

PlanCon Process Overview

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Pennsylvania Department of Education

- Documents a school district's (SD)/Career and Technical Center's school construction process
- Provides justification for a project to the public
- Ascertains compliance with School Code, Board of Education regulations, Basic Education Circulars (BECS) and Pennsylvania Department of Education (PDE) policy
- Establishes the level of commonwealth reimbursement

- 11 Parts A through K
- Alphabetical and sequential except:
 - Parts A and B function as one
 - Part C can be before Part A and as late as Part F
- Process revisits a variety of PDE requirements due to changes and refinements in a project's scope and costs

- The timeline for moving a project through the PlanCon process can be dictated by events beyond PDE's control, such as: school board reviews, contracting and bidding, and other agency reviews

Part	Number of Projects
Pending	101
A/B Approved	56
D approved	7
E approved	13
F approved	51
G approved	183

- The average amount of time from Part A through Part G is approximately 14 months (About two months for each step, except Part F, which takes approximately four months)

- District-wide facility study completed prior to, and within two years, of the Part A submission (submission must be an option evaluated in the study)
- Bringing the entire building up to reasonably current building and educational standards
- 20-year clock
 - A project building is eligible for reimbursement on a comprehensive project once every 20 years
 - Based upon a project's bid opening date
- 20 percent rule for alteration costs
 - Alteration costs are compared to 20 percent of the cost of a new building
 - This rule is not applicable to vocational facilities

Variations and Exceptions

- The PDE **cannot** grant variations or exceptions to legal requirements, for example:
 - Out-swinging doors
 - Multiple prime contracts
 - Reimbursement for only permanent improvements

- PDE **can** grant variations or exceptions to policy, for example:
 - 20-year clock - must be at least 10 years into the clock for consideration
 - 20 percent rule – must document that the school does not need much work for consideration

- First of three architectural reviews (reviewed in conjunction with Part A). Review conference via phone or in person
- Plans for site and facility needs; location of spaces and their uses
- Design comments are advisory in nature

- Need to consider at least three potential sites
- Public hearing and special Board meeting before Part C is submitted
- Agricultural Land/Preservation policy needs Department of Agriculture approval before PDE approves
- Part C approval needs to be issued by PDE before taking ownership
 - If purchasing site - C approval required before settlement
 - If condemning site - C approval required before the filing the “Declaration of Taking” with the court

- Preliminary reimbursement subsidy calculation
- Act 34 of 1973 (public hearing process)
 - Applies to new buildings and substantial additions
 - Review of Act 34 materials
- Financial indicators assessed
 - Spending more than 25 percent of local revenue toward construction debt?
 - Is local taxation able to afford this project?
 - Potential for distressed status?

- Second architectural review
- Revisitation of matters discussed at Parts A & B
- Review conducted via written documents
- Preliminary bid documents

- Third and final architectural review while project is out to bid. May be conducted via phone or in person
- Review construction documents for PDE compliance
 - Revisit items from Parts A through E
 - Other agency requirements must be in base bid
- Attachment C (Post-Bid Opening Certification form)
- Part F can also include the following submittals:
 - F phase – bid portion of project ahead of time
 - F rebid – redesign and/or rebid of all or some of project

- Project cost based upon bid award
- Act 34 of 1973 (public hearing process)
 - Calculations are revisited to determine if there is a need for a referendum and/or a second hearing
- Financial indicators (from Part D revisited)
- Compliance with 20 percent rule revisited
- Reimbursable eligibility ultimately determined
- With Part G approval, information is input into the budget system and the reimbursement formula is updated

- A project will have multiple Part H's if financing is procured in stages
- Temporary reimbursable percent issued inclusive of retainage currently at .05 percent
- Issuance of the Part H approval letter enables a district to submit their PDE 2071 form (invoice) to the Comptroller's Office for reimbursement on related amortization schedule payments made to date
- With Part H approval, budget system information is updated

- Reporting of changes during construction
 - Once the cumulative total is greater than plus or minus 3 percent or \$300,000 (whichever is less) of the total contract award amount, change orders and supplemental contracts greater than \$19,400 require Part I approval
 - Changes affecting Part F forms are an automatic Part I submittal
- Compliance with Act 34 of 1973 is revisited
- Part I approval letter must be issued by PDE before engaging in work or signing contracts as a condition of eligibility

- Final accounting after construction finished supported by Independent Auditor's Report
- Part J must be submitted within three years of bid opening date unless an exception is granted
- Permanent reimbursable percentage issued and retainage eliminated
- Recovery of overpayment or payment of retroactive reimbursement occurs
- With Part J approval, budget system information is updated

- Refunding, restructuring or refinancing of original bond issue(s) used to fund the project
- The number of Part K submittals is dictated by the volume of refinancing activity
- Reimbursable percentages recalculated and budget system updated

Components

- Base rate reimbursement
 - Additional incentives
 - Rough grading
 - Site sanitary sewage disposal
 - Site acquisition
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- Reimbursement formulas are unique to each project

Current Reimbursement Multipliers

- Elementary - \$4,700
 - Secondary - \$6,200
 - Vocational - \$7,600
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- Rates changed in 2005 (Act 46 of 2005)

Additional Incentive Funding (Act 46 of 2005)

- Replicating a design from the School Design Clearinghouse
 - New buildings only
 - Since 2005, four projects have qualified for this incentive
- Retaining an existing building
 - Approximately 75 percent of PlanCon projects retain an existing school building
- Obtaining at least a LEED Silver or Green Globes 2 Certification
 - Since 2005, approximately 90 projects indicated at Part F that they were pursuing this certification
- Each incentive adds approximately 10 percent to the base rate reimbursement formula amount

PlanCon Reimbursement Formula

Sample Calculation- New Elementary School Building

Calculation for a new elementary building with LEED Silver Certification and a full-time equivalent capacity of 500, which converts to a rated pupil capacity of 700. Actual project costs are \$4,000,000. The School District has a market value aid ratio of .6500.

1. Maximum Reimbursable Formula Amount

- a) Full-time equivalent capacity (20 classrooms x 25 per room) = 500
- b) Conversion of full-time equivalent capacity to rated pupil capacity (500 x 1.4 = 700)
- a) Rated pupil capacity multiplied by \$4,700 (legislated per pupil amount for elementary)
- b) Total Maximum Reimbursable Formula Amount
 $700 \times \$4,700 = \$3,290,000$

2) Actual Structure Costs Based on Bids	
a) Structure Costs	\$3,000,000
b) Architect's Fees (6% limit)	\$ 180,000
c) Movable Fixtures and Equipment	<u>\$ 50,000</u>
d) Total Actual Structure Costs	\$3,230,000

LESSER OF (1d) FORMULA OR (2d) ACTUAL COSTS \$3,230,000

3) Additional Funding for LEED Silver Certification
 $700 \times \$470 = \$329,000$

4) Specified Ancillary Costs	
a) Rough Grading to Receive the Building	\$ 30,000
b) Site Sanitary Sewage Disposal	\$ 10,000
c) Architect's Fee (6% limit)	\$ 2,400
d) Cost of Acquiring Site	<u>\$ 20,600</u>
e) TOTAL	\$63,000

ELIGIBLE ANCILLARY COSTS \$63,000

TOTAL REIMBURSABLE
PROJECT AMOUNT (2d + 3 + 4e) \$3,622,000

5) Other Projects Costs

Contingency, Supervision, Printing,
Financing Costs, etc. \$707,000

6) Total Project Costs (2d + 4e +5) \$4,000,000

The reimbursable project amount is then divided by the total project costs to determine a reimbursable percentage

A one-half percentage point reduction (ie: retainage) in the reimbursable percentage is not made until Part J is reviewed and approved by PDE

<u>REIMBURSABLE AMOUNT</u>		<u>PROJECT COSTS</u>		<u>REIMBURSABLE PERCENT</u>
\$3,622,000	÷	\$4,000,000	=	90.55%
				<u>-0.50%</u>
				90.05%

This percent is multiplied by the school district's bond issue (principal and interest payments) to determine the level of commonwealth participation in the cost of the project

The commonwealth's share is then multiplied by a measure of a district's wealth, i.e., Market Value Aid Ratio (MVAR) or Capital Account Reimbursement Fraction (CARF), or in some cases, a "Density Factor" of 50% (whichever is greater), to determine the net commonwealth subsidy

<u>Semi-Annual Payment (Principal & Interest)</u>		<u>Reimbursable %</u>		<u>MVAR</u>		<u>State's Share</u>
\$200,000	x	.9005	x	.6500	=	\$117,065

- Charter school lease reimbursements account for approximately 3 percent of the total PlanCon appropriation
- Charter schools submit PDE form 418 and verification statement
- Upon receipt, PDE verifies:
 - Charter school is not a cyber school
 - Lease building is not re-locatable structure/trailer/modular
 - Verification statement has been received and signed by the CEO
 - Information provided on verification statement and PDE form 418 match
 - Board certifies information on application

Contact the Division of Budget and School Facilities at
jweiser@pa.gov

Link to PlanCon forms and instructions

- http://www.education.pa.gov/Teachers%20%20Administrators/School%20Construction%20and%20Facilities/Pages/Forms-and-Instructions.aspx#.V3_pwH7D-po

Link to Act 25 of 2016 information

- http://www.education.pa.gov/Teachers%20%20Administrators/School%20Construction%20and%20Facilities/Pages/Act25of2016.aspx#.V3_qCX7D-po