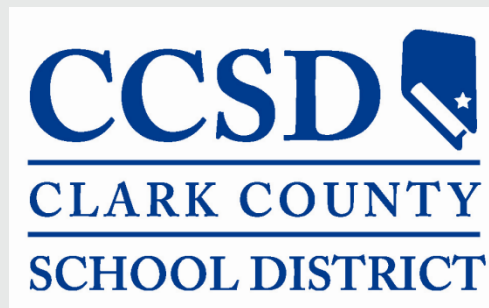


# Options for a Future Capital Program



February 9, 2012

# Overview

- A. Additional Context for Identified Need
- B. Issuance Conditions
- C. Funding Options
- D. Decision Timeline

# **Additional Context for Identified Need**

# Summary of Need

## Comparison of Original 1998 Plan to Now

	1998		2012 Need	
New Schools	\$ 2,525,700,000	71.6%	\$ 216,000,000	4.1%
Renovation & Replacement	762,500,000	21.6%	3,425,000,000	64.8%
Educational Equity	44,800,000	1.3%	670,800,000	12.7%
Technology	30,500,000	0.8%	500,000,000	9.5%
Equipment	16,200,000	0.5%	475,000,000	8.9%
Land Acquisition	115,800,000	3.3%		
Bus Yard	31,000,000	0.9%		
<b>Total</b>	<b>\$3,526,500,000</b>		<b>\$5,286,000,000</b>	

# Putting \$5.3 billion Need Into Context

- Average per school, per year (over 10 years) - \$1.5 million
- Average per-student (based on current enrollment), per-year (over 10 years) - \$1,700
- Approximately 3,000-5,000 jobs would be created per year
- The average age of our schools – 22 years old

# Flexibility

What was changed in the 1998 Program through Revision 16?

- 13 more schools than originally planned
- Inclusion of replacement schools
- Inclusion of CTAs instead of some comprehensive high schools that were originally planned
- District-wide LAN-based phone system

# Issuance Conditions

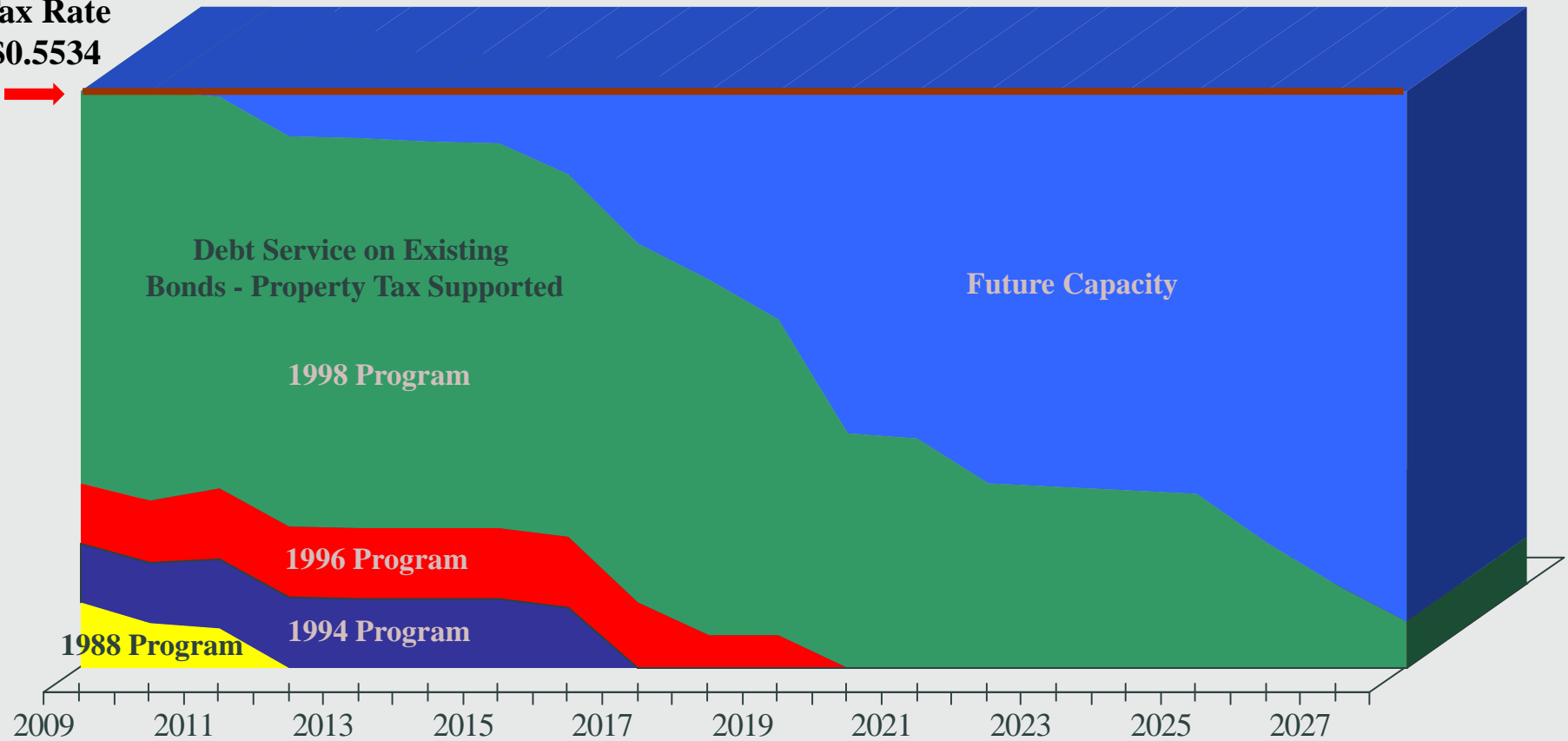
# **Without the Following,** the District cannot Issue Additional General Obligation Bonds

- Authorization of voters
- Property tax revenues must be at least equal to next year's principal and interest payments (1x coverage)
- Debt Service Reserve must be at least 25% of the next year's principal and interest payments
- Clark County Debt Management Commission must approve
- Oversight Panel for School Facilities (AB353 Panel) must approve

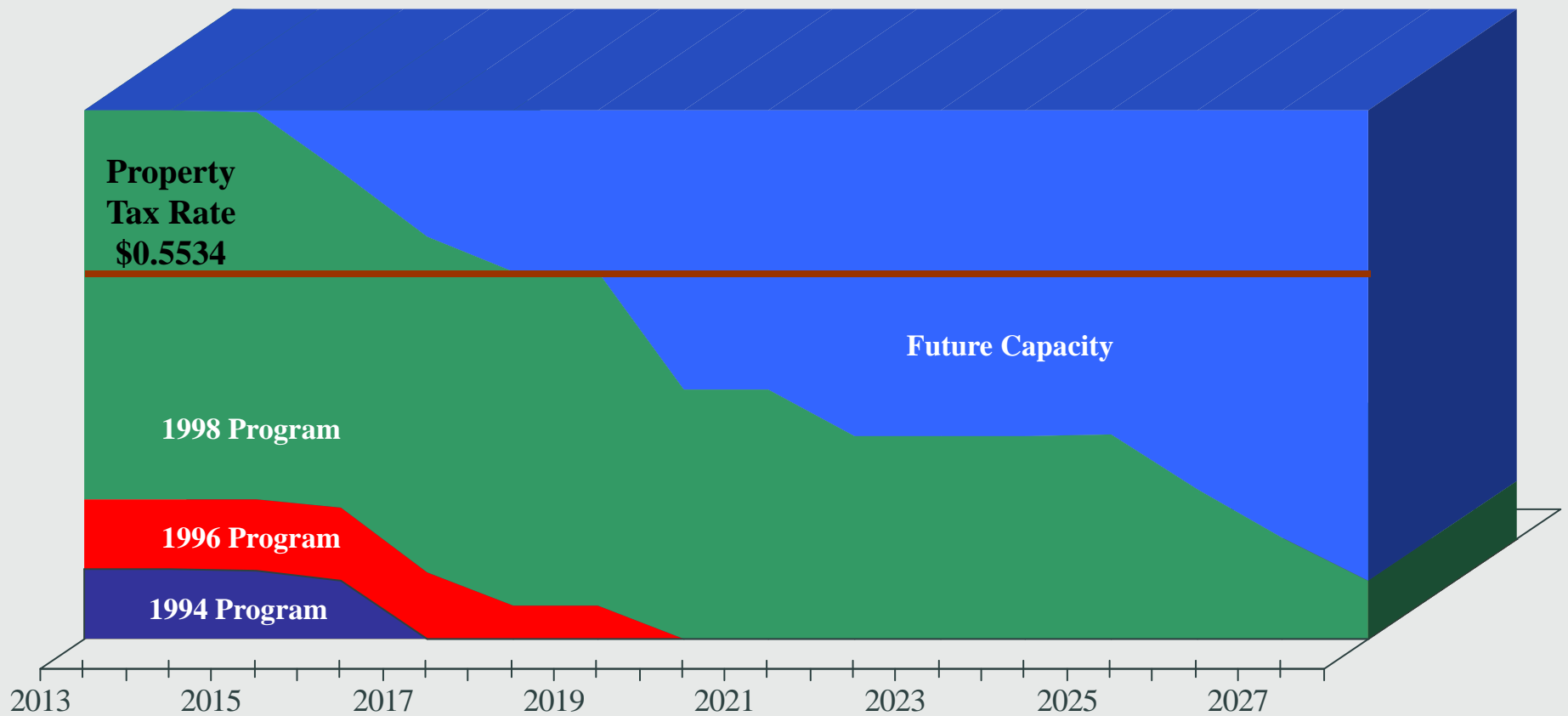


# Property Tax Capacity: April 2009

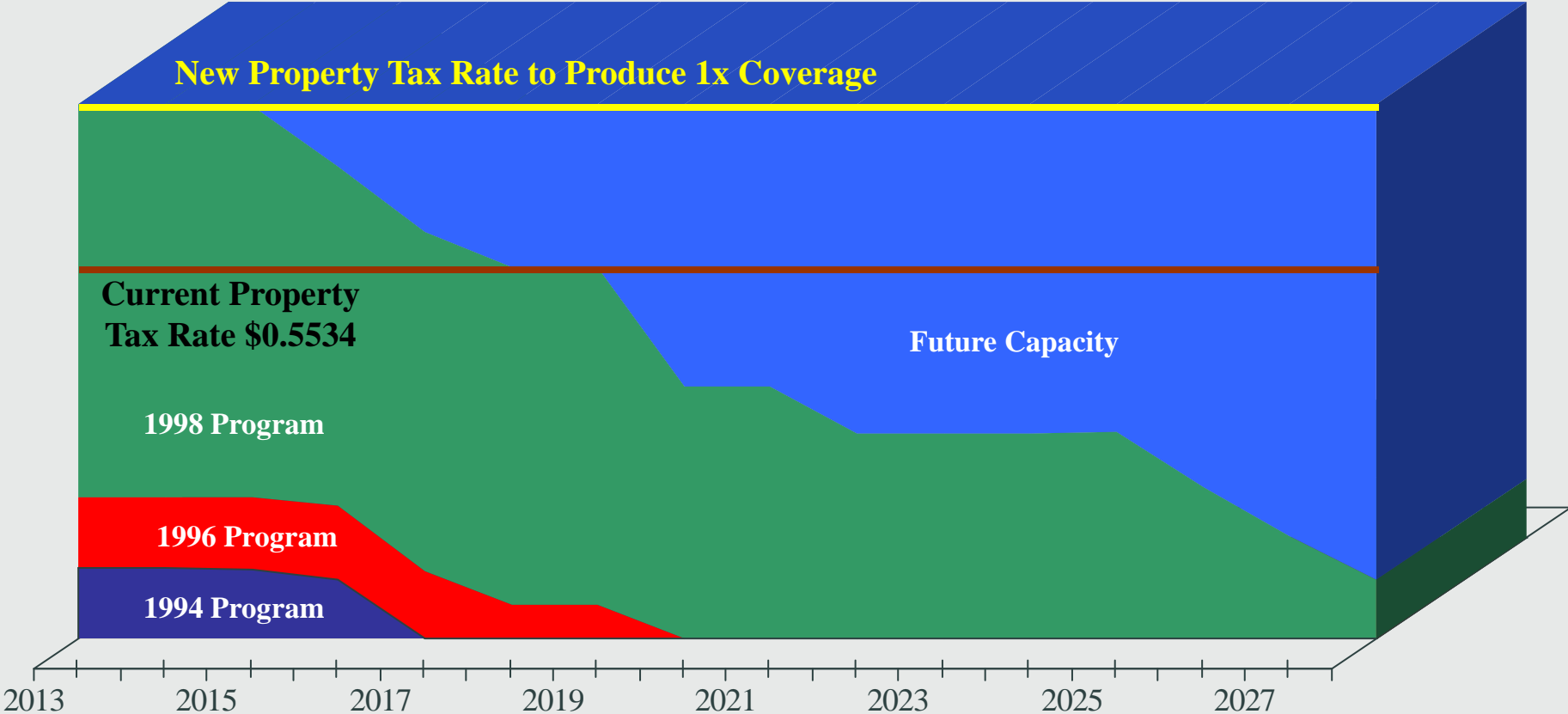
Property  
Tax Rate  
\$0.5534



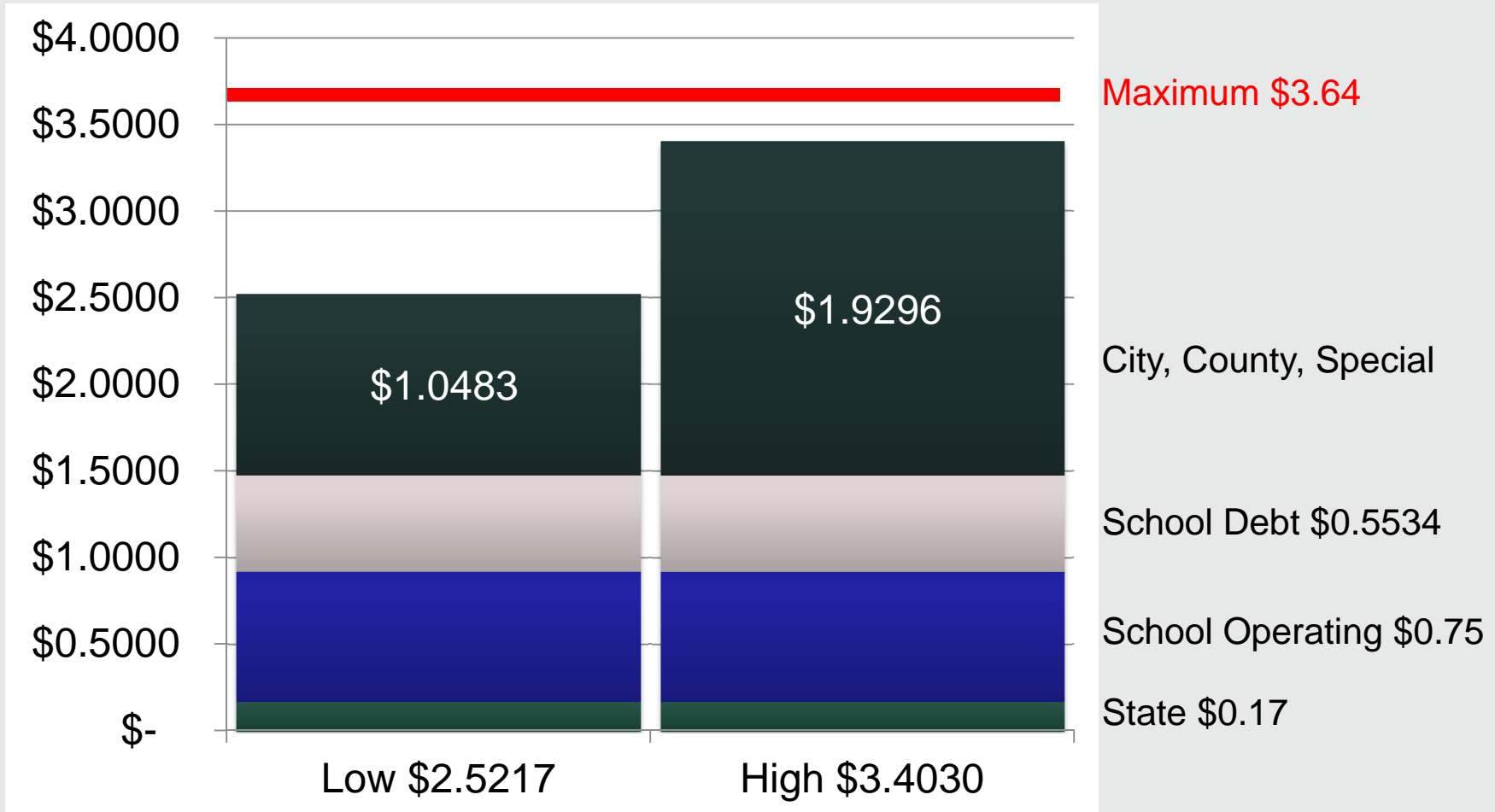
# Property Tax Capacity: February 2012



# Property Tax revenues must be at least equal to next year's principal and interest payments



# County-Wide Tax Cap



# History of School Bond Elections

In Clark County (since 1956)

## 16 Elections Have Been Held

- 13 have passed, with a total value of \$5.6 billion
- 4 were requesting Increases in the tax rate (2 passed)
- 2 were for pay-as-you-go programs (no bonding)
- 5 were held in November (the other 11, not in general elections)

Lowest Rate

**\$0.3095**  
1985

Current Rate

**\$0.5534**  
Since 1996

Highest Rate

**\$0.7023**  
1974-1978

# Funding Options

# Option 1

Raise Property Tax Rate in 2012, Rollover in 2014 at New Rate

- Part 1:
  - Go to the voters in 2012 for traditional bond authorization
  - Raise property tax rate from \$0.5534 to \$0.7654
  - Would generate \$550 million in capacity
- Part 2:
  - Go to the voters again in **2014** for a 10-year rollover
  - Rollover rate at **new** rate of \$0.7654
  - Would generate \$3.7 billion in capacity
- GO Revenue bonds would generate \$834 million
- Would generate **\$5.1 billion** in total capacity

\*Assumptions: 20-year bonds, 5.5% interest, no further decline in assessed values past 2013

# Option 2

Raise Property Tax Rate in 2012, Rollover in 2018 at Old Rate

- Part 1:
  - Go to the voters in 2012 for a 6-year capital levy (pay-as-you-go)
  - Raise property tax rate from \$0.5534 to \$0.7654
  - Would generate \$669 million in capacity
- Part 2:
  - Go to the voters again in **2018** for a 10-year rollover
  - Rollover rate at **old** rate of \$0.5534
  - Would generate \$3.2 billion in capacity
- GO Revenue bonds would generate \$834 million
- Would generate **\$4.7 billion** in total capacity

\*Assumptions: 20-year bonds, 5.5% interest, no further decline in assessed values past 2013



# Option 3

Delay until 2013-2014 (preferably June 2013)

- Pros:
  - More information in property tax revenues will be known
  - Economic conditions may improve
- Cons:
  - Off-cycle election
  - Turnout could impact outcome of election

# Option 4

## Do nothing

- Do not go to the voters
- Property tax rate will go up in 2015 just to support existing debt service
- No new capacity until 2018

# Cost to Typical Taxpayer

Based on a typical \$100,000 home (fair market value)

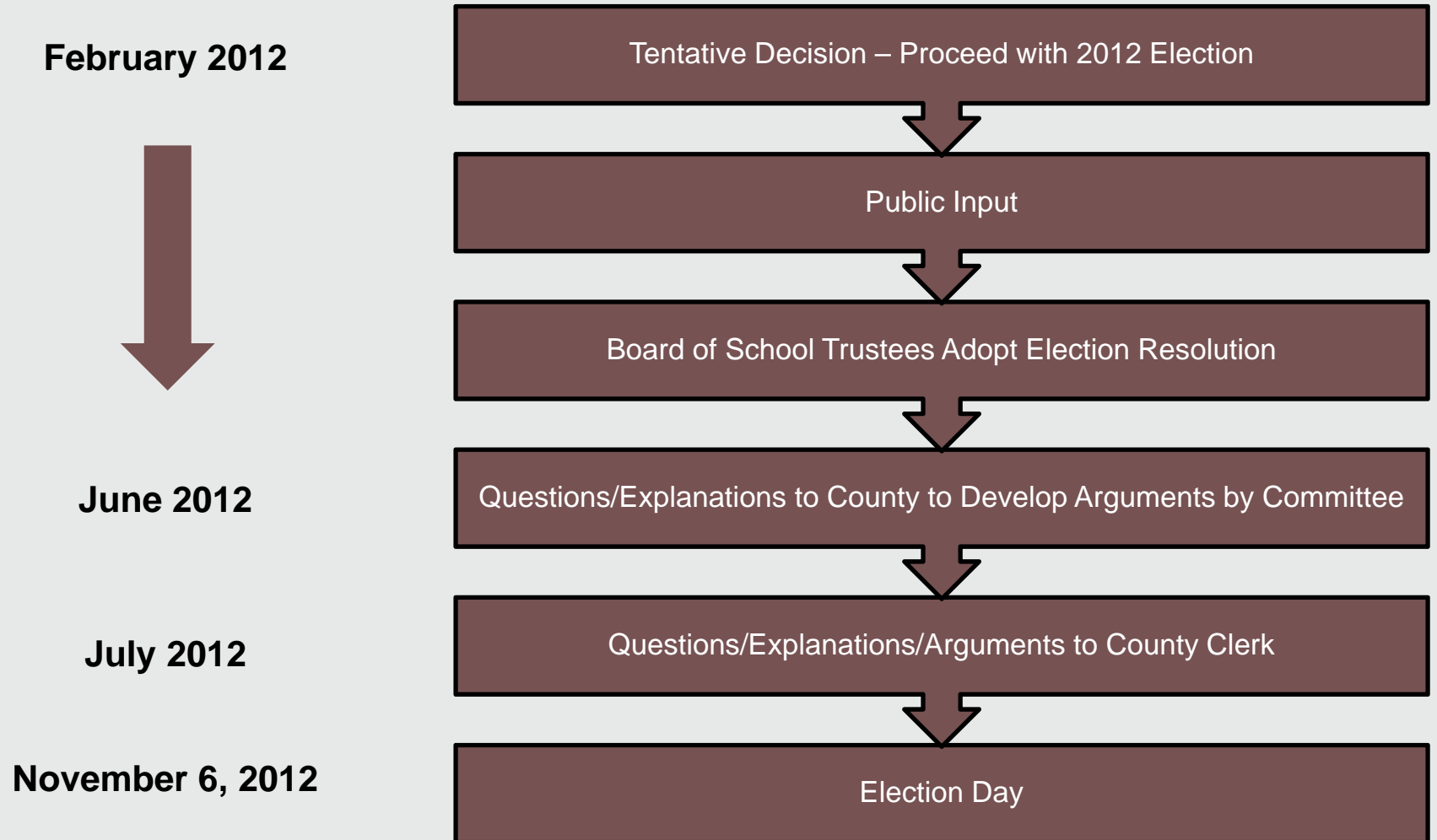
- Option 1 (New rate of \$0.7654)
  - \$74.20 per year increase (\$6.18 per month)
- Option 2 (New rate of \$0.7654)
  - \$74.20 per year increase (\$6.18 per month)
- Option 3 (Rate could go as high as \$0.6700)
  - Rate increase would be needed to cover deficit in debt service
  - \$35.00 per year increase (\$2.92 per month)

# Options if No Funding Until 2018

## Impact on students and schools

- No funding available to replace failing systems in schools
  - Some schools may not be operable
- No funding available to replace or add technology and/or equipment
  - Technology may become unusable or obsolete
  - Equipment may become unsafe to use

# Timelines for November 2012 Election



**Questions...?**