

Feb. 4, 2015

County may propose \$125M bond

2016 referendum could help repair aging city, county schools

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HILLSBOROUGH The Orange County Board of Commissioners, after appearing to reach a consensus last week, decided to wait until the public weighs in before asking

voters for up to \$125 million in 2016.

A bond, if approved, could pay for some of the \$330 million in repairs and upgrades the Chapel Hill-Carrboro and Orange County schools need. It also could address other needs, such as affordable housing and parks, the commissioners said at their annual retreat.

The state only lets counties hold bond referendums in even election

years, which means the county's next opportunity to ask voters will be during the May 2016 primary or the November 2016 general election.

The debt could require a 4.67-cent increase in the county's property tax rate, said Paul Laughton, interim finance director.

The only other option is using money already set aside for other

construction projects, he said, but that also could require a tax increase and delay meeting other needs.

A penny on the county's current tax rate - 85.8 cents per \$100 in assessed property value - raises \$1.6 million. The owner of a \$250,000 home now pays \$2,145 a year in county property tax; the proposed increase could add \$116.75.

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Chapel Hill and Carrboro residents also pay property taxes to their towns and a special Chapel Hill-Carrboro school district tax. Hillsborough residents pay town taxes but not the school tax.

The county's last bond referendum, in 2001, provided \$75 million for schools, affordable housing, senior center projects and parks and recreation.

The county has a AAA bond rating - the highest possible - and could get very low interest rates right now, Laughton said, but that might not be true in the future. The county also is seeing moderate growth in sales tax revenues but not as much money from property taxes, he said.

A future property tax increase may be unavoidable, he said. Many city and county schools are several decades old, and the state has cut funding over the years that local districts could use to pay for repairs.

The city schools also are considering the possibility that a new elementary school might be needed by 2019. That plan could be delayed by at least a decade if the renovations also make room for more students, Commissioner Mia Burroughs said.

Commissioner Mark Dorosin has made similar comments and said Friday the county should talk more with the schools about how to do that. He also suggested talking with the schools about how to open recreational fields to public Parks and Recreation programs.

The timing of a bond referendum is another concern for commissioners, because the town of Chapel Hill is considering a separate bond vote this year.

The Town Council could ask voters to support \$40 million to \$50 million in bond financing to pay for needed construction projects, including affordable housing and new police and fire stations. Commissioners are worried that voters could be averse to taking on more debt.

County Manager Bonnie Hammersley expects to meet with Chapel Hill Town Manager Roger Stancil in February to talk about the governments' mutual interests, including bond money for affordable housing.

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