

AGENDA

PUBLIC SCHOOLS OVERCROWDING & REPAIR NEEDS COMMITTEE

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

January 8, 2016 – 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 November 20, 2015 meeting of the Public Schools Overcrowding & Repair Needs Committee (For Possible Action)
 - 2.02 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) – Vice Chair Dylan Shaver, Public Schools Overcrowding and Repair Needs Committee
 - 2.02.1 Review of school construction need as presented by the Washoe County School District on November 20, 2015 – Traci Davis, Superintendent
 - 2.02.2 Review and update of the revenue options as presented by JNA Consulting on October 9, 2015 – Tom Ciesynski Chief Financial Officer & Marty Johnson of JNA Consulting
 - 2.02.3 Determination to proceed with placing a ballot question to fund the school construction need of the Washoe County School District with one or more taxes as authorized by Senate Bill 411 in the 2016 general election – Shaun Carey, Chairman

2.03 Presentation and discussion regarding sample combinations of revenue generation options – Marty Johnson, JNA Consulting (For Discussion Only)

2.04 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 Jennifer (JJ) Batchelder in writing at 425 East Ninth Street, Reno NV 89512, or by calling 775-789-4612 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 NOVEMBER 20, 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 Mike Cate, Dana Galvin, Josh Hicks, Mike Kazmierski, Todd Koch, Greg Peek, Dylan Shaver, Kevin Sigstad, and Len Stevens were present. Committee Member Bridget Burckhard and Senator Debbie Smith were present through phone conference. Committee Members Assemblywoman Teresa Benitez-Thompson, Commissioner Marsha Berkbigler, and Anthony Carano 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 October 9, 2015 Meeting

It was moved by Mr. Hicks and seconded by Mr. Shaver that **the Public Schools Overcrowding & Repair Needs Committee approves the minutes of the October 9, 2015 Meeting.** The result of the vote was Unanimous. Final Resolution: Motion Carries.

c. Presentation and discussion regarding the draft Washoe County School District Strategic Blueprint for Overcrowding and Repairs, to include possible scenarios regarding school construction, rezoning, school calendar (multi-track, year-round)/schedule changes (double sessions), and recommendations to manage future growth

Washoe County School District Board of Trustee Angela Taylor provided an introduction to the District's draft Strategic Blueprint for Overcrowding and Repairs. The document was intended to provide a vision to the community on how the District

planned to address current and future overcrowding issues. The presentation would include information on how the District had traditionally utilized funds to relieve overcrowding in the schools and how new schools were constructed; as well as information on what the District intended to do to alleviate overcrowding with currently available funds. Additionally, information was also provided on how the District would utilize any new revenue made available with a prioritized list of projects, which included repairs and renovations desperately needed. The guiding principles for the District related to any decision on overcrowding were:

1. Student Safety – including how students were able to move throughout the schools and on the playgrounds.
2. Academic Achievement – research showed that where students learned had an impact on their ability to learn and succeed.
3. Existing Facility Needs – overcrowding impacted all schools in the District and every community in the area so the needs of existing schools could not be sacrificed for new schools.
4. Family Disruption – the District recognized that where a student went to school and when they were in and out of school affected the families of both students and staff.
5. Avoidance of double-sessions – the Board and senior District staff wanted to avoid double-sessions at all possible because of the disruption it caused for everyone.

The Board believed the Blueprint would provide the vision for the District for many years and show the commitment of the District to all current and future students to provide the best education possible. Not only were the basic needs for capital projects presented, but an ideal budget was also included to show how much it would cost to provide everything the District could to allow for a higher level of learning for students in the 21st Century. The Board and Superintendent Davis believed that the Blueprint was the best possible solution for the District.

Mr. Peek wondered if the desire to avoid double-sessions also included the use of multi-track, year-round calendars. Trustee Taylor indicated that double-sessions did not include the use of multi-track, year-round schedules. Double-sessions were more related to middle and high schools, while multi-track, year-round calendars were related to elementary schools. The District understood that multi-track, year-round calendars were a disruption for families, but the calendar would not have the extreme disruption that double-sessions would cause.

Pete Etchart, Chief Operations Officer, Washoe County School District, explained how the draft Strategic Blueprint was developed by reviewing the District's traditional method of handling overcrowding and the recommendations presented by The Cuningham Group. The Blueprint was a 9-year plan and based on a 1.7% growth rate. A 2.4% growth rate would require moving all plans up by about 5 years. It was

important to remember that the District needed to be able to adjust any plans as needed depending on where and when the growth actually occurred. The draft Strategic Blueprint was presented to the Committee with a review of what the District was interested in providing for the high schools. The first priority for high schools was to complete the addition to Damonte Ranch High School. The District also believed three new high schools were required, but was not recommending the closure or conversion of Sparks and Wooster High Schools, which instead would be expanded with the strategic purchase of existing properties near the schools, especially Sparks High School. The new high schools would be located, at the current time, in the Cold Springs area, the South McCarran/Butler Ranch area, and the Wildcreek area to replace the existing Hug High School, which would be converted into a Signature Academy similar to Academy for Arts, Careers, and Technology (AACT) High School. The plan for middle schools in the District was reviewed. The recommendation from the District was to build three new middle schools, strategically placed. The first priority for middle schools was to construct a new school in the Sun Valley area because those students were currently split between Sparks and Traner Middle Schools resulting in a division of the community. The other two schools would currently be located in the Arrowcreek area and Spanish Springs area.

Mr. Koch asked if the District currently owned any property in the areas where they were interested in building the middle schools. Mr. Etchart noted that the District had been trying to acquire certain properties in the Sun Valley area, but the land was caught up in the Sage Grouse issue that had been occurring. Washoe County had been assisting the District with the acquisition process in both the Sun Valley and Arrowcreek areas so the process was beginning to move forward.

Mr. Etchart reviewed the plans related to elementary schools. Elementary schools would be converted to a multi-track, year-round calendar as needed and based on the process that had been approved by the Board of Trustees.

Kristen McNeill, Deputy Superintendent, Washoe County School District, explained the intent of both multi-track, year-round calendars and double-sessions was to increase the capacity in a school. She had been a teacher and principal at schools that had utilized both methods to increase capacity. The impact on families and the learning environment were more severe under a double-session schedule. There were challenges with multi-track, year-round calendars for families; however, the District believed that those challenges offered less of an impact to the educational environment to both students and staff. The District was thankful for the recommendations from The Cunningham Group on the conversion of elementary schools to a multi-track, year-round calendar, but after listening to parents, staff, and the community, the District believe a better approach was to consider each school on its' own needs and merits. A process had been put in place by the Board of Trustees

to allow for schools to have time to make the transition to a multi-track, year-round calendar if one was required. Currently, six schools met the criteria put in place by the Board with the Conversion Threshold figure of 120% of student capacity to move to such a calendar and the District was working with each school to assure a smooth transition.

Chairman Carey requested additional information on what was currently occurring at the school level to prepare for the possible transition to multi-track, year-round. Ms. McNeill stated that each school had received a community presentation on the development of their own School Overcrowding Management Plan. The area superintendent, principal, teachers, and parents were able to form a committee to develop their own plan on how to deal with overcrowding based on the available and usable classroom space. The plan could include various options to not convert the school calendar, but the final decision would be made by Superintendent Davis and the Board of Trustees. It was important to note that there were some schools in the District that could not be converted to a multi-track, year-round calendar because of the amount of classroom space in the buildings. Mr. Etchart noted that after the 2016-17 School Year, any school reaching the 120% Conversion Threshold would automatically convert to a multi-track, year-round calendar. The schools at the Threshold currently were afforded the opportunity to develop the School Overcrowding Management Plan in order to determine if there were other steps that could be taken prior to changing the calendar.

Mr. Sigstad wondered why the District would not just place all non-core elementary schools on a multi-track, year-round calendar. Ms. McNeill remarked that, based on input from the community, families, and staff, the District decided not to convert schools to multi-track, year-round unless there were no other options.

Mr. Etchart provided the Committee with an example of what was currently occurring at Lenz Elementary School to show how there could be problems with overcrowding options, such as spot-rezoning. Lenz Elementary School was across South Virginia Street from Double Diamond Elementary School, which was one of the most severely overcrowded schools in the District and would be converted to the multi-track, year-round calendar for the 2017-18 School Year. Lenz Elementary School was at about 88% capacity. The District looked at rezoning some students from Double Diamond Elementary School; however, the City of Reno recently received a development application for 584 residential units to be built behind the Summit Mall. The proposed complex would be zoned for Lenz Elementary School and, based on projections, would place the school near 97% capacity without rezoning students from Double Diamond Elementary School. Additionally, Double Diamond Elementary School would still face moving to a multi-track, year-round calendar even if some rezoning occurred. The problem was similar to what had occurred at Verdi Elementary School during the 2014-

15 School Year. The District was out of "easy" options to relieve overcrowding. The cost to convert a school to multi-track, year-round was approximately \$250,000 per year, per school.

Mr. Shaver asked if the Committee would be able to review some of the final School Overcrowding Management Plans. Riley Sutton, School Capital Needs Public Relations Specialist, Washoe County School District, noted that none of the schools had submitted their final plans to the District yet. The plans were due to Superintendent Davis at the end of November 2015, so they could be evaluated and then reviewed by the Board of Trustees if necessary. Some of the content of the plans could include the number of classes that would be team-taught or movement/conversion of space into classrooms, such as a computer lab. The intent of the development of the plans was to allow staff and families to be involved in the process so they would understand their reasons behind the solutions and decisions made. In some respects it would be easier to move all non-core schools to a multi-track, year-round calendar; however, the District wanted to consider the needs of the individual families and school communities and if multi-track, round-round was a viable option. There were pros and cons to all options.

Mr. Etchart reviewed the draft Strategic Blueprint as it related to elementary schools. The District was interested in building two new elementary schools based on current needs. One would be located in the South Meadows area and the other in the North Valleys/Spanish Springs area. Additionally, the District was interested in the reinvestment of schools within the core and could provide some spot-rezoning if necessary since those schools could not be converted to a multi-track, year-round calendar. The cost to implement the draft Strategic Blueprint was a total of \$103 million annually for a total of \$925 million. Based on the current bond projections, the District would be able to raise \$35 million in bond sales per year, which would leave a shortfall of \$68 million per year. There were a number of unknowns that could occur in the region that would increase growth rates to 3-5%, including housing developments that had been approved prior to the Great Recession but never started.

Mr. Etchart also presented an ideal plan that would properly fund the District's capital project needs to avoid multi-track, year-round at all schools at a total cost of \$1.4 billion, or \$155 million annually, which included: \$164 million for 7 new elementary school; replacement of all "dry" portable classroom buildings at the cost of \$133 million for the construction of one new elementary school and one new high school, or \$62 million to replace the portables with new additions on the schools, or \$13 million to replace the "dry" portables with portables that have restrooms. Administrative facilities were also in need of revitalization, especially those directly related to students, such as Nutrition Services and Transportation. Finally, the District was interested in repairing all systems considered critical on the facility needs index,

which would require \$50 million up front and then the \$20 million per year previously presented. Finally, he presented information on what could occur if the District did not receive any additional funding. Since the bonding capacity was about \$35 million and the District required about \$20 million for repair needs, they would have approximately \$15 million available for new school construction or other projects listed in the draft Strategic Blueprint.

Chairman Carey requested additional information on what the schools would be facing if the District did not receive any additional funding. Specifically, he was interested in a one-page document that could be presented to the public on the impact of no additional funding for the District related to Capital Projects. Mr. Etchart agreed that it would be important for the community to fully understand the impacts of overcrowding on the District and what no additional funding could result in. It was important to note that even with the proposed addition to Damonte Ranch High School there was the possibility the school could face double-sessions. The District wanted to avoid double-sessions at all costs because of the disruptions it caused. Washoe County was both an urban and rural school district so if forced to move to double-sessions, some students would start school about 6:00 a.m., which would mean there would be some students waiting for buses around 4:15 a.m. Double-sessions were used quite a bit in Southern Nevada, but had only been used in Washoe County for part of one year just before the opening of Reed High School. The District was working with projected enrollments and the information could change depending on where growth actually occurred. The projections currently showed that, aside from Damonte Ranch High School, there was also the possibility of double-sessions within the next 5-7 years at McQueen High School, Spanish Springs High School, North Valleys High School, Depoali Middle School, Mendive Middle School, and Shaw Middle School.

A discussion was held on if a single figure should be utilized when considering the amount needed, namely the final 9 year amount, or if an annual amount should be considered. It would be important for the Committee to be able to see a revenue analysis of the five taxes for each plan, including the bonding capacity. Additionally, the Committee requested information on the timing of when the District would receive any additional revenue and when projects could begin since the plans were based on a 9-year period. Specifics would be critical since many in the community were interested in knowing exactly what the money would be spent on if provided.

Mr. Cate reminded the Committee that the plans were based on a projected 1.7% growth rate so if the growth was accelerated then all plans would have to be moved up by 5 years so the timing needed to be flexible to allow the District to work on projects based on the growth.

Mr. Hicks wondered if the revenue to operate the schools would be available with each plan and not just construct the schools. Tom Ciesynski, Chief Financial Officer, Washoe County School District, indicated that the District would receive additional funding from the State out of the Distributive School Account (DSA) for additional students. Challenges would continue with funding staff, but they would not be as great as with the Capital Projects.

Mr. Kazmierski remarked that the Economic Development Authority of Western Nevada (EDAWN) was showing that growth was occurring faster than originally projected and the major hiring for Tesla had not happened yet. He would like to really show the public what double-sessions would look like for students, families, staff, and the community as a whole so they would fully understand the implications of a "no" vote. Additionally, it would also be important to have a visual map of all the schools in the District. He felt many in the community did not understand the number of schools in the District.

Mr. Sigstad wondered if the District would receive additional bonding capacity during the 9-year period because other bonds would be retired. Mr. Etchart indicated that there were bonds that would expire and the information was figured into the calculations previously presented to the Committee on the ability of the District to seek bonds.

Chairman Carey opened the meeting to public comment.

Matthew Smith was the parent of a 1st grader at Mt. Rose Pre-K–8 Academy of Languages. Mt. Rose was one of the schools that could not be converted to multi-track, year-round, but had met the Conversion Threshold of 120%. The District had conducted a community meeting in October that went very well and where the process was laid out for the community on how parents could be involved in the development of the School Overcrowding Management Plan. He believed it was the intention of those in the District that the process would be followed; however, that did not occur. Ideas were presented at another meeting on what the District felt should happen for the school and feedback requested, but no notes were ever taken on the comments provided by parents. He had previously worked in education and understood that all ideas and recommendations from parents could not be implemented, but he was concerned that the commitment to the school and parents made by the District was not being honored and the reasonable ideas and suggestions from parents were not being considered in the plan. He was hopeful that the Committee would review the school plans critically and ask questions. It was important to remember that Mt. Rose was different and held the premier bilingual program in the State. The proposal presented to the parents to deal with overcrowding was to move 7th and 8th grades out of Mt. Rose to Swope Middle School because there was space. While on paper

the proposal seemed easy and simple, the families believed there would be damage to the program and the State's commitment to bi-literacy affected. The parents were frustrated because they did not feel their concerns or suggestions were being addressed by the District.

Chairman Carey suggested that a discussion on the item continue at the next meeting of the Committee as to allow the information to be reviewed more by members. He asked that additional information on proposed housing developments be presented to the Committee and what the next steps would be for the draft Strategic Blueprint from the District. Irene Payne, Chief Communications and Community Engagement Officer, Washoe County School District, indicated that the District was developing a communications plan for the document. The plan was to begin presenting the information to the community for feedback and input at community meetings in early 2016.

Mr. Peek wondered if the Committee would be "locked into" the plan presented by the District in the Strategic Blueprint. He was concerned that the Committee could determine a different amount of need based on what they believed they could raise through changes to taxes. Ms. Payne stated that the District would be very clear the document was a draft and that it was the vision of the Board of Trustees and Washoe County School District, not of the Public Schools Overcrowding and Repair Needs Committee.

Mr. Peek noted that the Board and Superintendent were the "authoritative" voices when it came to the District's needs. He expressed concern that publically, an amount would have been presented by the District of what it would cost to relieve overcrowding, and the Committee would not necessarily be able to propose a different amount to the community. Mr. Sutton remarked that the District would prefer to present a specific amount based on the work of the Committee, but would need the Committee to propose the amount. The District would not be able to advocate for or against any ballot measure, but they would be able to present information on what would be done with the revenue and the impact on the District if they received, or did not receive, additional funding. He believed the District would be able to "tell a story" of what they would be able to do with different amounts of funding.

Mr. Kazmierski recommended the Committee use the figures contained in the Strategic Blueprint as the minimum amount the District would require. He was interested in working to remove the portables, which would be an additional cost to what the District presented. The Committee had to consider what amount they wanted and build a tax piece that would provide that amount. If it was the same as the District's Blueprint, that was fine, but the amount could also be more which would allow the District to provide additional items toward the "ideal."

Trustee Taylor thanked the Committee for the feedback on the draft Strategic Blueprint. The Board of Trustees agreed that it was important to present a number to the community on what the District needed for capital projects and improvements. The District wanted to be able to show what they would be able to do with different amounts of funding, but at the same time remaining nimble enough to change course as required by growth. It was critical the community understand that the situation the District was in concerning overcrowding and growth was dire and the solution not easy, but the current situation was worse than the solution.

Mr. Stevens noted that the amount provided within the draft Strategic Blueprint was important for the Committee and community to have; however, it would be important to break that number down so the individual taxpayer would be able to see how it would directly affect them on an annual or monthly basis. He felt that would be the only way a ballot question would succeed. The Committee agreed that it would be important and additional discussions would have to occur on the amounts for each tax the Committee was authorized to consider.

Committee Member Mike Cate left the meeting at 10:37 a.m.

b. Presentation and discussion on the operating cost of a school by level and per pupil

Tom Ciesynski, Chief Financial Officer, Washoe County School District, presented the Committee with information on the operating costs of schools. The information was taken from the annual audit report that would be provided to the Board of Trustees at a future meeting and was based on Fiscal Year 2015 information. The operating funds for the schools was broken down into personnel costs, non-personnel costs used in operating a school such as supplies, and the utilities costs. The total operating costs for schools in the District was about \$340 million. The total cost was then broken down by elementary, middle, and high schools to show an approximate per school operating cost and then by pupil to show the per pupil cost at each school level.

Mr. Sigstad noted that the total cost per year, per student was about \$5,000 for an elementary school. If a school were to move to a multi-track, year-round calendar, the cost to an elementary school would increase by \$250,000 per school, then the operating cost per student would decrease to about \$4,200 because of the increased number of students. Mr. Ciesynski indicated that he had not done the math related to the impact, but the amounts appeared to be correct. It was less expensive to operate a school on multi-track, per student, than it was to build a new school; however, over time the costs would increase because the multi-track, year-round calendars were intended to "buy time" until a new school could be built.

Mr. Kazmierski remarked that the other side of the discussion was that multi-track, year-round was used as a last resort to relieve overcrowding. Once that option was used there was little else that could be done once the school was full again.

d. Requests for future agenda items

Chairman Carey reviewed the items that were tentatively scheduled for the next few meetings.

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 10:47 a.m.

Shaun Carey, Chair

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.

$$x - (a + b + c) = y = T_1 + T_2 + T_3 + T_4 + T_5$$

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.



PSORN

January 8, 2015

SB411 lays out an important task to this committee: to ask voters to support tax increases to finance capital projects for the Washoe County School District.

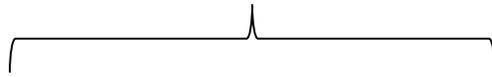
This task can be expressed succinctly
using the following formula:

$$x - (a + b + c) = y = T_1 + T_2 + T_3 + T_4 + T_5$$

$$\overbrace{x - (a + b + c)}^{\text{Need}} = \underbrace{y = T_1 + T_2 + T_3 + T_4 + T_5}_{\text{Mechanism}}$$

PSORN's
Challenge

There are many ways to
define “need.”



$$x - (a + b + c) = y = T_1 + T_2 + T_3 + T_4 + T_5$$

Variable	Definition	Amount
x	Total traditional calculation of WCSD’s capital needs through 2024.	\$1,112.4 million
a	Total amount of rollover bond funds accessible via SB207 of the 75 th legislature through 2024.	\$316 million
b	Total amount of savings to WCSD via implementation of crowding-mitigation plans.	\$187.2 million
c	Total amount of savings left unaddressed by PSORN committee.	TBD

POSRN has received information to aid in making these decisions.

$$\$1112.4 - (\$316 + \$187.2 + c) = y = T_1 + T_2 + T_3 + T_4 + T_5$$

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x	Total traditional calculation of WCSD's capital needs through 2024.	\$1,112.4 million
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c	Total amount of savings left unaddressed by PSORN committee.	TBD

Assuming PSORN has no
recommendations of its own.

$$\$1112.4 - (\$316 + \$187.2 + \overbrace{\$0}) = \$609.2 \text{ million}$$

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x	Total traditional calculation of WCSD's capital needs through 2024.	\$1,112.4 million
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c	Total amount of savings left unaddressed by PSORN committee.	TBD

Various taxes allowed under SB411.

$$\$609.2 \text{ million} = \overbrace{T_1 + T_2 + T_3 + T_4 + T_5}$$

Variable	Definition	Amount
T_{1-5}	One of five taxes SB411 authorizes PSORN to pose to voters, individually or in any combination thereof. This may consist of sales tax, property tax, real property transfer tax, governmental services tax, and room tax.	Varies.

Various taxes allowed under SB411.

$$\$609.2 \text{ million} = T_1 + T_2 + T_3 + T_4 + T_5$$

Variable	Definition	Amount (30 yr bond)
T_1	Sales tax. Currently 7.725% of a purchase of retail goods.	\$254,221,620 per 0.25%.
T_2	Property Tax. Currently \$3.66 per \$100 of a property's assessed valuation.	\$21,188,432 per \$.01.
T_3	Real Property Transfer Tax. \$2.05 per \$500 of a real estate's sale price.	\$55,325,130 per \$.50.
T_4	Government Services Tax. Currently about \$4 per \$100 a vehicle's value.	\$116,057,313 per \$1.00.
T_5	Room Tax. Currently 13 – 13.5% of a hotel room's rate, depending on location.	\$36,650,321 per 1%.

Limiting ourselves to a single stream of revenue creates certain challenges.

$$\$609.2 \text{ million} = T_1 + T_2 + T_3 + T_4 + T_5$$

Variable	Definition	Amount (30 yr bond)
T_1	Sales tax. To cover the whole gap, would need to be raised by about \$.60 (8% increase)	\$254,221,620 per 0.25%.
T_2	Property Tax. Would need to be increased by a whopping 28.75% (7.7% increase)	\$21,188,432 per \$.01.
T_3	Real Property Transfer Tax. Would need to be increased by \$5.51 (268% increase)	\$55,325,130 per \$.50.
T_4	Government Services Tax. Would need to be increased by \$5.24 (131% increase)	\$116,057,313 per \$1.00.
T_5	Room Tax. Would need to be increased by 16.62%, (128% increase).	\$36,650,321 per 1%.

While a cocktail approach may be difficult to draft and ultimately confusing to potential voters.

$$\$609.2 \text{ million} = T_1 + T_2 + T_3 + T_4 + T_5$$

Variable	Definition	Amount (30 yr bond)
T_1	Sales tax. Raised 0.375% to match Clark County at 8.1%, generating \$381,332,430.	\$254,221,620 per 0.25%.
T_2	Property Tax. Raised .02%, taking Washoe County to 3.68%, generating \$42,366,846	\$21,188,432 per \$.01.
T_3	Real Property Transfer Tax. Raised \$.50 to \$2.55, generating \$55,325,130.	\$55,325,130 per \$.50.
T_4	Government Services Tax. Raised \$1.00 to roughly \$5.00, generating \$116,057,313.	\$116,057,313 per \$1.00.
T_5	Room Tax. Raised 0.5% to generate \$18,325,160.5.	\$36,650,321 per 1%.

SB411 does not require a one-vs.-all approach to proposals. Staff has been reviewing numbers.

$$\mathbf{\$609.2\ million = T_1 + T_2 + T_3 + T_4 + T_5}$$

SB411 does not require a one-vs.-all approach to proposals. Staff has been reviewing numbers.

$$\mathbf{\$609.2\ million = T_1 + T_2 + T_3 + T_4 + T_5}$$

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>

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





Public Schools Overcrowding and
Repair Needs Committee Presentation

January 8, 2016



Prepared by
JNA Consulting Group, LLC

ASSUMPTIONS

- Bond term of 20 years
- Interest rates range from 4.50% to 6.0%
- Revenues begin by July 1, 2017
- Bonds are issued with a general obligation backing
- Coverage levels and near term growth rates:

	Coverage	Growth Rate
Property tax (SB411)	1.05-1.10	5%
Sales tax	1.25	6%
Real Property Transfer tax	1.50+	5%
Governmental Services tax	1.25	0%
Room tax	1.50	3%

Sample Scenarios Strategic Blueprint

- Each of these scenarios, combined with the existing rollover capacity, has sufficient bonding and PAYG funds to fund the projects identified in the **Strategic Blueprint**.
- Strategic Blueprint annual need is \$102.8MM

Tax	Scenario I	Scenario II	Scenario III	Scenario IV	Scenario V
Property	\$0.24		\$0.11	\$0.07	\$0.06
Sales		.50%	.25%	.25%	.20%
RPTT				\$1.00	\$0.50
GST					.50%
Room					1.0%

Sample Scenarios Ideal Funding

- Each of these scenarios, combined with the existing rollover capacity, has sufficient bonding and PAYG funds to fund the projects identified in the **Ideal Funding Plan**.
- Ideal Funding Plan annual need is \$155MM

Tax	Scenario I	Scenario II	Scenario III	Scenario IV	Scenario V
Property	\$0.39		\$0.20	\$0.14	\$0.10
Sales		.75%	.35%	.35%	.30%
RPTT				\$2.00	\$1.00
GST					1.0%
Room					1.0%

OBSERVATIONS

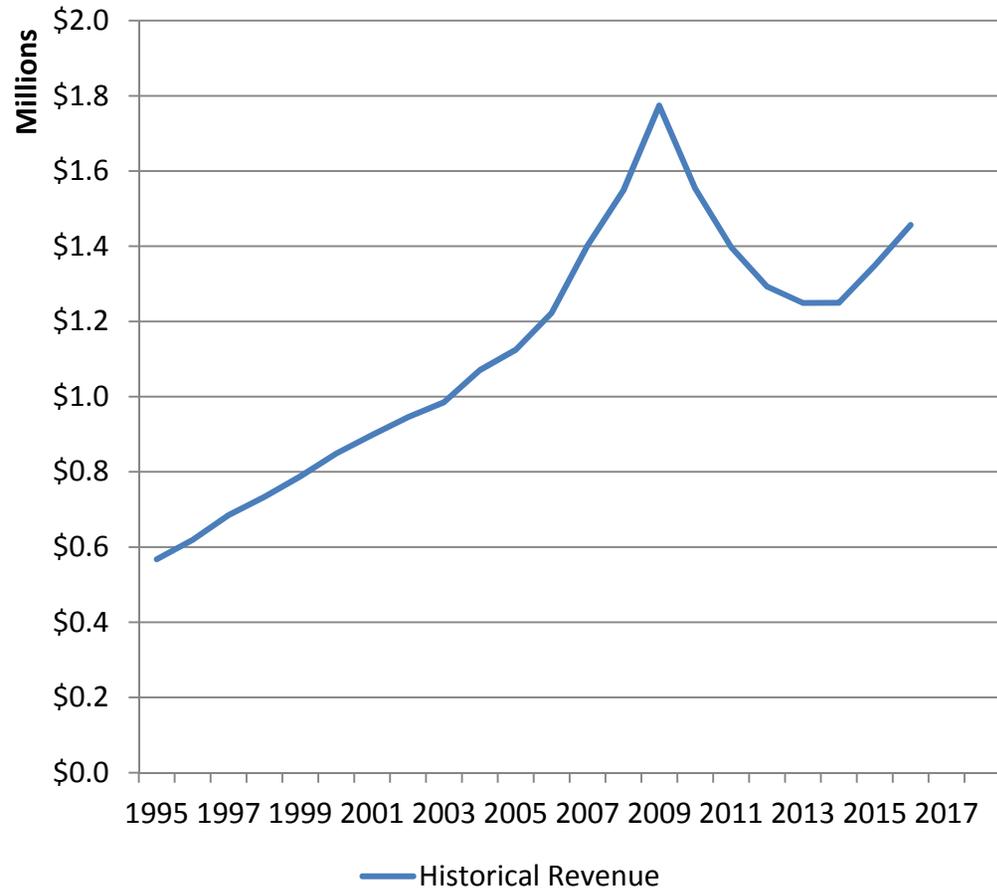
- Factors that could reduce funding
 - Short tax sunsets
 - Lower than anticipated growth in revenues
 - Short borrowing term due to nature of financed projects
 - Higher than expected interest rates

- Factors that could increase funding
 - Higher than expected revenue growth
 - Longer borrowing term
 - Lower than expected interest rates

Historical Collections of Revenue Sources

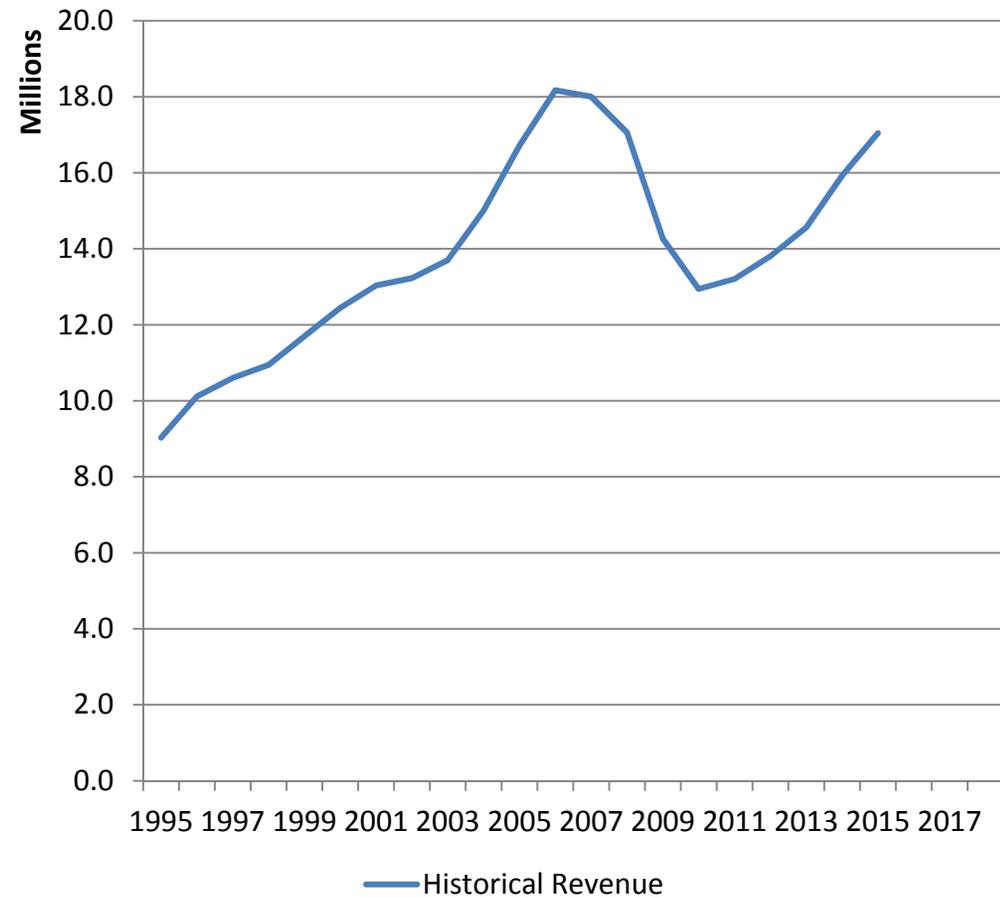
Property Tax

- Example rate of \$.01
- Historical information based on County-wide assessed value
- Tax rate levied pursuant to SB411 is exempt from the overlapping tax cap and abatement
- Year-to-year changes range from 14% decline to 16% increase



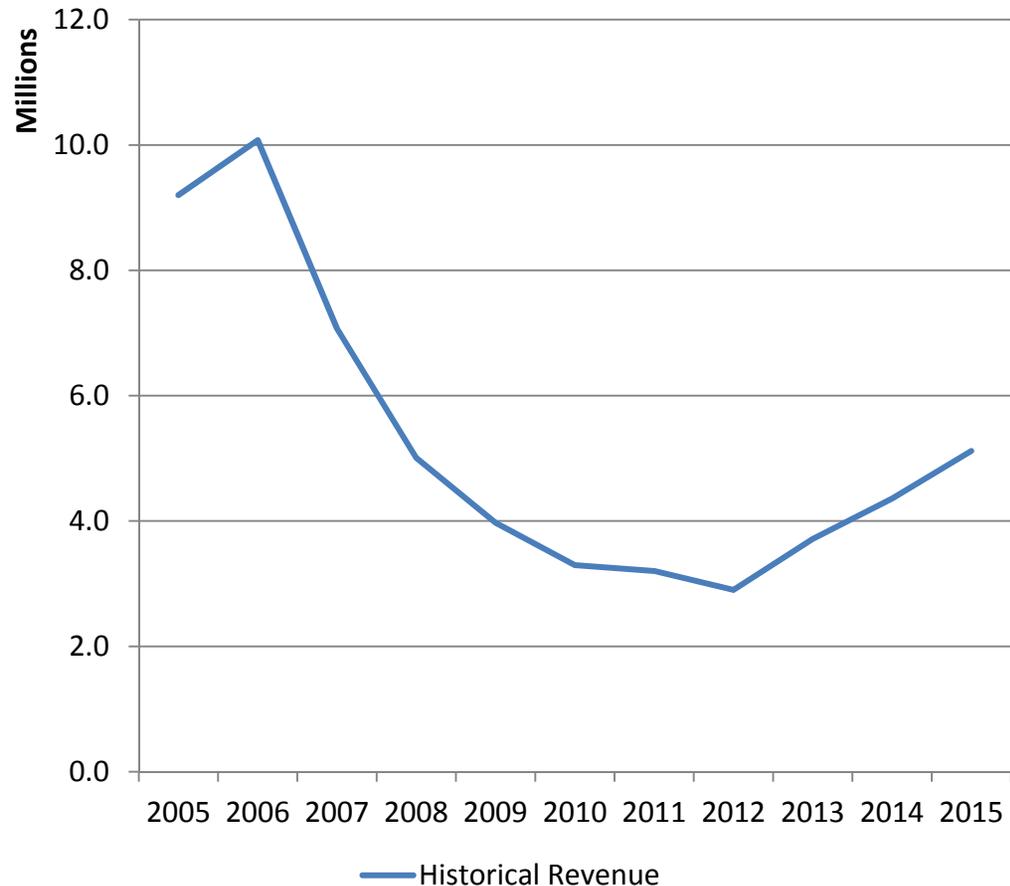
Sales Tax

- Example rate of .25%
- Historical information based on County-wide taxable sales
- Current sales tax of 7.725% in Washoe County
- Year-to-year changes range from 16% decline to 12% increase



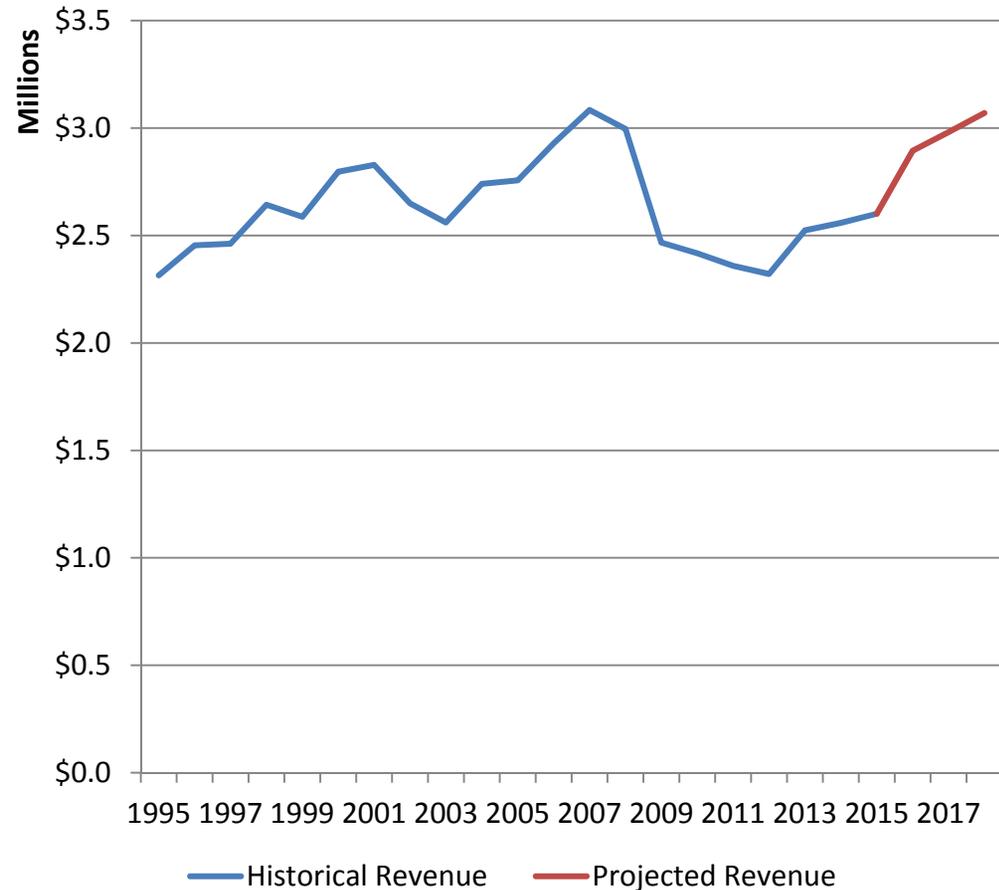
Real Property Transfer Tax

- Example rate of \$0.60/\$500
- Historical information based on County-wide collections (now includes full FY15)
- Currently levied at \$2.05/\$500 in Washoe County
- Year-to-year changes range from 30% decline to 28% increase



Room Tax

- Example rate of 1%
- Historical information based on County-wide collections
- Currently levied at 13/13.5% in Washoe County
- Year-to-year changes range from 18% decline to 9% increase



Governmental Services Tax

- Example rate of \$1/\$100
- Historical information based on County-wide collections
- Currently levied at ~\$4/\$100 in Washoe County
- Year-to-year changes range from 9% decline to 11% increase

