

# Pay-As-You-Go Plan for Capital Improvement

## *FIXING OUR SCHOOLS*

On November 6, 2012, Clark County voters will be asked to approve a ballot question for a school improvement capital levy tied to property tax. Passage of the question will allow the Clark County School District (CCSD) to provide essential school renovations and repairs for aging building systems, including heating, ventilation, air conditioning (HVAC) systems; electrical systems; networking; and fire alarm and security systems at 40 or more existing schools. Approval also would provide funds to replace two of our oldest schools and build two new schools in overcrowded areas. These much-needed projects would be funded by a temporary increase on property tax (21¢ per \$100 assessed valuation) for up to six years, costing \$6.19 a month for the owner of a typical \$100,000 home. The plan provides a Pay-As-You-Go (PAYGO), fiscally responsible way to finance school construction projects, similar to how families save money to purchase large items and make home repairs.

### **A Pay-As-You-Go solution that incurs no debt**

The 2012 CCSD Capital Improvement Plan (CIP) is not a bond program. Rather, the PAYGO approach relies on accumulating revenues as they become available and then paying for and completing projects based on prioritized needs. The PAYGO approach provides the distinct advantage of no tax dollars going toward interest since no loans are involved. No long-term debt would result, meaning the proposed temporary tax increase does not have to be extended at the end of the six-year program. If approved, the 2012 program is currently projected to yield \$669 million, with up to a maximum of \$720 million over the six-year term. Since all the money is spent on actual projects instead of paying interest, a PAYGO plan provides high value for taxpayers.



## Ensuring equity in our schools

It is important for us to provide equitable learning environments between campuses so students who attend schools in older neighborhoods have the same educational opportunities as those who attend schools built from the building programs of the 1990's. Students assigned to schools with inadequate air conditioning systems or leaky roofs lose instructional time due to malfunctioning systems. Schools built before the computer era lack the basic infrastructure to allow the use of technology in the classroom. In 2014, students in grades three through eight will be required to take state assessments online, and schools will need the technological infrastructure to support this mandate. Additionally, today's job market requires employees who are up to speed on current technology. Many of the computers our students use today are already five years old. Without additional revenue sources, funding will not be available until at least 2018 for school revitalization needs. If we can't buy new computers for another six years, our students will be at a severe disadvantage when they enter the workforce after graduation.

## A fiscally conservative plan

The PAYGO plan would be limited to six years, and it could not be continued or renewed without future voter approval. The Board of School Trustees implemented measures to limit the plan funding to no more than \$120 million per year for essential school projects. That means, even if local property values rise, the levy would not generate more than the plan cap. Funds would not come in all at once, but would be collected over the six-year span, beginning in the fall of 2013. As funds are generated, projects would be completed based on the greatest need. The funds cannot be used for teacher salaries nor for any other expenses than those specified in the ballot question.

## A focus on older schools with the highest needs

The majority of the 2012 plan targets older schools to provide vital building systems and an equitable learning environment. This is a big difference compared to the 1998 building program when most funds went toward new schools.

CCSD has become "a tale of two cities." CCSD has 357 schools, 222 constructed since 1988, 120<sup>1</sup> from the 1998 bond program alone. The remaining 30% of CCSD schools are more than 30 years old; 28 of these are more than 50 years old. Most of these latter schools are not too old to support students, but they are at an age when their safe and effective learning environments are compromised by failing systems. Just like our homes, a quality environment must be maintained and equipment replaced when it fails. The high volume of students and staff coming through the doors every day requires attention to the resulting wear and tear on the schools.

## The needs are crucial

Education reforms are under way to improve academic achievement. The District has a renewed focus on boosting academic rigor at all levels and providing individualized student services to increase the number of high school graduates. Studies<sup>2</sup> show classrooms and school facilities have a direct impact on learning, and providing the best learning environment possible will help our students achieve their full potential.

Without the PAYGO plan, money for repairing failed systems would have to come from the general operating budget. This would require the Board of School Trustees to make more tough choices, such as cuts to existing programs, increases in class sizes, reductions in bus service, a return to year-round calendars, or even school closures.

1. Includes replacement schools and initial phases

2. <http://www2.ed.gov/offices/OESE/archives/inits/construction/impact2.html>

## Targeted solution for overcrowding

The current school year welcomed more than 311,300 students, the highest student population ever at the District and more than 3,000 students over last year's enrollment. Growth in some neighborhoods over the past few years has resulted in overcrowded schools. Five elementary schools currently serve more than 1,000 students on campuses designed for 725 children. Short-term measures, such as additional portable classrooms, restrooms and lunchrooms, additional staff and increased bus service, accommodate the more than 33 percent increase in students, but those efforts also come at a cost to the District's general fund. The PAYGO plan would address overcrowding where needed most with the construction of two new schools.

## Short-term rather than long-term needs

Question 2 seeks authorization for funding for immediate and critical short-term needs. On an ongoing basis, CCSD conducts thorough evaluations on the condition of its buildings. These assessments consider the age and condition of the schools' essential infrastructure – the air conditioning, heating, plumbing, electrical, roofs, and other systems or equipment – as well as the current condition of the school, and whether educational improvements, such as technology, are needed to maintain the appropriate educational environment for our students. The assessments give each school a score called a Facility Condition Index (FCI), a national benchmark to compare estimated costs of repairs and renovations to the replacement value.

The Facility Condition Index forms the basis for long-term planning and determining the most critical needs. Based on the most recent FCI study, CCSD would need a total of \$5.3 billion over the next ten years to ensure all 357 schools are properly maintained so they are safe and ready for students to learn. While a future bond program likely will be needed to address the scope of these needs, financial projections indicate there will be no capacity for issuing bonds until 2018 (visit <http://www.ccsd.net/resources/facilities/pdf/cip-and-fci-overview.pdf> for more information). Any plan the Board of School Trustees pursues in the future must go before voters for approval. **Whether or not a new plan is brought forth in the future, the proposed PAYGO plan authorized by Question 2 will end in 2018;** this ballot question is asking for a short-term revenue stream to address the most pressing building needs over the next six years.



## 2012 Pay-As-You-Go Plan for School Capital Improvements

# Frequently Asked Questions

### **Q: Why is the Pay-As-You-Go (PAYGO) plan for capital improvements needed?**

**A:** Passage of Question 2 would provide funding for the most critical of repairs and systems at a number of schools. School facilities have a direct impact on the teaching and learning process, and the projects will provide much-needed relief for failing roofs, plumbing, heating, air conditioning, electrical systems and security. Unless additional funding is provided, when repairs are needed, monies would be taken from the classroom operating budget, which could result in cuts to existing programs, increased class sizes or even school closings.

### **Q: What will the PAYGO plan provide for the community?**

**A:** Improvements to the learning environment would provide the basic needs of **reliable water, air conditioning, and power**. When 30- to 50 year-old systems are replaced, the new systems will **increase efficiencies, saving energy and operation costs**.

The projects support **improved technology** in the classroom. Today's students will enter a high-tech workforce. Jobs from automotive to medicine rely on computers, yet some older classrooms have only one electrical outlet and cannot support computers or other electronic teaching tools.

**Overcrowding** will be addressed. The intense population growth that more than doubled the number of students in the past 20 years has slowed down, and now the focus shifts to essential repairs and equity in our schools. However, certain areas are growing, and this program will address overcrowding with the construction of two new schools where needed most.

When a major business considers moving to Clark County, the quality of education is often a factor. Safe and functioning schools play a vital role in building a **strong community**, helping to stimulate **economic development** and attracting **new jobs** as companies seek an educated workforce.

In addition to benefiting our students, the plan will result in **local jobs**, putting people to work and putting money back into our community.

### **Q: How does the PAYGO plan work?**

**A:** This pay-as-you-go approach provides for projects as funds are collected, for up to six years. Funds go directly and solely to school improvements, without the issuance of bonds or incurring debt. These funds cannot be used to pay for teacher salaries or operating expenses.

The PAYGO plan focuses on just the most critical school needs within the county's 357 schools that serve more than 311,000 students and cover more than 33 million square feet. While the average home may have one or two air conditioning units, CCSD has more than 6,000 heating, venting and air conditioning units; 25 HVAC systems are in dire need and are included in the plan.

### **Q: How much will the PAYGO capital improvement plan cost?**

**A:** The 21-cent increase in property tax would cost the average homeowner with total taxable home valuation of \$100,000 approximately \$6.19 per month. That means, for the cost of about one fast-food 'combo' meal a month or two specialty coffees, property owners can make a difference for our children.

### **Q: Why is CCSD coming to voters now?**

**A:** Funding is necessary for these critical needs. The 1998 ten-year bond program, with good management, successfully provided for capital improvements for the past 14 years. However, the capacity for new bonds is not estimated until 2018. In light of the economic downturn, the school board did not pursue a new program in 2008. With economic recovery emerging, the time for a capital improvement program is now, since PAYGO funds will not begin supporting school improvements until the fall of 2013.

### **Q: Will my taxes decrease if I vote no?**

**A:** No. The current debt obligation from the 1998 program will begin to expire in 2018. At that time, the tax rate would begin to decline.



# Proposed School Project List

## Capital Improvement 2012

## Successful, reliable capital programs

CCSD last went before voters in 1998, when the electorate approved a \$3.5 billion construction program. With careful management and a good economy, the 10-year program generated \$4.9 billion over a 14-year period. The District far exceeded the promises made to voters, keeping up with the population explosion at the time by building 32 more schools or phases than originally planned and completing renovation projects at 229 schools.

1998 Program	Schools Promised	Schools Delivered
Elementary Schools	50	61
Middle Schools	22	22
High Schools	16	16
Special Schools	0	2
Replacements and Phased Replacements	0	19*
<b>Total</b>	<b>88</b>	<b>120</b>

\*15 completed, with initial phases at Boulder City HS, SECTA, and Mabel Hoggard and Twin Lakes ES.

CCSD's building programs have earned a national reputation as a model of success. Other school districts and organizations turn to the CCSD program for insights on successfully managing a high volume of projects. In addition to a number of architectural and energy-efficiency design awards, CCSD earned the Cashman Good Government Award from the Nevada Taxpayers Association for saving \$10 million in 2008 for a strong energy conservation program. Through prudent management of renewable energy rebates, the District installed more than 1.4 megawatts of solar photovoltaic power that generated savings of more than \$300,000 per year. In 2010 Maintenance Magazine honored the District with the Achievement Award for Financial Management, recognizing a streamlined maintenance department for continuous improvement and cost-saving measures worth more than \$15 million since 2005.

CCSD takes the fiscal stewardship of taxpayer dollars seriously and has a proven track record of successful, fiscally responsible capital improvement programs.

Yr Built	School	Capital Project
1971	Basic HS	Major Modernization (Multiple building systems)
1993	Becker, Ernest, Sr. MS	Replace HVAC System
1974	Bonanza HS	Major Modernization (Multiple building systems)
1948/2005	Boulder City HS	Complete the Phased Replacement
1982	Brown, B. Mahlon MS	Electrical System Upgrade
1976	Cannon, Helen MS	Electrical System Upgrade
1965	Cashman, James MS	Electrical System Upgrade
1971	Chaparral HS	Major Modernization (Multiple building systems)
1963	Dearing, Laura ES	Electrical System Upgrade
1972	Eldorado HS	Major Modernization (Multiple building systems)
1970	Ferron, William ES	Electrical System Upgrade
1962	Garside, Frank MS	Major Modernization (Multiple building systems)
1991	Greenspun, B. & H. MS	Replace HVAC System
1962	Griffith, E.W. ES	Major Modernization (Multiple building systems)
1973	Harris, George ES	Electrical System Upgrade
1951	Heard, Lomie ES	Major Modernization (Multiple building systems)
1957	Hyde Park MS	Major Modernization (Multiple building systems)
1952	Indian Springs HS	New Gymnasium
1952	Indian Springs M/HS	Major Modernization (Multiple building systems)
1991	Johnson, Walter MS	Replace HVAC System
1960	Kelly, Matt ES	Major Modernization (Multiple building systems)
1961	Knudson, K.O. MS	Major Modernization (Multiple building systems)
1991	Laughlin HS	Major Modernization (Multiple building systems)
1991	Laughlin HS	New Gymnasium
1977	Long, Walter ES	Electrical System Upgrade
1930	LVAISPA	Major Modernization (Multiple building systems)
1961	McCall, Quannah ES	Major Modernization (Multiple building systems)
1993	Moapa Valley HS	Major Modernization (Multiple building systems)
1991	O'Callaghan, Mike MS	Replace HVAC System
1965	Orr, William MS	Electrical System Upgrade
1955	Red Rock ES	Electrical System Upgrade
1964	Rowe, Lewis ES	Major Modernization (Multiple building systems)
1982/2007	Sandy Valley MS/HS	Permanent Classrooms
1982/2007	Sandy Valley MS/HS	Gymnasium to Replace Tent Structure
1952	Smith, J.D. MS	Electrical System Upgrade
1992	Swainston, Theron MS	Replace HVAC System
1963	Thomas, Ruby ES	Major Modernization (Multiple building systems)
1962	Ullom, J.M. ES	Major Modernization (Multiple building systems)
1991	Virgin Valley HS	New Gymnasium
1997	West Prep	Complete West Prep Conversion
1992	White, Thurman MS	Replace HVAC System
1963	Bell, Rex ES	Replacement School
1955	Lincoln ES	Replacement School
	New School 1	New Seats Required for Overcrowding (determined when funds are available)
	New School 2	New Seats Required for Overcrowding (determined when funds are available)
	Various	Technology 2013 - 2017 (% of total needs)
	Various	Major Equipment Replacement 2013-2017 (% of total needs)

*This list is based on current facility conditions. The decision to renovate a facility is based upon an analysis of the facility's physical condition. The physical condition is defined by a specific moment in time, by observing the state of individual component systems. Thus, the priority of work is always subject to change based upon the status of a facility's systems.*

ELECTION 2012 • CLARK COUNTY, NEVADA

# QUESTION No. 2

## Pay-As-You-Go Plan for Capital Improvement

*FIXING OUR SCHOOLS*

**REMEMBER TO VOTE**  
**Tuesday, November 6**

Deadline for voter registration is  
Tuesday, October 16

For more information, visit [www.ccsd.net/Q2](http://www.ccsd.net/Q2)



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