

From: Dominic Calabro <DCalabro@floridataxwatch.org>
Sent: Monday, April 16, 2018 5:15 PM
To: Adam G. Rabinowitz <arabinowitz@broadandcassel.com>
Subject: Regarding a School Safety Report

Mr. Adam Rabinowitz, Chairman
Broward Bond Oversight Committee

Dear Chairman Rabinowitz and members of the Bond Oversight Committee:

I am writing in response to a recent investigative report on school safety by Mr. Kenneth Preston. The report accuses Superintendent Runcie and members of the school board of mismanaging the general obligation bond moneys for school safety improvements available through the SMART Program, and of failing in their responsibility for keeping students safe. Mr. Preston identifies TaxWatch Vice President of Research Bob Nave as a source of information contained in his report. My objectives are twofold: (1) I want to make sure Committee members have a clear understanding of Bob's conversations with Mr. Preston; and (2) I want to share with you my thoughts about Mr. Preston's report.

Mr. Bob Nave was contacted by Mr. Preston on April 4. Mr. Preston had been referred to TaxWatch by Superintendent Runcie. Mr. Preston asked for Bob Nave's help in verifying some expenditure data contained in the District's most recent report to the Bond Oversight Committee, and for clarification of the term "prior year expenditures." Bob was able to answer all of his questions, which he confirmed through 3 emails. Bob briefed Omar Shim in the District's budget office after every conversation with Mr. Preston and cc'd Omar on each e-mail.

Superintendent Runcie called Bob on April 9 to tell him that Mr. Preston had listed him as a "source" in his report, which he planned to present to the School Board at its April 10 meeting. Bob explained his communications with Mr. Preston and forwarded copies of the 3 e-mails to Superintendent Runcie. The Superintendent mentioned that he was planning to meet with Mr. Preston at 4:00 pm and asked if Bob would be available by phone if needed. Bob made himself available, but was not contacted to participate in the meeting.

At the April 10 Board meeting, at which Mr. Preston was scheduled to present his findings, he made mention of the fact that only 5% of the \$104 million allocated for school safety improvements had been spent. He mentioned his 2-hour meeting with Superintendent Runcie and that, as a result of that meeting, he was changing the nature of his comments to the Board. Instead of presenting his findings, Mr. Preston made the

following comments: He was told that he would not be permitted to record the meeting with the Superintendent; He was told that he would not be permitted to have his attorney present at the meeting with the Superintendent; He said the meeting with the Superintendent was “stacked” with about 10 District staff; and He accused the District of trying to “subvert” his efforts by cutting his allotted speaking time from 6 minutes to 3, and by cutting 7 speakers from the public speaking agenda item.

Near the end of the meeting, Mr. Preston was chided by Board Member Osgood for misrepresenting comments by staff in his report. Dr. Osgood encouraged Mr. Preston to be as precise as possible; to make sure he writes what he is told; and to vet his sources appropriately.

Having read Mr. Preston’s report, there are a couple of findings related to the bond moneys that, although technically correct, are portrayed in a most negative light and need to be clarified. Mr. Preston’s report suggests that, four years ago, the School Board dropped a lump sum of \$104 million in Superintendent Runcie’s lap to spend on school safety improvements. That is incorrect and inaccurate. As you and your fellow Bond Oversight Committee Members know well, that once the Referendum was approved in November 2014, it requires months to prepare and execute the bond obligations, secure proper bond ratings and pricing and then go to market to sell them. And only when funds are received can they be properly allocated. The School Board has allocated roughly \$130 million in SMART Program funds to be spent over a five-to-seven-year period for school safety improvements. \$104 million was allocated over the first 4 school years. Because these funds are tied to general obligation bonds, the availability of these funds at any given time depends on the District’s ability to sell the bonds. In recognition of this, the School Board allocated a portion of the \$130 million beginning in the 2014-15 school year, and in each subsequent year through the 2018-19 school year.

Mr. Preston is correct when he says that only \$5.58 million of the school safety funds have been “spent” as of December 31, 2017, but despite Bob’s recommendation that, in the interest of accuracy and fairness, he should also mention the \$9.1 million in committed funds, he has chosen not to do so. These are moneys that have been obligated through contracts, purchase orders, or requisitions. His decision not to include the committed funds suggests to me that Mr. Preston is not interested in being accurate or fair to Superintendent Runcie or to the School Board.

It is unclear in Mr. Preston’s report whether he understands the relationship between moneys that are budgeted, moneys that are committed, moneys that are expended, and work that is being done. The District has budgeted SMART Program moneys for school

safety projects in each of the 5 school years that make up the SMART Program. A schedule has been prepared to provide guidance as to when the issuance of additional bonds is required, and to reduce the risk that bonds will not be issued in a timely manner.

In anticipation of the moneys being available, the District begins project planning, the first of 6 phases in the District's facilities construction process. Once the District begins procuring and hiring designers and contractors, moneys begin to be committed through contracts, requisitions, and requisitions. In many instances, payment is tied to meeting designated milestones, such as completing a project. Mr. Preston's report does not reflect an understanding that a considerable amount of time may pass from the time moneys are budgeted until all payments are made. During that considerable amount of time, however, construction activity is going on.

Mr. Preston is correct when he mentions that a TaxWatch report was critical of the District's failure to adequately identify projects that are either likely to be delayed or that will require additional funding. As you know, TaxWatch included in its August 31, 2015 *Recommended Best Practices* report to the Bond Oversight Committee a recommendation that the District identify projects that are either likely to be delayed or that will require additional funding, and this recommendation has been included in almost every Bond Oversight Committee report we have written since.

What Mr. Preston fails to mention is that the report he references was issued in February 2017. It is unclear whether Mr. Preston ever read that report, since his source is listed as a February 2017 *Sun-Sentinel* article. It is also unclear whether Mr. Preston has read any TaxWatch Bond Oversight Committee reports after February 2017, since none is cited in his report. Since then, TaxWatch has acknowledged efforts by the District to make the facilities construction reports more transparent. It is now possible for anyone reading the reports to the Bond Oversight Committee to more readily identify where any of the more than 1,400 active construction projects is in the 6-phased facility construction process. In addition, projects that will require additional funding, or that may not be able to meet anticipated completion dates, are "flagged" as such.

Mr. Preston is expressly clear in his intent to bring down the Superintendent and the Board. I think it is unfortunate that, instead of focusing on issues and solutions like so many of his young colleagues, he is looking to lay blame on Superintendent Runcie and members of the Board. I think Mr. Preston and the Broward community would be better served if he focused his considerable time and energy on making sure that every remaining school safety project identified in the SMART Program is implemented on-time and on-budget.

I commend the Bond Oversight Committee for the fine work it is doing to help oversee the implementation of the SMART Program and to ensure the taxpayers that the general obligation bond moneys are spent timely and appropriately. Florida TaxWatch is honored to be your independent eyes, ears and resource in this important endeavor.

Dominic M. Calabro
President & CEO