) flagged for Budget issues in the District’s Q3 2023-24 Report. The budget increases for these 15 projects totaled more than \$6.6 million.

Progress Continues at the “Big 3 Schools”

Blanche Ely High School – the District reports that the Primary Renovations project is 100 percent complete for all buildings and final inspections are underway (reference p. 43). An open change order for a new ramp area of refuge was identified.

Northeast High School — the District reports that Primary Renovations scheduled for buildings 1, 3, 6, 12, 15, 17, 25, 85, and 86 are complete. Roofing work for building 2 is scheduled for completion in June of 2024. Shop drawings for air handling units and smoke vents for building 4 have been approved and are awaiting an approved change order. Schematic designs for Building 5 are under revision. The installation of rooftop package units is in progress for building 7, with roof work scheduled to be completed by June 2024. There are open change orders for buildings 2, 4, 5, 7, 12, and 29. The demolition of buildings 8, 9, 10, 11, and 27 is scheduled to begin in June 2024.

No mention is made of the schedule flags for two of the three Primary Renovations projects at Northeast High School. The *School Spotlight* forms for Primary Renovations projects P.001684 (SMART Program Renovations) and P.002301 (New Addition and Renovations to Building 12) both reflect schedule delays.

Despite the heightened sensitivity of the status of Primary Renovations projects at the “Big 3” schools and repeated requests by Florida TaxWatch and the BOC for accurate information on the status of these renovations, the “Big 3 Schools Update” section of the District Q3 2023-24 Facilities Report (reference pages 44-46) continues to provide a misleading and incomplete summary of the status of Primary Renovations projects at Northeast High School.

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.

Stranahan High School — the District reports that Primary Renovations are 100 percent complete for buildings 1, 3, 5, 7, 10, 11, 12, 15, 20, 21, 22, and 23. Change order work remains to be completed for buildings 2, 4, 6, 8, 9, 14, and 20. Demolition has been recommended for building 17 and engineering reports are in progress for building 18.

School Choice Enhancement Program Projects are Complete at 230 Schools

School Choice Enhancement Project (SCEP) projects are budgeted at \$100,000, and the scope of the capital project (e.g., electronic marquees, shade structures, playgrounds, etc.) is determined by a vote of the teachers, staff, and parents of students at the school. SCEP projects have been completed at 230 schools. All SCEP items have been delivered and installed.

The current SMART Program budget for facility renovations is \$1.424 billion. A summary of SMART Program expenditures for facility renovation through March 31, 2024, is provided in Table 11.

Table 11.

SMART Program Renovations Project Budget Activity (Through March 31, 2024)

	Original Budget	Current Budget	Prior Year Expenditures	Commitments	Current Year Expenditures	Balance
GOB Funds	\$629,878,575	\$768,614,506	\$481,867,898	\$159,843,228	\$119,964,969	\$6,938,411
Non-GOB Funds	\$102,516,836	\$649,136,134	\$381,880,064	\$124,148,544	\$14,682,721	\$128,424,805
Total	\$732,395,411	\$1,417,750,640	\$863,747,962	\$283,991,772	\$134,647,690	\$135,363,216

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 12.

Table 12.

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 December 31, 2023, is provided in Table 13.

Table 13.

SMART Program Technology Project Budget Activity (Through March 31, 2024)

	Original Budget	Current Budget	Prior Year Expenditures	Commitments	Current Year Expenditures	Balance
GOB Funds	\$38,489,000	\$36,825,538	\$36,818,573	\$2,335	\$0	\$4,630
Non-GOB Funds	\$42,343,000	\$37,898,472	\$37,898,472	\$0	\$0	\$0
Total	\$80,832,000	\$74,724,010	\$74,717,045	\$2,335	\$0	\$4,630

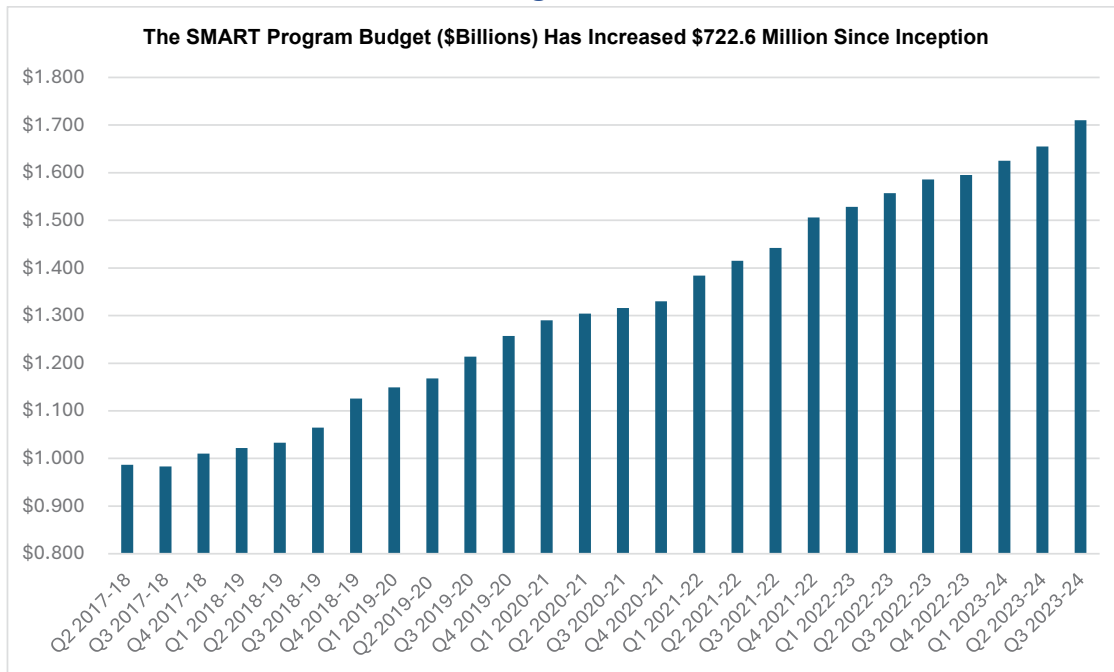
Budget Activity

The SMART Program Total Budget has Increased to \$1.71 Billion

The District Quarterly Report provides expenditure information for financially active projects as well as projects that have been completed. The 2020 Schedule includes SMART Program activity through the end of calendar year 2025 and possibly into 2026, which necessitates a longer financial outlook. As previously recommended by Florida TaxWatch, the District has included in the Q3 2023-24 Report SMART Program budget allocations for years nine (FY 2022-23) through 11 (FY 2024-25).

The SMART Program total budget has increased from \$1.655 billion in Q2 2023-24 to \$1.710 billion, a net increase of about \$55 million (see Figure 5). This represents an increase of about \$722.6 million over the original budget of \$987.4 million (\$800 million GOB funds plus \$187.4 million in existing capital resources) (see Figure 5). There is now more non-GOB money (\$910 million) in the SMART Program budget than there is GOB money (\$800 million).

Figure 5.



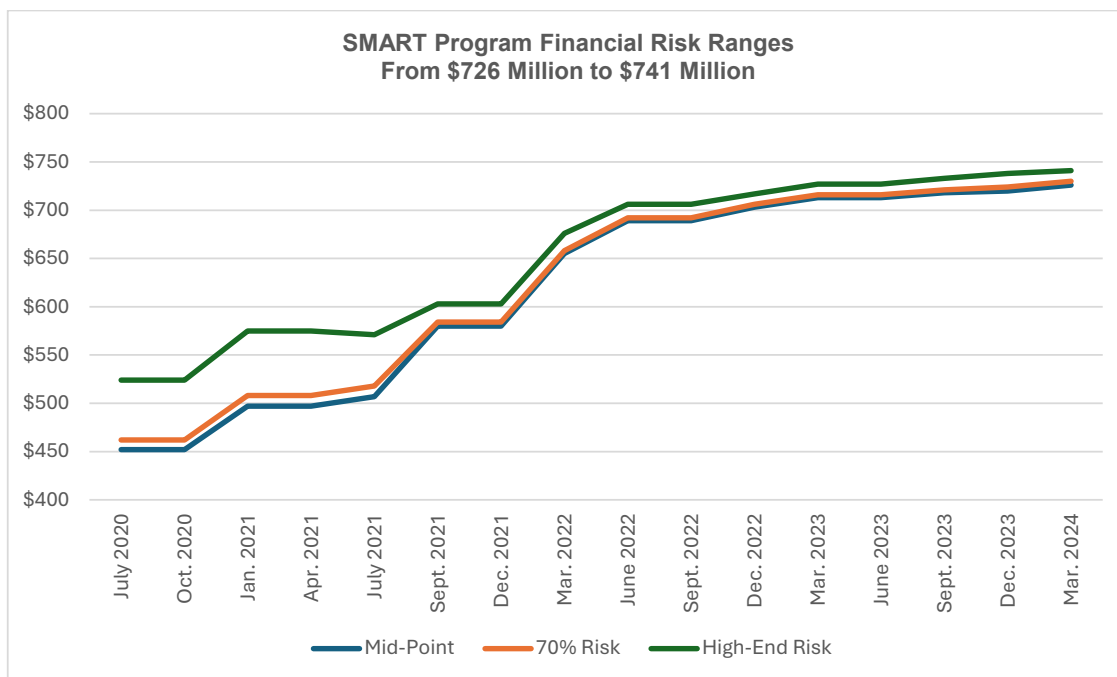
SMART Program expenditures increased from \$1,207,857,199 in Q2 2023-24 to \$1,250,100,578 in Q3 2023-24, an increase of about \$42.24 million. The District reports a SMART Program balance (current budget minus commitments and expenditures) of \$144.66 million at the end of Q3 2023-24. Of this total, \$9.46 million is GOB money and the remaining 135.20 million is non-GOB money (reference p. 515).

During Q3 2023-24, the SBBC approved 30 SMART Program budget amendments totaling just under \$55.0 million. Since inception, the SBBC has approved 412 SMART Program budget amendments with a net increase of \$722.2 million.

The Current SMART Program Financial Risk Continues to Increase

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 May 2024) assessment of financial risk prepared by AtkinsRéalis³ estimates the SMART Program financial risk will range from a low (mid-point risk) of \$726 million to a high (high end risk) of \$741 million, with a most likely estimate (70 percent risk) near \$730 million (Figure 6).

Figure 6.



AtkinsRéalis attributes the increased financial risk to several new project carveouts due to non-performance by contractors, architects, and engineers. AtkinsRéalis also points out that the majority of the remaining risk is related to unawarded projects, since there is only about \$46 million in unawarded construction contracts left in the SMART Program.

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. In September 2023, in response to a recommendation by Florida

³ AtkinsRéalis is an outside firm hired by the SBBC to help control SMART Program costs.

TaxWatch, the SBBC approved an additional \$47 million in SMART Program reserves, increasing the total amount placed in reserve to \$738 million.

The District reports (reference p.457) that the SBBC has allocated reserve budgets to the remaining SMART projects and has closed the reserve fund. Any additional funding required by SMART projects will come from the District's capital reserve.

Hard and Soft Costs Remain Relatively Unchanged

"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.

The District's Q3 2023-24 Facilities Report includes a breakdown of hard and soft costs for 70 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 70 schools identified (reference pp. 98-99) range from 50 percent (West Broward High 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 70 schools identified range from nine percent (Forest Hills Elementary School) to 50 percent (West Broward High School).

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

Supplier Diversity & Outreach

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

The District is 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 \$12.48 million during Q3 2023-24. This represents 45.9 percent of the total \$27.17 million in contracts awarded during the quarter. Through March 31, 2024, the District reports purchase orders to E/S/M/WBEs totaling \$537.45 million. This represents a cumulative E/S/M/WBE commitment of 34.3 percent of the cumulative spend. Of this \$537.45 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;
- \$519.36 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 Q3 2023-24, there were 618 active E/S/M/WBE certified companies that provide commodities (supplies), construction, professional services, and business services to District schools. The 618 E/S/M/WBE certified companies are fairly evenly divided by gender, with 295 (48 percent) female-owned companies and 323 (52 percent) male-owned companies. Of these 618 active E/S/M/WBE certified companies:

- 213 (34.4 percent) are African-American owned companies;

- 216 (35.0 percent) are Hispanic-American owned companies;
- 24 (3.9 percent) are Asian-American owned companies;
- 79 (12.8 percent) are non-minority SBEs; and
- 86 (13.9 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 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 13.5 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 76.5 percent of the contracts. (Caucasian) women-owned companies make up 13.9 percent of the E/S/M/WBE certified companies and have been awarded 6.2 percent of the contracts.

Table 14.

E/S/M/WBE Total Commitment by Ethnicity and Gender		
Ethnicity & Gender	% of E/S/W/MBEs	% of Work Awarded
African-American	34.4%	13.5%
Hispanic-American	35.0%	76.5%
Native-American	0.0%	0.0%
Asian-Pacific American	3.9%	2.5%
Non-minority SBE	12.8%	1.3%
Women Business Enterprise	13.9%	6.2%

Communications

The District’s Q3 2023-24 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 and ribbon-cutting celebrations and School Advisory Council meetings. During Q3 2023-24, Communications staff focused on initiatives to broaden the SMART Program’s audience and increase its visibility. Communications staff relied on videos, blog posts, and active participation in community events (e.g., ribbon cutting ceremonies) to inform Broward taxpayers.

During Q3 2023-24, Communications staff reports:

- 29 school visits;
- 4 ribbon-cutting ceremonies;
- 11 community meetings;
- 4 media mentions; and
- More than 6,000 website visitors.

Looking Ahead

The District continues to make progress in implementing the SMART Program. The Technology, Music and Arts, and Athletics spend portions of the SMART Program have been completed. More than 90,000 computing devices have been purchased, bringing the ratio of students-to-computers to 2:1, better than the adopted standard of 3.5 students per computer. Numerous “back office” upgrades to the Technology Support Services Center have been implemented to support these new devices.

The District has upped its investment in the Arts, with the purchase of more than 60,000 pieces of musical equipment, more than 130 kilns, and theater program upgrades at 40 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. Of the 331 Primary Renovations projects, 139 (42 percent) are in the closeout phase.

The SMART Program total budget has increased to \$1.710 billion, a net increase of about \$722.6 million over the original budget of \$987.4 million (\$800 million GOB funds plus \$187.4 million in existing capital resources). There is now more non-GOB money (\$910 million) in the SMART Program budget than there is GOB money (\$800 million). 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.

With the approval of Resolution Number 23-109 in May 2023, the SBBC has made clear its expectation that all SMART Program activities, including the “full expenditure of General Obligation Bond funds,” be completed by October 31, 2025. District staff have identified 29 Primary Renovations projects that will NOT be completed by this date. One of these (Primary Renovations Phase 2 project at Parkway Middle School), is scheduled for completion in February 2028, more than 13 years after approval of the GOB referendum by Broward County voters.

The key question going forward is “what happens on November 1, 2025?” It is clear from the District’s Quarterly Report that the SMART Program will not be “fully delivered” to the public by October 31, 2025, as laid out in Resolution Number 23-109. Of the remaining SMART Program funding (\$144.66 million), only \$9.46 million (6.5 percent) is GOB money; so, there is every reason to believe that the remaining GOB funds will be spent by October 31, 2025, even though SMART Program construction activity will continue into 2028.

Section 4 of SBBC Resolution Number 15-106 (as amended), charges the BOC with verifying the effective use of bond proceeds and making sure the bond revenues are expended as set forth by the SBBC. Once the remaining \$9.46 million in GOB funds are spent, the BOC will have completed what the SBBC charged it to do and its future becomes unclear.

In this report, Florida TaxWatch has offered analysis to help guide the Bond Oversight Committee in its oversight of the implementation of the SMART Program, and to ensure that the 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 Bond Oversight Committee and the public, and to providing continued support and guidance as the Bond Oversight Committee continues its effective and important oversight of SMART Program implementation.

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RESEARCH PROJECT TEAM

Bob Nave	Senior VP of Research		<i>Lead Researcher & Author</i>
George Kantelis	Communications Specialist		<i>Layout & Design</i>


All Florida TaxWatch research is done under the direction of Dominic M. Calabro, President, CEO, Publisher & Editor.

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106 N. Bronough St
Tallahassee, FL 32301

o: 850.222.5052

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