

SB411 Public Schools Overcrowding and Repair Needs Committee



ESTABLISHED TO RECOMMEND THE
IMPOSITION OF CERTAIN TAXES FOR
CONSIDERATION BY DOUGLAS COUNTY
VOTERS AT THE 2016 GENERAL
ELECTION TO FUND CAPITAL PROJECTS
WITHIN THE SCHOOL DISTRICT

MAJOR EVENTS TIMELINE

- **August 2015: By Resolution, the DCSD BOARD of TRUSTEES established the creation of the COMMITTEE**
- **COMMITTEE to submit recommendations to the Board of County Commissioners by April 2, 2016**
- **BOARD OF COUNTY COMMISSIONERS required to submit a question to the voters at the November General Election**

COMMITTEE MEMBERSHIP

Brady, Dave – Carson Valley Chamber of Commerce	Smith, Melissa – NV Builders Alliance
Brown, Piper – Retail Association of NV	Spires, Brad – NV Association of Realtors
Frels, A.J. – Carson Valley Visitors Authority	Thaler, Steve – County Commissioners
Kuskie, Mandee – DCSD PTO	Trio, Louie – NV State AFL - CIO
Melendez, Valerie (<i>non-voting</i>) – Northern Nevada Development Authority	Wheeler, Jim - Assemblyman
Osborne, Blayne – representing Assemblyman Jim Wheeler and Senator James Settelmeyer	Whipple, Cleo – NV Resort Association
Rippet, Brian - DCPEA	DCSD Rep – White, Teri – Superintendent (ex officio)
Settelmeyer, James - Senator	DCSD Rep – Luna, Holly – Chief Financial Officer (designee)

TAXES FOR CONSIDERATION

- **Transient Occupancy Tax (Room Tax)**
- **Supplemental Government Service Tax (Vehicle Registration Tax)**
- **Real Property Transfer Tax**
- **Sales and Use Tax**
- **Property Tax**

TAX PROCEEDS

- **MUST be deposited in the Capital Projects Fund of the School District**
 - **Cannot be used to settle or arbitrate disputes or to settle negotiations**
 - **Cannot be used for salaries and benefits of School District employees**
- **MAY BE pledged to the payment of the principal and interest on Bonds**

REVIEW OF RESOURCES

- Trend line data for student enrollment by school site and grade level
- Housing Starts & County Demographics
- State Demographers estimate (0.5-1% next 3-4 years)
- KIDS Committee Bond & supporting documents
- 10 Year Facilities' Master Plan
- 5 Year Capital Improvement Plan
- List of UNFUNDED major maintenance, renovations & repairs

SELECTION CRITERIA

- **REPAIR PROJECT FOCUS:**

- Health & Safety Issues
- Critical Needs

- **SELECTION OF REVENUE SOURCE:**

- Single Tax
- Simplicity
- Flexibility (allow Bond, Pay-As-You-Go Cash, or combo)
- “Share the Pain” & “Don’t Bust the Cap”
- 10 Year Duration equal to the 10 year Useful Life of Projects
- Sunset Clause (equivalent to 10 years)



PROPOSED REPAIR PROJECTS

SITE	DESCRIPTION	ORIGINATION	TIER I	TIER II	Health & Safety	Replacement of Critical Needs	Safety & Savings/Efficiencies	Academic Excellence & Standards	All Other	Low Est	High Est
DW	Concrete Replacement	MAINTENANCE	X			X				\$ 150,000	\$ 200,000
CCMES	Replacement ramps at both modulares	MAINTENANCE	X		X					\$ 35,000	\$ 40,000
ZCES	Replace domestic plumbing system	MAINTENANCE	X			X				\$ 50,000	\$ 100,000
ZCES	Replacement of 5 HVAC units North wing	KIDS Committee	X			X				\$ 45,000	\$ 50,000
CCMES (FMP Phase 1B)	Plumbing replacement (sections only)	MAINTENANCE	X			X				\$ 75,000	\$ 150,000
	ADA Compliance (stage, bathrooms)	KIDS Committee	X				X			\$ 40,000	\$ 100,000
	Bathroom Remodels (3 sets B/G; 8 adult, 3 K)	MAINTENANCE	X			X				\$ 380,000	\$ 760,000
	Fire Alarm Replacement & Code Update	KIDS Committee	X		X					\$ 100,000	\$ 175,000
	Exterior Room Identification (Fire Code Compliance)	MAINTENANCE	X		X					\$ 10,000	\$ 15,000
	Replumb HVAC Units	MAINTENANCE	X			X				\$ 20,000	\$ 30,000
	Kitchen Freezer & Cooler Replacement	MAINTENANCE	X		X					\$ 34,000	\$ 50,000
	Installation of Repeater per new code/compliance	MAINTENANCE		X					X	\$ 100,000	\$ 125,000
	Hazardous Materials Abatement	MAINTENANCE		X					X	\$ 20,000	\$ 30,000
JVES (FMP Phase 1B)	ADA Compliance (stage, bathrooms)	KIDS Committee	X				X			\$ 40,000	\$ 100,000
	Bathroom Remodels (3 sets B/G; 8 adult, 3 K)	MAINTENANCE	X			X				\$ 380,000	\$ 760,000
	Fire Alarm Replacement & Code Update	KIDS Committee	X		X					\$ 100,000	\$ 175,000
	Exterior Room Identification (Fire Code Compliance)	MAINTENANCE	X		X					\$ 10,000	\$ 15,000
	Installation of Repeater per new code/compliance	MAINTENANCE		X					X	\$ 100,000	\$ 125,000
	Hazardous Materials Abatement	MAINTENANCE		X					X	\$ 20,000	\$ 30,000

SITE	DESCRIPTION	ORIGINATION	TIER I	TIER II	Health & Safety	Replacement of Critical Needs	Safety & Savings/Efficiencies	Academic Excellence & Standards	All Other	Low Est	High Est
CVMS (FMP Phase 2B)	Bell / Intercom System Replacement	MAINTENANCE	X		X					\$ 150,000	\$ 200,000
	Fire Alarm Replacement & Code Update	KIDS Committee	X		X					\$ 175,000	\$ 250,000
	Exterior Room Identification (Fire Code Compliance)	MAINTENANCE	X		X					\$ 20,000	\$ 30,000
	HVAC Replacement (60+ units); condenser replacement (45+ units)	MAINTENANCE	X			X				\$ 571,000	\$ 945,000
	Replacement of Roof Areas related to HVAC	MAINTENANCE	X			X				\$ 15,000	\$ 20,000
	Main Electrical Service Replacement	MAINTENANCE	X			X				\$ 290,000	\$ 380,000
	ADA Compliance (ramps, bathrooms)	KIDS Committee	X				X			\$ 40,000	\$ 100,000
	Installation of Domestic Backflow	MAINTENANCE		X					X	\$ 70,000	\$ 100,000
	Installation of Repeater per new code/compliance	MAINTENANCE		X					X	\$ 100,000	\$ 100,000
	Hazardous Materials Abatement	MAINTENANCE		X					X	\$ 55,000	\$ 80,000
	Bathroom Remodels (4 sets B/G; 9 adult, locker rooms)	MAINTENANCE	X			X				\$ 500,000	\$ 1,000,000
	GWHS (FMP Phase 3A)	Bell / Intercom System Replacement	MAINTENANCE	X		X					\$ 125,000
"A" Hall Fan Coil Installation		MAINTENANCE	X			X				\$ 275,000	\$ 350,000
ADA Compliance (bathrooms)		KIDS Committee	X				X			\$ 30,000	\$ 90,000
Installation of Repeater per new code/compliance		MAINTENANCE		X					X	\$ 100,000	\$ 125,000
Bathroom Remodels (4 sets B/G; 6 adult, locker rooms)		MAINTENANCE	X			X				\$ 500,000	\$ 1,000,000
Replacement of Library HVAC		MAINTENANCE	X			X				\$ 45,000	\$ 65,000
Hazardous Materials Abatement		MAINTENANCE		X					X	\$ 70,000	\$ 120,000
Exterior Room Identification (Fire Code Compliance)		MAINTENANCE	X		X					\$ 20,000	\$ 30,000

SITE	DESCRIPTION	ORIGINATION	TIER I	TIER II	Health & Safety	Replacement of Critical Needs	Safety & Savings/Efficiencies	Academic Excellence & Standards	All Other	Low Est	High Est
SES (FMP Phase 3B)	Bell / Intercom System Replacement	MAINTENANCE	X		X					\$ 100,000	\$ 120,000
	Plumbing replacement (Art/Kitchen)	MAINTENANCE	X			X				\$ 30,000	\$ 45,000
	ADA Compliance (stage, bathrooms)	KIDS Committee	X				X			\$ 40,000	\$ 100,000
	Bathroom Remodels (4 sets B/G; 5 adult, 2 K)	MAINTENANCE	X			X				\$ 200,000	\$ 400,000
	Fire Alarm Replacement & Code Update	KIDS Committee	X		X					\$ 100,000	\$ 175,000
	Exterior Room Identification (Fire Code Compliance)	MAINTENANCE	X		X					\$ 10,000	\$ 15,000
	Installation of Repeater per new code/compliance	MAINTENANCE		X					X	\$ 100,000	\$ 125,000
DHS - Phase II+ of Master Plan	Bldg 100/200 HVAC Replacement	KIDS Committee	X			X				\$ 535,000	\$ 840,000
	Bldg 400 HVAC Replacement	MAINTENANCE	X			X				\$ 600,000	\$ 675,000
	Bldg 600 HVAC refresh; add sewer + bathrooms	MAINTENANCE	X			X				\$ 325,000	\$ 475,000
	Bathroom Remodels (South end 100 Bldg 1 set B/G, 2 adult)	MAINTENANCE	X			X				\$ 120,000	\$ 230,000
	Replacement of Bldg 200 N Section Roof	MAINTENANCE	X			X				\$ 20,000	\$ 25,000
	Installation of Add'l Repeater per new code/compliance	MAINTENANCE		X					X	\$ 100,000	\$ 125,000
	Hazardous Materials Abatement	MAINTENANCE		X					X	\$ 55,000	\$ 80,000
	Exterior Room Identification (Fire Code Compliance)	MAINTENANCE	X		X					\$ 30,000	\$ 40,000
PWLMS	Installation of Repeater per new code/compliance	MAINTENANCE		X					X	\$ 100,000	\$ 125,000
GES	Installation of Repeater per new code/compliance	MAINTENANCE		X					X	\$ 100,000	\$ 125,000
MES	Installation of Repeater per new code/compliance	MAINTENANCE		X					X	\$ 100,000	\$ 125,000
PHES	Installation of Repeater per new code/compliance	MAINTENANCE		X					X	\$ 100,000	\$ 125,000
ZCES	Installation of Repeater per new code/compliance	MAINTENANCE		X					X	\$ 100,000	\$ 125,000
	Hazardous Materials Abatement	MAINTENANCE		X					X	\$ 5,000	\$ 10,000
Summary Total: Min / Ma										\$ 7,730,000	\$ 12,295,000

SUPPORTING DOCUMENTATION

Provided by:

Marty Johnson,

JNA Consulting Group, LLC



JNA Consulting Group, LLC

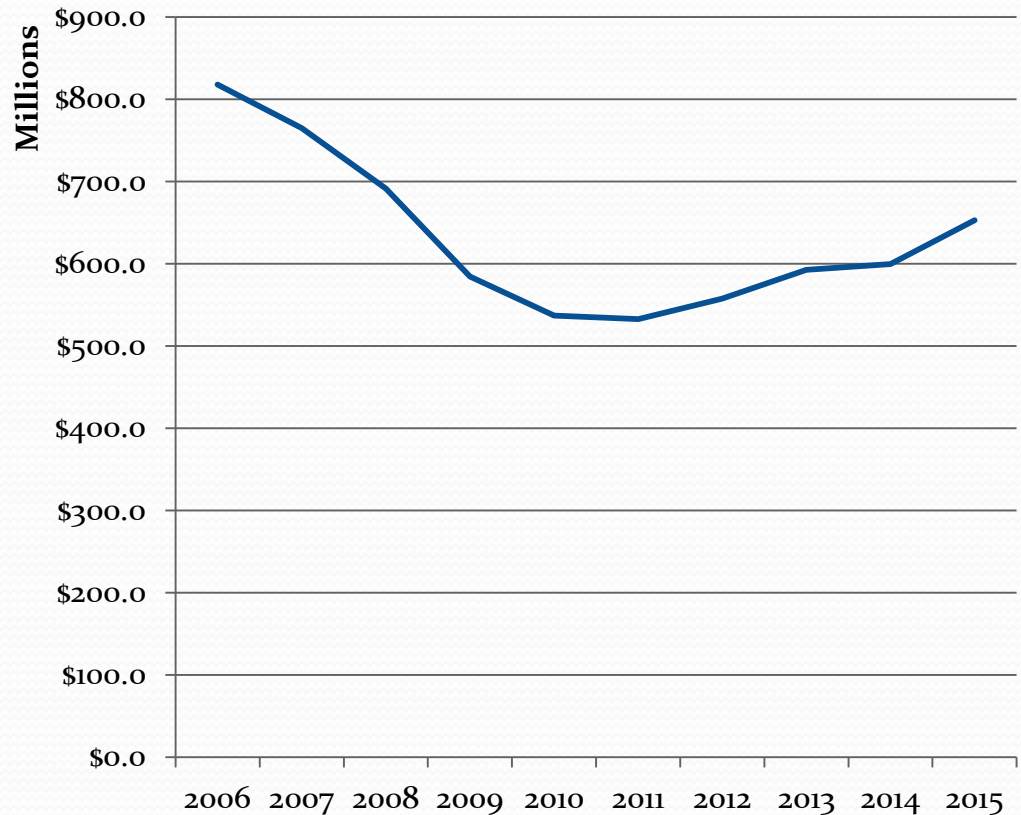


POTENTIAL REVENUE SOURCES

Sales Tax

- Historical information based on County-wide taxable sales
- Current sales tax is 7.100% in Douglas County
- Year-to-year changes range from 15% decline to 9% increase
- Sales Tax is bondable with reasonable coverage (1.25x's) levels due to less volatility

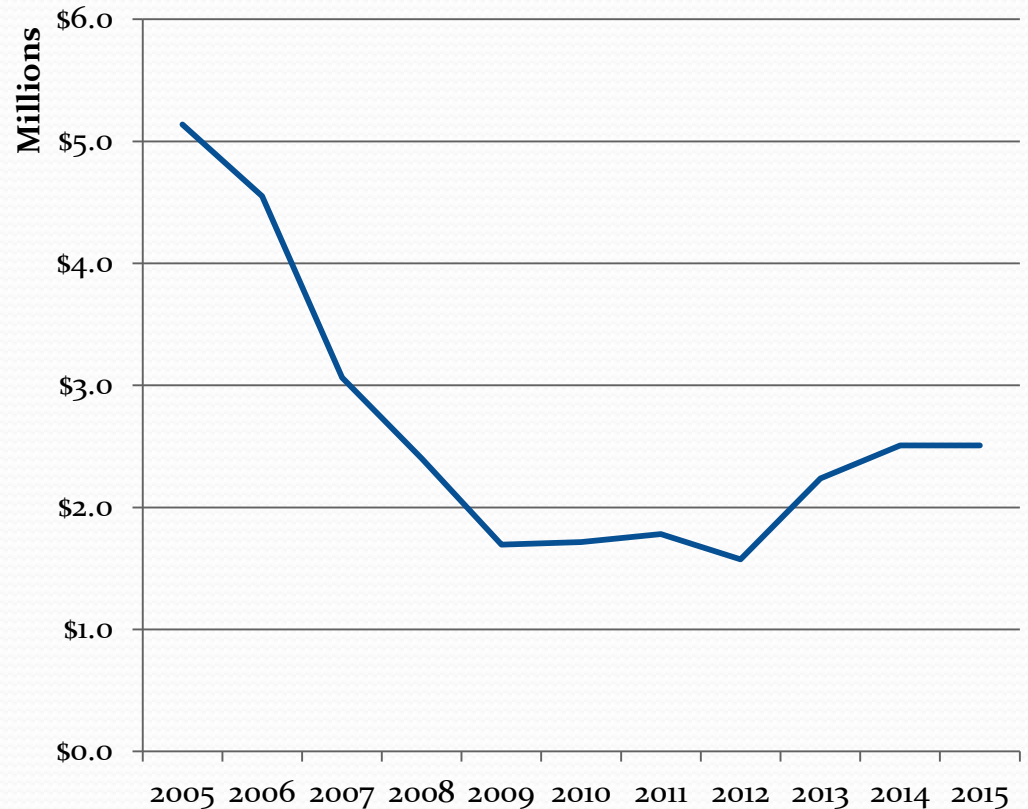
Historical Taxable Sales



Real Property Transfer Tax

- Historical information based on County-wide collections
- Currently levied at \$1.95/\$500 in Douglas County
- Year-to-year changes range from 33% decline to 42% increase
- RPPT is bondable with higher coverage levels (1.50+ x's) due to volatility

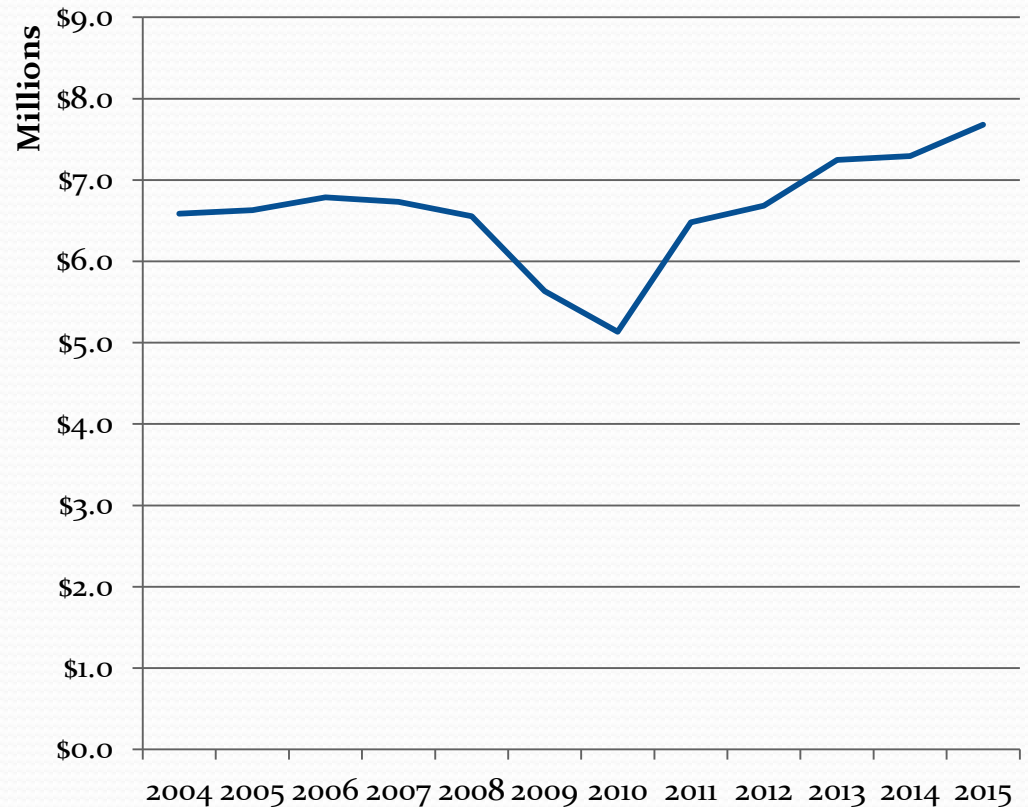
Historical Revenue



Room Tax

- Historical information based on County-wide collections
- Currently levied at 13% (increased in FY11)
- Year-to-year changes range from 14% decline to 8% increase (ex FY11)
- FY16 YTD increase is 10%
- Room tax is bondable with higher coverage levels (1.50 x's) due to implied volatility

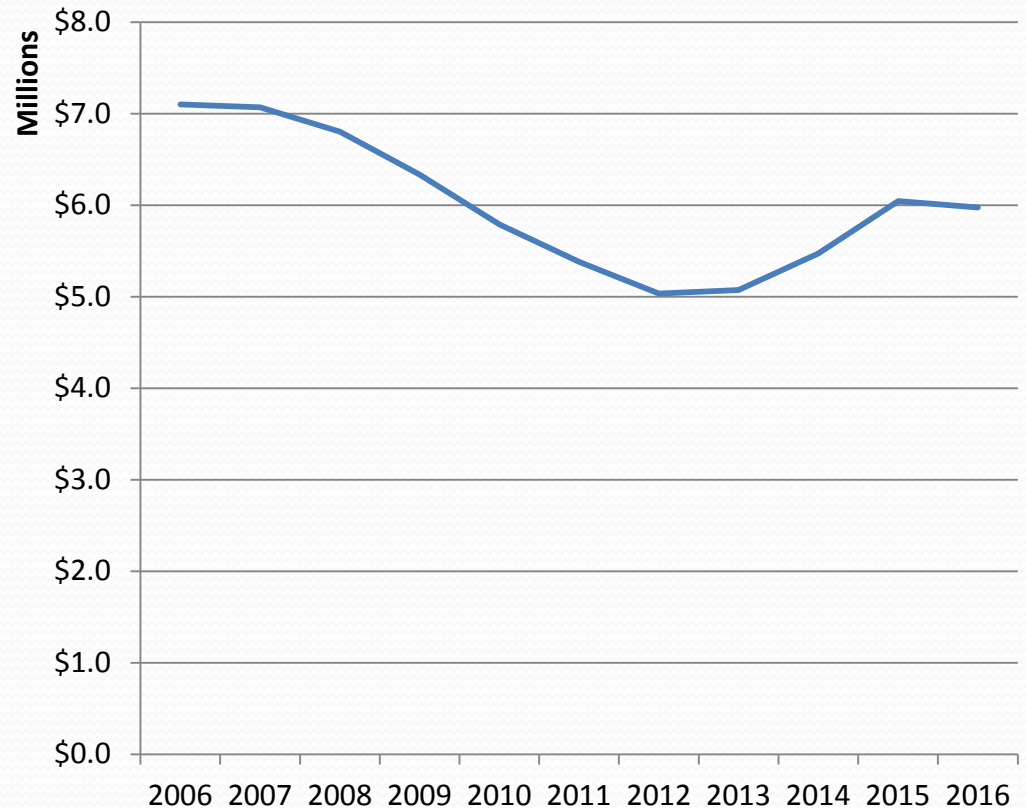
Historical Room Tax Revenue



Governmental Services Tax

- Historical information based on County-wide collections
- Currently levied at ~\$4/\$100 in Douglas County
- Year-to-year changes range from 9% decline to 10% increase
- GST is bondable with coverage (1.50 x's) due to historical declines

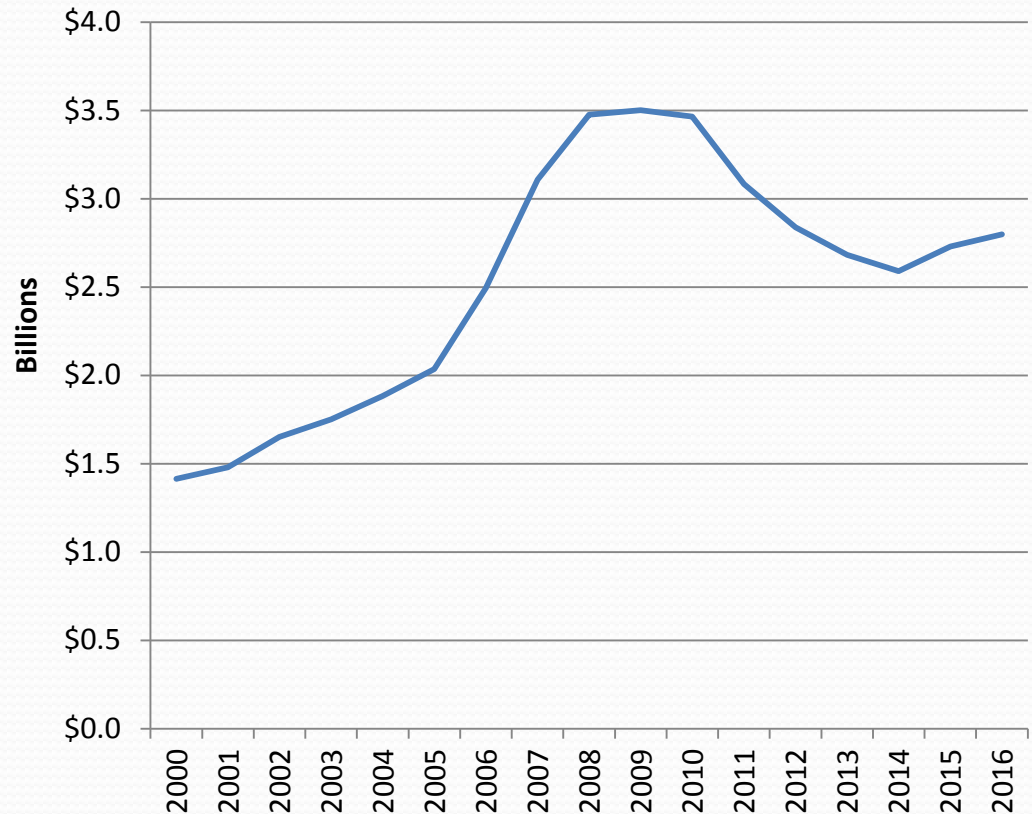
Historical Revenue



Property Tax

- Historical information based on County-wide assessed value
- Tax rate levied pursuant to SB411 is exempt from the overlapping tax cap (\$3.64) and abatement (3%/8%)
- Year-to-year changes range from 11% decline to 25% increase
- Property tax can be bonded with minimal coverage

Historical Assessed Value





OTHER INFORMATION

Overlapping Tax Rate Comparisons

	Highest Overlapping <u>Property Tax Rate</u>
Carson City	3.5200
Churchill County	3.6600
Clark County	3.4030
Douglas County	3.6600
Elko County	3.6600
Esmeralda County	3.0195
Eureka County	1.9896
Humboldt County	3.1716
Lander County	3.6600
Lincoln County	3.6600
Lyon County	3.6600
Mineral County	3.6600
Nye County	3.6600
Pershing County	3.6592
Storey County	3.4607
Washoe County	3.6600
White Pine County	3.6600

School District Capital Funding Comparisons

- Districts can fund capital projects through the use of property taxes (capital projects tax or bonds) or general fund resources
- Other revenues are available depending on district

<u>District</u>	<u>Method of Funding Capital Projects</u>	<u>Property Tax Rate</u>
Carson City	Rollover authorization (2030), GST	0.4300
Churchill County	Rollover authorization (2028), GST	0.5500
Clark County	Rollover authorization (2025), GST, RPTT, Room Tax	0.5534
Douglas County	Rollover authorization (2028), GST, RCT	0.1000
Elko County	Capital Projects Tax (Pay-as-you-go) through 2022	0.7500
Esmeralda County	No funding outside general fund	0.0000
Eureka County	No funding outside general fund	0.0000
Humboldt County	Rollover authorization (2028), GST	0.1350
Lander County	No funding outside general fund	0.0000
Lincoln County	No current bonding authority, GST	0.2231
Lyon County	Rollover authorization (2026), GST, RCT	0.5867
Mineral County	No current bonding authority, GST	0.2800
Nye County	Rollover authorization (2026), GST	0.5850
Pershing County	Rollover authorization (2028), GST	0.4000
Storey County	Rollover authorization (2032), GST	0.1447
Washoe County	Rollover authorization (2025), GST, SB411	0.3885
White Pine County	Rollover authorization (2028), GST	0.2490

Sales Tax Rate Comparisons

- Statewide rate of 6.85% for support of the State, school and local government operations
- Additional local option rates can be added

	<u>Sales Tax</u> <u>Rate</u>
Carson City	7.600%
Churchill County	7.600%
Clark County	8.150%
Douglas County	7.100%
Elko County	6.850%
Esmeralda County	6.850%
Eureka County	6.850%
Humboldt County	6.850%
Lander County	7.100%
Lincoln County	7.100%
Lyon County	7.100%
Mineral County	6.850%
Nye County	7.600%
Pershing County	7.100%
Storey County	7.600%
Washoe County	7.725%
White Pine County	7.725%

Room Tax Rate Comparisons

- Room taxes are generally compared with comparable destinations

Room tax* comparisons

Reno 13⁰%/13.5⁰%

Las Vegas 10⁰%/12⁰%

Phoenix 12.27⁰%

Denver 12.8⁰%/14.5⁰%

Portland 14.5⁰%

Seattle 12.4⁰%/15.6⁰%

* Excludes any flat rate per night charges



PROPOSED FUNDING SCENARIO

Combo Funding Scenario – Average Cost

Revenue estimate based on FY15 taxable sales.	<u>Fiscal Year</u>	<u>Bond Proceeds</u>	<u>Available Revenues</u>	<u>Construction Projects</u>	<u>Ending Balance</u>
	2017	6,000,000			6,000,000
Assumes tax rate is in place no later than July 1, 2017. April 1, 2017 is a possibility.	2018		876,894	(2,002,500)	4,874,394
	2019		876,894	(2,002,500)	3,748,787
	2020		876,894	(2,002,500)	2,623,181
	2021		876,894	(2,002,500)	1,497,574
Collection generally lags by 2 months (i.e. first revenue received October 2017).	2022		876,894	(2,002,500)	371,968
	2023		876,894		1,248,861
	2024		876,894		2,125,755
Bonds can be issued once tax is levied.	2025		876,894		3,002,648
	2026		876,894		3,879,542
Projects could start in summer 2017 if bonds are issued in May 2017.	2027		876,894		4,756,436
			6,000,000	8,768,936	(10,012,500)
	Total Costs		10,012,500		
	Debt Service @ 4%		739,746		
	Sales & Use Tax Rate/Revenue		0.25%	1,616,639	



PROPOSED ELECTION QUESTION

DOUGLAS COUNTY BALLOT QUESTION

“Shall the Board of County Commissioners of Douglas County be authorized to impose a sales and use tax of 0.25% in the County to fund capital projects for the Douglas County School District (including the improvement and equipping of school facilities for repairs predicated on health and safety issues as well as critical needs and the payment of debt service on bonds or other obligations issued for such purposes)? If approved, this authorization will expire on June 30, 2027.”

(The sales and use tax increase of 1/4 of 1% would expire on June 30, 2027. The average annual cost of this sales and use tax increase is expected to be \$25 for a typical payer of sales and use tax in the County, based on average annual expenditures on goods that are subject to the sales and use tax of \$10,000.)