



PLANCON

PART D: PROJECT ACCOUNTING BASED ON ESTIMATES

COMMONWEALTH OF PENNSYLVANIA
Department of Education
Bureau of Budget and Fiscal Management
Division of School Facilities
333 Market Street
Harrisburg, PA 17126-0333

PART D: PROJECT ACCOUNTING BASED ON ESTIMATES

If there are any questions regarding the completion of these materials, contact the Division of School Facilities at (717) 787-5480.

GENERAL INSTRUCTIONS

Part D "Project Accounting Based on Estimates" may not be formally authorized for submission by the board of school directors until thirty days after the Act 34 public hearing is held if Act 34 of 1973 applies to this project. If, for example, the Act 34 hearing is scheduled for July 1, the board may not authorize the submission of Part D until July 31, or later.

If Act 34 of 1973 applies to a project building, draft copies of the Act 34 notice of public hearing and the project description booklet must be submitted for PDE review and approval before advertising for the Act 34 hearing.

CHANGES AND CLARIFICATIONS

Legislative Changes Affecting School Construction Reimbursement - Refer to the PlanCon General Instructions for information on legislative changes affecting school construction reimbursement.

Requirements for First Act 34 of 1973 Hearing - See Attachment A for detailed information on the requirements for the notice of public hearing and project description booklet for the first Act 34 hearing.

Page D03 - Due to legislative changes in the reimbursement formula, building or site construction related to other schools or structures (athletic stadium, maintenance building, bus garage, etc.) on the project site may **not** be bid with the PlanCon project unless an exception is granted.

Pages D08 and D11 - Information from the PlanCon Part A "Project Justification," approved by PDE, must be used to complete these pages unless otherwise directed by PDE.

D14 - The Local Government Unit Debt Act permits school districts to exclude subsidized debt from non-electoral and lease rental debt for the purpose of establishing net outstanding debt. For subsidized debt to be excluded, a copy of the Commonwealth's preliminary approval for the project and the related bonds or notes for reimbursement must be filed with the Department of Community and Economic Development. A copy of Page D14, Estimated Temporary Reimbursable Percent for Each Bond Issue, for each of the bond issues financing this project will be attached to the PlanCon Part D approval letter solely for this purpose.

Page D21 - If a project includes district administration offices, the total number of positions housed in the facility should be listed on Page D21, Line H, whether they are located in the new or existing areas of the building.

Pages 21 thru 23 - Information from the PlanCon Part A "Project Justification," approved by PDE, must be used to complete these pages unless otherwise directed by PDE.

The Definition for Site Development has been revised. In general, work that is five feet beyond the project building's footprint is to be considered site development. Geothermal well fields, photovoltaic energy generation systems (ground or roof mounted), wind energy generation systems (ground or roof mounted) and green roofs are to be considered site development.

PART D TRANSMITTAL, PAGE D01

This page must be completed in order to formally submit Part D of PlanCon. Note the following:

- **PROJECT BUILDING NAME:** Enter the name of the building for which construction or alteration is planned and for which reimbursement is sought.
- **PROJECT #:** Enter the project number assigned by PDE.
- Enter a check mark or "N/A" for each item listed on this page. Although this page lists the attachments normally required, additions may added to the list of attachments.
- Entries required for the remainder of the form are self-explanatory.

PROJECT ACCOUNTING BASED ON ESTIMATES, PAGES D02-D03

These pages provide cost and revenue information specific to this project.

PROJECT ACCOUNTING BASED ON ESTIMATES, PAGE D02

Record all costs associated with the **new construction or an addition** in the "NEW" column. Record all **alteration costs** in the "EXISTING" column. If the project involves the **purchase** of a building for school purposes, record all costs associated with the building purchase in the "EXISTING" column. List all renovation costs separately in the "EXISTING" column for the **renovation of a purchased building**. Record costs for a planned **addition to a purchased building** in the "NEW" column. Include only the following on **Line A6**, Building Purchase Amount: Contract sales price or just compensation; title insurance; recording and transfer fees and other costs to be paid at settlement; and appraisal fees. Report all costs in whole dollars.

Section A - Structure Costs should include only those contracts for which bids will be received. Include the cost for fuel storage tanks as part of structure costs. Any other related costs which are not part of a prime contract should be reported on Page D03, Section G. This includes, but is not limited to: test borings; permits, fees, reviews required by other governmental agencies; all survey costs including, site, topographical, wetlands, and well; all studies including, feasibility, archeological, stormwater management, etc.

Site Development Costs (i.e., rough grading to receive the building, excavation, grouting or shoring, special foundations for buildings, access roads to site, utilities on site, and extension of utilities) should be included in the prime contracts on Page D02 unless this work is bid as a separate contract. In general, work that is five feet beyond the project building's footprint is considered site development. Geothermal well fields, photovoltaic energy generation systems (ground or roof mounted), wind energy generation systems (ground or roof mounted) and green roofs are to be considered site development.

New and Existing Site Development Determination - For reimbursement and Act 34 of 1973 calculations, "New" and "Existing" site development is determined as follows:

NEW - Any completely new feature on the site or any existing feature that will be reconstructed on the site but at a different location will be treated as a "new" cost.

EXISTING - Any work that is limited to the repair or complete replacement of an existing site feature at the same location will be treated as an "existing" cost.

EXAMPLES -

1. Resurface existing parking lots/driveways - treat as Existing
2. Relocate existing tennis courts to new location - treat as New

Fixed equipment costs should be reported under Item A, Structure Costs, and not under Item C, Movable Fixtures and Equipment. **Any equipment, movable or fixed, that will be provided as part of a prime contract must be reported under Structure Costs and not on Line C1.**

Demolition of existing space and related asbestos removal should be reported under "EXISTING." Costs for partial demolition should be listed as alteration costs under "Existing" on Page D02, Lines A1 through A7, as applicable.

Section B - Civil engineering fees for the project should be included in Architect's/Engineer's Fees.

Section E - Site Acquisition Cost - PlanCon Part C must be submitted and approved for site acquisition costs to be reimbursable.

Sanitary Sewage Disposal should include estimated costs for an on-site sewage treatment plant or an extension of the sanitary sewer lines from five feet outside the project building to connect to a DEP approved municipal sewage system. A separate line is provided to list charges for tap-ins to a municipal sewer authority and reserve capacity charges (if required by the local sewer authority).

PROJECT ACCOUNTING BASED ON ESTIMATES, PAGE D03

Section G - Construction management fees should be shown under Section G, Additional Construction-Related Costs. Fees for feasibility studies not included in the base architect's fee should also be reported in this section.

If the project is a new building and includes total demolition of an entire existing structure, list costs under "Additional Construction-Related Costs" on Page D03, Line G3.

Due to legislative changes in the reimbursement formula, non-reimbursable construction work may **not** be bid with the prime contracts for the PlanCon project unless an exception is granted.

Revenue Sources, Section K - Due to legislative changes in the reimbursement formula, original issue discount and original issue premium must be reported under Revenue Sources, Section K. Original issue discount is a negative revenue source; original issue premium is a positive revenue source. If a bond issue or note has both, report the net amount in Section K.

For all projects, TOTAL PROJECT COSTS (LINE I) MUST EQUAL TOTAL REVENUE SOURCES (LINE Q). Only the financing costs and revenue sources applicable to this project should be reported; if funding for this project is part of a larger bond issue, the total financing costs and the expected interest earnings must be apportioned in a reasonable manner.

If the project is being financed by a bond issue that is composed of separate series of bonds (even if they are sold simultaneously), the financing costs and revenue sources must be apportioned between each series.

If used to fund this PlanCon project, American Recovery and Reinvestment Act (ARRA) Bonds, such as Qualified Zone Academy Bonds (QZABs), Qualified School Construction Bonds (QSCBs) and/or Build America Bonds (BABs), should be reported under Revenue Sources on Line J. Other state, federal or local revenue sources such as, School Renovation, Individuals with Disabilities Education Act (IDEA) and Technology grants should be reported under "Other Funds" on Line P with a description on a separate sheet.

Section N. LOCAL FUNDS - CASH includes cash contributions to the project. School districts can benefit from contributing cash to a project because overall debt service is reduced. However, the benefit of contributing cash will not be fully reflected in the reimbursable percent until PlanCon Part J "Project Accounting Based On Final Costs" is approved for the project, unless otherwise approved by this office. The benefit of contributing cash can be realized as follows:

1. Cash contributions (of a sizable amount) can be reimbursed in a lump sum payment; that is, local funds contributed will be treated as a separate "issue" and reimbursement will be prorated accordingly. Reimbursement will not be paid until Part J is approved by the department.

- OR -

2. Cash contributions (in any amount) will be factored in to the reimbursement calculations at Part J; that is, an adjustment will be made to Total Project Costs, thereby increasing the reimbursable percent on any bond issue(s) financing the project.

If the school district is interested in receiving reimbursement for its cash contribution under the condition described in number 1 above, a written request from the school district must be received by the Division of School Facilities before the Part G "Project Accounting Based on Bids" is approved. If a written request is not received prior to Part G approval, the Department will factor the cash contribution into the reimbursement calculations at Part J, as described in number 2 above.

If reimbursement is requested on the school district's cash contribution in a lump sum payment, it should be reported on Page D03, Line J and labeled as CASH. If reimbursement in a lump sum payment is not being requested on the school district's cash contribution, report the amount on Page D03, Line O.

For projects financed with 100 percent cash, no written request for reimbursement is necessary. At PlanCon Part J "Project Accounting Based on Final Costs," a certification must be provided indicating that, in accordance with Section 2575.1 of the Public School Code of 1949, the school district/CTC is providing full payment on account of the approved building construction cost without incurring debt or without incurring a lease.

For information on how reimbursement is calculated, refer to the PlanCon General Instructions.

DETAILED COSTS, PAGE D04

Provide, by contract, the **breakdown of site development costs, including rough grading to receive the building**, in Section A, Page D04. **Provisions for water**, including off-site line extension are also reported as site development costs. Include tap-in fees, costs for permits, etc, only if those costs are part of the bid package. Exclude the amount attributable to sanitary sewage disposal from site development costs. Costs for sanitary sewage disposal are to be reported on Page D02, Item E.

Section C - Asbestos Abatement - Report all costs for asbestos abatement, including those for asbestos abatement and AHERA clearance air monitoring.

Section D - EPA-Certified Project Designer's Fee for Asbestos Abatement - Report the estimated costs for the design of the asbestos abatement plan. Asbestos abatement plans must be developed by an EPA-certified individual, a cost estimate for the design work must be reported here if the project involves asbestos abatement.

20% RULE FOR ALTERATION COSTS, PAGE D05

This page provides for the calculation of replacement value of a building in order to determine if alterations or renovations should be reimbursable. Note that the 20% rule does not apply to career and technical centers (CTCs). **Note that the median construction costs per square foot is \$174.**

An alteration project will not be eligible for reimbursement where the costs for alterations (excluding costs for building purchase, movable fixtures and equipment, asbestos abatement, roof replacement and site development, and architect's fees thereon) are less than 20% of the project building's replacement value unless a variance is approved by this office. Based on the provisions of BEC 24 P.S. § 7-733, if the Adjusted Alteration Costs for this project fall below 20% of the replacement value at the time this project is bid, the alteration work will be non-reimbursable, and the project building will not be eligible for reimbursement for alterations for the next 20 years unless a request for a variance is approved by the Department.

If the alteration costs are less than 20% of the replacement value, the school district may request a variance, as addressed in BEC 24 P.S. § 7-733, as part of this submission. The request for the variance should include the options the school district considered and why this is the best option for the school district.

It is not necessary to request a variance if the project is reimbursable on an **additions only** basis.

ADJUSTED STRUCTURE AND RELATED COSTS - NON-VOCATIONAL, PAGES D06-D07

These pages calculate the adjusted structure costs for non-vocational projects. Note that both estimated and actual costs for movable fixtures and equipment, and architect's fee thereon, will not be considered reimbursable until Part J "Project Accounting Based on Final Costs" is reviewed and approved by the Department. Complete **Page D10** for vocational-technical buildings.

ESTIMATED MAXIMUM REIMBURSABLE PROJECT AMOUNT - NON-VOCATIONAL, PAGES D08-D09

These pages calculate the estimated maximum reimbursable project amount for non-vocational projects. Refer to the PlanCon General Instructions for detailed information on legislative changes affecting school construction reimbursement.

Rated pupil capacities and architectural areas from the PlanCon Part A "Project Justification," approved by PDE, must be used to complete these pages unless otherwise directed by PDE. Use Pages **D11-D13** for vocational-technical buildings.

On Page D08, where applicable, complete the sections for the additional incentive funding:

1. Projects constructed and based on an approved school facility design published on the Department's School Design Clearinghouse (www.sdcpublic.ed.state.pa.us);
2. Projects where the general construction contract alters or adds to an

existing building (**includes building purchase with additions and/or alterations**; not applicable to building purchase only); and

3. Projects receiving Silver, Gold or Platinum LEED certification or two, three or four Green Globes certification.

Complete **Page D09, Section B, Site Acquisition** if the project includes the purchase of a site with PlanCon Part C "Site Acquisition" approval. Refer to the PlanCon Part C approval letter for the information needed to complete this section. Information on properties to be acquired but without PlanCon Part C approval should not be reported.

Reimbursement for the **purchase of a building** that will be used as a school building or district administration building, equals the lesser of the actual purchase price of the building and its grounds, plus any alteration costs OR the rated pupil capacity of the project building times the applicable per pupil reimbursable amount (\$4,700-elementary, \$6,200-secondary/district administration office, \$7,600 career and technical center). If the project involves an addition to the building being purchased, reimbursement will be prorated based on the areas of the addition and existing building. Actual purchase price and approved costs should be input on Page D07, Line M.

A building purchase, for which the school district will be doing additions/alterations construction, may be eligible for additional funding.

Separate reimbursement for site acquisition costs will be considered, in addition to reimbursement for the purchase/alteration costs of the building, if the actual cost of the building and grounds plus any alteration costs exceed the maximum reimbursable formula amount. If such reimbursement is being sought, separate deeds and appraisals for the building and the land upon which it is situated as well as the additional acreage must be obtained.

Separate reimbursement for site acquisition does not apply to buildings purchased for district administration office use.

PDE-Reimbursable Acres are calculated as follows for each school building located on the site: 1 acre for every 100 full-time equivalent (FTE) plus 10 acres for an elementary school, 20 acres for a middle school or 35 acres for a secondary or comprehensive vocational building or 15 acres for a part-time vocational building. **No acreage or FTE allowance is provided for District Administration Offices.**

Acreage on the site already owned by the school district is subtracted from this calculated allowance. The following example depicts the calculations for a school district that has decided to locate several of its school buildings on one site:

	FTE	Optimal Acres
High School - Existing	600	6 + 35 = 41
Middle School - Existing	400	4 + 20 = 24
Elementary School - New	700	7 + 10 = 17
Maximum Allowable Acres		82
LESS Existing Site Acreage		50
PDE-Reimbursable Acres		32

In this example, PDE will reimburse the school district for up to 32 additional acres. If the school district decides to acquire more than 32 acres, reimbursement will be proportionately reduced. Existing school sites that are contiguous to properties under consideration must be included in the PDE-Allowable Acres calculations.

The above acreage allowance applies to each school building on the site based on the project building definition provided in PlanCon Part A "Project Justification."

School districts should also be aware that **reimbursement for advance site acquisitions** will be based solely on the type of building (elementary, middle or secondary) to be built at the time of purchase. No credit will be given at the time of the initial submission for the proposed building's estimated FTE capacity. Additional reimbursement based on the building's FTE will be determined when the Part G "Project Accounting Based on Bids," for the project building itself, is processed.

Allowable Site Acquisition Costs are limited to the following: contract sales price or just compensation including interest or delay damages; title insurance, recording and transfer fees, and other costs to be paid at settlement; and appraisal fees. The following costs are non-reimbursable: school taxes; relocation fees; legal expenses; consulting fees; and costs for testimonials related to condemnation proceedings.

Rough Grading to Receive the Building is defined as the costs for the earth excavation and compacted fill needed to prepare a rough plain that will permit contractors to stake out the building to an elevation of one foot below the finished floor and to a line ten feet beyond the exterior of the proposed building or sizable addition. The PDE maximum allowance for "cut and fill" is limited to a maximum of \$9 per cubic yard for excavation and \$17 per cubic yard for compacted fill related to rough grading to receive the building.

Allowable Sanitary Sewage Disposal Costs are limited to the following: on-site sewage treatment plant or system; charges for tap-in to sewer authority; reserve capacity charge; and on-site extension of sewer lines. The PDE maximum allowance for sanitary sewage disposal is based on a maximum of \$400 per NEW FTE unless the work is required by another governmental agency. Note that the extension of sewer lines off-site is only reimbursable if the authority's costs to extend the line are prorated between all property owners along the extension; the school district's prorated share of these costs should be reported under charges for tap-in to sewer authority.

ADJUSTED STRUCTURE COSTS - VOCATIONAL PAGE D10

Use this page to calculate the adjusted structure costs for vocational projects. If the project involves a non-vocational building, Pages D06-D07 should be completed.

ESTIMATED MAXIMUM REIMBURSABLE PROJECT AMOUNT - VOCATIONAL PAGES D11-D13

These pages calculate the estimated maximum reimbursable project amount for vocational projects. Due to legislative changes affecting school construction reimbursement, the base reimbursement formula for eligible vocational-technical projects does not include bond interest in determining the approved building construction cost. Refer to the PlanCon General Instructions for detailed information on other legislative changes relating to reimbursement for vocational projects. If the project involves a non-vocational building, complete **Pages D08-D09**.

Rated pupil capacities and architectural areas from the PlanCon Part A "Project Justification," approved by PDE, must be used to complete these pages unless otherwise directed by PDE. Note that costs for movable fixtures

and equipment, and architect's fee thereon, will not be considered reimbursable until Part J "Project Accounting Based on Final Costs," is approved by the Department.

In order to receive reimbursement and Act 34 capacity for vocational education programs, the project building must house at least 8 programs that have received Bureau of Career and Technical Education approval and Craft Committee Recommendation (CRR) approval prior to the approval of PlanCon Part F "Construction Documents." The approved programs must be housed in the project building for at least one entire school year following substantial completion of the PlanCon project. Failure to house at least 8 programs in the project building for at least one entire school year following substantial completion of the PlanCon project will result in the re-evaluation and revision to the state level of reimbursement for the PlanCon project.

On Page D11, where applicable, complete the sections for the additional incentive funding:

1. Projects constructed and based on an approved school facility design published on the Department's School Design Clearinghouse (www.sdcpublic.ed.state.pa.us);
2. Projects where the general construction contract alters or adds to an existing building (**includes building purchase with additions and/or alterations**; not applicable to building purchase only); and
3. Projects receiving Silver, Gold or Platinum LEED certification or two, three or four Green Globes certification.

TEMPORARY REIMBURSABLE PERCENT, PAGE D14

Use this page to calculate the estimated temporary reimbursable percent for all projects. Note that calculating the Estimated State Subsidy Percent gives an estimate of the state subsidy for this project based on estimated costs. The Applicable Aid Ratio is the highest of the school district's Market Value Aid Ratio, CARF or Density Factor. Make copies of this page and **complete one for each bond issue, note or other source of permanent financing. A copy of this page should also be completed for cash treated as a separate "issue" on D03.** If one bond issue is funding more than one project, complete one column for each project. Use additional pages if needed. **For a discussion of how reimbursement is calculated, refer to the PlanCon General Instructions.**

If the bond issue for this project included a refunding of outstanding bond issues as well as funds to complete this project, the multi-purpose rules apply and the calculations of the estimated reimbursable percentage differ from those on Page D14. Contact the Department for the applicable calculations.

PROJECT FINANCING, PAGE D15

Provide information on the proposed financing package, including the annual rental or debt service payments for FY 2012-2013. Funding for projects financed solely by local funds should also be provided.

Annual payment totals should be based on the state fiscal year (July 1 - June 30). The annual payments reported should equal the total payments to be made even if the issue or note will fund several projects. For example, if a school district plans to borrow \$10 million to fund this project plus several non-reimbursable maintenance projects, the annual payments for the entire \$10 million issue should be entered.

A **Method of Financing information block** should be completed for each general obligation bond issue, note, school revenue bond issue or other source of permanent financing; a separate block should also be completed for **cash**

treated as a separate "issue" on D03. If a school district, for example, plans to use an issue of \$10 million to fund this project, only one information block should be completed. However, if the project's financing involves two \$5 million issues, an information block for each issue should be completed. If the bond issue is composed of separate series, an information block should be completed for each series.

PROJECTED DEBT SERVICE/LEASE RENTAL REQUIREMENTS, PAGE D16

Provide the projected annual debt service and lease rentals for FY 2012-2013. Report debt/lease payments for reimbursable issues used to finance elementary, secondary, middle school, CTC, special education and other projects. Complete a separate column for each issue or note or any planned issues or notes.

If there are more than five issues or notes, use D16-Additional Issues. For example, if a school district will use a 2005 issue and a 2006 issue to fund this and several other projects and will also be issuing bonds in 2007 and 2008 to fund this project, four columns need to be completed. List issues pertaining to this project first. For issues/notes funding this project, the temporary reimbursable percent is calculated on Page D14.

If the project involves a vocational building, this page must be completed for each participating school district. 24 P.S. § 25-2574(d) requires the Department to prorate the reimbursement for a vocational project based on the market values of participating school districts unless an exception is granted. **See Attachment B, ESTIMATED VOCATIONAL SUBSIDY PRORATION, for information on how to calculate each school district's share of a payment made on a reimbursable bond issue or note.**

25% DEBT SERVICE/LEASE RENTAL LIMIT AND POTENTIAL FOR DISTRESSED STATUS, PAGE D17

The "25% Debt Service/Lease Rental Limit" determines if a school district plans to spend more than 25% of its local revenue for construction-related debt. For the "25% Debt Service/Lease Rental Limit," estimate total local revenues (General Fund Budget, account code 6000) for FY 2012-2013; an explanation of the assumptions used in projecting total local revenues must be provided. This page must be completed for all projects, including those funded primarily by cash. If the Debt Service/Lease Rental to Local Taxation Ratio exceeds 25%, an exception must be requested and approved by PDE.

State Board of Education regulations require the Department of Education to disapprove a reimbursable building project if the most recent financial report submitted by the applicant school district shows evidence of possible **fiscal distress**. If the Beginning Unreserved General Fund Balance as a percent of assessed value is greater than negative two percent (-2.0%) in absolute terms for any of the given fiscal years, information justifying an exception must be provided. For this purpose, the Beginning Unreserved General Fund Balance equals 0771 - Unreserved Designated Funds plus 0772 - Unreserved Undesignated Funds on the Annual Financial Report, NAG Statement (Balance Sheet).

If the project involves a vocational building, this page must be completed for each participating school district.

LOCAL EFFORT LIMIT, PAGE D18

The "Local Effort Limit" provides another indicator of a potential fiscal problem. It measures the incremental impact of the proposed debt for this and other planned reimbursable projects on a school district's local tax effort. **Only the local share of the FY 2012-2013 scheduled payments on any new debt issued in FY 2009-2010 or later should be reported on Line B-1.** The

Local Effort Limit should not be completed for cash projects. If the Budgeted Local Effort exceeds the Local Effort Limit, an exception must be requested and approved by PDE.

If the project involves a vocational building, this page must be completed for each participating school district.

ACT 34 OF 1973: SUBSTANTIAL ADDITION DETERMINATION, PAGE D19

Act 34 applies to all new buildings and substantial building additions. A building addition is considered substantial when its architectural area divided by the existing structure's architectural area is greater than 20 percent. Use the calculations on this page to determine the applicability of Act 34 to this project. If part of an existing building is to be demolished, do not include the architectural area of that space.

If Act 34 of 1973 applies to a project building, draft copies of the Act 34 notice of public hearing and the project description booklet must be submitted for PDE review and approval before advertising for the Act 34 hearing. Refer to Attachment A for detailed instructions on the requirements for the notice of public hearing and project description booklet for the first Act 34 hearing.

If calculations indicate that a proposed addition will increase the size of a building by **18 percent or more**, provide documentation of calculations.

ACT 34 OF 1973: MAXIMUM BUILDING CONSTRUCTION COST, PAGE D20

Act 34 applies only to costs for new construction. The legal requirements do not address the costs for alterations to existing structures. Do not include costs associated with the existing structure and other related costs.

This page allows for the calculation of the Act 34 Maximum Building Construction Cost based on estimates.

ACT 34 OF 1973: SCHOOL BUILDING CAPACITY CALCULATION, PAGE D21-D22

Pages D21 and D22 allow for the calculation of the school building capacity to be used for Act 34 purposes. The pages provide a crosswalk from capacity as it was determined in 1971-1972 to capacity as is depicted on room schedules completed for PlanCon Part A. In general, the following procedures should be used in completing these pages:

1. For rooms eligible to receive FTE capacity on the approved PlanCon Part A room schedules - these rooms should only be reported on Pages D21 and D22 if they actually received FTE capacity for this project. For example, if a **regular classroom** receives FTE capacity on the approved PlanCon Part A room schedule for this project, it should be reported as a **regular classroom** for Act 34 capacity purposes. Conversely, if a **regular classroom** does not receive FTE capacity for this project, then it should not be reported on Pages D21 and D22. This procedure applies to all spaces, such as natatoriums, and special education resource rooms (limited to one room), that are eligible but must meet minimum size requirements to actually receive FTE capacity for a project; report a **natatorium** on the Act 34 elementary room schedule if the project building will house K-8, 1-8 or K-12; and
2. For rooms not eligible to receive FTE capacity - certain rooms may receive Act 34 capacity, even if they are not eligible for FTE capacity, so long as they meet minimum size requirements, as specified on D21 and D22. These rooms include elementary and secondary small group/seminar rooms, large group instruction rooms, elementary computer, art and music rooms, secondary observatories, and secondary science student project rooms. Report all of these rooms from the PlanCon Part A room schedule that meet the minimum size requirements for Act 34 capacity on Pages D21 and D22 for this project.

Because Act 34 of 1973 requires that "capacity" be calculated in the same manner as it was calculated in 1971-1972, some adjustments are necessary to account for rooms found in today's school buildings. While Pages D21-D22 will be sufficient in most cases, building configurations may require the

following adjustments and/or discussion during the PlanCon Part B "Schematic Design" architectural review.

Count **small group rooms/seminar rooms** larger than 849 square feet as large group instruction rooms. Classrooms for elementary students that will be used solely for music instruction must be counted as music rooms. Band rooms, instrument rooms, choral rooms, orchestra rooms and other rooms for music performance and practice for elementary students do not receive any Act 34 capacity and therefore should not be reported. Count **technology education rooms** greater than 660 square feet, but less than 1800 square feet as computer labs. Count each 33 FTE points on the room schedule under **Gym** as one teaching station. Count **auxiliary gyms** with a scheduled area equal to or greater than 2,500 square feet as one gym teaching station. Count **language arts labs** receiving FTE capacity as computer labs.

For a **middle school** project that includes grade levels sixth grade and below, complete Page D22 first to determine the Act 34 Secondary Capacity; enter a value of "0" for Line D, Building Total, on Page D21, and complete Lines E through G. Round all calculations to the nearest whole number. Do not complete that part of Page D21 titled "Elementary Building" through and including Line D if an elementary room schedule was not completed at Part A.

Questions concerning the assignment of Act 34 capacity to other elementary and secondary spaces should be directed to the PDE staff architect assigned to this project.

If a project includes district administration offices, **the total number of positions housed in the facility** should be listed on Page D21, Line H, **whether they are located in the new or existing areas of the building.**

ACT 34 OF 1973: AGGREGATE BUILDING EXPENDITURE STANDARD, PAGE D23

Act 34 mandates that per pupil cost limits (adjusted annually for grade levels K-6, 7-9 and 10-12) be used to calculate the Aggregate Building Expenditure Standard (ABES) for each project. If a building houses grade level combinations of 7-12, 8-12 and 9-12, the Secondary Building Capacity calculated on Page D22, must be separated into two distinct components (one for grades 7-9 and one for grades 10-12). Use the following proration factors for project buildings housing these grade levels.

PRORATION OF SECONDARY BUILDING CAPACITY FOR ACT 34

	Grades	Grades
Grades Housed	7-9	10-12
7-9 (no 10-12)	1.00	N/A
7-12	.50	.50
8-12	.40	.60
9-12	.25	.75
10-12 (no 7-9)	N/A	1.00

For buildings housing grades K-12, the Aggregate Building Expenditure Standard for grades K-6, 7-9 and 10-12 needs to be computed and then totaled to determine the Act 34 Aggregate Building Expenditure Standard for the total building.

Capacity for district administration offices should be included in the capacity calculation for grades 10-12. If the project building only involves district administration offices, the proration fraction should equal 1.00.

Refer to Page D20 for the Act 34 Maximum Building Construction Cost. If the Maximum Building Construction Cost exceeds the Aggregate Building Expenditure Standard, the project requires a referendum.

ACT 34 OF 1973
REQUIREMENTS FOR FIRST PUBLIC HEARING

INTRODUCTION

As stated in the Pennsylvania Public School Code of 1949, 24 P.S. § 7-701.1, Act 34 of 1973 requires that a public hearing be held on all new construction and substantial additions, A building addition is considered substantial when its architectural area divided by the existing structure's architectural area is greater than 20 percent. If Act 34 of 1973 applies to a project building, draft copies of the Act 34 notice of public hearing and the project description booklet must be submitted for PDE review and approval before advertising for the Act 34 hearing.

Provided below is a description of the requirements for an Act 34 notice of a public hearing and for a project description booklet.

NOTICE OF PUBLIC HEARING REQUIREMENTS

If a public hearing is required, the school district must ensure that the notice is published **at least 20 days prior to the hearing**. A sample Act 34 hearing notice is included in this attachment. Section 349.12 of the School Building Standards requires that the notice contain the following information:

1. The date, time and location (street address) of the hearing.
2. The type of facility to be constructed.
3. The maximum project cost adopted by the board before scheduling the hearing.
4. The maximum building construction cost adopted by the board before scheduling the hearing.
5. The availability of a description of the project at least 20 days prior to the hearing.
6. The manner in which a resident may gain agenda time or submit written testimony or both. Public comment procedures in the notice and in the project description booklet must be consistent.
7. Information on the 30-day period following the public hearing during which public comments may be submitted.
8. Other information as the board deems necessary.

For a project with the potential for many individuals to request time to speak at the Act 34 hearing, the public comment period may be scheduled for more than one date. However, the public must be informed about all scheduled hearing dates in the original Act 34 notice of public hearing. If, for example, a school district anticipated more than one hundred speakers, the hearing could be scheduled for a certain date with the public comment period to commence on that date and continue on another date, as specified in the notice, if needed.

If the notice for this hearing provided no such provisions for the hearing to be held on different days, the Act 34 hearing must be held on the specified date and continue uninterrupted into the next day, if necessary, to afford all those attending the opportunity to speak. Another alternative to consider would be to cancel and then reschedule the hearing for a later date. For any rescheduled hearing, the notice of public hearing would need to be published at least 20 days prior to the hearing.

SAMPLE NOTICE FOR FIRST ACT 34 PUBLIC HEARING

A public hearing will be held in the meeting room name at the building name, street address on hearing date & time for the purpose of reviewing all relevant matters relating to the construction and equipping of name of project building (the Project). A description of the Project, including facts with respect to educational, physical, administrative, budgetary and fiscal matters related to the Project, will be presented and will be available for consideration at such public hearing. The booklet will be available from date during business hours of the School District at building name and address.

The Board of School Directors of the School District by resolution duly adopted has authorized a "maximum project cost" of dollar amount and a "maximum building construction cost" of dollar amount in connection with the Project. This public hearing is being held pursuant to requirements of the Pennsylvania Public School Code of 1949, approved March 10, 1949, as amended and supplemented, including amendments made pursuant to Act 34 of the Session of 1973 of the General Assembly.

All residents are invited to attend. Anyone wishing agenda time, or wishing to submit written testimony or both, should contact the secretary of the Board of School Directors until date before the hearing. Additional testimony will be received from the floor at the hearing.

Written comments regarding the project will be received by the secretary of the Board of School Directors until 12:00 noon, date no less than thirty days after Act 34 hearing date.

**REQUIREMENTS FOR PROJECT DESCRIPTION BOOKLET
FOR FIRST ACT 34 HEARING**

Section 349.13 of the School Building Standards requires that a description of the project be made available to the public at least 20 days prior to the first hearing. The description must be mailed to the news media in sufficient time for release not later than 14 days before the hearing. The following information must be included in the description:

1. An agenda for the meeting as well as the procedures to be followed during the public comment period. Note that the public comment period during the hearing cannot be limited to a specific time frame. All who attend the hearing must be given the opportunity to speak. The time allotted to each individual, however, may be limited if such limits have been stated in both the project description booklet and in the notice of public hearing. Public comment procedures in the notice and in the project description booklet must be consistent.
2. A description of the need for the project. The narrative should summarize the factors that support the need for the project.
3. A listing of the school buildings and vacant sites currently owned by the school district or Page A09, "Summary of Owned Buildings and Land", from PlanCon Part A "Project Justification."
4. A description of the project options considered by the board including a list of the various construction options considered, the option chosen and the reasons for choosing this option.
5. A description of the project and any special features. The narrative should provide a description of the project including, but not limited to: educational, community and other uses for the building; energy efficiency and technology upgrades; and handicapped accessibility on the site and in the building. A site plan and a floor plan may be included, but are not required.
6. A listing and explanation of all direct project building costs, including but not necessarily limited to the following pages from PlanCon Part D "Project Accounting Based on Estimates":
 - a. Project Accounting Based on Estimates (D02-D03);
 - b. Detailed Structure Costs (D04);
 - c. Act 34 of 1973: Maximum Building Construction Cost (D20).
7. A description and cost analysis of the financial alternatives considered by the board that describe in detail the pros and cons of the four methods of financing (i.e., municipal authority, State Public School Building Authority, general obligation bond issues or notes, and local funds) as they relate to the project under consideration. For purposes of comparing financing through a municipal authority, State Public School Building Authority, or the issuance of a general obligation bond issue, the financial analysis in the draft booklet should be based on a debt service payment schedule for a pro-forma multi-year level payment schedule. Average annual debt service and the corresponding tax millage, however, for these pro-forma payments should not be used to represent the net effect on the school district's local tax base in terms of mills, if an existing bond issue will be used to finance the project. A sample cost analysis follows:

**SAMPLE COST ANALYSIS OF THE FINANCIAL ALTERNATIVES CONSIDERED
(FOR COMPARISON PURPOSES ONLY)**

<u>ITEM</u>	<u>GENERAL OBLIGATION</u>	<u>LOCAL AUTHORITY</u>	<u>SPSBA</u>
Construction & Related Costs	\$4,482,617	\$4,482,617	\$4,482,617
Costs of Issuance	70,497	75,497	65,497
Bond Insurance	23,224	23,224	23,224
Total Costs	\$4,576,338	\$4,581,338	\$4,571,338
Less:			
Estimated Interest Earnings	196,338	196,338	196,338
Bond Issue	\$4,380,000	\$4,385,000	\$4,375,000

8. A narrative that explains the net effect of both direct and indirect project costs on the school district's local tax base in terms of dollars and mills and that includes:
- a. **Estimated state reimbursement for the project.** The Commonwealth reimburses a school district for a portion of the principal and interest which the school district pays each year on the bond issue(s) used to finance a reimbursable project. The amount of reimbursement is determined by two factors: (1) the percentage of the project, determined by the Department to be reimbursable, and, (2) the school district's market value aid ratio (MVAR) (or Capital Account Reimbursement Fraction (CARF)), which is annually adjusted. If, for example, a school district estimates that 58.96% of the project will be reimbursed and the school district's aid ratio for FY 2010-2011 is 65.28%, the product of these two numbers is 38.49%. Therefore, for each dollar paid by the school district towards its reimbursable debt in FY 2010-2011, the Commonwealth will reimburse approximately 38 cents. Use PlanCon Part D "Project Accounting Based on Estimates," Page D14, to calculate the estimated state reimbursable percent.

- b. **Direct Costs (costs associated with financing):** A debt service payment schedule(s) for the issue(s) used to fund the project must be included. If an issue has already been issued, the entire amount of the issue should be used to prepare the debt service payment schedule. If the issue is larger than the amount required for the project, the payment schedule should show how the bond issue was prorated, the total millage for the entire bond issue and the prorated millage costs for the project. The narrative should explain whether the project will be financed from existing millage and/or the amount of new millage required, based on the value of a mill.
 - c. **Indirect costs.** A listing and explanation of all indirect costs related to the educational program and the operation of the project building, including the impact on staffing, operations and maintenance, and pupil transportation.
 - d. **Net effect of the project on direct and indirect costs.** The net effect is calculated by totaling the school district's direct costs (item b above) net of estimated state reimbursement (item a above) plus the indirect costs (item c) in terms of both dollars and mills.
9. A signed copy of the board resolution authorizing the maximum project cost and the maximum building construction cost for the project.
 10. A copy of the notice of the Act 34 of 1973 public hearing for the project.

NOTE: After the first hearing, the following items must be forwarded to the Department with PlanCon Part D "Project Accounting Based on Estimates":

- 1) a copy of the notice of the Act 34 of 1973 public hearing for the project and the proof of publication;
- 2) written public comments received before, during and after the hearing (provide confirmation if no public comments were received);
- 3) a copy of the transcript or minutes of the public hearing; and
- 4) the project description booklet that was made available twenty (20) days prior to the hearing.

In the case of a first hearing, 30 days must elapse before Part D and the Act 34 materials are approved by the board for submission to the Department.

ATTACHMENT B IS LOCATED IN THE EXCEL FILE "PLNCN2010\D2010ATTB"

THIS PAGE IS INSERTED HERE SO THAT THE FOLLOWING
PAGES WILL BE NUMBERED CORRECTLY.

ATTACHMENT C IS LOCATED IN THE EXCEL FILE "PLNCN2010\D2010ATTC"

THIS PAGE IS INSERTED HERE SO THAT THE FOLLOWING
PAGES WILL BE NUMBERED CORRECTLY.