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Council's financial responsibility questioned

By Robert M. Clinger III

Is Horry County Council making financially responsible decisions?

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 the 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 endeavors that the council has undertaken - endeavors 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 should 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. I wholeheartedly support these vital projects. But the financial responsibility of the council's actions remains in question. As county staff rightly pointed out at the June 19 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 Bob Grabowski pointed out, short-sighted. The library projects, for example, saddle future councils with 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. 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. 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 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.

The writer lives in Myrtle Beach.