

Palmyra Area School District

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PALMYRA AREA SCHOOL DISTRICT MOVES FORWARD WITH RENOVATIONS

The Palmyra Area School District has experienced the largest growth rate of all school districts within Lebanon/Lancaster counties during the preceding 10-year period. During this time, the district has grown almost 16% from an enrollment of 3,226 students in the 2006-07 school year to an enrollment of 3,736 students in the 2016-17 school year. Due to this large enrollment growth, the district responded with the building of the Lingle Avenue Elementary School that opened in the 2011-12 school year. The enrollment has also impacted the Palmyra Area Middle School over that same time period, as the building has seen enrollment growth from 727 students to the current 868 students. Based on enrollment studies completed by the PA Economic League, the Middle School will house 900-940 yearly during the next 10-year period, causing the current facility to be insufficient to accommodate this growth.

During the district's feasibility study, areas of concern also arose at Forge Road Elementary School and Northside Elementary School. The Forge Road facility requires an update to mechanical systems, some dating back to the 1960s, and renovations to the building's envelope to maximize energy efficiency and safety. The Northside facility requires modifications to the main entrance/office area to also further address safety issues.

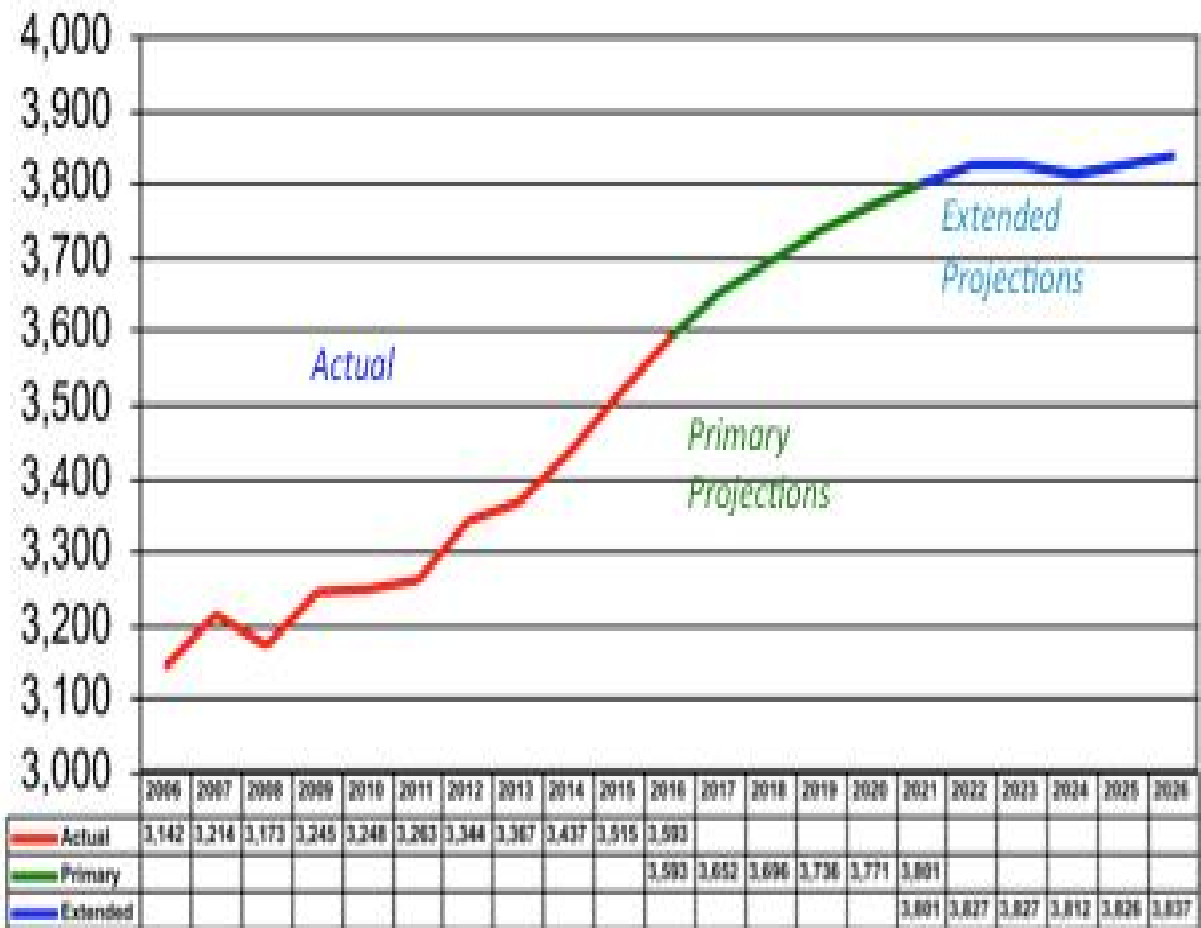
The Board of Directors took action to approve a Memo of Understanding with Reynolds Building Solutions for engineering and design services in the amount of \$65,000, including projections of guaranteed energy savings, for building projects at the Middle School, Forge Road Elementary School and Northside Elementary School. This is the first formal step in what is anticipated to be a series of board actions in the upcoming months to approve a contract for architect services for design of a Middle School addition, construction management services, an amendment of the existing Guaranteed Energy Savings Agreement with Reynolds, and the first of two bond issues.

TIMELINE

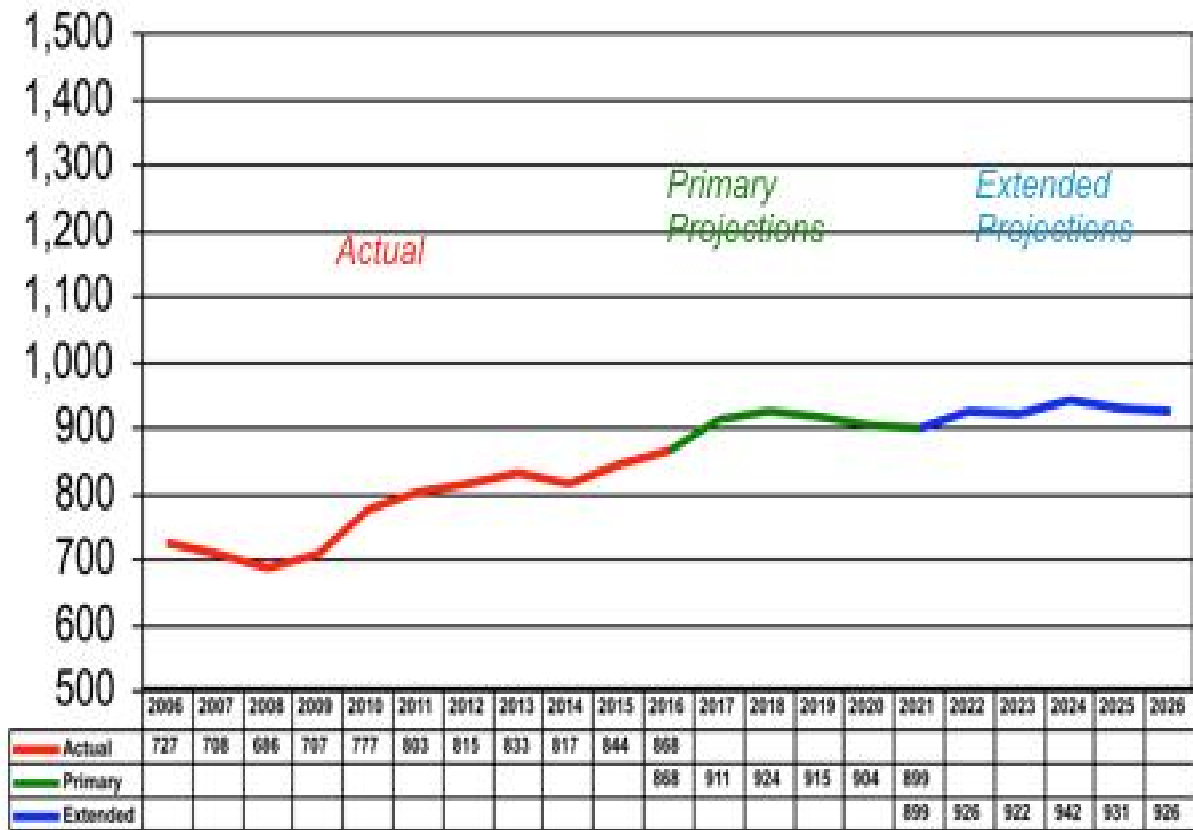
The following are highlights of the efforts of the Board and Administration over the past three years to study and plan for facility needs. Various documents referenced as attachments will be posted on the District's website at www.pasd.us.

- Focus Group Report - RLPS Architects released its report on May 7, 2014 summarizing results of meetings with six focus groups including students, facilities and athletic staff, administration, faculty, the Board of Directors and the public. (Attachment)
- Feasibility Study - RLPS Architects presented its first draft on July 9, 2015 showing options ranging from renovations to existing facilities only, a Middle School addition with no change in grade configuration and two options for new grade configurations.
- Updated Feasibility Study - RLPS presented revisions on February 25, 2016 with updated Middle School drawings utilizing courtyard space for the addition and no changes to current grade configurations. Note: This reflected direction from the Board and Administration based on review of the initial draft and further prioritization. (Attachment - Note: Estimates at this stage do not include soft costs of approximately 20% of project cost.)
- Pennsylvania Economy League Enrollment Projections - the District contracted with PEL in February of 2016 to provide updated projections from the last study conducted in 2012. The final report was released in December of 2016. (Attachment)

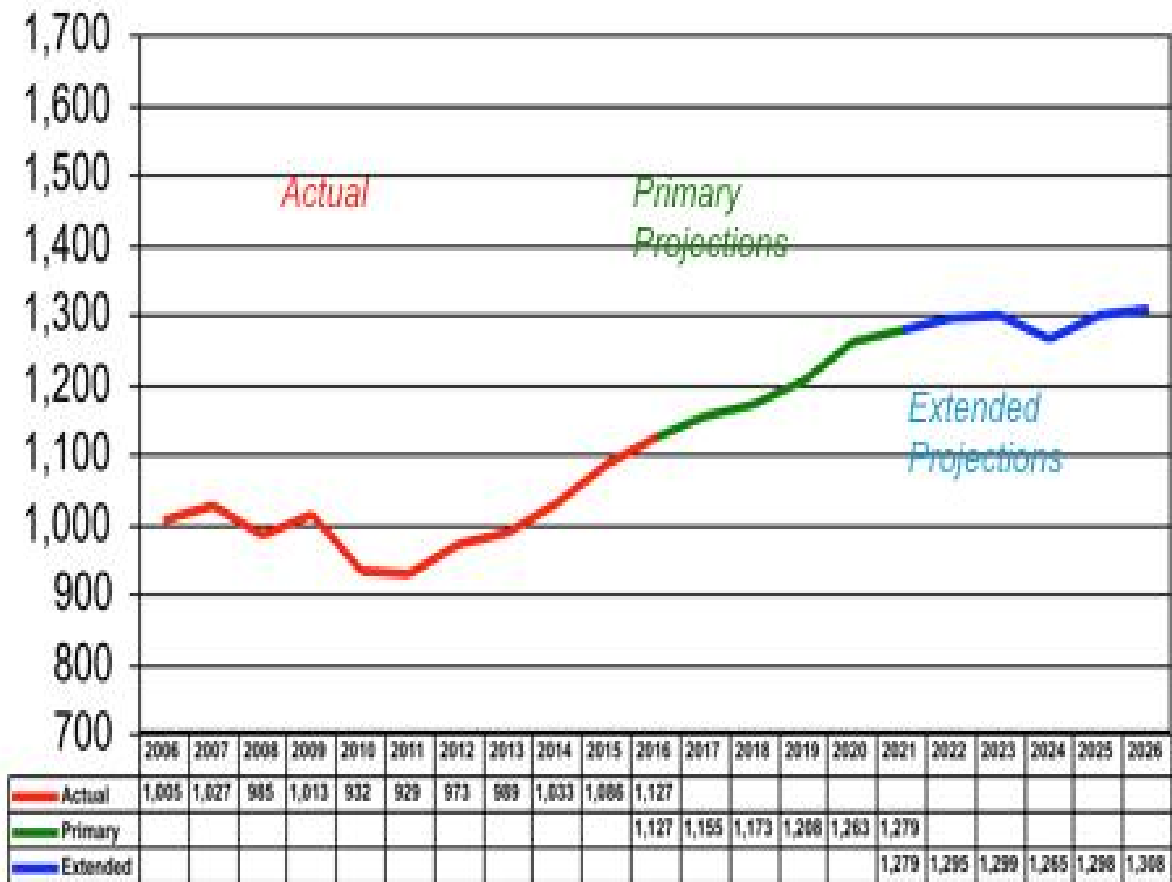
Total Enrollments



Middle School Enrollments (6-8)



High School Enrollments (9-12)



- Building Tours of the Middle School, Forge Road and Northside Elementary Schools were conducted in the summer/fall of 2016 for Board members to view existing building conditions.
- Middle School Administration presented an overview of needs on November 3, 2016, including an assessment of current classroom space needs and a projection of necessary staffing needs to accommodate the enrollment growth.

Year	Core Teachers	Special Education Teachers	Unified Arts Teachers	Teachers without Adequate Classrooms
2016-17	31	9	13	8
2017-18 with proposed additional staff	33	10	13	11
2018-19 with proposed additional staff	35	10	14	14

- Reynolds Building Solutions presented a recommendation for a Hybrid Construction project on November 3, 2016. The advantages to this approach are lower costs and a more condensed design time frame allowing for completion of a Middle School addition one year sooner. The structure of the contracts combines an amendment to the existing Guaranteed Energy Savings Agreement with Reynolds (for updated HVAC controls systems at 5 buildings) and a traditional Plancon project (with Architect to be selected for design services) for the Middle School addition. The scope for the hybrid project continues to be refined based on meetings with Middle School Administrators, Buildings & Grounds staff and professionals from Reynolds. (Attachment)
- Financial Advisors from RBC Capital Markets provided a Debt Review in December 2016 with updated projections for several levels of borrowing. (Attachment)
- In conjunction with this three-year study, a committee of PAEF (Palmyra Area Education Foundation) has been meeting since July of 2016 to develop recommendations for a turf field and athletic complex and fundraising efforts to support it.

PROJECTED TAX INCREASES

The Administration has prepared long-range projections of revenues and expenditures for the next five years.

The chart below shows the projected maximum tax increases available under Act 1. The long-range projections indicate that the maximum tax increases would be needed to support the projected debt service for the Renovations project and the projected staffing increases to support enrollment growth. On this chart, the history of real estate tax increases is provided. The projected tax increases are in line with the larger than normal tax increases needed over five years to support the debt service for the construction of the Lingle Avenue Elementary School which opened in the 2011-12 school year.

HISTORY OF ACT 1 EXCEPTIONS

**Preliminary Budget
February** **Final Budget
June**

BUDGET YEAR	INDEX	PRELIM MILLS	INCREASE PERCENTAGE	ACTUAL MILLS	INCREASE PERCENTAGE	
2007-08	4.10%	84.00	9.10%	84.00	9.10%	
2008-09	5.20%	91.00	8.33%	88.25	5.06%	
2009-10	4.90%	94.25	6.80%	91.75	3.97%	
2010-11	3.60%	97.75	6.54%	95.05	3.60%	
2011-12	1.70%	99.10	4.29%	98.75	3.90%	Lingle Ave Opens
2012-13	2.10%	102.15	3.44%	100.00	1.27%	
2013-14	2.10%	102.10	2.10%	13.011	0.90%	
2014-15	2.60%	13.567	4.27%	13.225	1.60%	
2015-16	2.40%	14.023	6.03%	13.520	2.23%	
2016-17	3.00%	14.278	5.60%	13.920	2.96%	
2017-18	3.20%	14.660	5.32%	TBD	TBD	Maximum = 6.35%

LONG-RANGE PROJECTIONS - Maximum Under Act 1 Using Available Exceptions

	Est'd Index		
2018-19	3.00%	15.237	3.94%
2019-20	3.00%	16.001	5.01%

2020-21	3.00%	16.535	3.34%
2021-22	3.00%	17.080	3.29%