

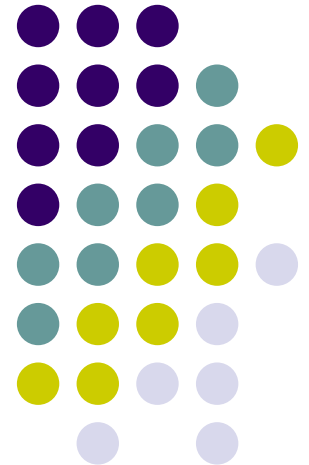
State College Area School District

Cost and Financing of the High School
Renovation and Additions Project

January 17, 2006

High School North Building

6:00 P.M.



Project Cost and Financing



- PlanCon Process
- Project Costs
- Bidding
- Financing
- Real Estate Tax Impact of Financing
- District Wide Master Plan Update
- Q&A

Pennsylvania Department of Education's PlanCon Process



- What is PlanCon?

“When a school district undertakes a major construction project and seeks reimbursement from the Commonwealth, a process known as PlanCon is initiated. PlanCon, an acronym for Planning and Construction Workbook, is a set of forms and procedures used to apply for Commonwealth reimbursement.”

Pennsylvania Department of Education's PlanCon Process



- What is PlanCon?

“The PlanCon forms are designed to:

(1.) document a local school district’s planning process.

(2.) provide justification for a project to the public

(3.) ascertain compliance with state laws and regulations; and

(4.) establish the level of state participation in the cost of the project

Pennsylvania Department of Education's PlanCon Process



- Eleven Parts; Part A through Part K
 - **Part A - Project Justification;** provides a description of the proposed project and the justification of its need.
 - 11/9/2005 – Board authorized submission to PDE
 - 2/9/2006 – PDE approval
 - **Part B – Schematic Design;** is a technical review conference of the conceptual drawings, site plan and educational specifications.
 - 11/9/2005 – Board authorized submission to PDE
 - 2/13/2006 – PDE approval
 - **Part C – Site Acquisition;** deals with acquisition of land for School building projects
 - Not Applicable to this Project

Pennsylvania Department of Education's PlanCon Process



- **Part D – Project Accounting Based on Estimates;** is concerned with estimated project costs, establishes Maximum Project Cost, Maximum Building Construction Cost and provides an Estimate of State Reimbursement. This part also addresses the requirements for public hearing (Act 34 Public Hearing) on school building projects.
 - Maximum Construction Cost = \$101,999,950
 - Maximum Building Construction Cost = \$63,349,000 (Costs associated with new construction less total excludable costs)
 - Act 34 applies only to costs for new construction. The legal requirements do not address the costs for alterations to existing structures

Pennsylvania Department of Education's PlanCon Process



- Act 34 Hearing booklet reviewed and approved by PDE prior to hearing
- 7/8/2006 – Act 34 Hearing
- 8/15/06 – 30-day public comment period concluded
- 9/13/2006 – Board authorized submission of Part D and Act 34 materials to PDE
- 11/22/2006 – PDE approval
- **Part E – Design Development;** is a technical review conference of the design development drawings and outline specifications.
 - 10/9/2006 - Board authorized submission of Part E
 - 12/21/2006 – Review conducted with PDE
 - 1/5/2007 – PDE approval

Pennsylvania Department of Education's PlanCon Process



- **Part F – Construction Documents;** is a conference to review the bid specifications and drawings for the project and documentation that other state and local agency requirements have been met or will be met before entering into construction contracts. PDE approval of Part F authorizes a district to receive bids and enter into construction contracts.
 - Review process will begin following release of bidding documents scheduled for *2/27/2007*
 - Part F – Attachment C will be submitted after bids are received and bid alternates are finalized.

Pennsylvania Department of Education's PlanCon Process



- **Part G – Project Accounting Based on Bids;** is concerned with actual construction bids. Costs reported in Part G are based on the awarded contracts. A project's eligibility for reimbursement is ultimately determined at Part G.
- **Part H – Project Financing;** addresses the financing used for a project. Calculation of the temporary reimbursable percent for a project's financing occurs at Part H. Once Part H is approved, reimbursement on a project commences.
- **Part I – Interim Reporting;** provides for reporting for change orders and/or supplemental contracts during construction.

Pennsylvania Department of Education's PlanCon Process



- **Part J – Project Accounting Based on Final Costs;** is the final accounting for the project. The permanent reimbursable percent is calculated at Part J.
- **Part K – Project Refinancing;** is used if a reimbursable bond issue is refunded, refinanced or restructured.

Pennsylvania Department of Education's PlanCon Process



- Reimbursement
 - In general, reimbursement for school construction projects is based on the capacity of a building which can be justified by present or projected student enrollment.
 - Classroom capacity is normally calculated on the basis of 25 students per regular classroom.
 - Other values are assigned to laboratories, gymnasiums, art rooms, music rooms, etc.

Pennsylvania Department of Education's PlanCon Process



- Reimbursement (continued)
- Reimbursement is determined by multiplying the rated pupil capacity times the legislated per pupil amount.

Secondary 3,257 x \$6,200 = \$20,193,400

Vocational 539 x \$7,600 = \$4,096,400

Subtotal \$24,289,800

Additional reimbursement for renovation

3,796 x \$620 = \$2,353,520

Assignable Site Costs = \$315,000

TOTAL Reimbursable Amount \$26,958,320

Pennsylvania Department of Education's PlanCon Process



- Reimbursement (continued)
 - Reimbursement is determined by multiplying the Total Reimbursable Amount times the applicable CARF or Aid Ratio assigned to the school district.
SCASD = .2891

Project Reimbursement

$$\$26,958,320 \times .2891 = \mathbf{\$7,793,650}$$

(approximately 8% of project costs)

Project Costs



“Hard Costs”
Bricks and Mortar



“Soft Costs”
Expenses, Fees, Equipment, Asbestos
Financing



“Project Contingency”



= TOTAL PROJECT COST



Project Costs

- 60% Document Completion
- North Site Only

“Hard Costs”

Bricks and Mortar



\$80,115,000

“Soft Costs”

Expenses, Fees, Equipment, Asbestos
Financing

\$13,480,000

“Contingency”



\$4,005,000

TOTAL PROJECT COST

\$97,600,000



Project Bidding

- Public Bid Process Required
- Minimum of 4 Prime Contracts required by state bidding regulations
- More than 4 Prime Contracts allowable and typical
- Bid Bond required as part of a Prime Contractor's Bid; 10% of the value of the bid is standard
- Prevailing Wage Rates Apply
- Award based on Lowest Qualified Bidder for each Prime Contract
- Performance Bond to be provided by all Prime Contractors following Award



Project Bidding

- Bidding results in coordination with the Act 34 Requirements:
 - If the maximum building construction cost, based on bids, is equal to or greater than the maximum building construction cost based on estimates plus 8%, a second Public Hearing will be required before entering into contracts and starting construction of an planned work

Board Resolution June 5, 2006

$\$63,349,000 \times 1.08 = \$68,416,920$

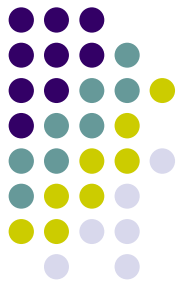
Revision based on removal of South Building

$\$61,101,110 \times 1.08 = \$65,989,199$



Project Bidding

- Bidding results in coordination with the Act 34 Requirements:
 - If the maximum building construction cost exceeds the aggregate building expenditure standard, the project will require an Act 34 Referendum.
 - Aggregate building expenditure standard is calculated by multiplying the Act 34 school building capacity x the legislated per pupil cost limit.



Project Financing

- General Obligations Bonds
 - 2004 \$10 Million (4.27%)
 - 2006 \$10 Million (4.13%)
 - 2007 \$58 Million*(3.88%-SWAP)
 - 2008 \$24 Million*
- Total \$102 Million

* Incurred but not Issued

Real Estate Tax Millage Impact for High School Project



State Reimbursement + 7.65% of Total Debt Service
1 Mill= \$ 1,943,485

Issue Date	2004	2005	2006	2007	2008	2009	2010	Millage Increase
\$102,050,000	\$10,000,000	\$0	\$10,000,000	\$58,050,000	\$24,000,000	\$0	\$0	
2005-06	0.19							0.19
2006-07	0.16		0.21					0.37
2007-08			0.07	1.43				1.50
2008-09			0.07	0.68	0.41			1.16
2009-10					0.20			0.20
2010-11					0.15			0.15
Total Project Millage	0.35		0.35	2.11	0.76	-	-	3.57
DWMP Millage	1.00	1.50	1.50	0.07	-	-	-	-

Millage Increase	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	Total
	0.19	0.37	0.07	1.09	0.20	0.15	2.07

Per Year Real Estate Tax Impact

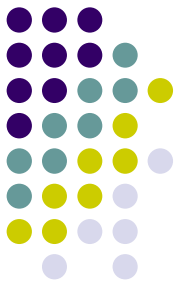


Millage Increase	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	Total
	0.19	0.37	0.07	1.09	0.20	0.15	2.07
1995 Assessed Value							
10,000	\$1.90	\$3.70	\$0.70	\$10.90	\$2.00	\$1.50	\$20.70
20,000	3.80	7.40	1.40	21.80	4.00	3.00	41.40
30,000	5.70	11.10	2.10	32.70	6.00	4.50	62.10
40,000	7.60	14.80	2.80	43.60	8.00	6.00	82.80
50,000	9.50	18.50	3.50	54.50	10.00	7.50	103.50
60,000	11.40	22.20	4.20	65.40	12.00	9.00	124.20
68,635	13.04	25.39	4.80	74.81	13.73	10.30	142.07
70,000	13.30	25.90	4.90	76.30	14.00	10.50	144.90
80,000	15.20	29.60	5.60	87.20	16.00	12.00	165.60
90,000	17.10	33.30	6.30	98.10	18.00	13.50	186.30
100,000	19.00	37.00	7.00	109.00	20.00	15.00	207.00
110,000	20.90	40.70	7.70	119.90	22.00	16.50	227.70
120,000	22.80	44.40	8.40	130.80	24.00	18.00	248.40
130,000	24.70	48.10	9.10	141.70	26.00	19.50	269.10
140,000	26.60	51.80	9.80	152.60	28.00	21.00	289.80
150,000	28.50	55.50	10.50	163.50	30.00	22.50	310.50



District Wide Master Plan

Feasibility Study 12/2001 Option 2 (15 year plan)				PlanCon A 11/2005			
Year	Project	Plan	Millions \$ Amount	Year	Project	Plan	Millions \$ Amount
2000 -2001	Easterly Parkway	Additions/Renovations	9.17	2000 -2001	Easterly Parkway	Complete	9.17
2000 -2001	Gray's Woods	New	8.40	2000 -2001	Gray's Woods	Complete	8.40
2001 -2002	Matternville	Sell	-0.80	2001 -2002	Matternville	Sold	-0.20
2002 -2003	Park Forest Elem	Additions/Renovations	9.40	2002 -2003	Park Forest Elem	Complete	11.30
2003 -2004				2003 -2004			
2004 -2005	North High School	Additions/Renovations	23.36	2004 -2005			
2005 -2006	College Heights	Sell	-0.80	2005 -2006	College Heights	Sell	-1.00
2006 -2007	Fairmount Ave(Delta & C.O.)	Additions/Renovations	10.40	2006 -2007	Fairmount Ave(Delta & C.O.)	Additions/Renovations	15.08
2006 -2007	South High School	Additions/Renovations	25.91	2007 -2008	North High School	Additions/Renovations	101.90
2007 -2008	Panorama Village	Additions/Renovations	6.86	2007 -2008	Panorama Village	Additions/Renovations	9.95
2008 -2009	Memorial Field	Additions/Renovations	2.50	2008 -2009	Memorial Field	Additions/Renovations	3.63
2009 -2010				2009 -2010			
2010 -2011	Boalsburg	Sell	-1.40	2010 -2011	Boalsburg	Sell	-1.75
2010 -2011	Houserville	Additions/Renovations	6.90	2010 -2011	Houserville	Additions/Renovations	9.61
2010 -2011	Radio Park	Additions/Renovations	5.96	2010 -2011	Radio Park	Additions/Renovations	8.64
2011 -2012				2011 -2012			
2012 -2013	Lemont	Sell	-1.60	2012 -2013	Lemont	Sell	-2.00
2013 -2014	Ferguson Township	Additions/Renovations	4.74	2013 -2014	Ferguson Township	Additions/Renovations	6.38
2014 -2015				2014 -2015			
2015 -2016	Corl Street	Additions/Renovations	5.33	2015 -2016	Corl Street	Additions/Renovations	6.50
2016 -2017				2016 -2017			
	Total Spending		114.33		Total Spending		185.61
	Estimated Reimbursement		-11.41		Estimated Reimbursement		-13.15
	Estimated Local Effort		102.92		Estimated Local Effort		172.46
Not Scheduled:				Not Scheduled:			
	Mount Nittany MS	Maintain as is			Mount Nittany MS	Maintain as is	
	Park Forest MS	Ongoing renovations Oper Bgt			Park Forest MS	Ongoing renovations Oper Bgt	
	Mount Nittany Playing Fields	Misc upgrades Oper Bgt			Mount Nittany Playing Fields	Misc upgrades Oper Bgt	
	Welch Field Update	Misc upgrades Oper Bgt			Welch Field Update	Misc upgrades Oper Bgt	
	High School - Community Field	Misc upgrades Oper Bgt			High School - Community Field	Misc upgrades Oper Bgt	



Questions?