



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

*SMART Program Quarterly Report Review for the  
Quarter Ending September 30, 2016*

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Presented to the Broward County Bond Oversight Committee  
November 14, 2016

Q1 2017





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**Michelle A. Robinson**  
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 expressed a 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 ending September 30, 2016. TaxWatch staff will be available to present our findings and recommendations at the Committee's November 14, 2016 meeting.

Sincerely,

Dominic M. Calabro

*President & CEO*

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## INTRODUCTION

On October 31, 2016, Florida TaxWatch received the *Bond Oversight Committee Quarterly Report for the Quarter Ended September 30, 2016*. This single 500-page report combines what had been previously delivered and presented as five separate reports. New to the report are sections specific to Supplier Diversity Outreach and 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:

- o Verifying the effective use of bond proceeds and compliance with the purposes set forth in the bond programs as approved by the Board;
- o Ensuring that bond revenues are expended for the purpose set forth in the bond programs as approved by the Board;
- o Ensuring that any deferred proposals or changes of plans are executed after appropriate approval of the Board;
- o Validating that no bond funds are used for any teacher or administrative salaries or other school operating expense; and
- o 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 these reports against the Amended District Educational Facilities Plan (ADEFP), and the SMART Program budget, which were most recently amended in September 2016. Florida TaxWatch is pleased to present the following findings and recommendations.

## TECHNOLOGY - SBBC SCHOOLS

The ADEFP/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 ADEFP/SMART Program focus on wireless network upgrades, the acquisition of additional computers to achieve desired student-to-computer ratios, and technology infrastructure upgrades (servers, racks, etc.).

### SBBC SCHOOLS – TECHNOLOGY UPGRADES

Infrastructure upgrades have been programmed for 135 SBBC schools during FY 2015-16 and for an additional 96 schools during FY 2016-17. The projects scheduled for FY 2015-16 are nearing completion and work has begun at 32 of the schools scheduled for FY 2016-17.

The District has identified the following areas of emphasis for the infrastructure upgrades:

- o Perimeter defense and traffic management;
- o Load balancing of traffic across the network;
- o Upgrading & expanding core network services;
- o Increased capacity and speed of core network switches; and
- o Improved backup and restoration capabilities for critical business systems.

TaxWatch looked at the combined status of the 167 schools identified in the Technology SBBC Schools Report. The change in status of these projects since the end of the last quarter is shown in Figure 1.

FIG. 1 - INFRASTRUCTURE UPGRADE STATUS



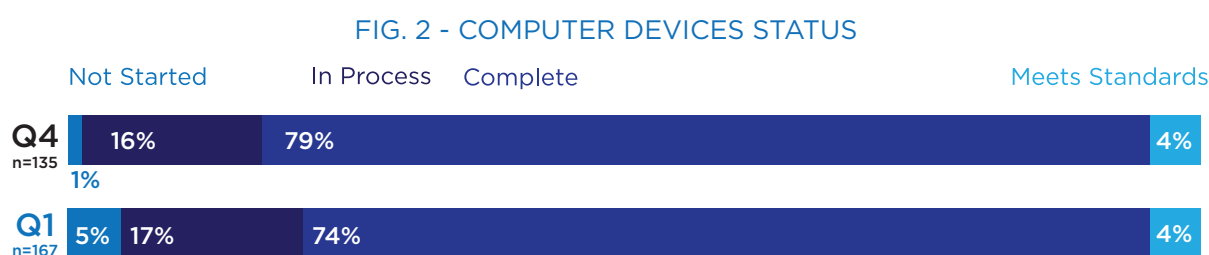
#### FINDING 1

The District continues to make progress implementing the infrastructure upgrades, with 61 percent of the upgrades either complete or in process. While this reflects a slight reduction from 63 percent at the end of the quarter ended June 30, 2016, this difference is due to the inclusion of technology upgrades at 32 FY 2016-17 schools for which work has just begun.

## SBBC SCHOOLS – COMPUTER DEVICES

The District has planned to purchase additional computer devices to meet the District’s standard of 1 computer for every 3.5 students. Computer upgrades have been programmed for 135 SBBC schools during FY 2015-16 and for an additional 96 schools during FY 2016-17. The projects scheduled for FY 2015-16 are nearing completion and work has begun at 32 of the schools scheduled for FY 2016-17.

TaxWatch looked at the combined status of the 167 schools identified in the Technology SBBC Schools Report. The change in status of these projects since the end of the last quarter is shown in Figure 2.



### FINDING 2

The District continues to make progress purchasing additional computers, with 91 percent of the planned computer purchases either complete or in process. Only 5 percent of the scheduled computer projects have not yet started. While this reflects a slight reduction from 95 percent at the end of the quarter ended June 30, 2016, this difference is due to the inclusion of additional computer purchases at 32 FY 2016-17 schools for which work has just begun.

### FINDING 3

As of September 30, 2016, only 18 of the 167 schools for which additional computer projects have begun (11 percent) remained out of compliance with the District’s standard. This is a reduction from the 16 percent reported at the end of the last quarter.

The 18 schools that are not in compliance with the District’s standard have ratios ranging from 1 computer for every 3.7 students (Pompano Beach Middle School) to 1 computer for every 11.4 students (Tamarac Elementary School).

#### FINDING 4

Of the 62,560 computer devices that have been ordered, 87 percent have been received and installed.

#### FINDING 5

Seventy-six (76) of the 124 schools for which additional computer devices have been ordered and installed (completed) have student-to-computer ratios of 2:1 or better.

The District acknowledges on page 5 of the report that “[S]chools continue to exceed their 3.5 to 1 student to computer ratio. This is great news as the real need is to get as close to 1 to 1 as possible.” This suggests the need to revisit and revise the standard.

#### RECOMMENDATION 1

**Florida TaxWatch recommends the District revise its current standard of 1 computer for every 3.5 students to be more in line with the ratio the District is actually trying to accomplish.**

### SBBC SCHOOLS – WIRELESS ACCESS POINTS

The District has planned to purchase additional wireless access points to meet the District’s standard of 1 wireless access point per classroom. Wireless access points have been programmed for 135 SBBC schools during FY 2015-16 and for an additional 96 schools during FY 2016-17. The projects scheduled for FY 2015-16 are nearing completion and work has begun at 32 of the schools scheduled for FY 2016-17.

TaxWatch looked at the combined status of the 167 schools identified in the Technology SBBC Schools Report. The change in status of these projects since the end of the last quarter is shown in Figure 3.

FIG. 3 - WIRELESS ACCESS POINT STATUS



FINDING 6

The District continues to make progress purchasing additional wireless access points, with 85 percent of the planned wireless access points either complete or in process. Only 11 percent of the scheduled wireless access point projects have not yet started. While this reflects a slight reduction from 80 percent at the end of the quarter ended June 30, 2016, this difference is due to the inclusion of additional wireless access points at 32 FY 2016-17 schools for which work has just begun.

FINDING 7

As of September 30, 2016, only 34 of the 167 schools for which additional wireless access point projects have begun (20 percent) remained out of compliance with the District’s standard. While this reflects an increase from 16 percent completed at the end of the quarter ended June 30, 2016, this difference is due to the inclusion of additional wireless access points at 32 FY 2016-17 schools for which work has just begun.

FINDING 8

Of the 8,962 wireless access points ordered, 8,169 (91 percent) have been received and installed (completed). This reflects an increase from 87 percent completed at the end of the quarter ended June 30, 2016.

SUMMARY

In summary, the District has reported the successful delivery of the following technology upgrades across 167 SBBC schools as of June 30, 2016.

| Table 1 – Technology Upgrade Summary<br>(as of September 30, 2016) |         |           |                  |
|--------------------------------------------------------------------|---------|-----------|------------------|
|                                                                    | ORDERED | INSTALLED | PERCENT COMPLETE |
| Student Laptops                                                    | 48,064  | 42,004    | 87.4%            |
| Teacher Laptops                                                    | 9,939   | 7,739     | 84.9%            |
| Desktops                                                           | 4,103   | 3,725     | 90.8%            |
| Tablets                                                            | 454     | 444       | 97.8%            |
| Computer Carts                                                     | 743     | 609       | 82.0%            |
| Wireless Access Points                                             | 8,962   | 8,169     | 91.2%            |
| Category 6 Cable Drops                                             | 7,716   | 7,715     | 99.9%            |

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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 reported that greatly increased demand for network capacity and reliability has required either the replacement or implementation of systems that provide:

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

To meet this demand, the District has spent or encumbered \$4.7 million to:

- o Implement a new “Next Generation Firewall” at the District’s Internet perimeter (\$1,519,323);
- o Improve the speed and capacity of the systems that manage and balance the Internet traffic pattern and load distribution (\$564,591);
- o Improve the reliability of critical network services and systems (\$805,556);
- o Improve the speed and capacity of the core network (\$836,056);
- o Replace the out-of-service tape back-up system with a virtual back-up tape solution (\$393,593);
- o Replace the existing automatic call distribution system with one that will be integrated into the District’s current voice application system (\$197,124);
- o Relocate and build storage for offsite disaster recovery (\$171,661); and
- o Replace disk storage that supports the ERP system (\$212,881).

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## TECHNOLOGY – CHARTER SCHOOLS

The ADEFP/SMART Program includes a \$12 million allocation for “SMART Charter School Technology from General Obligation Bonds” which, according to discussions with District staff, is to be allocated based on charter school enrollment.

### FINDING 9

The District reports that 59 of the 67 planned projects (88 percent) have been completed, up from 56 at the end of the last quarter. The remaining 8 projects (12 percent) are still in process.

The SMART Program Technology Charter Schools Quarterly Report reflects the following summary activity:

| Table 1 – Technology Upgrade Summary<br>(as of September 30, 2016) |         |           |                  |
|--------------------------------------------------------------------|---------|-----------|------------------|
|                                                                    | ORDERED | INSTALLED | PERCENT COMPLETE |
| Student Laptops                                                    | 5,086   | 5,059     | 99.5%            |
| Teacher Laptops                                                    | 1,417   | 1,417     | 100%             |
| Desktops                                                           | 1,712   | 1,708     | 99.8%            |
| Tablets                                                            | 3099    | 3097      | 99.9%            |
| Computer Carts & Trays                                             | 316     | 315       | 99.9%            |
| Accessories & Peripherals                                          | 3,385   | 3,317     | 98.0%            |
| Digital Classrooms                                                 | 1,347   | 1,345     | 99.9%            |

Table 1 suggests that, at a high level, the bond revenues are being expended for the purpose set forth in the bond programs as approved by the School Board.

### FINDING 10

The District is making considerable progress implementing the charter school technology upgrades, with more than 99.3 percent of the ordered upgrades having been received.

In its review of the District’s report for the quarter ending September 30, 2015, TaxWatch found nothing that identified specifically how general obligation bond funds appropriated for “Charter School Technology” are to be spent. Without this additional specificity, TaxWatch could not say that the bond revenues are being expended for the purpose set forth in the bond programs as approved by the School Board.

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District staff has previously explained that the following criteria were used to guide technology purchases by the charter schools:

- o Technology devices that a charter school might need that were on established bids that the information technology (IT) department has done;
- o Technology that teachers could use within the classroom (e.g., laptops, desktops, etc.) based on the appropriate approved bids that the IT department has done;
- o Anything in the classroom that could be recoverable; and
- o Technology must be used for instructional purposes, and not bought for administrative purposes.

District staff has further explained that the IT team developed an online ordering system for the charter schools. A catalogue identifying all of the devices allowed to be purchased was sent to the charter schools, and each charter school was given an access code to enter the system. As each item is ordered, it is placed into a “shopping cart” and a running total cost was calculated after each item was entered.

#### FINDING 11

Although there is no “planned spend” against which to compare the “actual spend,” the use of the catalogue and online ordering system provides a measurable level of comfort that the bond revenues are being expended for the purpose set forth in the bond programs as approved by the SBBC.

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## MUSIC AND ARTS EQUIPMENT

The District reports that music equipment deployment has begun in schools identified in Year 1 (FY 2014-15) and Year 2 (FY 2015-16) of the schedule contained in the ADEFP/SMART Program. 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.

Addendum #3 to the ADEFP contains the Revised Comprehensive Music Equipment Replacement Schedule (“Schedule”), which identifies the location of the project, the year in which funding is to be available, and the funding source. The Schedule identifies 193 music equipment replacement projects, 109 of which are planned during FY 2014-15 and FY 2015-16. An additional 40 music equipment replacement projects are planned for FY 2016-17.

Deployment of music equipment is based upon the results of gap analyses and priority lists of needed equipment for each school. The status of each project, by year, is shown in Table 3. In the last report, Florida TaxWatch reported that that 36 of the 52 music equipment replacement projects planned for FY 2015-16 had yet not started.

### FINDING 12

As shown in Table 3, only 1 music equipment replacement project planned for FY 2014-15 and FY 2015-16 (Thurgood Marshall Elementary School) has not yet started. The District offers no explanation for this delay.

### RECOMMENDATION 2

**Florida TaxWatch recommends the District explain the delay in the Thurgood Marshall Elementary School music equipment replacement project. Further, the Committee should make clear its expectation that future Music & Art Equipment Reports include explanations for any project that is delayed.**

**Table 3 – Music Equipment Deployment Status**  
(as of September 30, 2016)

| STATUS                            | PROGRAM YEAR |            |            | TOTAL      |
|-----------------------------------|--------------|------------|------------|------------|
|                                   | FY 2014-15   | FY 2015-16 | FY 2016-17 |            |
| Not Started                       | 1            | 0          | 28         | 29         |
| Initial Gap Analysis              | 0            | 0          | 0          | 0          |
| Gap Analysis & Priority Initiated | 2            | 21         | 12         | 35         |
| In Process                        | 27           | 15         | 0          | 42         |
| On Hold                           | 0            | 1          | 0          | 1          |
| Ordering                          | 1            | 5          | 0          | 6          |
| Closing Out                       | 12           | 8          | 0          | 20         |
| Closed                            | 1            | 0          | 0          | 1          |
| No Program                        | 3            | 0          | 0          | 3          |
| School Closed                     | 0            | 2          | 0          | 2          |
| NA                                | 1            | 0          | 0          | 1          |
| <b>Totals</b>                     | <b>48</b>    | <b>52</b>  | <b>40</b>  | <b>140</b> |

The Music & Art Equipment Report identifies two schools that closed during 2016 (Gulfstream Middle School and Hallandale Adult & Community Center).

### FINDING 13

It is unclear whether any SMART funds have been expended on music equipment replacement projects at these schools. If so, the disposition of any equipment purchased and any unexpended funds is unclear.

### RECOMMENDATION 3

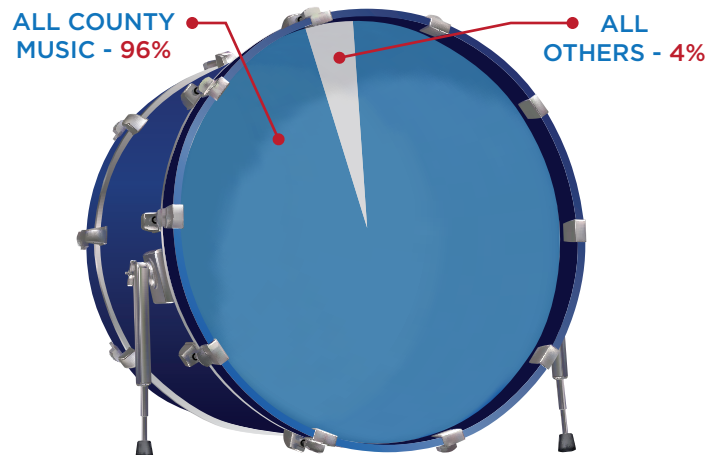
**Florida TaxWatch recommends the District explain the status of the music equipment replacement projects at Gulfstream Middle School and Hallandale Adult & Community Center, including the disposition of any equipment purchased and proposed reallocation of any unexpended funds to meet other critical needs.**

The Music & Art Equipment Report identifies 21 schools where music equipment replacement projects have either closed (one school) or are in the processing of being closed out (20 schools). Another six schools are in the process of ordering music equipment. An inventory of musical equipment purchased for each of these 27 music equipment replacement projects is included. Of the \$4.65 million allocated for these projects, approximately \$4.47 million has been spent. Music equipment has been purchased from seven vendors.

#### FINDING 14

Of the approximately \$4.47 million spent on replacement music equipment, approximately \$4.28 million (96 percent) has been spent with one vendor, All County Music (see Fig. 4).

FIG. 4 - MUSIC EQUIPMENT PROCUREMENT BY VENDOR



#### RECOMMENDATION 4

**Florida TaxWatch recommends the District explain its reliance on All County Music for the lion's share of music equipment purchases.**

#### FINDING 15

It is unclear whether All County Music or any of the remaining music equipment replacement vendors is a Minority/Women Business Enterprise (M/WBE) or historically underutilized businesses. The Supplier Diversity Outreach section of the report (Section 6) also fails to provide this information.

#### RECOMMENDATION 5

**Florida TaxWatch reiterates its previous recommendation that future Music & Art Equipment Reports identify contracts with M/WBEs and historically underutilized businesses, as well as the amount of SMART Program funds going to these businesses.**

The SMART Program allocates \$78,400 each year through FY 2018-19 (\$392,000 total) for replacement kilns. The Music & Art Equipment Report identifies plans to secure 17 new kilns, eight of which have been received and the project closed, and the remaining nine have been ordered.

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#### FINDING 16

It cannot be determined from the Music & Art Equipment Report how much SMART Program funding has been spent on replacement kilns.

#### FINDING 17

Since no vendors have been identified, it is unclear whether any of the kiln replacement vendors is a Minority/Women Business Enterprise (M/WBE) or historically underutilized businesses. The Supplier Diversity Outreach section of the report (Section 6) also fails to provide this information.

#### RECOMMENDATION 6

**Florida TaxWatch recommends that future Music & Art Equipment Reports:**

- **Identify the kiln replacement vendors;**
- **Identify whether these vendors are M/WBEs or historically underutilized businesses; and**
- **Identify the amount of SMART Program funds going to each vendor.**

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## FACILITIES CONSTRUCTION

Florida TaxWatch recognizes and acknowledges the District's continued efforts to increase transparency. In previous reports, TaxWatch has recommended that the District's SMART Program Facilities Construction Report include for each financially active project more detailed cost estimates, scopes of work, methods of delivery, schedules and phasing, and other information necessary to define the project (reference TaxWatch's Recommended Best Practice 37.3). The District's Facilities Construction Report for the quarter ending September 30, 2016 includes project-specific information on 1,386 construction projects at 232 schools. The status of these construction projects is shown in Table 4.

| Table 4 – Facilities Construction Project Status<br>(as of September 30, 2016) |              |             |
|--------------------------------------------------------------------------------|--------------|-------------|
| STATUS                                                                         | NUMBER       | PERCENTAGE  |
| Complete                                                                       | 40           | 2.9%        |
| Construction                                                                   | 15           | 1.0%        |
| Pending Start                                                                  | 712          | 51.5%       |
| Design                                                                         | 161          | 11.6%       |
| Implementation                                                                 | 57           | 4.1%        |
| Designer Procurement                                                           | 259          | 18.7%       |
| Planning                                                                       | 136          | 9.8%        |
| Bid & Award                                                                    | 3            | 0.2%        |
| Closeout                                                                       | 3            | 0.2%        |
| <b>Total</b>                                                                   | <b>1,386</b> | <b>100%</b> |

### FINDING 18

As shown in Table 4, 49.5 percent of the scheduled construction activities are underway. This is a significant improvement over the 21 percent of the planned construction projects that were underway as of June 30, 2016.

### FINDING 19

Although not shown in Table 4, the District reports that 70 percent of the schools have at least one project that is currently underway. This is a significant improvement over the 48 percent of the schools with at least one project currently underway as of June 30, 2016.

In response to Requests for Qualifications for professional design services, the District did not receive at least 3 proposals, as required by s.287.055(4)(b), Florida Statutes, for construction projects at the following schools:

- o Plantation Middle School;
- o New River Middle School; and
- o Whiddon-Rogers Education Center.

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## FINDING 20

Although the Facilities Construction Report did not specifically address the impact of the District's failure to receive the required three proposals on the schedule for construction projects at Plantation Middle School, New River Middle School, and Whiddon-Rogers Education Center, it is fair to assume that the delays in the procurement process will create corresponding delays in the schedule for construction projects at these three schools.

## RECOMMENDATION 7

**Florida TaxWatch recommends the District provide information regarding the impacts of procurement delays on the schedule for construction projects at Plantation Middle School, New River Middle School, and Whiddon-Rogers Education Center.**

In response to concerns raised by Florida TaxWatch and Committee members at the August 29, 2016 Committee meeting, the District has discontinued the use of the traffic signal-type indicator as a means to show the status of construction status. TaxWatch and the Committee did not object to the use of the traffic signal-type indicator per se, but rather questioned the "green" status of every project, suggesting every project is on schedule, on budget, and there are no pending issues of concern for any project.

On September 1, 2016, Florida TaxWatch forwarded to the District for consideration a project status template that would address the needs of the Committee and comply with TaxWatch's Recommended Best Practice 37.3. The District has chosen not to use this template, and there has been some discussion in the interim regarding a proper template to show project status. The Facilities Construction Report acknowledges that the format and content of this report may continue to evolve. It is TaxWatch's expectation that this matter will be on the agenda for the November 14, 2016 meeting.

## FINDING 21

The template used in the Facilities Construction Report fails to provide sufficient information to show the status of each project. For example, there are 40 projects identified as "complete," yet there is nothing to suggest whether these projects were completed on-time, on-budget, or consistent with the original scope of work.

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## RECOMMENDATION 8

Florida TaxWatch reiterates its previous recommendations that Facilities Construction Reports include the following for each financially active project, consistent with Florida TaxWatch's recommended best practice number 37.3:

- A listing of each bond-funded project and the status of each project with respect to the project's original scope, budget and implementation schedule;
- A description of any plans or proposals to defer maintenance;
- A description of any additional measures employed to maximize bond revenues by implementing cost-saving measures;
- Any documented failure to follow suggested cost reduction strategies that has resulted in higher project costs;
- A detailed description of any changes (e.g., change orders) to bond-funded projects, including additional costs, delays, project scope, or cancellations;
- A summary of contracts awarded to women and minority-owned businesses and historically underutilized businesses; and
- Certification that every expenditure of bond revenue is consistent and in conformance with the school facilities projects to be funded with the general obligation bonds.

The District reports that 82 "Year 1" school choice enhancement projects and 28 "Year 2" school choice enhancement projects are in progress. School choice 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. The status of these projects is shown in Table 5.

| Table 5 – School Choice Enhancement Project Status<br>(as of September 30, 2016) |            |             |
|----------------------------------------------------------------------------------|------------|-------------|
| STATUS                                                                           | NUMBER     | PERCENTAGE  |
| Completed                                                                        | 2          | 1.8%        |
| Ready to Procure                                                                 | 60         | 54.5%       |
| Voting in Progress                                                               | 5          | 4.5%        |
| Rejected Ballots                                                                 | 1          | 1%          |
| Approved Scope & Budget                                                          | 12         | 10.9%       |
| Pending Scope & Budget Approval                                                  | 0          | 0%          |
| Ballots Being Developed                                                          | 30         | 27.3%       |
| Pending Response                                                                 | 0          | 0%          |
| <b>Total</b>                                                                     | <b>110</b> | <b>100%</b> |

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## FINDING 22

Although two-thirds of the school choice enhancement projects are in process, two are identified as being “completed.” There is nothing to suggest whether these projects were completed on-time, on-budget, or consistent with the original scope of work.

## RECOMMENDATION 9

**Florida TaxWatch reiterates its previous recommendations that Facilities Construction Reports include the following for each financially active school choice enhancement project, consistent with Florida TaxWatch’s recommended best practice number 37.3:**

- **A listing of each bond-funded project and the status of each project with respect to the project’s original scope, budget and implementation schedule;**
- **A description of any plans or proposals to defer maintenance;**
- **A description of any additional measures employed to maximize bond revenues by implementing cost-saving measures;**
- **Any documented failure to follow suggested cost reduction strategies that has resulted in higher project costs;**
- **A detailed description of any changes (e.g., change orders) to bond-funded projects, including additional costs, delays, project scope, or cancellations;**
- **A summary of contracts awarded to women and minority-owned businesses and historically underutilized businesses; and**
- **Certification that every expenditure of bond revenue is consistent and in conformance with the school facilities projects to be funded with the general obligation bonds.**

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## 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), and 3 (FY 2016-17) now totaling \$655.5 million. Budget activity increased dramatically during the quarter ending September 30, 2016. The District reports that the number of financially active projects increased from 476 at the end of June 2016 to 600 at the end of the quarter ending September 30, 2016, an increase of 26 percent. SMART Program expenditures increased from \$63,024,057 to \$70,485,787 during the same period.

The Budget Activity Report states that there were no amendments to the SMART Program budget during the last quarter; however, the School Board did amend the ADEFP on September 7, 2016 to accelerate SMART funding for the Single Point of Entry projects, and to accelerate projects at schools that have other projects that are currently funded and will benefit from completing the projects together.

### FINDING 23

It is unclear how the ADEFP can be amended to accelerate SMART Program funding for the Single Point of Entry and other projects without amending the SMART budget, especially since the SMART Program budget is incorporated into the ADEFP.

Florida TaxWatch compared the budget information contained in the Budget Activity Quarterly Report to the project information contained in the ADEFP/SMART Program for SBBC schools and in the Technology SBBC Schools Report.

### FINDING 24

The ADEFP/SMART Program allocates funds for technology infrastructure upgrades at specified schools. The Technology SBBC Schools Report shows this activity as being completed at the following schools; however, no associated budget activity is identified in the Budget Activity Report:

- Park Trails Elementary School;
  - Henry D. Perry Middle School;
  - Plantation Senior High School;
  - Sunset Lakes Elementary School; and
  - Watkins Elementary School.
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## RECOMMENDATION 10

**Florida TaxWatch recommends that the District take steps to better align the Technology SBBC Schools and Budget Activity reports to ensure that expenditures for completed projects are reported accurately.**

Florida TaxWatch reviewed each project identified in the Technology SBBC Schools Report and Technology Charter Schools Report as “completed” against the Budget Activity Report to identify cost savings.

### FINDING 25

The District’s technology staff has been able to procure technology improvements that meet or exceed established standards at considerable savings. Florida TaxWatch estimates that, for the technology projects identified in the Technology SBBC Schools Report and Technology Charter Schools Report as “completed,” more than \$7.25 million has been saved. These savings are broken down as follows:

- Technology infrastructure upgrade savings — \$3,841,669;
- Computer device savings — \$57,089;
- Wireless network upgrade savings — \$3,358,057; and
- Charter school savings — \$1,293.

## RECOMMENDATION 11

**Florida TaxWatch recommends that moneys saved as a result of the District’s efficient procurement of technology improvements be reallocated to meet other critical needs.**

Florida TaxWatch compared the budget information contained in the Budget Activity Quarterly Report to the project information contained in the ADEFP/SMART Program for SBBC schools and in the Facilities Construction Report.

### FINDING 26

The Facilities Construction Report shows the following financially active projects to be either completed or under construction; however, no budget activity associated with these project is identified in the Budget Activity Report:

- Apollo Middle School — track resurfacing;
- Atlantic Technical College — demolition of canopy and installation of new canopy at Bldg. 1, and roofing and deck demolition at Bldg. 48;

- 
- Atlantic Technical, Arthur Ashe, Jr. Campus — installation of one mini-split air conditioning unit in Bldg. 1;
  - Atlantic West Elementary School — safety/ventilation project;
  - Chapel Trail Elementary School — installation of the ADA wheelchair lift;
  - Cooper City Senior High School — new 3-story building and replacement of roofs and rooftop A/C units on select buildings;
  - Coral Park Elementary School — removal and replacement of 20 air handler units and condensers, and door frame replacements;
  - Country Hills Elementary School — ADA stage lift and other ADA improvements;
  - Cross Creek School — installation of work shop safety improvements;
  - Blanche Ely Senior High School — scoreboard removal and installation of new scoreboard and demolition of specified buildings and repair/replacement of canopy;
  - Flamingo Elementary School — re-roofing Bldg. 1;
  - Ft. Lauderdale Senior High School — concurrent replacement of buildings 1, 2, and 3;
  - Griffin Elementary School — replacement of the existing generator;
  - Gulfstream Middle School — installation of an ADA wheelchair lift;
  - Hallandale Senior High School — restoration of science classrooms;
  - Hollywood Hills Senior High School — installation of a new A/C unit in Bldg. 1;
  - Martin Luther King, Jr. Montessori Academy — installation of a new fire hydrant;
  - Lakeside Elementary School — installation of a new A/C unit;
  - Lauderhill-Paul Turner Elementary School — new covered walkways and sidewalks;
  - Lyons Creek Middle School — pedestrian bridge and access;
  - McArthur Senior High School — installation of new canopies and replacement of a rooftop A/C unit;
  - Nob Hill Elementary School — ADA restroom renovations;
  - Park Trails Elementary School — removal and replacement of an A/C unit;
  - Pioneer Middle School — track resurfacing;
  - Plantation Senior High School — the re-roofing of Bldg. 12;
  - Riverglades Elementary School — removal and replacement of gutters;
  - Riverside Elementary School — repair of damaged roof canopy;
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- Seminole Middle School — track resurfacing;
  - Silver Lakes Middle School — HVAC project;
  - Silver Trail Middle School — emergency re-roofing of Bldg. 2;
  - Stranahan Senior High School — portable demolition and life safety pool renovations;
  - Twin Lakes Annex — replacement of underground and above ground storage tanks;
  - Watkins Elementary School — installation of a new A/C unit; and
  - Westglades Middle School — school zone traffic signalization.

## **RECOMMENDATION 12**

**Florida TaxWatch recommends that the District take steps to better align the Facilities Construction and Budget Activity reports to ensure that expenditures for financially active projects are reported accurately.**

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## SUPPLIER DIVERSITY OUTREACH

Included in this SMART Program Quarterly Report is a new section on supplier diversity, ostensibly in response to Committee member concerns and Florida TaxWatch recommendations to provide more information on the District's use of M/WBEs and historically underutilized businesses.

The Supplier Diversity Outreach Program Report includes a summary of construction-related contracts awarded to M/WBEs as of September 2016.

### FINDING 27

Overall, the District has made construction-related awards totaling \$31.9 million, \$15.2 million of which (47.6 percent) has been awarded to M/WBEs through 26 contracts.

The District also provides a breakdown for Professional Design Services and Program Management Services.

### FINDING 28

Of the \$9.2 million awarded for Professional Design Services, \$7.0 million (77 percent) has been awarded to M/WBEs. Of the \$22.7 million awarded for Program Management services, \$8.0 million (35.7 percent) has been awarded to M/WBEs.

### FINDING 29

The Supplier Diversity Outreach Program Report fails to identify which facilities construction projects have been awarded to M/WBEs and historically underutilized businesses.

### FINDING 30

The Supplier Diversity Outreach Program Report also fails to provide any information on contracts awarded to or purchases made from M/WBEs and historically underutilized businesses for technology upgrades, replacement musical equipment, and replacement kilns. As such, the extent to which the District is utilizing M/WBEs and historically underutilized businesses for technology upgrades, replacement musical equipment, and replacement kilns cannot be determined.

### RECOMMENDATION 13

**Florida TaxWatch reiterates its previous recommendation that future SMART Program Quarterly Reports provide information on the utilization of M/WBEs and historically underutilized businesses for all equipment and services procured through the SMART Program/ADEFP.**

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## COMMUNICATIONS

Included in this SMART Program Quarterly Report is a new section on Communications, which outlines the District's efforts to develop and implement a comprehensive communications strategy to inform constituents of progress made in implementing the SMART Program. This is ostensibly in response to TaxWatch's recommendation that the District develop an aggressive plan to educate the media and public on the Committee's responsibilities and progress to date. The Communications section includes a "tool kit" of techniques designed to ensure consistency of message.

### FINDING 31

It is unclear what, if any, role the District wants the Bond Oversight Committee to play in implementing the SMART Program.

### RECOMMENDATION 14

**Florida TaxWatch recommends the District provide clarification regarding the Committee's expected role in implementing the SMART Program.**

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## SUMMARY AND CONCLUSIONS

The information submitted to the Committee does reflect that the District is moving forward in acquiring computers and wireless access points, upgrading technology infrastructure, upgrading wireless networks, and updating CAT 6 data ports, and that the equipment being acquired is consistent with the purpose set forth in the bond programs.

The District's technology staff has been able to procure the necessary technology improvements at considerable savings. Florida TaxWatch estimates that, for the technology projects that are listed as completed, more than \$7.25 million has been saved, moneys that can be reallocated to meet other critical needs.

In response to previous Florida TaxWatch recommendations, the District's reports are more transparent, and now include more project-specific information on construction activities at SBBC schools and information on women-owned and minority vendors.

Although considerable progress has been made, the Committee and District need to continue to work together to resolve outstanding concerns regarding the reporting of construction project status and of contracts awarded to M/WBEs and historically underutilized businesses.



## ABOUT FLORIDA TAXWATCH

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.

Florida TaxWatch is supported by voluntary, tax-deductible donations and private grants, and does not accept government funding. Donations provide a solid, lasting foundation that has enabled Florida TaxWatch to bring about a more effective, responsive government that is accountable to the citizens it serves since 1979.

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FOR MORE INFORMATION: [WWW.FLORIDATAXWATCH.ORG](http://WWW.FLORIDATAXWATCH.ORG)

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The findings in this *Report* are based on the data and sources referenced. Florida TaxWatch research is conducted with every reasonable attempt to verify the accuracy and reliability of the data, and the calculations and assumptions made herein. Please feel free to contact us if you feel that this paper is factually inaccurate.

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