



## Is the Horry County Council making financially responsible decisions?

The County Council's recent debate over its annual budget highlights the significant challenges in long-term planning for Horry County. With the current budget, the Council has committed taxpayers to funding capital projects such as the jail expansion and construction of five new libraries over as many years as well as subsidies for Coast RTA. In addition to funding the construction of the new projects, the Council has committed itself to funding the future operations of these facilities. While these projects are crucial for the County and its residents, these are expensive endeavours that the Council has undertaken—endeavours that may create budget deficits in the future.

In my campaign for the Horry County Council District 2 seat in 2006, I set forth three criteria against which decisions must be judged:

- Is the decision in the best interests of the people of Horry County?
- Is the decision and its outcome consistent with the County's *Envision 2025* plan?
- Is this decision financially responsible and economically sound?

Clearly the jail expansion, the new libraries, and public transportation are in the best interest of Horry County and are consistent with the County's long-term plan. But the financial responsibility of these decisions remains in question. As County staff rightly pointed out at the June 19, 2007 council meeting, the \$12 million bonding for the new libraries is fully funded by existing revenues but prevents the Council from bonding other projects without increasing property tax millage. In addition, under existing conditions, the County's future revenues will not be adequate to fully staff the libraries and the jail in the future.

The recent decisions by this Council have been, as Councilman Grabowski pointed out, short sighted. The library projects, for example, saddle *future* councils with the financial burdens brought about by the spending of **this** council.



For those banking on the financial deficits of the future to disappear as county tax revenues increase with growth, several points should be made. The County Council should keep in mind that growth does not fully pay for itself. This should be abundantly clear from Horry County's own experience with inadequate transportation infrastructure. Future growth will not fully pay for the spending decisions of this Council—spending decisions that are necessary to address existing and future needs. The council should prioritize projects and spending requests as part of developing a comprehensive three or five year financial plan. Council must seek to restrain discretionary spending and should seek to institute a PayGo system whereby projects and their future expenses are fully funded by current revenues. This would require this Council, for example, to increase the millage rate to pay for the consequences of its spending decisions. This is particularly important given that State caps on tax increases by councils will prevent future councils from increasing revenues by an adequate rate in future to cover the potential budget deficits.

As Council can only raise revenues (increases taxes or user fees) or cut spending (thus depriving other projects and services of necessary funding) to balance the budget, the Council must also begin to seriously explore other sources of revenue for the County such as impact fees—a not very palatable topic in this area. Likewise, the Council should begin to think outside the box and explore the possibility of public private partnerships (PPPs) as a means of enabling significant capital projects at minimal impact to County finances and the taxpayers.

The sitting County Council is making significant decisions that set a dangerously destabilizing financial precedent for the future. This Council should not pass responsibility for paying for their decisions to the next council. This Council should take the steps necessary to ensure their decisions are financially responsible whether that means an increase in the millage rate, imposition of impact fees, etc. These decisions and their consequences, after all, belong to this Council not the next one.