



# Nevada School Facilities Construction and Maintenance

## Executive Summary

Over the past two decades, Nevada has experienced tremendous population growth, particularly in Clark and Washoe Counties. The steady growth has placed tremendous demands on Nevada's infrastructure and the capacity of our State's public school facilities. As such, the need to construct and upgrade K-12 public school facilities has become a major issue in both urban and rural counties. Facilities throughout the State are aging and need significant upgrades or replacement.

In 2015, the Nevada Legislature established the Spending and Government Efficiency (SAGE) Commission (AB 421) to assess best practices in education and the fiscal management of education funding in the State. In the following pages, we describe school capital facilities and maintenance needs across the State, discuss financial drivers of school construction costs, and conclude by offering a series of recommendations.

- 1. Consider whether the State should expand its role in the issue of the construction and maintenance of school facilities**
- 2. Consider having the State establish uniform criteria for assessing the condition of facilities and prioritizing facilities needs**
  - The SAGE Commission could recommend that school districts, in coordination with the State, develop uniform criteria for what good repair, life cycles, and prioritization of needs means.
  - The Commission could suggest that the State conduct a statewide assessment using the same criteria across all districts, and maintain a statewide database of the condition of school facilities and equipment.
- 3. Identify new sources of revenues to support construction/maintenance of school facilities**
  - The SAGE Commission could suggest that the Legislature explore resourcing the Fund to Assist School Districts in Financing Capital Improvements (NRS 387.3335) or establishing a new statewide funding vehicle.
  - The Commission could recommend that the Legislature consider requiring school districts to set aside funds for deferred maintenance and other major maintenance items.
  - Revisit and revise existing tax policies in order to increase potential revenues available to school districts, particularly small and rural school districts.
    - The State could increase the population threshold of the residential construction tax to 100,000 so that school districts do not lose access to this source of tax revenue should their population exceed 55,000.
    - The State could make the governmental services tax available to all school districts for capital purposes, regardless of whether they have general obligation bonds.
    - In 2013, the Legislature adopted a provision to allow ad valorem taxes to be increased without voter approval, which expired on January 1, 2014. This measure could be revisited by the Legislature and the deadline for action could be extended.
  - The SAGE Commission could recommend that the Legislature consider requiring jurisdictions to collect impact fees to be paid directly to school districts when new development occurs.
  - The Governor's Office of Economic Development (GOED) should consider a formal assessment of school capital needs and facilities impact prior to the approval of development incentives.

- 4. Consider the impact of instructional requirements and management systems on facilities**
  - When launching new educational (instructional) programs or requirements, the SAGE Commission could suggest that the State assess and quantify the impact of programs on school facilities issues.
  - The Commission on Educational Technology should establish and adopt standards for the application of technology in school facilities.
- 5. Improve efforts to secure land for school sites**
  - The SAGE Commission could suggest that the State help contain the costs of identifying and selecting a site for new schools by adopting guidance or legislation that addresses the following issues:
    - Standardize the amount of land that must be set-aside by developers for elementary, middle, and high schools and require jurisdictions to enforce set-asides for school sites;
    - Require that land be provided to school districts without charge by developers (or at a significant discount), or require jurisdictions to collect impact fees that can be allocated to school districts to pay for new schools;
    - Require that if the location of land set aside for a school must be moved, a new comparable site of the same size must be provided; and
    - Require developers to pay the full share or a portion of the costs of infrastructure improvements.
- 6. Assess the benefit of expanding the role of the State in developing design guidelines and standards**
  - The SAGE Commission could suggest that the State explore whether there would be a financial benefit from expanding its role in the development of design guidelines and standards.
  - Nevada could develop cost guidelines for architecture/engineering fees for school facilities projects to standardize expectations and control costs.
- 7. Leverage existing State resources to improve the delivery method**
  - The SAGE Commission could recommend that the State consider the benefits of taking on a significant role to assist small school districts with design and project management.
  - The State should consider removing the sunset from the construction manager at risk (CMAR) process, which expires on June 30, 2017 unless further Legislative action is taken to extend it.
  - The Commission could recommend that school districts explore creating incentives for contractors to retain a portion of realized savings if they finish under budget or ahead of schedule.
- 8. Improve financing options available to school districts**
  - The SAGE Commission could recommend that the Legislature review the value and/or need of the Permanent School Fund to determine whether the cap can or should be increased in statute.
  - The Commission may consider proposing that the State expand the definition of capital expenditures and what items can be purchased using sources of capital financing.
- 9. Explore the creation of new facility funding options for charter schools**
  - The SAGE Commission could recommend that the Legislature require school districts to set aside a proportionate share of any new bond proceeds for charter schools located within the district.
  - The SAGE Commission could recommend that the Legislature increase the appropriation for the State's new revolving loan fund for charters and offer a matching grant program.
  - The State could consider allowing facilities funds to be used for leasing costs at charter schools.