CCSD
CLARK COUNTY
SCHOOL DISTRICT

2012 Bond Planning
Questions Raised on 4-26-12

Carolyn Edwards:

Q1. How many new schools are planned and where are those schools located? Are the new schools to increase capacity or replacement schools?

Answer: While funding is not yet identified, nine new schools are projected to be needed to accommodate current overcrowding at the elementary level. These schools will be sited as per prior practice and in accordance with Board policy, when funding is available. Subject to the availability of suitable sites, schools will be prioritized to provide relief to the most overcrowded schools first. The new schools identified in prior presentations, and to be recommended for funding, are only to relieve overcrowding. In addition, ten schools are being considered for replacement, depending upon availability of funds.

Q2. Are additions to schools considered part of the need? What about West Prep and Sandy Valley schools?

Answer: Yes, school additions are considered part of the overall need. Also, an estimated $12 million is included on the prioritized listing of need for completing the conversion of West Prep to a K-12 school, though the specifics of what would be included are still being developed. Replacement of the temporary gym at Sandy Valley with a permanent gym, along with gyms for Moapa Valley, Laughlin, Virgin Valley, Indian Springs schools are also included on the prioritized listing of need. Finally, replacement of temporary classrooms at Sandy Valley are also included on the prioritized listing of need. The timing of when these various projects will be completed is, of course, dependent upon when funding is available under the various funding options presented.

Q3. How does year-round factor into this?

Answer: When schools are converted from a nine-month calendar to a year-round schedule, student capacity is increased by approximately 20% which then reduces the need for the construction of additional seats. The trade-off for the reduced number of buildings needed is higher operating costs to pay for utilities throughout the summer and student transportation.

Chris Garvey:

Q1. $600 million seems small compared to the total need. Where do we start with addressing our need? What gets covered?

Answer: Yes, $600 million is only 11 percent of the $5.3 billion in identified overall need. However, given the very significant decreases in assessed property values in Clark County, as well as other legal constraints, $550 million - $660 million is the maximum possible amount we believe is feasible. We have proposed several follow-up options to address the $5.3 billion need District-wide. To begin addressing the need, there is a prioritized list of need based on facility condition assessments. Staff recommends proceeding down the list of need in order.

John Cole:

Q1. I would like to see the range of dollars needed to maintain/upgrade schools with bond money as follows: 1) bare bones; 2) today's level of maintenance; and 3) Impact on other parts of the operating budget by changing the bond funding level of maintenance.

Answer: At the very least, or to meet bare bones requirements, $1.6 billion will be needed over the next 10 years ($160 million per year) just to keep the District's schools, technology, and other equipment operating. This includes replacement of schools, as warranted and by policy, but does not include any new schools and/or classrooms needed to relieve current elementary overcrowding.

To maintain all schools at the current facilities condition index (FCI) of 11.5 and to meet the other needs identified below (chart from the February 9 and April 26 presentations), $5.3 billion will be needed over the next 10 years ($530 million per year).

Summary of Need

Projected Capital Needs Over the Next 10 Years		
New Schools	$ 216,000,000	4.1%
Renovation & Replacement	3,425,000,000	64.8%
Educational Equity	670,800,000	12.7%
Technology	500,000,000	9.5%
Equipment	475,000,000	8.9%
Total	**$5,286,000,000**	

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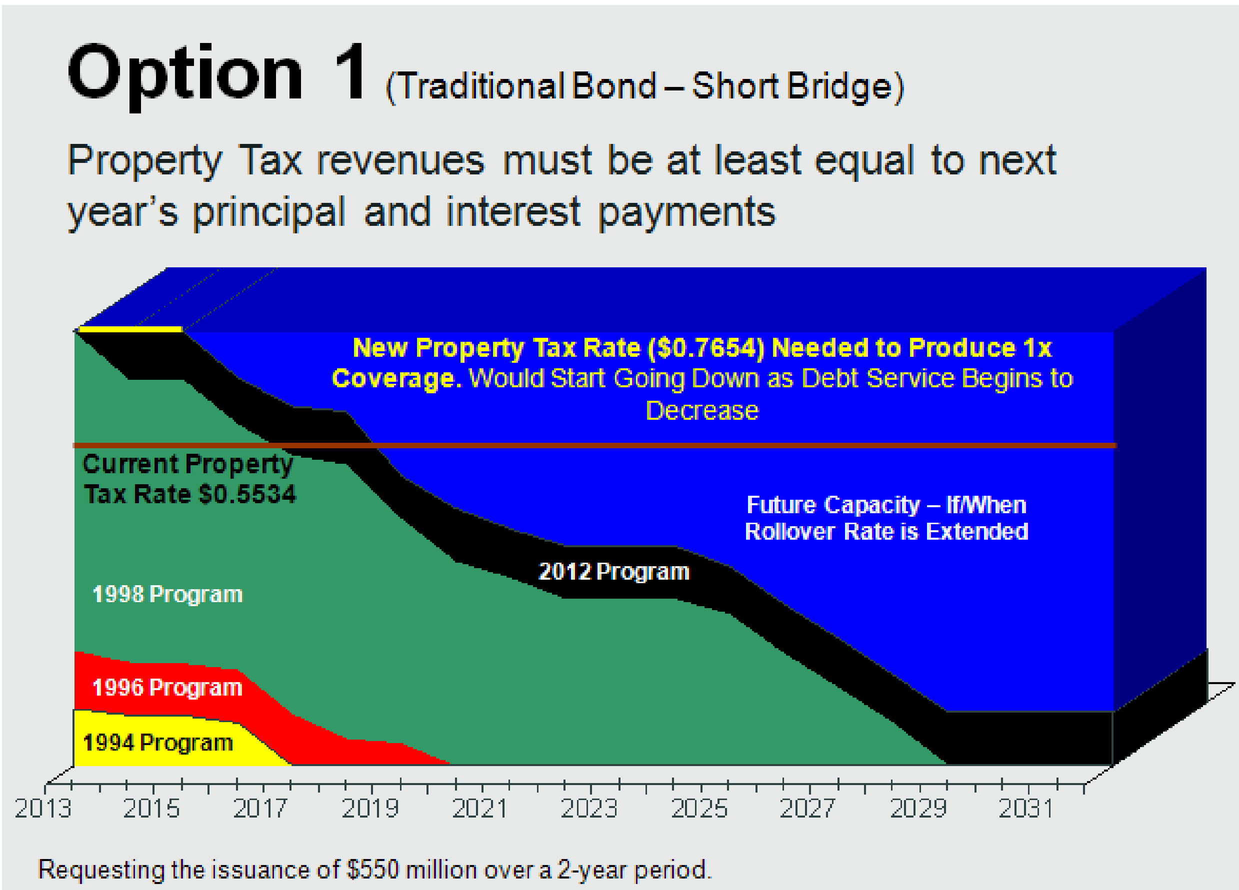
Should only the bare bones funding be available ($160 million per year), the difference between this funding and what is needed at the maintenance level ($530 million per year) would need to be made up from within the General Fund budget. Or, as that level of funding is not likely to be available in the General Fund budget, alternatives would need to be developed as schools, technology, and other capital infrastructure would no longer be able to be operated safely.

Q2. What happens after the bond is funded and paid for?

Answer: Option 1, as proposed in prior presentations to the Board, was to allow the District to issue $550 million in general obligation bonds over a two-year period. The tax rate needed to support this debt would be separate from, in effect on top of, the current $0.5534 rollover property tax rate. In order to be able to issue bonds, the District must show at least one-times coverage of its outstanding bonds, which is the basis for the $0.2120 increase in the tax rate proposed. As depicted in the chart below, the total tax rate, including the additional tax rate needed to support this proposed $550 million in bonds, would begin to decline in 2015.



Option 2, as proposed, was not for the issuance of bonds but rather to generate proceeds for pay-as-you-go construction. For comparability with Option 1, and to provide funding until additional capacity would be available within the existing $0.5534 rollover property tax rate, Option 2 assumed an additional capital levy of $0.2120 for six years. Unlike Option 1, where the increase needed was based on the rate needed to issue bonds, the Option 2 capital level rate can be for any amount and period desired. The chart below shows the amount projected to be raised at different increase amounts and over various years.

	Length of Capital Levy						
	1 Year	2 Year	3 Year	4 Year	5 Year	6 Year	10 Year
Tax Rate							
$0.01	$5.2 million	$10.4 million	$15.6 million	$20.8 million	$26 million	$31.2 million	$52 million
$0.119	$62.4 million	$124.8 million	$187.2 million	$249.6 million	$312 million	$374.4 million	$624 million
$0.212	$111.5 million	$223 million	$334.5 million	$446 million	$557.5 million	$669 million	$1.1 billion

Q3. What potential legislative actions may impact this program?

Answer: While any number of legislative actions could impact a future bond program, we are not aware of any current proposals that would have an adverse effect.

Linda Young:

Q1. How do we convince the community?

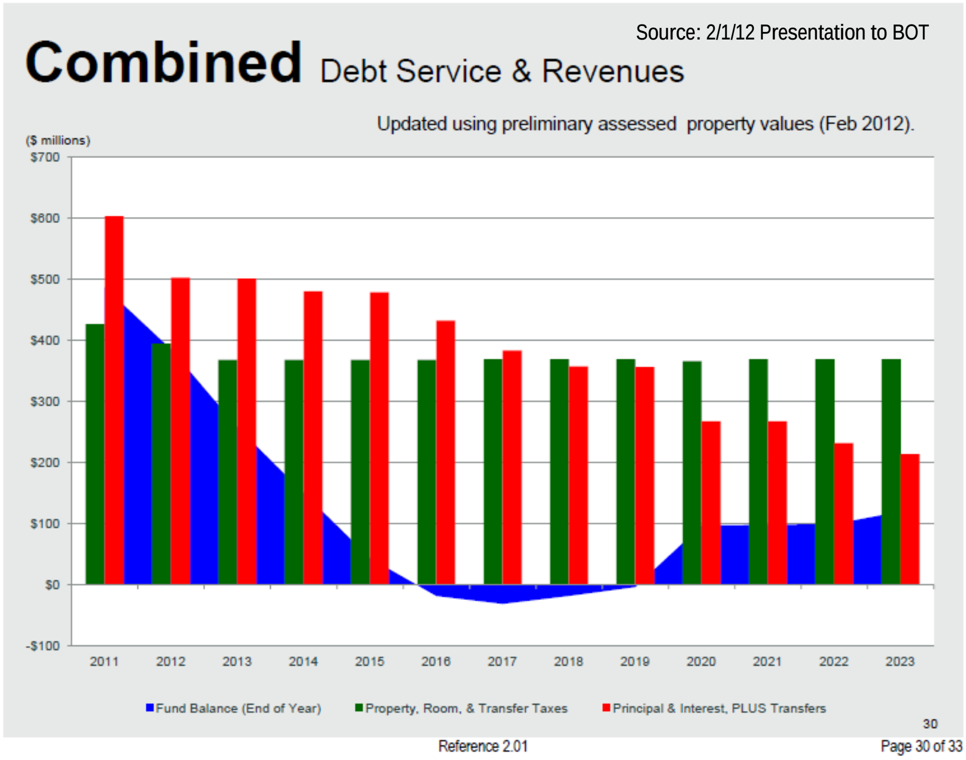
Answer:
1. Four former first ladies have combined forces to lead a community fund-raising effort for the sole purpose of advocating on behalf of the ballot question. Their Political Advisory Committee (PAC), the School Improvement Committee, will utilize a public relations firm, R&R Partners, to develop a campaign strategy, design collateral materials, and execute the "vote yes" campaign. A CCSD liaison will work closely with them to ensure accurate information is used as the campaign goes forward.
2. Trustees will be asked to assist with grassroots campaign activities centered in their districts, utilizing parent and community supporters.
3. The District will also prepare informational materials that will be posted on the website and dispersed to appropriate audiences.
4. The Superintendent and his designees will develop an extensive community outreach plan to provide information to various stakeholders.

Erin Cranor:

Q1. If we do not give voters the choice OR if they say no to a bond, property tax could automatically go up when? By how much? Likely or inevitable?

Answer: Given our current projections for property tax revenues (see chart below), we estimate that by 2017, the District will either need to raise property tax rates by about $0.119, or restructure debt to move bond maturities out to when property tax revenues would be sufficient to cover the debt service.

These two options, raising the tax rate or restructuring debt, are the only two options the District would have when remaining debt service reserves are no longer available to cover the outstanding debt.



Q2. If we simply ask voters for, in essence, an advance on only the amount that is likely to hit them down the road, how much, if any, capacity results, and how/why?

Answer: If we only raised the property rate by $0.119, it would ultimately need to be raised to meet outstanding debt in 2017, thus a capital levy (Option 2) would be the only option available. A traditional bond issue (Option 1) would not be possible, with only a $0.119 increase in the property tax rate, as $0.212 is needed to provide enough property tax revenue to cover outstanding debt service (one times coverage). A $0.119 capital levy would generate approximately $375 million over the same six-year period presented in Option 2.

Q3. Please provide a complete breakdown of all sources of capital revenue (revenue for any capital type of fund) to the District and their projected uses over the coming few years.

Answer:
1998 Bond Fund- This fund is the major governmental fund used to account for the costs of capital construction and improvements financed from bond proceeds including, but not limited to, capital outlays as permitted under Nevada Revised Statutes, salaries and benefits, supplies and materials, professional and technical services, equipment and remodeling, and other renovations. Resources in the Fund represent the net proceeds from sales of general obligation or special obligation bonds issued pursuant to Nevada law. 76 percent of the proceeds come from property taxes, and the remaining 24

percent of proceeds come from the room tax and real property transfer tax. All assets of the Fund are to be applied exclusively toward the purposes for which funding was generated. All balances and reserves in the Fund shall be retained and not transferred or otherwise applied toward any purpose except that permitted by law.

Interim Capital Improvement Fund (QSBC's) - This fund is used to account for the costs of capital projects from proceeds of Qualified School Construction Bonds (QSCB) authorized under the American Recovery and Reconstruction Act (ARRA). These projects consist of acquiring, constructing, rehabilitating, and repairing specific school facilities and equipment that would not have otherwise occurred due to a lack of sufficient resources currently available within the Bond Fund. All assets of the Fund shall be applied exclusively toward the purposes for which funding was generated.

Building and Sites Fund - This fund is used to account for the costs of construction, purchases, modernization, or furnishing of school buildings or sites, as specified in NRS 387.335 or successor statutes including, but not limited to, salaries and benefits, supplies and materials, professional and technical services, equipment and remodeling, and other renovations. Sources of revenue in the Fund are receipts from the rental and sales of District property.

Governmental Services Tax Fund (GST) - This fund is used to account for the costs of capital projects funded from Governmental Services Taxes including, but not limited to, salaries and benefits, supplies and materials, professional and technical services, equipment and remodeling, and other renovations. Resources in the Fund represent proceeds from the capital improvement portion of the Governmental Services Tax, bonds, or other obligations issued utilizing the tax proceeds as security. This fund is also the only fund with a current revenue stream. All assets of the Fund are to be applied exclusively toward the purposes for which funding was generated. All balances and reserves in the Fund are to be retained and not transferred or otherwise applied toward any purpose except that permitted by statute.

Ability to spend is limited to the approved fund usage, rules, laws, and statutes.

Capital Fund	Balance	Encumbrances	Projects in Progress	Available
1998 Bond Fund	$ 227,862,722	$ 82,991,176	$ 102,152,546	$ 42,719,000
QSCB's	65,085,958	27,502,280	35,219,289	2,364,389
Building & Sites	11,354,915	53,693	-	11,301,223
GST	31,643,343	2,676,050	7,250,000	21,537,292
Total	$ 335,766,937	$ 113,223,199	$ 144,621,834	$77,921,904

The available balance changes as projects are bid, change orders are approved, and/or opinion of costs are updated during design. Emergency needs are not reflected in the "Projects in Progress."