

Francis Howell
SCHOOL DISTRICT



LEARNING TOGETHER

March 16, 2023

PROPS

PROCESS REVIEW

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PART I: BACKGROUND

Voters in the Francis Howell School District (District) approved a \$244 million bond issue - Proposition S (Prop S) - on June 2, 2020. Approval of Prop S allowed the District to borrow money to address pressing facility needs at all Francis Howell Schools. The projects funded through Prop S are detailed in the Comprehensive Facilities Master Plan (CFMP). The CFMP called for major updates at the older schools in the District, including Henderson, Fairmount, Becky-David, Hollenbeck, and Barnwell. Among the projects slated for Prop S was a new Francis Howell North High School (FHN) to replace the existing building. The school is currently being constructed using a delivery method known as CMAR or Construction Manager at Risk. Construction began at the height of the COVID-19 pandemic, and market volatility resulted in increased costs associated with bid packages due to increased labor and raw materials costs. Given the increased cost, the FHSD Board solicited input from taxpayers, and other stakeholders and, based on the feedback, voted at its December 2021 meeting to move forward with construction at a Guaranteed Maximum Price (GMP) of \$164,723,000 - a cost higher than the initial estimate of \$86,350,000 shared with stakeholders prior to the passage of Prop S.

In late 2022, under new leadership and ongoing concern from stakeholders, the District embarked on a Prop S process review to better understand what worked well and what could be improved upon - with a particular focus on the Francis Howell North construction project. This review was recommended by the new administration to gain a clear understanding of what went wrong, inform future Prop S work, provide transparency to the community, and rebuild trust with stakeholders. Administration acknowledges this is not a comprehensive financial audit, nor was that the intent. This is an internal process review informed by a review of available documents, Board of Education meetings and minutes, committee documents, and qualitative information from those involved. The report that follows is a summary of the key findings discovered as part of the review, along with procedural recommendations and policy enhancements for future construction work. As shared previously, the District remains open to any outside review and analysis of our processes and procedures. We are working hard to be transparent regarding our finances and Prop S, and any feedback - whether through a state audit or another audit - will support ongoing improvement.

QUICK REFERENCE SHEET

SUMMARY OF KEY FINDINGS

1. **SCOPE** - 30,000 square feet were added to the Francis Howell North construction project without Board approval.
2. **INACCURATE COST ESTIMATES** - The District was working from inaccurate cost estimates during the conceptualization and initial design of the project.
3. **BOARD AND PUBLIC COMMUNICATION** - The Board, and therefore the public, were not accurately informed nor consistently engaged by Administration regarding project changes or early pandemic impacts.
4. **BOARD OVERSIGHT** - Board oversight was impacted by inconsistent communication from District Administration and the Prop S Design Team.
5. **BOARD POLICY** - Board policies and regulations need to be revised to include additional communication and approval from the Board, or need to be developed to account for new processes.

WHAT WE WILL DO DIFFERENTLY GOING FORWARD

- **PROCESS IMPROVEMENTS** - Formalize a clear process for future construction projects and require additional Board updates and approvals.
- **POLICY REVISIONS** - Ensure compliance with existing Board policies and regulations, and consider updating the same to reflect new processes – including the policy related to scope changes to require Board approval when adding square footage to a construction project.
- **COMMUNICATION / TRANSPARENCY** - Improve financial reporting and transparency with taxpayers.
- **COMMITTEE STRUCTURE** - Reconstitute and refocus the work of the Facilities Committee and Prop S Design Team.
- **LEADERSHIP** - Provide effective leadership and direction for future Prop S work and other projects.

KEY TERMS TO KNOW

- **ATLAS BUILDING GROUP** - Project Manager/Owner's Representative
- **CMAR** - Construction Manager at Risk, a delivery method which entails a commitment by the construction manager to deliver the project within a Guaranteed Maximum Price (GMP)
- **FACILITIES ADVISORY COMMITTEE** - Group of stakeholders (staff, parents, community members and construction industry professionals) who provide input on facility needs across the District, including Prop S projects and maintenance projects paid from the capital budget.
- **GMP** – Guaranteed Maximum Price. A project utilizing a GMP means that an agreed-to maximum cost for a project is identified, and the contractor will absorb costs exceeding that price within the contract scope.
- **HOENER ASSOCIATES, INC.** - Architect on the Francis Howell North project
- **PROP S DESIGN TEAM** – Internal team composed of District administrators, one Board of Education member, project architect, project manager/owner's representative and - as needed - construction manager/general contractor and other staff members. This design team was tasked with taking the outlined Prop S project list (as established by the District prior to the Prop S election) and implementing projects based on the scope of work required, budgets available, and with the standard of quality expected by FHSD. This team should not be confused with the Prop S Committee, also known as "Citizens for Francis Howell," who supported passage of Prop S in the community.
- **SM WILSON** - CMAR on the Francis Howell North project. During the construction phase, this is equivalent to the role a general contractor would serve in a traditional design-bid-build process.

PART II: KEY FINDINGS

KEY FINDING #1 - SCOPE

30,000 square feet were added to the Francis Howell North construction project without notice to the Board of Education until the GMP was presented for approval.

The first two findings are closely related and help explain the significant increase between the initial estimate in 2018 to build a new Francis Howell North High School that was shared with the community as part of Prop S literature and the Guaranteed Maximum Price presented to the Board in December 2021.

The District commissioned a Comprehensive Facilities Master Plan (CFMP) in 2018 to help guide facilities improvement efforts and determine priority projects for a future ballot measure that would become known as Prop S. The District partnered with St. Louis-based architectural firm Hoener Associates, Inc. to develop the CFMP. Hoener was already familiar with FHSD, having served as the architect of the new Francis Howell High School (FHHS) in 2009 - a successful project that was delivered on time and under budget.

Cost estimates to construct a new Francis Howell North High School were developed in 2018 by Hoener as part of the CFMP and were based on the square footage and drawings used to build FHHS a decade earlier. The overall construction estimate was based on a total building size of 380,000 square feet.

After the bond issue was approved by voters in 2020, the Prop S Design Team made the decision to increase the building size from 380,000 to 410,000 square feet to accommodate new legal requirements and programmatic offerings that stemmed from the District's strategic planning initiatives.

Some of the items added to the FHN building scope after bond approval included:

- Four Lactation Rooms (lactation rooms are required by law; four was a District decision)

- Increased Egress Corridor Widths (some addition was required by code, some at District request)
- E-Sports Room
- FHSD Culinary Arts Program
- Wrestling Room
- Robotics Lab with dedicated storage
- Additional Project Lead The Way (PLTW) Classroom / Lab
- Learning Stair
- Collaboration Spaces, Seating Areas and Cubes
- New Music Wing
- New Drama Wing
- New Auxiliary Gym
- New Concession / Ticket Booth / Toilet Buildings for Stadium

The change in scope from 380,000 to 410,000 square feet and its overall impact on the cost of construction was not brought before the Board of Education for discussion or approval by District Administration until the final GMP was presented to the Board for approval. The scope change was also not communicated with stakeholders, including taxpayers, prior to the GMP being presented to the Board in November 2021.

KEY FINDING #2 - INACCURATE COST ESTIMATES

The District was working from inaccurate cost estimates during the conceptualization and initial design of the project.

Estimates for the cost of Francis Howell North in the Prop S literature were stated at \$86,350,000, and the final Guaranteed Maximum Price provided during the November 23, 2021, Board meeting was \$164,723,000, an approximate 90% increase.

Hoener Associates' original estimate to construct a new Francis Howell North High School at 380,000 square feet was **\$93.5 million** (this estimate did not include a \$4 million potential third-floor classroom addition). This estimate was prepared in 2018 and was not based on specific site drawings - only a cost-per-square-foot estimate based on market conditions at the time. While no one could have predicted the unprecedented inflationary impacts caused by the COVID-19 pandemic, Hoener's estimate did not account for typical year-over-year inflation between 2018 when the estimate was developed, the start of construction nearly four years later, and the anticipated project completion date in 2024. The estimate also did not include soft costs, including design fees, technology, or furniture, fixtures and equipment (FF&E).

While the documentation supporting the Hoener estimate provided by District Administration and the Prop S Design Team indicated \$93.5 million and 380,000 square feet, the information provided for the development of materials to inform the Board of Education and community indicated \$86,350,000, a difference of \$7,150,000. It is unclear how or why the lower estimate was created or why it was provided for the development of materials related to Prop S, but it is suspected that this lower estimate may have been based on an anticipated square footage of approximately 350,000 square feet, which is consistent with the estimated cost per square foot using Hoener's original estimate.

The inaccurate starting estimate has led to one of the primary points of contention in our community. The 90% increase from the \$86.35 million estimate used in Prop S materials to the GMP of \$164.7 million raised concerns for many stakeholders.

So what is the accurate starting estimate?

Hoener reports that the estimate for a 410,000 square-foot building (the building that is actually being constructed) in 2018 dollars would have been \$104,450,000 million. Factoring in typical pre-pandemic inflation of 2% per year through 2021 when construction was set to begin, the estimate should have been **\$108,669,780**. If this cost estimate had been provided to the public as part of the ballot measure, the actual increase of 52% based on normal inflation, pandemic impact, and the additional square footage would make more sense.

The chart below depicts the disparity between communications provided as part of the information shared for the Proposition S election in June 2020 to the GMP approved by the BOE in December 2021.

FHN COST TIMELINE

	TIMEFRAME	ESTIMATE	SIZE	SHARED WITH BOARD
ORIGINAL ESTIMATE BY HOENER	2018	\$93.5M ¹	380K SQ FT	12/20/18
PUBLISHED IN PROP S BOND MATERIALS	2019-2020	\$86.35M	Not Included	8/15/19 12/19/19
CMAR REQUEST FOR QUALIFICATIONS MATERIALS	NOV 2020	\$91.35M	Not Included	11/19/20
NEW ESTIMATE WITH 30K ADDITIONAL SQ FT ADDED	FEB 2021	\$105M ²	410K SQ FT	Not shared with BOE
SCHEMATIC DESIGN ESTIMATE	MAY 2021	\$116M ³	410K SQ FT	Not shared with BOE
UPDATED FORECAST BASED ON BIDS TO DATE	AUG 2021	\$135M - \$140M ⁴	410K SQ FT	Not shared with BOE

GMP PRESENTATION TO DESIGN TEAM	NOV 2021	\$164.7M ⁵	410K SQ FT	11/15/21
GMP WORK SESSION	NOV 2021	\$164.7M	410K SQ FT	11/23/21
GMP BOARD WORK SESSION & APPROVAL	DEC 2021	\$164.7M	410K SQ FT	12/7/21 12/16/21

¹ – Some documents show this estimate as \$97.5M. That estimate included \$4M extra for a potential third-floor addition.

² – This was the first cost estimate provided by SM Wilson based on updated drawings with an additional 30,000 square feet. This estimate was shared with the Prop S Design Team.

³ – This was the second cost estimate provided by SM Wilson based on a schematic design review. This estimate was shared with the Prop S Design Team.

⁴ – SM Wilson reports that on August 5, 2021, they provided a GMP Budget Update reflecting the actual bid amounts to date plus the current remaining budget in the amount of \$119,579,202. SM Wilson forecasted an overall project estimate value of \$135-140M once all bid packages are complete.

⁵ – SM Wilson shared the GMP with the Prop S Design Team on November 15, 2021. This was not shared with the Board until the November 23, 2021, work session. It should be noted that SM Wilson also shared that value engineering of approximately \$6.4M would be necessary to achieve this GMP.

KEY FINDING #3 - BOARD AND PUBLIC COMMUNICATION

The Board, and therefore the public, were not accurately informed nor consistently engaged by District Administration regarding project changes or early pandemic impacts.

Communication provided by the Administration to the Board of Education was inconsistent based on documented communications from various vendors to the Administration.

- As early as February 2021, SM Wilson informed the Prop S Design Team that the project cost estimate would be closer to \$105 million with the additional 30,000 square feet. This information was not shared with the Board by District Administration.
- On April 15, 2021, the Board was asked to approve Bid Package #1 to start the sitework and did so without the knowledge that the overall cost for new construction was rising.
- On May 10, 2021, SM Wilson provided a schematic design estimate to the Prop S Design Team in the amount of \$116 million. This information was not shared with the Board by District Administration.
- On June 17, 2021, the Board approved Bid Package #2 for concrete.
- SM Wilson reports that on August 5, 2021, they shared a preliminary GMP budget reflecting bid amounts to date with some members of the Design Team. SM Wilson's forecasted overall project estimate at that time was \$135 to \$140 million. This information was not shared with the Board by District Administration.
- On August 19, 2021, the Board approved Bid Package #3 for structural precast concrete.
- On September 2, 2021, the Board approved Bid Package #4 for structural

steel and underground plumbing and electrical.

While an informational slide addressing general pandemic impacts was added to the [May 2021 construction update](#) and [August 2021 Prop S presentation](#), more direct and specific information should have been shared publicly with the Board and District stakeholders to allow for input and feedback throughout 2021 and prior to the presentation of bid packages #2, #3, #4, and the GMP (see bullet points above). When the GMP was brought to the Board for approval, four packages related to site development had already been approved at a total cost of approximately \$38 million. Because of this, the Board had already approved approximately 23% of the project cost when the GMP was presented. With significant work already underway, the Board voted to accept the GMP and proceed with construction.

KEY FINDING #4 - BOARD OVERSIGHT

Board oversight was impacted by inconsistent communication from District Administration and the Prop S Design Team.

As design work on Francis Howell North began, and the Prop S Design Team received updates and made design decisions, District Administration was not providing regular updates to the Board, ultimately contributing to a breakdown in communication and transparency between the team, District Administration, the Board of Education, and the community. The Prop S Design team met on a regular basis to make design decisions, discuss value-engineering, and receive updates from the architect, project manager, and occasionally the general contractor/CMAR.

This same model of a dedicated design team was utilized during the implementation of Prop Howell, which included the construction of a new Francis Howell High School. In the Prop Howell process, projects came in under budget, allowing additional capital improvements to be completed at other schools with the additional funds. With that in mind, the use of a design team to make certain decisions related to a project is not inherently flawed. With regard to Prop S, however, the Prop S Design Team made decisions that had a significant impact on overall project cost (e.g., adding 30,000 square feet) and did so without proper communication or, when necessary, approval.

Board of Education oversight was ultimately impacted by a lack of procedure or policy mandating that the Administration provide the Board with frequent Prop S Design Team updates, including but not limited to programmatic changes, design changes, scope changes, financial impacts to all recommended changes, or mechanisms for approval. District Administration serves as the primary conduit between any internal teams or District committees and the Board of Education. Any breakdown in communication between the internal groups and Board should be attributed to District Administration.

KEY FINDING #5 - BOARD POLICY

Board policies need to be revised to include additional communication and approval from the Board, or need to be developed to account for new processes.

As noted earlier in this report, the Prop S Design team added 30,000 square feet to Francis Howell North without notice to the Board until the GMP was presented to the Board for approval.

Due to the CMAR delivery method being used, the change in the design occurred at a point in time when a change order was not necessary since the GMP had not yet been presented and approved. Because there were no change orders involved, there was not technically a violation of Board policies or regulations in this case, specifically Regulation 7210. However, given the impact this design change had on the overall cost, the spirit of the regulation (and prudent practice) would call for the Board to at least be made aware of such a major change.

Board Regulation 7210 stipulates that the Chief Operating Officer is authorized to approve individual change orders up to \$25,000, and the Superintendent is authorized to approve up to \$50,000 “unless the change order significantly alters the design or extent of facilities provided for in the original contract documents.”

As stated, a change order was not necessary for adding 30,000 square feet to the project prior to the GMP being approved. Still, it is the opinion of the current District Administration that adding 30,000 square feet to a 380,000 square feet building meets the standard for “significantly altering the design” and that this change should have been communicated to the Board by District Administration and brought forward for approval before the project design progressed.

Additional Board policies and regulations reviewed as part of this process include:

[Policy 7130 – Construction Manager Selection](#)

[Regulation 7130 - Construction Manager Selection](#)

Policy 7132 – Selection of Construction Manager at Risk

Regulation 7132 – Construction Manager Selection

Policy 7110 – Educational Specifications

Policy 7210 – Construction Contracts, Bidding and Awards

Policy 5330 – Anti-Israeli Boycott Prohibition

Some Board policies and regulations are applicable to the design-bid-build construction process and lack clarity for CMAR projects. Specific revisions to these policies and regulations, if warranted, will be considered by the Policy Committee to ensure the proper financial controls are in place for future projects.

Another finding identified in this review involves adherence to existing [Board Regulation 3165 – Purchasing](#). Under General Rules, #4, the regulation stipulates: *“No purchase that may exceed seven thousand five hundred dollars (\$7,500) will be made without prior Board approval, unless in accordance with emergency provisions or as otherwise indicated in this Regulation.”*

On more than one occasion, purchase orders related to Prop S were executed by District administrators prior to Board approval that did not meet the standard for emergency provisions as outlined in Regulation 3165.

PART III: GO-FORWARD PLAN

With a clear understanding of the available documents, Board of Education meetings and minutes, committee documents, and qualitative information from those involved in the Prop S implementation, we turn our focus to what matters most:

- What is the District going to do to prevent this from happening again?
- How will we change our practices to make sure we are working from accurate estimates from the very beginning?
- What policies and procedures will we put in place to ensure the Board of Education has the information necessary to provide appropriate oversight?
- How will we keep the public informed about our progress along the way to ensure the financial transparency taxpayers and stakeholders deserve?

What follows is a list of recommendations that District Administration asks the Board of Education to consider for future construction projects. Together, these process changes and potential policy or regulation changes, if enacted, will provide the District and the public with more accurate project estimates, more opportunities for Board review and approval and improved financial controls to ensure taxpayer dollars are managed with the utmost fidelity.

PROCESS IMPROVEMENTS

The first recommendation District Administration is making is to formalize a clear process for future construction projects. By requiring additional updates and approvals, this process will help ensure appropriate Board oversight and allow the Board and public to have a more accurate understanding of total project cost before starting construction.

PROP S LARGE-SCALE CONSTRUCTION PROJECT APPROVAL PROCESS

To be used for internally- and externally-managed large-scale construction projects. This recommended process provides the Board with five opportunities to review the design and opinions of probable construction cost prior to the project going out for bid.

1. DESIGN WORK / DESIGN ALLOWANCE

- The Board would authorize the District to begin preliminary work related to a potential project and approve a design allowance for architect/design fees if needed. (Architects are generally paid a percentage of a project's final cost, which is unknown at the time of this approval. If the District decides not to move forward with the project, the architect may or may not be paid an hourly rate for their completed work).
- The Administration would engage the services of an architect pursuant to Policy/Regulation 7120.
- The architect presents an opinion of probable construction costs to the Board.
- A contract with the architect for the specific project is established.
- ***Board approval of contract required to move into initial Design Development work.***

2. INITIAL DESIGN DEVELOPMENT WORK

- Architect provides general floor plans and a general idea of the scope of the project and what will work on the project site.
- The architect makes a presentation to the Board showing design intent, soft costs, architectural/engineering costs, preliminary opinion of probable construction costs*, project schedule and phasing.
- ***Board approval required to move onto schematic design.***

**Note that any opinion of probable construction costs at this point in the process are only general estimates based on the design requests from the district and current average cost per square foot for work in the region. Many factors will impact the cost opinion and they may continue to change until final construction drawings have gone*

out for bid and been approved.

3. SCHEMATIC DESIGN

- In the Schematic Design phase, rough sketches and drawings are completed to illustrate the general layout of the building, overall form, size, and orientation.
- Once complete, the Board is updated on design, opinion of probable construction costs, and scheduling.
- The Board has opportunities to make adjustments to the design or budget presented in order to fit the needs of the district moving forward.
- At the completion of the Schematic Design phase the Board approves the architect moving forward into the Design Development phase.
- ***This may be done informally or via Board vote. District Administration recommends a formal vote.***

4. DESIGN DEVELOPMENT PHASE

- In the Design Development Phase the schematic designs are further refined to develop more detailed drawings and plans that illustrate the building's structural, mechanical, and electrical systems; 75-90% of the design is complete at this phase.
- Once complete, the Board is updated on design, opinion of probable construction costs, and scheduling. The Board has opportunities to make adjustments to the design or budget presented in order to fit the needs of the district moving forward.
- At the completion of the Design Development phase, the Board approves the architect moving forward into the Construction Document phase.
- ***This may be done informally or formally via Board vote.***

5. CONSTRUCTION DOCUMENT PHASE

- In the Construction Document Phase, the architect uses finalized designs to create detailed construction documents including technical

specifications, building codes, and other details necessary for contractors to build.

- The Board is updated at minimum at the halfway point of this process regarding the design, costs, and scheduling.
- The Board has opportunities to make adjustments to the design or budget presented in order to fit the needs of the district moving forward.
- ***Once complete, the Board approves the construction drawings and if acceptable, approves the project being sent out for bid.***

6. BID PROJECT

- The Administration works with the architect and legal counsel to develop bidding documents.
- Project goes out for Bidding and permitting. Once bids are received and evaluated, they are sent to the **Board for approval** (same as current practice).
- The final construction contract(s) with the selected contractor(s) is presented to the Board for approval.
- Early bid packages may be sent out when the Construction Document phase is near 75% complete for items such as steel, utilities, site, and the structure based on the economic environment and lead times at the time of the bid. The Board must approve all early bid packages.

7. CONSTRUCTION BEGINS

8. MONTHLY REPORTS

- Board will receive monthly reports from contractor/project manager/Director of Facilities/Finance on budget, safety, schedules, weather impacts, change order logs, allowance log, etc.

ADDITIONAL CONSIDERATIONS

- The Project Design Team may still be utilized for design decisions (to be defined) throughout the construction process, and the information will be shared with the Board at each step of the project in monthly updates.
- Budgets for soft costs, FF&E, testing, etc., are established during the initial project discussion, presented to the Board during initial design, and approved with the overall project. This budget is tracked by Finance/Facilities, and the cost log is included with monthly reporting. Typically when all softs costs are combined, they range from 15-20% of the total construction costs and should be included in Board updates during all phases of design. Clear budget estimates will be provided to the Board and shared in monthly reporting documents for the specific project by the owner's representative/construction manager/Facility Director working in partnership with the architect and CFO. Any significant changes in anticipated budgets or anticipated probable costs will be reported to the Board.
- Maintenance projects associated with the Prop S project will follow a similar but abbreviated process.
 - Projects will be approved as a Prop S eligible project.
 - The Facilities Director will present the project to the Board as a Prop S-eligible project utilizing the appropriate purchasing and bidding policies for the level of anticipated costs.
 - Reporting will be managed in the same manner as the major construction projects.
- If using the CMAR model, Administration will engage the Board in conversation about the pros and cons of approving packages prior to knowing the GMP. While grading packages and others related to site development are commonly approved ahead of a GMP, the Board should be cautious about approving other packages, such as concrete or steel, without knowing the full project cost. Administration recommends not approving any bid packages without a GMP in an effort to rebuild trust in the community.

Following this process will help the District build more accurate budgets for future construction projects and ensure that the public is aware of the total project costs.

In the case of Francis Howell North, the District was working off inaccurate cost estimates during the conceptualization and initial design of the project. While it is nearly impossible to predict the exact cost of a multimillion-dollar construction project several years in advance, more accurate estimates can be developed by doing the following:

- Consider the upfront investment for drawings rather than using estimates based on prior projects or square footage alone
- Factor in average annual inflation based on the build date
- Include design fees, contingencies, owner allowance, soft cost, FFE, and other costs related to the project, in overall project estimates shared with the Board

District Administration is committed to dedicating time and resources at the front of future construction and renovation projects to ensure the Board of Education and the general public have a more accurate understanding of what the project will likely cost.

POLICY REVISIONS

As noted in Key Finding #5, the content of some Board policies and regulations, or lack thereof, was identified as a concern.

A policy revision or new regulation that would require Board approval to add square footage or significantly alter the design is recommended - even if there is no change order involved, as is the case with CMAR.

The Policy Committee will also be engaged to consider revisions to other construction-related Board policies and regulations to ensure clarity for both design-bid-build and CMAR projects, to incorporate new processes, and to ensure the proper financial controls are in place for future projects.

District policy regarding review of contracts should be further researched by District Administration with a recommendation made to the Board of Education.

In addition, Administration is committed to working with District employees to ensure adherence to all Board policies, including those requiring Board approval for purchases over \$7,500.

COMMUNICATION / TRANSPARENCY

As a public, tax-supported institution, the District is committed to providing full transparency to taxpayers about how resources are allocated. Moving forward, the Facilities and Finance departments will be improving controls and financial reporting to provide clear and accurate information to all stakeholders on a regular basis. Some of these best practices include:

- The Director of Facilities will clarify and monitor that all items are properly coded and include the assigned package number.
- If Prop S projects exceed the budgeted amount, the Facilities Director will code the items to Prop S and the Board will be informed of cost overruns.
- Financial Coding Structure:
 - Package numbers will be included in the financial management system to support tracking costs for combined line item expenditures.
 - Additional project codes will be added to the financial management system for architecture, engineering, testing, FFE, etc., to better track total package budgets and costs moving forward.
- Bond Project Budgets will be maintained in the financial management system:
 - For projects already in existence, the Finance Department will compile a budgeted amount based on Board approved project subcomponents.

- For future bond projects, a budget will be established and entered into the financial management system once the Board approves the project.
- In the near future, monthly summary reports will be shared with the Board showing:
 - The budget, actual and encumbered costs, and project numbers for all approved projects
 - Bond proceeds, including investment interest earnings
 - Remaining Prop S funds not yet committed
 - Note that reports may change slightly over time to better meet the needs of the Board and the community
- Financial reporting outside of the financial management software (due to software capabilities):
 - The Finance and Facilities Directors will track original cost estimates, budget revisions and dates of budget revisions for all projects.
 - FHN CMAR reporting will be modified to include an updated dashboard with contingency expenditures and the remaining balance.

COMMITTEE STRUCTURE

District Administration is recommending changes to the duties and responsibilities of the Prop S-related committees, allowing for more stakeholder input and limiting the authority of one small team to make decisions in isolation.

FACILITIES ADVISORY COMMITTEE

The Administration recommends an updated Facilities Advisory Committee as a Board-directed committee. The committee will be led by the Director of Facilities in collaboration with the Chief Financial Officer. The representation will include two Board of Education directors, administration, staff, parents, and community members. Committee membership, agendas, and minutes will be publicly posted per Board policy, and will provide a written report or presentation to the Board and

the general public a minimum of once each year. When there are active construction or major renovation projects, updates will be provided to the Board on a monthly basis.

The Facilities Advisory Committee will assist in prioritizing building needs and developing a multi-year Facilities Master Plan that is reviewed on an annual basis. Specifically, the committee:

- Provides guidance on strategic facility initiatives and related District goals.
- Provides representative Board input into the District's facility work.
- Provides community perspective on strategic direction in District facility planning.
- Considers information provided regarding utilization and building capacity from third-party demographic and enrollment studies as well as internal reviews.
- Represents both external and internal perspectives to ensure progressive improvements in District facilities.
- Allows for open discussion of critical issues related to facilities.
- Shares relevant community and school experiences and ideas among community representatives and school personnel.
- Reviews replacement cycle plans to gain insight into ways to improve the efficient and effective use of resources.
- Assists in the development of facility assessment processes and related guidelines.
- Assists in the development of criteria for the selection and performance review of professional facility consultants.
- Coordinates work with other committees as needed.

PROP S DESIGN TEAM

The responsibilities and scope of work of the Prop S Design Team will be further reviewed by the District Administration, Board, and Facilities Advisory Committee. There are many decisions made on building projects, and not every decision can or should be reviewed by the Facilities Advisory Committee. However, there also must be oversight and internal controls reviewing the work of the Prop S Design Team, which ultimately serves as an extension of the District facilities team.

LEADERSHIP

Through a series of retirements and resignations, nearly all the key leaders involved in the early Prop S planning and implementation are no longer employed by the District.

With Superintendent Dr. Kenneth Roumpos and Chief Financial Officer Dr. Kim Hawk, both named new to their roles in 2022 and a new Director of Facilities starting July 1, 2023, the District is in a position to start fresh. Moving forward, we are committed to making decisions that are aligned with Board policy, engaging our community in tough but transparent conversations, earning the trust of all stakeholders, and doing the best we can to maximize the remaining Prop S funds.

PART IV: NEXT STEPS WITH PROP S

Going forward, District Administration will work with the Board of Education to revise certain policies related to construction and implement the process recommendations presented in this report.

On July 1, the District will welcome a new Facilities Director with extensive experience in a similar role, including managing multiple bond and construction projects from inception through completion in a large district. Our priority is making sure that they are successfully onboarded and prepared to provide hands-on, day-to-day leadership for the Prop S work moving forward.

While this review focused heavily on Francis Howell North, other Prop S projects completed during the same time frame were impacted in similar ways and came in over the initial estimates. Going forward, better cost estimates will be developed prior to beginning construction or renovation. For remaining projects, updated cost estimates will be developed prior to seeking Board approval, as the ones developed five years ago in 2018 are no longer viable.

Before the end of this fiscal year, District Administration will make a recommendation to the Board of Education on the next priority project(s) to complete with the remaining Prop S funds. As part of that recommendation, the District will provide an update on projects currently at various stages of exploration, including the adaptation of the former administration building located at 4545 Central School Road as a centralized transportation facility and renovations to Henderson Elementary. In addition, soft costs including FF&E for Francis Howell North are being finalized and will be brought to the Board of Education in the near future.

We are committed to staying within the \$244 million Prop S budget approved by voters, plus any interest or proceeds earned on the sale of bonds. This means that the District will not be able to complete the full list of projects originally slated for Prop S and some projects will need to be considered for a future bond issue. To

avoid further confusion and frustration among stakeholders, it will be clearly delineated which projects will be completed and which projects will be delayed until additional financial resources are identified.

It is the hope of the new District Administration that the results of this internal review provide clarity about the Prop S work to this point, including lessons learned and plans for moving forward in a positive direction. We also acknowledge that we are not trained auditors, and there are limits to our expertise. We believe that taxpayers deserve to know how their money is being spent across the District and – as the Superintendent shared publicly in January 2023 – remain open to an external audit.