



Voters say no, Gastonia City Council says yes

[Michael Barrett](#)

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On May 4, Gastonia voters turned down a city proposal for selling \$4.6 million in bonds to improve local recreation.

Part of that called for spending \$2.8 million to enhance Rankin Lake Park. And despite the will of voters a month ago, city leaders aren't letting the failed bond referendum stop them from moving ahead with Rankin Lake upgrades.

Instead of using basic general obligation bonds, which require voter approval, City Council members voted unanimously Tuesday to use an alternate funding method known as two-thirds bonds. It's a mechanism cities commonly take advantage of to pay for things such as infrastructure upkeep and facility maintenance. And assigning smaller amounts of bond debt in that manner does not require voters to sign off on the use.

Gastonia Mayor Jennie Stultz said giving Rankin Lake Park a proverbial new coat of paint has been on the city's recreation master plan for five years, and city leaders feel this will be a good use of money. The park and its 80-acre lake will be upfitted with fixed piers, floating docks, electric boats for lake access, 1.8 miles of walking trails, picnic shelters, a new clubhouse, playground equipment and parking, among other things.

The work should be completed within 18 months, officials say.

"It's a park that has had its share of negative connotations," said Stultz. "But the whole idea is we have an opportunity to make it a wonderful amenity for the public."

What's a two-thirds bond?

General obligation bond referendums typically involve expensive capital projects, such as building schools or improving roads. The bonds are more attractive on the market because they carry the full faith and credit of the taxpayers.

On May 4, Gastonia voters approved a \$27.4 million bond issue designated for numerous street and sidewalk improvements.

Year to year, the bond debt that a city or county carries is a moving target. In larger jurisdictions, as a portion of bond debt is paid off, state law enables local governments to issue bonds for up to two-thirds of the amount of the principle retired.

For example, if Gastonia pays off \$15 million in bond debt one year, it can issue \$10 million in general obligation bonds the following year with a majority vote of City Council – and without voter approval.

Carefully managing a local government's debt with two-thirds bonds can help maintain a steady tax rate, while paying for things such as infrastructure upkeep.

Officials say it's akin to borrowing against the equity on your house to pay for a new deck, for example, to allow payments you can handle. City Manager Jim Palenick said the two-thirds bond concept is allowed because it shows you're making progress on your city debt.

"The legislature says if you've paid off that much debt the year before, your debt is obviously getting smaller," he said.

Moving forward with a vision

City Council members last issued two-thirds bond debt in 2008, at a total of more than \$2 million. Among that was a \$400,000 sum designated for improving Rankin Lake Park, of which the city has already used \$30,000 to pay for design work.

The city will have enough bonding capacity next year to issue \$2.1 million in two-thirds bonds. It will combine that with the \$370,000 remaining from the 2008 issuance to pay for the Rankin Lake upgrades.

The project will not include any improvements to Lineberger Park or expanding the greenway system – improvements that were included on the failed May 4 referendum.

Stultz said the opinion voters expressed last month has to be viewed in context. Less than 5,000 residents voted on the recreation referendum, and it failed by a slim margin.

"It was overwhelmingly approved by voters in the Rankin Lake area," Stultz said.

Councilman Dave Kirlin said the city's priority of making Rankin Lake Park a nicer place to visit has been no mystery. And improving it will factor heavily into the overall vision for the Carolina Thread Trail – a system of greenways linking several area counties.

"It's been in our long-range master plan to improve Rankin Lake Park since 2005," Kirlin said.

You can reach Michael Barrett at 704-869-1826.

<http://www.gastongazette.com/news/voters-47799-city-million.html>