

Florida TaxWatch Recommendations & Staff Responses

SMART Program Quarterly Report Review for the Quarter Ended March 31, 2019

SECTION 1 --- TECHNOLOGY SBBC SCHOOLS

RECOMMENDATION 1: TaxWatch recommends that, beginning with the Q4 2018-19 Report, the Chief Information Officer provide a schedule for the implementation of the Server Blade Growth, Network Security/Capacity Upgrades, Enterprise Back-up, and UPS/Support projects.

RESPONSE: Technology will include the Schedule for the Implementation of the Server Blade Growth, Network Security/Capacity Upgrades, Enterprise Back-up, and UPS/Support projects.

SECTION 2 --- TECHNOLOGY CHARTER SCHOOLS

N/A

SECTION 3 --- MUSIC, ART, AND THEATRE EQUIPMENT

N/A

SECTION 4 --- ATHLETICS

N/A

SECTION 5 --- FACILITIES

RECOMMENDATION 2: TaxWatch recommends that, beginning with the Q4 2018-19 Report, the Task Assigned Executive Director, Capital Programs, include the status of all planned Primary Renovation projects, including the number of those that have not yet started.

RESPONSE: All planned Primary Renovation projects are currently underway.



RECOMMENDATION 3: TaxWatch recommends that, beginning with the Q4 2018-19 Report, the Task Assigned Executive Director, Capital Programs, provide (at a minimum) a summary report of the status of the Single Point-of-Entry projects.

RESPONSE: A hard copy of the summary report will be issued to the Bond Oversight Committee for review during the meeting.

SECTION 6 --- BUDGET ACTIVITY

RECOMMENDATION 4: Florida TaxWatch recommends that the Chief Financial Officer brief the Bond Oversight Committee on the District's contingency plan for additional reserve funds needed to address the potential impacts of the updated \$413 million risk assessment on the current SMART Program budget.

RESPONSE: Of the risk amount identified, the District previously set aside a \$225 million SMART Reserve to mitigate these SMART Program construction cost risks. Additionally, over the next 5-years there is \$73.5 million set aside for charter school millage sharing; if the State fully funds charter school capital outlay these dollars will move to the capital reserves. Moreover, in the outer years of the 5-year District Educational Facilities Plan, there is an additional \$173 million estimated available unallocated reserves. The funds required to address the updated construction risk assessment and complete the SMART Program is having a significant impact on the District's overall capital program. These funds may not be available in the program years the projects are currently scheduled for. The Finance and Facilities Departments will continue working together to allocate additional resources and assess scheduling impacts based on market conditions, saturation of construction work in the marketplace, and available funding.

Additional allocations into the SMART Program require the School Board's approval and all future amounts are subject to change based on economic conditions and the results of annual legislative action. It is also important to note there are other capital outlay needs to consider when deciding how to allocate these other dollars.

RECOMMENDATION 5: TaxWatch recommends that the Task Assigned Executive Director, Capital Programs, brief the Bond Oversight Committee on the reasons why the hard and soft costs for the two fully-complete schools fall outside the ranges that would typically be expected for these projects.



RESPONSE: The initial budgets for the SMART projects were divided into various buckets for design, program management, construction and various contingencies through the use of a cost model. The hard and soft costs in the cost model aligned with the 77/23 hard to soft cost ratio. As the project progresses to construction the contingencies (except for the change order contingency) are reduced to either help cover the budget overages or be swept back into the SMART Program Reserves. Because the contingencies being reduced are soft costs, that contributes to a higher percentage of hard costs. Also, because the budget overages were solely on the construction, that also leads to having a higher percentage of hard costs.

RECOMMENDATION 6: [Beginning with the Q4 2018-19 Report, the Task Assigned Executive Director, Capital Programs, should include an updated and more inclusive report of actual hard and soft costs for SMART Program facility construction projects.](#)

RESPONSE: The Office of Facilities and Construction will continue to report the actual percentages of hard and soft costs as projects are completed. There are changes that occur at the end of the project, like final change order and final release of retainage, that make it unlikely to get an accurate forecast before project completion.

SECTION 7 --- SUPPLIER DIVERSITY & OUTREACH

N/A

SECTION 8 --- COMMUNICATIONS

N/A

