Future of the Forest Committee

Report to the Carolina Forest Civic Association

November 2017

Introduction

In August of 2017, the Carolina Forest Civic Association, to research available options, that would address community issues that kept being raised at that body, formed the Future of the Forest Committee. Since appointment, the committee has met every other week, from August 2017 through November 2017, to accomplish its charge. This report is the outcome of that effort.

The committee consisted of 7 community members who volunteered and 1 graduate student from Coastal Carolina University, who served as staff to the committee to facilitate the research. The volunteer members put in significant hours in research and discussion to facilitate this project.

Executive Summary

The Committee studied the issues in depth and considered the solutions from a pragmatic perspective. All of the financial analysis was conducted from a "worst case scenario". To accomplish this when data was in conflict, the most conservative data was chosen. For example, some reputable sources show as many as 25,000 households as the current estimate for the study area. The committee, however, used the lowest household estimate of 18,112 to ensure that when tax revenue was projected that it would not be over projected. At the same time when considering costs, the highest estimate found was used.

This creates a situation where the reader should understand that the projections would be on the low side when incoming tax revenue was projected and on the high side when expenses were projected.

The survey was designed to identify issues and then quantify the criticality of the issues by offering 3 levels to measure the satisfaction level on each issue. The first level indicated an overall satisfaction with the status quo. The second level indicated a moderate level of dissatisfaction. The third level indicated extreme dissatisfaction. The Committee found the following through the survey to identify issues:

- The vast majority of the respondents were homeowners versus renters
- The top 5 issues identified in order were:
    - Roads & Traffic
    - Public Safety
    - Planning
    - Beach Access
    - Other Infrastructure
- Roads and traffic was by far the most important issue on the minds of respondents with 85.93% picking it in their top 3 issues.
- Police protection is the driver of public safety concerns with only 16.82% of the respondents feeling secure at this time.
- Over 92% of the respondents have serious concerns with planning in the area. Since roads and traffic are in all reality a component of planning one can assume that better planning is a critical need in a vast majority of the Community's mind.
- Beach Access is a real issue, but the view of criticality is almost evenly split between the three satisfaction indicators.

In looking at possible solutions, the same approach was taken to quantifying the options; however, a fourth level of "I don't know enough to respond now" was added. The survey showed:

- Almost 70% of the respondents do not see inaction as an option.

- The clear majority sees political action as a reasonable approach to the issues.
- The majority does not see a special tax district as an option, but that majority is not as strong, or as clear, as with other answers.
- The majority does not see annexation as an option at this point, but it is a slim majority and most are neutral, or do not know enough, to form an opinion at this time.
- When considering incorporation for Carolina Forest, the respondents are split with a slight majority not favoring this option. The difference, however, is within the margin of error for the survey instrument. The comments associated with the survey indicate that those not favoring incorporation believe that taxes will sky rocket if this option is chosen.

The Committee then considered the possible solutions. The Committee found that the following were not viable options:

- <u>Doing nothing</u> – the Committee concluded that the response was so clear that taking this approach would inadvisable.
- <u>Special Tax District</u> – the Committee concluded that State Law would not allow a special tax district to raise monies to address the issues identified by the survey and, therefore, was not applicable.
- <u>Annexation</u> – The Committee concluded that the adjacent localities had been approach and had not shown interest. This lack of interest, coupled with the ambivalence of the response in the survey, indicated that this was not a course that required further consideration.

The committee found two of the five options viable. After careful consideration, the Committee found that each had benefits and risks associated with them. Both options would be difficult and complex undertakings, and the final decision will be subjective individual conclusions based on the person's values, experiences, and vision.

- <u>Political Action</u> – Political Action is a viable alternative that can address the issues identified. It is a cost-effective option; however, the committee recommends that a new and comprehensive approach be taken to achieve the best results. This approach is detailed in the accompanying report and its appendices. The committee also recommends a new, regional approach be taken to address the current beach access problem which would meet the long-term needs of the community.
- <u>Incorporation</u> – Incorporation is also a viable alternative that can address the issues identified. It can even be accomplished with no increase in out-of-pocket taxes to the citizens. Under this scenario, the goals of the new city would have to be both limited and realistic. Additionally, there are protections in state law that would address the

main concern associated with this approach, which is "skyrocketing taxes." State law caps increases in property taxes, i.e. the millage cap for 2018 is 1.26%. The millage cap is calculated by the state as the sum of the CPI plus the growth in population. [1]

The committee found that neither approach would quickly address the number one issue, which is roads and traffic, at the pace that is wanted by the Carolina Forest citizens. There simply is a lack of funding available at the local level. An undesirable tax increase would be necessary to complete such road improvements. The committee found that roads will need to be addressed through better planning and growth control, incremental improvements as allowed by available funds, and perhaps fees associated with new growth (requiring state legislative changes). The only hope for immediate improvement to roads, above what the County is currently proposing, would require a significant increase in state funds.

Regardless of the approach taken, the committee identified the following objectives to address the issues identified:

a. **Continued residential growth at the rate being experienced today is not sustainable** and is only compounding the issues. It is the first rule of holes— "when you find yourself in one, quit digging." The solutions should focus on slowing growth to a sustainable level. There is also a need for more balanced growth in the area— to add more commercial and industrial uses. The need for economic development as a planned component should not be ignored. While the County is rightly focusing on manufacturing and industrial areas as economic development elsewhere in the County, the fact that there are 35,000 plus citizens who need commercial access near them and convenient to them cannot be ignored. Traffic should also be considered in economic development efforts reducing trips and mileage when possible for commercial, work, and other activities. Slowing residential growth only improves the situation going forward. It does not address the backlog of issues from previous growth being experienced today.
b. **Solving the issues of roads and traffic cannot be accomplished affordably and quickly**. The situation can be addressed affordably, but it will take time, or it can be addressed quickly, but it will take a significant tax increase. Serious consideration should be given as to whether or not the current efforts of the County are the best that can be done at the present time. Road improvements should be part of a comprehensive planning effort focusing on the area studied.
c. **Policing must be improved to maintain the community's confidence** in the system. There are both quantity and quality issues

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[1] "Millage Caps."

that need to be addressed. The system is designed and staffed as a rural operation, but the Carolina Forest area is no longer rural. Changes are being implemented, but not at a pace that is acceptable to the Community. The political leadership of the County is recognizing this fact and beginning efforts. Much more must be done, however, and quickly, to maintain a sense of security in the community. Changing the focus of law enforcement should be a priority of any effort.

d. **Beach access is a real issue** to the Carolina Forest Community. Public access is lacking for current residents and the situation will only get worse as growth continues. While removing parking fees in Myrtle Beach would help with the current situation, and lower the emotions now in play, it is not a long-term solution. While providing beach access for millions of visitors each year, the County should not forget the need for beach access for its almost 400,000 citizens. **There needs to be a long-term regional plan to provide beach access for all citizens**. The County alone does not have enough beachfront area to provide adequate access. Any proposed solution will require the cooperation of the oceanfront cities/towns. This plan will require a totally different approach than has been considered to date. The longer this issue is ignored, the more expensive and difficult it will be to solve.

Current Situation

To assess the reality of the current situation, it is vitally important to clearly understand the perceived needs of the Carolina Forest community. To accomplish this, it is helpful to apply the "Stocksdale Paradox." Admiral Stocksdale was the senior most POW in the Vietnam War. His time spent as a prisoner was a time of extreme challenge and suffering. In order to survive, he developed a philosophy of duality that has since become known as the "Stocksdale Paradox." In the simplest terms, it says:

> "You must never confuse faith that you will prevail in the end, which you can never afford to lose, with the discipline to confront the most brutal facts of your current reality, whatever they might be."[2]

In considering the current situation, this report attempts to recognize the most brutal facts, or current reality, with both sides of the issues' perspectives considered.

Reality 1

There is a disconnect in understanding and expectations between the Carolina Forest community and Horry County in general. This disconnect is creating tension that has both negative and positive effects.

> The population of the Carolina Forest community (Community) is inherently different than Horry County (County) as a whole and particularly the "native" population. Most Carolina Forest residents have relocated from other areas of the United States, bringing with them different expectations and different bases for evaluating the way local government works. The basis for most transplants is an experience in suburban and urban settings. The County, as a whole, is managed as a traditional county in South Carolina, and its basis for evaluating effectiveness is different than the expectations of those from suburban and urban settings.

> Since the native population is familiar with the system, they inherently know how to work within it to achieve results. At the same time, the newer population has to work within a system that may be foreign to them. This lack of familiarity creates frustration that exacerbates the "insider vs. outsider" mentality.

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[2] "The Stocksdale Paradox from Good To Great - The-Stocksdale-Paradox-from-Good-To-Great.Pdf."

Allowing this disconnect to deteriorate further is not in the best long-term interests of either party, regardless of what option is chosen to address the issues seen today. The plain fact is that even if area of Carolina Forest were to become incorporated, it would still be a part of Horry County and would need to productively deal with the county legislators. Also, if the political action approach is chosen, it will be vital to find common ground. The current friction is counterproductive to that mission.

The Community and the County, therefore, must recognize some current realities:

- Overall the County, when compared to its peers in South Carolina, is run well and efficiently, except for keeping up with rapid growth and urbanization.
- The political structure here is based on personal relationships, rather than by data and mass population concerns. This system is foreign to those with a suburban and urban mindset. In short, the area still operates as if it were a small town or a rural environment.
- The County is very fiscally conservative and is reluctant to raise taxes. This has led to many of the issues that are seen today and is a major impediment to keeping up with growth. At the same time, many people see this as a benefit and do not want their taxes to be raised.
- Everything that the County does is a product of compromise between interest of the Carolina Forest community and the rest of the County's residents. While the Carolina Forest community may desire more services, a large part of the County is still rural and holds the opposite view. This rural population sees more services as more government intrusion. The County must represent all of its citizens and must pace change with the desires of the entire population, not just one area.
- The native population is traditionally very independent and does not desire more government. South Carolina is known to be conservative in nature.
- Horry County currently receives a majority of its funds from tourism and from growth. The only other real economic driver in the County is agriculture. Growth represents a significant interest in the economy; therefore, the locality tends to be seen as "developer friendly."
- The County legitimately believes that it is paying significant attention to Carolina Forest and its needs. For example, although roads are a significant issue with Carolina Forest residents, the County has invested seriously in that

infrastructure. Although the pace, or the fact that the efforts started "late" is seen as unacceptable to many in Carolina Forest, the County has prioritized the first major project out of the latest Ride III initiative as going to Carolina Forest. In short, the County is addressing the need in a way that is traditional for this local government.

- Without major tax increases, or being able to raise significant amounts of revenue through other means (such as an influx of state funding), the growth rate of the County is outpacing its infrastructure needs. Roads are extremely complex and expensive endeavors. When the latest roads initiative began, there were over 1.944 billion dollars identified as immediate needs, while the available funding was 530 million. [3]

Reality 2

The issues raised, and confirmed with the survey, are all products of rapid growth. Road infrastructure has not kept up, crime has continued to grow, planning and zoning has become more critical, and other infrastructure needs have increased.

The rapid growth in Carolina Forest is a product of success. It has become a desirable community in which many people want to live. While Carolina Forest is a major area of growth, however, it is not the only one experiencing growing pains within the County.

Reality 3

The Carolina Forest community faces several paradoxes that will only be solved through a compromise of visions.

The first; how does one slow growth to a rate that is acceptable to its residents and allows pacing of infrastructure growth to meet its residential and commercial growth, while, at the same time, not damaging the economic engine that growth creates?

The second; how does a community, or County, provide adequate infrastructure without raising taxes to a level that is burdensome to the citizenry?

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[3] "RIDE III Report Unveiled at Horry County Council Meeting."

These paradoxes point out the brutal fact that there is no panacea available, no silver bullet, nor an easy answer. Any answer found will necessarily be a compromise between competing interests.

Reality 4

There have been multiple comments on social media questioning the motives and methods of this discussion and there will certainly be more as the discussion continues. If incorporation is chosen as the route to pursue, that route will not be a process of consensus building. It will be a contentious contest. It will be a decision between competing visions for the future of the Community. Governing is consensus building; elections are not. Elections, or referendums, are contests between competing ideas and there will be winners and losers. Such contests are adversarial in nature, and if this route is chosen, it will be important for the leadership to recognize this basic fact.

Reality 5

The tax structure is widely misunderstood. The County does in fact reduce millage in incorporated areas to recognize and avoid the issue of double taxation. This creates a situation where an incorporated area has 27.2 mills to work with that would be a reduction in County millage rates without an overall increase in out-of pocket tax payments on the citizens. The Committee used a no increase in out of pocket property taxes scenario to consider viability of incorporation.

Community Profile

Carolina Forest is a rapidly growing area in Horry County, South Carolina. It is predominately a suburban area, with light commercial nodes and little to no industrial base. The population is generally young and somewhat affluent. The median age according to the US Census Bureau is 34.6 years old, while the median age in the US is 37.2 years old. The median household income is $49,942, which is comparable to the national median and slightly higher than the South Carolina median household income. Roughly 13% of the population is projected to have a household income below the poverty line, or $24,600, for a family of 4. Over 93% of the adult population has a high school degree or above, with over 2,000 residents holding graduate degrees. [4]

The Carolina Forest area proper is largely a result of a master planned development, which consists of over 60 individual subdivisions, each managed by its own homeowners association. The rest of the study area is a mixture of subdivisions and commercial areas developed under the County's general land use plan.

The development agreement that governed this macro approach for Carolina Forest proper is set to expire in December of 2017 and, as such, the master planned approach to development in that part of the study area will end. At that time, it is envisioned that the build out will follow normal County development processes.

Currently there are 18,112 housing units in the study area. At 100% development, the master planned area is projected to have approximately 35,000 units by itself, not including areas within the zip code that were not part of the original development agreement. With this in mind, the area is approximately 50% developed and will double in size before it becomes built out. As of 2015, there were 649 businesses employing 6,879 people with an annual payroll of $183,903,000 within the 29579 zip code.[5]

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[4] "American FactFinder - Community Facts."

[5] Ibid.

The Issues

As stated previously, an electronic survey was conducted. The survey was limited to one response per household because a physical home address would ensure that only residents of the study area responded. The survey returned 818 responses representing approximately 4.5 % of the households of the study area; the initial goal was 5%. In order to ensure that only residents were included in the data 30 responses were purged for multiple responses from the same household, wrong zip code, ip address, etc., resulting in 788 valid responses included in the data.

Responses were received from 65 HOA's and/or apartment/neighborhoods.

The numbers of responses received yield a confidence level of 95% with a margin of error of 3, or a 99% confidence level with a margin of error of 4. [6]

Survey results:

Question 1 was addresses of respondents to ensure only residents of the study area responded. That data will not be published.
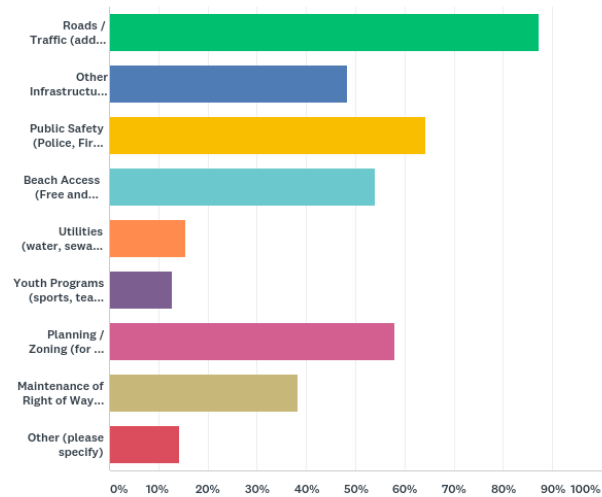
Question 2
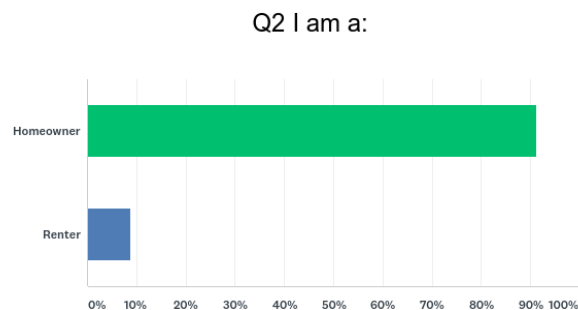
The vast majority of respondents were homeowners.

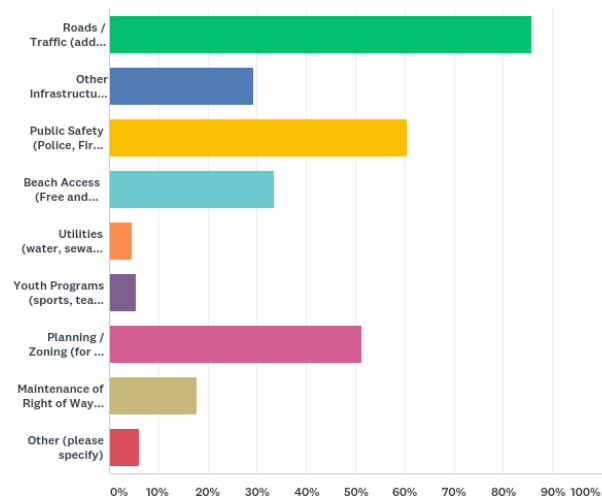[6] "Margin of Error (Confidence Interval) Calculator."

Question 3

Q3 The issue(s) I see confronting the Carolina Forest Community is/are:
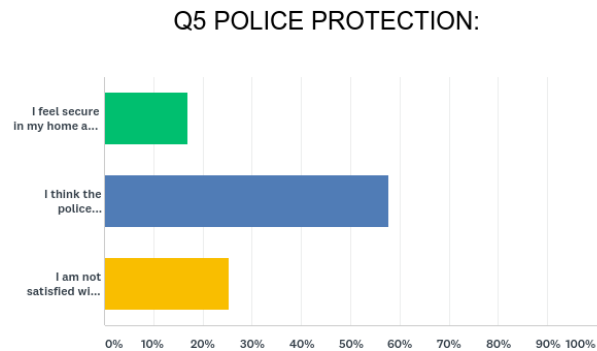

Question 4

Q4 The TOP 3 issues I see confronting the Carolina Forest Community are: (check only 3 responses)

The top 3 issues identified were (in order) roads & traffic, public safety, and planning.
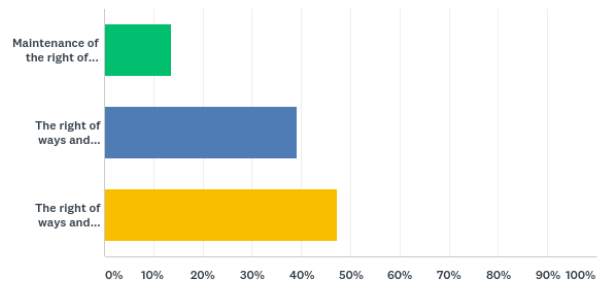
Question 5

Q5 POLICE PROTECTION:

Police protection is a major concern to the respondents, with only 17% indicating that they felt secure in their home.
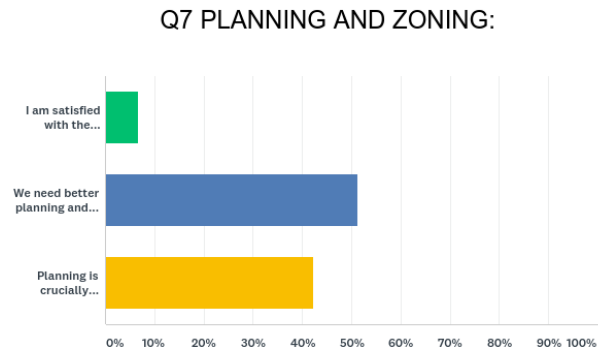
Question 6

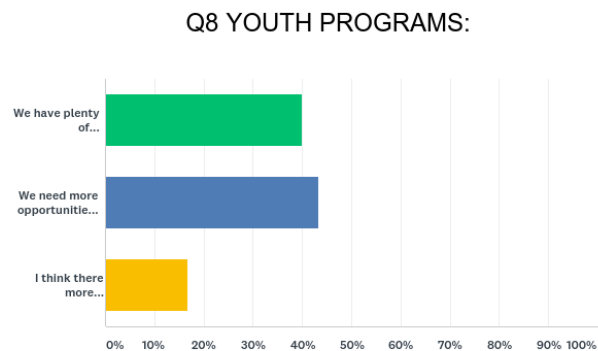## Q6 MAINTENANCE OF RIGHT OF WAYS AND MEDIANS:

Medians and right of ways were more of an issue than expected, indicating that the Community Appearance is an important issue to the respondents.

Question 7

Q7 PLANNING AND ZONING:

I am satisfied with the…
We need better planning and…
Planning is crucially…

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

Planning and zoning efforts is a major area of dissatisfaction, with only 6% of the respondents expressing satisfaction with the current efforts.

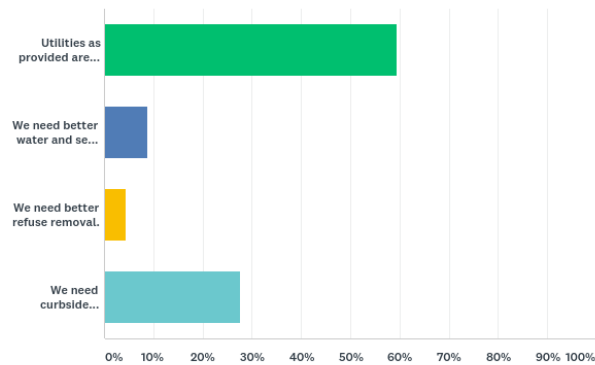Question 8

Q8 YOUTH PROGRAMS:

We have plenty of…
We need more opportunitie…
I think there more…

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

Those that are satisfied and those that believe more opportunities should be offered through private efforts are statistically even within the margin of error. The minority expressed that they wanted more youth programs via government sponsorship.
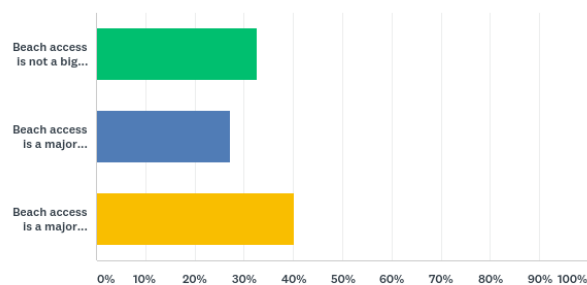
Question 9

Q9 UTILITIES:

The majority of respondents are satisfied with the provision of utilities, as they exist today.
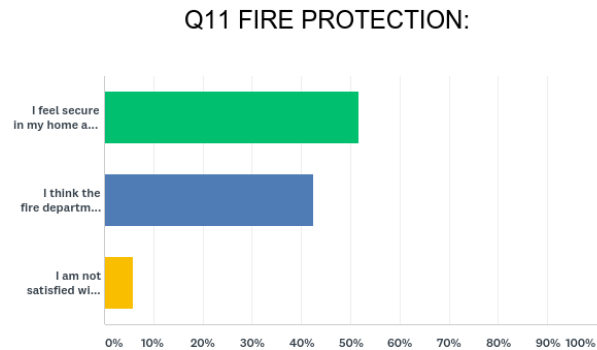
Question 10

Q10 BEACH ACCESS:

Beach access is a major issue, however the level of criticality is split between the three indicators. It is the highest criticality according to the majority of respondents.

Question 11

Q11 FIRE PROTECTION:

Fire protection is rated well with the majority (52%) feeling secure from fire in their homes. This indicates that public safety concerns are primarily police and security related.

Question 12

Q12 ROADS AND TRAFFIC:
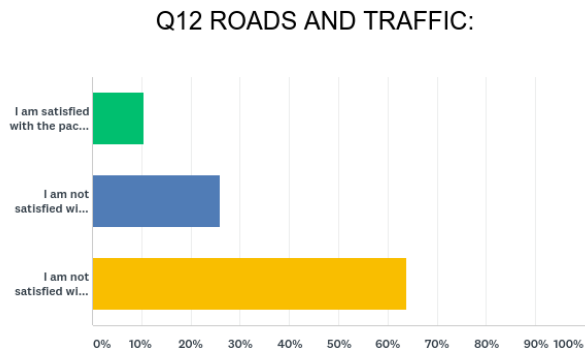
Roads and traffic are the number 1 concern of respondents and seen as the most critical issue facing them. 64% want immediate improvements.

Question 13

Q13 OTHER INFRASTRUCTURE

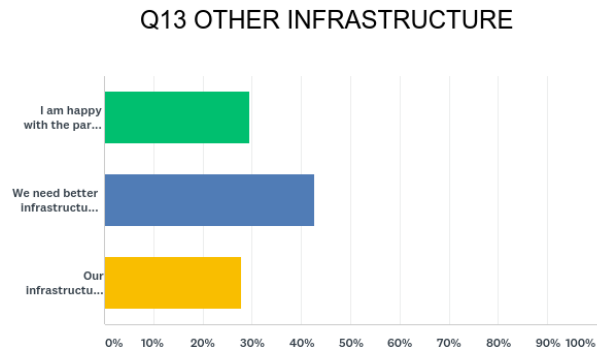The majority of respondents believe that infrastructure needs to be improved, but do not see it as critically needed as some other issues.

Question 14

Asked for additional comments, that data is included in the appendices.

Question 15

Q15 Carolina Forest could do nothing and accept the way that issues are being addressed currently.
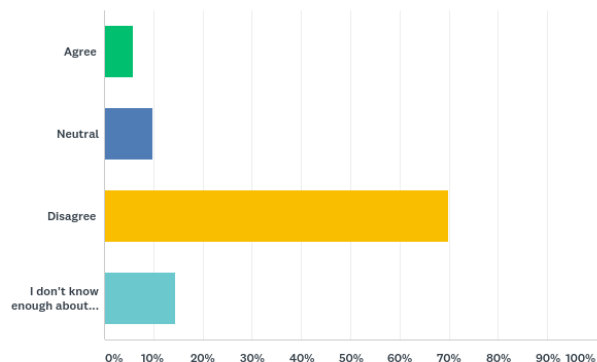
There is a pubic outcry to do something to address the issues defined. 70% of the respondents disagreed with doing nothing.

Question 16

Q16 The Community could do more to undertake different political action campaigns to convince the County to do more, or to advocate for a preferred solution(s) to an issue or issues.
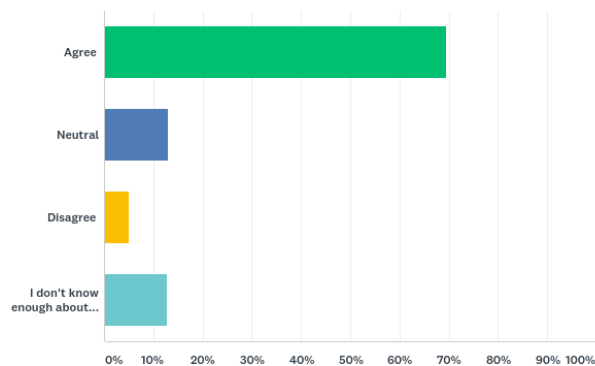
Political Action is viewed very favorably by the respondents, with 69% agreeing that more could be done in this area to effect the results desired.

Question 17

Q17 A special tax district or overlay districts could be formed to address issues important to the Community:
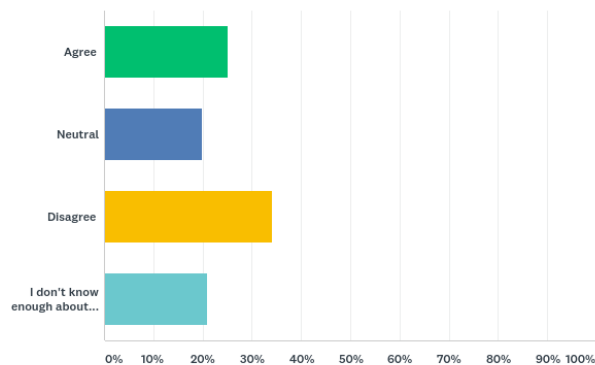
The responses to special tax districts are split. The majority of respondents do not favor this approach.

Question 18

Q18 The Community could petition the neighboring cities of Myrtle Beach, Conway, or North Myrtle Beach to be annexed to address issues and enhance services/
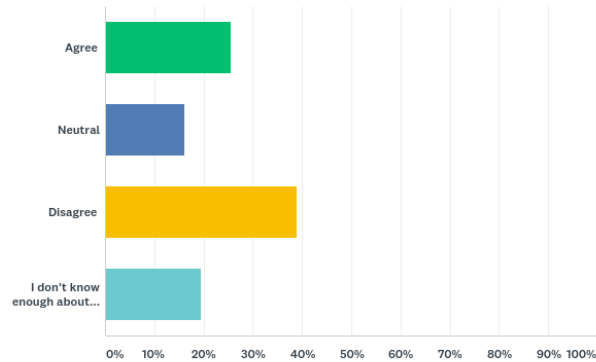
The majority of the respondents do not view annexation favorably.

Question 19

Q19 The Community could pursue incorporation as a City itself. Allowing the community more direct control and providing the ability to address issues that are specific to Carolina Forest.
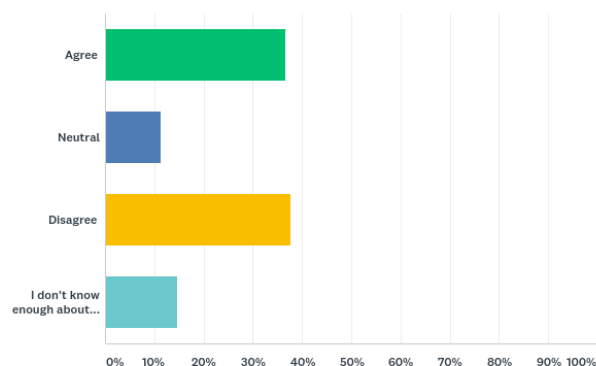
Those viewing incorporation as positive or negative are a statistical tie within the margin of error. 38% view it negatively, while 37% view it positively.

Summary of the Top 5 Rated Issues

Roads and Traffic

The County is addressing the widening and improving Carolina Forest Boulevard and Rt. 501 through the Ride III initiative. International Drive improvements are under way as part of Ride II. Both will improve the road situation in the Community. However, both are not moving fast enough to meet the expectations of the Community. Other major initiatives, like developing a new interchange from Hwy 31 directly into the Carolina Forest community, were not included in the latest road initiative.

In the most direct terms, the road network has not kept pace with the traffic; US 501 in the Carolina Forest area itself had over 46,000 vehicle trips daily in 2016. [7] This is a major issue identified by the survey and it is the most difficult issue to solve. It is also a product and an inherent component of planning; John Nolen said as far back as 1926 "The solution of the traffic problem is to be sought not so much by wider streets as by proper plan of the town"

The solution is not as simple as building more roads and a better approach is needed going forward. A noted futurist stated "Trying to cure traffic congestion with more capacity is like trying to cure obesity by loosening your belt". [8]

Safety is an issue associated with road planning and improvement. Data for trips, accident rates, etc. for some of the roads in the study area was difficult to find. Using data for the County as a whole provides a scope of the issue in Horry County. The latest report from the SCDOT is from 2015. In it Horry County led the state in traffic fatalities; "Horry County had the most fatal collisions with 76 reported…" [9] Additionally there were a total of 4525 vehicle accidents, of these 2897 produced injuries. [10]

Building and improving roads is a complex engineering and construction endeavor. Balancing environmental concerns further complicates this. Runoff, flooding, etc., are major issues associated with paving.

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[7] "DataWindow - HORRY.Pdf."

[8] Georgetown Planning, "Waccamaw Neck Visioning Meeting."

[9] "2015 Fact Book.Pdf."

[10] "2015 Fact Book.Pdf."

Such work is also extremely expensive. Addressing the preexisting needs of roads in Horry County would represent as much as 20% - 30% increase in taxes if funded through property taxes. Funding the needs through sales taxes, as is the current practice, must be balanced with the cost to the economy. The interchange that was advocated to alleviate traffic pressure in Carolina Forest is estimated to cost 35 – 40 million dollars alone.

In order to be proactive, and actually get ahead of the issue, it would require significantly more funds. Additionally planning is a crucial component to cut down trips, make wait times reasonable, and provide for a safe flow of traffic and pedestrians and bikes, etc. The root of the problem with traffic and roads is that a traditional approach to suburban planning creates sprawl and a reliance on the automobile as the only mode of transportation. A new thought process is needed.

In considering this issue, one must ask the obvious question of who would be willing to support such a tax increase? With that said, the committee recognized the obvious fact; addressing road needs will have to be a compromise between what is needed/wanted, and what can be afforded. There simply is no way to address this issue quickly and affordably, even though this is the number one issue. Expectations, therefore, must be adjusted to afford a more realistic approach to solutions. At the same time a new approach to planning for roads is required.

There are other ways to make the road infrastructure better. Developers could be required to present more information in their planning requests. Traffic studies should be an integral part of consideration for every development request. Impact fees could be collected on new developments, which would raise the desperately needed funds for improvements on the major Carolina Forest corridors (although this is much easier said then done under current state law). A thorough review of new projects, and identifying their impacts on the current community, may help to slow the growth rate, which would slow the pressure on the current infrastructure.

Of course, all of these solutions have unintended consequences and should, therefore, be considered with caution. They are both good and bad at the same time.

- Impact fees (even if they can be done) would increase the prices of new homes, which may directly affect the economy of the community. Such increases directly affect the affordability of housing, especially for certain populations.
- Slowing growth has a direct impact on the local economy. The loss of business to the construction industry, and all other sectors of the local economy that enjoy the benefits of that industry (everything from construction supplies to restaurants to convenience stores, etc.) are impacted.

That is not to say that those solutions should not be considered; rather, it is to say that the answers are not as simple as one would like, and that all solutions should be considered in a very honest way.

Public Safety

The Fire Department enjoys an ISO rating of 3, which is remarkable for a County of this size and diversity. This rating results in very affordable fire insurance/home insurance rates. The Fire Department has handled major incidents in the Community admirably; however, it does this with staffing only two people per engine, which does not meet national standards.

The crime rate is not as comforting:
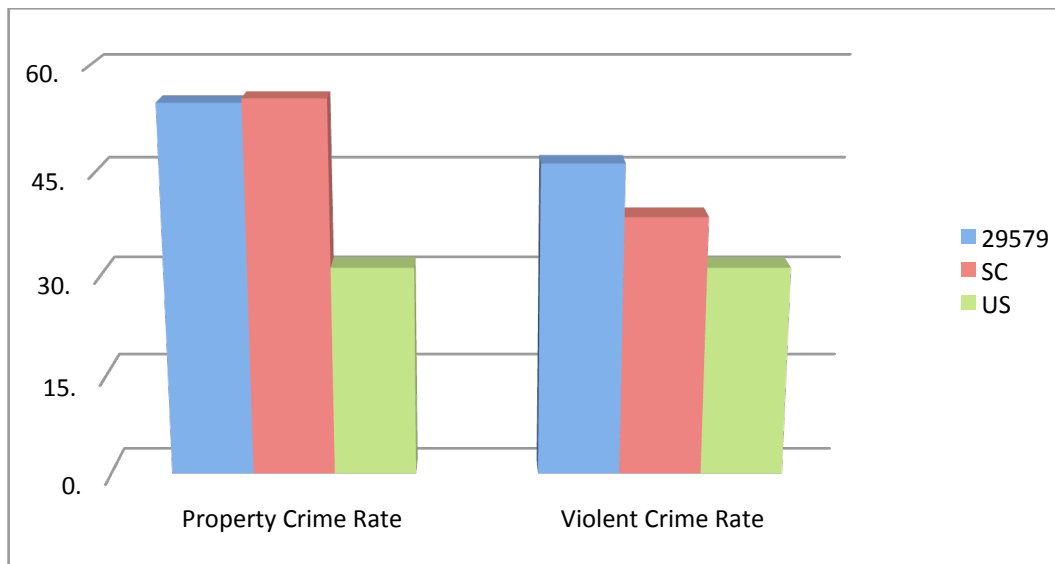
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 Also, there are recent incidents that have highlighted weaknesses in public safety. A coalesced group of dissatisfied citizens want to see change in policing and criminal justice. This is creating a situation where security is becoming another touchstone issue or flashpoint for the Community, much like beach access.

Emergency Medical Services is a basic responsibility of the County and was not evaluated as part of the committee's study.

This indicates that police protection is the major issue in the minds of residents and that there is a high rate of dissatisfaction. 83% want changes, with those that want changes being almost evenly split between those who just want more police presence, and those who want a change in quality and quantity (25%). Notably only 17% of the respondents answered that they feel safe and secure in their homes.

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11 "Myrtle Beach (Zip 29579), South Carolina Crime."

Public Safety is a significant issue that should be recognized by all of the leadership and represents a high level of dissatisfaction among the Carolina Forest residents. It is also one of the most addressable issues identified. Some of the current leadership have recognized this issue and are working to resolve it.

One Horry County Councilman representing the Carolina Forest area, Dennis Di Sabato, has called for immediately creating police precincts within the existing Carolina Forest Fire Stations and increasing the police presence. The current Horry County Police Chief stated that he is amenable to idea, but he needs more uniformed officers to accomplish this goal. [12] It is a simple matter of building enough political will to fund the necessary improvements.

That, however, does not address the segment of the citizens who are not satisfied with the quality. To address this, the Carolina Forest community must open a dialogue with the county council, or choose to incorporate and form its own police department. Likewise, the majority of respondents wishing an increase in the amount of Fire Protection, but satisfied with the quality of the service, can accomplish their goal through the same means.

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[12] charles.perry@myhorynews.com, "Councilman."

Planning and Zoning

Horry County is growing at about 4% - 6% annually, depending on the reference. [13] The growth rate for 29579 is in line with the overall growth rate for the metro area. [14] This growth rate is putting pressure on, and often outpacing, the County's ability to maintain its current infrastructure and provide safety services.

The survey reflects a high level of dissatisfaction among the Carolina Forest Community, with only 7% indicating satisfaction with the present state. Of planning and zoning.

Planning and zoning is a powerful and important tool to control and shape a community's growth even in difficult economic conditions. [15] It is one of the most powerful tools available to local governments.

The risk associated with the upcoming expiration date of the development agreement is real. In December of 2017, the County will view the issues of planning and development for the Carolina Forest proper without the benefit of a master plan for the area. If this occurs, Carolina Forest may lose the community feeling that was created by the original planned approach that started the area. The question is will the area that was master planned retain its ability to be masters of their own destiny?

Carolina Forest can be. The community can be masters of their own destiny through incorporation and taking over the planning process for themselves. Or, the community can be masters of their own destiny by working with the County and creating things like a planning overlay district with special requirements that they define in concert with County Leadership, or other planning efforts.

Carolina Forest proper has an identity and sees itself as a distinct community, rather than just an area of Horry County. To maintain this, a master planned approach is necessary. A community-based approach that focuses solely on Carolina Forest is also necessary. Regardless of the approach chosen, a focus on planning for the specific area is not only desirable; it is in the community's best interest.

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[13] Moore, "WMBF Investigates."
[14] "29579 ZIP Code Map, Demographics & Rankings."
[15] "The Importance of Comprehensive Planning in a Down Economy."

Beach Access

Beach access has become one of the touchstone issues and a recent flashpoint. As noted previously, many people in the Carolina Forest Community have relocated here from other areas of the United States. They relocated for a variety of reasons, but the beach, and the "beach town atmosphere," is undeniably one of the main draws, just as it is for tourists. Also, Myrtle Beach tends to be the definition of the entire area. When ask where one lives, the obvious first answer is "Myrtle Beach."

It is a strong point of identity for those who live in the area and it is central to the identity of the entire region. It is a natural outgrowth of the intense and successful efforts to create a brand that has been promoted both nationally and internationally.

As the fourth highest rated issue identified by the survey, it must be recognized as a real issue. Beach Access also must be recognized as a flashpoint that has created significant friction and spawned the grassroots political action spoken of earlier. In short, it is an issue that cannot be ignored.

The solution to this issue is not as simple as removing the meters on public parking spaces, although many in Carolina Forest would see that as a step in the right direction. There are currently only 1500 public parking spaces provided by the City of Myrtle Beach. [16] Horry County, including all of the incorporated areas, has an estimated population estimated of 350,000 to 394,000 residents. [17] The Carolina Forest Community alone has an estimated population of approximately 35,000 residents. [18]

In short, there are not enough public parking spaces available to offer adequate beach access for the entire population of Horry County. This is a problem that will continue to grow if not addressed. It is also a regional issue. It is not confined to the City of Myrtle Beach alone. To solve this issue, it must be addressed countywide. Unfortunately, while the county is now considering a long-term recreational plan, the issue of beach access is not being considered as part of that effort. [19] At the same time, only one

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[16] "Visit Myrtle Beach."

[17] Ibid.

[18] Ibid.

[19] "ParksandOpenSpacePlanDraftJuly12017.Pdf."

candidate for mayor, in the upcoming Myrtle Beach election, has proposed a viable, long-term solution. [20]

While the committee has purposely avoided comparisons to other areas, to avoid the suburban/urban approach vs. the traditional approach, this is one area in which a comparison may be beneficial. Florida has done an admirable job in providing public beach access and the Committee believes that much could be learned from their approaches. Further, such an approach would be beneficial in solving the long-term issue. One successful example of this is in Pinellas County Florida. That county built parks, which lead into the public beach areas, giving its residents ample, parking, showering facilities, restrooms, etc. One example is pictured below:

[20] viraj.naik@myhorrynews.com, "Myrtle Beach Mayoral Candidates Weigh in on Elections."

Since the Myrtle Beach oceanfront is already highly developed, such a project, or project(s), would be expensive; however, it would be feasible. This could be a viable option for the best, long-term solution to this issue. It could provide the free access that residents' want, while, at the same time, shift public access away from the residential areas in the cities that desire a quieter existence. In short, this kind of focused approach would address the long-term needs of all residents.

Other Infrastructure

Other infrastructure such as sidewalks, streetlights, etc., was the 5th highest rated issue facing the Community as identified by the survey. This is a very straightforward issue that is only limited by how much the community is willing to pay for improvements.

It is, however, not something that the County would typically do, and, if approached, they would rightfully balance this with the needs and desires of the entire county. It is thoroughly understandable that the people in other areas, like Aynor, Bucksport, etc., would not want their tax money to be spent on improvements in Carolina Forest, for which they see no direct benefit. It is, therefore, questionable if this issue could be adequately addressed in the current County structure. It could, however, be addressed through incorporation, or similarly through current HOA/POA's via public/private partnerships with the County.

Also, the dilemma faced by the current leadership is that although there is a desire for more infrastructure and services, there is not the corresponding willingness to raise taxes to fund these improvements.

This dilemma does not change regardless of which course is chosen. It is the problem the County Leadership faces, and they will continue to face, if political action is chosen. If incorporation is chosen, the leadership of the new city/town will also face this problem, and it will limit the ability to address issues.

Summary of Options

Cost Analysis

Before considering the options the Committee needed to develop a scenario that allowed it to consider the cost of the minimum requirements to address the issues identified. As stated previously, the committee estimated costs high.

A financial analysis is extremely difficult, and almost impossible to complete accurately, without express proposals to consider and evaluate. For the highest rated issue of roads, to give a full analysis of this issue, the committee would have to know what roads were being proposed, over what given timeline, and what funding method would be used. Without the ability to do a real financial analysis, the committee had to make assumptions to give a "feel" or level of magnitude for the financial impacts of the improvements.

With all that in mind, the financial analysis was made using the most conservative logic and common sense assumptions to provide an overarching analysis that is both relevant and easily understandable.

The major assumption made is that that the County administers costs conservatively and efficiently, so using County costs would be a reasonable comparison. The committee found no evidence that would argue against this assumption.

Other assumptions made were:

- The major road improvement envisioned at this time, other than those already in progress, was identified as a new interchange with access from Hwy 31 to Carolina Forest, extension of Gardner Lacy, and improvements to River Oaks. A budget of $50 million was used as an assumption. It was also assumed that this would be a "pay as you go," or "cash basis," that the leverage of financing would not be used, and the improvements would be immediate.
- For improved security, it was assumed the area would want to double the current police patrol in Carolina Forest. Currently, there are 3 officers assigned to the area, or 9 FTE's (full time equivalents), without taking into account leave. The assumption uses a total of 9 new positions to assure coverage. The police department has 267 authorized positions in their 2016/2017 budget with a total of $17,098,929. That budget includes all overhead associated with running a department and represents a per position cost of $64,041 per position. Therefore, a budget of $576,368 was assumed as the cost for additional police needed. **(There are many ways to calculate**

cost, a % of total budget was used because this cooks in most overhead cost into the equation.)

- For Fire Protection, the assumption was to staff at a level of 3 firefighters per piece of apparatus. The assumed cost for adding a firefighter to achieve this at the three stations in the study area used the same comparison as the police assumption. The fire department has 212 positions attached to the fire fund with a total budget of $20,339,719 (this does not include the new apparatus fund that was established) equaling $95,943 (fire is more expensive due to overhead cost of equipment and multiple buildings). To cover leave etc., 14 new positions would be needed, or approximately $1,343,202 of new cost.
- It was assumed that planning and zoning changes could be implemented at no new cost by just taking a different approach if political action were the chosen route and a comparative cost to existing cities if incorporation was chosen.
- It was assumed that beach access, as envisioned by the committee and using the example from Pinellas County, Florida, would cost approximately 20 million dollars and would be accomplished on a cash basis immediately.

Using these assumptions, the total budget for the improvements identified would be $71,919,580, or about a 5% overall increase in the total County Budget. This is a staggering sum to consider, and roughly represents a significant increase in property taxes. It does not consider the needs of the rest of the County, which in any real world analysis must be factored in.

This should bring the dilemma faced by County leadership into a sharp focus for the reader. The numbers should give pause.

The reality to be recognized, once again, is that expectations do not match financial ability. There would need to be a radical change to the tax base.

Do Nothing

Doing nothing is always an option. Choosing this option is a decision to accept the status quo. While doing nothing is a viable consideration and while it is a choice that may be made, the survey indicated that vast majority of the community does not see it as a suitable choice for them. The committee, therefore, did not spend a significant amount of time/discussion evaluating this method. The option of doing nothing would not address the issues identified by the survey, nor is it a choice that the clear and significant majority would accept.

There is a cost associated with doing nothing. From a public safety standpoint, accident rates and crime rates will remain higher than the community desires and will most likely increase. Traffic and road issues that in the long run will affect property values will certainly damage the desirability of the community. Schools will continue to be stressed. In general all of the needs will increase while the infrastructure continues to fall further behind.

The committee struggled to quantify this cost accurately and could arrive at no figure of this cost that it considered reliable. It did however recognize that the idea of a cost being associated with doing nothing is a real phenomenon worthy of consideration when discussing options.

In short, there is a public outcry to do something. There is disagreement on exactly what that "something" is.

Political Action

Political Action can come in many forms. There is currently a grass roots political action effort underway on social media. This political action campaign is focused on two main issues:

1. Free parking and beach access in Myrtle Beach proper.
2. Wholesale change in leadership for the City of Myrtle Beach.

This action has drawn serious attention and is certainly impacting the current political debates, but its effectiveness will only be clear after the upcoming November elections in Myrtle Beach. The two objectives of this political action campaign are mutually exclusive, and one may be achieved, while the other may not.

The action has also been somewhat acrimonious. The long-term effects of this friction are not yet clear.

The effort will affect the discussion of the options available to Carolina Forest. If this effort is successful, it will increase the attractiveness of political action. If the effort fails, it may sway opinions towards other options.

The survey indicates that the majority of the households in the community see political action favorably.

In theory, with four council members representing Carolina Forest, political action should be an easy task. The leadership of the Carolina Forest Civic Association is all-volunteer and they have dedicated countless hours representing community concerns. They are to be commended.

Yet to date, discussions with the Association leadership, indicates frustration. Some of this frustration is attributable to the disconnect of expectations discussed earlier. Some of it is the lack of a clear long-term policy on behalf of the Community. Some of it is a lack of suitable actions from the County. To date, by necessity, the advocacy has focused on issues as they occur, and not from an overarching perspective, or a strategic position.

This lack of a long-term strategic vision and clear policy objectives make success more difficult. It is hard to focus on the future when most of the time

and effort is being directed at putting out fires as they occur. This creates a reactive situation rather than a more desirable proactive approach.

The political action envisioned by the committee is different than the action referenced above. The action evaluated by the committee is a very organized and strategic effort to advocate for the Carolina Forest Community. It requires a great deal of effort and long-term determination. Such an effort would have clear policy objectives, such as "maintain a growth rate of _% or less", or "support and advocate for impact fees equal to the cost of new infrastructure required by new development" etc. This effort requires involvement at every level and in every committee, or board of government. It also requires an energized and active electorate, which supports the goals. Currently, Carolina Forest does not enjoy this kind of electorate. With only 20% - 40% voter turnout the electorate is not active, nor energized, and any hope of making political action effective is more difficult.

If political action is chosen, the first step would be one which is already being addressed through community action— a "get out the vote" effort. The results of this effort may first be judged in the upcoming special election for District 56. While special elections tend to have low voter turnout nation-wide, the effects of the "get out the vote" drive can be assessed by the relative turnout in this year's election, as compared to previous special elections. [21]

After that a leadership group would need to be formed to drive the effort. Funds would be needed to sustain the effort, and individuals would need to be recruited to carry out the effort. Policy objectives would need to be clearly defined and strategies for reaching those objectives would need to be outlined. Then the work would begin. Political action guides are included in the appendices for further information.

If this solution is chosen, it is important to realize that the effort would need to be long-term if it is to be successful. It would require a level of funding and organization that has not previously been achieved.

Financial Analysis of Political Action

Political action can range from very expensive, to free grassroots campaigns. The effort envisioned in this report is modest and could be accomplished in the $50,000.00 range. The funding would have to be obtained via donations, fundraising etc. and no clear source was found by the Committee.

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[21] "Special Elections and Voter Turnout."

Special Tax District

The Committee found that a special tax district is not a viable solution to address the issues identified. South Carolina is a Dillon rule state— meaning that the localities only have the authority expressly granted to them by the state. Taxes can only be levied in ways that are authorized by the state.

Under South Carolina Law, the taxing authority for special tax districts is limited to Rural Fire Protection (which the County uses for fire protection funding), drainage (which the county has several districts), and recreation (which the county utilizes county-wide and in the Socastee area). There is also a special carve out for a special governmental tax district for school funding. No other provisions were found.

The Committee also took advantage of legal opinions from Edward L Dyer, III a practicing lawyer in the Myrtle Beach area and retired Vice President of Coastal Carolina University. Mr. Dyer also holds a Masters Degree in Public Administration and was the Chairman of the Ride III committee for the County. The opinion from him supported what was found in SC state law. No special tax districts would be allowed for the purposes needed. For example, a special tax district to improve public safety would not be allowable under state law. Like impact fees the law would need to be changed.

Similarly, a special tax district could not be created to address roads and traffic. The only relevant special tax available for funding road improvements found is a countywide sales tax, already in use for the Ride initiatives.

The legal opinion obtained also found that incorporation provided no significant benefit in road funding. Conceivably, an incorporated Carolina Forest would receive a percentage of the revenue collected by the next Ride initiative (Ride IV) for its own use, but such an initiative is too far down the road to speculate any benefit in the view of the committee.

Because special tax districts could not be used to fund solutions for the identified issues, the committee gave it no further consideration.

Petitioning for Annexation

South Carolina Law allows for an area to petition an existing city to annex any area that abuts that jurisdiction. In the case of Carolina Forest, lines could conceivably be drawn to allow the Carolina Forest Area to petition North Myrtle Beach, Myrtle Beach, or Conway for annexation. North Myrtle Beach would be the most difficult to establish the abutted area requirement but it is conceivable.

The process for annexation requires an area to submit a petition to the ruling body of the abutting city/town. If that ruling body approves the petition, a special referendum is scheduled. If the majority of votes are cast in favor of the referendum, then the area is annexed. Individual property owners may opt-out, however, which creates the "doughnut holes" that exist today. These "doughnut holes" create a myriad of issues for both the incorporated area and the County. **This opt-out has been confused with the issue of new incorporation and is not applicable to a referendum of new incorporation according to the legal opinion received by the Committee.**

Current leadership of the CFCA indicated that both Conway and Myrtle Beach had previously been approached about annexation, but neither indicated any interest.

Not having interest is very understandable. Such a large and populous annexation, as represented by the Carolina Forest community, would be a difficult process for a neighboring city/town. It would change the very nature of the jurisdiction virtually overnight.

The committee did not consider this option viable for those reasons, and the public view of this supported the committee's view with the majority (39%) responding that this was not an option.

Incorporation

Incorporation is the most radical option available and creates many emotional responses. 37% saw this as a viable option while 38% did not. The 26% who were neutral or indicated they didn't know enough would apparently be the population to decide the issue if this path was chosen. The comments support the impression that the biggest hurdle to incorporation is a fear of "skyrocketing taxes", even though this perception may or may not be true.

While the committee found that large tax increases were not required to become incorporated, it also found that those fears are a legitimate concern. Experience teaches that there tends to be mission creep in government services and things that begin with good intentions can spiral into expensive initiatives. The fear that this kind of thing could happen if the Community incorporates should be recognized as legitimate, and addressed, if this choice moves forward.

The best method available to address this legitimate concern is to set the initial millage rate as low as possible and then rely on the state millage cap as a mediating factor to tax growth. While this would alleviate the concern of spiraling property taxes it would not address the possibility of increases in other taxes and fees that the populous may find onerous. The only way to address those concerns is to have a very limited vision of what services the new city or town would provide.

Another point that has also been made is that the area does not have a significant business and commercial tax base, unlike the cities of Myrtle Beach and North Myrtle Beach. The committee found this assertion to be true. The Carolina Forest study area has 694 to just over 1000 businesses depending on the source. [22] Myrtle Beach has 2305 businesses. [23] North Myrtle beach has 2286 businesses.[24] Conway has 420 businesses. [25] It was interesting to note that the area considered had significantly more businesses than the City of Conway.

While this is true today, however, it does not have to be true forever. Through careful planning and zoning, Carolina Forest could expand its business and commercial base. There are significant large parcels of land along the 501 corridor in the study area that could be directed towards these

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[22] Ibid.
[23] "American FactFinder - Community Facts."
[24] "American FactFinder - Community Facts."
[25] "American FactFinder - Community Facts."

uses, with the help of planning, zoning and economic development efforts in Carolina Forest.

While some of the debate on social media has argued that this would be a mute point if incorporation was chosen, the legal opinion given to the committee finds that a new city could have a large impact on zoning and planning.

The honest answer to these questions is that the area could incorporate and address the issues, but the issue of money will remain. A financial analysis was conducted and it found that incorporation could be achieved with **no tax increase out of pocket**. There would be adequate funds to address the number 2 (public safety) and 3 (planning and zoning) priorities identified, but not roads and traffic (the number 1 issue). It was found that a City of Carolina Forest would face the exact same dilemma that Horry County does when it comes to roads. The needs outpace the money. Addressing it aggressively enough to satisfy the level of dissatisfaction would require a significant tax increase that the committee just does not believe would be acceptable to the citizenry.

In short, if the Carolina Forest area decides to incorporate, then the taxes do not have to skyrocket and the total out of pocket costs to the citizens does not have to change. The frightening uncertainty is that they could. **The bottom line on costs completely depends on what the Community, and its leadership, decided to do, and what services they wanted to provide.**

Incorporation itself is a very simple process that belies the complexity of actually becoming a city. The SC Municipal Association publishes the process as follows:

"**Petition for Incorporation**

An incorporation initiated pursuant to S.C. Code § 5-1-40, requires a petition signed by 15 percent of qualified electors who reside in the proposed municipality to be filed with the Secretary of State. The petition must set out the proposed corporate limits and the number of inhabitants within the area.

Evaluation by the Joint Legislative Committee on Municipal Incorporation

Pursuant to § 5-1-26, a seven member committee must review the petition and documentation submitted by an area seeking municipal incorporation and make a recommendation to the Secretary of State as to whether the area meets the minimum service standard incorporation requirements as provided in § 5-1-30. The committee consists of two Senators appointed by the President Pro Tempore of the Senate; two members of the House of Representatives appointed by the Speaker of the House of Representatives;

one person appointed by the Governor; one city manager or elected city official appointed by the President Pro Tempore of the Senate from a list of three persons recommended by the Municipal Association of South Carolina; and one county council member or county manager or administrator appointed by the Speaker of the House of Representatives from a list of three persons recommended by the South Carolina Association of Counties.

Election

After receiving an incorporation petition meeting requirements of § 5-1-40 and receiving the written recommendations of the Joint Legislative Committee on Municipal Incorporation, the Secretary of State issues a commission to three or more residents of the proposed municipality. These individuals are empowered to:

1. hold an election not less than 20 or more than 90 days after issuance of the commission; and
2. appoint three election managers to conduct the election after notice is published in a newspaper of general circulation in the community or posted in three public places. The notice must be given not less than five or more than 15 days before the election in the area proposed to be incorporated. It must contain detailed information concerning the election. The election is conducted according to the general law governing special elections mutatis mutandis, except as otherwise provided in S.C. Code Title 5, Chapter 1. General law on conduct of elections is found in S.C. Code Title 7. Registered electors living in the area to be incorporated vote on the following questions as prescribed by S.C. Code § 5-1-50:

   a. incorporation
   b. b. name of municipality
   c. c. form of government
   d. d. method of election (prescribed in § 5-15-20)
   e. e. whether the election shall be partisan or nonpartisan
   f. f. the terms of the mayor and council members

When any of the above questions proposed in an election contain more than two options, the option receiving the highest number of votes will prevail. Provided, however, notwithstanding the results of selections made by voters as to questions (d), (e) and (f) above, the initial council shall consist of four council members and a mayor, all elected at-large in a nonpartisan election for terms of two years. Thereafter, selections made by electors could be implemented. Under § 5 of the Voting Rights Act, the Justice Department must preclear all changes affecting voting rights. The letter to the Department of Justice should request preclearance for the election of the question of incorporation and election of the council members of the newly incorporated municipality. Should the incorporation be approved, request

for the election of the council members in the original request will expedite the process. [26]"

If the referendum is approved and council members were not elected as part of the referendum; then an election is held for City Council and the new governmental entity is formed.

Within 3 years the new city must provide 3 essential services from a list, these services must be chosen and provided as part of the proposal to the Secretary of State: Additionally the incorporated area must provide for its own law enforcement. So in essence four essential services must be provided. [27]

- fire protection at a minimum service level required in regulations promulgated by the South Carolina Fire Marshall;
- solid waste collection and disposal;
- water supply, water distribution, or both;
- wastewater collection and treatment;
- storm water collection and disposal;
- enforcement of building, housing, plumbing, and electrical codes;
- planning and zoning;
- recreational facilities and programs; or
- street lighting.

While the requirements for three essential services have spawned some debate at the CFCA meetings the fact is that incorporation under South Carolina is not a difficult thing. Basically you decide what services you want to take over and what services you want to leave with current providers. The City does not have to directly provide the services it can contract to provide them. So water and sewer could be provided by the existing authorities and provided through contract. The County under contract allowing them to continue to tax at the countywide millage could still provide fire Protection or it could be taken over by the incorporation. Recreational facilities could remain with the County or it could be taken over, and as an example street lighting could be provided through a contract with Santee Cooper only in areas that desire the lighting through contracting with existing HOA's & POA's. There are also opportunities to shift cost and perhaps save out of pocket for waste disposal, etc. It should be understood that such shifts and/or savings would not be universal, because not all of the HOA's offer the same things. Waste removal is a good example of this.

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[26] "Final Draft - Incorporation Manual.Doc - Incorp_Handbook.Pdf."
[27] Ibid.

Based on the survey results, providing law enforcement could be a positive thing as well as providing for the incorporated areas own planning and zoning. Code enforcement could be left with the County or taken over as permit fees usually offset the cost of such services.

While the actual incorporation process is easy and viable the question of whether it is desirable or not is still a legitimate one. There are those that have expressed that another layer of government is not desirable. That is a legitimate concern. For it to be desirable it is the Committee's view that such a layer would have to be focused on specific issues and limited in nature.

In short there are many possibilities.

It is also worth noting that while under the law it is a simple matter, in execution or in the real world starting a city or town from scratch is not an insignificant undertaking. It is rather a complex and difficult proposition. The difficulty should not be underestimated. Past leadership has commented on this and their views should be considered in the debate. [28]

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[28] "Incorporation Would Be Uphill Fight in Carolina Forest | Carolina Forest | Myhorrynews.Com."

Financial Analysis of Incorporation

There is one major misperception of the financial issues surrounding the incorporation issues. That is the concept of double taxation. Does incorporation include an automatic tax on top of the County-wide tax for services or not? In the beginning, all information obtained by the Committee seemed to indicate that it did. Technically it does, but there is more to the story. The County uses a lower millage rate for incorporated areas. This creates a situation where there is millage that can be used for an incorporated area without an increase in out of pocket taxes to the citizens.

The County Budget book explains best how taxes work for incorporated areas:

> "REVENUE SOURCES Taxes – The County's source of tax revenue is the real, personal and vehicle taxes levied against the citizens. Taxes are 62 percent of the total General Fund revenue source and are based on the assessed value of property. The county's estimated assessed value for all real property, personal property and vehicles as of June 30, 2016 is $2,087,964,000. The tax payment to the county is determined by the following formula. Multiply the appraised value by the assessment rate to determine the assessed value of the property…
>
> The assessed value is then multiplied by the millage rate to determine the tax payment due to the county for county purposes only. The following example reflects the formula as applied to a $100,000 primary residence in an unincorporated area of the county.
>
> Example:
>
> $100,000 Residential Home
> $100,000 X .04 = $4000
> $4,000 X .0796 = $318.40
>
> If the residence was located within a municipality, the payment due to the county for county purposes would be determined as follows:
>
> The assessed value is then multiplied by the millage rate to determine the tax payment due to the county for county purposes only. The following example reflects the formula as applied to a $100,000 primary residence in an incorporated area of the county.
>
> Example:
>
> $100,000 Residential Home
> $100,000 X .04 = $4,000
> $4,000 X .0524 = $209.60

Tax revenues are projected to increase steadily. One current collectable mill of tax is projected to generate $2,066,455 for FY 2017 versus $2,064,939 projected actual for FY 2016.

Assessed Values:

Legal Residential	4.0% of market value
Rental & Secondary Property	6.0%
Agricultural Real Property (privately owned)	4.0%
Agricultural Real Property (corporate owned)	6.0%
Commercial Real Property	6.0%
Manufacturing Real & Personal Property	10.5%
Utility Real & Personal Property	10.5%
Personal Property (other than airplanes & boats)	10.5%
Airplanes	4.0%
Boats	6.0%
Personal Vehicles	6.0% [29]"

In essence, this explanation means that if the Carolina Forest Community decided to incorporate, it would have 27.2 mils to work with, without any additional out of pocket money required from the citizenry.

The committee faced the same limitations that it did in completing the financial analysis of the cost of improvements scenario. Therefore, this analysis is a rough analysis intended only to facilitate discussions and give a scope of magnitude.

The committee then used the same assumptions that were used to develop cost for the political action consideration. Additionally, the committee made the following assumptions:

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[29] "2017 Budget-Printed for Third Reading.Xlsx - 2017-Budget-Final.Pdf."

- All commercial and open properties were taken as data from the County land records and tax value— flatly assumed to be 6% valuation, even though some may be taxed at either higher, or lower, rates.
- The median home value according to the Census bureau for 2015[30] was used and inflated by the market growth of 16%, as indicated by the Association of Realtors, providing a median home value of $191,118.00. This number was then multiplied by the number of households (as estimated by the census bureau) to provide a gross value for residential property. That gross value was then multiplied by 4%, even though a percentage of it is certainly not owner occupied and would be accessed at 6% for higher tax value. (The committee wished to have the most conservative estimate of tax value to guard against overestimating tax value).
- The committee had no access to personal property data, only real property, so the committee used 20% of real property as the value of personal property. This was found to be a commonly used estimate, but the committee cannot assure the reader of the accuracy of this estimate.
- The Carolina Forest area represents about 10% of the total population of 350,000 – 394,000 including the incorporated areas. However, the committee could find no reliable estimate, or data, to define the population of the unincorporated area. Therefore, the committee used 10% of the County's value in fees, fines, state, and other revenue sources to be conservative. In reality, the revenue projected from these sources is higher, but the committee had no way to empirically consider this issue, so it used the most conservative way to estimate revenue that it could find.
- It was impossible for the committee to estimate business license taxes and fees, so that number is assumed to be 10% of the County total for the purposes of this discussion. The impression was that this projection is significantly low.
- The assumption in the analysis is that the new incorporated area would take over fire protection.

For discussion purposes, the analysis indicates that annual revenue of 12 million to almost 17.3 million would be available for use of an incorporated city on an annual basis. This projection does not include business licenses or permits at the rate that other incorporated areas collect.

Points of Comparison

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[30] "American FactFinder - Community Facts."

Comparisons	Total Budget	Millage
Surfside	$12,309,390.00	40
Myrtle Beach	$150,157,698.00	77.5
North Myrtle Beach	$31,679,500.00	41.3
Conway	$36,450,000.00	82.4
Carolina Forest	$12,000,000 - 17,362,614.00	27.2

(all data taken from published budget documents)

When other factors that were not able to be included are considered, the general impression is that the area would be on the general level of North Myrtle Beach and Conway **without an increase in out of pocket taxes** for the citizens. The Carolina Forest area, however, would still have less revenue than those localities and not be able to provide the same level of services.

To state this differently, by incorporating, **without an increase of "out of pocket" taxes, the act of incorporating would shift** 12 to as much as 17.3 million annually in taxes from the County to the new city or town.

It is important to understand that this is a simple cost shift reducing the revenue that the County would take in and shifting it to a new government structure within the County. That is a profound and serious thing to consider that would most certainly not be viewed positively by the County. This could very possibly create a backlash that could be difficult for the new community, and in consideration of this option, that **political reality should not be underestimated**.

Any increases in taxes would only increase the financial position of the new city.

Cost Comparison

The committee then looked at comparisons for cost:

Fire Service:

Murrells Inlet Garden City (5 stations)

Total expenses

- $4,743,000.00[31]

Fire Revenue Study Area (3 stations)

Police Protection:

North Myrtle Beach Police Cost **(including overhead)**

- $9,838,837[32]

Surfside Beach Police Cost **(including overhead)**

- $2,399,760

It should be noted that providing police at the level of North Myrtle Beach is much more than envisioned in the scenario used for improvements cost. The nine million includes 4 administrators, 59 uniformed patrol officers, 9 community services officers, 11 detectives, 19 communications and detention officers, 4 records clerks, 1 victim rights advocate and 4 training positions. Certainly good policing could be provided for the community which now only has 3 uniformed (9 for 24/7/365) assigned to it at a significantly lower cost. A much more realistic estimate of police costs for policing much above the current level would be in the 3-5 million range. Surfside Beach may be a more valid comparison since in season population is on par with the study area.

These two public safety cost comparisons indicate that Carolina Forest, as an incorporated area, would have at least $ 1,879,204 annually for other uses, such as planning and zoning, administration or other functions, **without any increase in out of pocket taxes**.

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[31] "2017 Budget-Printed for Third Reading.Xlsx - 2017-Budget-Final.Pdf."
[32] "Microsoft Word - 00 TableOfContents FY17.Docx - 2017 Budget Book.Pdf."

The major points of take away from the committee's financial analysis are:

a. The study area could incorporate **without an increase in out of pocket taxes** and have enough revenue to provide policing at the same level as North Myrtle Beach, although such a quantum leap may be overreach and unnecessary.

b. The study area would produce enough revenue for a 3 station or 4 station paid fire department **without an out of pocket tax increase** at about the same level as the Murrells Inlet Fire Department District. Conceivably, the millage rate for fire protection could actually be cut and still provide sufficient revenue creating a net savings.

c. The study area would produce approximately 1.8 – 5.8 (depending on police magnitude choice) million in revenue **without an out of pocket tax increase** for other uses, such as planning or zoning, and administration.

d. The study area **could not be a city with unlimited services** or even a city that compares to Myrtle Beach with an annual budget of $150,000,000.00. It simply would not produce enough revenue to provide all of the services that Myrtle Beach provides.

e. The study area **does not have the business and commercial base that comparable cities have** and that source of revenue would be limited in the foreseeable future. Therefore, any services contemplated will be based primarily on real and personal property taxes.

f. **The study area does not have special taxes, or the ability for special taxes, on tourists** in the way that Myrtle Beach does. This is because the Carolina Forest area studied is predominantly residential and has no tourist base to count on as a source of revenue. Therefore, copying the approach that Myrtle Beach uses to shift the burdens from its residents is not an option. The same is true when comparing the Carolina Forest area to North Myrtle Beach, and Surfside, to a lesser extent. The fact is that the study area does not have the same sources of revenue to allow cost shifting that the areas who have a strong tourist economy have.

The estimates and analysis are rough and from a very high level performed just to consider if incorporation is a viable option without skyrocketing taxes. The Committee strongly recommends that if this option becomes a point of serious consideration that professionals with more expertise in such matters complete a thorough financial analysis prior to moving the issue forward.

Conclusion

Based on the survey, there is certainly a public outcry to do something. However, there is honest disagreement on how best to address the issues.

The committee finds that there are **two** viable options that have been identified. These options have some commonality in both benefits and risks. Each person in the community will decide on their preferred option based on experience and values. This will create a situation where there is room for honest disagreement. The Committee believes that, as such, all views should be respected as the discussion moves forward.

The committee is like everyone else who considers this issue— it cannot predict the future. When considering the issue, the committee cannot answer legitimate fears associated with either approach.

There are those that feel that compromising with the County and using the political action route will never achieve the results desired by the Community, and certainly not as quickly as the people want. They think the disconnect is too great to bridge. They may be right.

At the same time, there are those that think incorporating would lead to unnecessary layers of bureaucracy and government, while increasing their taxes to a point of real burden. They see incorporation as almost a conspiracy of government to perpetually grow and eat up more of their hard earned money. They could be right if safeguards are not enacted to guard against this possibility. There are some safeguards already built into state law for property taxes as explained in the report.

Political Action

If the political action route is chosen, then the community will have to adjust its expectations. What is being asked of the County, at this point, is unreasonable in cost and ability without a significant tax increase. It also does not reflect the compromise that will be necessary to meet the needs and expectations of the rest of the County. A hard line that does not recognize the reality that the political and staff leadership face will not be achievable. Those facts are universal to the question at hand. There are limited funds to address the needs and limited ability to focus only on Carolina Forest. Anything that is to be accomplished has to be a compromise between the views of Carolina Forest and the rest of the County and the funds available, under a conservative tax structure.

The committee concluded that if common ground and compromise is used that political action is a viable option.

Incorporation

If incorporation is chosen as the route, then it provides the advantage of focusing solely on the needs and desires of the Carolina Forest area. However, costs could spiral and cause an unsustainable increase in taxes. The study reflects that incorporation is viable and can even be accomplished without an increase in out of pocket taxes to the citizens. However, the **ability of the new city would be limited and the funds, while adequate to address certain issues, would not be able to address everything that has been expressed to the committee as an issue.** An expectation of a City that addresses all of the issues created by growth in a quick timeline will create the exact situation that the critics of this route fear.

General Conclusions

The conclusion that neither option is a "be all, end all" solution does not mean that the situation can't be improved— it can, by either option. The improvements, however, will need to be incremental to be affordable and achievable, no matter which route is chosen. The problems have taken twenty years to create and it will probably take equally as long to resolve them.

There are several **obvious objectives** and facts to be considered in the efforts of either choice:

e. **Continued growth at the rate being experienced today is not sustainable** and is only compounding the issues. It is the first rule of holes— "when you find yourself in one, quit digging". The community should focus on slowing its growth to a sustainable level. There is also a need for more balanced growth in the area to add more commercial and industrial uses. The need for economic development as a planned component should not be ignored. While the County is rightly focusing on manufacturing and industrial areas as economic development, the fact that there are 35,000 plus citizens who need commercial access near them and convenient to them cannot be ignored.

f. **Solving the issues of roads and traffic cannot be accomplished affordably and quickly** in either route. The situation can be addressed affordably, but it will take time, or it can be addressed quickly, but it will take a significant tax increase. Serious consideration should be given to whether or not the current efforts of the County are the best that can be done at the present time.

g. **Policing must be improved to maintain the community's confidence** in the system. There are both quantity and quality issues that need to be addressed. The system is designed and staffed as a rural operation, but the Carolina Forest area is no longer rural.

Changes are being implemented, but not at a pace acceptable to the Community. The political leadership of the County is recognizing this fact and beginning efforts. Much more must be done, however, and quickly, to maintain a sense of security in the community. Changing the focus of law enforcement should be a priority of any effort.

h. **Beach access is a real issue** to the Carolina Forest Community. Public access is lacking for current residents and the situation will only get worse as growth continues. While removing parking fees in Myrtle Beach would help with the current situation and lower the emotions now in play, it is not a long-term solution. While providing beach access for millions of visitors each year, the County should not forget the need for beach access for its 400,000 citizens. **There needs to be a long-term regional plan to provide beach access for all of its citizens**. The County alone does not have enough beachfront area to provide adequate access. Any proposed solution will require the cooperation of the oceanfront cities/towns. This plan will require a totally different approach than has been considered to date. The longer this issue is ignored, the more expensive and difficult it will be to solve.

In short the CFCA and the Community face a tough choice, where honest disagreement will occur. One vision will prevail and that vision will be moved forward. Both visions can be successful and both have the same opportunity to fail and prove their critics right.

The key to success in either vision is to align the expectations to reality and focus on achievable improvements.

The committee hopes that the CFCA finds its work beneficial in moving the discussions forward and informative on the options available.

Next Steps

The committee sees the next steps beginning in the same place for whichever direction is chosen:

- The CFCA Board and membership need to decide which direction they wish to pursue. To accomplish this, the committee feels that the first step should be to disseminate the information contained in this report, followed by community meetings to discuss the issues and the two viable solutions.
- The CFCA should attempt to focus on the issues it wishes to address and develop strategies to achieve the solutions.
- The CFCA would then decide which option it wishes to support and pursue.
- Once an option is chosen, a leadership team needs to be formed to move the choice forward.
- Neither option is free and funds will need to be raised. To be successful with either option, help from outside professionals will be needed.

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