

AGENDA

PUBLIC SCHOOLS OVERCROWDING & REPAIR NEEDS COMMITTEE

(As authorized by Senate Bill 411 of the 2015 Legislative Session)

December 18, 2015 – 9 a.m.

1001 Ninth Street, Building A, 2nd Floor, Caucus Room, Reno, NV

1. Opening Items – Chairman

- 1.01 Call to Order
- 1.02 Roll Call & Introductions
- 1.03 Public Comment*

2. Items for Discussion and Possible Action

- Public comment: any individual may address the public body concerning any item listed below. A completed “Citizen’s Right to Speak” card must be submitted to the public body at the meeting. During the discussion of each item on the agenda, the Chair will invite the individual to come forward to speak. Individuals are limited to three minutes per item.
 - Please note:
 - Items on this agenda may be taken out of order;
 - The Public Body may combine two or more agenda items for consideration; and
 - The Public Body may remove an item from the agenda or delay discussion relating to an item on the agenda at any time.
- 2.01 Approval of the minutes of the October 23, 2015 meeting of the Public Schools Overcrowding & Repair Needs Committee (For Possible Action)
 - 2.02 Approval of the minutes of the November 6, 2015 meeting of the Public Schools Overcrowding & Repair Needs Committee (For Possible Action)
 - 2.03 Introduction, presentation and discussion of the impact of incremental changes in tax rates for property tax, sales tax, real property transfer tax, transient lodging tax and government services tax – Carole Vilardo, Nevada Taxpayers Association (For Discussion Only)
 - 2.04 Discussion about the adequacy and historical evolution of school construction funding in Nevada - Carole Vilardo, Nevada Taxpayers Association (For Discussion Only)
 - 2.05 Introduction and overview of a proposed formula to define the issue of overcrowding & repair needs as drafted by Vice Chair Dylan Shaver (For Possible Action to Adopt)
 - 2.05.1 Review of need as presented by the Washoe County School District on November 20, 2015 – Pete Etchart, Chief Operating Officer

2.05.2 Review and update of the revenue options as presented by JNA Consulting on October 9, 2015 – Tom Ciesynski Chief Financial Officer

2.06 Presentation and discussion regarding the demonstration of the impact of property tax caps and the recession on school construction funding in the Washoe County School District – Mike Kazmierski, President/CEO of Economic Development Authority of Western Nevada (For Discussion Only)

2.07 Requests for future agenda items (For Discussion Only)

3. Closing Items

3.01 Announcement of Next Meeting

3.02 Public Comment*

3.03 Adjourn Meeting

* *Comments from the public are invited at this time on topics not specifically addressed elsewhere in the agenda. A yellow "Citizen's Request to Speak" card should be filled out and submitted to the Committee before speaking during the Public Comment section. Individuals are limited to three minutes per item. The Panel is precluded from discussing or acting on items raised by Public Comment, which are not already on the agenda. The Panel may impose reasonable restrictions on the format allowed for public comment. Written comments submitted for public comment may be submitted to the Panel and will be attached to the minutes of the meeting.*

Members of the public wishing to request supporting materials for this meeting or who are disabled and require special accommodations at the meeting should contact Dena Sonnenburg in writing at 7495 South Virginia St., Reno NV 89511, or by calling 775-851-5672 prior to the meeting date.

This agenda has been posted at the following locations:

- Washoeschools.net
- State of Nevada: notice.nv.gov
- Washoe County School District Central Administrative Building
- Washoe County Administration Building
- Washoe County Courthouse
- Incline Library
- Reno City Hall
- Sparks City Hall
- Sparks Library
- Pyramid Lake Paiute Tribe Administration Building
- Reno Sparks Indian Colony Administrative Office

**MINUTES OF THE OCTOBER 23, 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 9:04 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, County Commissioner Marsha Berkbiger, Mike Cate, Todd Koch, Greg Peek, Dylan Shaver, Kevin Sigstad, Senator Debbie Smith, and Len Stevens were present. Committee members Anthony Carano and Josh Hicks were present through phone conference. Committee member Mike Kazmierski was not present at the time of roll call. Committee members Bridget Burkhard and Dana Galvin were 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. Approval of the Minutes of the October 9, 2015 Meeting

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

c. Presentation by the Cuningham Group regarding their independent review and initial and analysis of current and projected school buildings capacity and enrollment growth, possible utilization of alternative capacity models, rebalancing of attendance zones, and their recommendations to manage future growth and to provide increased student equity

Pete Etchart, Chief Operations Officer, Washoe County School District, explained the reasons behind the District utilizing The Cuningham Group to provide an independent review of current and projected enrollment and growth in the District. The District also requested an analysis of different options that could be used to deal with overcrowding concerns. The Cuningham Group had previously worked with the District in the development of the Capital Improvement Program in 2002.

Tim DuFault, President and Chief Executive Officer, The Cuningham Group, provided an overview to the Committee on a presentation and recommendations that was presented to the Board of Trustees and District on October 5, 2015, related to current and projected enrollment and capacity issues. The analysis was based on existing data provided by the District and utilized a 1.7% growth rate. The intent of the analysis was to assure that all schools in the District would be at no more than 100% capacity and did not consider other options being considered to deal with overcrowding developed by the District. It was clear from the analysis that the anticipated growth would have to be dealt with in stages because the District would not be able to deal with it all at once. The analysis did not consider the schools located in Incline Village or Gerlach.

Committee Member Mike Kazmierski arrived at the meeting at 9:10 a.m.

Mr. DuFault presented the current and projected enrollment information related to the high schools. For all schools, analysis was completed for current enrollment and both 5- and 10-year projections. As related to high schools, the growth would be dispersed and could not be resolved with rezoning for the entire District. The recommendations were to construct three new high schools: one in the North Valleys and two within the McCarran Loop, one to replace Hug and Sparks High Schools, which would be combined into one school, and one to replace Wooster High School. The closure of the three schools was recommended because they were the smallest high schools in the District and had significant challenges related to capacity. Additionally, it was recommended that an expansion of Damonte Ranch High School occur to allow for a capacity of 2,400 students as the infrastructure was originally designed to hold. The recommendations would free-up existing Hug, Sparks, and Wooster High Schools for other uses that would be presented later.

Mr. Peek wondered if double sessions were considered as part of the analysis. Mr. DuFault explained double sessions were not considered in the analysis because of other issues related to the schedule and the overall negative impact associated with them. Middle and high schools were not really set up to go to multi-track, year-round calendars due to the programmatic nature of the classes and other activities offered to the students and because of the way the classes were run, with students moving

from class to class instead of having a single teacher for all subjects.

Chairman Carey asked if there could be additional options to deal with the capacity issues at McQueen High School if other factors, aside from just the data, were considered. Mr. DuFault remarked that the analysis utilized the current District standards related to capacity, so if the capacity at any new high schools were to increase, then rezoning for certain areas could be reviewed. Additionally, one of the possible uses for either Hug High School or Wooster High School could be for specialized programming or magnet programs that would reduce enrollment for high schools throughout the District.

Mr. Peek inquired as to the optimal enrollment size of a high school. Mr. DuFault stated it would be about 2,400 students. Anything above 2,400 became increasingly more difficult for staff because of the number of students.

Mr. DuFault provided the current and projected enrollment information for the middle schools in the District. The capacity issues for middle schools would occur within the next 5 years due to a "bubble" of students currently in elementary schools and then ease for the 10-year projections. The middle schools on the periphery of the District would continue to experience the most capacity concerns, but there were also concerns related to the schools within the McCarran Loop because those schools did not easily allow for additional growth. Rezoning was not a viable option because of transportation issues. The recommendations related to middle schools were to build two additional schools in both the Spanish Springs/ Sun Valley area and the South Meadows area. Additionally, Sparks High School should be converted into a middle school, combining the student populations from both Sparks Middle School and Dilworth Middle School, which would then free-up those buildings for something else. A possible expansion of Billingshurst Middle School could be developed and then slight rezoning of the boundaries for Billingshurst, Clayton, and Traner Middle Schools could occur.

Mr. Cate asked what the optimal enrollment for middle schools was. Mr. DuFault indicated that smaller schools were generally better because of the physical and emotional changes the students were going through, but it would ultimately depend on the program because the students could be divided into smaller groups if there was a large enough enrollment. The District currently had different models for middle schools in terms of the grades and it would be up to the District to determine which model worked best for the students in the area.

Mr. Kazmierski wondered what the priority would be in terms of needs for the middle school recommendations. Mr. DuFault mentioned that a new school in the South Meadows area should be the first priority; however, the Spanish Springs/ Sun Valley

area would begin to see enrollment pressures about the same time.

Mr. Cate inquired as to what would happen to the projections and recommendations if the growth rate were to be above 1.7%. Mr. DuFault stated that the recommendations would have to be moved up by 5 years, meaning that the 5-year projections would occur within the next year or two and the 10-year projections would occur in about 5 years.

Mr. DuFault provided the information on the current and projected enrollment growth and recommendations for elementary schools. Close to half of all students in the District were in elementary schools. The current and projected pattern for enrollment growth for elementary schools was one of consistent growth throughout the District, though there would be less capacity concerns at schools within the McCarran Loop because that was not where the largest growth would be occurring. District-wide rezoning would not be a viable option; however, some spot rezoning could help alleviate capacity issues in certain locations. The recommendations for elementary schools were to place elementary schools outside of the McCarran Loop on multi-track, year-round calendars, which would ease the overcrowding by 25% because of the four different tracks. At least one new elementary school would be needed, but the location would depend on where the growth was occurring at the time of consideration. For those elementary schools within the McCarran Loop, the recommendation was to reinvest in the schools to allow for expansions of specialized programs, such as special education classrooms. Additionally, Dilworth and Sparks Middle Schools could be converted to elementary schools and Lincoln Park and Risley Elementary Schools used for other programs. Wooster High School could also be used for specialty programs at all school levels that would not be boundary driven.

Mr. Kazmierski wondered if there would be issues within the District having some elementary schools on multi-track, year-round calendars and other elementary schools on the current calendar. Mr. Dufault noted that the District had placed certain elementary schools on a multi-track calendar before when faced with overcrowding concerns. At that time it was somewhat problematic for families because there were only a few schools on that calendar, but if all elementary schools outside of the McCarran Loop were on the same calendar, more opportunities would be available to families because there would be a greater demand.

Mr. Peek remarked that there were many in the community with a negative perception of the multi-track calendar and that somehow the education students received on that calendar was inferior to a more traditional calendar. Mr. DuFault stated that a multi-track calendar allowed for a more consistent learning timeframe for students with the ability to adjust to the schedule. Since most of the elementary schools within the McCarran Loop had the greatest number of students with Individualized Education

Plans (IEPs), they would benefit more from remaining on a more traditional calendar because multi-track did put different challenges on students, such as when standardized testing occurred. Kristen McNeill, Deputy Superintendent, Washoe County School District, added that the multi-track calendar also allowed for additional opportunities and services for students, administrators, and teachers. For example, if a student were on a track that was on a break, they could be brought in for a program that would allow them to work on specific skills. Teachers would also be able to come in to substitute if they were off-track.

Mr. Peek mentioned he was concerned about the parity issues that could occur with having the elementary schools on different calendars. Mr. Etchart commented that the elementary schools within the McCarran Loop were also some of the smallest schools in terms of capacity and could not be placed on a multi-track calendar because of classroom space. The District had every intention of using the lessons learned from the last time it had schools on a multi-track calendar and correcting previous problems.

Mr. Koch asked if there were other school districts that had implemented a calendar where some elementary schools were on a traditional schedule and others on a multi-track schedule; and if so, was one schedule determined to be superior to the other in the eyes of the community over time. Mr. DuFault indicated that multi-track calendars were unique to school districts in the Southwest and Southeast. They were developed because of the rapid growth that had occurred during the economic boom and the districts were not able to build schools fast enough. It was difficult to speculate on if parents preferred one calendar over another because there were numerous factors parents considered when deciding where to send their children to school and the reasons for preferring one calendar over another.

Chairman Carey opened the meeting to public comment.

Colin Robertson noted that multi-track sounded more like a logistical solution to overcrowding. If the District had the ability to build more space, then multi-track would not be needed. Mr. DuFault stated that interpretation was correct.

Mr. Kazmierski wondered if parents had specific impressions of multi-track calendars. Mr. DuFault mentioned that there were no real generalizations on parents' perceptions of multi-track. There were parents in favor of the calendar and there were parents opposed to the calendar.

Mr. Sigstad observed that there would be an increased cost to the schools to go to the multi-track calendar. He wondered what that cost would be per student per year. Ms. McNeill indicated that the District had not broken those figures down to a per

pupil cost.

Mr. Kazmierski asked what the District would need to not have any schools to go on multi-track, year round calendars. Mr. Etchart stated that it would take about nine new elementary schools located throughout the District to not have any elementary school move to a multi-track calendar.

Mr. DuFault reviewed some of the other pressures facing the District related to overcrowding and capacity. One concern was that the trend line for IEPs was continuing to rise which created long-term needs for dedicated space at each school related to specialized educational programming. The area was anticipating faster growth than normal and the increase in revenue from taxes would not come until later. Additionally, there would be increased operational costs and equity concerns in some facilities. The timeline presented should be considered a guide and was based on not only enrollment projections, but which projects could or should be completed first. The costs for all recommendations presented was about \$835 million.

Assemblywoman Benitez-Thompson wondered if the trend line for IEPs was for students needing completely separate classrooms or if it was for the need for additional space for aides. Mr. DuFault expressed that there were different levels of need for students with IEPs, but with all IEPs there were additional staffing requirements and educational needs that required time be spent outside of a traditional classroom.

Chairman Carey wondered if the Board of Trustees had considered the recommendations presented and if they had made any decisions related to those recommendations. Ms. McNeill indicated that the Board had received the same presentation at a work session on October 5, 2015. They knew something had to be done to relieve the overcrowding and capacity problems facing the District and were considering all options and how those options would affect the families. They felt the recommendations presented by The Cuningham Group offered innovative concepts and appreciated the different ideas presented, but wanted to look at other options as well.

Chairman Carey asked if the District would be conducting additional studies related to overcrowding. Mr. Etchart remarked that the intent of having The Cuningham Group conduct the analysis was that a completely independent review of the issue could be presented to the community on the anticipated needs based on enrollment projections. The District would need to work with The Cuningham Group to assure the information related to cost was accurate for the area so the options could be presented in a comparable format. The District would then look at what had already been completed in terms of renovations and repairs to see how those would apply.

Conversations would continue and a draft plan developed by staff then presented to the Board. Ms. McNeill noted that the Board had been having regular updates on issues surrounding overcrowding at their meetings and would continue to do so moving forward.

Commissioner Berkbigler wondered if the amount in the presentation included the on-going amount of \$20 million the District had previously stated they required for repairs and renovations. Additionally, she wanted to know if there were any repairs or renovations that would have to be completed prior to any school moving onto a multi-track, year-round calendar. Mr. Etchart stated the projected costs from The Cuningham Group did not include the on-going cost of repairs and renovations for the District. It would be critical for the District to determine which projects would need to be completed at the schools that would go onto a multi-track calendar. The Capital Projects Department had developed a priority list of repairs for those schools most likely to go onto a multi-track calendar based on current District administrative regulations.

Mr. Kazmierski asked if the District was considering any of the options presented by The Cuningham Group. Ms. McNeill stated conversations were continuing and all options were being considered to develop the best plan for the District moving forward.

Mr. Stevens inquired as to the number of middle schools currently in the District with 6th grade. Ms. McNeill noted that about half of the middle schools did have 6th grade. Teachers liked to have students in one location for as long as possible so they were able to get to know the students better. It was also the preferred model in terms of testing because it was better to have a 3-year trend rather than a 2-year trend. Educationally the 6 – 8 model was preferred but the District was not currently in the position to implement that at all middle schools.

Mr. Stevens wondered if the District would be able to avoid moving elementary schools to multi-track if all middle schools used the 6 – 8 model. Mr. Etchart remarked that it would be the middle schools facing overcrowding and capacity issues next and moving 6th grade to some of them could create that pressure sooner. The District would need to look at how moving 6th grade would impact both the elementary and middle schools and if the grade would need to be moved back if there were additional overcrowding issues.

Mr. Sigstad asked about the cost of operating an elementary school on the traditional calendar and how the cost would change if moved to a multi-track calendar. Tom Ciesynski, Chief Financial Officer, Washoe County School District, remarked that there was not a single “standard” cost for operating an elementary school because there

were various factors and programs at the individual schools. Multi-track did cost the District about \$300,000 more per year per school, plus an initial up-front cost of about \$50,000 for additional storage for teachers when they were not in the schools.

d. Requests for future agenda items

Commissioner Berkbigler requested additional information on the costs between the District's information and the information provided by The Cuningham Group. It would also be important for the Committee to review any District plans on overcrowding so they could determine the amount needed.

Mr. Peek agreed the costs needed to be reflective of the area so a true comparison could be made.

Mr. Kazmierski requested that a "true" picture of the need be presented so the Committee and community would know the priorities and what would occur first, second, third, and so forth. He believed that kind of plan would present a clear picture of what needed to occur and how much it would cost.

Mr. Sigstad expressed concern over the Committee dictating what the Board and District could do with the funding over the next 10 years. He was unsure the Committee had the authority to tell the Board and District what they could do with the revenue. Mr. Kazmierski stressed that it would be important for those advocating for the ballot question to be able to tell voters what the money would be used for and where the money would be going. A discussion was held on if the Committee had the statutory authority to include where the funds from the question could be directed.

Mr. Kazmierski requested updated information on the District's bonding ability over the next 10 years so the Committee could see what the "base" figure would be.

Mr. Peek requested a presentation and information on if the current funding formula in Nevada had ever provided enough funds to properly fund what the school districts needed in terms of capital projects and the building of new schools.

4. Public Comment

John Everhart mentioned that the District could take different aspects from the recommendations presented and develop different options and related costs.

5. Adjourn Meeting

There being no further business to come before the members of the committee, Chairman

Carey declared the meeting adjourned at 10:30 a.m.

Shaun Carey, Chair

DRAFT

**MINUTES OF THE NOVEMBER 6, 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 9:03 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, County Commissioner Marsha Berkgigker, Bridget Burckhard, Anthony Carano, Mike Cate, Dana Galvin, Josh Hicks, Todd Koch, Greg Peek, and Len Stevens were present. Committee Members Dylan Shaver and Senator Debbie Smith were not present at the time of roll call. Committee Members Mike Kazmierski and Kevin Sigstad were 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

Mr. Peek requested the removal of a questions regarding room taxes that he did not ask.

It was moved by Commissioner Berkgigler and seconded by Mr. Koch that **the Public Schools Overcrowding & Repair Needs Committee approves the minutes of the September 25, 2015 Meeting as amended.** The result of the vote was Unanimous. Final Resolution: Motion Carries.

Commission Member Dylan Shaver arrived at the meeting at 9:06 a.m.

b. Presentation and discussion on current Washoe County School District school construction standards and value engineering process

Chris Cobb, Chief Facilities Management Officer, Washoe County School District,

provided a presentation on the requirements for new school construction used by the District. The District followed educational specifications on how the interior of the building would be used and included such considerations as the number of different classrooms needed, the sizes of certain classrooms, operational requirements, special programmatic needs, and technological needs. Once the educational specifications were determined, the information would be sent to an architect to design the school building.

Mr. Cobb reviewed the cost control measures for the District, which were changed in 2006 when a new elementary and middle school were going to be built. The District wanted to determine the best methods of keeping costs at a minimum and put a team together to research costs related to systems and materials used in construction and decide what should or could be done that would provide the best long-term value for the District. Leadership in Energy and Environmental Design (LEED) principles were reviewed to determine which principles would provide the best value for the District, community, and taxpayers, and not to achieve LEED certification, though five major LEED principles were included in the design of Depoali Middle School, the last school built in the District.

Senator Debbie Smith joined the meeting through phone conference at 9:10 a.m.

Mr. Cobb explained the "Construction Manager at Risk" (CMAR) delivery method. CMAR was approved for use by government agencies in Nevada during the 2007 Nevada Legislative Session. It was a design method that teamed up the general contractor for a project with the owner and design professional very early in the process to allow for collaboration prior to construction. CMAR assisted the District in lowering costs by reducing scheduling conflicts, collaboration on materials, reduction of change orders, and allowed contractors to be selected through the Request for Proposal (RFP) process so additional qualifications could be considered aside from the proposed bid amount. The District had utilized the CMAR method on 22 renovation projects and had only gone over cost twice due to structural issues at specific sites that significantly increased the scope of work for the project.

Mr. Stevens asked who reviewed the criteria of CMARs. The process seemed somewhat arbitrary in the review of the other qualifications. Mr. Cobb noted the RFPs were specific in how the various criteria and qualifications would be rated and ranked. An outside panel assisted with the rankings of proposals and then the interviews. The CMAR document the District used was based on the State's model. Joe Gabica, Deputy Facilities Management Officer, Washoe County School District, added that Nevada Revised Statute (NRS) 338 contained specific information on the criteria to be used for CMAR projects. The cost of the project was one of the criteria and generally accounted for 20% of the total score. Some other criteria considered were safety

records, business records, construction background, and if the company had been involved in litigation.

Mr. Stevens wondered if local contractors received preference. Mr. Gabica stated that local contracts did have the ability to receive an additional 5% favorability rating if they had been prescreened and submitted for the Contractor's Preference.

Mr. Hicks asked if the LEED principals increased the construction costs. Mr. Gabica remarked that any LEED principals would be determined early in the process and calculated into the initial costs. LEED projects ended up paying for themselves in the long-run due to savings in energy and maintenance costs.

Mr. Hicks wondered if the District paid sales tax on the construction projects. Lindsay Anderson, Director of Government Affairs, Washoe County School District, mentioned the District was not required to pay sales tax on items and materials they purchased themselves; however, the contractors were required to pay sales tax if they purchased the materials. The District would generally purchase construction items that could take a long time to build and they knew the items would be needed for a project, such as specialty windows or technology materials, but the District would not usually purchase construction items or materials. Mr. Cate added that government agencies would generally take the money they saved on the sales tax and put it back into the project.

Chairman Carey asked if schools were required to adhere to different building code requirements than commercial or industrial buildings. Mr. Gabica explained that building codes were based on the different levels of occupancy. A school was considered a "Code E" building because of the usage of the building. Schools were required to meet the International Building Standards adopted in 2006 as related to seismic activity. The District was also interested in using durable materials so the buildings would last 80 to 100 years.

Chairman Carey wondered if the District would be able to utilize vacant buildings for educational purposes or if there would be additional building code requirements that would need to be met. Mr. Gabica remarked that it would depend on the findings of the building code inspector, but most of the vacant, box-store buildings would require a seismic retrofit if they were to be used for a school. Sometimes it was actually more expensive to retrofit a vacant building because the building would have to be brought up to current code standards.

Assemblywoman Benitez-Thompson clarified that if the District were to use vacant buildings, the longer they waited, the more expensive it would become. Mr. Gabica indicated that was correct.

- c. Presentation and discussion on WCSD's proposed plan to issue General Obligation Bonds in the principal amount not to exceed \$35,000,000

Chris Cobb, Chief Facilities Management Officer, Washoe County School District, provided a presentation on the \$35 million in General Obligation Bonds the District would be requesting from the Board of Trustees, Oversight Panel for School Facilities, and Debt Management Commission. He provided additional information on the projects the District was interested in funding with the bond revenue, which included: technology infrastructure renewal to meet new testing requirements, update to the educational specifications for new school construction, expansion of the support facilities for Nutrition Services and Transportation, safety and security projects at the schools, overcrowding options, and school planning and design were some of the projects. He reviewed the proposed allocations for 2017 and 2018, which did not use all bond monies to allow for the Board of Trustees and community to provide input on some projects. The sale of the bonds would not occur until February 2016.

- d. Requests for future agenda items

Chairman Carey noted the Board of Trustees would be conducting a work session on growth and overcrowding. The Committee was invited to attend, but the information would also be presented to the Committee at their next meeting on November 20, 2015. Additionally, the Nevada Taxpayers Association would be providing a presentation on the impact of any increases to the taxes the Committee could consider and historical perspective on if property taxes had ever been able to fully fund the capital needs of the District.

4. Public Comment

Gary Edmondo inquired if the Committee would be having a discussion on impact fees for developers and the elimination of the property tax cap. Chairman Carey explained that the Committee was not authorized to consider impact fees under Senate Bill (SB) 411.

5. Adjourn Meeting

There being no further business to come before the members of the committee, Chairman Carey declared the meeting adjourned at 9:52 a.m.

Shaun Carey, Chair

PRESENTATION TO

**Public Schools Overcrowding &
Repair Needs Committee**

December 18, 2015

by

Carole Vilaro



NTA Presentation to WCSD Public School Overcrowding and Repair Committee - December 18, 2015

TAX TYPES		
LAW	PROPERTY	COMBINED SALES & USE
NRS	Article 10 NV Constitution, NRS 361	372, 374, 377A, 377B, 543.600 et seq.
ENACTED	1864	1955 for the State component (SST) 1967 for school component (LSST) 1969 - basic city county relief (BCCRT)
BASIS	Hybrid called taxable value. Land is full cash value. Improvements (ex. buildings) are valued at replacement cost new, less depreciation at 1/2% per year up to 50 years. Assessment is 35% of taxable value.	Imposed on the retail sale of tangible personal property purchased for use or consumption, including "mail orders." Also imposed on equipment leases and rentals.
RATE	\$3.64 per \$100 of assessed valuation. This is the maximum rate allowed by statute. \$5.00 per \$100 of assessed valuation. This is the maximum rate allowed by Nevada's Constitution (Article X).	<u>State (SST)</u> 2% <u>Local School Support (LSST)</u> 2.60% <u>Basic City County Relief (BCCRT)</u> 1/2% <u>Supplemental Co. Cty. Relief (BCCRT)</u> . 1 3/4% <u>County Options</u> :..... 1/8% -1/2%
DISTRIBUTION	<u>State</u> : Infrastructure Debt and conservation - natural resource debt. <u>Schools</u> : \$0.75 for operating plus any debt for G.O. bonds: <u>Other</u> local taxing entities: cities, counties, towns, general and special districts operating and G.O. debt levies.	<u>SST</u> : General Fund <u>LSST</u> : School districts in the county of origin ① <u>BCCRT</u> : "Local Gov't Tax Distribution Fund" ② <u>SCCRT</u> : "Local Gov't Tax Distribution Fund" ② <u>County Options</u> : There are 19 specific options. Not all are available to all governmental units. <u>Notes</u> : ① Tax collected from Out-of-state businesses is deposited to DSA ② Redistribution is by statutory formula
MISCELLANEOUS	The \$3.64 rate was established in 1979. Voter approval in 1992 provided an additional rate of \$.02 allowed outside the \$3.64 if the governmental unit is at the \$3.64 rate. The partial property tax abatement of 3% and 8% on the property tax bill was passed in 1995.	Any change - up or down – in the State 2% rate or base must be approved by the voters. This is the result of an "SOS" referendum petition in 1955 and voter approval in 1956.
PROS	Generally a very stable revenue source. Bonds paid or backed with property tax receive the lower interest rates than revenue bonds.	Depending on the economic conditions 20% - 30% of the tax is paid by non-residents and approximately 30% is paid by business. The great recession showed this to be one of the most stable revenue producing taxes.
CONS	Ranks either first or second as the most disliked tax paid by individuals.	Considered a regressive* tax. Falls hardest on low income individuals. * Regressivity refers to the tax when applied to items essential for living, such as rent, mortgage payments, doctor/dentist visits, prescriptions, clothing, food, etc.

NTA Presentation to WCSD Public School Overcrowding and Repair Committee - December 18, 2015

TAX TYPES			
LAW	Transient Lodging (a.k.a Room Tax)	Supplemental Governmental Services	Real Property Transfer
NRS	1. 244.3352 et seq & 268.096 et seq 2. 244.33561,244.33563 &387.191 3. 244.335 & 268.095	371	375
ENACTED	1. 1983 2. 2009 (Initiative) 3. Various dates	1991	1967 2003 State rate of \$1.30 added.
BASIS	Tax on rate charged for transient lodging.	Valuation of the vehicle is determined as 35% of the manufacturer's suggested retail price. Value depreciated to 95% for cars and 85% for trucks and buses after the first year. After 9 and 10 years respectively the residual value for cars is 15% and 23% for trucks and buses.	Levied on value of real property. Value is actual consideration to be paid when property is not a gift.
RATE	1. 1% 2. 3% in Clark & Washoe Counties. 3% should not cause total rate of tax to exceed 13%. 3. Specified options -rate & purpose specified.	1% on each \$1.00 of valuation not to exceed 1%. The supplemental tax is added to the basic governmental services tax.	• Clark Co. \$2.55 • All other counties \$1.95 for each \$500 of value based on the price of the property conveyed.
DISTRIBUTION	1. 3/8s% to State, to fund promotion of tourism. 5/8% - to County Fair & Recreation Boards. In Clark County the fund for school construction. 2. In FY 2009-2011 to State General Fund. In 2011 - 2015 to State DSA. Sunset removed in 2015, remains in DSA. 3. Distribution according to purpose.	For transportation related projects, to the county with distribution by DMV. For revenue make-up provisions distributed by the State Treasurer to the local governments in the county.	For each \$500 of value an amount equal to: • \$1.30 to State General Fund. • 10 cents to Low Income Housing Trust Fund. • 60 cents to CCSD Capital Projects Fund.
MISCELLANEOUS	2. Initiative called for revenue received to be deposited in special fund for student achievement and teacher salaries effective July 1, 2013.	Prior to 2001 this tax was known as the Motor Vehicle Privilege Tax. The supplemental provision was added in 1991.	Paid when deed is recorded. Can be paid by buyer, seller or split by both.
PROS	Paid by tourists.	This has been a relatively stable revenue source.	If home prices or sales increase revenue can increase substantially.
CONS	Revenue fluctuates due to economy and changes in room rates.	This tax is generally not a popular tax in Nevada.	Revenue fluctuates due to economy. Can impact the total home price if paid by buyer.

October 15, 2015

To: Interested Parties

From: Dylan Shaver

Re: Moving Forward With the Washoe County School Overcrowding and Repair Needs Committee

Defining the Problem

The Public School Overcrowding and Repair Needs Committee for the Washoe County School District has been tasked with solving a fairly straightforward problem. While there will be many proposals as to how best address the matter at hand, it is important not to be waylaid by externalities.

Where y represents the amount of taxes voters in the 2016 election will be asked to support, with proceeds directed to the capital needs of the Washoe County School District, then:

Amount of WCSD capital needs that will
addressed outside PSORN recommendation.

$$x - (a + b + c) = y = \underbrace{T_1 + T_2 + T_3 + T_4 + T_5}_{\text{Total potential revenues over ten years from tax sources authorized by SB411.}}$$

Total potential revenues over ten
years from tax sources authorized
by SB411.

<i>Item</i>	<i>Definition</i>	<i>Status</i>	<i>Amount</i>
x	The total amount of capital need for the school district over a period of ten years.	PSORN has been presented these figures repeatedly.	\$819 million
a	Total amount of rollover bond funds accessible through SB207 of the 78 th legislature over a period of ten years.	While this figure has been mentioned obliquely, WCSD has not provided this specific figure.	
b	Total amount of savings to WCSD via implementation of crowding-mitigation plans (i.e. Cunningham proposal, multi-track scheduling, etc.) over a period of ten years.	The Cunningham proposal will be presented to PSORN on 10/23, which will address this matter.	
c	Portion of x that can be postponed or left otherwise unaddressed by PSORN Committee, regardless of reason.	PSORN meeting on 10/23 referenced general building costs. Maintenance items have not been thoroughly vetted in committee.	

T	One of five taxes SB411 authorizes the PSORN Committee to propose be increased.	PSORN meetings on 10/9 and 9/27 discussed potential revenues from each tax. Meetings have been requested on impact analysis for each tax.	
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You will notice there is no allowance herein for voter sentiment – these are concerns that PSORN, despite the depth and breadth of talent on your committee, simply cannot control. It is important to consider how every tax potential may affect voters and taxpayers when formulating an actual proposal, but ultimately voter approval becomes a question of *how*, rather than of *what*, the committee has been tasked to do.

Next Steps

The left side of the equation should be completed before the right can be considered. Otherwise, PSORN would determine, almost arbitrarily, a final income figure. The committee would then have to manipulate district numbers to fit within that figure. Basically, this would be determining by fiat the figures the school district would then have to accept based on outside information unrelated to either the charge of the committee or the needs the district actually faces.

The left side of the equation considers the actual hard numbers the district claims it needs. Items *a* and *b* are fairly straightforward. Item *c* may be more challenging, as members of your committee are already beginning to question WCSD’s projections on these matters. Once *a* and *b* are solved, *c* basically becomes drag – what is the differential between what the district needs and this committee is compelled to fund. In this sense, *c* becomes the most useful and arguably the most important variable, since it can be manipulated most easily.

Once these are determined, then the various tax variables described in *T* can be addressed. While WCSD has discussed the income potential for these taxes, there has been no discussion before the committee from third parties about the pros and cons of using these particular streams of revenue. These items will be contentious, as you know, it is rare for a class of taxpayer to step forward and volunteer extra money to assist in governance, regardless of how righteous the cause. Inviting such presentations may be helpful in establishing momentum for the ballot question in the long run.

These problems present to us with a certain elegance. That is, we have a finite number of meetings and a finite number of variables to address. A straightforward schedule can be established to build consensus around filling in particular variables and moving the committee along to the next one. Once each variable is completed, and the equation is balanced, then the real work of persuasion can begin.

Ideal Funding

School Construction to avoid ES Multi-Track Year Round (MTYR) Calendar

- Seven new ES (\$23 M Ea. in 2015 \$): \$161 M

Options for elimination of 26 ES & 52 HS dry portable classrooms (outside of urban core) (replacement of dry portables inside of urban core included in \$50 M core school investment)

- 1) Replace with new schools (1 ES & 1 HS): \$133 M
- 2) Replace with permanent classroom additions at each school: \$62.4 M
- 3) Replace dry portables with new portables inc. restrooms: \$13.6 M

Administrative Facility Needs

- Nutrition Services Expansion: \$3 M
- Transportation Yard expansion: \$7 M
- WCSD Administrative Facilities Master Plan (2009): \$186.4 M
(Administration Building, Warehouse, Maintenance Center, etc.)

School Repairs

- Additional Funding for reducing School Repairs backlog: \$50 M

TOTAL: \$46.8M/y - \$60M/y (421.0 M - \$540.4 M ÷ 9)

Summary (yearly, 2016 - 2024)

	<u>Total Cost</u>	<u>Avail. Funding</u>	<u>Funding Shortfall</u>
Ideal Plan: <ul style="list-style-type: none">• WCSD “Strategic Blueprint”• Multi-Track Year Round school calendar avoidance• Portable replacement with permanent classrooms• Administrative Facility Needs• Additional School Repairs funding	\$155.0 M/yr	\$35 M/yr	<u>\$120.0 M/yr</u>
WCSD Traditional:	\$123.6 M/yr	\$35 M/yr	<u>\$88.6 M/yr</u>
WCSD “Strategic Blueprint”:	\$102.8 M/yr	\$35 M/yr	<u>\$67.8 M/yr</u>

Baseline Rollover Bond Funding Estimate

- *Estimated funding between FY16 and FY24 based on 3% growth in property tax revenues*
- *Total funding will fluctuate based on when bonds are issued, repayment structure and mix of bonds and PAYG.*
- *Increased revenue growth would result in additional funding ability*

Bonds	\$304,000,000
Pay-As-You-Go	<u>12,000,000</u>
9-year Total	\$316,000,000
Annual Average	\$35,100,000

Funding Matrix – Total vs Annual Funding

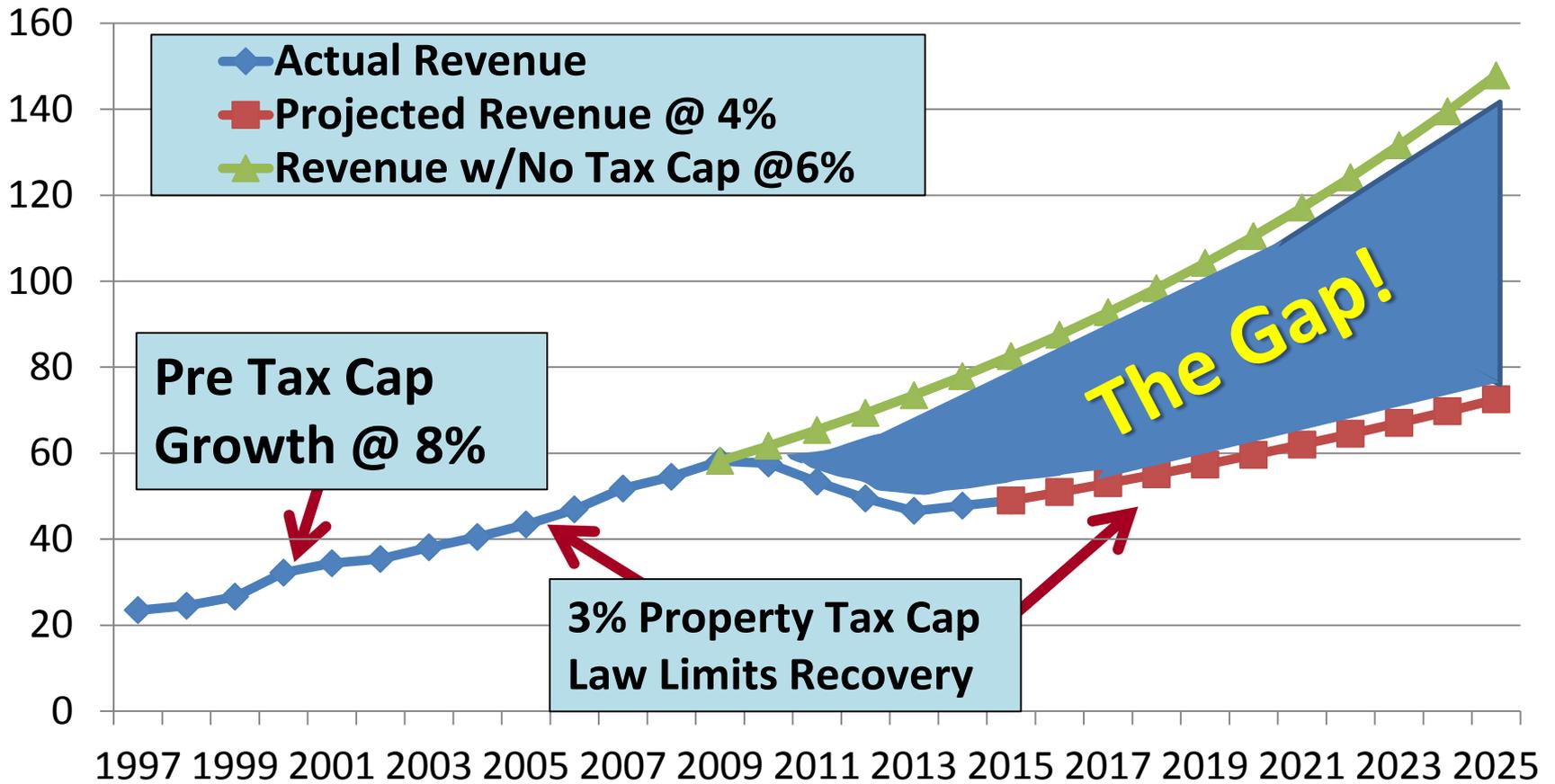
- The table shows the total funding generated between FY16 to FY24.
- Annual funding is an average and is provided for illustrative purposes only.
- Projected funding from Rollover bonds is:
Total: \$316,000,000
Avg: \$35,000,000

		Bond Term (years)=>	10	15	20	30
<i>Sales Tax</i>						
0.25%	Total Funding		161,938,127	199,546,804	222,807,601	254,221,620
	Annual Funding		17,993,125	22,171,867	24,756,400	28,246,847
0.50%	Total Funding		323,876,253	399,093,608	445,615,202	508,443,239
	Annual Funding		35,986,250	44,343,734	49,512,800	56,493,693
0.75%	Total Funding		485,814,380	598,640,413	668,422,803	762,664,859
	Annual Funding		53,979,376	66,515,601	74,269,200	84,740,540
1.00%	Total Funding		647,752,506	798,187,217	891,230,404	1,016,886,479
	Annual Funding		71,972,501	88,687,469	99,025,600	112,987,387
<i>Property Tax</i>						
\$0.01	Total Funding		12,497,639	16,039,434	18,230,018	21,188,432
	Annual Funding		1,388,627	1,782,159	2,025,558	2,354,270
\$0.02	Total Funding		24,995,279	32,078,868	36,460,037	42,376,863
	Annual Funding		2,777,253	3,564,319	4,051,115	4,708,540
\$0.03	Total Funding		37,492,918	48,118,303	54,690,055	63,565,295
	Annual Funding		4,165,880	5,346,478	6,076,673	7,062,811
\$0.04	Total Funding		49,990,558	64,157,737	72,920,073	84,753,726
	Annual Funding		5,554,506	7,128,637	8,102,230	9,417,081
\$0.05	Total Funding		62,488,197	80,197,171	91,150,092	105,942,158
	Annual Funding		6,943,133	8,910,797	10,127,788	11,771,351
<i>Real Property Transfer Tax</i>						
\$0.50	Total Funding		37,765,702	44,921,769	49,347,764	55,325,130
	Annual Funding		4,196,189	4,991,308	5,483,085	6,147,237
\$1.00	Total Funding		75,531,405	89,843,538	98,695,528	110,650,259
	Annual Funding		8,392,378	9,982,615	10,966,170	12,294,473
<i>Governmental Services Tax</i>						
\$1.00	Total Funding		73,928,032	91,097,154	101,716,178	116,057,313
	Annual Funding		8,214,226	10,121,906	11,301,798	12,895,257
<i>Room Tax</i>						
1.00%	Total Funding		25,018,018	29,758,579	32,690,595	36,650,321
	Annual Funding		2,779,780	3,306,509	3,632,288	4,072,258



WCSD Property Tax Revenue

Actual to 2015; Projected To 2025;
If No Recession Or Tax Cap 2009-2025



The Gap - A Cumulative Funding Shortfall Of \$600M + (Not Counting New Growth!)

