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County may go further in debt

Next year's \$119 million in borrowing would mostly pay for more school facilities. Already owed: \$628 million.

By Mike Torralba

Posted: Sunday, Sep. 21, 2008

More Information

- [Union County's outstanding debt](#)

General obligation bonds: \$451,826,800.

Certificates of participation: \$112,590,000.

Revenue bonds: \$47,315,000.

Other long-term obligations: \$15,836,967.

Total: \$627,568,767.

SOURCE: "Union County Debt Capacity, April 2008," First Southwest Co.

Union County, which has the highest per-capita debt of the state's biggest counties, might borrow more than \$119 million next year, mainly to fund construction of new schools.

The new debt would add to Union's total of \$628 million owed.

The additional borrowing is expected to add nearly 7 cents to the county's property tax rate, according to the county finance department. That's \$140 additional for a home valued at \$200,000. The current rate is 66.5 cents per \$100 valuation.

County commissioners last week instructed staff to issue "certificates of participation," or COPs. Such financing is different from general obligation bonds, in part because voter approval is not required. The certificates could be issued as early as April, finance director Kai Nelson said.

Commissioner Lanny Openshaw said he was reluctant to issue new debt. "This is in a year when the economy is tough and our revenue will be diminishing," he said.

He also said the county board may change course if the economy worsens. "In November, the board may say, 'We really can't afford to do this,'" he said.

Commissioner Parker Mills acknowledged that some taxpayers might have appreciated having a direct say in whether the county should borrow more money. But he said time had run out to place a bond referendum on the November ballot.

"You can't please everybody all the time," he said. "You've got to look out for the best interest in Union County."

General obligation bonds tend to have a lower interest rate than certificates of participation. But waiting for a vote would mean that escalating construction costs likely would have offset any savings, Nelson said. The county last issued certificates in 2003 and 2006.

Though counties such as Mecklenburg and Wake owe more, Union's amount per capita is the highest – \$3,602 per person, according to the N.C. State Treasurer's Office. Union County's borrowing has been driven almost entirely by school construction as more newcomers have moved in.

Of next spring's \$119 million in borrowing, the county will use almost \$12 million to set up an improved radio communications system. But the other \$107 million would be for schools.

The school money would pay for design and construction of a new middle school and high school complex, now dubbed "D," expected to open in 2010 in Hemby Bridge. It also would pay for renovations to New Salem and Western Union elementary schools, Sun Valley high and middle schools, and Piedmont High.

Next spring's expected debt issue might not be the last. Another COPs issue could come in late 2009 or early 2010 to fund additions to South Piedmont Community College and build a super-regional library outside Waxhaw.

Those could account for an additional 2 cents on the tax rate.

Since 2007, fewer students have enrolled in Union County Public Schools than had been anticipated. This has led school planners to delay or scratch – at least for the time being – eight schools.

The latest changes:

Postponing middle/high schools "E," to be built between Indian Trail and Wesley Chapel. They would open in 2015 instead of 2013.

Tabling indefinitely plans for elementary school "M" in the Waxhaw area near Cuthbertson Road.

The two school complexes would cost about \$114 million to design and build, said Don Hughes, the schools system's director of facilities and construction.

The plans could return if residential growth picks back up.

"At the first sign of building-permit trends – increases in those – we would react," Nelson said.

Still, he said, "the issuance of single-family residential building permits seems to be pretty anemic."

The school board will protest the scheduling changes if it doesn't like them, school board vice chairman John Collins said.

"I am not concerned about 'M,' but 'E' was our relief for Sun Valley and Porter Ridge – those are our two biggest systems at this point," he said. "Those are a little bit of a sticking point."

Collins said the differences could probably be resolved by county and school system staff.



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mlstarnes wrote on 09/22/2008 12:55:12 PM:

Someone needs to look into the huge debt about to be incurred by the City of Monroe for its proposed natural gas transmission pipeline. It was reported over the weekend that Monroe will be paying the Town of Midland \$1.6 million in the new partnership with PSNC Energy on the natural gas transmission pipeline. Also, Monroe is seeking approval from the State Utilities Commission to construct a power plant. Monroe needs some oversight and I don't mean its city council.

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