

**MINUTES OF THE OCTOBER 9, 2015
PUBLIC SCHOOLS OVERCROWDING &
REPAIR NEEDS COMMITTEE MEETING**

1. Opening Items

a. Call to Order

The meeting of the Public Schools Overcrowding & Repair Needs Committee was called to order at 9:00 a.m. at the Washoe County Complex, 1001 East Ninth Street, Caucus Room, Reno, Nevada.

b. Roll Call & Introductions

Chairman Shaun Carey and Committee Members Assemblywoman Teresa Benitez-Thompson, Bridget Burckhard, Mike Cate, Dana Galvin, Josh Hicks, Mike Kazmierski, Todd Koch, Greg Peek, Dylan Shaver, Kevin Sigstad, Senator Debbie Smith, and Len Stevens were present. Committee member Anthony Carano was not present at the time of roll call. Committee member County Commissioner Marsha Berkgigler was absent from the meeting.

2. Public Comment

There was no public comment at this time.

3. Items for Discussion and Possible Action

a. Approval of the Minutes of the September 25, 2015 Meeting

This item was pulled from the agenda. The item will return to the committee for consideration at a future meeting.

b. Discussion and possible action to select future meeting dates

Some committee members expressed concerns about the meetings being conducted on Fridays because there was a difficulty to maintain a quorum at prior meetings. A discussion was held on other days and times committee members would be available for regular meetings. It was the consensus of the committee to continue to meet every other Friday morning and that the conference call feature would be available at the meetings so if there were conflicts, committee members would have the option of calling in for the meetings.

c. Presentation on Economic Development Update

Mike Kazmierski, Economic Development Authority of Western Nevada (EDAWN), provided a presentation on the economic growth that was occurring in the region. The presentation had been provided to a number of groups and organizations in the community. It was important the committee understood the growth that would be occurring so they would understand the secondary impact of that growth on the schools. The economic outlook had dramatically changed in the past four years for the region. More and more companies and people now viewed the region as a technological and university area instead of a "second-tier" gaming community because of the rebranding that had occurred. The economic boom would continue because of numerous entrepreneurial efforts and connections to the Bay Area that would bring additional companies.

Mr. Kazmeirski noted that if EDAWN could get a company to visit the region, there was over a 70% chance that company would expand or relocate to the region. EDAWN used the visits to show the positive impacts the community could make to the company. Companies would visit for about 3 days, so EDAWN was able to show them numerous aspects of the community that would provide benefits to them if they relocated to the region, including the university and work force development. While the Tesla and Switch announcements were big deals in terms of jobs, for EDAWN the announcements were more important in terms of showing that the region was able to be a business friendly community. EDAWN had targeted advanced manufacturing companies starting 5 years ago and had been very successful, so they were now looking at other businesses, especially technology. He reviewed the number of companies that would be coming to the region or considered the area as a finalist but had not made the final decision yet. Currently, the companies that were seriously considering the region for relocation would bring at least as many jobs as Tesla would and the jobs would arrive sooner than the ones with Tesla. Additionally, many of the companies that were already here were planning to grow their workforces.

Mr. Kazmeirski explained that during the 1990's the average growth rate for the region was about 2.2% and the historical average was 1.2%; however, in 2014, the region had a 3.3% growth rate and EDAWN was projecting a 4-5% annual growth rate over the next 4-5 years. He reviewed the Economic Planning Indicators Committee (EPIC) report that was released early in 2015 and presented three different growth rate scenarios for the region. The local governments were currently using "Scenario B" for their planning purposes related to infrastructure; however, there was some concern the figures were too conservative and the impact could be larger. A heat map was presented that showed where in the area growth was likely to occur, which was important to the committee because it would show where schools might need to be built. He concluded the presentation by explaining that the figures in the report would be updated through an executive report in the coming weeks.

A discussion was held on the potential tax revenue of the anticipated growth. The EPIC report did include some information related to additional tax revenue; however, it was difficult for governments to “get ahead” of the growth because until the growth occurred and settled, there was no revenue associated with it.

Assemblywoman Benitez-Thompson asked how the growth projects would impact the District specifically. Pete Etchart, Chief Operations Officer, stated that, using the same scenario as other local governments, the District anticipated an additional 1,000 students per year. The committee held a discussion on how quickly the region needed to act on the information. If the local governments did not begin to plan for the increase now, then by the time they realized there was a problem, it would be too late.

Mr. Peek indicated that it would be important to define which proposed housing developments were ready for construction. He felt there were a number of developments that had been approved by one of the governmental agencies, but not others and most of the maps used by governments showed what had been approved and not what was ready for development. A discussion was held on the processes developers had to go through related to the approval of housing developments and how it applied to the School District.

Chairman Carey opened the meeting to public comment.

Fred Boyd requested clarification on the definition of the “region.” Mr. Kazmierski explained that the “region” included a 5 county region, of which Washoe County counted for 85%. Initially much of the growth would occur in Washoe County; however, if the County was not able to keep up with the growth, it would spill over into the other counties, such as Lyon and Storey Counties.

Bill Horn wondered if there was confidence in the amount of collaboration between all governmental agencies (city, county, and state) in the region. Mr. Kazmierski mentioned that there were a number of elected officials who had expressed skepticism in the projections and were not willing to try to get ahead of the anticipated growth, but since EDAWN was beginning to provide updates on the EPIC report showing growth the elected officials were reconsidering their opinions and wanting to be more aggressive in their planning. As a regional issue, there appeared to be more support related to economic growth than with other issues. He was hopeful that collaboration and support would continue, though governments tended to be conservative in their interpretation of the figures because there was not a lot they could do without the additional revenue to be responsive.

John Everhart asked if the State of Nevada would be assisting the region with infrastructure projects since they were the ones that provided the tax breaks for Tesla to come to the area. Mr. Kazmierski indicated that the much of the tax break Tesla received from the State was related to taxes other states did not have, so in many ways they were not receiving very much from Nevada. The other portion was tax abatement and would not be realized until they were operating in the State, and even then, they would still be paying taxes though they would be less. The "incentives" Nevada provided were not on par with what other states could offer due to Nevada Revised Statutes. Additionally, the State had not provided any indication they would provide assistance to the counties and cities for projects that were traditionally their responsibility.

Chairman Carey asked the committee if there was additional information they would like to receive based on the presentation at future meetings. The committee requested the executive updates on the projected growth as they became available. Additionally, the committee would need to know how the anticipated population increase would translate into school enrollment growth. Mr. Kazmierski noted that the District had participated in the EPIC meetings so they would be able to review the information and have their demographer determine the impact on the schools.

- d. Presentation, discussion and possible action to accept the information presented on current and proposed tax revenue projections for the potential ballot question to fund school construction as authorized and explained by Senate Bill 411

Committee member Anthony Carano was present through phone conference.

Marty Johnson, JNA Consulting Group, LLC., indicated the committee had requested additional information at the September 25, 2015 meeting on the impact of the different taxes. He noted that the information was an estimate on the amount of funding that might be provided based on various tax rates. It was important for the committee to remember that there was a difference between the District using revenues for "pay as you go" financing and bonding capacity. The District had to have a reasonable expectation that they would be able to spend all bond monies within a three year period due to Internal Revenue Service requirements. Due to the requirements, the District would typically bond for 18 to 24 months of capital projects.

Mr. Johnson reviewed the funding matrix for different rates of a sales tax increase. The bonding capacity, pay as you go amounts, and interest the District would be required to pay were shown over a 30 year period. The assumption was made that the growth in sales tax would remain steady at 5% so the actual amounts could be more or less than the examples shown. A discussion was held on the total amount the District would receive less the interest paid. The annual impact to a family of four

would be presented at a future meeting. A concern was expressed that the figures provided were based on a flat growth rate and did not include the anticipated growth. Mr. Johnson explained that additional information related to the taxes and potential growth would be provided later in the presentation; however, he did caution that the figures were based on a 10-year growth projection and did not extend 30 years.

Chairman Carey opened the meeting to public comment.

Bill Horn wondered what some of the reasons the voters would have for not agreeing to the proposed tax increases presented.

Mr. Johnson continued with the presentation and reviewed the funding matrix related to proposed property tax rate increases. It was important to remember the potential property tax would be outside of the current cap and abatement cap; the potential property tax would track assessed value and could go up or down. The District would be able to bond more against the revenue because it was a more stable tax source than sales tax, though property taxes might not bring in the same amount as sales taxes. A discussion was held on the concern that a property tax increase would not get the District the amount of funding it required for capital projects and that Washoe County was already at the cap for property taxes, even if the new tax would be allowed; both issues were potential negatives for the committee because it was more likely voters would not approve the increase.

Mr. Johnson presented the funding matrix for a Real Property Transfer Tax for the District. The rates proposed were per every \$500 of transaction value. The pay as you go amounts associated with the Real Property Transfer Tax were greater than other taxes, but the bonding capacity was less. It was important to remember that the tax was also a one-time fee on the transaction of the sale of property and not paid annually, so if there were fewer transactions with lower values, the amounts would decrease.

Mr. Johnson reviewed the Governmental Services Tax and Room Tax and proposed revenue. He then showed the committee the total and annual funding that could be generated between Fiscal Year 2016 and Fiscal Year 2024 for each of the taxes at different rates. To determine the annual funding for the taxes, the total revenue was divided by 9. A discussion was held on if the District would have to return to the voters after 10 years to request additional bonding ability. The District would only have to return to the voters for an additional roll over bond. The revenue sources presented to the committee would remain in effect for however long it was approved for. For example, if a 30-year sales tax were approved by the voters, the sales tax would be in effect for 30 years.

The committee requested additional information on how each of the proposed increases in taxes would affect each socio-economic group in the community and how the taxes would affect different industries. Lindsay Anderson, Director of Government Affairs, indicated that the information requested was beyond the scope of expertise of the District so they would reach out to others in the community to try to provide the information. Some members of the committee expressed concern that some of the taxes would not provide the amount of funding the District would require, so it would be important to figure out which tax and rate would provide the amount needed first and then look at what the cost would be for the individuals. The positives and negatives of each tax and rate would also need to be discussed. The current capital project revenues for the District should be presented as well so the committee would know what the difference was in the available funds versus needs. It would be important to note that during previous bond issues for the District, those who voted against the bonds were located in areas of the County where schools were not currently overcrowded.

- e. Presentation, discussion and possible action to accept the information presented on estimated cost of school construction in the Washoe County School District

Pete Etchart, Chief Operations Officer, presented the committee with information on the estimated costs of school construction. The District had not built a school in a number of years, so it was important to remember the costs were estimates and could be more or less than what was being presented. The estimates were: \$23 million for elementary schools, \$55 million for middle schools, and \$110 million for high schools. The costs did include some of the costs associated with land, but not the full cost. Developers were not required to provide land for schools in Nevada, so there were times when the District would have to purchase property. The costs presented were determined by reviewing the information of previously built schools and adding interest to show present day costs; however, the costs were not as accurate because of the different models used for schools. Schools had increased in square footage due to the nature of education and needing more specialized classroom space, as well as looking at adding different grades to schools, such as 6th grade to middle schools. Architectural plans for schools would have to be updated because it had been so long since the District built a school.

Mr. Etchart noted that the District had reached out to consultants to provide their estimated of what the costs would be, as well as providing their own estimates. The final figures were based on not only previous District costs, but the costs in other Western States and the costs used in Clark County. A comparison between all costs was presented. He reminded the committee that neither land nor water rights were included in the costs.

Mr. Hicks wondered why it was so much cheaper to build schools in some of the other Western States. Mr. Etchart remarked that he was not sure of why there was such a large difference. Mr. Cate noted that many other Western States required developers to donate land for new schools and had impact fees associated with new housing developments, which could account for some of the differences. A discussion was held on the differences in costs between Washoe and Clark Counties and the respective school districts ability to bond.

Mr. Peek asked if the District had looked into various options to reduce the costs of building schools. Mr. Etchart reiterated that it had been a number of years since the District built a school, so new options would have to be considered. Some of the options could save the District money, but it would be important that any school design meet the educational philosophy of the District and building code requirements. The schools in the area were also built to last for a hundred years and not built to be replaced in 35-40 years. It would be important to look at alternatives though and determine if there were ways for the District to reduce costs. The Board of Trustees would be having a conversation soon regarding the use of non-traditional buildings as schools and the information would be presented to the committee as well.

- f. Presentation and discussion on current enrollment and projected enrollment and potential changes to school operations as directed by Washoe County School Board Policy

Pete Etchart, Chief Operations Officer, provided the committee with a report on current and projected enrollment for the District. As of the last count day in the District on September 4, 2015, there were currently 63,724 students in the District, which represented a 1.0% enrollment growth over the last school year. Enrollment was lagging behind population growth for the area at the time; however, prior to the Great Recession, enrollment growth outpaced population growth and averaged 3.5% annually. The difference between then and now was that the District was able to build new schools because they had the ability to access more in property taxes. He explained the District's demographer would provide information to staff on enrollment projections for individual schools to plan for classroom planning. One of the issues though was that there were additional requirements for specialized classrooms.

Mr. Etchart reviewed Administrative Regulation 6111, School Calendars/Schedules to Relieve Overcrowding, which had been presented to the Board. Definitions and explanations of the terms used in the Regulation were provided. He noted that during the 2016-17 School Year there would be 35 elementary schools at 105% capacity and remain that way for at least 3 years and would be considered for a multi-track year round calendar. The "Conversion Threshold" approved by the Board of Trustees was 120% of base capacity for a school and would automatically trigger a multi-track year

round calendar. For the 2016-17 School Year, 5 elementary schools would be at the Conversion Threshold and converted to multi-track year round calendars for the 2017-18 School Year. The Conversion Threshold was based on the student safety and academic outcomes. The Board of Trustees, Superintendent Davis, and all District staff were aware of the challenges and concerns from parents and families regarding multi-track year round calendars and would not be proposing the change if there were any other viable options.

Mr. Peek asked if the portable classrooms were part of the calculations. Mr. Etchart indicated the portables were not used in determining the base capacity figures for a school. While portables could increase classroom space, they would not add space to the main structure or the capacity of areas such as the cafeteria or office. Additionally, the portables did remove some use of the playground for students. If a school was interested in utilizing a portable classroom, they would have to show that the portable would have to keep the school out of the 120% threshold for at least 2 years.

Mr. Shaver wondered if the conversion of schools to multi-track would remove some of the new schools the District anticipated needing. Mr. Etchart stated that if the multi-track calendar was adopted District-wide, the need for new elementary schools would be reduced. It was difficult to provide maintenance and renovations on multi-track schools because there were only a few weeks a year when there were not students in the schools.

Chairman Carey opened the meeting to public comment.

John Everhart asked when students would be in school and when students would be out of school. Mr. Etchart indicated that it would depend on which track the student was on. Instead of having an entire summer off, a student would have the breaks divided through the year, such as June and February or September and March. District staff was currently working on a multi-track calendar that would be able to be provided to the community. The District was using lessons learned from the last time some of the schools had used a multi-track calendar because staff wanted to improve the whole process. The multi-track, year round option was not available for middle or high schools because of electives and specialized classes offered, graduations, and testing. For middle and high schools, the only option would be double sessions, which would have one session starting at about 6:30 a.m. and getting out about noon, and the second session starting at 12:30 p.m. and getting out at 7:30 p.m. Additional information on multi-track would be presented to the committee at their next meeting.

The committee held a discussion on the options of constructing larger schools. There were concerns regarding the quality of education children would receive if schools were too large because the idea of the "community school" became smaller. An option

that could be considered for future schools would to be built schools with the ability to add additional stories or other features.

Chairman Carey wondered if the District would receive the same educational benefits from multi-track as they received with the current balanced calendar. Mr. Etchart indicated he was not sure and Superintendent Davis could address the question at a later time. It was important to note that multi-track would provide smaller class sizes. Most of the complaints the District received related to the multi-track calendar were related to family life and having students at different schools and on different schedules. Lindsay Anderson, Director of Government Affairs, remarked that multi-track calendars usually had about 10 less days of instruction than the traditional 180-day school calendar. The school days were slightly longer to make up for the lost days. The State had also indicated there were issues with standardized testing and multi-track calendars because there was a fixed window when the tests would have to be completed, so some students did not receive the same instruction time prior to testing if they were on a different track.

The additional costs of multi-track and double sessions were discussed. Additional information regarding the cost per student for multi-track schools was requested. The committee wanted to be able to compare the difference between the costs of traditional calendars and multi-calendars per student so people would be able to understand the difference.

g. Requests for future agenda items

Chairman Carey reviewed the upcoming meeting calendar with the committee.

4. Public Comment

There was no public comment at this time.

5. Adjourn Meeting

There being no further business to come before the members of the committee, Chairman Carey declared the meeting adjourned at 11:10 a.m.

Shaun Carey, Chair