FBISD Board of Trustees Audit Committee

Audit Committee Summary of Findings Statement

Audit Committee Members:
Rick Garcia, Chairman
Dr. Shirley Rose-Gilliam, Member
Judy Dae, Member

While there are multiple factors that contributed to the initial $132 million-dollar projected bond cost overage, one of the main contributing factors was the prior administration's conscious decision not to adjust certain project budgets for anticipated inflation following the delay of the proposed 2022 bond election to 2023. The failure to account for inflation when the project construction timelines had to be pushed back to 2024 or later because of the delayed election appears to be a primary driver of the projected cost escalations across all planned bond projects. Former Chief Operations Officer, Oscar Perez, along with former Executive Director of Design and Construction, Carolina Fuzetti, both warned the prior administration about the implications to the bond program of not adjusting the project budgets for anticipated inflation.

The evidence supports the conclusion that the prior administration's reluctance to uniformly account for forecasted inflation was based on two things:

1. First, optimism that the District would be able to generate and use contingency and savings on certain projects to cover overages on other projects as it had done in the prior two bonds programs.
2. Second, fear of criticism and accusations of using inflated budgets, in light of skepticism it had already faced on both individual budgets and the overall size of the proposed bond.

There was also a discrepancy between the square footage used to develop project budgets for the elementary school rebuild projects in 2021-2022 and the square footage of campuses the administration contracted with architects to design. The projected budgets for the rebuilds were based upon 100,000 square foot campuses, while the architect contracts executed in 2023 specified for 125,000 square foot campuses. The actual size of both rebuilds, as designed, are approximately 127,200 square feet. Because these elementary campuses have been designed to be 27.2% larger than originally assumed for budgeting purposes, both rebuild projects are overbudget. It was not the former Executive Director of Design and Construction's intention that the elementary school rebuilds be designed to the larger sizes, although it is unclear whether this discrepancy was the result of lack of communication upon her departure or lack of oversight.

The evidence detailed in this report does not support the explanation that the budget shortfall projected for the major projects is attributable to a lack of knowledge about, or failure to act on, the recommendations made by PBK in a November 2022 email that was sent to the former FBISD Executive Director of Design and Construction.

The projected shortfall for Middle School 16 appears to be the result of methodology, or lack thereof, used to set the project budget after the prior administration's decision to abandon the "net zero" school concept and the prior administration's failure to solicit input from PBK, as well as the impact of construction inflation. PBK's cost estimate for this project – which accounted for inflation –was $109.5 million assuming construction started in 2023, and also assumed the project was a "net zero" energy building. The administration decided not to move forward with a "net zero" building due to the cost. However, rather than asking PBK to provide an updated cost estimate, the administration instead set the budget at $82 million in response to insistence by the former superintendent that she would not "pay a penny more than $80 million" for a new middle school because, in her experience when superintendent at Bryan ISD, that district built a 5th and 6th grade campus for under $80 million. By all accounts, the Middle School 16 project and the 5th and 6th grade campus constructed in Bryan ISD are not comparable projects.

It is the wish of the Audit Committee that the board and administration take this opportunity to learn from this report and come together on a path forward. We look forward to working with Gibson Consulting as they do the important work of auditing our bond program so that we can adjust our policies to align with industry best practices and implement a more thorough system of checks and balances.