Internal Audit Report: Carve-Out Analysis

Broward County Public Schools

June 8, 2026

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TRANSMITTAL LETTER

June 8, 2026

Mark Magli, Task Assigned Chief Auditor
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Pursuant to the approved internal audit scope of work, dated December 8, 2025, we hereby submit our Carve-Out Analysis. We will present this report to the Audit Committee on July 16, 2026. Our report is organized in the following sections:

Executive Summary	This provides a high-level overview and summary of the observations noted in our SMART Program Carve-Out Analysis
Background	This provides an overview of the in-scope process area, as well as relevant background information.
Objectives and Approach	The project objectives are expanded upon in this section, as well as a summation of the various phases of our approach.
Observations Matrix	This section includes a description of the observations noted during our analysis and recommended actions, as well as Management's response, including the responsible party, and estimated completion date.

We would like to thank the staff and all those involved in assisting our firm with this analysis.

Respectfully Submitted,

RSM US LLP

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EXECUTIVE SUMMARY

Background

The Broward County Public Schools SMART Bond Program is a multi-year capital initiative designed to fund and deliver upgrades across school facilities, including safety improvements, HVAC systems, roofing, and other infrastructure enhancements. These projects are typically delivered as full-scope renovations that move through design, permitting, and construction under a single contract or coordinated set of contracts.

Within this program, the District has increasingly used "carve-out" projects as an alternative delivery strategy. A carve-out occurs when a specific portion of a larger project, such as roofing, HVAC, or a life-safety system, is removed from the original scope and delivered under a separate contract. In most cases, this approach is intended to:

- Accelerate delivery of critical work;
- Reduce risk to the overall project schedule;
- Allow specialized contractors to perform discrete scopes more efficiently; and
- Advance portions of work when the broader project is delayed.

This evaluated 10 carve-out projects to assess whether these intended benefits, particularly related to schedule and budget performance, were achieved.

Overall Summary / Highlights

Across the projects reviewed, carve-outs were often effective in allowing work to proceed, but they were typically implemented too late to prevent delays and did not consistently deliver the expected schedule improvements.

Key patterns observed include:

- Carve-out decisions were frequently made after projects had already experienced significant delays, particularly during the design phase. In several cases, projects remained stalled for multiple years before a carve-out approach was implemented.
- Once a need for corrective action was evident, the District often took several additional months, or more than a year in some cases, to execute the carve-out decision, reducing the ability to recover lost time.

Strengthening timeliness, planning, and documentation practices will improve the District's ability to use carve-outs as an effective project delivery strategy.

Objectives and Scope

The primary objective of this internal audit was to conduct an analysis of Broward County Public Schools SMART construction projects with scope carve-outs, including evaluation of schedule and budget justifications, and whether expected benefits were realized.

Our audit approach consisted, but was not limited to the following:

- Conducted interviews with OCP, PM/OR, and CPCM to gain an understanding of each project's origional scope and carve-out histroy;
- Performed data collection and analysis of available data to evaluate the volume of carve-out projects within the SMART program;
- Performed a schedule analysis to compare projected dates to actual completion data to identify vairances in project timelines and evaluate whether specific committements or benefits during the carve-out process were realized.
- Performed a budget analysis to analyze budget impacts resulting from the carve-out decisions to determine whether the expectations set during the carve-out process were realized;
- Reviewed PM/OR and CPCM monthly invoicing for contractual compliance, proper supporting documentation and mathematical accuracy.

Fieldwork was performed between February and May 2026.

At the conclusion of our procedures, we summarized our findings into this written report. We have reviewed the results of our testing with OCA and PM/OR teams, and incorporated managements response herein.

Summary of Observation Ratings
(See page 3 for risk rating definitions)

	High	Moderate	Low
Carve-Out Analysis	2	-	1

We would like to thank all team members who assisted us throughout this analysis.

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EXECUTIVE SUMMARY – CONTINUED

Observations Summary

Below is a summary listing of the observations that were identified during this internal audit. Detailed observations are included in the observation matrix section of the report. Definitions of the rating scale are included below.

Summary of Observations	
Observations	**Rating**
1. Timeliness of Carve-Out Decisions	**High**
2. Carve-Out Projected Schedule Benefits	**High**
3. Documentation Supporting Carve-Out Decisions	**Low**

Risk Rating Definitions

Provided below are the observation risk rating definitions for the detailed observations.

Observation Risk Rating Definitions	
Rating	**Definition**
Low	Observation presents a low risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of low importance to business success/achievement of goals.
Moderate	Observation presents a moderate risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of moderate importance to business success. Action should be in the near term.
High	Observation presents a high risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of high importance to business success/achievement of goals. Action should be taken immediately.

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BACKGROUND

Overview

The Broward County Public Schools SMART Bond Program is a district-wide capital initiative designed to fund and deliver improvements to school facilities. These improvements include building envelope repairs, roofing replacement, HVAC upgrades, life-safety systems (e.g., fire alarms and sprinklers), and other infrastructure enhancements.

Projects under the SMART Program are typically delivered as full-scope renovations, meaning that the design, permitting, and construction of multiple systems and building components are managed together under a single contract or coordinated set of contracts. However, when projects encounter delays, particularly during design, permitting, or contractor procurement, the District may elect to implement a "carve-out" strategy.

What Is a Carve-Out Project?

A carve-out occurs when a specific portion of a larger project (such as roofing, HVAC, or a life-safety system) is removed from the original scope contract and delivered separately under its own contract. In practice, carve-outs are used to:

- Advance critical work that is delayed under the main project
- Accelerate delivery of high-priority systems (e.g., roofing or life-safety upgrades)
- Reduce risk to the overall project schedule
- Allow specialized contractors to perform specific scopes more efficiently

Carve-outs are commonly delivered through Construction Services Minor Projects (CSMP) contracts, which allows the District to engage pre-qualified specialty contractors on a faster timeline than traditional procurement methods.

Why This Matters

Carve-outs represent an important tool within the District's project delivery strategy. When used effectively, they can help recover schedule and improve outcomes. However, when implemented late or without fully addressing underlying issues, they may have limited impact on overall project performance.

This review evaluates how carve-outs were used across selected projects and whether they achieved their intended schedule and delivery benefits.

Roles and Responsibilities

Carve-out decisions and project delivery involve multiple stakeholders. While responsibilities may vary slightly by project, the overall structure generally includes the following roles:

Office of Capital Programs

- Plans, designs, builds, and maintains all Broward County Public Schools (BCPS) buildings and school campuses and is charged with managment and oversight of the SMART bond program.

PM/OR and CPCM

- The PM/OR (AECOM) and CPCM (Atkins) teams are responsible for day-to-day oversight and management of project and program delivery.

Design Professionals (Architects/Engineers)

- Design performance is often a key driver of carve-out decisions. Delays in obtaining approvals, such as the Letter of Recommendation (LOR), or challenges in coordinating design elements can lead to portions of the project being separated into carve-outs.

Contractors

- Responsible for delivering and coordinating the project.

School Board

- In certain cases, carve-out decisions, particularly those involving funding changes or significant scope modifications, are presented to the School Board for approval. However, not all carve-outs require formal Board action, depending on the nature and scale of the decision.

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CARVE-OUT PROJECT SUMMARY – DILLARD 6-12 SCHOOL (1726-RC1)

The following summarizes the **Dillard 6-12 School - SMART Roof Carve-Out (1726-RC1)** project background, timeline, and key milestones associated with the roof carve-out project.

The original scoped project design schedule (P.001726), as established in the Authorization to Proceed (ATP) with GOB, spanned from October 27, 2016 through June 12, 2017 (228 calendar days). However, the design phase ultimately required 786 days to achieve the Letter of Recommendation (LOR), representing a delay of 558 days beyond the planned ATP duration.

Construction under the original scoped project (P.001726) contract with T&G Constructors commenced pursuant to the Notice to Proceed (NTP) on May 6, 2019, with substantial completion anticipated by December 25, 2020. During construction, the general contractor experienced challenges associated with its roofing subcontractor's ability to obtain a roofing sub-permit from the Building Department. As a result, management elected to remove the roofing scope from the original contract, which was formally approved through a School Board agenda item on July 18, 2023.

The District subsequently reassigned the roofing work to Atlas-Apex Roofing, LLC, a pre-qualified specialty roofing contractor, under a standalone Construction Services Minor Projects (CSMP) contract. The NTP for the carve-out scope was issued on August 4, 2023, with a planned completion date of July 29, 2024. Atlas-Apex obtained the building permit on September 13, 2023, and achieved Certificate of Occupancy (COO) on August 19, 2024.

From a financial perspective, the project experienced both budget growth and varying performance relative to those budgets over time. The original project budget, as reflected in the first monthly PMOR report containing budget data (March 2021), was $8,498,232. By July 2024, at the time of the carve-out NTP, the project budget had increased to $12,029,232. Total project expenditures, as of June 2026 reporting, exceeded the original March 2021 budget by $692,356, indicating that the project ultimately did not remain within its initial financial expectations. However, when measured against the revised budget at the time of the carve-out NTP, total expenditures were $2,838,644 below budget. This variance suggests that while the project experienced significant budget growth, the final costs were ultimately managed within the expanded funding envelope established later in the project lifecycle.

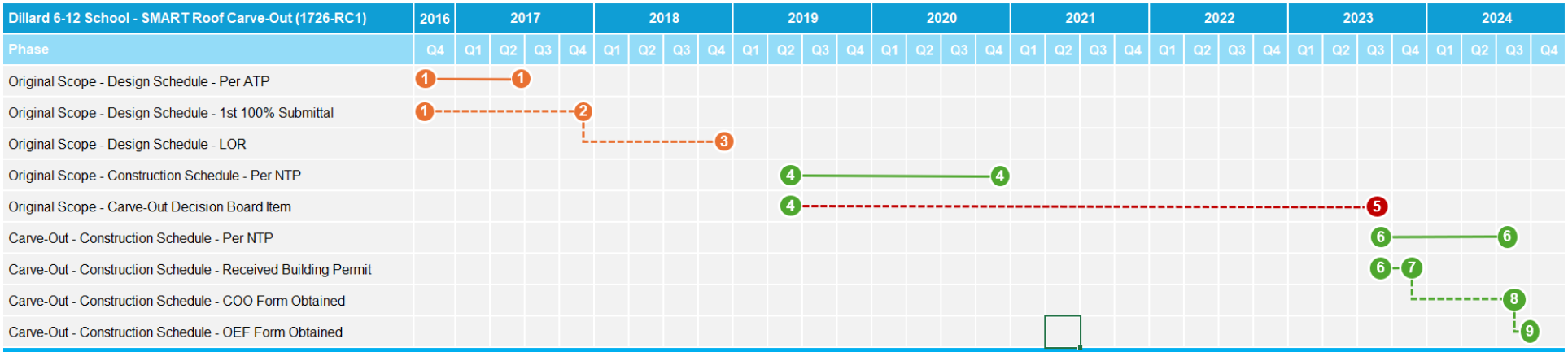
Based on our review, the timing of the carve-out decision appears to have been delayed. Specifically, approximately 1,534 days elapsed between the original construction NTP (May 6, 2019) and the Board's approval of the carve-out (July 18, 2023), indicating that the decision was made well into the construction lifecycle rather than proactively in response to early contractor performance concerns. This extended duration likely limited the District's ability to more effectively mitigate both schedule delays and cost escalation earlier in the project.

In addition, the carve-out did not achieve the expected schedule benefits. The roofing scope exceeded targeted timelines, requiring an additional 21 days to obtain COO and 51 days to complete the Office of Educational Facilities (OEF) closeout documentation beyond expected durations. When considered in conjunction with the earlier design delays (558 days beyond ATP for LOR issuance), the overall project lifecycle reflects significant schedule overruns relative to initial expectations.

In summary, while the carve-out was implemented to address contractor performance challenges and facilitate completion of the roofing scope, the timing and outcomes suggest that the decision did not fully realize the intended schedule benefits. Although the project was ultimately delivered below the revised budget established at the time of the carve-out, this result must be considered in the context of substantial prior budget increases and prolonged schedule delays. The extended duration preceding the carve-out decision likely constrained the District's ability to more effectively control both timeline and cost outcomes earlier in the project.

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CARVE-OUT PROJECT SUMMARY – DILLARD 6-12 SCHOOL (1726-RC1) – CONTINUED



Milestones			
1	Original Scope - GOB Design Schedule - Per ATP (10/27/16 - 06/12/17)	6	Carve-Out - Atlas-Apex Construction Schedule - Per NTP (08/04/23 - 07/29/24)
2	Original Scope - GOB Design Schedule - 1st 100% Submittal (12/22/17)	7	Carve-Out - Atlas-Apex Received Building Permit (09/13/23)
3	Original Scope - GOB Design Schedule - LOR Obtained (12/21/18)	8	Carve-Out - COO Obtained (08/19/24)
4	Original Scope - T&G Construction Schedule - Per NTP (05/06/19 - 12/25/20)	9	Carve-Out - OEF Form Obtained (09/18/24)
5	Original Scope - T&G Construction Schedule - Carve-Out Decision Board Item (07/18/23)		

Dillard 6-12 School - SMART Roof Carve-Out (1726-RC1)

Per PMOR Monthly Report:	March 2021[1]	July 2023	September 2024	Total spend per June 2026 Trimble Cost Report	Total spend variance from original March 2021 budget	Total spend variance from budget at carve-out NTP
	Original Budget	Budget at Carve-Out NTP	Budget at Carve-Out Complete			
Original Scope[2]	$ 8,498,232	$ 8,481,232	$ 8,481,232	$ 6,022,962		
Carve-Out - Roofing (RC1)	$ -	$ 3,548,000	$ 3,548,000	$ 3,167,626		
Total	$ 8,498,232	$ 12,029,232	$ 12,029,232	$ 9,190,588	$ (692,356)	$ 2,838,644

[1] Original budget as shown in the first monthly PMOR report distributed that included budget data.

2 Project has not financially closed out. Total spend per Trimble report shown includes actual cost plus anticpated costs to complete.

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CARVE-OUT PROJECT SUMMARY – MARJORY STONEMAN DOUGLAS HS (0817-HVC)

The following summarizes the **Marjory Stoneman Douglas HS - SMART AHU Installation (0817-HVC)** project background, timeline, and key milestones associated with the AHU carve-out project.

The original project scoped design schedule (P.000817) with Song & Associates, as established in the Authorization to Proceed (ATP), spanned from April 16, 2018 through March 16, 2019. However, the design phase experienced significant delays, with the Letter of Recommendation (LOR) not obtained until April 27, 2021, approximately 773 days beyond the planned schedule.

The project encountered additional delays during procurement. The initial Construction Manager at Risk (CMAR), D Stephenson, was terminated without cause on October 25, 2022 after failing to reach an acceptable Guaranteed Maximum Price (GMP). To address ongoing delays and urgent HVAC needs, the District elected to carve-out the air handler and ventilation scope as a separate project. No Board item was identified to document or support the carve-out decision.

The District reassigned this work to Koldaire, Inc., a specialized contractor engaged under a Construction Services Minor Projects (CSMP) contract, to complete the HVAC scope independently of the stalled main project. The carve-out construction was scheduled to run from June 20, 2023 through September 6, 2023 (78 days). However, the project did not meet this timeline. The Certificate of Occupancy (COO) was obtained on March 25, 2025, representing a delay of approximately 566 days beyond the planned construction duration.

From a financial perspective, the project reflects both budget reduction decisions and significant cost overruns relative to both original and revised budgets. The original project budget, as reflected in the first monthly PMOR report containing budget data (March 2021), was $10,107,805. By June 2023, at the time of the carve-out NTP, the project budget had decreased to $9,547,655, due to scope transfer. Despite this reduction, total project expenditures, as of June 2026 reporting, significantly exceeded both budget baselines. Final spend exceeded the original March 2021 budget by $12,792,765 and exceeded the revised June 2023 carve-out budget by $13,352,915. These variances indicate that the project experienced substantial cost overruns regardless of the baseline used, and that the carve-out did not mitigate overall financial exposure. Instead, costs continued to escalate beyond both the original and reduced funding levels.

Delays in the carve-out were driven by post-permit design revisions, failed inspections, and coordination challenges across multiple building systems, including HVAC controls, Energy Management Systems (EMS), and fire alarm integration. Contractor RFIs and field conditions required issuance of ASI #1, which revised duct detector configurations, controls coordination, and mechanical layouts. The revised ASI was not permitted until January 2025, further delaying inspections and closeout. While the carve-out leveraged the original design developed under the original project, additional revisions were required to complete the work.

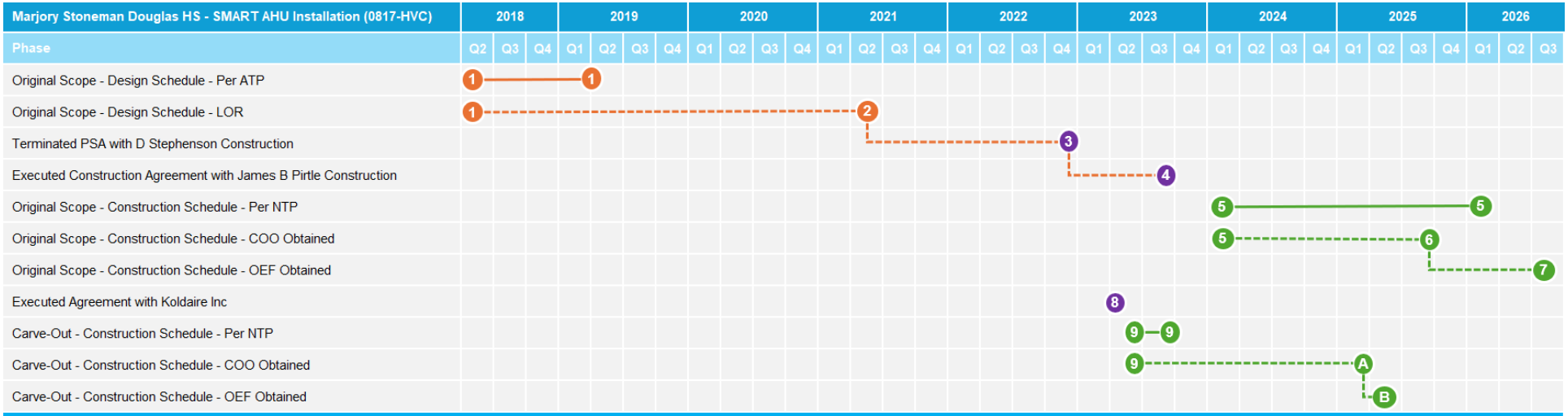
Separately, the remaining scope for the original construction work (P.000817) was awarded to Pirtle Construction, who served as the new general contractor following the termination of the original CMAR. Pirtle's construction schedule, per the Notice to Proceed (NTP), spanned from January 26, 2024 through January 25, 2026. The original scoped project (P.000817) achieved COO on September 5, 2025, approximately 142 days ahead of the contractual schedule.

The timing of the carve-out decision appears to have limited its effectiveness. Specifically, the carve-out was initiated approximately 784 days after the design LOR was obtained, indicating that the decision was made well after delays had already materialized. This delayed intervention reduced the District's ability to address root causes earlier in the project lifecycle and more effectively control subsequent cost and schedule impacts.

In summary, while the carve-out was intended to accelerate delivery of critical HVAC improvements, it did not achieve the anticipated schedule or financial benefits. The carve-out significantly exceeded its planned duration, and total project costs ultimately surpassed both the original and revised budgets by substantial margins. The delayed timing of the carve-out decision limited its ability to mitigate earlier project delays and cost escalation, while the absence of formal Board documentation further limits transparency into the expected cost and schedule benefits used to support the decision.

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CARVE-OUT PROJECT SUMMARY – MARJORY STONEMAN DOUGLAS HS (0817-HVC) – CONTINUED



Milestones

1	Original Scope - Song & Associates, Inc Design Schedule - Per ATP (04/16/18 - 3/16/19)	7	Original Scope - Pirtle Construction Schedule - OEF Projected (07/31/26)
2	Original Scope - Song & Associates, Inc Design Schedule - LOR Obtained (04/27/21)	8	Engaged Koldaire Inc (CSMP)
3	Terminated PSA with LIMCO (10/25/22)	9	Carve-Out - Koldaire Construction Schedule - Per NTP (06/20/23 - 09/06/23)
4	Executed Construction Agreement with James B Pirtle Construction (09/12/23)	A	Carve-Out - Koldaire Construction Schedule - COO Obtained (03/25/25)
5	Original Scope - Pirtle Construction Schedule - Per NTP (01/26/24 - 1/25/26)	B	Carve-Out - Koldaire Construction Schedule - OEF Obtained (04/08/25)
6	Original Scope - Pirtle Construction Schedule - COO Obtained (09/05/25)		

Marjory Stoneman Douglas HS - SMART AHU Installation (0817-HVC)

Per PMOR Monthly Report:	March 2021[1]	June 2023	April 2025	Total spend per June 2026 Trimble Cost Report	Total spend variance from original March 2021 budget	Total spend variance from budget at carve-out NTP
	Original Budget	Budget at Carve-Out NTP	Budget at Carve-Out Complete			
Original Scope[2]	$ 10,107,805	$ 7,337,655	$ 21,052,605	$ 20,654,255		
Carve-Out - AHU Intall (HVC)	**$ -**	**$ 1,560,000**	**$ 1,342,000**	**$ 1,342,000**		
Carve-Out - Portables (POR)[2]	$ -	$ 650,000	$ 1,200,000	$ 904,316		
Total	$ 10,107,805	$ 9,547,655	$ 23,594,605	$ 22,900,570	$ (12,792,765)	$ (13,352,915)

[1] Original budget as shown in the first monthly PMOR report distributed that included budget data.

2 Project has not financially closed out. Total spend per Trimble report shown includes actual cost plus anticpated costs to complete.

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CARVE-OUT PROJECT SUMMARY – WESTERN HS (1967-CUL)

The following summarizes the **Western HS - SMART Program Renovations (Culinary Lab) (1967-CUL)** project background, timeline, and key milestones associated with the culinary lab carve-out project.

The culinary lab carve-out was initiated significantly in advance of the original scoped project construction contract (P.001967). The carve-out Notice to Proceed (NTP) was issued on June 10, 2019 to Grace & Naeem Uddin, Inc., with a planned completion date of January 6, 2020. In contrast, the original scoped project (P.001967) renovations contract was executed later with Cosugas, LLC, indicating that the District pursued the carve-out as a strategy to advance a discrete portion of work while the broader project remained delayed in design.

The project experienced significant design challenges, ultimately resulting in the termination of the original architect/engineer, LIMCO Engineering, Inc., on March 3, 2020 for convenience due to its inability to produce timely and complete design documents. The carve-out allowed construction of the culinary lab to begin while these broader issues were still being addressed.

Based on the contractual schedule, the carve-out construction was expected to be completed between June 10, 2019 and January 6, 2020 (210 days). However, the project did not meet this timeline. The Certificate of Occupancy (COO) was obtained on August 19, 2020, representing a delay of approximately 226 days beyond the planned construction duration. More significantly, final closeout was substantially delayed, with the Office of Educational Facilities (OEF) form not obtained until April 7, 2025, approximately 1,917 days beyond the contractual completion date.

Although the project achieved phased occupancy in 2020, post-occupancy work continued for several years. Building Department records reflect ongoing work related to lift station modifications, plumbing, HVAC systems, fire alarm integration, hood systems, and other utility-related issues. Final inspections remained open due to deficiencies including rated assemblies, glazing, ceiling repairs, and unresolved punch list items. These issues, along with the removal of the original A/E, contributed to delays in completing required documentation and achieving final OEF closeout.

From a financial perspective, the carve-out did not result in the project being delivered within its original budget expectations. The original project budget, as reflected in the first monthly PMOR report containing budget data (March 2021), was $4,226,000. Based on total spend reported in Trimble as of June 2026, including both actual costs incurred and projected costs to complete, the project is currently tracking $1,498,354 over the March 2021 baseline budget. Additionally, the project has not yet financially closed out, and final costs remain subject to change as remaining closeout activities are completed.

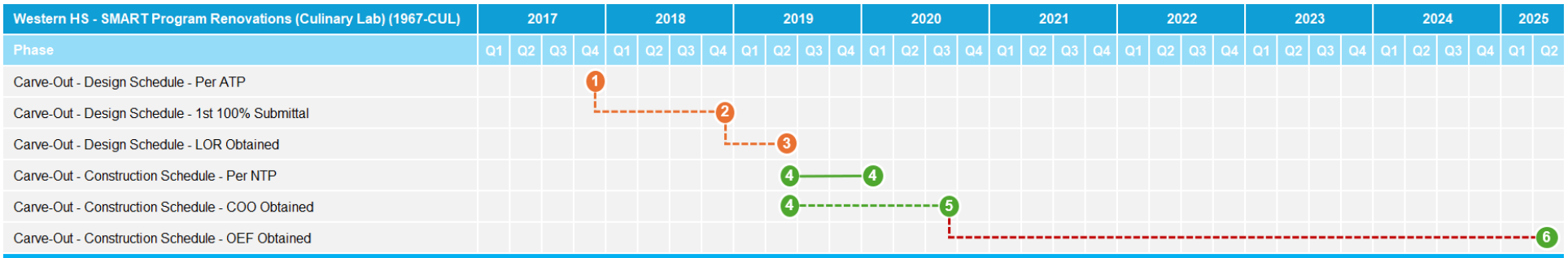
As of 2025–2026, the culinary lab and restroom renovations (Phase 1) are complete; however, Phase 2 of the overall SMART project, including building envelope, HVAC, electrical, media center, safety and security, and STEM lab improvements, remains in active construction, with a targeted completion date of Q4 2026.

There was no evidence of a formal carve-out decision documented through a Board item, limiting transparency into the District's rationale and the expected financial and schedule benefits used to justify the decision. The carve-out decision appears to have been made during the pre-design phase of the overall project.

In summary, while the carve-out enabled the District to initiate a portion of the work earlier than would have been possible under the original project (P.001967), it did not achieve the intended schedule or financial outcomes. Construction exceeded the planned duration, and extended post-occupancy work and delayed closeout significantly reduced any advantage gained by early implementation. From a financial standpoint, the project is currently projected to exceed its original budget, with final costs still uncertain due to the absence of financial closeout. The lack of formal documentation further limits the District's ability to demonstrate that the carve-out achieved its intended cost and schedule benefits.

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CARVE-OUT PROJECT SUMMARY – WESTERN HS (1967-CUL) – CONTINUED



Milestones			
1	Carve-Out - Design Schedule - Per ATP (10/20/17)	4	Carve-Out - Construction Schedule - Per NTP (06/10/19 - 01/06/20)
2	Carve-Out - Design Schedule - 1st 100% Submittal (11/27/18)	5	Carve-Out - Construction Schedule - COO Obtained (08/19/20)
3	Carve-Out - Design Schedule - LOR Obtained (05/14/19)	6	Carve-Out - Construction Schedule - OEF Obtained (04/07/25)

Western HS - SMART Program Renovations (Culinary Lab) (1967-CUL)

Per PMOR Monthly Report:	March 2021[1]	[3]	[3]	Total spend per June 2026 Trimble Cost Report	Total spend variance from original March 2021 budget	Total spend variance from budget at carve-out NTP
	Original Budget	Budget at Carve-Out NTP	Budget at Carve-Out Complete			
Original Scope[2]	$ 4,226,000	$ -	$ -	$ 4,075,292		
Carve-Out - Culinary Lab (CUL)	**$ -**	**$ -**	**$ -**	**$ 1,649,062**		
Total	$ 4,226,000	$ -	$ -	$ 5,724,354	$ (1,498,354)	$ (5,724,354)

[1] Original budget as shown in the first monthly PMOR report distributed that included budget data.

2 Project has not financially closed out. Total spend per Trimble report shown includes actual cost plus anticpated costs to complete.

[3] Carve-out project was completed prior to monthly budget reporting. Updates post 2021 N/A

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CARVE-OUT PROJECT SUMMARY – LAUDERHILL 6-12 STEM-MED MAGNET SCHOOL (1801-RC1)

The following summarizes the **Lauderhill 6-12 STEM-MED Magnet School - SMART Re-Roofing (1801-RC1)** project background, timeline, and key milestones associated with the roofing carve-out project.

The original SMART renovations project (P.001801) experienced significant and prolonged delays during the design and procurement phases. Although the Authorization to Proceed (ATP) established a design schedule from February 8, 2017 through December 7, 2017, the first 100% design submittal was not received until June 4, 2019, approximately 544 days beyond the planned schedule.

Following this initial delay, the project remained stalled for an extended period. It took approximately 1,422 additional days from the first 100% submittal before the District proceeded with the roofing carve-out, further indicating prolonged inactivity and challenges in advancing the original scoped project (P.001801). During this time, the project encountered continued permitting issues with the Building Department, including unresolved review comments, permit abandonment, and the need for redesign to comply with the 2020 Florida Building Code. Additional delays were driven by ongoing negotiations for professional services, ADA and life-safety revisions, and coordination of roofing scope.

To address these delays and advance critical building envelope work, the District elected to carve-out the roofing scope as a separate project (P.001801-RC1). This decision was aligned with a broader District initiative to accelerate roofing projects through standalone Construction Services Minor Projects (CSMP). Atlas-Apex Roofing, LLC was selected from the pre-qualified CSMP contractor pool to perform the work under a design-build delivery method. Under the carve-out contract, the project was scheduled to run from April 26, 2023 through May 5, 2024. Atlas-Apex obtained the building permit on July 10, 2023, achieved Certificate of Occupancy (COO) on April 3, 2024, and completed Office of Educational Facilities (OEF) closeout on September 10, 2024. The carve-out achieved COO approximately 32 days ahead of the contractual schedule; however, OEF closeout occurred approximately 128 days later than planned.

From a financial perspective, the project reflects minimal change in baseline budget at the time of the carve-out, but significant cost overruns relative to both the original and revised budgets. The original project budget, as reflected in the first monthly PMOR report containing budget data (March 2021), was $6,005,000. By April 2023, at the time of the carve-out NTP, the project budget, due to scope transfer, had been slightly reduced to $5,974,500. Despite the relatively stable budget baseline, total project expenditures reported as of June 2026 significantly exceeded both approved budget levels. Final spend exceeded the original March 2021 budget by $5,739,766 and exceeded the revised April 2023 carve-out budget by $5,770,266. These variances indicate that the project experienced substantial cost overruns regardless of the baseline used, and that the carve-out did not mitigate overall financial exposure. Instead, overall project costs continued to escalate well beyond both the original and revised funding levels.

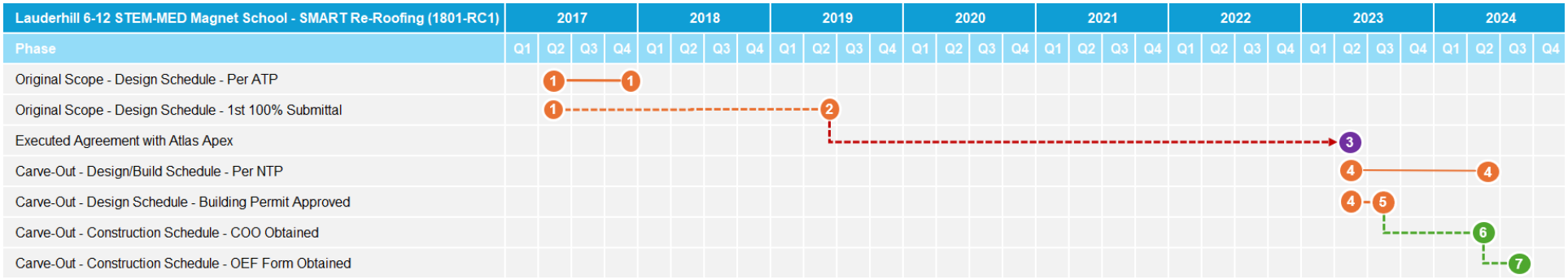
There is no evidence that the carve-out decision was formally presented through a Board item, limiting transparency into the rationale and the expected schedule and financial benefits of the decision. Based on available information, the carve-out decision was made during the design phase after substantial delays had already occurred. The timing of the carve-out decision does not appear to have been optimal. The design phase extended significantly beyond the ATP schedule, and the District did not initiate the carve-out until several years after the first 100% design submittal. As a result, the carve-out was implemented after the project had already experienced material delays, limiting its ability to mitigate earlier schedule impacts or contain cost escalation.

In terms of outcomes, the carve-out achieved mixed results. While construction reached COO earlier than planned, the delay in OEF closeout and the extended timeline leading up to the carve-out reduced the overall effectiveness of the approach in delivering schedule benefits. From a financial standpoint, the project exceeded both original and revised budgets by significant margins.

In summary, although the carve-out enabled the District to move forward with roofing work that had been delayed for several years, it was implemented late in the project lifecycle and did not fully realize the intended schedule or financial benefits when considering the total duration and cost of the project. Additionally, the absence of formal documentation limits the ability to evaluate whether the anticipated cost and schedule benefits were clearly defined and ultimately achieved.

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CARVE-OUT PROJECT SUMMARY – LAUDERHILL 6-12 STEM-MED MAGNET SCHOOL (1801-RC1) – CONTINUED



Milestones			
1	Original Scope - FICE Design Schedule - Per ATP (02/08/17 - 12/07/17)	6	Carve-Out - Atlas Apex Construction Schedule - COO Obtained (04/03/24)
2	Original Scope - FICE Design Schedule - 1st 100% Submittal (06/04/19)	7	Carve-Out - Atlas Apex Construction Schedule - OEF Form Obtained (09/10/24)
3	Engaged Atlas Apex (CSMP)		
4	Carve-Out - Atlas Apex Design/Build Schedule - Per NTP (04/26/23 - 05/05/24)		
5	Carve-Out - Atlas Apex Design Schedule - Building Permit Approved (07/10/23)		

Lauderhill 6-12 STEM-MED Magnet School - SMART Re-Roofing (1801-RC1)

Per PMOR Monthly Report:	March 2021[1]	April 2023	September 2024	Total spend per June 2026 Trimble Cost Report	Total spend variance from original March 2021 budget	Total spend variance from budget at carve-out NTP
	Original Budget	Budget at Carve-Out NTP	Budget at Carve-Out Complete			
Original Scope	$ 6,005,000	$ 1,774,500	$ 1,474,500	$ 1,439,453		
Carve-Out - Roofing (RC1)	**$ -**	**$ 4,000,000**	**$ 4,000,000**	**$ 3,811,583**		
Carve-Out - Fire Alarm (FA1)2	$ -	$ -	$ 2,090,500	$ 1,988,200		
Carve-Out - Fire Sprinkler (FSP)	$ -	$ 200,000	$ 1,285,900	$ 1,211,764		
Carve-Out - ADA Restrooms (ADA)2	$ -	$ -	$ 600,000	$ 647,310		
Carve-Out - HVAC (HVC)2	$ -	$ -	$ 2,275,000	$ 2,646,455		
Total	$ 6,005,000	$ 5,974,500	$ 11,725,900	$ 11,744,766	$ (5,739,766)	$ (5,770,266)

[1] Original budget as shown in the first monthly PMOR report distributed that included budget data.

2 Project has not financially closed out. Total spend per Trimble report shown includes actual cost plus anticpated costs to complete.

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CARVE-OUT PROJECT SUMMARY – APOLLO MS (2110-RC1)

The following summarizes the **Apollo MS - SMART Roof Carve-Out (2110-RC1)** project background, timeline, and key milestones associated with the roofing carve-out project.

Apollo Middle School's SMART renovations project (P.002110) included a broad scope of work, including safety upgrades, HVAC improvements, interior renovations, and over 100,000 square feet of roofing across multiple buildings. RGD was engaged as the design consultant, with the design schedule established in the Authorization to Proceed (ATP) from April 10, 2018 through April 22, 2019. Design performance did not meet the planned schedule. The first 100% design submittal was not delivered until July 15, 2019, approximately 154 days beyond the planned schedule. Further delays occurred in obtaining permitting approvals, with the Letter of Recommendation (LOR) issued on March 2, 2021, approximately 680 days later than originally planned.

Following completion of design, the District proceeded with procurement of the original scoped project construction work (P.002110). On September 13, 2022, the District executed a construction agreement with Lego Construction Company. The construction NTP for the original scope (P.002110) was issued for the period of January 31, 2023 through July 16, 2024. Lego achieved Certificate of Occupancy (COO) on November 7, 2024 and finalized Office of Educational Facilities (OEF) closeout on December 12, 2024, representing approximately 114 days beyond the contractual construction duration.

To accelerate the roofing portion of the project and manage budget risks, the District elected to carve-out the roofing scope into a separate project (P.002110-RC1). This decision was formally presented and approved through a Board agenda item on February 15, 2023. However, this decision occurred approximately 715 days after the design LOR was obtained, indicating that the carve-out was implemented after significant delays had already occurred in the design phase. The roofing carve-out was awarded to Atlas-Apex Roofing, LLC, a pre-qualified contractor under the District's Construction Services Minor Projects (CSMP) program. The carve-out contract covered roof replacement and associated mechanical work for multiple buildings under a design-build delivery method. The carve-out construction schedule per NTP spanned from March 15, 2023 through March 24, 2024. The carve-out was executed efficiently from a construction standpoint. Atlas-Apex achieved COO on January 11, 2024, approximately 73 days ahead of schedule, and completed OEF closeout on March 11, 2024, approximately 13 days ahead of the planned duration.

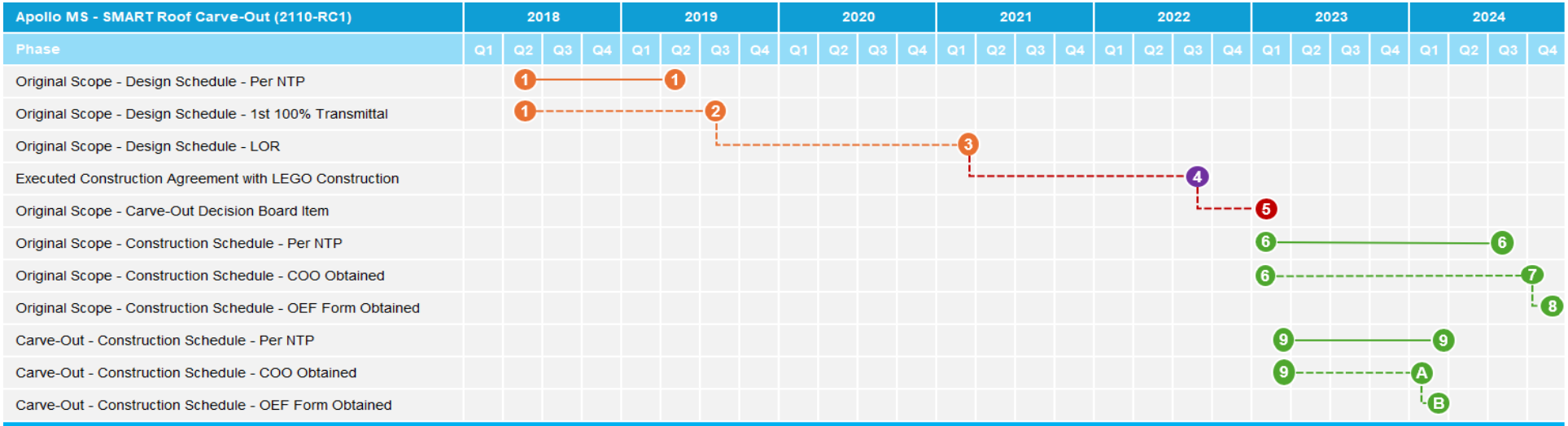
From a financial perspective, the project experienced significant budget growth prior to the carve-out, but ultimately performed favorably against the revised budget established at that time. The original project budget, as reflected in the first monthly PMOR report containing budget data (March 2021), was $6,915,000. By February 2023, at the time of the carve-out NTP, the project budget had increased to $12,232,777, representing an increase of $5,317,777. Total project expenditures, as of June 2026 reporting, exceeded the original March 2021 budget by $3,666,542, indicating that the project did not remain within its initial financial expectations. However, when evaluated against the revised February 2023 budget at the time of the carve-out, total expenditures were $1,651,235 below budget. This indicates that while the project experienced substantial budget escalation, the final costs were ultimately contained within the expanded funding envelope established prior to execution of the carve-out.

The timing of the carve-out decision reduced its overall effectiveness. The design phase extended significantly beyond the original schedule, and the carve-out was not initiated until well after these delays had materialized. As a result, the carve-out was implemented after the project had already incurred both schedule delays and budget increases, limiting its ability to mitigate earlier impacts.

In summary, although the carve-out was successful in accelerating execution of the roofing scope and delivering that component ahead of schedule, it was implemented late in the project lifecycle and did not fully mitigate earlier design delays or budget escalation. From a financial standpoint, while costs were ultimately managed within the revised budget, this outcome must be considered in the context of significant prior budget growth.

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CARVE-OUT PROJECT SUMMARY – APOLLO MS (2110-RC1) – CONTINUED



Milestones			
1	Original Scope - RGD Design Schedule - Per NTP (04/10/18 - 04/22/19)	7	Original Scope - LEGO Construction Schedule - COO Obtained (11/07/24)
2	Original Scope - RGD Design Schedule - 1st Transmittal (07/15/19)	8	Original Scope - LEGO Construction Schedule - OEF Obtained (12/12/24)
3	Original Scope - RGD Design Schedule - LOR Obtained (03/02/21)	9	Carve-Out - Atlas Apex Construction Schedule - Per NTP (03/15/23 - 03/24/24)
4	Executed Construction Agreement with LEGO Construction (09/13/22)	A	Carve-Out - Atlas Apex Construction Schedule - COO Obtained (01/11/24)
5	Original Scope - LEGO Construction Schedule - Carve-Out Decision Board Item (02/15/23)	B	Carve-Out - Atlas Apex Construction Schedule - OEF Obtained (03/11/24)
6	Original Scope - LEGO Construction Schedule - Per NTP (01/31/23 - 07/16/24)		

Apollo MS - SMART Roof Carve-Out (2110-RC1)

Per PMOR Monthly Report:	March 2021[1]	February 2023	March 2024	Total spend per June 2026 Trimble Cost Report	Total spend variance from original March 2021 budget	Total spend variance from budget at carve-out NTP
	Original Budget	Budget at Carve-Out NTP	Budget at Carve-Out Complete			
Original Scope	$ 6,915,000	$ 8,172,777	$ 8,172,777	$ 6,906,218		
Carve-Out - Roofing (RC1)	$ -	$ 4,060,000	$ 4,060,000	$ 3,675,324		
Total	$ 6,915,000	$ 12,232,777	$ 12,232,777	$ 10,581,542	$ (3,666,542)	$ 1,651,235

[1] Original budget as shown in the first monthly PMOR report distributed that included budget data.

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CARVE-OUT PROJECT SUMMARY – SEMINOLE MS (2047-RC1)

The following summarizes the **Seminole MS - Roofing Bldg 1 - SMART Program (2047-RC1)** project background, timeline, and key milestones associated with the roofing carve-out project.

Seminole Middle School's SMART Program renovation project (P.002047) included significant roofing work across multiple buildings. To accelerate this effort and manage funding constraints, the District divided the roof work into separate carve-out projects, including P.002047-RC1 for Building 1 and P.002047-RC2 for other buildings. Building 1 was separated due to its size (over 100,000 square feet) and the need to replace rooftop mechanical systems, making it a complex and high-priority component of the overall scope.

The original scoped project design (P.002047) was performed by Delta G Engineers, with an Authorization to Proceed (ATP) issued for the period of March 27, 2018 through February 21, 2019. However, the design phase experienced significant delays, with the Letter of Recommendation (LOR) not obtained until May 20, 2022, approximately 1,184 days beyond the planned schedule. This indicates that the project remained stalled in design for several years before advancing to construction. In response to these delays, the District formally presented the carve-out decision to the Board on October 25, 2022. While this indicates that the decision was documented, it occurred after significant design delays had already materialized. Specifically, the carve-out decision took place approximately 158 days after the LOR was obtained and followed a prolonged design period that significantly exceeded expectations.

From a financial perspective, the project experienced substantial budget growth prior to execution of the carve-out, followed by continued cost overruns relative to both the original and revised budgets. The original project budget, as reflected in the first monthly PMOR report containing budget data (March 2021), was $4,619,000. By October 2022, at the time of the carve-out NTP, the project budget had increased to $10,826,500, representing a net increase of $6,207,500. Despite this significant budget increase, total project expenditures exceeded both budget baselines. Total expenditures, as of June 2026 reporting, exceeded the original March 2021 budget by $8,126,288 and exceeded the revised October 2022 carve-out budget by $1,918,788. These variances indicate that the project experienced material cost overruns regardless of the baseline used. While the revised budget appears to have partially accounted for earlier cost escalation, the project continued to exceed available funding, indicating that the carve-out did not effectively mitigate overall financial exposure or prevent further cost growth.

For the remaining original scope work, West Construction was engaged, with a construction schedule per NTP from January 31, 2023 through September 17, 2024. As of the date of this review, the original scoped project remains in progress, and the Certificate of Occupancy (COO) and Office of Educational Facilities (OEF) dates are still projected rather than actual, limiting the ability to fully assess overall project outcomes.

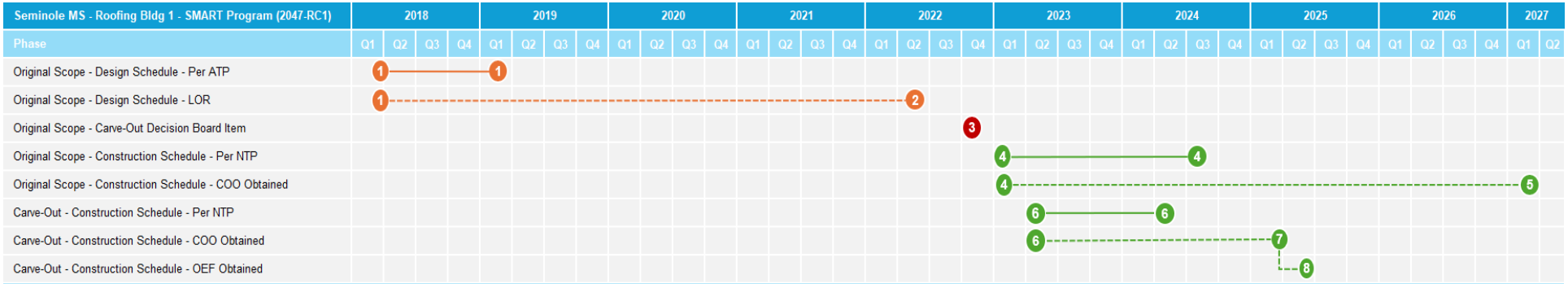
The roofing carve-out (P.002047-RC1) was awarded to Advanced Roofing, Inc., with a construction NTP spanning from April 10, 2023 through April 24, 2024. The carve-out did not meet its projected schedule. The project achieved COO on March 27, 2025, approximately 336 days later than planned, and obtained OEF closeout on June 20, 2025, approximately 422 days beyond the contractual completion date.

The timing of the carve-out decision appears to have limited its effectiveness. The decision was made after an extended period of design delays, reducing its ability to proactively address root causes or meaningfully mitigate schedule and cost impacts. As a result, the carve-out was implemented after the project had already experienced substantial delays and cost increases.

In summary, while the District implemented the carve-out to accelerate roofing work and advance a critical portion of the project, the timing and outcomes indicate that the intended schedule and financial benefits were not realized. The carve-out was executed after prolonged design delays, limiting its ability to improve overall project delivery. Additionally, the carve-out construction experienced significant delays and the project exceeded both its original and revised budgets. Although the revised budget partially reflected prior cost escalation, the continued overrun indicates that the carve-out did not effectively contain costs or improve overall project performance.

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CARVE-OUT PROJECT SUMMARY – SEMINOLE MS (2047-RC1) – CONTINUED



Milestones

1	Original Scope - Delta G Engineers Design Schedule - Per ATP (03/27/18 - 02/21/19)	5	Original Scope - West Construction Schedule - COO and OEF remain projections.
2	Original Scope - Delta G Engineers Design Schedule - LOR Obtained (05/20/22)	6	Carve-Out - Advanced Roofing Construction Schedule - Per NTP (04/10/23 - 04/24/24)
3	Original Scope - Construction Schedule - Carve-Out Decision Board Item (10/25/22)	7	Carve-Out - Advanced Roofing Construction Schedule - COO Obtained (03/27/25)
4	Original Scope - West Construction Schedule - Per NTP (01/31/23 - 09/17/24)	8	Carve-Out - Advanced Roofing Construction Schedule - OEF Obtained (06/20/25)

Seminole MS - Roofing Bldg 1 - SMART Program (2047-RC1)

Per PMOR Monthly Report:	March 2021[1]	October 2022	July 2025[3]	Total spend per June 2026 Trimble Cost Report	Total spend variance from original March 2021 budget	Total spend variance from budget at carve-out NTP
	Original Budget	Budget at Carve-Out NTP	Budget at Carve-Out Complete			
Original Scope[2]	$ 4,619,000	$ 3,859,318	$ 6,846,985	$ 6,345,084		
Carve-Out - Roofing Bldg 1 (RC1)	**$ -**	**$ 6,207,500**	**$ 3,633,622**	**$ 3,633,622**		
Carve-Out - Roofing (RC2)	$ -	$ 759,682	$ 725,955	$ 725,955		
Carve-Out - Roofing (RC3)2	$ -	$ -	$ 2,073,000	$ 2,040,627		
Total	$ 4,619,000	$ 10,826,500	$ 13,279,562	$ 12,745,288	$ (8,126,288)	$ (1,918,788)

[1] Original budget as shown in the first monthly PMOR report distributed that included budget data.

2 Project has not financially closed out. Total spend per Trimble report shown includes actual cost plus anticpated costs to complete.

[3] July 2025 report used in lieu of June 2025, which was not created.

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CARVE-OUT PROJECT SUMMARY – LYONS CREEK MS (2141-RC1)

The following summarizes the **Lyons Creek MS - SMART Roofing Carve-Out Building 1 & 3 (2141-RC1)** project background, timeline, and key milestones associated with the roofing carve-out project.

Lyons Creek Middle School's SMART Program renovation originally included significant building envelope and roofing work as part of the original project (P.002141). To avoid delaying the broader project, the District elected to carve-out the roof replacement for Buildings 1 and 3 into a separate project (P.002141-RC1), allowing roofing work to proceed independently while the remaining scope continued to focus on interior renovations and HVAC upgrades.

The original project scope design was performed by D.L. Fields, with an Authorization to Proceed (ATP) schedule from May 15, 2020 through March 19, 2021. However, the design phase experienced delays, with the Letter of Recommendation (LOR) not obtained until July 11, 2022, approximately 479 days beyond the planned schedule.

Following completion of design, the District formally presented the carve-out decision to the Board on February 15, 2023. While the decision was documented, it occurred approximately 219 days after the LOR was obtained and followed a design phase that had already experienced significant delays. This indicates that the carve-out was implemented after schedule impacts had already materialized rather than as an early mitigation strategy. The carve-out construction was assigned to Atlas-Apex Roofing, LLC through the District's pre-qualified Construction Services Minor Projects (CSMP) program. The Notice to Proceed (NTP) established a construction schedule from March 16, 2023 through March 25, 2024.

From a construction standpoint, the carve-out performed favorably. The project achieved Certificate of Occupancy (COO) on October 30, 2023, approximately 147 days ahead of the contractual completion date, and obtained Office of Educational Facilities (OEF) closeout on December 18, 2023, approximately 98 days ahead of schedule.

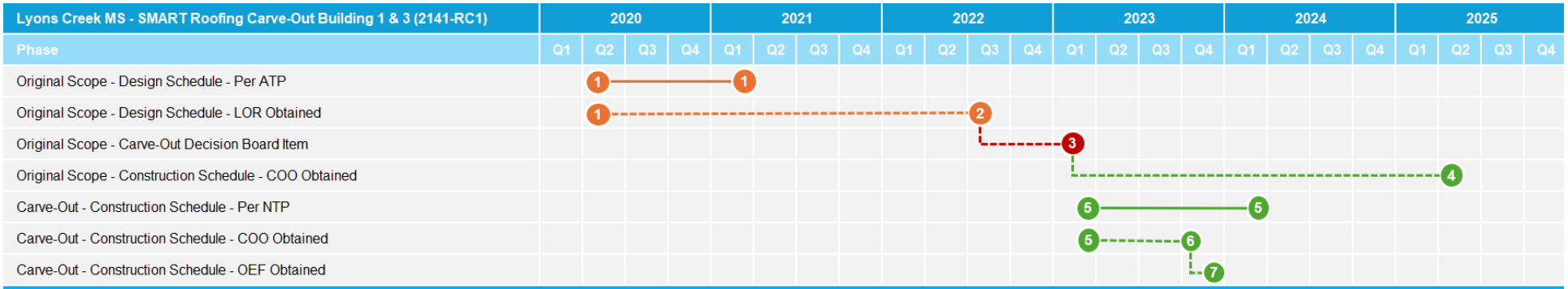
From a financial perspective, the project reflects a material increase in budget prior to the carve-out, followed by performance within the revised budget baseline. The original project budget, as reflected in the first monthly PMOR report containing budget data (March 2021), was $3,049,000. By February 2023, at the time of the carve-out NTP, the project budget had increased to $6,034,000, representing a net increase of $2,985,000. Total project expenditures, as of June 2026 reporting, exceeded the original March 2021 budget by $2,012,413, indicating that the project did not remain within its initial financial expectations. However, when evaluated against the revised February 2023 budget at the time of the carve-out, total expenditures were $972,587 below budget. This indicates that while the project experienced significant budget growth prior to the carve-out, costs were ultimately contained within the expanded funding level established at that time.

The timing of the carve-out decision nonetheless limited its overall effectiveness. Because the carve-out was implemented after substantial design delays had already occurred, it did not mitigate earlier schedule impacts or prevent the associated budget increases. Instead, it functioned as a later-stage strategy to improve execution of a specific scope rather than as a proactive tool to control project performance.

In summary, the carve-out achieved its intended construction schedule benefits, with both COO and OEF milestones completed ahead of the planned timeline, and costs ultimately delivered below the revised budget. However, these outcomes must be considered in the context of significant prior design delays and budget increases. While the carve-out improved execution of the roofing scope, it did not fully offset earlier schedule inefficiencies or prevent overall cost escalation relative to the original project budget.

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CARVE-OUT PROJECT SUMMARY – LYONS CREEK MS (2141-RC1) – CONTINUED



Milestones	
1	Original Scope - D.L. Fields Design Schedule - Per ATP (05/15/20 - 03/19/21)
2	Original Scope - D.L. Fields Design Schedule - LOR Obtained (07/11/22)
3	Original Scope - Construction Schedule - Carve-Out Decision Board Item (02/15/23)
4	Original Scope - Construction Schedule - COO Obtained (04/03/25)
5	Carve-Out - Atlas Apex Construction Schedule - Per NTP (03/16/23 - 03/25/24)
6	Carve-Out - Atlas Apex Construction Schedule - COO Obtained (10/30/23)
7	Carve-Out - Atlas Apex Construction Schedule - OEF Obtained (12/18/23)

Lyons Creek MS - SMART Roofing Carve-Out Building 1 & 3 (2141-RC1)

Per PMOR Monthly Report:	March 2021[1]	February 2023	October 2023	Total spend per June 2026 Trimble Cost Report	Total spend variance from original March 2021 budget	Total spend variance from budget at carve-out NTP
	Original Budget	Budget at Carve-Out NTP	Budget at Carve-Out Complete			
Original Scope	$ 3,049,000	$ 2,174,000	$ 2,174,000	$ 1,464,893		
Carve-Out - Roofing (RC1)	$ -	$ 3,860,000	$ 3,860,000	$ 3,596,521		
Total	$ 3,049,000	$ 6,034,000	$ 6,034,000	$ 5,061,413	$ (2,012,413)	$ 972,587

[1] Original budget as shown in the first monthly PMOR report distributed that included budget data.

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CARVE-OUT PROJECT SUMMARY – MCARTHUR HS (1954-DEM)

The following summarizes the **McArthur HS - SMART Demolition of Bldgs 6 & 7 (1954-DEM)** project background, timeline, and key milestones associated with the demolition carve-out project.

McArthur High School's SMART Program project (P.001954) was a large-scale renovation that included demolition of Buildings 6 and 7 to enable future construction. The original delivery approach was to execute the original scope under a single Construction Manager at Risk (CMAR) contract awarded to Gilbane.

Following completion of pre-construction services, Gilbane submitted its proposed Guaranteed Maximum Price (GMP); however, the parties were unable to reach agreement on acceptable terms. As a result, and in accordance with the CMAR agreement, the District terminated Gilbane for convenience on February 15, 2023. After evaluating alternative delivery methods, AECOM determined that rebidding the project using a traditional Design/Bid/Build approach would be more cost-effective and in the District's best interest.

Prior to this termination, the project experienced prolonged challenges during design and pre-construction. The original design schedule, with an Authorization to Proceed (ATP) from November 8, 2017 through December 9, 2018, was significantly delayed, with the Letter of Recommendation (LOR) not obtained until March 2, 2021, approximately 814 days beyond the planned schedule. Additional delays were driven by extended negotiations, evolving phasing requirements, coordination of temporary facilities, and changes to demolition sequencing, which required revised permitting and new LOR approvals.

To maintain progress following these delays and the termination of the CMAR, the District carved out the demolition scope for Buildings 6 and 7 as a separate project (P.001954-DEM). This approach allowed demolition activities to proceed independently while the remaining project scope was being re-procured. The demolition carve-out was intended to maintain project momentum, prepare the site for future construction, and minimize further schedule stagnation.

From a financial perspective, the project did not experience a budget reset at the time of the carve-out, and overall costs exceeded both the original and carry-forward budget. The original project budget, as reflected in the first monthly PMOR report containing budget data (March 2021), was $15,811,496. The budget remained unchanged at $15,811,496 at the time of the carve-out NTP in March 2023, indicating that the carve-out did not coincide with a formal re-baselining of project costs. Total project expenditures, as of June 2026 reporting, ultimately exceeded both the original March 2021 budget and the March 2023 budget at the time of the carve-out by $1,774,703. This consistent variance across both baselines indicates that the project experienced cost overruns that were not mitigated through the carve-out or subsequent project actions.

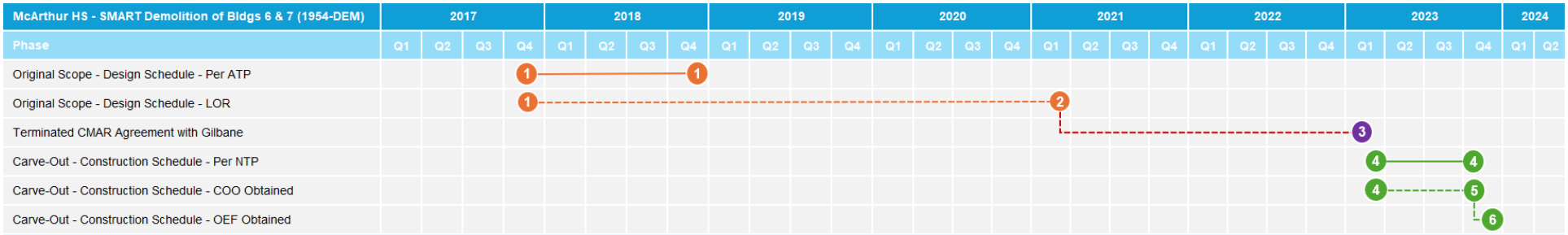
The demolition work was awarded to FHP Tectonics, with a construction NTP spanning from March 13, 2023 through October 9, 2023. The project was largely delivered in line with the planned schedule, with Certificate of Occupancy (COO) achieved on October 12, 2023, approximately three days beyond the NTP, and Office of Educational Facilities (OEF) closeout completed on November 7, 2023, approximately 29 days after the planned completion date.

However, there was no evidence of a formal carve-out decision documented through a Board item, limiting transparency into the rationale and expected schedule and financial benefits of the carve-out. Additionally, the timing of the carve-out decision appears delayed relative to the issues encountered during design and pre-construction. The project experienced approximately 940 days of delay in obtaining the LOR and an additional 741 days elapsed from LOR issuance to the initiation of the demolition carve-out.

In summary, while the demolition carve-out effectively allowed the District to maintain momentum and advance site readiness during a period of procurement transition, the decision was implemented after significant delays had already occurred, limiting its ability to mitigate earlier schedule impacts. From a financial standpoint, the project exceeded its budget by approximately $1.8 million, and the lack of a revised budget at the time of the carve-out suggests that the financial implications of the decision were not fully incorporated into project planning. As a result, while the carve-out supported continued project execution, it did not materially improve overall cost or schedule performance.

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CARVE-OUT PROJECT SUMMARY – MCARTHUR HS (1954-DEM) – CONTINUED



Milestones

1	Original Scope - Gilbane Design Schedule - Per ATP (11/08/17 - 12/09/18)	6	Carve-Out - FHP Tectonics Construction Schedule - OEF Obtained (11/07/23)
2	Original Scope - Gilbane Design Schedule - LOR Obtained (03/02/21)		
3	Original Scope - Terminated CMAR Agreement with Gilbane Building Company (02/15/23)		
4	Carve-Out - FHP Tectonics Construction Schedule - Per NTP (03/13/23 - 10/09/23)		
5	Carve-Out - FHP Tectonics Construction Schedule - COO Obtained (10/12/23)		

McArthur HS - SMART Demolition of Bldgs 6 & 7 (1954-DEM)

Per PMOR Monthly Report:	March 2021[1]	March 2023	November 2023	Total spend per June 2026 Trimble Cost Report	Total spend variance from original March 2021 budget	Total spend variance from budget at carve-out NTP
	Original Budget	Budget at Carve-Out NTP	Budget at Carve-Out Complete			
Original Scope	15,811,496	14,786,096	16,771,000	16,634,720		
Carve-Out - Demolition (DEM)	-	1,025,400	1,025,400	951,479		
Total	$ 15,811,496	$ 15,811,496	$ 17,796,400	$ 17,586,199	$ (1,774,703)	$ (1,774,703)

[1] Original budget as shown in the first monthly PMOR report distributed that included budget data.

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CARVE-OUT PROJECT SUMMARY – NORTH LAUDERDALE ES (1903-FSP)

The following summarizes the **North Lauderdale ES - SMART Fire Sprinklers (1903-FSP)** project background, timeline, and key milestones associated with the fire sprinklers carve-out project.

The SMART renovations project at North Lauderdale Elementary (P.001903) experienced significant delays during the design phase, primarily due to the inability of the design consultant, FICE, to obtain a Letter of Recommendation (LOR) necessary to proceed with permitting. The original project scope included multiple components, roofing, fire sprinklers, fire alarm, ADA improvements, and architectural upgrades, which collectively encountered ongoing challenges related to life-safety coordination, ceiling modifications, hydraulic calculations, and code compliance.

As a result of these challenges, the overall project was unable to advance through permitting in a timely manner. The original design schedule, as established in the Authorization to Proceed (ATP), spanned from March 1, 2017 through October 19, 2017. However, the first 100% design submittal was not delivered until November 30, 2022, representing a delay of approximately 933 days beyond the planned schedule.

To address the stalled project and advance critical life-safety improvements, the District elected to carve-out the fire sprinkler scope as a standalone project (P.001903-FSP). This decision allowed the District to initiate construction on a critical system rather than continue waiting for the original project scope to progress. The carve-out was procured under a design-build delivery method with Francis Engineering, Inc.

From a financial perspective, the project reflects both a reduction in the approved budget at the time of the carve-out and subsequent cost overruns relative to both budget baselines. The original project budget, as reflected in the first monthly PMOR report containing budget data (March 2021), was $2,529,350. By June 2023, at the time of the carve-out NTP, the project budget had decreased to $2,092,782. Despite this reduction, total project expenditures, as of June 2026 reporting, exceeded both budget baselines. Final spend exceeded the original March 2021 budget by $106,190 and exceeded the revised June 2023 carve-out budget by $542,758. This indicates that the project ultimately did not achieve cost containment relative to either the original or reduced budget and that the carve-out did not mitigate overall financial exposure.

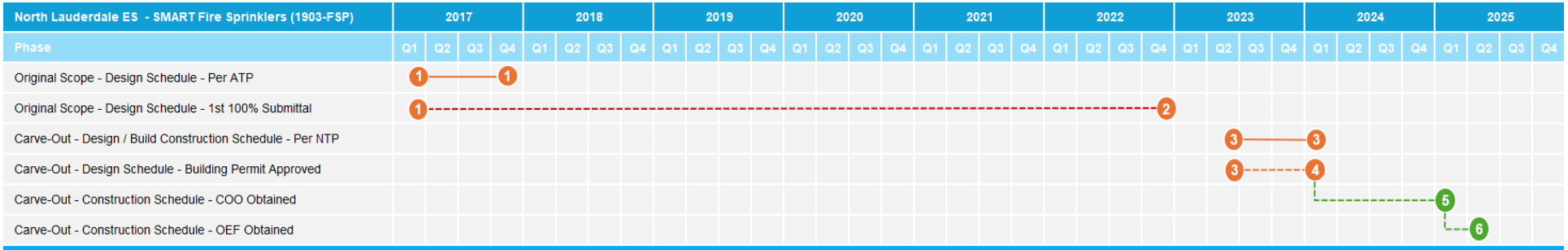
The carve-out construction schedule, per the Notice to Proceed (NTP), spanned from June 15, 2023 through January 11, 2024. Francis Engineering obtained building permit approval on January 5, 2024; however, the project did not meet its planned schedule. The Certificate of Occupancy (COO) was obtained on March 27, 2025, approximately 441 days beyond the planned construction duration, and Office of Educational Facilities (OEF) closeout was achieved on June 20, 2025, approximately 526 days beyond the contractual completion date.

There was no evidence of a formal carve-out decision documented through a Board item, limiting transparency into the justification and expected schedule and financial benefits of the decision. The carve-out decision appears to have been made during the design phase after the project had already experienced significant delays. Specifically, the design phase extended approximately 933 days beyond the ATP schedule, and an additional 197 days elapsed between the first 100% submittal and the start of the carve-out construction.

In summary, while the carve-out enabled the District to initiate construction of a critical life-safety system earlier than would have been possible under the original scoped project, it did not achieve the intended schedule or financial benefits. The carve-out significantly exceeded its planned duration, and total project costs exceeded both the original and revised budgets. Additionally, the delayed timing of the decision limited its effectiveness in mitigating earlier project delays, and the absence of formal documentation reduces the ability to assess whether anticipated cost and schedule benefits were clearly defined and realized.

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CARVE-OUT PROJECT SUMMARY – NORTH LAUDERDALE ES (1903-FSP) – CONTINUED



Milestones			
1	Original Scope - FICE Design Schedule - Per ATP (03/01/17 - 11/23/17)	4	Carve-Out - Francis Engineering, Inc Design Schedule - Building Permit Approved (01/05/24)
2	Original Scope - FICE Design Schedule - 1st 100% Submittal (11/30/22)	5	Carve-Out - Francis Engineering, Inc Construction Schedule - COO Obtained (03/27/25)
3	Carve-Out - Francis Engineering, Inc Design / Build Schedule - Per NTP (06/15/23 - 01/11/24)	6	Carve-Out - Francis Engineering, Inc Construction Schedule - OEF Obtained (06/20/25)

North Lauderdale ES - SMART Fire Sprinklers (1903-FSP)

Per PMOR Monthly Report:	March 2021[1]	June 2023	July 2025[3]	Total spend per June 2026 Trimble Cost Report	Total spend variance from original March 2021 budget	Total spend variance from budget at carve-out NTP
	Original Budget	Budget at Carve-Out NTP	Budget at Carve-Out Complete			
Original Scope	$ 2,529,350	$ 1,322,782	$ 848,929	$ 366,052		
Carve-Out - Fire Sprinklers (FSP)	**$ -**	**$ 770,000**	**$ 772,000**	**$ 770,468**		
Carve-Out - Fire Alarm (FA1)	$ -	$ -	$ 1,065,000	$ 1,007,075		
Carve-Out - ADA Restrooms (ADA)2	$ -	$ -	$ 380,000	$ 344,525		
Carve-Out - HVAC Improvements (HVC)	$ -	$ -	$ 32,140	$ 32,140		
Carve-Out - Media Center (MCI)	$ -	$ -	$ 115,281	$ 115,281		
Total	$ 2,529,350	$ 2,092,782	$ 3,213,350	$ 2,635,540	$ (106,190)	$ (542,758)

[1] Original budget as shown in the first monthly PMOR report distributed that included budget data.

2 Project has not financially closed out. Total spend per Trimble report shown includes actual cost plus anticpated costs to complete.

[3] July 2025 report used in lieu of June 2025, which was not created.

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CARVE-OUT PROJECT SUMMARY – CHARLES DREW ES (1818-FA1)

The following summarizes the **Charles Drew ES - SMART Fire Alarm (1818-FA1)** project background, timeline, and key milestones associated with the fire alarm carve-out project.

Charles Drew Elementary's SMART Bond renovation project (P.001818) experienced significant delays during the design and permitting phases. The original design consultant, Florida International Consulting Engineers (FICE), was unable to obtain a Letter of Recommendation (LOR), which is required to secure Building Department approval and initiate construction. As a result, the project remained in plan review for an extended period, with repeated resubmittals and no successful permit issuance.

To address these challenges, the District elected to divide the overall project into multiple carve-outs in 2022. This approach allowed critical components to proceed independently using smaller, specialized design-build contractors rather than waiting for resolution of the original scoped project design issues. One such carve-out was P.001818-FA1, which focused on replacement of the campus fire alarm system, a high-priority life-safety component. The intent of this carve-out was to expedite a critical safety upgrade and reduce further schedule delays associated with the broader project.

The original scoped project (P.001818) design schedule, as established in the Authorization to Proceed (ATP), spanned from March 21, 2017 through January 4, 2018. However, the project never achieved an LOR under the original scoped project (P.001818) design, effectively preventing the project from advancing to construction. As a result, the District transitioned to a carve-out delivery method, ultimately awarding the fire alarm scope to C&F Electric under a design-build contract.

From a financial perspective, the project did not experience a budget reset at the time of the carve-out and ultimately performed slightly below both the original and carry-forward budget baselines. The original project budget, as reflected in the first monthly PMOR report containing budget data (March 2021), was $3,017,000. The budget remained unchanged at $3,017,000 at the time of the carve-out NTP in November 2023, indicating that the carve-out did not coincide with a formal re-baselining of project costs. Total project expenditures, as of June 2026 reporting, were $42,336 below both the original March 2021 budget and the November 2023 carve-out budget. While this indicates that the project was ultimately delivered under budget, the variance is relatively minimal and does not reflect a material cost savings attributable to the carve-out. Rather, the financial outcome suggests that costs were generally contained within the existing budget despite the prolonged delays and change in delivery approach.

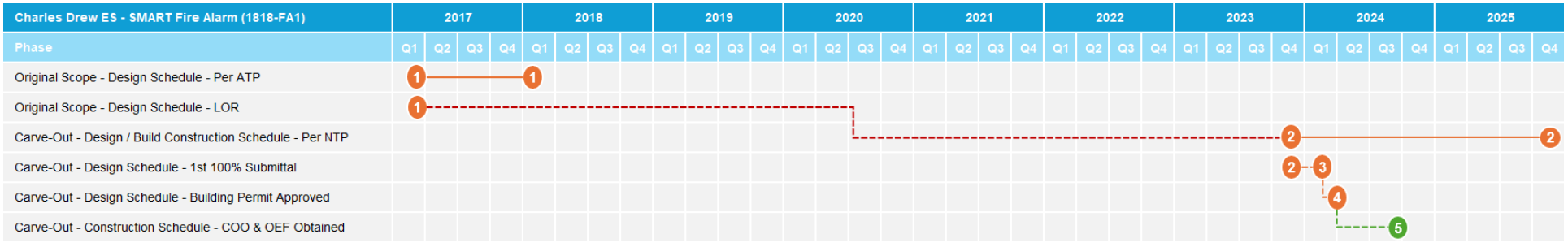
The carve-out construction schedule, per the Notice to Proceed (NTP), was established for the period of November 7, 2023 through November 20, 2025. The carve-out proceeded efficiently once initiated, with building permit approval obtained on March 26, 2024 and Certificate of Occupancy (COO) achieved on September 11, 2024, approximately 435 days ahead of the contractual schedule.

Despite this favorable construction outcome, the timing of the carve-out decision reflects significant delay. Approximately 2,412 days elapsed between the start of the original design ATP and the issuance of the carve-out NTP, indicating that the project remained stalled in design for an extended period before an alternative delivery approach was implemented. Additionally, there is no evidence of a formal carve-out decision documented through a Board item, limiting transparency into the District's rationale and the expected financial and schedule benefits used to support the decision.

In summary, while the carve-out was effective in delivering the fire alarm system well ahead of the planned construction schedule and maintained costs within the established budget, it was implemented only after a prolonged period of design stagnation. As a result, the carve-out did not mitigate the extensive pre-construction delays that hindered overall project progress. Although the project was delivered slightly under budget, the lack of a revised cost baseline at the time of the carve-out and the minimal variance achieved limit the ability to conclude that the carve-out generated significant financial benefit.

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CARVE-OUT PROJECT SUMMARY – CHARLES DREW ES (1818-FA1) – CONTINUED



Milestones			
1	Original Scope - FICE Design Schedule - Per NTP (03/21/17 - 01/04/18)	5	Carve-Out - C & F Electric Construction Schedule - COO & OEF Obtained (09/11/24)
2	Carve-Out - C & F Electric Design / Build Schedule - Per NTP (11/07/23 - 11/20/25)		
3	Carve-Out - C & F Electric Design Schedule - 1st 100% Submittal (03/07/24)		
4	Carve-Out - C & F Electric Design Schedule - Building Permit Approved (03/26/24)		

Charles Drew ES - SMART Fire Alarm (1818-FA1)

Per PMOR Monthly Report:	March 2021[1]	November 2023	September 2024	Total spend per June 2026 Trimble Cost Report	Total spend variance from original budget	Total spend variance from budget at carve-out NTP
	Original Budget	Budget at Carve-Out NTP	Budget at Carve-Out Complete			
Original Scope	$ 3,017,000	$ 1,339,000	$ 840,945	$ 840,944		
Carve-Out - Fire Alarm (FA1)	**$ -**	**$ 1,375,000**	**$ 1,375,000**	**$ 1,261,200**		
Carve-Out - Fire Sprinklers (FSP)	$ -	$ 303,000	$ 303,000	$ 273,820		
Carve-Out - HVAC Improv 1 (HV1)	$ -	$ -	$ -	$ -		
Carve-Out - HVAC Improv 2 (HV2)2	$ -	$ -	$ 6,248,055	$ 598,700		
Total	$ 3,017,000	$ 3,017,000	$ 8,767,000	$ 2,974,664	$ 42,336	$ 42,336

[1] Original budget as shown in the first monthly PMOR report distributed that included budget data.

2 Project has not financially closed out. Total spend per Trimble report shown includes actual cost plus anticpated costs to complete.

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OBJECTIVES AND APPROACH

Objectives

To conduct an analysis of Broward County Public Schools SMART construction projects with scope carveouts, including evaluation of schedule and budget justifications, and whether expected benefits were realized.

Approach

Our audit approach to this work included the following procedures:

- Conducted interviews with OCP and PM/OR to gain an understanding of each projects original project scope and carved out project history;
- We identified the population of SMART Program carve-out projects performed;
- Performed data collection and analysis of available data to evaluate the volume of carved out projects within the SMART program, including the project status, delivery method and available financials.
- We judgmentally selected a sample of the following ten (10) carve-out projects:
    - P.000817-HVC – Marjory Stoneman Douglas HS - SMART AHU Installation
    - P.001801-RC1 – Lauderhill 6-12 STEM-MED Magnet School - SMART Re-Roofing
    - P.002110-RC1 – Apollo MS - SMART Roof Carve-Out
    - P.002047-RC1 – Seminole MS - Roofing Bldg 1 - SMART Program
    - P.002141-RC1 – Lyons Creek MS - SMART Roofing Carve-Out Building 1 & 3
    - P.001726-RC1 – Dillard 6-12 School - SMART Roof Carve-Out
    - P.001954-DEM – McArthur HS - SMART Demolition of Bldgs 6 & 7
    - P.001903-FSP – North Lauderdale ES - SMART Fire Sprinklers
    - P.001818-FA1 – Charles Drew ES - SMART Fire Alarm
    - P.001967-CUL – Western HS - SMART Program Renovations (Culinary Lab)
- Performed detailed analysis for each sampled carve-out project to evaluate the schedule performance, performing the following procedures:
    - Compared projected completion dates (at the time of the carve-out decision) to actual completion dates of full-scope versus limited scope + carve-out scope projects.
    - Conducted a schedule analysis comparing the carve-out portions against the original planned scope to identify variances in project timelines.
    - Evaluated whether specific commitments or projected benefits regarding completion timelines were made during the carve-out process and assess whether they were realized.
- Performed detailed analysis for each sampled carve-out project to evaluate the budget performance, performing the following procedures:
    - Analyzed budget impacts resulting from the carve-out, comparing:
        - The planned budget for the original project scope.
        - The revised budgets following the carve-out decision
        - The actual final costs incurred.
- Assessed whether budget impacts aligned with expectations set during the carve-out decision process.
- Reviewed PM/OR and CPCM monthly invoicing for contractual compliance, proper supporting documentation, and mathematical accuracy.

Reporting

At the conclusion of this analysis, we summarized our observations into this report. We have reviewed the results with the appropriate Management personnel and have incorporated Management's response into this report.

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OBSERVATIONS MATRIX

1. Timeliness of Carve-Out Decisions	Risk Rating: High

Observation

We understand that project carve-outs were implemented primarily as a reactive measure to address schedule delays. However, our analysis indicates that these decisions were not made until after significant periods of schedule stagnation had already occurred. As a result, while the carve-outs ultimately enabled the projects to progress, they were implemented too late to meaningfully mitigate the overall delays or recover lost schedule performance. Also refer to Observation #2 which discusses further schedule delays that occurred during the carve-out projects.

Underlying Delay in Design

All 10 projects reviewed demonstrated evidence that the original scoped project had already experienced substantial delays prior to the carve-out decision. In several cases, projects experienced multi-year delays during design before corrective action was initiated. Observed delays included:

- Design-phase milestones (e.g., Building Department issues Letter of Intent to Permit (LOR) or first 100% submittal) delays ranged from approximately 479 days to more than 2,400 days later than planned.
- Six (6) projects exceeded 600 days of delay in design before carve-out implementation.
- One (1) project stalled for more than 2,400 days before the carve-out Notice to Proceed (NTP) was issued.

Further Delays After Design

Additionally, even after significant project milestones had been reached (e.g. Building Department issues Letter of Intent to Permit (LOR), first 100% submittal, or construction NTP start date) further delays continued to occur. These delays ranged from approximately 158 days to 1,534 days, with an average lag of approximately 469 days where comparison data was available. Examples identified during testing included:

- One (1) project where the carve-out decision occurred 1,534 days after the original construction start date.
- One (1) project where 1,422 days elapsed between the first 100% design submittal and the carve-out NTP.
- Three (3) projects where more than 700 days elapsed between LOR approval and implementation of the carve-out strategy.

Collectively, these conditions may indicate deficiencies in project execution and schedule management, as well as weaknesses in governance, escalation, and decision-making processes. Specifically, corrective action was not consistently initiated once projects demonstrated signs of material delay or schedule risk.

The root cause of these issues appears to stem from the absence of a formal escalation framework or defined decision thresholds for identifying and addressing projects experiencing significant delays during design and pre-construction. Without established criteria for when projects should be elevated for executive review or corrective action, carve-out decisions were often delayed until significant, multi-year schedule impacts had already materialized. As a result, opportunities to proactively mitigate risks, accelerate delivery, or prevent cumulative delays were frequently missed.

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OBSERVATIONS MATRIX – CONTINUED

1. Timeliness of Carve-Out Decisions – Continued — Risk Rating: High

Observation (Continued)

The following table summarizes, by carve-out project, the delays incurred during the design phase as well as the additional delays experienced prior to the implementation of the carve-out decision.

Carve-Out Project	Underlying Delay in Design – Prior to Carve-Out Decision	Further Delay After Design – Prior to Carve-Out Decision
Dillard 6-12 Roofing (1726-RC1)	Design LOR took **558 days longer** than planned.	Carve-out decision occurred **1,534 days after** original construction start.
MSD AHU Installation (0817-HVC)	Design LOR was obtained **773 days late**.	Carve-out was initiated **784 days after** LOR.
Lauderhill 6-12 Roofing (1801-RC1)	Design 1st 100% submittal was delivered **544 days late**.	**1,422 days** passed from the first 100% submittal to carve-out NTP start.
Apollo MS Roofing (2110-RC1)	Design LOR was obtained **680 days late**.	Board approval for the carve-out occurred **715 days after** LOR.
Seminole MS Roofing (2047-RC1)	Design LOR was obtained **1,184 days late**.	Carve-out decision came **158 days after** LOR.
Lyons Creek MS Roofing (2141-RC1)	Design LOR was obtained **479 days late**.	Carve-out decision came **219 days after** LOR.
N Lauderdale ES Fire Sprink (1903-FSP)	Design 1st 100% submittal was delivered **933 days late**.	**197 days elapsed** from first 100% submittal to carve-out NTP start.
McArthur HS Demolition (1954-DEM)	Design LOR was obtained **814 days late**.	**741 days elapsed** from LOR to carve-out NTP start.
Western HS Culinary Lab (1967-CUL)	This carve-out was initiated early, before the original scoped construction contract (P.001967) was executed, and appears to have been used as an early workaround rather than a late reaction.	
Charles Drew ES Fire Alarm (1818-FA1)	Original scoped project (P.001818) never obtained an LOR, and **2,412 days elapsed** from original design start to carve-out NTP.	No clear separate trigger-date lag available, the issue is better characterized as an extreme delay in acting while the project remained stalled in design.

Recommendation

We recommend the following:

- The District should establish a formal escalation and decision-making framework. This framework would promote earlier intervention, improve consistency in decision-making, and increase the likelihood that carve-out actions achieve their intended schedule benefits. The escalation framework should include:
  - Defined trigger points (e.g., days beyond ATP, missed milestones such as LOR or permitting deadlines);
  - Required escalation to program leadership when thresholds are exceeded;
  - Standardized evaluation criteria for carve-out decisions, including timing considerations; and
  - Clear documentation requirements for decision rationale and expected benefits.

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OBSERVATIONS MATRIX – CONTINUED

1. Timeliness of Carve-Out Decisions – Continued	Risk Rating: High

Management's Response

Response: Management acknowledges that carve-out decisions occurred after project delays had already materialized, but they were also evaluated within the context of the school's requirements. Carve-out is generally not the primary goal/idea. The primary strategy is to exhaust recovery efforts with the AE and/or the Contractor within the original contract before separating scope. Evaluating a carve-out also requires a comprehensive review of design issues, budget impacts, critical life-safety systems and constraints such as permitting delays or complex site conditions on occupied campuses. For these subset of projects, separating the projects was a necessary risk-mitigation tool used to isolate specific bottleneck issues, protect the remaining schedule, and keep the program moving forward.

The Office of Capital accepts the recommendation to establish a formal escalation and decision-making framework regarding project carve-outs. Staff has developed an internal Trimble workflow process for elevating issues and obtaining a formal response called Delay Notification and Recommendation. This formal structure will strengthen consistency, promote earlier intervention, and improve the effectiveness of carve-out decisions. The process is intended to centralize key project information, reporting and decision-making factors: Schedule impacts, delay drivers, recommended corrective actions and Management's proposed mitigation strategy.

The District now has a framework as recommended that includes:

- A defined escalation trigger such as days delayed to the Substantial Completion of the project.
- Mandatory escalation to District leadership when 60 day delay threshold is exceeded.
- Standardized criteria for carve-out decisions including cost and expected schedule impacts.
- Clear documentation requirements capturing decision rationale and anticipated benefits.

Responsible Party: Complete

Estimated Completion Date: Complete

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OBSERVATIONS MATRIX – CONTINUED

2. Carve-Out Projected Schedule Benefits — Risk Rating: High

Observation

Through our sample basis testing we identified that carve-outs did not consistently achieve the schedules that were anticipated at the time the carve-out decisions were made. While some projects performed favorably, overall results were mixed, and in multiple cases, project completion occurred significantly later than planned.

The table below details the schedule variance for closeout of carve-out projects when compared to the carve-out closeout listed in the NTP. For clarification, the following documents were used to identify the actual closeout date, and as shown in the table below, schedule performance varied depending on which document is utilized:

- **Certificate of Occupancy (COO)** reflects when a facility or system is substantially complete and operational for use as determined by the Architect/Engineer of Record and the BCPS Building Department; whereas
- **FL DOE Office of Educational Facilities (OEF) Closeout** reflects full project completion, including final inspections, administrative closeout, documentation, and resolution of outstanding requirements as determined by the Architect/Engineer of Record and the BCPS Building Department and submitted to the FL Department of Education for filing.

While either measure may be a reasonable indicator of project performance, evaluating both together provides a more comprehensive assessment of whether carve-outs ultimately achieved their intended schedule objectives. In many cases, delays became substantially more pronounced when projects were evaluated through final OEF closeout rather than COO operational readiness.

Of the ten (10) projects reviewed, six (6) projects did not meet schedule expectations at COO, and those delays generally worsened by OEF closeout. Three (3) projects exceeded planned COO dates by (ranging from) 300 to more than 500 days, indicating that carve-outs did not consistently deliver the anticipated acceleration benefits at the construction completion level. We noted the following:

- On average among the sample, COO variance was 91 days and OEF variance was 311 days.
- For the six (6) projects that exceeded planned COO schedules, the average delay to COO was 266 days and the average delay to OEF closeout increased to 588 days.

When projects were evaluated through final OEF closeout, schedule performance deteriorated further:

Schedule Variance vs Carve-Out NTP		
Project	**COO Schedule Variance**	**OEF Schedule Variance**
MSD AHU Installation (0817-HVC)	+566 days	+580 days
N Lauderdale ES Fire Sprink (1903-FSP)	+441 days	+526 days
Seminole MS Roofing (2047-RC1)	+336 days	+422 days
Western HS Culinary Lab (1967-CUL)	+226 days	+1,917 days
Dillard 6-12 Roofing (1726-RC1)	+21 days	+51 days
McArthur HS Demolition (1954-DEM)	+3 days	+29 days
Lauderhill 6-12 Roofing (1801-RC1)	-32 days	+128 days
Apollo MS Roofing (2110-RC1)	-73 days	-13 days
Lyons Creek MS Roofing (2141-RC1)	-147 days	-98 days
Charles Drew ES Fire Alarm (1818-FA1)	-435 days	-435 days

- For the six (6) projects that failed to meet planned COO completion, average delays increased an additional 588 days between COO and OEF completion.
- Five (5) projects experienced an additional 100 days or more of delay after achieving COO.
- One (1) project experienced an OEF delay of approximately 1,917 days (more than five years).

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OBSERVATIONS MATRIX – CONTINUED

2. Carve-Out Projected Schedule Benefits – Continued	Risk Rating: High

Observation

Overall, the analysis indicates that while carve-outs often assisted projects in reaching an operational state (COO), schedule acceleration was not consistently achieved, even at COO. This suggests that schedule assumptions supporting carve-out decisions may not have fully accounted for downstream implementation and closeout risks.

As carve-outs were generally justified on the basis of accelerating delivery and reducing further schedule risk, the results observed indicate that the intended benefits were not consistently realized. Specifically:

- Delays at final completion were frequently substantial and, in some cases, measured in years; and
- Differences between COO and OEF outcomes created inconsistent interpretations of project success.

Recommendation

We recommend the following:

- The District should strengthen how schedule assumptions are developed, monitored, and evaluated throughout the lifecycle of these projects. At the time a carve-out decision is made, the District should clearly define “success” indicators, not only in terms of construction completion (COO), but also at full project closeout (OEF). Establishing both milestones up front will encourage that expectations are realistic and that performance is measured consistently.
- Once projects are underway, the District should track and evaluate performance at both stages. This includes monitoring the percentage of projects that meet their scheduled COO dates, as well as those that achieve timely OEF closeout. Tracking the gap between COO and OEF will be particularly important, as this analysis shows that projects often require significant additional time after becoming operational to reach full completion.
- Finally, the District should perform post-project evaluations to compare original schedule assumptions against actual outcomes. This will provide insight into whether carve-out strategies are achieving their intended benefits and help inform future decision-making. Over time, this approach will improve the reliability of schedule projections and strengthen accountability for project performance across the program.

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OBSERVATIONS MATRIX – CONTINUED

2. Carve-Out Projected Schedule Benefits – Continued	Risk Rating: High

Management's Response

Response: While carve-out projects did not recover all prior delays, the evaluation of carve-out effectiveness should also consider avoided delay and protection of the broader SMART Program Schedule. The intent of the carve-outs was to isolate critical scopes in projects experiencing design, permitting, or contractor-related delays. By separating scopes, the District was able to advance critical life-safety scope, building envelope, and enabling activities that otherwise would have remained stalled under the original AE and Contractor contract delivery.

Management will evaluate opportunities to enhance documentation of schedule benefits and measurable success criteria for future carve-out decisions.

The District accepts the recommendation and to accomplish this will:

- Strengthen how schedule assumptions are developed, monitored, and evaluated throughout the full lifecycle of each project. As part of this effort, the District will incorporate additional language into its planning and project-management procedures to ensure expectations are realistic and performance is measured consistently.
- At the time a carve-out decision is made, the District will define success indicators for both construction completion (COO or OEF 110b) and full project closeout (OEF 209). Establishing these milestones up front will support consistent evaluation and improve the reliability of schedule expectations.
- The District will continue to track performance at both COO and OEF, including monitoring the percentage of projects that meet their scheduled COO dates and those that achieve timely OEF closeout. The District will continue to analyze the gap between COO and OEF to better understand the additional time required after operational readiness and to improve future forecasting.
- Finally, the District will conduct post-project schedule evaluations as part of the current Lessons Learned effort comparing original schedule assumptions to actual outcomes. As stated, this analysis will help determine whether carve-out strategies are achieving their intended benefits and will inform future decision-making.

Responsible Party: OCP, PMOR and CPCM

Estimated Completion Date: September 2026

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OBSERVATIONS MATRIX – CONTINUED

3. Documentation Supporting Carve-Out Decisions	Risk Rating: Low

Observation

Across the projects reviewed, documentation supporting carve-out decisions was inconsistent and, in several instances, not available. In particular, documentation was not consistently maintained to demonstrate the rationale for the carve-out, the expected benefits to be achieved, or the analysis performed to support the decision.

Of the ten (10) carve-out projects reviewed, only four (4) included a formal Board Item communicating management's intent to pursue a carve-out, the rationale supporting the decision, and the anticipated benefits expected to be achieved. Carve-out decisions were frequently made operationally without a standardized process for documenting the basis for the decision, defining or quantifying the expected schedule acceleration or financial benefits, and communicating expected outcomes. As a result, the District's ability to demonstrate whether carve-outs were appropriate, effective, or aligned with intended project objectives was limited.

While management must retain the flexibility to make operational and project delivery decisions in a timely manner, the absence of consistent documentation and communication reduces transparency and creates challenges in evaluating whether carve-outs ultimately achieved their intended purpose. This is particularly important given the level of stakeholder interest and scrutiny surrounding the carve-out program and whether anticipated benefits, such as accelerated delivery or reduced schedule risk, were ultimately realized.

This observation is not intended to suggest that the Board should approve or participate directly in all operational carve-out decisions. Rather, increased transparency and standardized documentation would provide leadership and stakeholders with clearer context regarding:

- Why carve-outs were pursued;
- What specific benefits were expected;
- What tradeoffs or risks were considered; and
- Whether the intended outcomes were ultimately achieved.

Without consistent documentation and supporting analysis, it becomes difficult to determine whether carve-outs were appropriately justified or whether the intended benefits were ultimately achieved. Additionally, limited transparency to leadership and stakeholders reduces accountability for project outcomes and constrains the District's ability to assess the long-term effectiveness of carve-outs as a project delivery and schedule recovery strategy.

Recommendation

We recommend the following:

- The District should establish standardized documentation and governance requirements for carve-out decisions, including:
  - A clear statement of purpose, rationale, and project conditions driving the carve-out decision;
  - Defined expected schedule, operational, and financial benefits;
  - Documentation of supporting analyses, risks, assumptions, and alternatives considered;
  - Formal communication protocols to provide transparency to leadership and stakeholders, where appropriate; and
  - Post-implementation evaluations to determine whether anticipated outcomes and benefits were achieved.

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OBSERVATIONS MATRIX – CONTINUED

3. Documentation Supporting Carve-Out Decisions – Continued	Risk Rating: Low

Management's Response

Response: Management agrees with the observation and appreciates the recommendation. While carve-outs were supported through District executive and PMOR recommendations, documentation was not consistently standardized in a reportable format. Management agrees that implementing a more formalized repository to summarize the rationale, schedule and benefits, approach, and key decision considerations for carve-out projects would improve transparency and consistency.

Staff will move forward with strengthening how decisions related to carve-outs are recorded, reviewed, and communicated. Trimble contains structured workflows (Project Scope Revision (PSR), P Number Request (PNUMB), DEFP Project Creation Process (DEFP) and Delay Notification and Recommendation (DNR)) that track and encourage decision making on projects. We will adopt the recommended practices and incorporate additional guidance into our internal procedures to ensure that these decisions are supported by clear justification and transparent oversight.

To accomplish this, the District will:

- Document the basis for each decision, including the circumstances that led to considering a carve-out and the reasoning behind the selected approach.
- Identify the anticipated advantages associated with the decision, including expected improvements to schedule, operations, or cost.
- Record the analyses and considerations that informed the decision, along with any risks, assumptions, or alternative options that were evaluated.
- Establish communication steps to ensure that leadership and relevant stakeholders are informed appropriately and consistently.
- Conduct follow-up reviews after implementation to determine whether the anticipated results were achieved and to capture lessons learned.

Processes have been put in place to capture all of the information listed above and will be used moving forward as new carve-outs are identified as necessary.

Responsible Party: Complete

Estimated Completion Date: Complete

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PM/OR AND CPCM INVOICE TESTING RESULTS

Testing Results

As part of our cycle audit procedures, RSM detail tests PM/OR and CPCM invoices for contractual compliance, proper supporting documentation, and mathematical accuracy. RSM completed detailed testing of thirty-one (31) AECOM labor invoices, ten (10) AECOM expense invoices, and eleven (11) Atkins labor invoices as part of our cycle and follow-up testing procedures. No exceptions were identified during our testing. approach

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