

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

*SMART Program Quarterly Report Review for
the Quarter Ended September 30, 2017*

Presented to the Broward County Bond Oversight Committee
November 13, 2017

Q1
2017-18



Florida
TaxWatch



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

David Mann
Chairman of the Board of Trustees

Dominic M. Calabro
President & Chief Executive Officer

Dear Fellow Taxpayer,

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

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

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

I am pleased to present the following report, which includes the TaxWatch review of the SMART Program quarterly report for the quarter ended September 30, 2017. TaxWatch staff will be available to present these findings and recommendations at the Committee's November 13, 2017 meeting.

Sincerely,

Dominic M. Calabro
President & CEO

EXECUTIVE SUMMARY

The District continues to make progress in implementing the \$987 million SMART Program. During the quarter ending September 30, 2017, SMART Program expenditures increased from \$123.1 million to \$133.9 million, and the number of financially active projects increased from 1,423 to 1,623. Eighty-seven (87) percent of the scheduled construction activities are underway, and 91 percent of the schools have at least one project that is currently underway. This is indeed a huge undertaking, and district staff have been able to procure and implement SMART Program improvements that meet or exceed established standards at considerable savings (\$11.8 million to date).

As of September 30, 2017, the planned SMART technology deployment has been fully completed for all SBBC and charter schools. With the purchase of more than 83,000 computers, all SBBC schools now comply with the District's standard of 1 computer for every 3.5 students, and 70 percent of the SBBC schools have student-to-computer ratios of 2:1 or better.

The replacement of music and arts equipment continues, with all planned projects accelerated and underway. Of the \$19.2 million allocated for these projects, more than \$17.2 million has been spent or committed. More than 57,000 new instruments and pieces of musical equipment have been ordered and more than 37,000 have been received.

Track resurfacing projects have been completed at the three middle schools and at five of the 12 high schools. Vendors have been selected and weight room equipment ordered for 15 of the 30 high schools. The schedules for completing the remaining seven track resurfacing projects have been pushed back from the end of December 2017 to the Spring of 2018.

The District continues to make considerable progress implementing the SMART Program facility construction projects. Since the end of the last quarter:

- The number of projects not yet started has decreased from 297 to 179;
- More projects are moving from the planning phase into the design and implementation phases; and
- The number of completed projects has increased from 81 to 89.

In response to previous Florida TaxWatch recommendations, the District's facility construction reports have become more transparent, and now include more project-specific information on construction activities at SBBC schools. A schedule is now in place for implementing planned facility renovations. Already, the District reports 120 schools have been "flagged" for experiencing scheduling or budget issues, mostly associated with the School Choice Enhancement Program projects. The District has

outlined measures to mitigate these delays. By flagging projects that are projected to be behind schedule or over-budget, the District will help to ensure the public's right-to-know how the SMART Program moneys are being managed.

New to this report is the inclusion of small business enterprises (SBEs) in addition to minority and women-owned businesses (M/WBEs). This now permits the reporting of historically underutilized businesses, in addition to M/WBEs, as previously recommended by Florida TaxWatch. The District's outreach efforts have produced more than 650 active S/M/WBE firms. Through June 30, 2017, the District has issued purchase orders to S/M/WBEs totaling \$32.97 million, which represents a total S/M/WBE commitment of about 20.2 percent.

The District has stepped up its efforts to provide principals more information about SMART Program milestones that occur at their schools. Other outreach efforts include developing materials regarding the progress of the SMART Program for presentation to business and community organizations, and to municipalities within Broward County. The role of the Bond Oversight Committee in the District's outreach and public education efforts regarding SMART Program implementation remains unclear.

Of concern is the recent reporting of change orders and PSA Amendments. The District reports approval of three change orders and five PSA amendments during Q1 2017-18 that increased the budgets for these eight projects by more than \$538,000. As more and more projects move from the Planning phase to the Design and Implementation phases, more and more change orders and PSA amendments, and increased project budgets, can be expected. Florida TaxWatch urges the Committee to monitor this closely as SMART Program implementation moves forward.

INTRODUCTION

On October 31, 2017, Florida TaxWatch received the *Bond Oversight Committee Quarterly Report for the Quarter Ended September 30, 2017* ("Quarterly Report"). This single 686-page report provides updated information on the implementation of the District's SMART Program and the use of general obligation bond funds to purchase and install technology upgrades, purchase music and arts equipment, improve safety, upgrade athletic facilities, and renovate educational facilities.

The Quarterly Report consists of an Introduction and the following eight sections:

- Section 1 ---Technology School Board Broward County (SBBC) Schools;
- Section 2 --- Technology Charter Schools;
- Section 3 --- Music & Art Equipment;
- Section 4 --- Athletics;
- Section 5 --- Facilities & Construction;
- Section 6 --- Budget Activity;
- Section 7 --- Supplier Diversity Outreach Program; and
- Section 8 --- Communications.

The School Board of Broward County (SBBC) has provided guidance to the Bond Oversight Committee in Section 4 of Resolution 15-106 (as amended). In reviewing quarterly reports prepared by District staff, the Committee is charged with:

- Verifying the effective use of bond proceeds and compliance with the purposes set forth in the bond programs as approved by the Board;
- Ensuring that bond revenues are expended for the purpose set forth in the bond programs as approved by the Board;
- Ensuring that any deferred proposals or changes of plans are executed after appropriate approval of the Board;
- Validating that no bond funds are used for any teacher or administrative salaries or other school operating expense; and
- Reviewing efforts by District staff to maximize bond revenues by balancing best value, quality, and efficiency in meeting the bond programs as approved by the Board.

To encourage greater accountability, transparency, public support and confidence in the use of the general obligation bond funds, and to hold the district accountable for spending decisions, Florida TaxWatch has reviewed this report against the SMART Program budget, which was most recently amended in September 2017. Florida TaxWatch is pleased to present the following findings and recommendations.

SECTION 1 --- TECHNOLOGY / SBBC SCHOOLS

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

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

TABLE 1.
TECHNOLOGY UPGRADE SUMMARY (Q1 2017-18)

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

The District reports that all SBBC schools now comply with the District's standard of 1 computer for every 3.5 students, and that the District-wide average ratio of students to computers is 2:1. As shown in Table 2, however, only 160 (70 percent) schools have student-to-computer ratios of 2:1 or better. Student-to-computer ratios range from 0.9:1 (Hollywood Central Elementary School, Larkdale Elementary School, Oakridge Elementary School, Palmview Elementary School, and the Quest Center) to 3.5:1 (Coral Park Elementary School).

TABLE 2.
FINAL STUDENT-TO-COMPUTER RATIOS (Q1 2017-18)

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

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

The District reports that the SMART Program technology deployment was completed with a savings of \$10.3 million. To confirm this savings, Florida TaxWatch reviewed the “Completed and Meets Standard Projects Detail Schedule for Quarter Ended September 30, 2017” section in the “SMART Program Budget Activity Report” (Section 6) to add up the balances of the 585 completed technology projects. Since the last quarterly report, the District has amended the current budgets for each of these projects to reflect current and prior year expenditures, and commitments. As a result, the balance on these completed projects is now “\$0.” Subtracting the current budget from the original budgets for each of these 585 projects yields a savings of \$10,284,075, confirming the District’s estimated technology savings.

The SMART Program allocates \$11 million to the Technology and Support Services Center (TSSC) to purchase infrastructure to support upgrades for school networks and computer expansion. The District reports that greatly increased demand for network capacity and reliability has required either the replacement or implementation of systems that provide:

- Improved network security perimeter defense and traffic management;
- Load balancing of Internet and internal network traffic;
- IP address management and Domain Name Systems (DNS) operations;
- Core network capacity and speed; and
- Back-up and recovery.

To meet this demand, the District has spent or encumbered \$7.94 million to:

- Implement a new “Next Generation Firewall” at the District’s Internet perimeter (\$1,519,323);
 - Improve the speed and capacity of the systems that manage and balance the Internet traffic pattern and load distribution (\$564,591);
 - Improve the reliability of critical network services and systems (\$905,556);
 - Improve the speed and capacity of the core network (\$836,056);
 - Replace the out-of-service tape back-up system with a virtual back-up tape solution (\$393,593);
 - Replace the existing automatic call distribution system with one that will be integrated into the District’s current voice application system (\$197,124);
 - Relocate and build storage for offsite disaster recovery (\$171,661);
 - Replace disk storage that supports the Enterprise Resource Planning (ERP) system (\$212,881);
 - Implement enhanced content filters (\$1,354,141);
 - Build firewall internet capacity (\$1,395,356); and
 - Update data network infrastructure (\$385,070).
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SECTION 2 --- TECHNOLOGY / CHARTER SCHOOLS

The SMART Program includes a \$12.0 million allocation for “SMART Charter School Technology from General Obligation Bonds” which is to be allocated based on charter school enrollment. The District reports that all planned charter school SMART Program technology projects were completed as of the end of the quarter ended March 31, 2017. Table 3 provides a summary of the SMART Program charter school technology deployment.

TABLE 3.
CHARTER SCHOOL TECHNOLOGY UPGRADE SUMMARY (Q1 2017-18)

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

Florida TaxWatch reviewed the “Completed and Meets Standard Projects Detail Schedule for Quarter Ended September 30, 2017” section in the “SMART Program Budget Activity Report” (Section 6) to add up the balances of the completed charter school technology purchases. Since the last quarterly report, the District has amended the current budgets for each of these projects to reflect current and prior year expenditures, and commitments. As a result, the balance on these completed projects is now “\$0.” In its review, Florida TaxWatch found:

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

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

SECTION 3 --- MUSIC & ART EQUIPMENT

MUSIC EQUIPMENT

The total amount of SMART Program funding allocated to purchase new music instruments and equipment is \$19.2 million. The District has recommended amounts of \$300,000 for high schools, \$100,000 for middle schools, and \$50,000 for elementary schools to permit schools to address their most critical music equipment needs.

Deployment of music equipment is based upon the results of gap analyses and priority lists of needed equipment for each school. The District reports that, as of September 30, 2017, all schools with music programs had completed their orders for music equipment. More than 57,000 pieces of music equipment have been ordered and more than 37,000 pieces have been received. As shown in Table 4, the District is making considerable progress implementing the music equipment upgrades, with almost 86 percent of the equipment orders either closed or closing out.

TABLE 4.
MUSIC EQUIPMENT DEPLOYMENT STATUS (Q1 2017-18)

	Number	Percent
In Process	0	0.0%
Ordering	0	0.0%
Closing Out	105	48.2%
Closed	82	37.6%
<i>No Program</i>	31	14.2%
Total	218	100.0%

Approximately \$17.2 million has been spent or encumbered on music equipment as of September 30, 2017. Music and art equipment has been purchased from 13 vendors (see Table 5). Of the approximately \$17.2 million spent on replacement music and art equipment, approximately \$10.7 million (62 percent) has been spent with one vendor, All County Music.

TABLE 5.
Q1 2017-18 MUSIC & ART VENDOR PAYMENTS (CUMULATIVE)

Vendor	Amount	Percentage
All County Music	\$10,660,747	62.0%
Cascio Interstate Music	\$3,228	0%
Enabling Devices	\$8,877	0.1%
JW Pepper	\$3,383	0%
Malmark	\$5,898	0%
Music Arts Enterprises	\$3,650,142	21.2%
Music Man	\$1,254,258	7.3%
Romeo Music	\$387,549	2.3%
School Specialty	\$63,888	0.4%
Summer Arts Sessions	\$9,600	0.0%
Summer Hays Music	\$8,233	0.0%
Vista Pan Steel Instruments	\$5,036	0.1%
Wenger	\$1,136,505	6.6%
Total	\$17,197,344	100.0%

Florida TaxWatch reviewed the “Completed and Meets Standard Projects Detail Schedule for Quarter Ended September 30, 2017” section in the “SMART Program Budget Activity Report” (Section 6) to add up the balances of the completed music equipment purchases. Since the last quarterly report, the District has amended the current budgets for each of these projects to reflect current and prior year expenditures, and commitments. As a result, the balance on many of these completed projects is now “\$0.” In its review, Florida TaxWatch identified \$6,712 in savings.

ART EQUIPMENT

The SMART Program allocates \$78,400 each year through FY 2018-19 (\$392,000 total) for replacement kilns. Kilns are ordered on an “as needed” basis subject to the established process for kiln evaluation/repair/orders. The District reports that 18 kilns have been delivered, and 14 more have been ordered and are awaiting delivery.

THEATER EQUIPMENT

The District reports that SMART funding will be made available to schools to upgrade and/or add to their sound, lighting, and stage equipment. No funding allocations or schedules for ordering theater equipment are provided.

SECTION 4 --- ATHLETICS

TRACK PROJECTS

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

What has changed is the projected completion date for the remaining seven track projects. The District reports that the remaining seven high schools are scheduled for completion by Spring 2018. In its report for the quarter ended June 30, 2017, the District reported that these projects would be completed by December 31, 2017. This represents a delay of 3-6 months. The District offers no explanation for this delay.

RECOMMENDATION 1

Florida TaxWatch recommends the District brief the Committee on the reasons for the delays in completing the remaining seven track resurfacing projects. Further, the Committee should make clear its expectation that future Athletics Reports include explanations for any project that is delayed.

Florida TaxWatch reviewed the “Completed and Meets Standard Projects Detail Schedule for Quarter Ended September 30, 2017” section in the “SMART Program Budget Activity Report” (Section 6) to add up the balances of the completed track resurfacing projects. Since the last quarterly report, the District has amended the current budgets for each of these projects to reflect current and prior year expenditures, and commitments. As a result, the balance on many of these projects is now “\$0.” In its review, Florida TaxWatch identified \$493,582 in savings.

The \$493,582 in track resurfacing project savings is not without qualification. The District reports the status of the track resurfacing projects at Pioneer Middle School and Seminole Middle School as “completed.” The “Completed and Meets Standard Projects Detail Schedule for Quarter Ended September 30, 2017” section in the “SMART Program Budget Activity Report” (Section 6) allocates \$70,000 for each of these projects. No current or prior year expenditures, or commitments, are identified, resulting in \$70,000 balances for each completed project.

In the report for the quarter ended June 30, 2017, the District reported current year expenditures of \$45,111 for the track resurfacing project at Pioneer Middle School and \$45,110 for the track resurfacing project at Seminole Middle School. This leaves balances of \$24,889 at Pioneer Middle School and \$24,900 at Seminole Middle School. When these balances are substituted, the projected savings from the completed track resurfacing projects is \$403,371.

RECOMMENDATION 2

Florida TaxWatch recommends the District revisit these projects and make changes to the “Financially Active Projects Detail Schedule for Quarter Ended September 30, 2017” section in the “SMART Program Budget Activity Report” (Section 6) and the School Spotlights as needed to more accurately reflect the status and funding of these projects.

WEIGHT ROOM PROJECTS

The SMART Program allocates \$3.63 million for new weight rooms at each of the 30 high schools. The District establishes the following schedule for project completion:

- October 2017 --- Blanche Ely;
- November 2017 --- Piper, Stranahan, and Nova;
- December 2017 --- Cypress Bay, Coconut Creek and Dillard;
- February 2018 --- Everglades, Hollywood Hills, Lauderhill 6-12, and South Broward;
- July 2018 --- Ft. Lauderdale, J.P. Taravella, Plantation, McArthur, Miramar, Western, and West Broward; and
- Early 2018-19 school year --- Cooper City, Coral Glades, Deerfield Beach, Hallandale, Monarch, Pompano Beach, South Plantation, and Stoneman Douglas.

The District also reports that Boyd Anderson, Flanagan, Coral Springs, and Northeast high schools are currently working with their design solution teams to finalize their weight room layouts; however, no schedules for project completion are provided.

RECOMMENDATION 3

Florida TaxWatch recommends that schedules for completing the weight room projects at Boyd Anderson, Flanagan, Coral Springs, and Northeast high schools be included in the next quarterly report.

SECTION 5 --- FACILITIES CONSTRUCTION

RENOVATIONS

The District's Q1 2017-18 Facilities Construction Report includes project-specific information on more than 1,300 construction projects at 232 schools. The District reports that 87 percent of the scheduled construction activities are underway and 91 percent of the schools have at least one project that is currently underway.

During Q1 2017-18, the SBBC:

- Issued 2 Requests for Qualification (RFQs) for Construction Manager At Risk (CMAR) services;
- Approved Design Professional Services Agreements (PSAs) at 12 schools;
- Approved 2 Construction Manager At Risk – Guaranteed Maximum Price (CMAR-GMP) amendments;
- Authorized 19 schools to advertise for bids; and
- Approved CMAR agreements at 5 schools.

An additional 35 schools advertised for RFQs for professional design services. No SBBC approval is required since these projects only require a single trade specialty which can be provided from pre-approved qualified trade specialists.

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

TABLE 6.
FACILITIES CONSTRUCTION PROJECT STATUS (Q1 2017-18)

Phase	(as of Sept. 30, 2017)		(as of June 30, 2017)	
	Number	Percentage	Number	Percentage
Not Started	179	13.1%	297	21.7%
Planning	92	6.7%	128	9.4%
Hire Design Team	247	18.0%	167	12.2%
Design Project	598	43.7%	533	39.0%
Hire Contractor/Vendor	42	3.1%	52	3.8%
Implement Improvements	122	8.9%	108	8.0%
Complete	89	6.5%	81	5.9%
Total	1,369	100.0%	1,366	100.0%

The District continues to make considerable progress implementing the SMART Program facility construction projects. Since the end of the last quarter:

- The number of projects not yet started has decreased from 297 to 179;
- More projects are moving from the planning phase into the design and implementation phases; and
- The number of completed projects has increased from 81 to 89.

FLAGGED PROJECTS

The District identified 120 school projects where “unexpected complications” have created budget and/or scheduling issues. This represents a small increase over the 111 flagged projects identified in the last quarterly report. Almost all (118) of the flags are for delays or scheduling issues. Of these 120 flagged projects:

- 65 are School Choice Enhancement Projects;
- 35 are primary renovation projects;
- 18 are single point of entry projects; and
- 2 are track projects.

The District has identified alternative delivery methods designed to mitigate scheduling delays and improve the delivery process, including:

- Hiring contractors earlier to provide pre-construction services during the Design phase. This helps to ensure a more efficient transition from Design to Implementation;
- Using continuing service contracts that establish a pool of qualified contractors from which to quickly implement select projects;
- Revising the SBBC approval process to get the Authorization to Advertise before getting a project building permit;
- Revising the Authorization to Proceed (ATP) and Notice to Proceed (NTP) processes to improve efficiency and reduce the time required;
- Eliminating the need for SBBC approval prior to advertising for Design services;
- Revising policy to permit multiple schools to be included in a single procurement; and
- Establishing a “small projects team” to handle less-complex projects.

BIDS

The District reports that all bids received for construction at Cypress Elementary School and Coconut Creek Elementary School were rejected because the bids did not properly handle unit pricing in determining the base bid proposal amounts. This will require a re-advertisement for bids, which is scheduled for Q2 2017-18. These delays are flagged for scheduling issues on the School Spotlight templates.

CHANGE ORDERS

The District reports \$178,694 in change orders approved during the quarter for the following:

- Blanche Ely High School --- a change order for the building demolition and re-roofing of building 4 increased the forecasted cost to complete from \$129,557 to \$144,641.
- Riverglades Elementary School --- a change order for the new 24 classroom addition increased the forecasted cost to complete from \$5,187,000 to \$5,358,490.
- Park Trails Elementary School --- a change order for extending water service increased the forecasted cost to complete from \$692,860 to \$736,247.

The only financially active project listed in the “Financially Active Projects Detail Schedule for Quarter Ended September 30, 2017” section in the “SMART Program Budget Activity Report” (Section 6) for Park Trails Elementary School is \$50,000 for the purchase of musical instruments.

RECOMMENDATION 4

Florida TaxWatch recommends the District brief the Committee on the need for these change orders, and what the District is doing to contain costs and mitigate future cost increases.

RECOMMENDATION 5

Florida TaxWatch recommends the District revisit the Park Trails Elementary School change order and make changes to the “Financially Active Projects Detail Schedule for Quarter Ended September 30, 2017” section in the “SMART Program Budget Activity Report” (Section 6) and the School Spotlight as needed to accurately reflect the status and funding of these projects.

AMENDMENTS

The District reports the following Professional Services Agreement amendments during the quarter:

- Northeast High School --- the budget for the single point of entry project was increased from its original value of \$125,000 to \$601,436, an increase of \$476,436. This amended budget amount is not reflected in the “Financially Active Projects Detail Schedule for Quarter Ended September 30, 2017” section in the “SMART Program Budget Activity Report” (Section 6). This project has not been flagged for budget reasons, and the School Spotlight shows a project budget of \$540,000.
- Stranahan High School --- the budget for the single point of entry project was increased from its original value of \$138,750 to \$420,123, an increase of \$281,393. This amended budget amount is not reflected in the “Financially Active Projects Detail Schedule for Quarter Ended September 30, 2017” section in the “SMART Program Budget Activity Report” (Section 6). This project has not

been flagged for budget reasons, and the School Spotlight shows a project budget of \$540,000.

- Broadview Elementary School --- the budget for the re-roofing/fire main loop was decreased from \$148,000 to \$98,362, a reduction of \$49,638.
- Maplewood Elementary School --- the budget for fire main loop was decreased from \$177,000 to \$50,595, a reduction of \$126,405.
- Tamarac Elementary School --- the budget for consultant fees was decreased from \$270,122 to \$48,122, a reduction of \$222,000.

All told, the contract values for these five contract amendments increased from \$858,872 to \$1,218,658, an increase of 142 percent.

RECOMMENDATION 6

Florida TaxWatch recommends the District brief the Committee on the need for these amendments, and what the District is doing to mitigate future cost increases.

RECOMMENDATION 7

Florida TaxWatch recommends that the District revisit these projects and make changes to the “Financially Active Projects Detail Schedule for Quarter Ended September 30, 2017” section in the “SMART Program Budget Activity Report” (Section 6) and the School Spotlights as needed to more accurately reflect the status and funding of these projects.

THE “BIG 3” SCHOOLS

At the May 22, 2017 BOC meeting, the Committee Chair requested that the District provide an update on the status of construction activities at each of these schools at every BOC meeting. Florida TaxWatch has pulled excerpts from other sections of the District’s report to develop a “thumbnail” for each school.

Blanche Ely High School

Facilities construction activities at Blanche Ely High School include primary renovations, single point of entry, and the School Choice Enhancement Project.

- Primary renovations --- The primary renovations are currently in the Design phase, which was scheduled to be completed by the end of September 2017. The School Spotlight template reflects that the Design phase is 84 percent complete, and this project is flagged for schedule issues. The actual construction of these improvements is planned to begin in the first quarter of calendar year 2018 and be completed and closed out by the end of June 2019. As reported previously, a change order for the building demolition and re-roofing of building 4 was approved during the quarter, increasing the forecasted cost to complete from \$129,557 to \$144,641.
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- Single point of entry --- The single point of entry project is currently in the Implementation phase. The School Spotlight template reflects that the Implementation phase is 75 percent complete, and the project is scheduled for completion by the end of the first quarter of calendar year 2018.
 - School Choice Enhancement Project --- The School Choice Enhancement Project is currently in the Design phase, which currently has no projected completion date. A ballot has been developed, and proposals are being coordinated for budget evaluation. The School Spotlight template reflects that the Design phase is 30 percent complete, and this issue is flagged for schedule issues.

Northeast High School

Facilities construction activities at Northeast High School include primary renovations, single point of entry, and the School Choice Enhancement Project.

- Primary renovations --- The primary renovations are currently in the Design phase, which was scheduled to be completed by the end of June 2017. The School Spotlight template reflects that the Design phase is 80 percent complete, and this project is flagged for schedule issues. The actual construction of these improvements is planned to begin in the first quarter of calendar year 2018 and be completed and closed out by the end of March 2019.
- Single point of entry --- The single point of entry project is entering the Implementation phase. The School Spotlight template reflects that hiring the vendor/contractor is complete, and the project is scheduled for completion by the end of the first quarter of calendar year 2018. As reported previously, a PSA amendment increased the budget from its original value of \$125,000 to \$601,436, an increase of \$476,436.
- School Choice Enhancement Project --- The School Choice Enhancement Project is currently in the Implementation phase. The School Spotlight template reflects that the Implementation phase is 75 percent complete, and the project is scheduled for completion by the end of the first quarter of calendar year 2018.

Stranahan High School

Facilities construction activities at Stranahan High School include primary renovations, single point of entry, track, and the School Choice Enhancement Project.

- Primary renovations --- The primary renovations are currently in the Design phase, which was scheduled to be completed by the end of September 2017. The School Spotlight template reflects that the Design phase is 95 percent complete, and this project is flagged for schedule issues. The actual construction of these improvements is planned to begin in the first quarter of calendar year 2018 and be completed and closed out by the end of June 2019.
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- Single point of entry --- The single point of entry project is currently in the Implementation phase. The School Spotlight template reflects that the Implementation phase is 15 percent complete, and the project is scheduled for completion by the end of the first quarter of calendar year 2018. As reported previously, a PSA amendment increased the budget from its original value of \$138,750 to \$420,123, an increase of \$281,393.
- Track --- As reported previously, the track resurfacing project is complete.
- School Choice Enhancement Project --- The School Choice Enhancement Project is currently in the Implementation phase. The School Spotlight template reflects that the Implementation phase is 95 percent complete, and the project is scheduled for completion by the end of the fourth quarter of calendar year 2017.

SCHOOL CHOICE ENHANCEMENT PROGRAM (SCEP)

The District reports that, because of the early mobilization of 30 Year 3 schools, there are now 140 School Choice Enhancement Program (SCEP) projects. SCEP projects are budgeted at \$100,000; the scope of the capital project (e.g., electronic marquees, shade structures, playgrounds, etc.) is determined by a vote of the teachers, staff, and parents of students at the school.

A new three-phased SCEP process was introduced during Q4 2016-17. The first phase begins with Planning & Design, which includes scope and budget evaluation and voting authorization. The second phase, Implementation, includes selection and procurement. The third phase, Completion, occurs when all items have been delivered and installed. The status of these projects is shown in Table 7.

TABLE 7.
SCHOOL CHOICE ENHANCEMENTS PROJECT STATUS

Project Phase	(as of Sept. 30, 2017)		(as of June 30, 2017)	
	Number	Percentage	Number	Percentage
Planning/Design	35	26.4%	37	26.4%
Implement Improvements	84	62.9%	88	62.9%
Improvements Complete	20	10.7%	15	10.7%
Total	139	100%	140	100%

The District is making considerable progress implementing the SCEP Program projects. Since the end of the last quarter, fewer SCEP projects are in the Planning and Design phase and more have moved into the Improvements Complete phase.

SECTION 6 --- BUDGET ACTIVITY

The SMART Program Budget Activity Quarterly Report provides expenditure information for financially active projects. The SMART Program total budget is \$987 million. This includes the \$800 million in general obligation bond (GOB) funding and \$187 million in non-GOB capital project funding (capital millage and impact fees). The current SMART Program budget combines years 1 (FY 2014-15), 2 (FY 2015-16), 3 (FY 2016-17), and 4 (FY 2017-18) now totaling \$811.5 million. This represents a net increase of \$3.16 million over the original budget.

FINANCIALLY ACTIVE PROJECTS

The District reports that, during Q1 2017-18, the SBBC determined that single point of entry standards had previously been met at several schools, which permitted the transfer of SMART funding allocated for these projects to be transferred into a reserve fund for single point of entry projects. This transfer, plus an additional \$3.8 million approved by the SBBC, has created a \$6.7 million reserve fund to be used to meet point of entry standards at several other schools. The District has also reallocated \$11.93 million in technology savings to SMART Program reserves.

Budget activity increased dramatically during the quarter ending September 30, 2017. The District reports that the number of financially active and completed/meets standards projects increased from 1,423 at the end of Q4 2016-17 to 1,623 at the end of Q1 2017-18, an increase of 200 projects. SMART Program expenditures increased from \$123,094,714 to \$133,929,987 (a 9 percent increase) during the same period.

Florida TaxWatch reviewed the original and current budgets contained in the “Financially Active Projects Detail Schedule for Quarter Ended September 30, 2017” section in the “SMART Program Budget Activity Report” (Section 6). The current budgets for both the SMART Program and the financially active projects reflect an increase of \$262,125 over the original budgets, with increases in the Safety, Music and Arts, and Renovation SMART categories. The budget for building envelope improvements at Attucks Middle School has increased from \$316,000 to \$498,125, the budget for music equipment at Hallandale Elementary School has increased from \$50,000 to \$100,000, and the budget for fire alarms at Crystal Lake Middle School has increased from \$442,525 to \$472,525.

COMPLETED PROJECTS

Florida TaxWatch reviewed the “Completed and Meets Standard Projects Detail Schedule for Quarter Ended September 30, 2017” section in the “SMART Program Budget Activity Report” (Section 6). Each of the following “completed” technology projects includes no current or prior year expenditures, or commitments, yet shows a “\$0” balance:

- Coconut Palm Elementary School --- wireless network upgrade & Cat 6 data port upgrade;
- Cooper City Elementary School --- wireless network upgrade & Cat 6 data port upgrade;
- Cooper City High School --- technology infrastructure upgrade;
- Blanche Ely High School --- technology infrastructure upgrade;
- Henry D. Perry Education Center --- technology infrastructure upgrade;
- Lauderhill 6-12 --- technology infrastructure upgrade;
- Margate Middle School --- technology infrastructure upgrade;
- McNab Elementary School --- wireless network upgrade & Cat 6 data port upgrade;
- Miramar Elementary School --- technology infrastructure upgrade;
- Park Trails Elementary School --- technology infrastructure upgrade;
- Plantation High School --- technology infrastructure upgrade;
- Quiet Waters Elementary School --- wireless network upgrade & Cat 6 data port upgrade;
- Riverglades Elementary School --- wireless network upgrade & Cat 6 data port upgrade;
- Sunset Lakes Elementary School --- technology infrastructure upgrade;
- Watkins Elementary School --- technology infrastructure upgrade; and
- Wilton Manners Elementary School --- wireless network upgrade & Cat 6 data port upgrade.

Last quarter, Florida TaxWatch reported that the Budget Activity Report suggested that the HVAC improvements at the Dr. Martin Luther King, Jr., Montessori Academy cost almost \$24,000 more than what was budgeted for this project. There was no budget flag or discussion of this in the Facilities Construction Report. This quarter, there is no mention of this project in the “Completed and Meets Standard Projects Detail Schedule for Quarter Ended September 30, 2017” section in the “SMART Program Budget Activity Report” (Section 6). The HVAC improvement is now listed as a financially active project with a balance of \$824,182.

RECOMMENDATION 8

Florida TaxWatch recommends the District revisit the status of the HVAC improvements at the Dr. Martin Luther King, Jr., Montessori Academy and make changes to the “Financially Active Projects Detail Schedule for Quarter Ended September 30, 2017” section in the “SMART Program Budget Activity Report” (Section 6) and the School Spotlight as needed to more accurately reflect the status and funding of this project.

SAVINGS

Florida TaxWatch reviewed the “Completed and Meets Standard Projects Detail Schedule for Quarter Ended September 30, 2017” section in the “SMART Program Budget Activity Report” (Section 6) to identify cost savings. As shown in Table 8, District staff have been able to procure and implement SMART Program improvements that meet or exceed established standards at considerable savings (\$11.8 million).

TABLE 8.
CUMULATIVE SAVINGS

Cost Category	Savings
Technology SBBC Schools	\$10,284,075
Technology Charter Schools	\$1,089
Music & Art Equipment	\$6,712
Athletics	\$403,371
Facilities Construction	\$1,117,962
Total	\$11,813,209

SECTION 7 --- SUPPLIER DIVERSITY OUTREACH

The Supplier Diversity Outreach Program Report includes data specific to Minority/Women Business Enterprise (M/WBE) participation and committed funding in the SMART Program. New to this report is the inclusion of small business enterprises (SBEs) in addition to minority and women-owned businesses (M/WBEs). This now permits the reporting of historically underutilized businesses, in addition to M/WBEs, as previously recommended by Florida TaxWatch. The acronym S/M/WBE is used in this section to reference small, minority, and women-owned businesses.

The District reports that, as of September 30, 2017, there were 660 active certified S/M/WBE firms that provide commodities (supplies), construction, professional services, and business services to District schools. Of this total:

- 351 (53 percent) are women-owned businesses;
- 519 (78 percent) are minority-owned businesses; and
- 213 (32 percent) are businesses owned by female minorities.

Despite the District's outreach efforts, the 660 active certified S/M/WBE firms represent a decrease of 70 active certified S/M/WBE firms from the number reported at the end of the quarter ended June 30, 2017 (730). The District provides no explanation of the apparent loss of 70 certified S/M/WBE firms.

RECOMMENDATION 9

Florida TaxWatch recommends the District explain the apparent loss of 70 active certified S/M/WBE firms since the end of the last quarter.

The District reports as part of its Contract Compliance Metrics an S/M/WBE commitment of \$4.56 million during the quarter ending September 30, 2017. More than 90 percent of this commitment was awarded to S/M/WBE firms. Through September 30, 2017, the District has issued purchase orders to S/M/WBEs totaling \$32.97 million. This represents a cumulative S/M/WBE commitment of 20.2 percent.

In terms of minority (ethnic) spending, 58 percent of the purchase orders issued to S/M/WBEs were issued to Hispanic-owned firms. In terms of minority (gender) spending, the District reports 351 certified women-owned firms that provide commodities (supplies), construction, professional services, and business services to District schools; however, SMART Program purchase orders have been issued to less than one percent of these firms.

RECOMMENDATION 10

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

As previously recommended by Florida TaxWatch, the Q1 2017-18 Supplier Diversity Outreach Program Report includes information on contracts awarded to or purchases made from S/M/WBEs and historically underutilized businesses for safety projects, music and arts equipment, athletics projects, and technology upgrades. This permits the extent to which the District is utilizing S/M/WBEs and historically underutilized businesses for technology upgrades, replacement musical equipment, and replacement kilns to be determined.

No S/M/WBEs have received any of the bond money for music and art equipment. The \$925,000 reported in the Q4 2016-17 Supplier Diversity Outreach Program Report as being awarded to S/M/WBEs for technology purchases has been revised to \$0 as the District continues its due diligence to ensure accurate reporting.

RECOMMENDATION 11

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

SECTION 8 --- COMMUNICATIONS

The Q1 2017-18 Communications Report outlines the District's efforts to develop and implement a comprehensive communications plan to promote the SMART Program. The Communications Report includes a "tool kit" of techniques designed to ensure consistency of message.

The report for the quarter ended September 30, 2017 highlights the District's efforts to provide principals news about SMART Program milestones that occur at their schools. This is designed to help school administrators speak more knowledgeably about ongoing improvements that affect their facilities.

Other outreach efforts include:

- A SMART year in review;
- Individual school spotlights;
- Upgrade the District website to keep the public up-to-date of SMART Program updates;
- Letters sent to school principals advising them of changes in the status of school projects; and
- Use of Twitter to "spotlight" SMART Program accomplishments.

The District reports 2 outreach events at Broward municipalities, 8 outreach events at schools and other community forums, and 1 outreach event involving the business community.

LOOKING AHEAD

The District continues to make progress in implementing the \$987 million SMART Program. SMART Program expenditures now exceed \$123 million, and there are more than 1,400 financially active projects. All of the planned computer devices have been ordered and received, all SBBC schools now comply with the District's standard of 1 computer for every 3.5 students, and all technology projects planned for charter schools have been completed.

The replacement of music and arts equipment continues, with all planned projects accelerated and underway. Track resurfacing projects are underway and weight room equipment is being ordered. Facility renovation and construction activities have begun, and in some cases completed, at numerous SBBC schools.

Most importantly, a schedule for implementing planned facility renovations is in place. Already, the District reports that more than 100 schools are experiencing scheduling issues, mostly associated with the School Choice Enhancement Program projects. The District has outlined measures to mitigate these delays.

Florida TaxWatch acknowledges and appreciates the District's continued efforts to increase transparency in SMART Program reporting. In response to previous Florida TaxWatch recommendations, the District's quarterly SMART Program reports:

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

In addition, the District now includes a new section in the Budget Activity Report that identifies projects that have been completed and that meet standards.

Of concern is the recent reporting of change orders and PSA Amendments. The District reports approval of three change orders and five PSA amendments during Q1 2017-18 that increased the budgets for these eight projects by more than \$538,000. As more and more projects move from the Planning phase to the Design and Implementation phases, more and more change orders and PSA amendments, and increased project budgets, can be expected. Florida TaxWatch urges the Committee to monitor this closely as SMART Program implementation moves forward.

In this report, Florida TaxWatch has offered nine recommendations to help guide the Committee in its oversight of the implementation of the SMART Program, and to ensure that public's right-to-know how the taxpayer-approved General Obligation Bond funds are being spent is well-served. Florida TaxWatch looks forward to presenting the results of its review to the Committee and the public, and to providing continued support and guidance as the Bond Oversight Committee continues its effective oversight of SMART Program implementation.

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As an independent, nonpartisan, nonprofit taxpayer research institute and government watchdog, it is the mission of Florida TaxWatch to provide the citizens of Florida and public officials with high quality, independent research and analysis of issues related to state and local government taxation, expenditures, policies, and programs. Florida TaxWatch works to improve the productivity and accountability of Florida government. Its research recommends productivity enhancements and explains the statewide impact of fiscal and economic policies and practices on citizens and businesses.

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RESEARCH PROJECT TEAM

Robert E. Weissert	Exec. VP & Counsel to the President	
Robert G. Nave	VP of Research	<i>Lead Researcher & Author</i>
Chris Barry	Director of Publications	<i>Design, Layout, Publication</i>

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

FOR MORE INFORMATION: WWW.FLORIDATAXWATCH.ORG

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106 N. BRONOUGH ST., TALLAHASSEE, FL 32301 O: 850.222.5052 F: 850.222.7476

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