

# Big Spring School District



## **PUBLIC HEARING**

on the proposed

# **Additions & Renovations to NEWVILLE ELEMENTARY SCHOOL**

To be held in the  
Big Spring High School Auditorium

Located at -  
100 Mt. Rock Road  
Newville, PA. 17241

On

**Monday, June 19, 2017  
At 6:00 PM**

Big Spring School District  
ACT 34 PUBLIC HEARING  
Additions / Renovations  
to  
Newville Elementary School

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## **AGENDA**

1. **CALL TO ORDER / INTRODUCTION** **Mr. Wilbur Wolf, Jr.**  
**Board President**
  
2. **HEARING, DULY CONSTITUTED** **Gareth Pahowka**  
By Stock & Leader **Solicitor**
  
3. **PURPOSE OF THE MEETING** **Dr. Richard Fry**  
(Need for the project) **Superintendent of Schools**
  
4. **PROJECT DESCRIPTION** **Chris Barnett**  
By Crabtree, Rohrbaugh & Associates **Senior Project Manager**
  
5. **FINANCIAL ANALYSIS** **Lauren Stadel**  
By RBC Capital Markets, LLC **Financial Advisors**
  
6. **PUBLIC COMMENT**  
Question and Answer Period
  - A. Pre-registered speakers / comments
  - B. Please raise hand, stand, and state name, address
  - C. One question at a time - five minute limitation per speaker
  
7. **ADJOURNMENT**

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## **INTRODUCTION**

The Board of School Directors of the Big Spring School District, Newville, Pennsylvania is providing this opportunity to inform the public as to the School Board's consideration of a project to renovate and construct additions to the Newville Elementary School, located in the Borough of Newville, North Newton Township, Pennsylvania.

The project is in response to a district-wide review of physical facility and academic program needs for the high school population.

This public hearing is being held in accordance with Act 34 of 1973 of the Commonwealth of Pennsylvania. The purpose is to have the District Administration, Architect and Financial Advisors present a proposal for the building renovation and new construction.

The specific purposes for this hearing are as follows:

1. Establish the **need** for the project by reviewing events leading to the Board's consideration to renovate and construct additions to the elementary school.
2. Review the various **options** considered by the Board prior to the decision to proceed with the current project proposal.
3. Describe the **construction elements** proposed to meet the educational program that serves as the basis for the project under consideration.
4. Present the estimated **construction cost**, the total project cost, indirect costs and the financial needs and estimate of the local tax impact of the project.
5. Provide citizens and residents an opportunity to offer **comments** and written testimony concerning the project.

Please feel free to participate during the comment period at the latter part of the presentation. An official transcript of the hearing is being recorded in order for the Board to consider and study your constructive comments, insights and observations.

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## **PROJECT NEED**

The Big Spring School District desires to undertake a building improvements project at the Newville Elementary School in order to address educational program and physical plant deficiencies currently existing at the site. It is the goal of the District to deliver educational and physical plant improvements for all elementary school students, faculty and staff in the building that result in an appropriate educational environment.

The building was originally constructed in 1963, received renovations to the HVAC and electrical systems in 2007, and a two-story classroom addition in 2010. A 2015 update to the district-wide feasibility study confirmed current educational program, site and building deficiencies. Classrooms operate similar to their construction in 1963, and limit instructional flexibility for 21<sup>st</sup> century programs. Additional classrooms are sought to meet the current educational program. Accessibility upgrades to meet current regulations are needed throughout the building. The renovation of the HVAC system was not comprehensive, limits the efficiency of the ground-source heat pump system, and with a two-pipe system can only be utilized in heat or cooling mode of operation. To increase energy efficiency, the exterior doors and windows are recommended to be replaced. Communication systems, including fire alarm, public address and data network should be expanded or upgraded throughout the facility.

The above-noted educational program and physical plant deficiencies indicate the building's existing conditions are unable to accommodate the educational and operational services required by students, faculty, staff and administration with ever-changing curriculums, state and federal mandates. With changing enrollments, new technologies, evolving curriculum and increasing accountability standards, the existing building is not spatially or educationally adequate to serve the programs of a 21st century elementary education.

These building improvements are needed to address the aforementioned educational program and physical plant deficiencies, provide equity to the respective programs. In addition, these improvements facilitate the academic achievement of the students and provide for a more efficient utilization of operational costs that benefit not only the school district but the community as well. These issues support the need for this Project.

State reimbursement criteria are an important consideration when defining the scope of building improvements. The Pa Department of Education (PDE) recognizes that every twenty (20) years a school building should be brought up to prevailing educational and reasonable construction standards and code compliance, meet the current and future educational program needs and accommodate the anticipated enrollment for the foreseeable future. That is why measures for reimbursement are set in place at that time to help with the financial burden. This building has exceeded PDE's own recommendation for upgrades to current construction standards, considering the year reimbursable renovations last took place.



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## **OPTIONS CONSIDERED**

The District analyzed several scenarios that explored the utilization of existing district buildings to meet the desired high school educational program and provide equal education to each student. Although each offered a possible solution, a few offered undesirable building organizations and/or compromises to the educational program.

### Option 1

|                              |  |
|------------------------------|--|
| Oak Flat Elementary School   | Maintain with capital improvement plan |
| Mount Rock Elementary School | Maintain with capital improvement plan |
| Newville Elementary School   | Maintain with capital improvement plan |
| Big Spring Middle School     | Maintain with capital improvement plan |
| Big Spring High School       | Maintain with capital improvement plan |
| Athletic Stadium             | Maintain with capital improvement plan |

### Option 2

|                              |  |
|------------------------------|--|
| Oak Flat Elementary School   | Maintain with capital improvement plan |
| Mount Rock Elementary School | Maintain with capital improvement plan |
| Newville Elementary School   | Additions and renovations              |
| Big Spring Middle School     | Maintain with capital improvement plan |
| Big Spring High School       | Maintain with capital improvement plan |
| Athletic Stadium             | Construct new field house              |

### Option 3

|                              |  |
|------------------------------|--|
| Oak Flat Elementary School   | Maintain with capital improvement plan |
| Mount Rock Elementary School | Maintain with capital improvement plan |
| Newville Elementary School   | Replace with new elementary school     |
| Big Spring Middle School     | Maintain with capital improvement plan |
| Big Spring High School       | Maintain with capital improvement plan |
| Athletic Stadium             | Construct new field house              |

Option 2 was chosen in order to address educational program deficiencies within the allocated budget. These educational programmatic improvements include:

- Construction of a two-story classroom and LGI addition.
- Construction of a kitchen addition and renovate the existing kitchen to storage.
- Construct a multi-purpose room addition and renovate the existing multi-purpose room.
- Renovate the HVAC system to complete the building conversion to a fully-operating ground source heat pump system.
- Replace exterior windows and doors for added efficiency and security.
- Replace and expand existing low voltage communication systems.
- Renovate existing classrooms to accommodate 21<sup>st</sup> century learning.

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## **PROJECT DESCRIPTION**

### **Site**

**Total Acreage:** 10.2-acre site, currently owned by the district.

**Shape & Topography:** Irregular perimeter shape, determined by existing roads and surrounding establishments. Topography is mostly level.

**Current Use:** Educational

**Public Road Access:** Primarily from Steelstown Road and West Street (to be maintained)

**Community Use Areas:** Athletic/play fields, new auditorium/stage.

**Available Utilities:** Electric, telephone, public sewer, water and geothermal.

**Noise Pollution:** None recognized.

**Site Circulation:** Separation of vehicular and bus traffic

**Wetlands:** None identified.

**Parking Count:** 72 spaces existing.

**Summary of Proposed Site Improvements:** Limited sidewalk/curbing repair/replacement, resurfaced drives/parking lot, and playground relocation.

### **Building**

**General:** Additions & renovations to existing facility, grades K-5, with 450 planned building FTE (per PDE Part A approval letter).

**Size:** 43,340 existing SF, 11,200 proposed new SF.

**Building Structure:** Existing building is two-story, steel framed construction. Proposed additions are one & two-story, masonry load bearing construction.

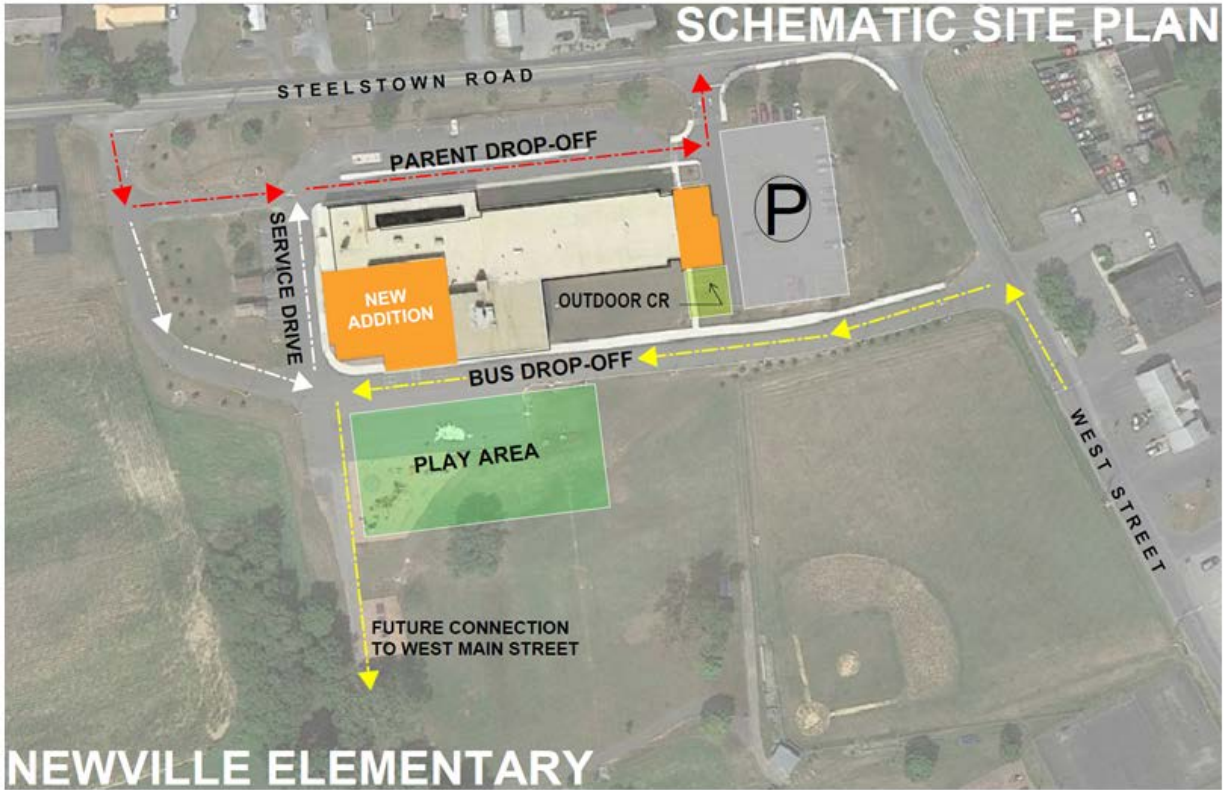
**Proposed Scope of Work:** Renovated areas include the existing kitchen, multi-purpose room and classroom wing (first and second floor). New construction includes a kitchen, multi-purpose room extension, classrooms, large group instruction rooms, storage and restrooms, as well as associated mechanical, electrical and plumbing systems.

All spaces under the scope of work are to meet PA Department of Education guidelines, and be designed to meet all current applicable codes.



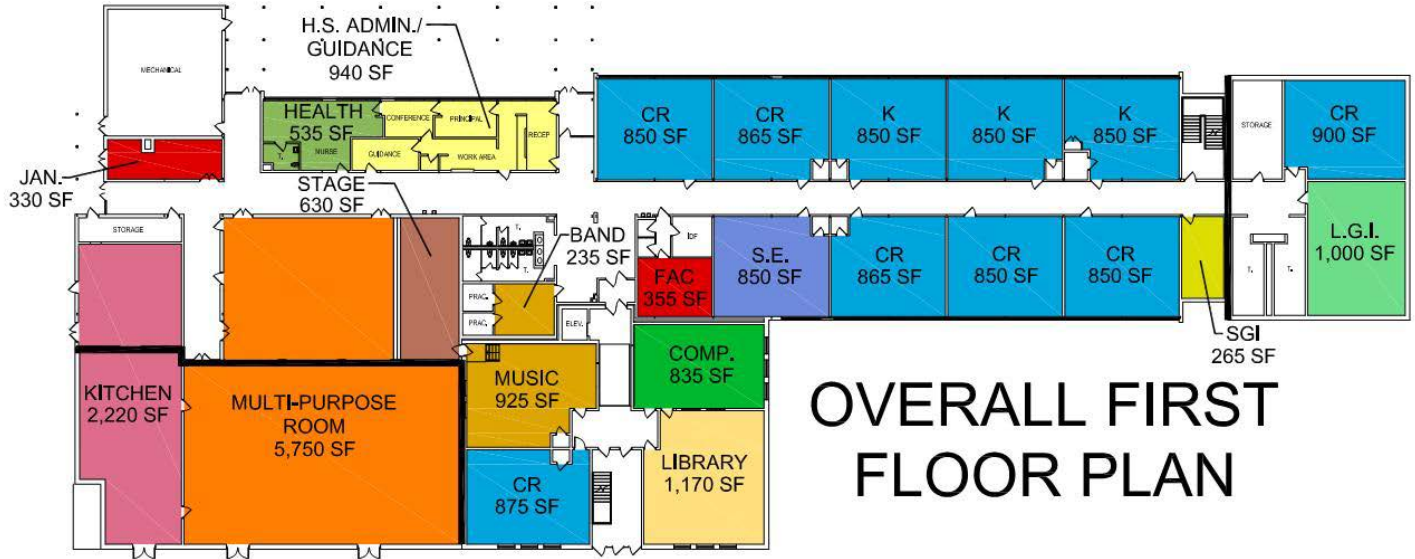
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**PROPOSED SITE PLAN**



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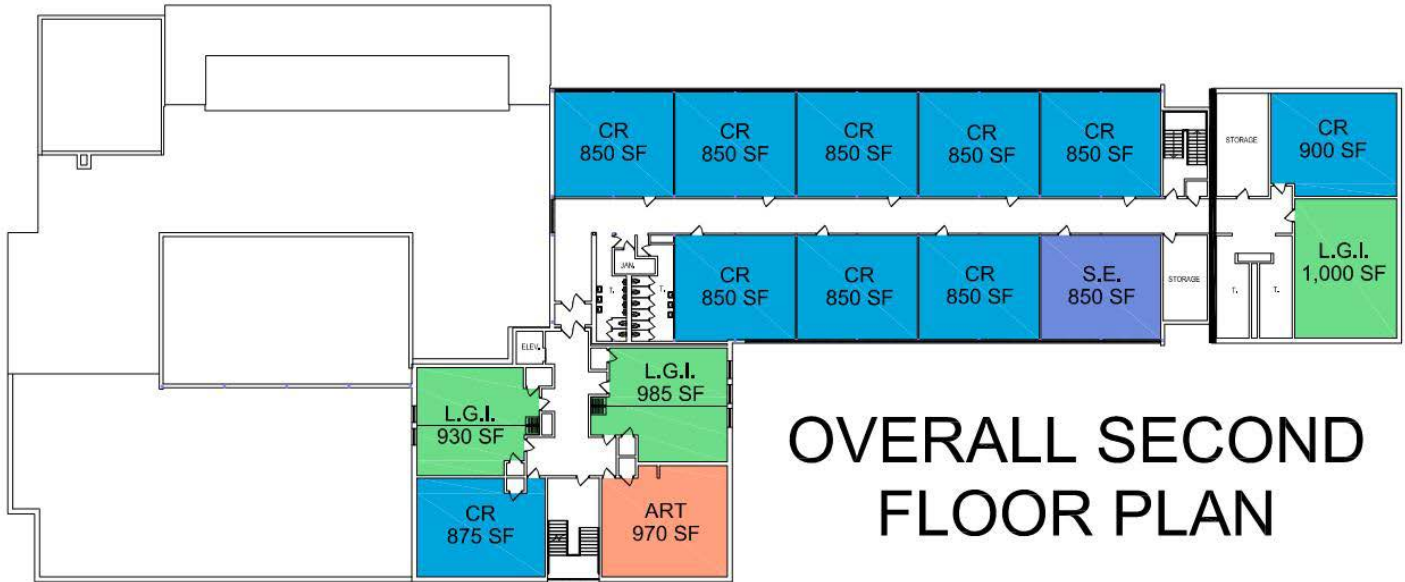
**PROPOSED FIRST FLOOR PLAN**



**OVERALL FIRST FLOOR PLAN**

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**PROPOSED SECOND FLOOR PLAN**



**OVERALL SECOND  
FLOOR PLAN**

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| PROJECT ACCOUNTING BASED ON ESTIMATES (1 of 2)  |  |             |           |
|---|--|-------------|-----------|
| District/CTC:<br>Big Spring School District   | Project Name:<br>Newville E.S. Additions & Renovations | Project #:  |           |
| ROUND FIGURES TO NEAREST DOLLAR   |  |             |           |
| PROJECT COSTS   | NEW  | EXISTING    | TOTAL     |
| <b>A. STRUCTURE COSTS</b> (include site development)  |  |             |           |
| 1. General (Report costs for sanitary sewage disposal on line E-1.)   | 1,415,900  | 2,017,600   | 3,433,500 |
| 2. Heating and Ventilating  | 380,800  | 1,049,600   | 1,430,400 |
| 3. Plumbing (Report costs for sanitary sewage disposal on line E-1.)  | 134,400  | 196,800     | 331,200   |
| 4. Electrical   | 380,800  | 1,049,600   | 1,430,400 |
| 5. Asbestos Abatement (D04, line C-3)   | X X X X X X  |             |           |
| 6. Building Purchase Amount   | X X X X X X  |             |           |
| 7. Other * (Exclude test borings and site survey)   |  |             |           |
| a. _____  |  |             |           |
| b. _____  |  |             |           |
| c. _____  |  |             |           |
| d. _____  |  |             |           |
| e. PlanCon-D-Add't Costs, Total   |  |             |           |
| A-1 to A-7 - Subtotal   | 2,311,900  | 4,313,600   | 6,625,500 |
| <b>8. Construction Insurance</b>  |  |             |           |
| a. Owner Controlled Insurance Program on Structure Costs (Exclude asbestos abatement, building purchase and other structure costs not covered by the program) |  |             |           |
| b. Builder's Risk Insurance (if not included in primes)   |  |             |           |
| c. Construction Insurance - Total   |  |             |           |
| 9. TOTAL-Structure Costs (A-1 to A-7-Subtotal plus A-8-c)   | 2,311,900  | 4,313,600   | 6,625,500 |
| <b>B. ARCHITECT'S FEE</b>   |  |             |           |
| 1. Architect's/Engineer's Fee on Structure  | 250,570  | 250,573     | 501,143   |
| 2. EPA-Certified Project Designer's Fee on Asbestos Abatement   | X X X X X X  |             |           |
| 3. TOTAL - Architect's Fee  | 250,570  | 250,573     | 501,143   |
| <b>C. MOVABLE FIXTURES AND EQUIPMENT</b>  |  |             |           |
| 1. Movable Fixtures and Equipment   | 128,498  | 256,996     | 385,494   |
| 2. Architect's Fee  | No Fee   | No Fee      |           |
| 3. TOTAL - Movable Fixtures & Equipment   | 128,498  | 256,996     | 385,494   |
| <b>D. STRUCTURE COSTS, ARCHITECT'S FEE, MOVABLE FIXTURES &amp; EQUIPMENT - TOTAL (A-9 plus B-3 and C-3)</b>   |  |             |           |
|   | 2,690,968  | 4,821,169   | 7,512,137 |
| <b>E. SITE COSTS</b>  |  |             |           |
| 1. Sanitary Sewage Disposal   |  |             |           |
| 2. Sanitary Sewage Disposal Tap-In Fee and/or Capacity Charges  |  |             |           |
| 3. Owner Controlled Insurance Program/Builder's Risk Insurance on Sanitary Sewage Disposal  |  |             |           |
| 4. Architect's/Engineer's Fee for Sanitary Sewage Disposal  |  |             |           |
| 5. Site Acquisition Costs   |  | X X X X X X |           |
| a. Gross Amount Due from Settlement Statement or Estimated Just Compensation  |  | X X X X X X |           |
| b. Real Estate Appraisal Fees   |  | X X X X X X |           |
| c. Other Related Site Acquisition Costs   |  | X X X X X X |           |
| d. Site Acquisition Costs - Total   |  | X X X X X X |           |
| 6. TOTAL - Site Costs   |  |             |           |
| <b>F. STRUCTURE COSTS, ARCHITECT'S FEE, MOVABLE FIXTURES &amp; EQUIPMENT, AND SITE COSTS - TOTAL (D plus E-6)</b>   |  |             |           |
|   | 2,690,968  | 4,821,169   | 7,512,137 |
| * Type "No Fee" beside each item for which no design fee is charged.  |  |             |           |

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| PROJECT ACCOUNTING BASED ON ESTIMATES (2 of 2)   |  |                                   |                                    |                                    |                            |
|--|--|-----------------------------------|------------------------------------|------------------------------------|----------------------------|
| District/CTC:<br>Big Spring School District  | Project Name:<br>Newville E.S. Additions & Renovations |                                   | Project #:                         |                                    |                            |
| ROUND FIGURES TO NEAREST DOLLAR  |  |                                   |                                    |                                    |                            |
| PROJECT COSTS (CONT.)  |  |                                   |                                    | TOTAL                              |                            |
| G. ADDITIONAL CONSTRUCTION-RELATED COSTS   |  |                                   |                                    |                                    |                            |
| 1. Project Supervision (inc. Asbestos Abatement Project Supervision)   |  |                                   |                                    |                                    |                            |
| 2. Construction Manager Fee and Related Costs  |  |                                   |                                    |                                    |                            |
| 3. Total Demolition of Entire Existing Structures and Related Asbestos Removal to Prepare Project Site for Construction of New School Building and Related AHERA Clearance Air Monitoring and EPA-Certified Project Designer's Fee on Asbestos Abatement (Exclude costs for partial demolition.) |  |                                   |                                    |                                    |                            |
| 4. Architectural Printing  |  |                                   |                                    | 17,500                             |                            |
| 5. Test Borings  |  |                                   |                                    | 4,500                              |                            |
| 6. Site Survey   |  |                                   |                                    | 10,000                             |                            |
| 7. Other (attach schedule if needed)   |  |                                   |                                    |                                    |                            |
| a. <u>Civil Engineer</u>   |  |                                   |                                    | 65,000                             |                            |
| b. <u>PlanCon-D-Add't Costs, Total</u>   |  |                                   |                                    | 173,555                            |                            |
| 8. Contingency   |  |                                   |                                    | 432,330                            |                            |
| 9. TOTAL - Additional Construction-Related Costs   |  |                                   |                                    | 702,885                            |                            |
| H. FINANCING COSTS<br>FOR THIS PROJECT ONLY  |  | BOND ISSUE/NOTE<br>SERIES OF 2017 | BOND ISSUE/NOTE<br>SERIES OF _____ | BOND ISSUE/NOTE<br>SERIES OF _____ | X X X X X X<br>X X X X X X |
| 1. Underwriter Fees  |  | 110,556                           |                                    |                                    | 110,556                    |
| 2. Legal Fees  |  | 23,570                            |                                    |                                    | 23,570                     |
| 3. Financial Advisor   |  | 39,037                            |                                    |                                    | 39,037                     |
| 4. Bond Insurance  |  |                                   |                                    |                                    |                            |
| 5. Paying Agent/Trustee Fees and Expenses  |  | 1,500                             |                                    |                                    | 1,500                      |
| 6. Capitalized Interest  |  |                                   |                                    |                                    |                            |
| 7. Printing  |  | 8,750                             |                                    |                                    | 8,750                      |
| 8. CUSIP & Rating Fees   |  | 17,016                            |                                    |                                    | 17,016                     |
| 9. Other   |  |                                   |                                    |                                    |                            |
| a. <u>DAC report</u>   |  | 550                               |                                    |                                    | 550                        |
| b. <u>Underwriter's Counsel</u>  |  | 3,750                             |                                    |                                    | 3,750                      |
| 10. TOTAL-Financing Costs  |  | 204,729                           |                                    |                                    | 204,729                    |
| I. TOTAL PROJECT COSTS (F plus G-9 plus H-10)  |  |                                   |                                    |                                    | 8,419,751                  |
| REVENUE SOURCES  |  | BOND ISSUE/NOTE<br>SERIES OF 2017 | BOND ISSUE/NOTE<br>SERIES OF _____ | BOND ISSUE/NOTE<br>SERIES OF _____ | TOTAL                      |
| J. AMOUNT FINANCED<br>FOR THIS PROJECT ONLY  |  | 8,050,000                         |                                    |                                    | 8,050,000                  |
| K. ORIGINAL ISSUE DISCOUNT/<br>PREMIUM FOR THIS PROJECT ONLY   |  | 365,864                           |                                    |                                    | 365,864                    |
| L. INTEREST EARNINGS<br>FOR THIS PROJECT ONLY  |  | 3,887                             |                                    |                                    | 3,887                      |
| M. BUILDING INSURANCE RECEIVED   |  |                                   |                                    |                                    |                            |
| N. PROCEEDS FROM SALE OF BUILDING OR LAND  |  |                                   |                                    |                                    |                            |
| O. LOCAL FUNDS - CASH (SEE INSTRUCTIONS)   |  |                                   |                                    |                                    |                            |
| P. OTHER FUNDS (ATTACH SCHEDULE)   |  |                                   |                                    |                                    |                            |
| Q. TOTAL REVENUE SOURCES   |  |                                   |                                    |                                    | 8,419,751                  |

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| DETAILED COSTS   |  |              |                 |
|--|--|--------------|-----------------|
| District/CTC:<br>Big Spring School District  | Project Name:<br>Newville E.S. Additions & Renovations | Project #:   |                 |
|  | NEW  | EXISTING     | TOTAL           |
| <b>A. SITE DEVELOPMENT COSTS<br/>(exclude Sanitary Sewage Disposal)</b>                  |  |              |                 |
| 1. General (include Rough Grading to Receive Building)                                   | 273,500  | 148,000      | 421,500         |
| 2. Heating and Ventilating   |  |              |                 |
| 3. Plumbing  |  |              |                 |
| 4. Electrical  |  |              |                 |
| 5. Other: _____  |  |              |                 |
| 6. Other: _____  |  |              |                 |
| 7. A-1 thru A-6 - Subtotal   | 273,500  | 148,000      | 421,500         |
| 8. Construction Insurance  |  |              |                 |
| a. Owner Controlled Insurance Program<br>on Site Development Costs                       |  |              |                 |
| b. Builder's Risk Insurance (if not included in primes)                                  |  |              |                 |
| c. Construction Insurance - Subtotal   |  |              |                 |
| 9. Site Development Costs - Total  | 273,500  | 148,000      | 421,500         |
| <b>B. ARCHITECT'S FEE ON SITE DEVELOPMENT</b>  | <b>17,775</b>  | <b>9,620</b> | <b>27,395</b>   |
|  |  |              | <b>EXISTING</b> |
| <b>C. ASBESTOS ABATEMENT</b>   |  |              |                 |
| 1. Asbestos Abatement  |  |              | -               |
| 2. AHERA Clearance Air Monitoring  |  |              |                 |
| 3. Asbestos Abatement - Total (D02, line A-5)  |  |              |                 |
| <b>D. EPA-CERTIFIED PROJECT DESIGNER'S FEE ON ASBESTOS<br/>ABATEMENT (D02, LINE B-2)</b> |  |              |                 |
| <b>E. ROOF REPLACEMENT/REPAIR</b>  |  |              |                 |
| 1. Roof Replacement Repair   |  |              | -               |
| 2. Owner Controlled Insurance Program on Roof Replacement/Repair                         |  |              |                 |
| 3. Builder's Risk Insurance (if not included in primes)                                  |  |              |                 |
| 4. Roof Replacement/Repair - Total   |  |              |                 |
| <b>F. ARCHITECT'S FEE ON ROOF REPLACEMENT/REPAIR</b>                                     |  |              |                 |
|  |  |              | -               |

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| ACT 34 OF 1973: SUBSTANTIAL ADDITION DETERMINATION |  |            |
|--|--|------------|
| District/CTC:<br>Big Spring School District        | Project Name:<br>Newville E.S. Additions & Renovations | Project #: |

Act 34 of 1973 applies to all new school buildings, district administration offices and substantial building additions. A building addition is considered substantial when its planned architectural area divided by the existing structure's architectural area is greater than 20%. If your project includes an addition, use the following calculations to determine the applicability of Act 34.

|  |  |
|--|--|
| A. Architectural Area - Addition                   | <u>11,200</u> sq. ft.<br>(A20, line E-2) |
| <b>INPUT AREAS FROM<br/>APPROVED PART A</b>        |  |
| B. Architectural Area - Existing Structure         | <u>43,362</u> sq. ft.<br>(A20, line E-1) |
| C. Act 34 Percentage<br>(A divided by B times 100) | <u>25.83</u> %<br>(ROUND TO 2 DEC PL)    |

**ACT 34 HEARING  
 REQUIRED**

Act 34 of 1973 requires a public hearing and the distribution of specific project information for school construction projects involving the construction of a new building or a substantial addition to an existing structure. If Act 34 hearing requirements apply to this project, the following pages should be completed and submitted to the Pennsylvania Department of Education.

FIRST PUBLIC HEARING (if applicable)

|                        |           |
|------------------------|-----------|
| Date Advertised        | 5/29/2017 |
| Date Hearing Conducted | 6/19/2017 |

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 ACT 34 PUBLIC HEARING  
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| ACT 34 OF 1973: MAXIMUM BUILDING CONSTRUCTION COST<br>FOR NEW BUILDING OR SUBSTANTIAL ADDITION ONLY   |   |  |
|---|---|--|
| District/CTC:<br><b>Big Spring School District</b>  | Project Name:<br><b>Newville E.S. Additions &amp; Renovations</b> | Project #:   |
| <p>Act 34 applies only to costs for new construction. The legal requirements do not address the costs for alterations to existing structures. For this reason, costs associated with the existing structure and other related costs should <u>not</u> be included in the following calculations.</p>            |   |  |
| <p>A. STRUCTURE COST, ARCHITECT'S FEE, MOVABLE FIXTURES AND EQUIPMENT (D02, line D-NEW) <span style="float: right;">\$ <u>2,690,968</u></span></p>  |   |  |
| <p>B. EXCLUDABLE COSTS FOR NEW CONSTRUCTION</p>   |   |  |
| 1. Site Development Costs (D04, line A-7-NEW)   | \$ <u>273,500</u>   | <p>THE FIGURE ON LINE A SHOULD <u>NOT</u> BE ADOPTED BY THE BOARD.</p> |
| 2. Architect's Fees on the above excludable costs   | \$ <u>17,775</u>  |  |
| 3. Vocational Projects Only - Movable Fixtures & Equipment (D02, line C-3-NEW)  | \$ _____  |  |
| 4. Total Excludable Costs (B-1 plus B-2 and B-3)  | \$ <u>291,275</u>   |  |
| <p>C. ACT 34 MAXIMUM BUILDING CONSTRUCTION COST (A minus B-4)</p>   |   | <p>\$ <u>2,399,693</u></p>   |
| <p>THE BOARD MUST ADOPT THE FIGURE ON <u>LINE C</u> BEFORE SCHEDULING THE FIRST ACT 34 HEARING.</p>   |   |  |
| <p><u>IF THE MAXIMUM BUILDING CONSTRUCTION COST BASED ON BIDS IS EQUAL TO OR GREATER THAN THE MAXIMUM BUILDING CONSTRUCTION COST BASED ON ESTIMATES PLUS EIGHT PERCENT (LINE D), A SECOND PUBLIC HEARING WILL BE REQUIRED BEFORE ENTERING INTO CONTRACTS AND STARTING CONSTRUCTION ON ANY PLANNED WORK.</u></p> |   |  |
| <p>D. ACT 34 MAXIMUM BUILDING CONSTRUCTION COST TIMES 1.08 (C times 1.08)</p>   |   | <p>\$ <u>2,591,668</u></p>   |
| <p>THE FIGURE ON LINE D SHOULD <u>NOT</u> BE ADOPTED BY THE BOARD.</p>  |   |  |



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**BIG SPRING SCHOOL DISTRICT  
ANALYSIS OF FINANCING ALTERNATIVES – DIRECT COST STUDY**

We have analyzed several alternative methods of financing additions and renovations to the Newville Elementary School (the “Project”). We have also estimated the direct costs of financing, all as required by Department of Education regulations issued November 4, 1978.

Analysis of Alternatives

The alternatives of financing which we examined are:

1. Cash or a short-term loan.
2. A local general obligation bond issue.
3. A local authority issue.
4. State Public School Building Authority (SPSBA).

Analysis of the School District’s recent financial statements and of the financing projections in connection with this Project indicated that a short-term bank loan was not feasible.

We also analyzed the remaining alternatives which would require the School District to incur long-term debt. For each alternative we estimated a bond issue and average annual debt service. Financing costs for each were slightly different due to the nature of the issue structure and entity issuing the debt. These costs are presented on the attached Table I.

Based on these estimates, at this time the least costly alternative for financing the capital projects is through the use of a General Obligation Bond Issue. This alternative also offers the School District the advantage of increased flexibility and control over the construction of the project, structure of the Bond Issue, investment of Bond Proceeds and more favorable refunding provisions. The School District anticipates funding the Project with a completed Series of 2017 general obligation bond issue.

**STATE REIMBURSEMENT**

The State reimburses a School District for a portion of the principal and interest which the School District pays each year on its bonds. The amount of the reimbursement is determined by two factors - the percentage of the Project determined by the Department of Education to be reimbursable and the School District’s Market Value Aid or CARF ratio. Current estimates by the Architect indicate that the Project will have a net effective reimbursement of approximately 23.18% after taking into consideration the School District’s 2016-17 CARF of 61.59%. Therefore, for each dollar paid by the School District toward principal and interest, the state will reimburse the School District approximately 23 cents for the Project. There can be no assurances that the State will pay reimbursement to the District. The financial analysis for this Act 34 Hearing assumes no reimbursement and the debt is 100% local effort.

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**TABLE I**

**Big Spring School District  
Comparison of Various Methods of Financing  
Newville Elementary School**

| <u>Costs</u>                                    | <u>General<br/>Obligation</u> | <u>Local<br/>Authority</u> | <u>SPSBA</u> |
|---|-------------------------------|----------------------------|--------------|
| Costs of Construction:<br>Elementary School (1) | 8,215,022                     | 8,215,022                  | 8,215,022    |
| Financing Costs: (2)                            |                               |                            |              |
| Bond Discount                                   | 110,556                       | 114,556                    | 113,556      |
| Legal Fees                                      | 23,570                        | 30,000                     | 29,000       |
| Financial Advisor                               | 39,037                        | 44,000                     | 43,000       |
| Printing & Miscellaneous                        | 8,750                         | 9,750                      | 9,250        |
| Rating & CUSIP                                  | 21,316                        | 23,423                     | 22,423       |
| Paying Agent                                    | <u>1,500</u>                  | <u>3,000</u>               | <u>2,500</u> |
| Total Requirements                              | 8,419,751                     | 8,439,751                  | 8,434,751    |
| Less:   |                               |                            |              |
| Interest Earned (3)                             | 3,887                         | 3,887                      | 3,887        |
| Original Issue Premium                          | 365,864                       | 365,864                    | 365,864      |
| Size of Bond Issue                              | 8,050,000                     | 8,070,000(4)               | 8,065,000(5) |

- (1) Includes total Project Costs for Project appearing on PLANCON D-02, Contingency Fund Allowances and funds for Project Management.
- (2) Financing Costs are estimates based upon recent averages and fees realized from bond issues sold in the municipal market.
- (3) Interest earnings on construction funds being available from investments based upon approximate payout schedule and possible use for millage phase-in.
- (4) A local authority would have annual administrative expenses, which have not been included in these calculations.
- (5) SPSBA average annual payment is calculated assuming higher interest rates for a general obligation bond issue as compared to rates for a revenue bond issue.

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**Debt Service and Millage Impact**

Table IIA and IIB is a summary of the projected debt service and approximate millage impact anticipated by the completion of the Project. The School District is funding the Project with a completed Series of 2017 general obligation bond issue in a wrap-around debt structure.

It is anticipated that the required funds for the School District’s share of debt service requirements will be derived from using available general fund balances and using existing debt related mills currently in the budget which become available as previous bond issues are retired. ***As you can see per Table IIB, the District anticipates minimal new millage requirements from the issuance of the new debt. This is possible through the wrap-around debt structure and the use of district reserves over the next several years.***

Based upon the current value of 1 collected mill being \$1,556,000, the millage impact and debt service analysis is shown on Tables IIA and IIB. The supporting bond amortization schedules are shown as attachments. The breakdown of Indirect Costs (assumption of zero new mills needed per attached) follows the discussion on the Direct Costs.

**Table IIA**

| <u>Average Annual<br/>Debt Service (1)</u> | <u>Net Debt Service<br/>After State<br/>Reimbursement (2)</u> | <u>Mills Required<br/>for Direct Debt</u> | <u>Total Mills<br/>Required for Direct<br/>and Indirect Costs</u> |
|--|---|---|---|
| \$942,536                                  | \$724,056   | 0.46 Mills<br>0.28 Mills (3)              | 0.46 Mills<br>0.28 Mills (3)(4)                                   |

1. Average annual share from Fiscal Total column totals on attached debt service schedule. (The Project will require 64% of the total \$12,635,000 Series of 2017 Bond issue, therefore; this table uses 64% of the total average annual debt service of \$1,472,713. PLEASE NOTE: Per the attached wrap around debt schedule the average annual debt service is less the first eight years of the debt structure and greater the last four years of the structure. This structure minimizes the new millage requirements required for the Project)
2. Assumes a temporary project reimbursement of 37.64% X 2016-17 aid ratio of 61.59% which equals 23.18% for the Bonds.
3. Table IIB attached to show the millage impact of the wrap-around debt structure for the completed Series of 2017.
4. Indirect costs result in a net savings to the School District and will therefore not add any additional mills to the project.

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**Big Spring School District**

Millage Requirement Study - Series of 2017 Bonds, \$12,635,000  
18-May-17

Act 34 Study - Table IIB

| Date         | Total Net Outstanding D/S (1) | Series 2017 Bonds \$12,635,000 (2) | Less: Interest Earnings/ SD Reserves | Total Net Debt    | Value of 1 Mill (3) | New Mills    | Total Mills in Place | Dollars Appropriated | Budget Surplus (Deficit) |
|--------------|-------------------------------|------------------------------------|--------------------------------------|-------------------|---------------------|--------------|----------------------|----------------------|--------------------------|
| 2017         | 3,162,398                     | 0                                  |                                      | 3,162,398         | 1,556,626           | 0.000        | 2.06                 | 3,206,650            | 44,252                   |
| 2018         | 3,269,101                     | 408,870                            | 133,534                              | 3,544,437         | 1,556,626           | 0.217        | 2.28                 | 3,544,437            | 0                        |
| 2019         | 3,339,293                     | 486,390                            |                                      | 3,825,683         | 1,556,626           | 0.218        | 2.50                 | 3,883,782            | 58,098                   |
| 2020         | 3,339,304                     | 486,328                            |                                      | 3,825,632         | 1,556,626           | 0.000        | 2.50                 | 3,883,782            | 58,150                   |
| 2021         | 3,343,298                     | 486,250                            |                                      | 3,829,548         | 1,556,626           | 0.000        | 2.50                 | 3,883,782            | 54,233                   |
| 2022         | 3,338,340                     | 486,163                            |                                      | 3,824,503         | 1,556,626           | 0.000        | 2.50                 | 3,883,782            | 59,279                   |
| 2023         | 3,342,723                     | 486,063                            |                                      | 3,828,785         | 1,556,626           | 0.000        | 2.50                 | 3,883,782            | 54,997                   |
| 2024         | 3,393,416                     | 485,950                            |                                      | 3,879,366         | 1,556,626           | 0.000        | 2.50                 | 3,883,782            | 4,416                    |
| 2025         | 3,322,795                     | 560,825                            |                                      | 3,883,620         | 1,556,626           | 0.000        | 2.50                 | 3,883,782            | 162                      |
| 2026         | 0                             | 3,883,425                          |                                      | 3,883,425         | 1,556,626           | 0.000        | 2.50                 | 3,883,782            | 357                      |
| 2027         | 0                             | 3,883,175                          |                                      | 3,883,175         | 1,556,626           | 0.000        | 2.50                 | 3,883,782            | 607                      |
| 2028         | 0                             | 3,880,925                          |                                      | 3,880,925         | 1,556,626           | 0.000        | 2.50                 | 3,883,782            | 2,857                    |
| 2029         | 0                             | 1,900,925                          |                                      | 1,900,925         | 1,556,626           | 0.000        | 2.50                 | 3,883,782            | 1,982,857                |
| 2030         | 0                             | 0                                  |                                      | 0                 | 1,556,626           | 0.000        | 2.50                 | 3,883,782            | 3,883,782                |
| 2031         | 0                             | 0                                  |                                      | 0                 | 1,556,626           | 0.000        | 2.50                 | 3,883,782            | 3,883,782                |
| 2032         | 0                             | 0                                  |                                      | 0                 | 1,556,626           | 0.000        | 2.50                 | 3,883,782            | 3,883,782                |
| 2033         | 0                             | 0                                  |                                      | 0                 | 1,556,626           | 0.000        | 2.50                 | 3,883,782            | 3,883,782                |
| 2034         | 0                             | 0                                  |                                      | 0                 | 1,556,626           | 0.000        | 2.50                 | 3,883,782            | 3,883,782                |
| 2035         | 0                             | 0                                  |                                      | 0                 | 1,556,626           | 0.000        | 2.50                 | 3,883,782            | 3,883,782                |
| 2036         | 0                             | 0                                  |                                      | 0                 | 1,556,626           | 0.000        | 2.50                 | 3,883,782            | 3,883,782                |
| 2037         | 0                             | 0                                  |                                      | 0                 | 1,556,626           | 0.000        | 2.50                 | 3,883,782            | 3,883,782                |
| 2038         | 0                             | 0                                  |                                      | 0                 | 1,556,626           | 0.000        | 2.50                 | 3,883,782            | 3,883,782                |
| <b>TOTAL</b> | <b>29,850,668</b>             | <b>17,435,288</b>                  | <b>133,534</b>                       | <b>47,152,422</b> |                     | <b>0.435</b> |                      |                      |                          |

(1) Annual Net Debt Service for Series of 1999 PLGIT Note, 2012, 2013, 2015, 2016 and 2016A Bonds.

(2) GO Bonds, Series of 2017 \$12,635,000 dated April 13, 2017. Average Coupon 3.37% (3.15% yield). Local Effort 100%.

(3) FY2015-16 collect mill is worth \$1,556,626 and it remains constant (per the administration September 2015)

(4) District currently funded to approximately \$3,205,000 for annual debt service

## **BOARD RESOLUTION** **MAXIMUM BUILDING CONSTRUCTION COSTS**

### **RESOLUTION**

WHEREAS, the Board of School Directors of Big Spring School District ("the School District") has determined that improved elementary school facilities are required for this School District and has authorized certain preliminary steps to be taken to plan, design, acquire, construct, furnish and equip proposed additions, renovations and site improvements to the Newville Elementary School building and facilities of the School District (the "Project"); and

WHEREAS, the Pennsylvania Public School Code of 1949, as amended and supplemented, including amendments made pursuant to Act 34 of the Session of 1973 of the General Assembly (the "School Code"), requires, inter alia, that a public hearing be held prior to construction or the entering into of a contract to lease a new school building or to construct a substantial addition to an existing school building; and

WHEREAS, in accordance with the requirements of the School Code a public hearing is required to be held in connection with the Project; and

WHEREAS, the School Code requires that a Notice of such public hearing be advertised twenty (20) days prior to such hearing, that certain information be made available to persons in attendance at such hearing and that certain financial information be available for inspection by interested citizens during the period of such advertisement; and

WHEREAS, the Board of School Directors wishes to take certain action with respect to the Project, and desires to authorize its Architect, Solicitor and Financial Advisor to take certain action with respect to the Project.

NOW THEREFORE BE IT RESOLVED by the Board of School Directors of the Big Spring School District, Cumberland County, Pennsylvania, as follows:

1. This School District hereby authorizes a public hearing to be held in connection with the Project in accordance with and in compliance with the requirements of the School Code, in the District Administration Office, Newville, Pennsylvania, on Monday, June 19, 2017, at 6:00 P.M.
2. The Secretary of the Board of School Directors is hereby authorized and directed to advertise the Public Hearing Notice set forth in Exhibit "A" (with such revisions and modifications as may be requested or directed by the Pennsylvania Department of Education), which is attached hereto and made part hereof, in accordance with the requirements thereof and of the School Code.
3. This School District authorizes a "total project cost" of \$8,419,751 and an "Act 34 maximum building construction cost" of \$2,399,693 in connection with the Project.
4. The Board of School Directors of this School District hereby authorizes and approves preparation of a description of the Project in accordance with prior decisions of this Board and upon approval thereof by the Superintendent of this School District in consultation with

**BIG SPRING SCHOOL DISTRICT**

Newville Borough, North Newton Township, Cumberland County, Pennsylvania  
Act 34 Hearing - Additions / Renovations to Newville Elementary School

the Solicitor of this School District, the Board of School Directors hereby directs the Secretary of the Board of School Directors of this School District to make copies of such description of the Project available to interested citizens requesting the same at the place and during the reasonable hours stated in the Public Hearing Notice, and also to make such description available to the public media as required by Act 34 of the School Code.

5. This School District hereby authorizes the law firm of Stock & Leader, Solicitor of this School District, the firm of Crabtree, Rohrbaugh & Associates, Architects of this School District, and the firm of RBC Capital Markets, LLC., the Financial Advisor of this School District, to perform such acts on behalf of this School District as may be necessary in connection with the Project.
6. This School District approves, ratifies and confirms all action heretofore taken in connection with the Project.
7. Prior resolutions or parts thereof, insofar as the same shall be inconsistent herewith, are hereby repealed.

DULY ADOPTED by the Board of School Directors of this School District this 22<sup>nd</sup> day of May, 2017.

Big Spring School District

By:   
\_\_\_\_\_  
Wilbur E. Wolf, Jr., President  
Board of School Directors

**BIG SPRING SCHOOL DISTRICT**  
Newville Borough, North Newton Township, Cumberland County, Pennsylvania  
Act 34 Hearing - Additions / Renovations to Newville Elementary School

CERTIFICATE

The undersigned, being the Secretary of the Big Spring School District, Cumberland County, Pennsylvania (the "School District"), hereby certifies: that the foregoing is a true and correct copy of a Resolution which was duly adopted by the affirmative vote of a majority of all of the members of the Board of School Directors (the "Board") of the School District at a meeting of the Board duly convened and held according to law on Monday, May 22, 2017, at which meeting a quorum was present; that said Resolution has been duly recorded in the minutes of the Board; that the votes of the members with respect to the Resolution have been duly recorded in the minutes of the Board; and that said Resolution is in full force and effect and has not been amended, altered or repealed, as of the date of this Certificate.

The undersigned further certifies that the Board of the School District met the advance notice requirements of the Sunshine Act of the General Assembly of the Commonwealth of Pennsylvania, by advertising said meeting and by posting prominently a notice of said meeting at the principal office of the School District and at the public building in which said meeting was held, all in accordance with such Act.

IN WITNESS WHEREOF, the undersigned has executed this Certificate, as Secretary of the School District, and has affixed the official seal of the School District this 22nd day of May, 2017.



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Robert L. Barrick  
Secretary, Big Spring School District

**Big Spring School District  
ACT 34 PUBLIC HEARING  
Additions / Renovations  
to  
Newville Elementary School**

## **PUBLIC HEARING NOTICE**

Please take notice that a public hearing will be held in the Big Spring High School Auditorium, located at 100 Mt. Rock Road, Newville, Pa on Monday, June 19, 2017 at 6:00 p.m. for the purpose of reviewing all relevant matters relating to the construction and equipping of the proposed additions and renovations to the Newville Elementary School.

A description of the Project, including facts relative to educational, physical, administrative, budgetary and fiscal matters of the project, will be presented and will be available for consideration at this public hearing, and, beginning Tuesday, May 23, 2017 a description booklet will be available during business hours at the Big Spring School District Administration Building located at 45 Mt. Rock Road, Newville, Pa. for viewing only.

The Board of School Directors of the Big Spring School District by resolution duly adopted has authorized the following maximum project cost and maximum building construction cost in connection with the project:

|   |                    |
|---|--------------------|
| Act 34 Maximum Building Construction Cost<br>(Structure Cost, Design Fees, Movable Fixtures and Equipment,<br><i>LESS</i> Site Costs) | <b>\$2,399,693</b> |
| Other Estimated Project Costs<br>(Site Costs and remaining Project 'Soft' Costs)  | <b>\$6,020,058</b> |
| Estimated Total Project Costs   | <b>\$8,419,751</b> |

This public hearing is being held pursuant to the requirements of PA 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.

Any and all interested parties may attend and be heard at the public hearing. Interested parties that want to be placed on the public hearing agenda may submit their names and written testimony to the District Office (address listed above) until 12:00 noon on Friday, June 16, 2017. All testimony will be limited to five minutes per speaker. Additional testimony will be received from the floor at the hearing.

Additional comments regarding the project will be received by the School Board Secretary until 12:00 noon, Thursday, July 20, 2017.