



Capital Project Funding Workshop



Presentation Overview

- Since the last Board discussion
 - Proposed FY22 tax rates are available
 - FY22 Property tax revenue projections have been distributed
 - District's proposed project list is in development
- This presentation covers:
 - Mechanics of overlapping tax rates
 - Proposed changes in FY22 overlapping tax rates
 - Discussion of funding options
 - Sample schedule for a November 2021 election



Tax Rates 101



Overlapping Tax Rates

- Combined tax rates are based on taxing “districts”
- Combined overlapping rate cannot exceed \$3.66
- School operating rate set by statute
- School PAYG rate set with **voter approval**
- Senior Center tax override is voter approved
- Other operating rates (County/cities/towns) not subject to voter approval
 - Rate can be increased if room exists under maximum allowed rate and \$3.64 cap (excluding a \$.02 State levy)
 - Statutory formula is set to result in a maximum allowed rate no lower than the prior year's



Allowed/Levied Tax Rates

- The maximum allowed tax rates are calculated each year by Taxation
- The formula provides that the maximum allowed rate will not be lower than the prior year's maximum rate
- The governing board can levy a rate up to the maximum as long as the combined rate does not exceed \$3.66

	FY21		FY22	
	<u>Allowed</u>	<u>Levied</u>	<u>Allowed</u>	<u>Levied</u>
Elko County	2.8641	0.8386	3.2201	0.8386
Carlin	2.8641	0.9605	3.2201	1.1480
Elko (city)	3.3722	0.9200	3.9315	1.0977
Wells	4.7335	0.9605	5.3890	1.1514
West Wendover	2.8129	1.1514	3.2035	1.1514
Jackpot	8.1193	0.5891	9.7779	0.8481
Jarbridge	0.0015	0.0000	0.0015	0.0000
Montello	1.4890	0.4858	1.6292	0.8081
Mountain City	1.4504	0.4347	1.6085	0.4347
ECVA	0.1058	0.0392	0.1123	0.0392
Elko TV Dist	0.0619	0.0145	0.0679	0.0145
NE NV Fire Dist	0.2697	0.2600	0.2926	0.2925



Table of Overlapping Tax Rates

➤ This table shows the overlapping taxing entities for each of the cities

➤ The overlapping entities shown are based on the taxing district with the highest rate

	<u>County</u>	<u>Carlin</u>	<u>Elko City</u>	<u>Wells</u>	<u>West Wendover</u>
Elko County	X	X	X	X	X
Elko SD Operating	X	X	X	X	X
Elko SD PAYG	X	X	X	X	X
ECVA	X		X		
Elko TV Dist	X		X		
NE Elko Fire Dist	X				
State of Nevada	X	X	X	X	X
Carlin		X			
Elko City			X		
Wells				X	
West Wendover					X



FY 21 Overlapping Tax Rates

LOCAL GOVERNMENT TAXING UNIT	Combined Tax Rate	County Tax Rate	Combined Special District Tax Rate	Combined School Tax Rate	State Tax Rate	Total Property Tax Rate
Elko County	0.8386	-	0.3137	1.5000	0.1700	2.8223
Elko County School District	1.5000	-	-	-	-	-
Carlin	1.1480	0.8386	-	1.5000	0.1700	3.6566
Elko	0.9200	0.8386	0.0537	1.5000	0.1700	3.4823
Wells	0.9605	0.8386	-	1.5000	0.1700	3.4691
West Wendover	1.1514	0.8386	-	1.5000	0.1700	3.6600
Jackpot Town	0.5891	0.8386	0.2600	1.5000	0.1700	3.3577
Jarbidge Town	0.0000	0.8386	0.2500	1.5000	0.1700	2.7586
Montello Town	0.4858	0.8386	0.2600	1.5000	0.1700	3.2544
Mountain City Town	0.4347	0.8386	0.2600	1.5000	0.1700	3.2033
Elko Convention & Visitors Authority	0.0392	-	-	-	-	-
Elko Television District	0.0145	-	-	-	-	-
Northeast Nevada Fire Protection District	0.2600	-	-	-	-	-



Components of the Tax Rate

LOCAL GOVERNMENT TAXING UNIT	Maximum Allowed Tax Rate	Actual Rate Imposed	Voter Allowed Tax Rate	Imposed Voter Tax Rate	Legislative Allowed Tax Rate	Imposed Legislative Tax Rate	Combined Tax Rate
Elko County	2.8641	0.6641	0.0200	0.0200	0.1837	0.1545	0.8386
Elko County School District	0.7500	0.7500	0.7500	0.7500	-	-	1.5000
Carlin	10.7304	1.1480	-	-	-	-	1.1480
Elko	3.3722	0.9200	-	-	-	-	0.9200
Wells	4.7335	0.9605	-	-	-	-	0.9605
West Wendover	2.8129	1.1514	-	-	-	-	1.1514
Jackpot Town	8.1193	0.5891	-	-	-	-	0.5891
Jarbidge Town	0.1500	-	-	-	-	-	0.0000
Montello Town	1.4890	0.4858	-	-	-	-	0.4858
Mountain City Town	1.4504	0.4347	-	-	-	-	0.4347
Elko Convention & Visitors Authority	0.1058	0.0392	-	-	-	-	0.0392
Elko Television District	0.0619	0.0145	-	-	-	-	0.0145
Northeast Nevada Fire Protection District	0.2697	0.2600	-	-	-	-	0.2600

Note: FY21 tax rates from Redbook



Operating Rate Component

- Most local governments operating rates are determined by the formula in NRS 354.59811
- The formula generally allows for an increase in the maximum **allowed** tax rate each year unless assessed value growth exceeds 6%.
- Local governments set their rate each year during the budgeting process – **no voter approval required**
- The total of all tax rates levied (including the District and State) cannot exceed \$3.66.

LOCAL GOVERNMENT TAXING UNIT	Maximum Allowed Tax Rate*	Actual Rate Imposed *
Elko County	2.8641	0.6641
Elko County School District	0.7500	0.7500
Carlin	10.7304	1.1480
Elko	3.3722	0.9200
Wells	4.7335	0.9605
West Wendover	2.8129	1.1514
Jackpot Town	8.1193	0.5891
Jarbidge Town	0.1500	-
Montello Town	1.4890	0.4858
Mountain City Town	1.4504	0.4347
Elko Convention & Visitors Authority	0.1058	0.0392
Elko Television District	0.0619	0.0145
Northeast Nevada Fire Protection District	0.2697	0.2600
* Tax rates for fiscal year 2021		



Voter Approved Component

- Local governments are allowed to levy additional tax rates with voter approval
- The County's rate for the senior center approved in 1988 and has no expiration
- The District's rate was approved in 2010 and ends after FY22
- There are no debt ("bond") rates in Elko County

LOCAL GOVERNMENT TAXING UNIT	Voter Allowed Tax Rate*	Imposed Voter Tax Rate*
Elko County	0.0200	0.0200
Elko County School District	0.7500	0.7500
Carlin	-	-
Elko	-	-
Wells	-	-
West Wendover	-	-
Jackpot Town	-	-
Jarbidge Town	-	-
Montello Town	-	-
Mountain City Town	-	-
Elko Convention & Visitors Authority	-	-
Elko Television District	-	-
Northeast Nevada Fire Protection District	-	-
* Tax rates for fiscal year 2021		



Legislative Component

- Certain local governments are allowed to levy a tax rate for various purposes as allowed by specific legislation
- These rates function similar to the operating rates in that a maximum rate is allowed and the actual rate is set as part of the budget process

LOCAL GOVERNMENT TAXING UNIT	Legislative Allowed Tax Rate	Imposed Legislative Tax Rate
Elko County	0.1837	0.1545
Elko County School District	-	-
Carlin	-	-
Elko	-	-
Wells	-	-
West Wendover	-	-
Jackpot Town	-	-
Jarbidge Town	-	-
Montello Town	-	-
Mountain City Town	-	-
Elko Convention & Visitors Authority	-	-
Elko Television District	-	-
Northeast Nevada Fire Protection District	-	-
* Tax rates for fiscal year 2021		



FY22 Proposed Tax Rates

- Maximum allowed tax rates for the upcoming fiscal year (2022) have been calculated and distributed
- Property tax revenue projections based on **proposed** FY22 tax rates have been distributed by Taxation
- The following pages show potential tax rates assuming the proposed FY22 rates and the termination of the District's PAYG rate in the tax district with the highest overlapping rate within each jurisdiction



Potential Tax Rate Changes

- This taxing area is the County outside of the cities and towns
- NE Elko Fire shows an increased tax rate in the revenue projections
- Total tax rate is well under the \$3.64 limit with no overlapping city or town
- **The County will have \$2.38 and TV District \$.05 of allowed, but unlevied tax rate**

Elko County #0003 (TV and EVCA)

<u>Entity</u>	<u>FY21 Rate</u>	<u>Proposed Change</u>	<u>FY22 Rate</u>	<u>Proposed Change</u>	<u>FY23 Rate</u>
Elko County	0.8386		0.8386		0.8386
Elko SD Operating	0.7500		0.7500		0.7500
Elko SD PAYG	0.7500		0.7500	-0.7500	0.0000
ECVA	0.0392		0.0392		0.0392
Elko Television Dist	0.0145		0.0145		0.0145
NE Elko Fire District	0.2600	0.0325	0.2925		0.2925
State of Nevada	<u>0.1700</u>		<u>0.1700</u>		<u>0.1700</u>
	2.8223		2.8548		2.1048



Potential Tax Rate Changes

- This taxing area is the city of Carlin

- Carlin shows an increased tax rate in the revenue projections

- Carlin will have \$10.89 of allowed, but unlevied tax rate

Carlin #0010

<u>Entity</u>	<u>FY21 Rate</u>	<u>Proposed Change</u>	<u>FY22 Rate</u>	<u>Proposed Change</u>	<u>FY23 Rate</u>
Elko County	0.8386		0.8386		0.8386
Elko SD Operating	0.7500		0.7500		0.7500
Elko SD PAYG	0.7500		0.7500	-0.7500	0.0000
Carlin	0.9605	0.1875	1.1480		1.1480
State of Nevada	<u>0.1700</u>		<u>0.1700</u>		<u>0.1700</u>
	3.4691		3.6566		2.9066



Potential Tax Rate Changes

- This taxing area is the city of Elko
- Elko shows an increased tax rate in the revenue projections
- **Elko will have \$2.83 of allowed, but unlevied tax rate**

Elko City #0011

<u>Entity</u>	<u>FY21 Rate</u>	<u>Proposed Change</u>	<u>FY22 Rate</u>	<u>Proposed Change</u>	<u>FY23 Rate</u>
Elko County	0.8386		0.8386		0.8386
Elko SD Operating	0.7500		0.7500		0.7500
Elko SD PAYG	0.7500		0.7500	-0.7500	0.0000
Elko	0.9200	0.1777	1.0977		1.0977
ECVA	0.0392		0.0392		0.0392
Elko Television Dist	0.0145		0.0145		0.0145
State of Nevada	<u>0.1700</u>		<u>0.1700</u>		<u>0.1700</u>
	3.4823		3.6600		2.9100



Potential Tax Rate Changes

- This taxing area is the city of Wells
- Wells shows an increased tax rate in the revenue projections
- Wells will have **\$4.24** of allowed, but unlevied tax rate

Wells #0012

<u>Entity</u>	<u>FY21 Rate</u>	<u>Proposed Change</u>	<u>FY22 Rate</u>	<u>Proposed Change</u>	<u>FY23 Rate</u>
Elko County	0.8386		0.8386		0.8386
Elko SD Operating	0.7500		0.7500		0.7500
Elko SD PAYG	0.7500		0.7500	-0.7500	0.0000
Wells	0.9605	0.1909	1.1514		1.1514
State of Nevada	<u>0.1700</u>		<u>0.1700</u>		<u>0.1700</u>
	3.4691		3.6600		2.9100



Potential Tax Rate Changes

- This taxing area is the city of West Wendover
- The overlapping rate is already at \$3.66 so no increases can be proposed for FY22
- **West Wendover will have \$2.05 of allowed, but unlevied tax rate**

West Wendover #0023

<u>Entity</u>	<u>FY21 Rate</u>	<u>Proposed Change</u>	<u>FY22 Rate</u>	<u>Proposed Change</u>	<u>FY23 Rate</u>
Elko County	0.8386		0.8386		0.8386
Elko SD Operating	0.7500		0.7500		0.7500
Elko SD PAYG	0.7500		0.7500	-0.7500	0.0000
West Wendover	1.1514		1.1514		1.1514
State of Nevada	<u>0.1700</u>		<u>0.1700</u>		<u>0.1700</u>
	3.6600		3.6600		2.9100



Other Tax Rate Considerations

- Impact of tax rate abatements
 - A tax rate increase is unlikely to generate much additional tax revenue unless the rate is exempt from abatement
 - Voter approved rates can be exempt from the abatement regulations if such language is in the election question
 - Abatement is not an issue if a tax rate (or portion) is continued
- If the CPT rate is decreased, other local governments could take that rate which could make it unavailable for the District
- “Affected Entity” will impact proposals to increase the tax rate



Affected Entity (NRS 350.0135)

- An AFFECTED ENTITY is a local government with unlevied tax rate (see slide 7) which if its full, allowed tax rate was levied the combined tax rate would exceed \$3.66
- Prior to going to the DMC, the District would have to inform Elko County, Elko, Carlin, Wells, West Wendover, Jackpot, Montello, Mountain City, Elko CVA, and Elko TV



Debt Management Commission

- NRS 350.014 sets forth the criteria the DMC considers in approving a proposal
 - Impact on the proposing entity's debt limit
 - Impact on the \$3.66 limit on overlapping tax rates
 - Although overlapping governments have authorized but unlevied tax rate, continuing a tax rate is NOT an increase
 - Criteria related to "public need" does not apply since there is no tax increase
- Proposal must be approved by a two-thirds vote



FUNDING OPTIONS



Funding Considerations

- When are projects needed
- What do the projects cost
- How much tax rate is available
- Expectation for construction cost inflation
- Types of projects needed
 - New buildings
 - Updated building systems
 - Repair/renovation
- Voter acceptance



Capital Funding Options

- General fund resources
- The following all require VOTER APPROVAL
- Capital Projects Tax (currently authorized to FY22)
 - Up to \$0.75 for up to 20 years
- Bond issuance
 - Actual tax rate levied is based on annual payment and assessed value
 - Voter approval good for six years
- “Rollover” (hybrid approach)
 - Allows for both bond issuance and PAYG
 - Funding based on current DEBT tax rate
 - **NOT CURRENTLY AVAILABLE TO DISTRICT**



Traditional Bonds vs PAYG

- Interest cost reduces total available for projects
- Allows for quicker funding
- Only 6-year planning horizon
- Funding limited to authorized amount
- All revenues go towards project cost
- If projects are delayed cost can go up due to inflation
- If inflation exceeds earnings rate the District loses ground
- Rate can be approved for up to 30 years
- Funding limited to annual revenues



PAYG vs Bond Funding

- Scenarios assume \$0.50 for either PAYG or Bonds
- Colored boxes show when equivalent funding has been provided
- Bonds provide more immediate funding
- Interest cost isn't available for projects but avoids potential construction cost inflation

FY	Bond Program		PAYG Program	
	Proceeds	Cumulative	Revenues	Cumulative
2022	34,504,950	34,504,950		
2023	-	34,504,950	10,078,976	10,078,976
2024	49,350,000	83,854,950	10,179,766	20,258,742
2025	-	83,854,950	10,281,564	30,540,306
2026	10,378,900	94,233,850	10,384,379	40,924,685
2027		94,233,850	10,488,223	51,412,908
2028	-	94,233,850	10,593,105	62,006,013
2029		94,233,850	10,699,036	72,705,049
2030		94,233,850	10,806,027	83,511,076
2031		94,233,850	10,914,087	94,425,163
2032		94,233,850	11,023,228	105,448,391
	94,233,850		105,448,391	

Note: Demonstrates one of many possible scenarios for bonding



Sample PAYG Funding Scenario

- Three projects are identified with costs in FY22 dollars and 3% inflation
- Projects are needed at various points in time so funds can be accumulated
- However, due to timing and inflation, funding falls short which requires project downsizing or delaying

Sample Project Costs

<u>FY</u>	<u>Addition</u>	<u>New School</u>	<u>New Systems</u>	<u>Total</u>
2022	10,000,000	25,000,000	6,000,000	41,000,000
2023	10,300,000	25,750,000	6,180,000	
2024	10,609,000	26,522,500		
2025		27,318,175		
2026		28,137,720		

Sample Project Funding

<u>FY</u>	<u>Revenues</u>	<u>Project Cost</u>	<u>Balance</u>
2022			-
2023	10,078,976	(6,180,000)	3,898,976
2024	10,179,766	(10,609,000)	3,469,742
2025	10,281,564		13,751,306
2026	10,384,379	(28,137,720)	(4,002,035)
	40,924,685	(44,926,720)	



Thoughts and Observations

- The tax rate, project list and funding option all combined to dictate project delivery
- If projects can be delivered timely with Pay As You Go that will be the best option
- If not, then a Bond program is likely the best
 - Provides for more immediate funding
 - Option for transitioning to a Rollover program in the future
- In the long run, the District will likely be best served by a Rollover program which allows for both bonds and PAYG
- Voter education will be critical



Sample Schedule for Election

Date	Activity
Tuesday, 04/13/21	Board Meeting to discuss funding options
Tuesday, 05/11/21	Board Meeting to approve Proposal
Wednesday, 05/26/21	(or soon after) DMC Meeting to approve Proposal
Wednesday, 07/14/21	Draft of Election Question Resolution sent to working group
Tuesday, 07/27/21	Board Meeting to approve Election Question Resolution
Tuesday, 08/10/21	Question delivered to County Clerk
Thursday, 11/09/21	Special Election (estimated)



QUESTIONS?

