



PLANCON

PART G: PROJECT ACCOUNTING BASED ON BIDS

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

PART G: PROJECT ACCOUNTING BASED ON BIDS

Since the calculations to determine the need for a second Act 34 hearing or referendum, as well as other eligibility criteria, are included in PlanCon Part G, school districts are cautioned about entering into contracts and starting construction before obtaining Departmental approval of PlanCon Part G. Failure to comply with the legal, regulatory and Departmental requirements applicable to a school construction project will result in the denial of reimbursement. If there are any questions regarding the completion of these materials, contact the Division of School Facilities at (717) 787-5480.

CHANGES AND CLARIFICATIONS

Legislative Changes Affecting School Construction Reimbursement - Refer to the PlanCon General Instructions for an overview of the reimbursement calculations used for school construction projects and information on legislative changes affecting school construction reimbursement.

Second Act 34 Hearing and Referendum - 24 P.S. § 7-701.1 requires that the board of school directors hold a second Act 34 hearing on a project whenever the maximum building construction cost based on bids exceeds the maximum building construction cost based on estimates by eight percent or more. Also, a referendum must be held on a project if the maximum building construction cost based on bids exceeds the aggregate building expenditure standard. The second Act 34 of 1973 hearing or the Act 34 referendum must be held before a school district enters into construction contracts and commences work on any portion of a project, the cost of which would cause the statutory limit to be exceeded. Since the calculations to determine the need for a second Act 34 hearing or referendum, as well as other eligibility criteria, are included in PlanCon Part G, school districts are cautioned about entering into contracts and starting construction before obtaining Departmental approval of PlanCon Part G. Failure to comply with the legal, regulatory and Departmental requirements applicable to a school construction project will result in the denial of reimbursement.

Under Act 34's provisions, an Act 34 project is subject to the second hearing and referendum requirements until all construction is completed. In fact, an Act 34 referendum or second hearing may be required even during construction if a project's accumulated costs, including any planned equipment purchases or future construction work, exceed a project's statutory limit. When the Act 34 referendum limit or second Act 34 hearing limit for a project is exceeded, the only options available are: (1) to hold a referendum or hearing before proceeding with any work or equipment purchases causing the statutory limit to be exceeded; or (2) to reduce the scope of any proposed work or equipment purchases.

Owner Controlled Insurance Program (OCIP) - If a school district/CTC chooses to use the program, a letter from the insurance agent or representative must be submitted to substantiate this cost. If insurance is not bid, but is provided by the contractor via a quote(s) submitted subsequent to bid opening, costs, net of administration and overhead, must be included on Pages G05-G07 and Page G08 and a letter(s) from the contractor's insurance agent or representative must be submitted.

Builder's Risk Insurance - If insurance is not bid as part of each prime contract, a letter from the insurance agent or representative must be submitted to substantiate this cost.

Installation of technology equipment - 24 P.S. § 7-751 requires any construction related to the installation of technology equipment to be competitively bid by a school district. Bid prices that include equipment and its installation may only be used for projects properly bid by the school district itself as required by law. This means that a school district can only contract with an IU vendor if and only if the IU vendor's price for equipment installation meets the bid specifications for a school construction project and is also the lowest responsible bid for that work.

State/IU Contracts - If a school district/CTC has determined that a state or IU contract meets Department requirements and it wishes to use the state/IU contract on a PlanCon project, the following criteria are to be used in reporting costs for work under these types of contracts, if these contracts are awarded at the same time of the overall project award:

1. Treat as a stand alone prime contract reported on the PlanCon Part G submittal.
2. The contract would have a separate G08 form.
3. A lump sum proposal (acting as the bid tab equivalent) would need to be provided with the Part G submittal. The lump sum amount must match figures reported on the G08 form.

GENERAL INSTRUCTIONS

Part G is concerned with actual construction bids. Costs reported in Part G should be based on the contracts to be awarded. Do not report costs for contracts on which bids were received, but which the school district/CTC does not intend to award. PDE also uses Part G to verify the various "tests" of a school district's financial ability to make payments on the project as well as a project's conformance with Act 34 of 1973.

Refer to the PlanCon General Instructions for an overview of the reimbursement calculations used for school construction projects and legislative changes affecting school construction reimbursement.

Eligibility for Reimbursement: The approval of Part F "Construction Documents," authorizes the proper bidding of the project and constitutes approval for entering into contracts. The school district should be aware that Departmental approval of PlanCon Part F for this project does not guarantee reimbursement for this project. This project will be deemed eligible for reimbursement only upon written approval of PlanCon G, "Project Accounting Based on Bids."

Lowest Responsible Bidder: We have received some questions relating to how alternate bids affect the determination of lowest responsible bidder. Most school districts base their determination on the total cost for the base bid and all accepted alternates. There have been some instances where specifications have clearly indicated that the determination will be made on the cost of the base bid only, regardless of which alternates are accepted.

The determination of which method is used is a local decision. It is extremely important that bid specifications are clear as to the method to be used. Any dispute arising out of this issue is likely to hinge, in part, on the clarity of the specifications. Because the inclusion of alternates is the norm for determining the lowest responsible bidder, we will presume that such is the case unless we are otherwise specifically notified in writing. This notification should be submitted with Part G. We are taking this position for administrative purposes only. The position should not be deemed to be a statement of policy regarding the favored method of determining the low bidder.

Combined Bids: The Department recognizes that school districts may be able to achieve savings on school construction projects using "combined" bids. The potential for savings arises from the ability of a contractor to offer a discount if awarded a contract on two or more projects. Accordingly, the Department will accept "combined" bids. The term "combined" bids pertains to the preparation of one bid proposal by a prime contractor for two or more school construction projects bid at the same time. Acceptance of "combined" bids does not, however, preclude the requirement for multiple contracts (e.g., general, plumbing, electrical, or any other specified work) as required by 24 P.S. § 7-751.

Draft "combined" bid specifications must be submitted to the Department prior to the submission of PlanCon Part F "Construction Documents," and the advertisement for bids, for all applicable projects. This will provide ample time for review of the "combined" bid specifications to ensure their compliance with Departmental requirements. Failure to comply with this requirement may impact on the eligibility of a project for reimbursement.

"Combined" bid specifications must state how the lowest responsible bidder will be chosen - base bid or base bid plus accepted alternates. If both individual bids and combined bids are specified, the combined bid, to be chosen as the lowest responsible bidder, must be lower than or equal to the sum total of the lowest individual bids for all projects bid. The "combined" bid must include a breakout price for each individual project (reimbursable and non-reimbursable) bid. The sum total of the bid breakout prices must equal the "combined" bid price. The bid documents must advise prospective bidders that the bid breakout prices are for administrative purposes only and will not be used as a basis to determine the lowest responsible bidder. Administrative breakouts will be used without exception for reimbursement and Act 34 purposes; breakout prices must be used in completing Part G pages, including but not limited to G02 and G08 (Prime Contractor Certification). When bidding two or more projects, work on one project can not be specified as an alternate for another project. Each individual project must have its own bid documents. Each individual project must also have its own contract documents.

Phased Bidding vs. Rebidding: This is to clarify the difference between phased bidding and rebidding originally specified and approved work on reimbursable school construction projects.

Phased Bidding - Projects approved for phased bidding involve planned work to be bid at different times as originally scheduled by a school district. With phased bidding, a bid opening schedule for each project phase is established and adhered to by the school district after receiving PDE approval. PDE approval of PlanCon Part F-Phase is required before entering into contracts for each contract that is phased bid. For each phase, a PlanCon Part G must then be submitted and approved by PDE after the bids are received and awarded. After the final phase is bid, a comprehensive PlanCon Part G, including all prior bid phases, must be submitted and approved. A project's reimbursement status is determined based on the final project phase.

Rebidding - The need to rebid work that was originally specified on a project occurs when bids received are not acceptable due to higher than anticipated bid prices or for other reasons. At that time, the school district must decide whether to rebid the work immediately or to wait an indeterminate amount of time (several weeks or months) before rebidding the work.

Rebidding a project usually involves the reissue of the original construction documents with an addendum on any changes. Where a school district rebids any work, the architect must forward a letter to PDE about the rebid and any changes, along with the new advertisement and addendums.

For the rebid work to be included as an original contract for reimbursement purposes, PlanCon Part G must not be submitted until the work is rebid. If the work is not reported on PlanCon Part G, this work will be treated as a supplemental contract for reimbursement and reporting purposes.

Estimated costs for work to be rebid in the future may not be reported on PlanCon Part G. PlanCon Part G must be based solely on the work to be awarded except for technology improvements as discussed in the section titled "Construction Related to Technology Improvements." Where work originally specified and approved needs to be rebid, all work essential to the basic operation of the project building, including the general construction, HVAC, plumbing, electrical and sanitary sewage disposal, must be under contract prior to the start of any construction work on the project.

If a school district decides to rebid any work on an Act 34 project, the school district must not enter into construction contracts for any other work until rebids are opened and the school district can determine the viability of the entire project and its compliance with Act 34.

Construction Related to Technology Improvements: School districts must provide educational programs and facilities that meet the needs of students both for today and tomorrow, but must also operate within legal and administrative requirements adopted in the past. However, technology, whether it is for communications or computer networks, is rapidly changing, but current Departmental procedures clearly limit school districts' ability to incorporate the latest technology into reimbursable school construction projects at the optimal time in the construction process.

Accordingly, the Department is adopting the following procedures for construction work related to technology improvements:

1. A school district may advertise and receive bids for technology improvements during the building construction period. The work to be bid after construction on a building starts must be limited to technology improvements only and shall not include structural, mechanical or electrical work critical to a building's operation or security;
2. If a school district elects to receive bids on the technology contract(s) after the general construction on a building starts, the Department will employ the same procedures used for reporting estimated movable fixtures and equipment costs at PlanCon Part G "Project Accounting Based on Bids," i.e., cost estimates reported for the technology contract(s) at PlanCon Part G must be equal to or greater than the estimated costs first reported at PlanCon Part D "Project Accounting Based on Estimates;"
3. If a school district plans to advertise and receive bids on the technology contract(s) after PlanCon Part G has been approved, that work must be bid as a supplemental contract and not as a change order to an existing contract. Refer to PlanCon Part I "Interim Reporting" to determine if PDE approval is required;
4. If cost estimates for technology improvements to be bid during the building construction period are reported at PlanCon Part G, the Department will grant an exception to the + 3% or + \$300,000 threshold for change orders and supplemental contracts if the bids for the technology contract(s) are opened within two years of the bid opening for the general construction contract;
5. Estimated costs for the technology contract(s) will be excluded from the calculation of the 20% Rule for Alteration Costs at PlanCon Part G; and
6. Estimated costs for technology improvements will be included in the calculation of the Act 34 Maximum Building Construction Cost at PlanCon Part G.

With these procedures, the reimbursement status of a project will continue to be determined when PlanCon Part G for a project is approved. These procedures will apply to both Act 34 and non-Act 34 projects.

24 P.S. § 7-701.1 requires that the board of school directors hold a second Act 34 hearing on a project whenever the maximum building construction cost based on bids exceeds the maximum building construction cost based on estimates by eight percent or more. Also, a referendum must be held on a project if the maximum building construction cost based on bids exceeds the aggregate building expenditure standard. The second Act 34 of 1973 hearing or the Act 34 referendum must be held before a school district enters into construction contracts and commences work on any portion of a project, the cost of which would cause the statutory limit to be exceeded. Since the

calculations to determine the need for a second Act 34 hearing or referendum, as well as other eligibility criteria, are included in PlanCon Part G, school districts are cautioned about entering into contracts and starting construction before obtaining Departmental approval of PlanCon Part G. Failure to comply with the legal, regulatory and Departmental requirements applicable to a school construction project will result in the denial of reimbursement.

Under Act 34's provisions, an Act 34 project is subject to the second hearing and referendum requirements until all construction is completed. In fact, an Act 34 referendum or second hearing may be required even during construction if a project's accumulated costs, including any planned equipment purchases or future construction work, exceed a project's statutory limit. When the Act 34 referendum limit or second Act 34 hearing limit for a project is exceeded, the only options available are: (1) to hold a referendum or hearing before proceeding with any work or equipment purchases causing the statutory limit to be exceeded; or (2) to reduce the scope of any proposed work or equipment purchases.

However, reducing the scope of technology improvements on a building during construction may be far more problematic than prior to the start of construction. Bidding an entire project at one time gives a school district a complete picture of a project's costs. This then enables the school district to determine if any alternate bids should be accepted or if the entire project needs to be redesigned and rebid.

If the technology work is bid after construction starts on a project, the school district's options are limited to changing the scope of that one component as opposed to changing the project overall. Thus, providing this option on Act 34 projects should not be viewed necessarily as risk-free. School districts must therefore determine if the benefits outweigh the risks.

SPECIAL CONSIDERATIONS FOR PHASED PROJECTS

Submit the following forms and attachments for phased projects at Part G:

- (1) **G01** - Board Transmittal;
- (2) **G02-G03** - Project Accounting Based on Bids;
- (3) **G05, G06, G07** - Total Contract Awards, as applicable;
- (4) **G08** - Prime Contractor Certification; and
- (5) Bid Tabulations with Bid Opening Date Thereon

Submit a new and complete Part G with total project costs, including all work bid as a separate phase, after the total building is bid.

SPECIAL CONSIDERATIONS FOR ADVANCE SITE ACQUISITIONS

Submit the following forms and attachments for advance site acquisitions:

- (1) **G01** - Board Transmittal;
- (2) **G02-G03** - Project Accounting Based on Bids;
- (3) **G10** - Project Financing; and
- (4) the attachments that relate to site acquisition listed on Page G01.

BOARD TRANSMITTAL, PAGE G01

Complete Page G01 to formally submit PlanCon Part G.

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 which was assigned by PDE.

Enter a check mark or "N/A" for each item listed on the page. Although

this page lists the attachments normally required, additions may be added to the list of attachments.

Note the items relative to site acquisition which must be submitted with Part G documents.

PROJECT ACCOUNTING BASED ON BIDS, PAGE G02

Use this page to report cost information specific to this project. Only report costs for work that was bid as part of this project. Each contract bid must be listed under Section A, Structure Costs. Do not list costs for contracts on which bids were received, but which the school district/CTC does not intend to award. Do not combine costs for separate contracts and list those costs under the general contract. Work that was not bid as part of this PlanCon project, i.e., asbestos removal that was bid as a non-reimbursable, district-financed project, should not be reported on this page. Do not report costs for any supplemental contracts or change orders. Use the page identified as "PlanCon-G-Add't Costs" when additional lines are needed to report Section A, Structure Costs.

For projects involving the construction of a **totally new building** or an **addition** to a building, record all costs associated with the new construction or addition in the "NEW" column. For **alterations to an existing building**, record all alteration costs in the "EXISTING" column. For projects involving the **purchase of a building** for school purposes, record all costs associated with the building purchase and renovation in the "EXISTING" column. List purchase and renovation costs separately. The building purchase amount should be the "Gross Amount Due from the Borrower" from the settlement statement, plus any related acquisition costs. Record costs associated with the **addition to a purchased building** in the "NEW" column.

If the project is a new building and includes total demolition of an entire existing structure, list these costs under "Additional Construction-Related Costs" on Page G03, Line G-3 and on Page G08, under "Total Demolition of Entire Existing Structures and Related Asbestos Removal." Costs for partial demolition should be listed as alteration costs under "Existing" on Page G02, Lines A-1 through A-7, as applicable.

Section A, Structure Costs - List only those contracts for which bids were received. If any costs represent estimates, identify them as such. On Act 34 projects, structure costs reported under "New" may not represent estimates. Costs for fuel storage tanks may be reported as structure costs. Assign costs for builder's risk insurance to "New" and "Existing." If insurance is not bid as part of each prime contract, administration and overhead costs for OCIP and builder's risk insurance plus any other fees or costs not included in contract amounts should be reported on Page G03, Line G-7; if additional lines are needed, use the "PlanCon-G-Add't Costs" page to detail those costs. Do not report test borings or site surveys under structure costs.

Costs for **asbestos abatement**, Line A-5, should also include estimated or actual costs for AHERA clearance air monitoring. However, both estimated and actual costs for AHERA clearance air monitoring will not be considered for reimbursement until Part J "Project Accounting Based on Final Costs" is processed by the Division of School Facilities.

Fixed equipment costs should be reported under Section A, Structure Costs, and not under Section 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.** Placement of costs for fixed equipment, i.e., kitchen, food service and library equipment, must match the location of the room on the room schedule. The following definitions differentiate between movable and fixed equipment.

Fixed Equipment: built-in equipment; usually included in prime contract. Examples - flagpoles; playground jungle gyms and sliding boards; built-in

kitchen equipment such as commercial-size chest freezers and refrigerators; and built-in cabinets.

Movable Equipment: generally not attached to building or site permanently; usually purchased separate from prime contract; may be moved from one location to another without causing appreciable damage to a location when installed or removed. Examples - filing cabinets; kilns; copiers; tables, desks and chairs; and musical instruments.

NOTE THAT COSTS FOR MOVABLE FIXTURES AND EQUIPMENT, AND ARCHITECT'S FEE THEREON, WILL NOT BE CONSIDERED FOR REIMBURSEMENT UNTIL PART J "PROJECT ACCOUNTING BASED ON FINAL COSTS" IS PROCESSED BY THE DIVISION OF SCHOOL FACILITIES.

If the project is subject to Act 34, the costs for movable fixtures and equipment attributable to the new portion of the building must not be less than the amount shown in Part D "Project Accounting Based on Estimates."

If sanitary sewage disposal costs are part of a prime contract, subtract that amount from structure costs and report it on Page G02, Lines E-1 and/or E-2.

Report charges for tap-in to a municipal water system under Section A, Structure Costs.

If no design fee is charged on a structure cost listed under Section A, type "No Fee" beside that item.

Site development costs, including rough grading to receive the building, should be included in the prime contracts on Page G02. Site development includes any work, except sanitary sewage disposal, related to the site surrounding the project building. This work may include: erosion and sedimentation control; excavation; grouting or shoring; access roads to the site; landscaping; paving for sidewalks, parking lots and driveways; construction of playgrounds and athletic fields; street and parking lot lighting; and provisions for water, including well systems, off site line extensions and tap-in fees. 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.** Existing site development costs include only "alterations" to the existing site such as resurfacing driveways and sidewalks or changes to existing playgrounds or athletic fields. Any existing sidewalks or athletic fields that have to be replaced due to new construction should be listed under "Existing."

Report **Sanitary sewage** disposal costs on Page G02, Lines E-1 and E-2. If sanitary sewage disposal costs are included in a prime contract, the total contract award, net of these costs, should be reported under Structure Costs. Sanitary sewage disposal is defined as a sewage treatment plant or system required by the Pennsylvania Department of Environmental Protection (DEP), or an extension of the sanitary sewer lines from 5 feet outside the project building to connect to a DEP-approved municipal sewage system. Costs may include the construction of an on-site sewage treatment plant or system and on-site sewer line extension. A separate line is provided to list charges for **tap-in** to a municipal sewer authority and reserve capacity charges required by a local sewer authority; report charges for tap-in to a municipal water system under Section A, Structure Costs.

All costs for **Site Acquisition** should be reported on Page G02, Lines E-5a to E-5d. Report acquisition and appraisal costs for rights-of-way and easements on Line E-5c. However, note that **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.

Costs for survey work performed prior to the acquisition of a new school site should be reported on Line E-5c, Other Related Site Acquisition Costs.

PROJECT ACCOUNTING BASED ON BIDS, PAGE G03

Record the following under Section G, Page G03: fees for **construction management**; fees for **project supervision on asbestos abatement**; the **cost to demolish structures**, such as existing school buildings, and homes, barns and garages, on land acquired for this project, as well as the costs to remove asbestos from these structures prior to their demolition. Costs for all items which were not part of a prime contract must be reported here. These include: **test borings; permits, fees, reviews** required by other governmental agencies; all **survey costs** including site, topographical, wetlands, and well; pre-planning design fees; all **studies** including feasibility, archeological, stormwater management, etc. These costs are non-reimbursable. The cost for **moving relocatable classrooms** must be reported on Page G03, Section G. If this cost is included in the general contractor's base bid, the cost to perform this work must be provided by the contractor. Use the page identified as "PlanCon-G-Add't Costs" when additional lines are needed to report Section G, Additional Construction-Related Costs.

Total Project Costs, Page G03, Line I, Must Equal Total Revenue Sources, Page G03, Line Q. Only financing costs and revenue sources applicable to this project should be reported. If funding for this project is **part of a larger bond issue**, or if more than one bond issue is being used to finance the project, the financing costs and the estimated 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 the financing for a project involves a **future bond issue**, indicate the amount to be financed from the future issue and the estimated interest earnings attributable to this project.

Due to legislative changes in the reimbursement formula, original issue discount and original issue premium must be reported under Revenue Sources, Line 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 Line K.

If used to fund this PlanCon project, Qualified Zone Academy Bonds (QZAB), Qualified School Construction Bonds (QSCB) and federal School Renovation, IDEA and Technology grants should be reported under Revenue Sources. School Renovation, IDEA and Technology grants should be reported under "Other Funds" with a description on a separate sheet.

Line O. LOCAL FUNDS - CASH includes cash contributions to the project. If a school district is providing payment for a building construction project without incurring debt, it may be reimbursed for such payment as a cash contribution. **A construction loan, however, is considered debt and may not be reported as a cash contribution.** 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. No letter is required for projects funded 100% with local funds.

If reimbursement is requested on the school district's cash contribution in a lump sum payment, it should be reported on Page G03, 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 G03, Line O.

Line P. Other Funds includes federal funds received through the School Renovation, IDEA and Technology Grants program. A schedule listing the funding sources and dollar amounts should be attached for PDE review.

DETAILED STRUCTURE COSTS, PAGE G04 (2 pages)

Section A - provide by contract, the breakdown of **site development costs**, including rough grading to receive the building. The contractors' **Prime Contractor Certification, Page G08**, should be used to complete this page.

Site development includes any work, except sanitary sewage disposal, related to the site surrounding the project building. This work may include: erosion and sedimentation control; excavation; grouting or shoring; access roads to the site; landscaping; paving for sidewalks, parking lots and driveways; construction of playgrounds and athletic fields; street and parking lot lighting; and provisions for water, including well systems, off site line extensions and tap-in fees. 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.**

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

Exclude the amount attributable to **sanitary sewage disposal** from site development costs. Report sanitary sewage disposal costs on Page G02, Line E-1. Do not report costs to remove and/or install fuel storage tanks as site development.

Section C - Asbestos Abatement -- Submit a copy of the bid tabulations for the asbestos abatement contract. Include the costs for asbestos abatement and AHERA clearance air monitoring. However, only costs for asbestos abatement are reimbursable at Part G. Costs for AHERA clearance air monitoring will not be considered for reimbursement until Part J "Project Accounting Based on Final Costs" is processed by the Division of School Facilities.

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

Section G - Estimated Technology Contract(s) - If a school district elects to receive bids on the technology contract(s) after the general construction on a building starts, the Department will employ the same procedures used for reporting estimated movable fixtures and equipment costs at PlanCon Part G "Project Accounting Based on Bids," i.e., cost estimates reported for the technology contract(s) at PlanCon Part G must be equal to or greater than the estimated costs first reported at PlanCon Part D "Project Accounting Based on Estimates."

Special Session Act 1 of 2006 - Total the bid costs for the identified work only, as reported on G08, Prime Contractor Certification, for all prime contracts if the provisions of Special Session Act 1 of 2006 apply.

TOTAL CONTRACT AWARDS, PAGES G05, G06 AND G07

List the base bid from the successful bidder and any accepted alternates for each contract. Total Contract Award on Pages G05, G06 and G07 must equal G08, Total Contract Amount for each prime contract. Bid tabulations must be submitted for all contracts. The date of the bid opening must appear on the bid tabulation sheets. If contracts are awarded to other than the low bidder, a copy of the letter of withdrawal from the low bidder must be submitted. If the low bid is rejected, the school district/CTC must submit a letter from its solicitor justifying the rejection of the low bid(s).

PRIME CONTRACTOR CERTIFICATION, PAGE G08

Page G08 must be completed by the successful bidder only. This form must be prepared and signed by a company representative, not the project architect or the construction manager. The figures shown on this page must agree with the costs shown on Page G02. This page must be submitted for each contract, even if the project is for a new building, an addition only or an alteration project only. The costs reported on this page must include insurance costs if insurance is being provided by the contractor either as part of the bid or quoted subsequent to bid opening; if quoted subsequent to bid opening, the insurance costs must be net of administration and overhead.

20% RULE FOR ALTERATION COSTS, PAGE G09

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). **Also 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, site development, estimated technology contract(s), and architect's fees thereon) are less than 20% of the project building's replacement value. 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.

PROJECT FINANCING, PAGE G10

Provide information on the financing package, including annual rental or debt service payments from fiscal year 2006-2007 to fiscal year 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).

If **financing has not yet been arranged**, provide a description of the proposed financing and an estimate of the average annual amortization. If this project is part of a larger bond issue, provide information on the entire bond issue, not just the portion applicable to this project, including a list of the other projects to be funded.

Complete the **Method of Financing information block** for each general obligation bond issue, note, school revenue bond issue or other source of permanent financing. For example, if a school district 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, complete an information block for each issue. If the bond issue is composed of separate series, an information block should be completed for each series.

ACT 34 OF 1973: SUBSTANTIAL ADDITION DETERMINATION, PAGE G11

Use the calculations on this page to determine the applicability of Act 34 to this project. Instructions for making the calculations are included on this page. If part of an existing building is to be demolished, do not include the architectural area of that space. Do not submit Pages G12 through and including G16 if Act 34 does not apply to the project.

ACT 34 OF 1973: MAXIMUM BUILDING CONSTRUCTION COST, PAGE G12

Page G12 allows for the calculation of the Act 34 Maximum Building Construction Cost Based on Bids. As described previously in "Construction Related to Technology Improvements," estimated costs for technology improvements are included in the calculation of the Act 34 Maximum Building Construction Cost. No contracts may be entered into if this cost exceeds the Aggregate Building Expenditure Standard (Page G16, Line E) until the project is approved by referendum.

ACT 34 OF 1973: REQUIREMENT FOR SECOND HEARING, PAGE G13

24 P.S. § 7-701.1 requires that the board of school directors hold a second Act 34 hearing on a project whenever the maximum building construction cost based on bids exceeds the maximum building construction cost based on estimates by eight percent or more. A referendum must also be held on a project if the maximum building construction cost based on bids exceeds the aggregate building expenditure standard. The second Act 34 of 1973 hearing or the Act 34 referendum must be held before a school district enters into construction contracts and commences work on any portion of a project, the cost of which would cause the statutory limit to be exceeded.

Page G13 determines if a second Act 34 public hearing must be held on the project. The Act 34 Maximum Building Construction Cost Based on Estimates (Line A) must be the amount approved at Part D, Page D20, Line C, even if the amount advertised is different. See Attachment A of the Part G instructions for the requirements for a second public hearing.

ACT 34 OF 1973: SCHOOL BUILDING CAPACITY CALCULATION, PAGES G14 & G15

Pages G14 and G15 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 F. In general, the following procedures should be used in completing these pages:

1. For rooms eligible to receive FTE capacity on the PlanCon Part F room schedules - these rooms should only be reported on Pages G14 and G15 if they actually received FTE capacity for this project. For example, if a **regular classroom** receives FTE capacity on the approved PlanCon Part F 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 G14 and G15. 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 G14 and G15. 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 F room schedule that meet the minimum size requirements for Act 34 capacity on Pages G14 and G15 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 G14 and G15 will be sufficient in most cases, building configurations may require the following adjustments.

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 33FTE 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 G15 first to determine the Act 34 Secondary Capacity; enter a value of "0" for Line D, Building Total, on Page G14, and complete Lines E through G. Round all calculations to the nearest whole number. Do not complete that part of Page G14 titled "Elementary Building" through and including Line D if an elementary room schedule was not completed at Part F.

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 school district administration offices, **the total number of positions housed in the facility** should be listed on Page G14, Line H, **whether they are located in the new or existing areas of the building.**

This page allows for the determination of the Aggregate Building Expenditure Standard. Refer to the Part D instructions if there are any questions concerning the completion of these pages.

Attach the following if a referendum was held:

- copies of the notice of public hearing and proof of publication;
- copy of the referendum question; and
- certified copy of the referendum results.

FOR SITE ACQUISITION ONLY

The following information must be submitted only if reimbursement is being requested for the purchase of additional land acquired as part of this project.

PROPERTY DEED OR DECLARATION OF TAKING WITH ATTACHMENTS

Submit a copy of the property deed for each piece of property purchased. Submit a copy of the declaration of taking and any attachments which were filed for each piece of property acquired through condemnation.

**SETTLEMENT STATEMENT OR APPLICATION FOR PAYMENT
OF ESTIMATED JUST COMPENSATION**

Submit a signed and dated settlement statement with all closing costs for each piece of property purchased. For each piece of property acquired through condemnation, submit an application for payment of the estimated just compensation. Report the "Gross Amount Due from Borrower" from the settlement statement on Page G02, Line E-5a.

CLEAR TITLE CERTIFICATION

Include a copy of the title insurance binder or attorney's certificate issued before settlement that documents that the property title is free and clear for each piece of property purchased.

BILLS FOR INDEPENDENT APPRAISALS

For each piece of property purchased or acquired through condemnation, appraisals by two independent professional appraisers are required. As the appraisal fees are reimbursable, the bills for these appraisals must be submitted for reimbursement to be determined.

ACT 34 OF 1973
REQUIREMENTS FOR SECOND PUBLIC HEARING

INTRODUCTION

If the final building construction bids submitted to the Department (PlanCon Part G) are less than the aggregate building expenditure standard, but exceed by eight percent or more the initial construction cost estimates approved by the Department of Education (PlanCon Part D), a second public hearing must be held. Section 349.12(e) of the Department of Education's Standards does not establish specific public notice requirements for a second public hearing. The school district solicitor should determine the public notice requirements for the second hearing.

PUBLIC NOTICE REQUIREMENTS

Although Chapter 349, School Building Standards, does not define specific public notice requirements for a second public hearing, the Department of Education recommends that the following information be included in the public notice for the second hearing:

- Type of facility.
- Date, time and place of hearing.
- Maximum project cost based on bids (Page G03, Line I).
- Maximum building construction cost based on bids (Page G12, Line C).
- Date and location of original hearing.
- Purpose of the hearing (to inform the public about the difference between estimated project costs and costs based on project bids).

REQUIREMENTS FOR A PROJECT DESCRIPTION

Chapter 349, School Building Standards, does not define project description requirements for a second public hearing. The Department of Education recommends that the following information be included in the project description:

- An agenda for the meeting as well as the procedures to be followed during the public comment period.
- A brief description of the project and any special features.
- A listing and explanation of all direct project building costs, including but not necessarily limited to, the following pages from PlanCon Part G "Project Accounting Based Bids:"
 - Project Accounting Based on Bids (G02-G03);
 - Detailed Structure Costs (G04);
 - Act 34 of 1973: Maximum Building Construction Cost (G12);
 - Act 34 of 1973: Requirement for Second Public Hearing (G13).
- An explanation of the differences between the estimated project costs and costs following the receipt of project bids.

- A description of the net effect, if any, of the increased costs on the tax base in terms of mills.
- A copy of the notice of publication used to advertise the second Act 34 public hearing for the project.

Attach the following if a second Act 34 hearing was held:

1. copy of the notice of public hearing and proof of publication;
2. copy of the hearing agenda;
3. public comments received before, during and after the hearing; and
4. copy of the transcript or minutes of the public hearing.

Note: If a transcript is not submitted to the Department, an audio tape recording should be maintained so that a transcript can be produced if necessary. The Department of Education reserves the right to request a copy of any information distributed at the second Act 34 hearing.

SAMPLE NOTICE FOR SECOND ACT 34 HEARING

A second Act 34 public hearing will be held in the meeting room name at the building name, street address on hearing date & time about description of project building (the Project). The purpose of the hearing is to inform the public about the difference between the estimated project costs for the Project and the actual costs of the Project following receipt of bids, and to receive public comments.

The second Act 34 public hearing is being held pursuant to the Pennsylvania Public School Code of 1949, as amended. The Act 34 Maximum Project Cost for this Project based on bids is dollar amount. The Act 34 Maximum Building Construction Cost based on bids is dollar amount.

The first Act 34 hearing for this Project was held at building name, street address on hearing date & time.

A description of the Project may be obtained during the business hours of the school district at building name and address. All interested residents or taxpayers of the school district will have an opportunity to be heard at the public hearing. All interested persons may also submit written testimony to the secretary of the Board of School Directors until 12:00 noon on date established by the board.