

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

SMART PROGRAM QUARTERLY REPORT | Q2 2023 -24

PRESENTED TO THE BROWARD COUNTY BOND OVERSIGHT COMMITTEE
MARCH 21, 2024





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Chairman of the Board of Trustees

The Hon. Jeff Kottkamp, Esq.

Exec. VP & General Counsel,

Acting President and Chief Executive Officer

Dear Fellow Taxpayer,

As we approach the end of the 2023-24 school year and students start to look forward to the summer break, 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 School Board of Broward County (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 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 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 want to express my sincere appreciation to Adam Rabinowitz, who recently resigned as Chair of the Bond Oversight Committee. Adam is the only Chair the Bond Oversight Committee has known and was the lone remaining original Bond Oversight Committee member. Thank you, Adam, for your dedicated service to the taxpayers of Broward County.

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 December 31, 2023*. Florida TaxWatch staff will be available to present our findings and recommendations at the Committee's upcoming March 21, 2024, meeting.

Sincerely,

The Hon. Jeff Kottkamp, Esq.

Executive VP & General Counsel,

Acting President & Chief Executive Officer

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Introduction

The Broward County Public Schools' *Bond Oversight Committee Quarterly Report for the Quarter Ended December 31, 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's Chief Facilities Officer brief the Bond Oversight Committee at its March 21, 2024 meeting on the District's contingency plan to complete these 19 Primary Renovations projects. This briefing should address the source and amount of non-GOB funds required to complete these projects.

RECOMMENDATION 2:

Florida TaxWatch recommends that the District's Chief Facilities Officer brief the Bond Oversight Committee at its March 21, 2024 meeting on the conditions that warrant the assignment of a "high" level of risk, and what is being done to mitigate that risk, at the following schools:

- Collins Elementary School;
- Lloyd Estates Elementary School;
- Oakridge Elementary School;
- Riverglades Elementary School; and
- Virginia Shuman Young Elementary School.

RECOMMENDATION 3:

Florida TaxWatch recommends that future District Quarterly Reports identify any Primary Renovations projects with a "high" level of risk, explain the conditions that warrant the assignment of a "high" level of risk, and describe actions taken to mitigate the risk.

RECOMMENDATION 4:

Florida TaxWatch recommends the District Chief Facilities Officer brief the Bond Oversight Committee at its March 21, 2024 meeting on why the hard and soft costs for West Broward High School are so far outside the expected ranges.

RECOMMENDATION 5:

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 shootings on K-12 school property that resulted in firearm-related injuries or deaths. Since then, there have been a reported 191 school shootings in which at least one person was killed or injured, resulting in 124 deaths and 336 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.

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

The District Quarterly Report (reference page 46) 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 Q1 2023-24, the number of fire alarm projects that are in the Completion/Closeout Phase has increased from 15 to 20, and the number of fire sprinkler projects that are in the Completion/Closeout Phase has increased from 21 to 24.

Table 1.

Phase	Fire Alarms		Fire Sprinklers	
	Q2 2023-24	Q1 2023-24	Q2 2023-24	Q1 2023-24
Design	0	0	0	0
Planning	1	1	1	1
Hire Contractor	1	2	2	3
Construction	76	80	64	64
Complete/Closeout	20	15	24	21
Total	98	98	91	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 Bond Oversight Committee member Demopoulos, Florida TaxWatch has done a deeper dive and reviewed the *School Spotlights* (reference pages 115 through 450) 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>, March 4, 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		
	Q2 2023-24	Q1 2023-24
Closed	15	13
Financial Closeout	6	5
Final Completion	2	2
Substantial Completion	15	9
Active Construction	124	120
Hire Contractor	0	0
Bid & Award	2	5
Design	0	1
Planning	2	2
Total	166	157

Review of the *School Spotlights* for each school identified 22 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 25 that have been flagged for budget issues (see Table 4).

Table 3.

22 Primary Renovations Projects That Include Safety & Security Improvements are Experiencing Schedule Delays	
Attucks Middle School	Sandpiper Elementary School
Castle Hill Elementary School	Sea Castle Elementary School
Country Isles Elementary School	Sheridan Hills Elementary School
Deerfield Beach High School	Tedder Elementary School
Dillard 6-12 School	Tropical Elementary school
Driftwood Middle School	Virginia Shuman Young Elementary School
Lauderdale Lakes Middle School	Walker Elementary School
Oakridge Elementary School	Westchester Elementary School
Piper High School	Westpine Middle School
Ramblewood Middle School	William E. Dandy Middle School
Royal Palm STEM Museum Magnet	Winston Park Elementary School

Table 4.

26 Primary Renovations Projects That Include Safety & Security Improvements are Experiencing Budget Issues	
Charles Drew Elementary School	Morrow Elementary School
Collins Elementary School	N. Lauderdale PreK-8 (2)
Coral Park Elementary School	Plantation High School
Coral Springs High School	Pompano Beach Elementary School
Dania Elementary School	Pompano Beach Middle School
Eagle Point Elementary School	Ramblewood Elementary School
Gulfstream Academy of Hallandale Beach	Sheridan Technical College
Gulfstream Early Learning Center	Silver Lakes Middle School
Lauderdale Manors Early Learning	Sunland Park Academy
Lauderhill 6-12 STEM-MED Magnet School	The Quest Center
Lyons Creek Middle School	Westchester Elementary School
Margate Middle School	Westwood Heights Elementary School
McArthur High 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 December 31, 2023, is presented in Table 5.

Table 5.

SMART Program Safety and Security Project Budget Activity (Through December 31, 2023)						
	Original Budget	Current Budget	Prior Year Expenditures	Commitments	Current Year Expenditures	Balance
Financially Active						
GOB Funds	\$74,819,473	\$73,886,847	\$46,074,083	\$16,268,969	\$6,419,766	\$5,124,029
Non-GOB Funds	\$12,901,387	\$44,561,105	\$29,883,724	\$6,966,665	\$3,100,016	\$4,610,700
Completed/Meets Standards						
GOB Funds	\$31,947,592	\$29,794,787	\$27,523,188	\$1,062,355	\$271,720	\$937,524
Non-GOB Funds	\$5,885,673	\$16,414,170	\$14,175,649	\$1,347,028	\$175,349	\$716,144

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 December 31, 2023, is provided in Table 7.

Table 7.

SMART Program Music, Arts, & Theater Project Budget Activity (Through December 31, 2023)						
	Original Budget	Current Budget	Prior Year Expenditures	Commitments	Current Year Expenditures	Balance
Financially Active						
GOB Funds	\$9,730,000	\$9,730,000	\$5,236,470	\$2,219,235	\$605,005	\$1,669,290
Non-GOB Funds	\$2,764,000	\$7,048,064	\$4,624,448	\$994,186	\$886,319	\$543,111
Completed/Meets Standards						
GOB Funds	\$7,762,000	\$8,056,052	\$7,321,428	\$138,339	\$118,458	\$477,827
Non-GOB Funds	\$20,809,000	\$20,789,284	\$20,671,150	\$27,439	\$20,770	\$69,925

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.

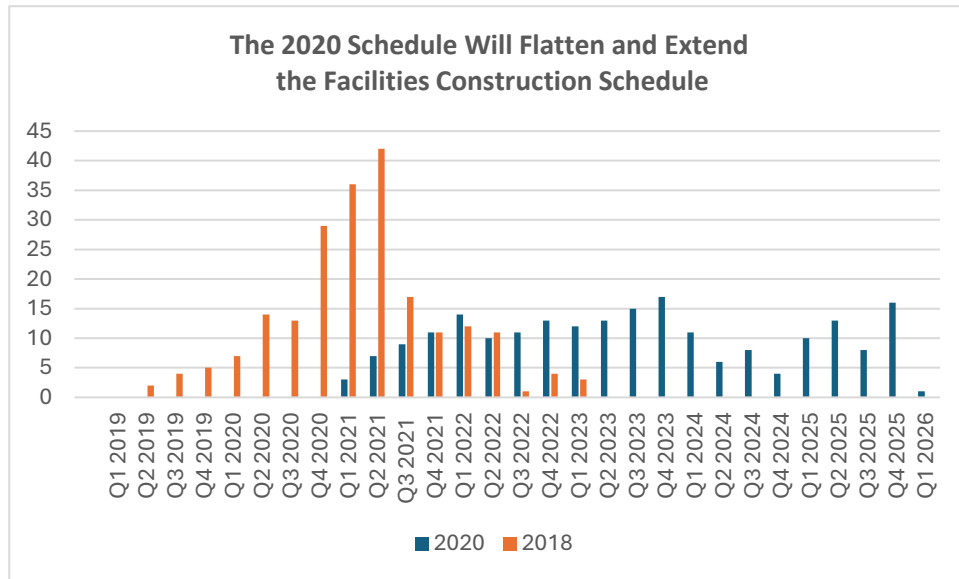
SMART Program Athletics Project Budget Activity (Through December 31, 2023)						
	Original Budget	Current Budget	Prior Year Expenditures	Commitments	Current Year Expenditures	Balance
Financially Active						
GOB Funds	\$40,000	\$40,000	\$33,418	\$5,242	\$785	\$555
Non-GOB Funds	\$0	\$17,867	\$14,834	\$1,566	\$305	\$1,162
Completed/Meets Standards						
GOB Funds	\$7,333,360	\$6,496,579	\$6,496,576	\$2	\$0	\$1
Non-GOB Funds	\$126,640	\$205,677	\$198,027	\$70	\$76	\$7,504

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.

Figure 1.



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 pp. 37-38) that 19 Primary Renovations projects will not be completed by October 31, 2025 (see Table 9).

As shown in Table 9, most of the 19 projects that will not be completed by October 31, 2025, will be completed during Q4 of calendar year 2025 or Q1 of calendar year 2026. The most glaring exception is the Primary Renovations project at Bennett Elementary School, which is scheduled for completion in November 2027, 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	Mar. 2026
Atlantic West Elementary School HVAC	Feb. 2026
Atlantic West Elementary School Renovations	Dec. 2025
Bennett Elementary School Renovations	Nov. 2027
Charles Drew Elementary School HVAC (1)	Mar. 2026
Charles Drew Elementary School HVAC (2)	Mar. 2026
Glades Middle School Renovations	July 2026
Lauderdale Manors ELRC Renovations	Dec. 2025
Lauderhill 6-12 STEM-MED ADA Restrooms	Mar. 2026
Lauderhill 6-12 STEM-MED Fire Alarm	Nov. 2025
Marjory Stoneman Douglas High School Renovations	Mar. 2026
McArthur High School Renovations	Feb. 2026
North Fork Elementary School Renovations	Jan. 2026
North Lauderdale Elementary ADA Restrooms	Feb. 2026
North Lauderdale Elementary Fire Alarms	Nov. 2025
Plantation High School Renovations	Apr. 2026
Sheridan Tech. College Renovations	Jan. 2026
Tamarac Elementary School Fire Protection Bldg. 1	Nov. 2025

RECOMMENDATION 1:

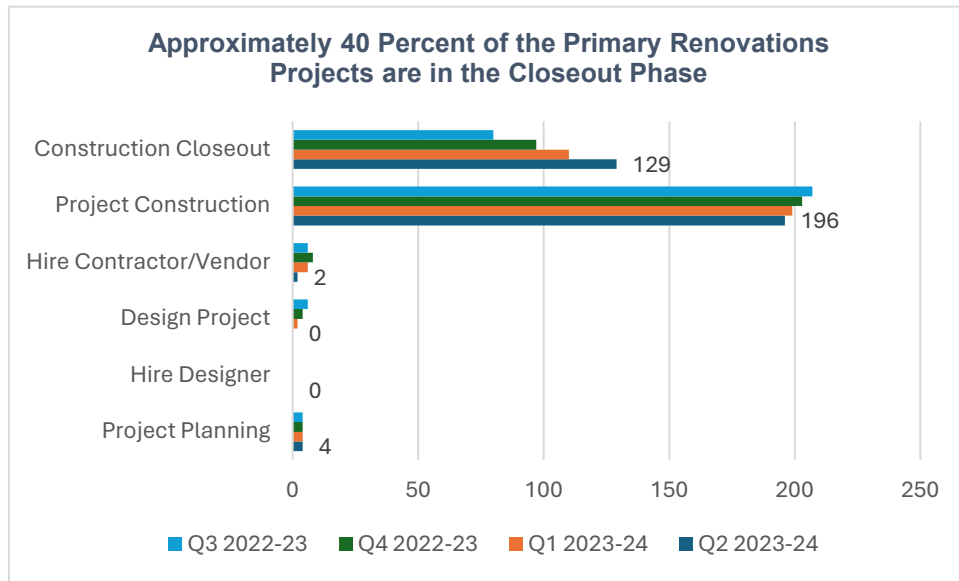
Florida TaxWatch recommends the District’s Chief Facilities Officer brief the Bond Oversight Committee at its March 21, 2024 meeting on the District’s contingency plan to complete these 19 Primary Renovations projects. This briefing should address the source and amount of non-GOB funds required to complete these projects.

More Primary Renovations Projects are Moving Into the Construction Phase

The District reports that there are currently 196 Primary Renovations projects under active construction, and another 129 Primary Renovations projects are either completed or in the process of being closed (reference p.27). The status of the Primary Renovations projects over the past four quarters is shown in Figure 2.

When compared to Q1 2023-24, Figure 2 shows a decrease in the number of active Primary Renovations Projects in the Design Phase (2 to 0) and in the Project Construction Phase (199 to 196). 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 110 to 129.

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.”

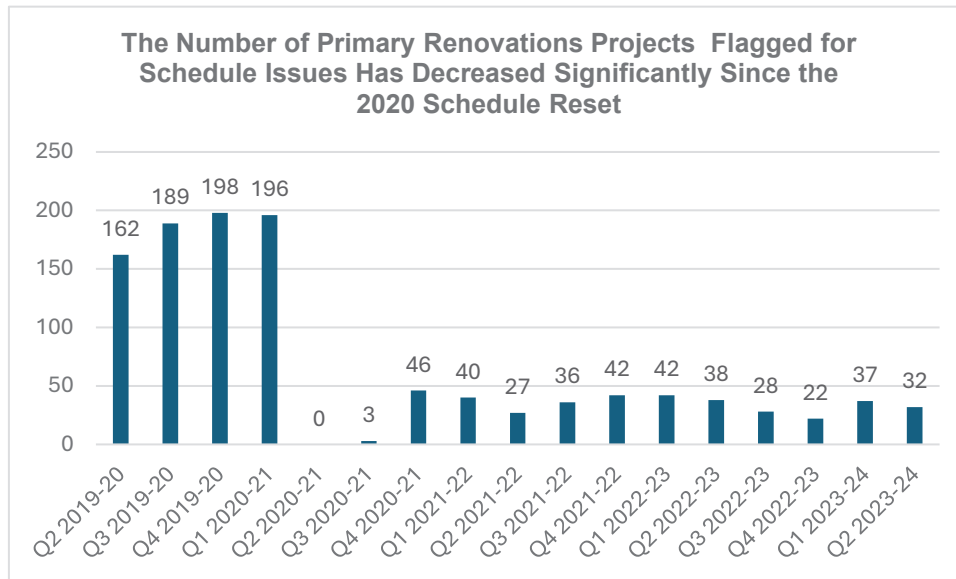
The District identified 32 Primary Renovations projects (reference p. 75) that, at the end of the reporting period, are experiencing schedule delays. This represents a decrease of five projects compared to Q1 2023-24. The District Quarterly Report makes no mention as to whether any of the Primary Renovations projects are ahead of schedule. The District Quarterly Report for Q1 2023-24 identified 47 Primary Renovations Projects that were ahead of schedule (reference p. 79).

The District reports that, of the 32 Primary Renovations projects flagged for schedule delays, 15 (47 percent) were identified (reference p. 75) 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.



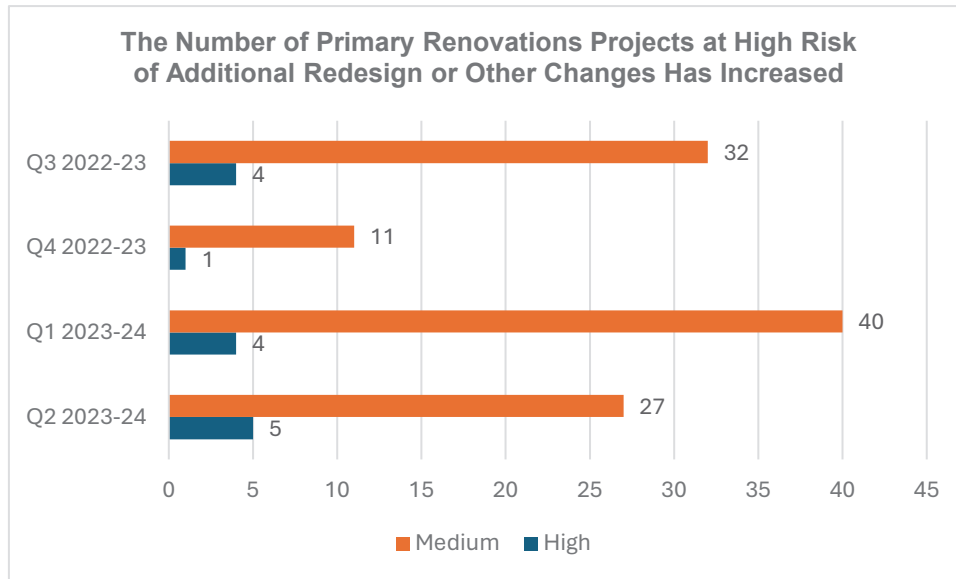
Fewer Primary Renovations Projects are at Medium or High Risk of Additional Redesign or Other Changes

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 Q1 2023-24 to Q2 2023-24 (reference pp. 111-114); however, this discussion does not identify the current (Q2 2023-2) risk levels for Primary Renovations projects. 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 32 Primary Renovations projects at medium or high risk of additional redesign or other changes.

Figure 4.



The District Quarterly Report identifies 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:

- **Collins Elementary School** — the project update listed on the *School Spotlight* (reference p. 162) indicates that the contractor “has not been on site.” A construction change directive has been issued and BCPS’ legal department has been “engaged.”
- **Lloyd Estates Elementary School** — the project update listed on the *School Spotlight* (reference p. 267) indicates that the architect/engineer has not provided the structural design for the roof-top units (RTUs) to be installed on Building 1. As a result, the contractor has “pulled off the project.”
- **Oakridge Elementary School** — the project update listed on the *School Spotlight* (reference p. 329) indicates that the architect has directed the contractor to complete the roofing “immediately.”
- **Riverglades Elementary School** — the project update listed on the *School Spotlight* (reference p. 371) indicates that the general contractor has informed BCPS that no more work will be done onsite “until payments resume.”
- **Virginia Shuman Young Elementary School** — the project update listed on the *School Spotlight* (reference p. 429) indicates that, upon approval of the architect’s supplemental instruction (ASI) by the building department, a construction change directive will be issued to the general contractor.

RECOMMENDATION 2:

Florida TaxWatch recommends that the District’s Chief Facilities Officer brief the Bond Oversight Committee at its March 21, 2024 meeting on the conditions that warrant the assignment of a “high” level of risk, and what is being done to mitigate that risk, at the following schools:

- Collins Elementary School;
- Lloyd Estates Elementary School;
- Oakridge Elementary School;
- Riverglades Elementary School; and
- Virginia Shuman Young Elementary School.

RECOMMENDATION 3:

Florida TaxWatch recommends that future District Quarterly Reports identify any Primary Renovations projects with a “high” level of risk, explain the conditions that warrant the assignment of a “high” level of risk, and describe actions taken to mitigate the risk.

Change Orders Resulting from Consultant Errors and/or Omissions Have Cost Broward Taxpayers More Than \$8.53 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 Q2 2023-24, 79 change orders totaling \$1.06 million (reference p. 59) were approved. Since inception, change orders have exceeded \$15.43 million.

Most change orders are the result of unforeseen conditions; however, 28 of the 79 change orders (35.4 percent) approved during Q2 2023-24, totaling more than \$844,000, 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 \$8.53 million.

Table 10.

Change Orders Q2 2023-24			
Source	Number	Percent	Amount
Owner Request	24	30.4%	(\$23,237)
Consultant Omission	20	25.3%	\$552,754
Unforeseen Conditions	23	29.1%	\$275,621
Consultant Error	8	10.1%	\$291,341
Tax Savings	3	3.8%	(\$32,812)
Other	1	1.3%	\$0
Total	79	100.0%	\$1,063,667

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 Q2 2023-24, the District reports that change orders represented 0.098 percent of the project costs (reference p. 59).

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 28 of the 79 (35.percent) of the change orders approved during Q2 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 \$844,000.

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 Primary Renovations projects at 46 schools (reference pp. 95-97) flagged for Budget issues in the District’s Q2 2023-24 Report. This represents more than twice the number of Primary Renovations projects flagged during Q1 2023-24. The budget increases for these 46 projects totaled more than \$98.4 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. 40). 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, 6,15,17, 25, 85, and 86 are complete. Roofing work for building 2 began in December. Shop drawings for air handling units and smoke vents for building 4 have been approved. 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 begin in December. There are open change orders for buildings 2, 4, 5, 7, and 12. No mention is made of the budget flag for the Primary Renovations project.

Stranahan High School — the District reports that Primary Renovations are 100 percent complete for buildings 1, 3, 5, 7, 10, 11, 12, 15, 21, 22, and 23. Change order work remains to be completed for buildings 2, 4, 6, 8, 9, 14, and 20. Castaldi reports³ are in progress at buildings 17 and 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.

With the completion of four SCEP projects, there are now 230 schools with completed SCEP projects. There are currently three schools awaiting delivery of items:

- Marjory Stoneman Douglas High School --- completion scheduled for Q1 calendar year 2024.
- Riverglades Elementary School --- completion scheduled for Q1 calendar year 2024.
- Driftwood Elementary School --- completion scheduled for Q1 calendar year 2024.

The current SMART Program budget for facility renovations is \$1.370 billion. A summary of SMART Program expenditures for facility renovation through December 31, 2023, is provided in Table 11.

Table 11.

SMART Program Renovations Project Budget Activity (Through December 31, 2023)						
	Original Budget	Current Budget	Prior Year Expenditures	Commitments	Current Year Expenditures	Balance
Financially Active						
GOB Funds	\$428,320,122	\$556,396,204	\$287,253,994	\$150,586,056	\$50,221,980	\$68,334,174
Non-GOB Funds	\$52,874,329	\$395,000,335	\$204,190,091	\$80,234,318	\$41,519,386	\$69,056,540
Completed/Meets Standards						
GOB Funds	\$201,558,453	\$212,259,395	\$194,613,904	\$7,232,145	\$2,089,120	\$8,324,226
Non-GOB Funds	\$49,642,507	\$199,727,481	\$177,689,973	\$8,792,934	\$1,710,142	\$11,534,432

³ 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.

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 December 31, 2023)						
	Original Budget	Current Budget	Prior Year Expenditures	Commitments	Current Year Expenditures	Balance
Financially Active						
GOB Funds	NA	NA	NA	NA	NA	NA
Non-GOB Funds	\$0	\$0	\$0	\$0	\$0	\$0
Completed/Meets Standards						
GOB Funds	\$38,489,000	\$36,825,538	\$36,818,573	\$2,335	\$0	\$4,630
Non-GOB Funds	\$42,343,000	\$37,900,084	\$37,898,472	\$0	\$0	\$1,612

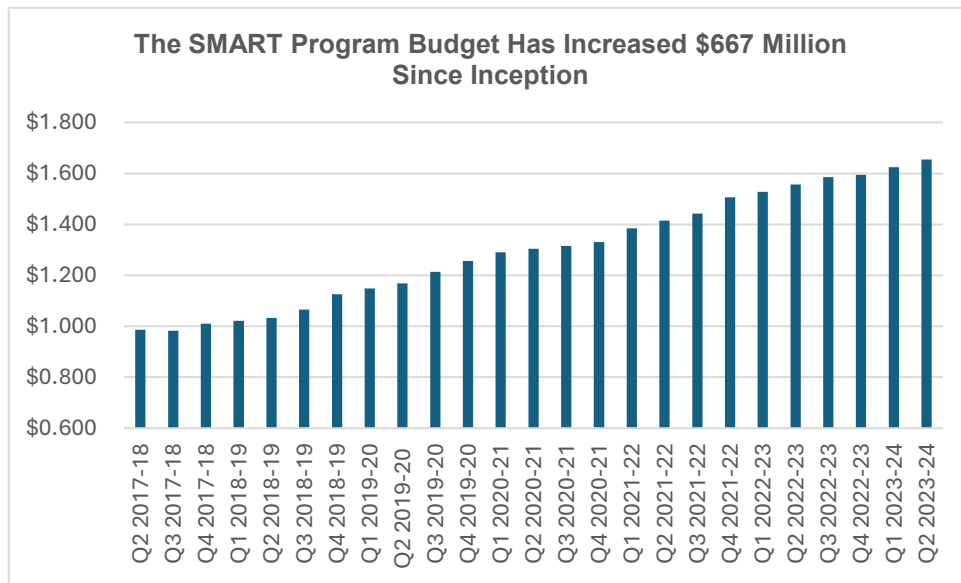
Budget Activity

The SMART Program Total Budget has Increased to \$1.655 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 Q2 2023-24 Report SMART Program budget allocations for years nine (FY 2022-23) through 11 (FY 2024-25). An additional \$71.0 million in reserve funds for year 10 has been set aside for construction projects.

The SMART Program total budget has increased from \$1.625 billion in Q1 2023-24 to \$1.655 billion in Q2 2023-24, a net increase of about \$30.0 million (see Figure 5). This represents an increase of about \$667 million over the original budget of \$987.4 (\$800 million GOB funds plus \$187.4 million in existing capital resources) (see Figure 5).

Figure 5.



SMART Program expenditures increased from \$1,158,505,421 in Q1 2023-24 to \$1,207,857,199 in Q2 2023-24, an increase of about \$49.35 million. The District reports a SMART Program balance (current budget minus commitments and expenditures) of \$171.4 million at the end of Q2 2023-24.

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 \$65.2 million per quarter, or about \$21.7 million per month.

With an unspent balance (current budget minus expenditures) of about \$447.3 million, if the District continues to spend at the current rate of \$21.7 million per month, the District will likely exhaust the remaining unspent SMART Program funds in about 20.6 months, or sometime during Q3 of calendar year 2025.

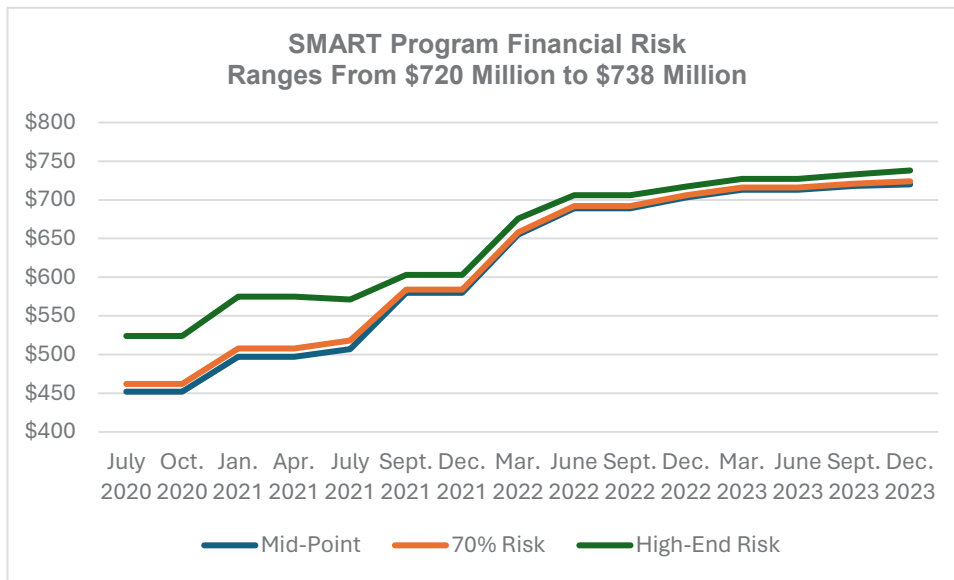
During Q2 2023-24, the SBBC approved 18 SMART Program budget amendments totaling just under \$30.4 million. Since inception, the SBBC has approved 382 SMART Program budget amendments with a net increase of \$667.8 million.

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 (December 2023) assessment of financial risk prepared by Atkins⁴ estimates the SMART Program financial risk will range from a low (mid-point risk) of \$720 million to a high (high end risk) of \$738 million, with a most likely estimate (70 percent risk) near \$724 million (Figure 6). Atkins attributes the increased financial risk to market increases and added scope, and to align with the March 2023 SMART Program schedule.

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

Figure 6.



SMART Program Reserve Funding is Sufficient to Cover Any of the Current 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. In September 2023, in response to a recommendation by Florida TaxWatch, the SBBC approved an additional \$47 million in SMART Program reserves, increasing the total amount placed in reserve to \$738 million, which should be sufficient to meet any of the three current financial risk scenarios developed by Atkins.

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 Q2 2023-24 Facilities Report includes a breakdown of hard and soft costs for 53 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 53

schools identified (reference pp. 98-99) range from 31 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 53 schools identified range from nine percent (Forest Hills Elementary School) to 69 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.

RECOMMENDATION 4:

Florida TaxWatch recommends the District Chief Facilities Officer brief the Bond Oversight Committee at its March 21, 2024 meeting on why the hard and soft costs for West Broward High School are so far outside the expected ranges.

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 \$16.86 million during Q2 2023-24. This represents 49 percent of the total \$34.56 million in contracts awarded during the quarter. Through December 31, 2023, the District reports purchase orders to E/S/M/WBEs totaling \$524.65 million. This represents a cumulative E/S/M/WBE commitment of 35.4 percent of the cumulative spend. Of this \$524.65 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;
- \$506,562,648 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 Q2 2023-24, there were 580 active E/S/M/WBE certified companies that provide commodities (supplies), construction, professional services, and business services to District schools. The 580 E/S/M/WBE certified companies are fairly evenly divided by gender, with 289 (50 percent) female-owned companies and 291 (50 percent) male-owned companies. Of these 580 active E/S/M/WBE certified companies:

- 198 (34.1 percent) are African-American owned companies;
- 204 (35.2 percent) are Hispanic-American owned companies;
- 22 (3.8 percent) are Asian-American owned companies;
- 71 (12.2 percent) are non-minority SBEs; and
- 85 (14.7 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 13.0 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 77.0 percent of the contracts. (Caucasian) women-owned companies make up 14.7 percent of the E/S/M/WBE certified companies and have been awarded 6.0 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	34.1%	13.0%
Hispanic-American	35.2%	77.0%
Native-American	0.0%	0.0%
Asian-Pacific American	3.8%	3.0%
Non-minority SBE	12.2%	1.0%
Women Business Enterprise	14.7%	6.0%

RECOMMENDATION 5:

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 Q2 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 Q2 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.

Looking Ahead

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 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.

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. It is unclear whether the \$738 million currently placed in reserve will cover the anticipated financial risk of the SMART Program.

The SMART Program budget has increased from \$987.4 million to \$1.655 billion, an increase of more than \$667 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. Florida TaxWatch is encouraged by the low numbers of Primary Renovations projects that are experiencing schedule delays, which affirm the wisdom of the 2020 Schedule reset.

With the approval of Resolution Number 23-109 in May 2023, the SBBC has made clear its expectation that all SMART Program activities be completed by October 31, 2025. District staff have identified 19 Primary Renovations projects that will NOT be completed by this date. One of these (Bennett Elementary School) is not expected to be completed until Q4 of calendar year 2027, 13 years after Broward County voters approved the \$800 million General Obligation Bond referendum to fund the SMART Program.

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. This is critical going forward, as the SBBC considers the next series of bonds.

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 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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As an independent, nonpartisan, nonprofit taxpayer research institute and government watchdog, it is the mission of Florida TaxWatch to provide the taxpayers 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 taxpayers and businesses.

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