

**MINUTES OF THE JANUARY 8, 2016
PUBLIC SCHOOLS OVERCROWDING &
REPAIR NEEDS COMMITTEE MEETING**

1. Opening Items

1.01 Call to Order

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

1.02 Roll Call & Introductions

Chairman Shaun Carey and Committee Members Assemblywoman Teresa Benitez-Thompson, Commissioner Marsha Berkgigler, Bridget Burckhard, Anthony Carano, Mike Cate, Dana Galvin, Mike Kazmierski, Todd Koch, Greg Peek, Dylan Shaver, Kevin Sigstad, and Len Stevens were present. Committee Members Josh Hicks and Senator Debbie Smith were absent from the meeting. Superintendent Traci Davis and District staff were also present.

1.03 Public Comment

There was no public comment at this time.

2. Items for Discussion and Possible Action

2.01 Approval of the minutes of the November 20, 2015 meeting of the Public Schools Overcrowding & Repair Needs Committee

It was moved by Mr. Peek and seconded by Mr. Sigstad that **the Public Schools Overcrowding & Repair Needs Committee approves the minutes of the November 20, 2015 Meeting.** The result of the vote was Unanimous. Final Resolution: Motion Carries.

2.02 Introduction and overview of a proposed formula to define the issue of overcrowding & repair needs as drafted by Vice Chair Dylan Shaver

Dylan Shaver, Vice Chair, Public Schools Overcrowding & Repair Needs Committee, and City of Reno Representative, explained how the formula to determine the need of the District was developed. Senate Bill (SB) 411 laid out a fairly straight forward mission for the Committee: develop a ballot question to put forward to the voters to fund what the Committee had determined was a significant need facing the Washoe County School

District. The formula created was based on that mission which was basically “the need = the amount determined by the Committee = the mechanism to get the amount” or “ $x - (a + b + c) = y = T_1 + T_2 + T_3 + T_4 + T_5$.” (x = total traditional calculation of District capital needs through 2024; a = total amount of rollover bond funds accessible through 2024; b = total amount of savings to District via implementation of overcrowding plans; c = total amount to be addressed by the Committee; y = total amount to be funded; T_{1-5} = tax options included in SB411). The Committee had been presented with different possible amounts from the District, including the Ideal amount, the Strategic Blueprint amount, and The Cuningham Group recommendations amount. The amounts of the variables for the need were reviewed, with the only question being “ c ” which had yet to be determined by the Committee and was the amount that would be required to implement, or not implement, one of the plans presented by the District. Once the Committee determined the amount for variable “ c ”, they would then need to figure out how to get to that amount from the mechanisms allowed for in SB411, or T_{1-5} .

Mr. Shaver reminded the Committee they had the ability to focus on one or more of five possible taxes to fill in the amount. The taxes were sales tax, property tax, real property transfer tax, governmental services tax, and room tax. He presented possible methods that could be used to raise about \$609.2 million, which assumed the Committee did not have any additional recommended funding for the District. Options were presented related to the amount the taxes would need to be increased utilizing one revenue source and multiple revenue sources. He indicated that if the Committee decided to use multiple revenue sources, the question presented to the voters would be complex and more groups could come out against the measure.

Mr. Kazmierski asked if the figures provided in the presentation were consistent with what the Committee had previously seen in meetings and current projections or if that had changed since the Committee had first seen the information. Tom Ciesynski, Chief Financial Officer, Washoe County School District, stated that the numbers presented were consistent with the plans presented by the District previously.

Mr. Kazmierski indicated that since the figures were on-track, the Committee now had a figure to aim for in terms of the amount that would have to be raised. He agreed that it would be prudent to have as few taxes as possible included on the ballot because each time another tax was added there was another group in the community advocating against the initiative.

Mr. Stevens maintained that it would be important for the Committee to look at the effects of each of the taxes and who would be affected. Sales tax would affect the broadest base of people, but the Committee also had to understand how individual people would be effected. He wondered if the Committee would be able to get information on how any changes would effect a typical family, which would also break down the amounts to a

figure more people would be able to understand.

Mr. Kazmierski noted that he had requested information from the Center for Research at the University of Nevada, Reno on the potential increases. Almost 50% of sales tax revenues were paid for by visitor traffic to the area. He believed the broader the tax base facing a tax increase the better so the community would know everyone was contributing and not just a particular group of citizens.

Chairman Carey asked if the Committee was comfortable utilizing the \$609 million figure as the need to be addressed. A discussion was held on how the \$609 million was determined. The \$609 million was based on the Strategic Blueprint developed by the District. Some on the Committee wondered if they should use the Blueprint as the guiding document or if they should look at the Ideal Funding scenario. A concern was raised that if the Committee placed the overall amount too high, the community would not be able to grasp the amount and the question would fail. Superintendent Davis reviewed why the Strategic Blueprint was developed and the guiding principles behind the development, including the avoidance of double sessions.

Ms. Burckhard requested clarification on if the Strategic Blueprint included the use of double sessions and multi-track, year round calendars. Superintendent Davis explained the Strategic Blueprint was intended to avoid double sessions, but still included the possibility of multi-track, year round calendars based on the capacity of each school. The Ideal Plan would eliminate year-round and double sessions at all schools and cost about \$800 million.

Chairman Carey remarked that successful bond questions in Washoe County were understandable to the average voter and specific in what the entity intended to do with the funds. A Blank-check questions were a recipe for "no" votes from the community.

Mr. Sigstad asked if it was the intent of the Chair to set a specific dollar need at the current meeting. He also wondered if the Committee could set the amount and then determine the tax or taxes to be used at a future meeting. Chairman Carey answered in the affirmative to both questions.

It was moved by Mr. Kazmierski and seconded by Mr. Stevens that **the Public Schools Overcrowding & Repair Needs Committee sets as the financial need of the Washoe County School District between \$600 – 800 million and the Committee utilizes sales tax as the single tax revenue source in which to raise the amount needed.**

Chairman Carey opened the motion for discussion.

Assemblywoman Teresa Benitez-Thompson expressed hesitation in utilizing a single revenue stream at the present time.

Mr. Peek mentioned a similar concern as Assemblywoman Benitez-Thompson. He wondered if multiple taxes were included in the question the increases would be seen as more of a community solution. He felt the Committee should have a discussion on the impacts of each of the taxes on the different communities in the County before a final decision was made.

Mr. Sigstad noted that there had been times when multiple tax increases were placed in ballot questions and those questions were not successful. In reviewing all potential revenue sources, it was important to note that many of the other taxes were already very high for the area. Washoe County was already at the cap in terms of property taxes, so there would be a lot of opposition if the Committee wanted to increase the amount over the cap making Washoe County the highest property taxes in Nevada. If the Committee presented multiple taxes in the question there would be multiple opponents to the proposal. He would prefer to utilize a single source if at all possible.

Mr. Koch agreed with the funding amounts in the motion; however, he was not interested in limiting the discussion to a single tax at the present time. He would like to see the numbers of the possible increase first and how it would affect the different socio-economic groups who would have to pay the taxes.

Mr. Kazmierski explained his intent behind making the motion was that the Committee had been talking about the amount of need for the District for a number of meetings. He wanted to see the Committee begin to focus on a solution so they could then begin to formulate the ballot question. The Committee was limited in the amount of time they had to develop the question and he wanted to make sure the conversations occurred.

Mr. Cate appreciated the intent behind the motion and agreed that a single tax would be the easiest way for the community to understand the issue. He was interested in seeing something else added to the question that would allow for a dedicated maintenance fund for the District so they would have revenue available in the future for repair needs. The community always wondered why the District did not have such a fund and an additional item in the question could allow for that to occur.

Ms. Burckhard asked if the Committee had the ability to put more than one question on the ballot. Chairman Carey stated that the Committee could only place one question on the ballot in November 2016, though there could be multiple parts to the question.

Mr. Shaver agreed with Mr. Kazmierski that timing for the Committee was becoming a concern. Included in the current agenda item were additional topics that could provide

more information on the rates the taxes would need to increase by to pay for the need discussed. While he appreciated the intent behind the motion, he requested it be withdrawn until the Committee had been able to hear the other agenda items.

Mr. Kazmierski stated the purpose of the motion was to get the Committee to start talking about the options. He withdrew the motion for possible resubmittal after continued discussion. His understanding was that the District would use the current bond revenues for maintenance so if a sales tax increase were to occur, those funds would be dedicated for new construction and revitalization projects.

Chairman Carey opened the meeting to public comment.

Bill Horn declared he planned to file as a candidate for the Board of Trustees in District G. He noted that as a potential candidate, he would be forced to support any ballot measure the Committee put forth. He agreed the District needed the money but there was very little trust in the current Board and District administration that the money would be used appropriately. He liked that the motion had contained an amount because there were other amounts that could be focused on. He believed that it was important for the Committee to consider the opposition for each potential tax increase.

Tom Clark noted he had been heavily involved in previous bond questions for the District, including the Yes, Yes for Kids Campaign in 1998. He understood the concerns voiced by members of the Committee. His concern was that the Committee was focusing on too many taxes because there could be a lawsuit related to the single subject rule for ballot questions.

Mr. Shaver asked legal counsel if the Committee did need to be concerned about a potential lawsuit if multiple taxes were included in the ballot question. Neil Rombardo, Chief General Counsel, Washoe County School District, stated SB411 did allow for the Committee to consider and utilize one or more of five stated taxes in a possible ballot question. He would need to review applicable case law related to the single subject rule to determine if there could be an issue with a potential lawsuit.

Chairman Carey stated agenda items 2.02.2 and 2.03 would be combined for discussion purposes.

2.02.2 Review and update of the revenue options as presented by JNA Consulting on October 9, 2015

2.03 Presentation and discussion regarding sample combinations of revenue generation options

Tom Ciesynski, Chief Financial Officer, Washoe County School District, presented information to the Committee on possible funding different taxes and rates could generate for the District. The scenarios presented were based on the figures from the Ideal Plan and the Strategic Blueprint and showed the highest and lowest possible levels that could be generated. A "Funding Matrix" was included in the meeting materials to provide the possible revenue different taxes and amounts that could be generated. The information presented by Mr. Shaver was based on the matrix.

Marty Johnson, JNA Consulting, provided a presentation on various scenarios the different tax options based on the Ideal Plan and the Strategic Blueprint. The assumptions used for the scenarios were: a 20-year bonding term; 6% interest rates; the start date of potential revenue as July 2017; the bonds used would be general obligation bonds; and near-term growth rates for each potential revenue source. He noted that an increase to the property tax would be outside of both the \$3.64 cap and the abatement cap. Sample scenarios were presented. The scenarios could be changed and returned to the Committee for review if the decision was made to focus on different combinations.

Mr. Sigstad asked what the amounts included in the scenarios for the Real Property Transfer Tax were based on, i.e. per \$500 or per \$1,000. Mr. Johnson stated the amounts were based on amounts per \$500 of value. Currently the Real Property Transfer Tax was \$2.05 per \$500 of assessed value.

Mr. Shaver noted that previous presentations presented showed a 0.5% increase in sales tax would generate about \$56 million annually; however, the amount presented by the District for the cost of the Strategic Blueprint was \$67.8 million annually, so there appeared to be a gap that would need to be filled if the second scenario presented were to be used. Mr. Johnson mentioned that the scenario included the funds from the Rollover Bonds. The scenarios presented utilized annual averages, but the Ideal Plan and Strategic Blueprint were based more on when projects would be funded. For example, one year only be \$30 million might be needed for capital projects and the next year \$150 million could be required. Mr. Ciesynski confirmed there would be a deviation in the amounts needed from year to year based on project schedules.

Chairman Carey clarified that the averages in both plans were an optimization of when the funds would be needed. Mr. Johnson remarked that the plans represented more of a funding delivery schedule of when schools would be built and opened. A 0.5% increase in the sales tax would cover the projects listed in the Strategic Blueprint over a 10-year period. A discussion occurred on if the actual dollars generated annually would be adequate to cover the needs. The amounts included the scenarios would increase over time because bonding would not be required for every project, which in turn would mean less money would ultimately be paid in interest and the District would be able to use Pay as You Go funding opportunities. Both the time-value of money and growth projections

were figured into the calculations. If the District was able to delay bonding, they would be able to utilize the funds that would have been paid on the bond for a specific year for Pay as You Go projects. The assumptions also factored in an increase in bonding costs. The Committee wanted to be sure the amount was enough for the District to be able to complete the projects because if additional funds were needed, and the District had to go back to the voters, it would be the District criticized and not the members of the Committee.

Chairman Carey reopened agenda item 2.02 for a possible motion.

It was moved by Mr. Kazmierski and seconded by Mr. Sigstad that **the Public Schools Overcrowding & Repair Needs Committee sets the funding amount needed by the Washoe County School District between \$600 – 800 million and the Committee focuses the ballot question on a sales tax increase not to exceed 0.6%.**

Chairman Carey opened the motion for discussion.

It was moved by Mr. Peek and seconded by Mr. Koch that **the motion be amended to include all tax options allowed under Senate Bill 411 for the ballot question.**

Chairman Carey opened the amendment for discussion.

Mr. Shaver asked if the Committee would be conducting a hearing on a specific proposal before a vote would be taken to advance anything to the Washoe County Commission for inclusion on the November 2016 ballot. Chairman Carey answered that the Committee would conduct such a hearing. The intent of the current meeting was to make sure the Committee was moving forward in the work since they had received as much background information as possible. The next meeting agenda could include information on the effects of increases to each of the taxes if that was the desire of the Committee.

Mr. Sigstad indicated that he was not in favor of the amendment because he first wanted a conversation to occur to know if the Committee would support a single-source for the ballot question. He felt the Committee had the information needed to make a decision on which tax or taxes should be included.

Mr. Peek remarked that he agreed with Mr. Sigstad; however, he also wanted to make sure the amount the District wanted to fund could be realized with a single-source and he did not believe that the current motion would allow for that to occur, but the amendment would for the possibility to include additional sources if necessary. A discussion should occur to determine if the Committee was willing to entertain additional sources of revenue based on the amount needed.

Mr. Kazmierski requested clarification on if the 0.5% increase in the sales tax included in the presentation would cover the costs of the Strategic Blueprint. Mr. Johnson explained that when combined with the Rollover Bonds, the 0.5% increase would fund the Strategic Blueprint.

Mr. Sigstad noted that the 0.6% increase would bring in about \$732 million, which was more than the estimate for the Strategic Blueprint and would allow the District additional options.

Mr. Peek wondered if the Committee was set on the Strategic Blueprint as the model that should be used to determine the amount. He felt the Strategic Blueprint should be the "back-up" for the District and the Committee should look to fund the Ideal Plan.

The result of the vote for the amendment was 8 – 5: (Yea: Teresa Benitez-Thompson, Marsha Berkbigler, Shaun Carey, Mike Cate, Dana Galvin, Greg Peek, Dylan Shaver, and Kevin Sigstad. Nay: Bridget Burckhard, Anthony Carano, Mike Kazmierski, Todd Koch, and Len Stevens.) Final Resolution: Motion Carries.

The amended motion for consideration was that **the Public Schools Overcrowding & Repair Needs Committee sets the funding amount needed by the Washoe County School District between \$600 – 800 million and the Committee looks at increases to Property Tax, Sales Tax, Real Property Transfer Tax, Government Services Tax, and Room Tax for the ballot question.** The result of the vote was Unanimous. Final Resolution: Motion Carries.

Chairman Carey opened the meeting to public comment.

Bill Horn wondered if, based on the motion, the Committee had accepted the Strategic Blueprint as the "official" plan to be used to take to the community, instead of the Ideal Plan that would fund everything. In listening to the presentations, he was unclear if the amounts presented in any of the scenarios would even fund the Ideal Plan.

2.04 Requests for future agenda items

Chairman Carey noted that now that the Committee had provided a range of funding, he would like to continue the discussion on the next agenda.

Mr. Peek added that the presentations should include how the Committee could get to the \$600 – 800 million listed in the motion by reviewing each of the five taxes, possible amounts generated, and public acceptability of each possible tax increase. The likelihood of passage of a tax increase had to be discussed by the Committee.

Mr. Shaver wondered if there was time for the Committee to receive the kind of analysis requested for each of the taxes and if the Committee should narrow the conversation even more.

Chairman Carey reopened agenda item 2.02 for further discussion and consideration.

Mr. Shaver remarked that any future agenda item should look at specific proposals and should be heard as specific proposals on which tax or taxes should be used to get to the amount approved by the Committee.

Mr. Peek indicated that the Committee should focus their efforts on sales tax and property tax. A couple of outside organizations had pulled together some information on possible tax increases so there was information available to the Committee if they chose to look for the information.

Chairman Carey stated that the proper course of action would be for the Committee to rescind the previous motion since they could not amend a motion that had already been passed. A new motion could then be offered that included the new information on specific taxes.

Mr. Sigstad asked if it would be more appropriate for the Committee as a whole to review all the information first rather than to make a decision at the current meeting if a ballot question should contain an increase to a single tax or multiple taxes.

Mr. Koch felt waiting would also allow legal counsel time to provide information on the concern raised regarding the single subject rule.

Mr. Cate commented that if the Committee was interested in utilizing two sources of revenue, then he would like to see one of the sources dedicated to maintenance. He believed multiple sources of revenue would be more palatable to the public if one source was dedicated to maintaining existing facilities. No school district within the State of Nevada had such a dedicated source for maintenance and it would show the voters that any other revenue, including Rollover Bonds, would only be used for new construction or similar projects.

It was moved by Mr. Shaver and seconded by Assemblywoman Benitez-Thompson that **the Public Schools Overcrowding and Repair Needs Committee rescinds the prior motion setting the funding amount needed by the Washoe County School District between \$600 – 800 million and the Committee looks at increases to Property Tax, Sales Tax, Real Property Transfer Tax, Government Services Tax, and Room Tax for the ballot question.** The result of the vote was Unanimous. Final

Resolution: Motion Carries.

Chairman Carey recessed the meeting for 10 minutes.

It was moved by Mr. Peek and seconded by Mr. Sigstad that **the Public Schools Overcrowding and Repair Needs Committee sets the funding amount needed by the Washoe County School District between \$600 – 800 million and the Committee looks at only an increase to property tax and/or sales tax for the ballot question.**

Chairman Carey opened the motion for discussion

Mr. Shaver offered a friendly amendment to the motion of “up to \$800 million” instead of “\$600 – 800 million.” He was concerned that if the amount needed could be less than \$600 million depending on the projects.

Mr. Peek stated he would not accept the amendment. He felt the Committee had to show there was a “hard floor,” which was the Strategic Blueprint. If the District was able to include additional projects beyond what was included in the Blueprint, then the community would be better off.

Chairman Carey opened the motion for public comment.

Wes Anderson remarked that it was important for the Committee to consider the “value of communication.” He had recently read in the *Reno Gazette-Journal* that Nevada had the worst school system in the United States, but there were no details on how that conclusion was reached. He felt the discussion had by the Committee was important and valuable; however, their communication with the community was non-existent. It would be important for the Committee to be able to tell the voters why the money was needed and how it would be spent. He wished the Committee luck in their endeavor because he did not think the message would get out.

The result of the vote was Unanimous. Final Resolution: Motion Carries.

3. Closing Items

3.01 Announcement of Next Meeting

The next meeting of the Public Schools Overcrowding and Repair Needs Committee would be held on January 22, 2016 at 9:00 a.m. at the Washoe County Complex.

3.02 Public Comment

Superintendent Davis explained the District would love to receive enough funding to implement the Ideal Plan; however, they had been tasked with developing a plan that would allow the District to ease overcrowding and eliminate double sessions as cost effectively as possible. She considered the Strategic Blueprint the minimum of what was needed to achieve the guiding principles defined in the Strategic Blueprint.

Mr. Stevens remarked that it would be important for members of the Committee to articulate that the Strategic Blueprint was the minimum and not the Ideal Plan. Additional obstacles faced by the District had to be presented to the community so they truly understood the challenges occurring and how those challenges affected the learning process. The history of how the District got to the situation they were in would be an important educational piece to the future campaign.

3.03 Adjourn Meeting

There being no further business to come before the members of the committee, Chairman Carey declared the meeting adjourned at 10:49 a.m.

Shaun Carey, Chair