ECONOMIC DEVELOPMENT, TRANSPORTATION, AND NATURAL RESOURCES SUBCOMMITTEE MEETING

Wednesday, June 19, 2019

Contents

Agenda	2
Minutes from Previous Meeting	3
Study Timeline: Rural Infrastructure Authority	
RIA Snapshot	S
Agency Presentation	10
DMV Information about Bad Checks	54

AGENDA

South Carolina House of Representatives



Legislative Oversight Committee

Wednesday, June 19, 2019 10:00 a.m. 427 - Blatt Building

Pursuant to Committee Rule 6.8, S.C. ETV shall be allowed access for internet streaming whenever technologically feasible.

AMENDED AGENDA

- I. Approval of Minutes
- II. Discussion of the study of the Rural Infrastructure Authority
- III. Discussion of the Subcommittee's recommendation that the Department of Motor Vehicles examine the option of processing checks electronically at the point of sale
- IV. Adjournment

MINUTES FROM PREVIOUS MEETING

Chair Wm. Weston J. Newton

First Vice-Chair: Laurie Slade Funderburk

Micajah P. (Micah) Caskey, IV Neal A. Collins Patricia Moore (Pat) Henegan William M. (Bill) Hixon Jeffrey E. (Jeff) Johnson Marvin R. Pendarvis Tommy M. Stringer Bill Taylor Robert Q. Williams

Jennifer L. Dobson Research Director

Cathy A. Greer Administration Coordinator

Legislative Oversight Committee



South Carolina House of Representatives

Post Office Box 11867 Columbia, South Carolina 29211 Telephone: (803) 212-6810 • Fax: (803) 212-6811

Room 228 Blatt Building

Gary E. Clary
Chandra E. Dillard
Lee Hewitt
Joseph H. Jefferson, Jr.
Mandy Powers Norrell
Robert L. Ridgeway, III
Edward R. Tallon, Sr.
John Taliaferro (Jay) West, IV
Chris Wooten

Charles L. Appleby, IV Legal Counsel

Carmen J. McCutcheon Simon Research Analyst/Auditor

Kendra H. Wilkerson Fiscal/Research Analyst

Economic Development, Transportation, and Natural Resources Subcommittee Wednesday, May 1, 2019

1:15 p.m. Blatt Room 321

Archived Video Available

I. Pursuant to House Legislative Oversight Committee Rule 6.8, South Carolina ETV was allowed access for streaming the meeting. You may access an archived video of this meeting by visiting the South Carolina General Assembly's website (http://www.scstatehouse.gov) and clicking on Committee Postings and Reports, then under House Standing Committees click on Legislative Oversight. Then, click on Video Archives for a listing of archived videos for the Committee.

Attendance

I. The Economic Development, Transportation, and Natural Resources Subcommittee meeting was called to order by Chair William M. (Bill) Hixon on Wednesday, May 1, 2019, in Room 321 of the Blatt Building. The following other members of the Subcommittee were present for either all or a portion of the meeting: Representative Lee Hewitt, Representative Mandy Powers Norrell, and Representative Marvin R. Pendarvis.

Minutes

I. House Rule 4.5 requires standing committees to prepare and make available to the public the minutes of committee meetings, but the minutes do not have to be verbatim accounts of meetings. It is the practice of the Legislative Oversight Committee to provide minutes for its subcommittee meetings.

II. Representative Hewitt moves to approve the minutes from the April 4, 2019, meeting. A roll call vote is held, and the motion passes.

Rep. Hewitt's motion to approve the minutes from the April 4, 2019, meeting:	Yea	Nay	Not Voting
Rep. Hewitt	✓		
Rep. Norrell			✓ (absent)
Rep. Pendarvis	✓		
Rep. Hixon	✓		

Discussion of the Department of Motor Vehicles (DMV)

- I. DMV Executive Director Kevin Shwedo and other DMV representatives address Subcommittee member questions regarding the follow-up information DMV sent to the Subcommittee on April 25, 2019.
- II. Chair Hixon swears in Mr. Julian Barton, Legislative Liaison for the South Carolina Department of Insurance (DOI). Mr. Barton answers questions from Subcommittee members about the Uninsured Motorist Fund.
- III. Director Shwedo and other DMV representatives answer Subcommittee member questions about a variety of additional topics related to DMV's recommendations for law changes.
- IV. Subcommittee members make several motions to include recommendations in the Subcommittee study. A roll call vote is held for each. All motions pass.

Rep. Pendarvis' motion to recommend that DMV work with the Department of Insurance to propose legislation that would remove the ability of drivers to voluntarily register as uninsured while preserving the penalty for those who are found to be driving without insurance:	Yea	Nay	Not Voting
Rep. Hewitt	✓		
Rep. Norrell	✓		
Rep. Pendarvis	✓		
Rep. Hixon	✓		

Rep. Pendarvis' motion to adopt DMV's recommendation 11, to eliminate a conflicting requirement regarding verification of insurance:	Yea	Nay	Not Voting
Rep. Hewitt	✓		
Rep. Norrell	✓		
Rep. Pendarvis	✓		
Rep. Hixon	✓		

Rep. Hewitt's motion to recommend that DMV look at its licensure procedure so that out-of-state vehicle dealers can issue SC temporary tags:	Yea	Nay	Not Voting
Rep. Hewitt	✓		
Rep. Norrell	✓		
Rep. Pendarvis	✓		
Rep. Hixon	✓		

Rep. Pendarvis' motion to adopt DMV's law recommendation 19, to strengthen laws relating to unfair dealer practices:	Yea	Nay	Not Voting
Rep. Hewitt	✓		
Rep. Norrell	✓		
Rep. Pendarvis	✓		
Rep. Hixon	✓		

Rep. Norrell's motion to recommend that DMV post online information, including a searchable list of licensed dealers and an indication of which dealers have been cited for licensure violations, to help consumers avoid unlicensed dealers and unfair dealer practices:	Yea	Nay	Not Voting
Rep. Hewitt	✓		
Rep. Norrell	✓		
Rep. Pendarvis	✓		
Rep. Hixon	√		

Rep. Norrell's motion to adopt DMV's recommendation that the General Assembly amend state law to clarify that a watermark printed from the DMV online system is sufficient certification of the document for use in court proceedings:	Yea	Nay	Not Voting
Rep. Hewitt	✓		
Rep. Norrell	✓		
Rep. Pendarvis	✓		
Rep. Hixon	✓		

Rep. Hewitt's motion to recommend that the agency update outdated regulations, including Section 90-107, which prohibits the location of truck driver training schools within 1500 feet of DMV offices:	Yea	Nay	Not Voting
Rep. Hewitt	✓		
Rep. Norrell	✓		
Rep. Pendarvis	✓		
Rep. Hixon	✓		

Rep. Hewitt's motion to recommend that DMV develop policies and guidance for counties regarding a consistent process or forms to use when collecting road use fees:	Yea	Nay	Not Voting
Rep. Hewitt	✓		
Rep. Norrell	✓		
Rep. Pendarvis	✓		
Rep. Hixon	✓		

V. Rep. Norrell moves to direct staff to draft the report of the Subcommittee's study. A roll call vote is held and the motion passes.

Rep. Norrell's motion to direct staff to draft the subcommittee report of the study:	Yea	Nay	Not Voting
Rep. Hewitt	✓		
Rep. Norrell	✓		
Rep. Pendarvis	✓		
Rep. Hixon	✓		

- VI. Rep. Hixon announces that staff will distribute the draft report to members on Wednesday, June 5. He directs any members who would like to submit a statement to be published with the report to do so by 5:00 p.m. on Wednesday, June 12. He states that if no member requests an additional meeting by that time, he will give notice to the full Committee that the report is available for consideration.
- VII. Director Shwedo recognizes Melissa Cisson, DMV Deputy Director of the Contact Center, for her work as the lead contact for Committee staff during the study.
- VIII. Rep. Hixon and other Subcommittee members thank Director Shwedo and DMV staff for their contributions to the study process.
 - IX. The meeting is adjourned.

STUDY TIMELINE: RURAL INFRASTRUCTURE AUTHORITY

Legislative Oversight Committee Actions

- December 5, 2018 Prioritizes the agency for study
- January 9, 2019 Provides the agency with notice about the oversight process
- February 27 April 1, 2019 Solicits input from the public about the agency in the form of an online survey

Economic Development, Transportation, and Natural Resources Subcommittee Actions

• June 19, 2019 (TODAY) - Holds **Meeting 1** with the agency to discuss an overview of its **mission**, **history**, **resources**, **major programs**, **successes**, **challenges**, **and emerging issues** and its **grant** and **technical assistance programs**

Rural Infrastructure Authority Actions

- March 31, 2015- Submits its Annual Restructuring and Seven-Year Plan Report
- January 12, 2016- Submits its 2016 Annual Restructuring Report
- September 2016- Submits its FY 2015-16 Accountability Report/Annual Restructuring Report
- September 2017- Submits its FY 2016-17 Accountability Report/Annual Restructuring Report
- September 2018 Submits its FY 2017-18 Accountability Report/Annual Restructuring Report
- April 23, 2019 Submits its Program Evaluation Report
- June 2019-present- Meets with and responds to Subcommittee inquiries

Public's Actions

- February 27 April 1, 2019 Provides input about the agency via an online public survey
- Ongoing Submits written comments on the Oversight Committee's webpage on the General Assembly's website (www.scstatehouse.gov)

RIA SNAPSHOT

Rural Infrastructure Authority

Agency Mission To assist in financing qualified infrastructure projects that will protect public health, comply with environmental quality standards, and support economic opportunities.

Successes

Identified by the agency

History

The Rural Infrastructure
Authority was created in
2010 and began operating
in 2012, approving its first
grants in 2013. The
administration of two loan
programs was transferred
to RIA from the Budget
and Control Board in
2015.

Organizational Units Grants • Loans

Major Deliverables (FY 17-18)

- Awarded \$14M in grants
- Closed \$120M in loans
- Assisted 291 local governments with information

Resources (FY 17-18)

Employees filled FTF positions

9 filled FTE positions at the end of the year

<u>Funding</u>

\$166,141,450

Includes appropriations and State Revolving Fund expenditures, which are not appropriated

- Using available funds to award \$109.6M in grants and close nearly \$350M in loans since the agency's creation
- Helping to resolve health and environmental concerns, create jobs, and lower utility rates
- Training communities to identify financial resources for infrastructure improvements

Current:

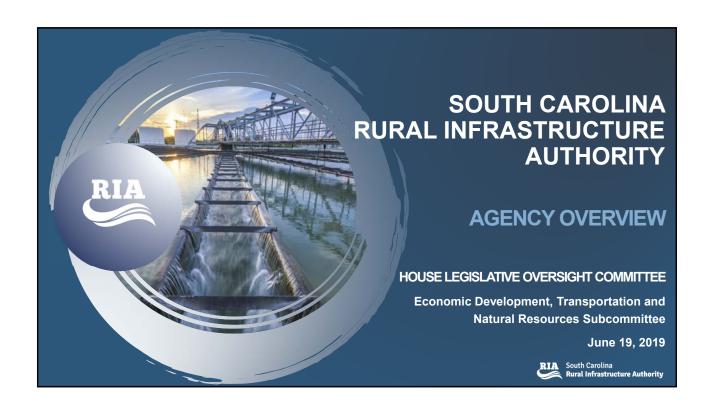
- Developing expertise in small communities
- Attaining sustainability with inadequate resources to invest in infrastructure
- Overcoming resistance to regional approaches

Emerging:

- Planning for future agency leadership
- Identifying funding gaps and coordinating assistance
- · Assessing statewide needs

Challenges

Figure Note: RIA focuses on water infrastructure projects, including water and waste water systems and storm water drainage facilities. Sources: Agency PER (April 2019), Accountability Report (September 2018), and website.





Mission



Help close the financial gap for infrastructure improvements and lay the groundwork for economic opportunities.



Vision

We're here to help.

Work in partnership with communities to make targeted infrastructure investments that improve the quality of life for residents, enhance community sustainability and boost economic opportunities.



Historical Timeline

2010	General Assembly created the SC Rural Infrastructure Authority (RIA), but did not fund its operations until FY 2012.
2012	Board of Directors (Board) appointed and first meeting held in August; Executive Director hired in November.
2013	First grants were awarded in rural and distressed areas in February.
2014	Board expanded rural and distressed definition; Board allowed counties to apply on behalf of non-profit water/sewer companies.
2015	General Assembly transferred State Revolving Fund Loan Program to RIA as part of the SC Budget and Control Board reorganization. Transfer was effective FY 2016.
2016	Statewide Water and Sewer Fund established by proviso with \$8M annual appropriation.
2017	Senate Oversight Committee review of the agency.



Agency Leadership



Bonnie Ammons
Executive Director,
Rural Infrastructure
Authority



Robert M. Hitt III

Chairman, RIA Board of Directors
Secretary, SC Department of
Commerce

South Carolina
Rural Infrastructure Authority

A Video Message from Chairman Hitt





Board of Directors

Code of Law 11-50-50

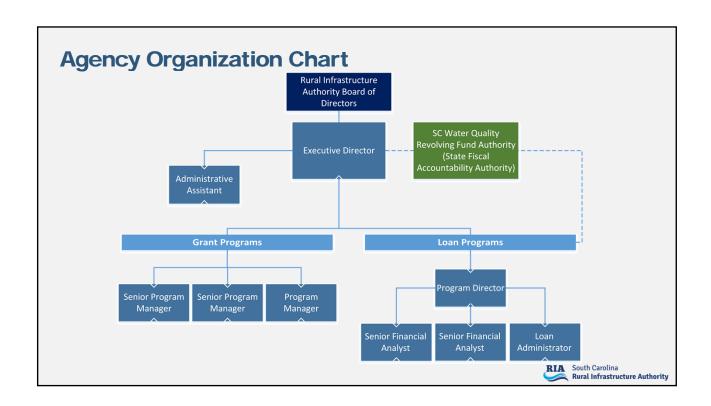
The Board consists of seven voting directors, appointed as follows:

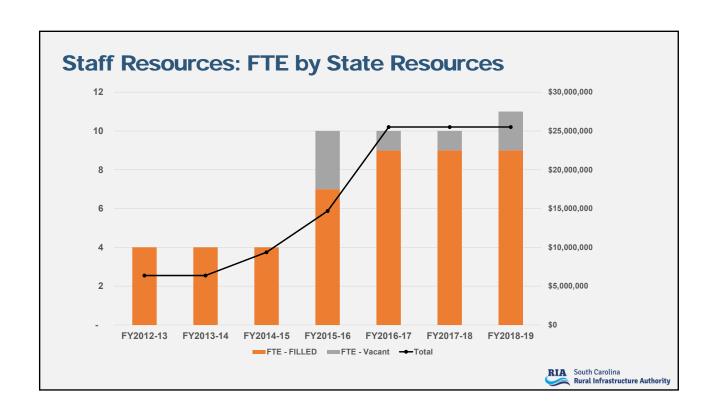
- Secretary of Commerce, ex officio, (who shall serve as chairman);
- President Pro Tempore of the Senate (one appointment);
- Speaker of the House of Representatives (one appointment);
- Chairman of the Senate Finance Committee (one appointment);
- Chairman of the House Ways and Means Committee (one appointment); and
- Governor (two appointments).

Members:

- · Robert M. Hitt III, Chairman
- Michael W. Gambrell, State Senator, Vice-Chairman
- Richard L. Yow, State Representative
- · William N. Kellahan Jr.
- William "Bill" Clyburn, State Representative
- David E. Anderson
- · Jasper W. Shuler







Shared Services Agreement

SC Department of Commerce

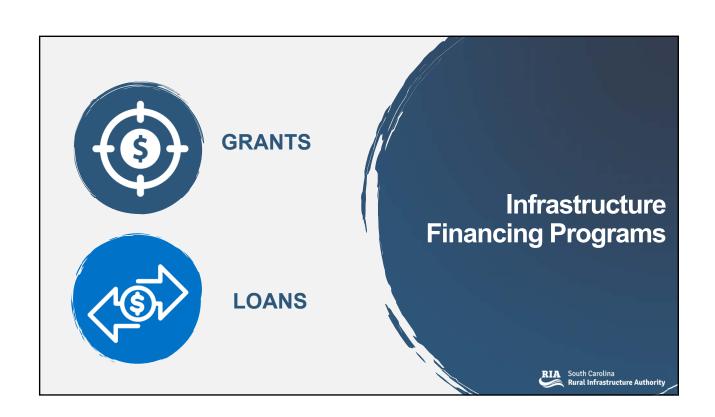
SECTION 11-50-65. Administrative support for State Rural Infrastructure Authority.

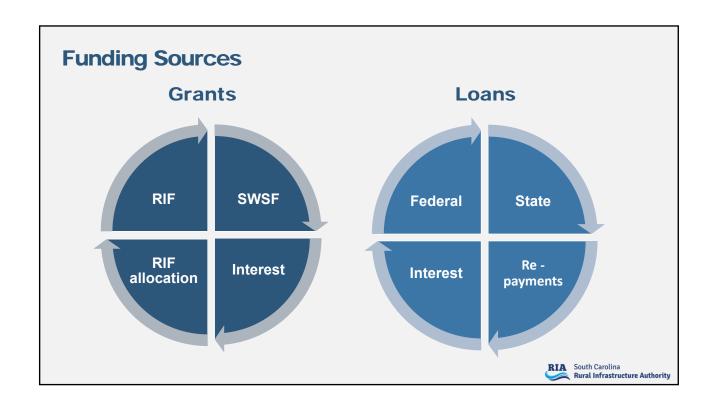
The Department of Commerce shall provide such administrative support to the State Rural Infrastructure Authority or any of its divisions or components as they may request and require in the performance of their duties including, but not limited to, financial management, human resources management, information technology, procurement services, and logistical support.

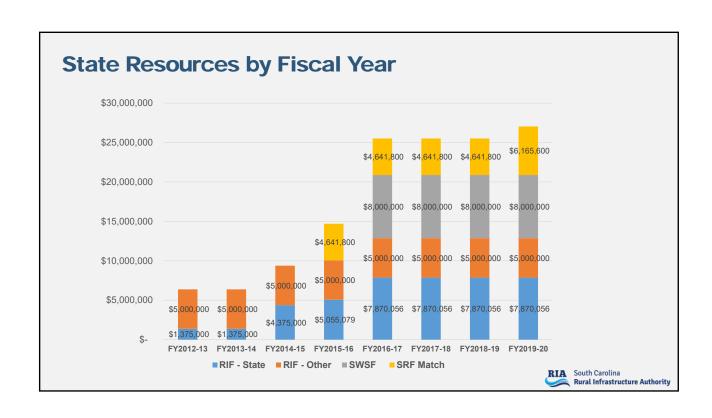
Services Provided:

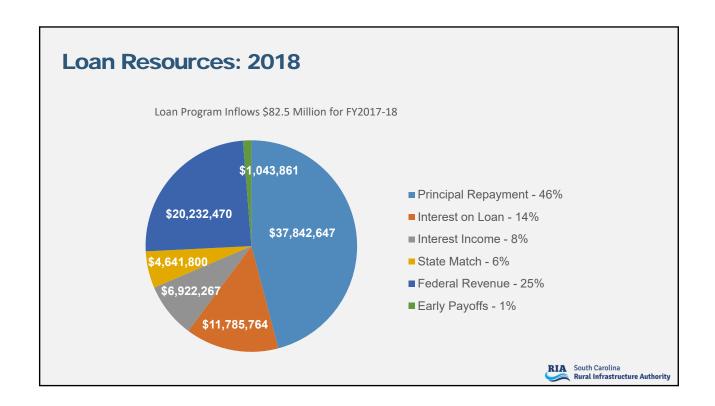
- Financial
- Human Resources
- Legal
- Communications
- Information Technology
- Procurement
- · Office space and equipment

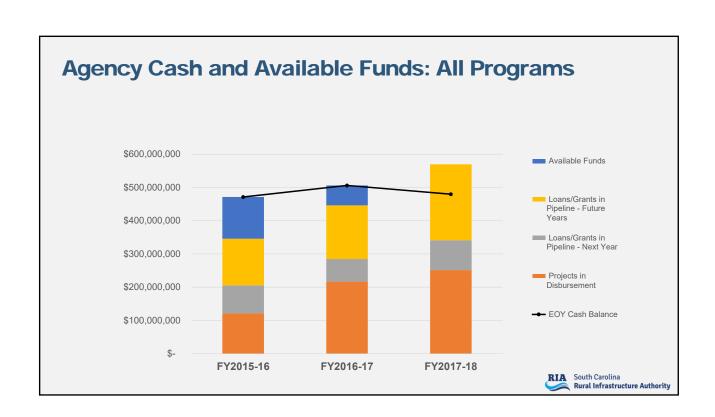












Grant Program Summary

Funding Level: \$25 million

- Rural Fund \$17 million
- Statewide Fund \$ 8 million

Competitive Application Rounds:

- Fall
- Spring

Eligible Applicants: Statewide

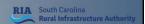
- Local Governments
- Public Water/Sewer Agencies

Eligible Activities:

· Water, Wastewater, Storm Drainage

Program and Priorities:

- Basic \$17 million
 - Consent orders
 - Other health/ environmental concerns
 - Aging infrastructure
- Economic \$8 million
 - Job creation
 - System capacity (for new & existing businesses)
 - Product development



State Revolving Fund (SRF) Loan Program Summary

A Low-Cost Financing Option

Jointly Administered:

- DHEC technical
- RIA financial

Programs:

- Clean Water
- Drinking Water

Project Consideration:

- · Call for Projects Spring
- Year-round consideration

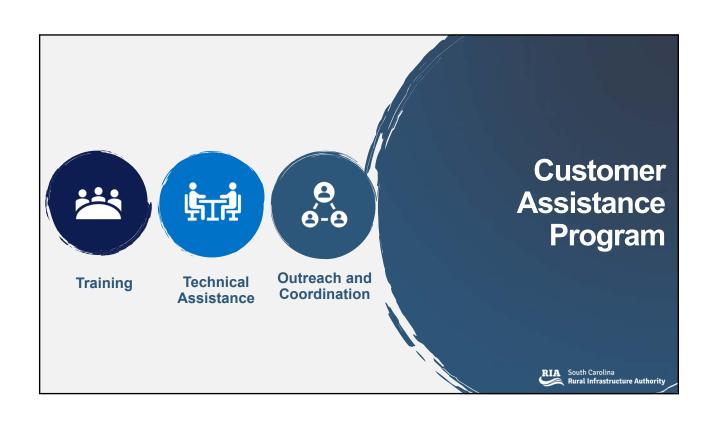
Eligibility: Statewide

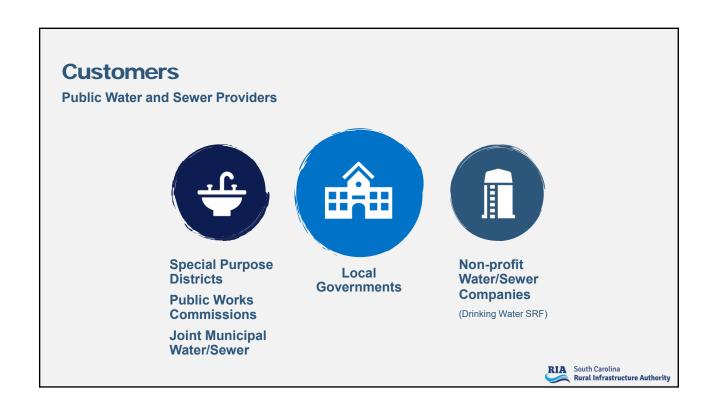
- Local Governments
- Special Purpose Districts/Commission of Public Works/Joint Municipal Water & Sewer
- Non-profit Water and Sewer (Drinking Water only)

Program Goals/Priorities:

- Compliance with regulatory standards for drinking water and water quality
- Consolidation/regionalization
- Green Infrastructure







State Agency Partners

SC Department of Commerce

- Shared Services Support
- Coordination of Economic Programs
- Coordination of Community Infrastructure Grant Programs

SC Department of Health and Environmental Control

- Co-administration of the State Revolving Fund Program
- Coordination of Rural Outreach
- Coordination of Solutions to Regulatory Concerns



Funding Partners



- SC Department of Commerce
- SC Department of Health and Environmental Control
- SC Rural Infrastructure Authority
- US Department of Agriculture Rural Development
- US Economic Development Administration

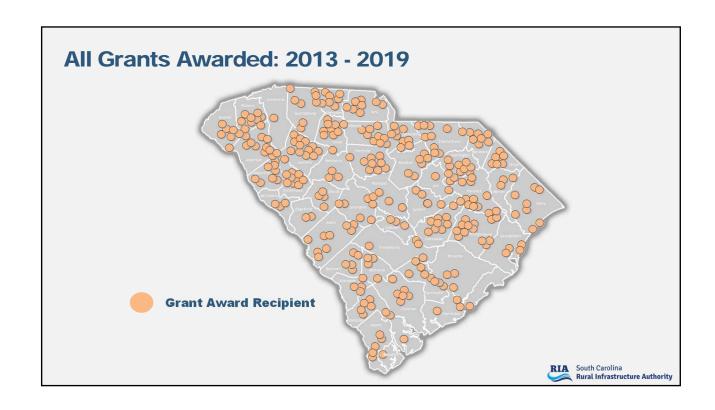


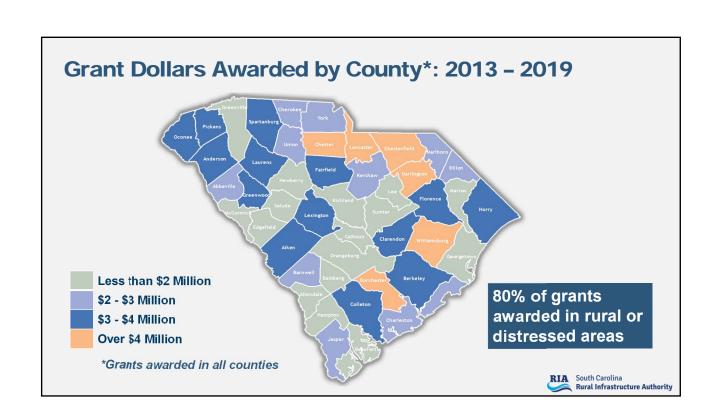


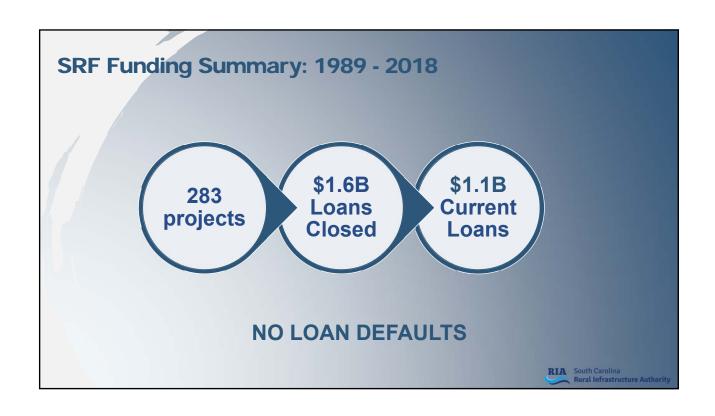


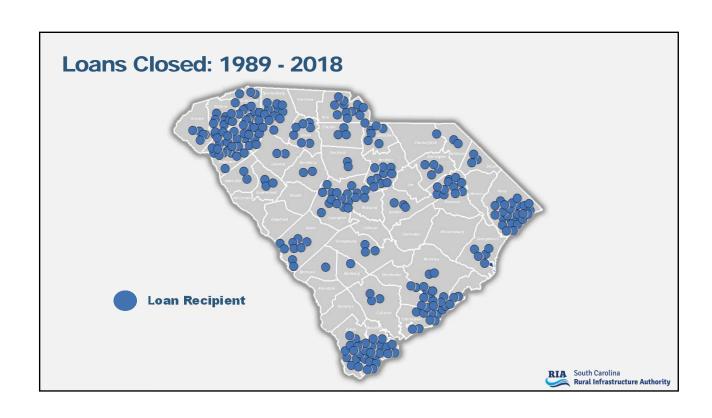


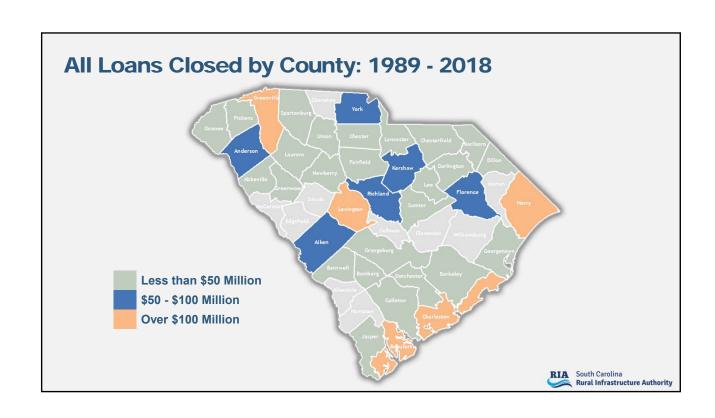




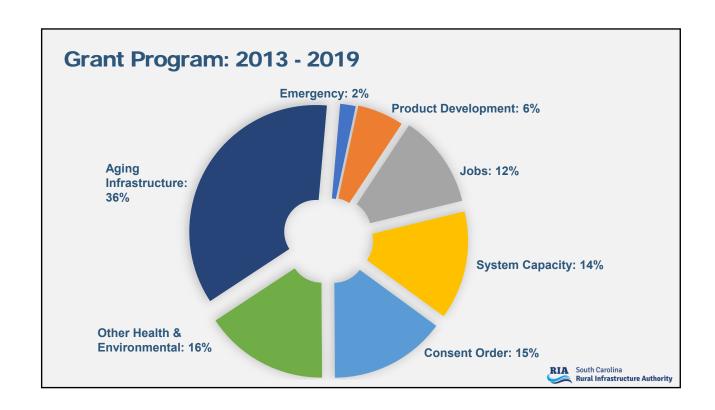


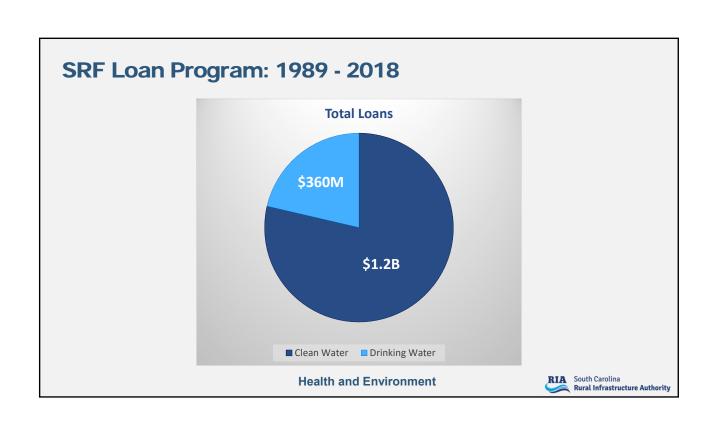














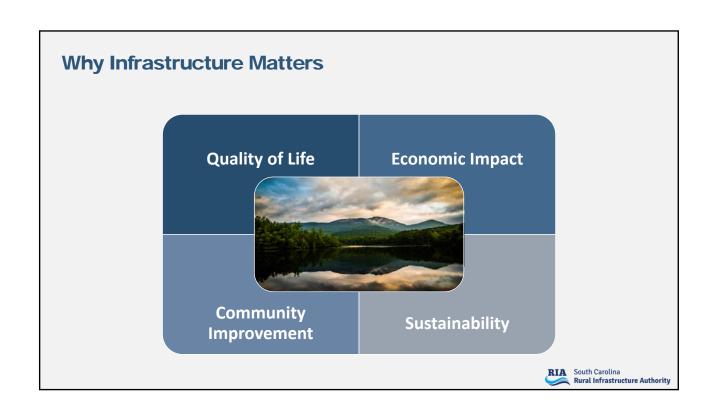
Customer Service Outcome

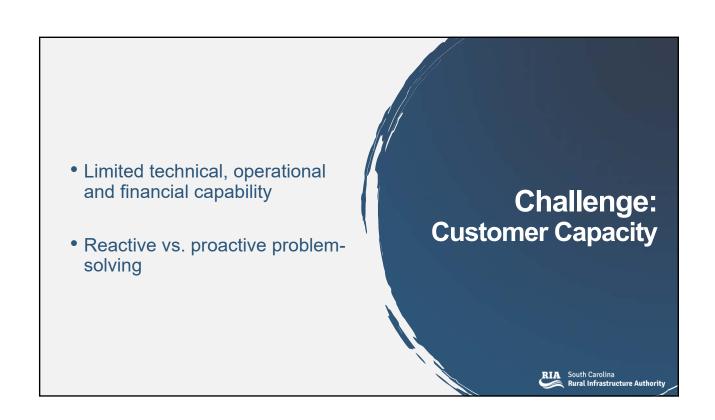
2018 Customer Survey Results Grant Program

Activity Evaluated	Average Response*
Application Process Easy to Follow	4.3
Implementation Process Easy to Follow	4.1
RIA Staff Responsive	4.7
RIA Staff Provided Valuable Assistance	4.7

* Response Scale: 1 = strongly disagree and 5 = strongly agree











Emerging Issue: Funding Gaps Target resources for long-term impact







Senate Finance Oversight Committee Report: 2017

Agency Recommendations

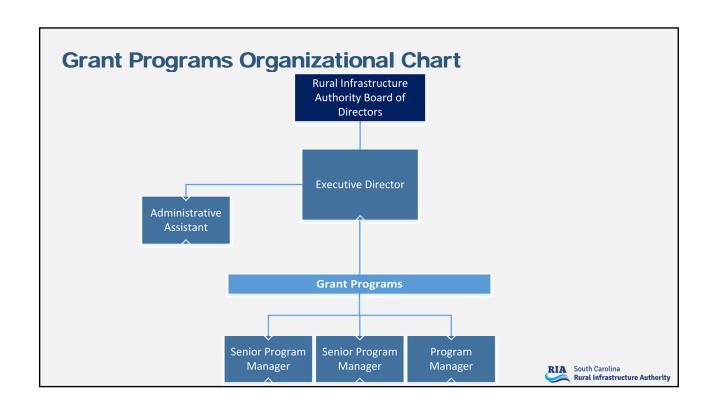
- Board and Staff should continue monitoring year-end fund balances. Status: Ongoing; Annual Reviews
- Consider adopting a formal grants appeal policy. Status: Complete
- Consider adopting a survey tool for grant applicants to provide feedback. Status: Complete

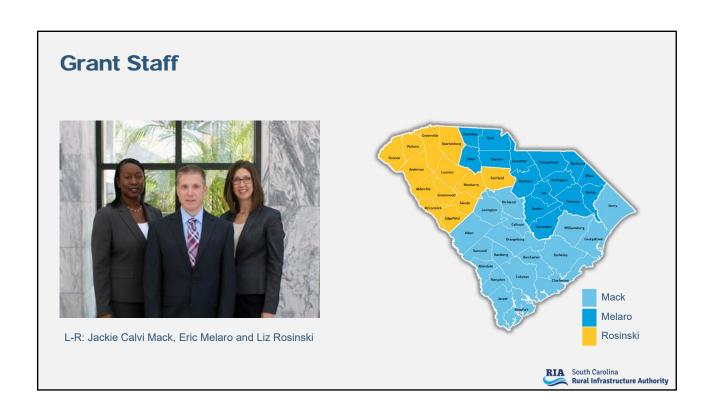
Legislative Recommendations

- As part of appropriations process, monitor the fund balance to ensure funds are being used as intended.
- Consider directing DHEC to participate fully in EPA need studies.
- Consider commissioning a statewide study of water and sewer infrastructure.









RIA Board of Directors

Strategic Planning - Grants

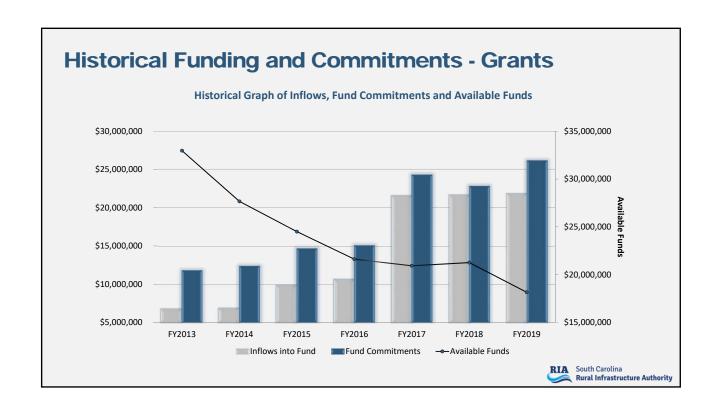
Program Plans

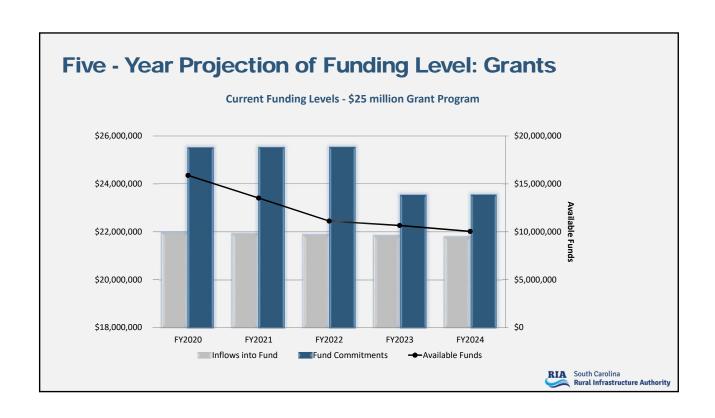
- Eligibility
- Funding Rounds
- Competitive Grants
- Qualified Projects

Resource Plans

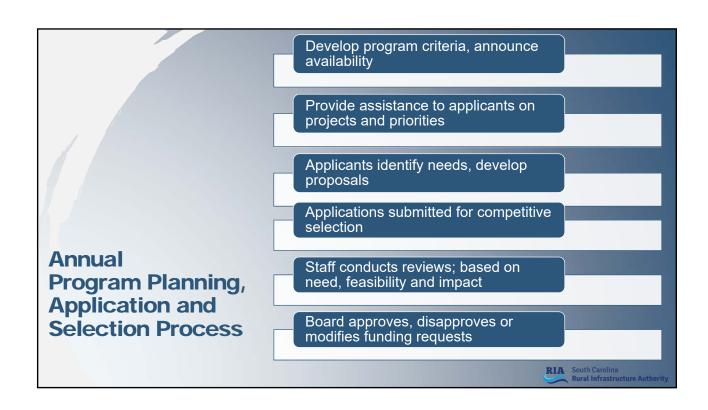
- Five-year Allocation Plan
- Funding level predictability for communities











	ant Program Category	Amount	
Basic			
	Infrastructure	\$17,000,000	
Econo	omic Infrastructure	\$ 8,000,000	
	Total Funds Available	\$25,000,000	
		1	RIA South Carolina

Grant Eligibility

Eligible Public Entities

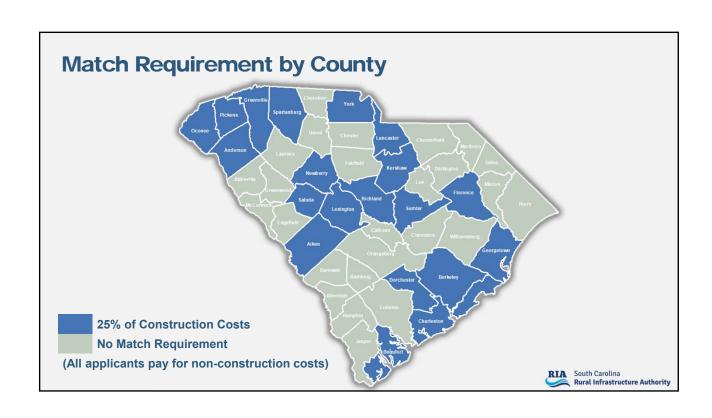
- Local Governments*
- Special Purpose Districts
- · Public Service Districts
- Public Works Commissions
 - * A local government may also apply on behalf of a not-for-profit water or sewer company operating within their jurisdiction.

Eligible Activities

New, Upgrades, Improvements or Extensions:

- Water
- Wastewater
- Storm water drainage









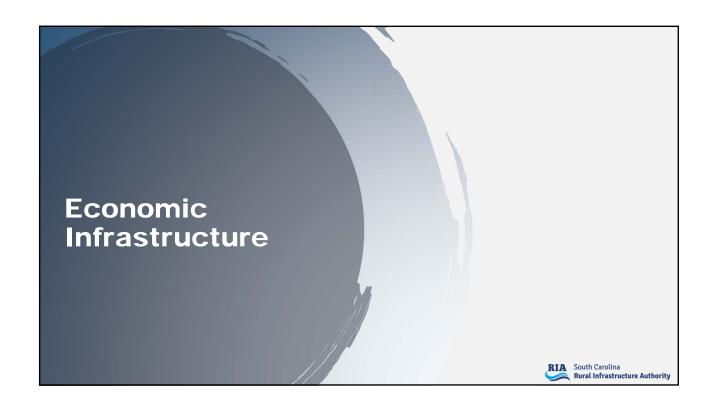
Emergency Needs

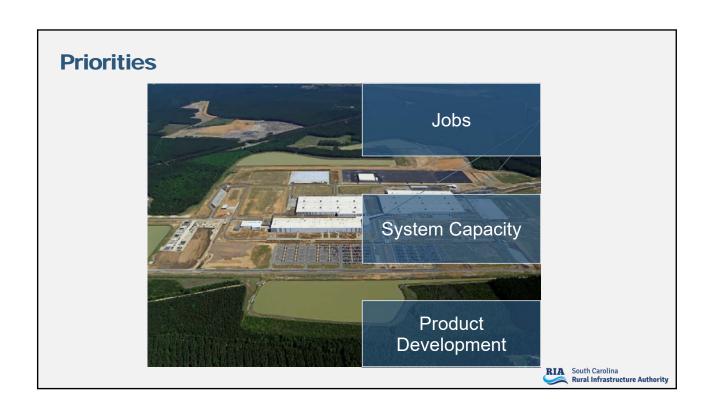
An imminent public health or environmental threat that requires immediate action.

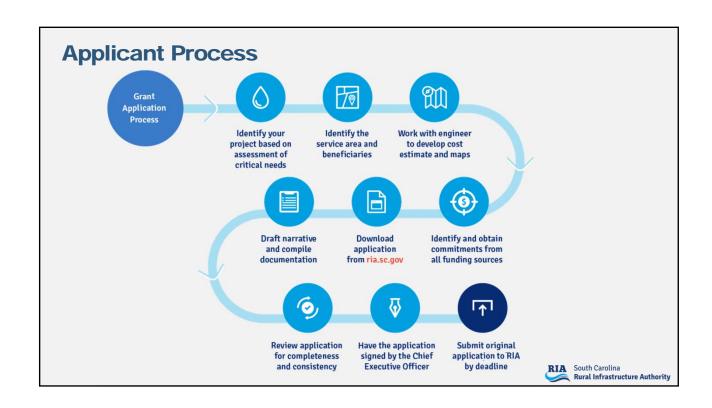
- Threat has become critical in last 6 months.
- Document the need for immediate action and no other funding available.
- Project should be completed within 12 months.
- Application may be submitted at any time.

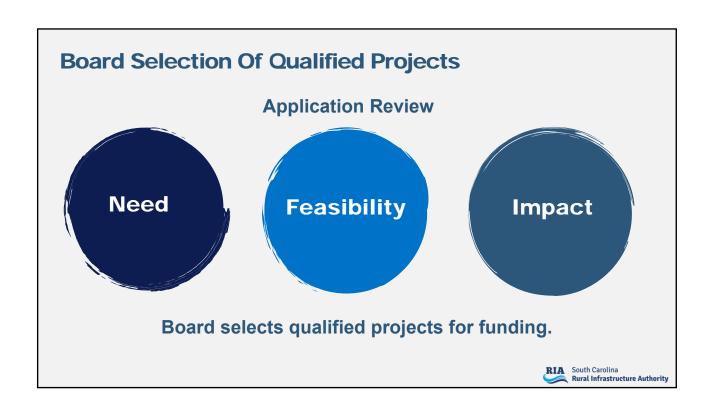


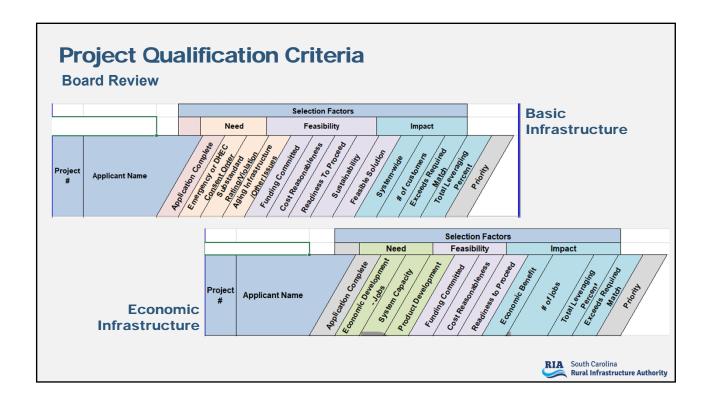












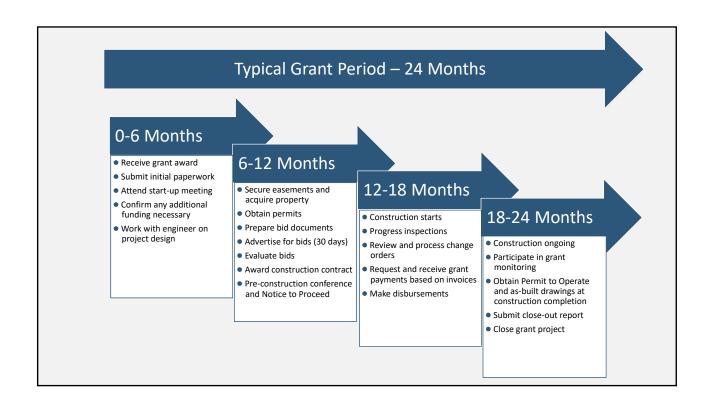


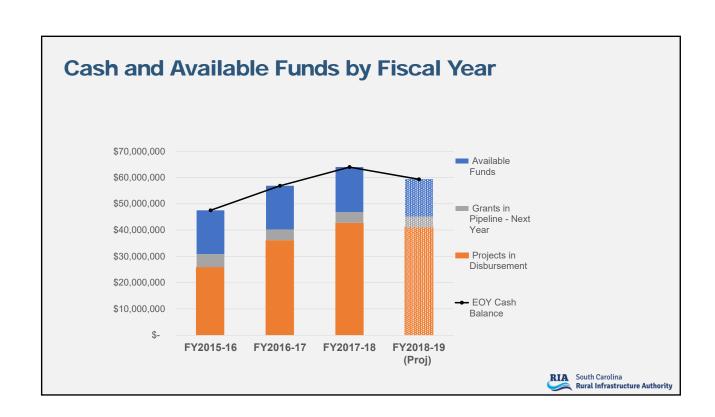
Grant Administration

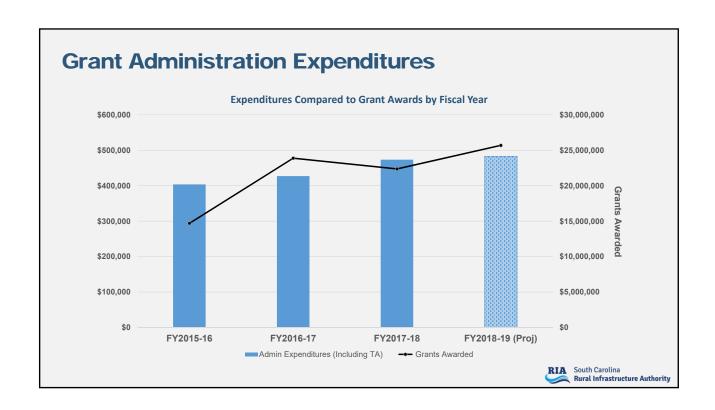
Risk Management Steps

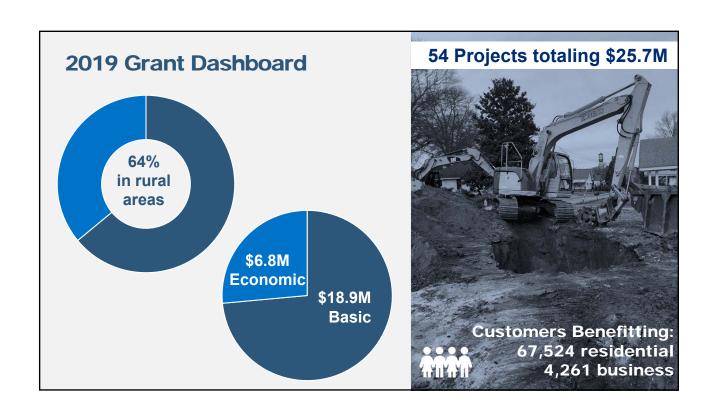
- Grant Agreement performance criteria (grant period and scope of work)
- Grant Start-up meeting
- Construction procurement and contract review
- Review of invoices prior to making a grant payment
- Quarterly status reports and ongoing performance reviews
- Review of change orders, project amendments
- Monitoring performance on-site
- · Final close-out documentation and recordkeeping

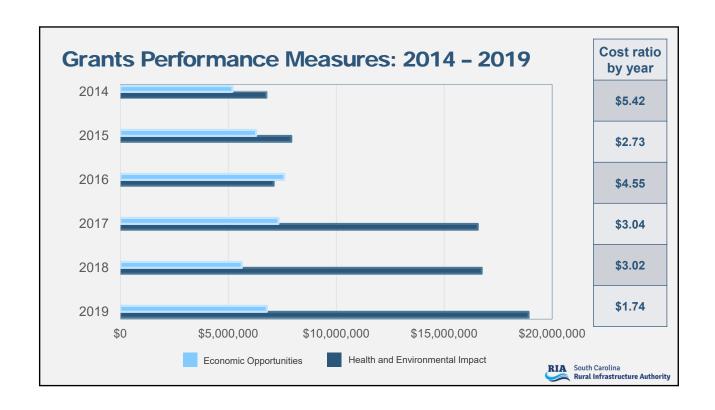














Georgetown County Water and Sewer District

Basic Infrastructure

Sewer Collection System Improvements:
Phase I and Phase II

PROJECT TYPE: Sewer **LEVERAGING:** \$536,700

PURPOSE:

Address EPA Administrative Order for Sanitary Sewer Overflows (SSO) – projects resolved the EPA Order.





Charleston (city)

Basic Infrastructure

Huger Street
Drainage Basin:
Phase I

PROJECT TYPE: Sewer **LEVERAGING**: \$752,000

PURPOSE:

First of multiple phases to address frequent flooding that serves as major evacuation route.





Basic Infrastructure Projects



Winnsboro \$500,000



Yemassee \$252,500



Easley Combined Utilities \$500,000



Aiken (city): \$500,000

Economic Infrastructure

Downtown Water Line Improvements

City contributed more than \$720K to the project.







Fairfield County: \$350,000

Economic Infrastructure

Fairfield Commerce Center Wastewater Infrastructure

County provided nearly \$6M in local funds.







Dorchester County: \$500,000

Economic Infrastructure

Ridgeville Commerce Park Gravity Sewer Improvements

County leveraged more than \$800K in local funds.





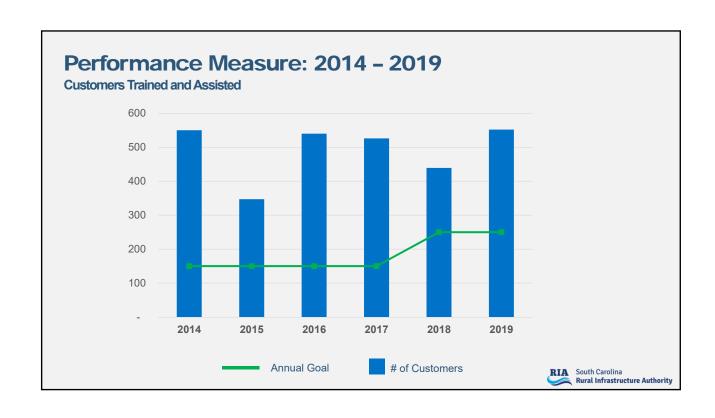
RIA South Carolina
Rural Infrastructure Authority















Division of Regional Development (DRD)

Transferred from the SC Budget and Control Board

SC Comprehensive Infrastructure
Development Act
Section 11-42-50: Responsibilities

- Create a state infrastructure plan
- Coordinate state programs and resources that impact infrastructure development
- Coordinate regional infrastructure development plans
- Provide training and technical assistance
- Advocate and seek support within state government for infrastructure
- Coordinate public funds in support of infrastructure development

RIA Customer Services

- Identify infrastructure funding and other resources
- Provide training on how to access RIA funding
- Conduct outreach and technical assistance to identify infrastructure solutions
- Coordinate other infrastructure funding to maximize resources and solve problems
- Promote sustainable infrastructure solutions



Funding Coordination

SC Infrastructure Funders Coordinating Committee

Purpose:

- Market resources
- Meet with prospective applicants on potential projects
- Address funding gaps
- Coordinate jointly-funded projects
- Identify solutions to current challenges
- Promote sustainability





Lancaster (city)

Basic Infrastructure

Service Area 17 Sewer **Collection Rehabilitation**

PROJECT TYPE: Sewer **LEVERAGING: \$1.1M**

PURPOSE:

Rehabilitate and replace the aging sewer system within the downtown community to address an EPA Consent Order.

Total Project Costs: \$18M





DMV INFORMATION ABOUT BAD CHECKS

Received via email on June 11, 2019

When "No Pay No Play" took effect in February 2014, the balance of outstanding dishonored checks totaled \$1,632,246.30. As of April 2019, the total outstanding balance of dishonored checks is \$1,407,702.43—a reduction of \$224,543.87.

Although the total amount of outstanding returned checks has only dropped by \$200K, DMV has experienced a change in collections since the implementation of "No Pay No Play".

- In FY2013, DMV's balance of dishonored checks increased by \$186,093.09 over the amount of dishonored check collections.
- However, in FY2014 DMV's balance of dishonored checks increased by only \$10,065.26 over the amount of dishonored check collections.
- Since FY2015, DMV has consistently collected over the total amount of dishonored checks received during each fiscal year resulting in a continual reduction of the old outstanding balance.
- Given the amount of implementation cost of the equipment to process checks electronically at point of sale verses the continued success DMV has experienced with the "No Pay No Play" program, DMV feels the "No Pay No Play" program is the most efficient process of collecting dishonored checks at this time. DMV will continue to look at options going forward to process checks electronically.
- DMV also participates in the DOR Debt Setoff Program to collect on the old, outstanding dishonored checks which do not fall under the "No Pay No Play" program.

Dishonored Check History below:

- > FY13 DMV had \$705,991.73 in <u>new</u> returned checks and collected \$519,898.64 in outstanding bad checks
- > FY14 DMV had \$498,103.28 in new returned checks and collected \$488,038.02 in outstanding bad checks ** No Pay, No Play began in February of this Fiscal Year
- > FY15 DMV had \$457,788.35 in <u>new</u> returned collected \$460,630.12 in outstanding bad checks
- > FY16 DMV had \$413,323.15 in <u>new</u> returned and collected \$480,627.45 in outstanding bad checks
- > FY17 DMV had \$416,080.54 **new** returned and collected \$421,724.88
- > FY18 DMV had \$705,017.44 **new** returned and collected \$711,607.08
- > FY19 DMV, through the month of April, has had \$443,556.88 <u>new</u> returned amount collected not yet available

As of April 2019, the total outstanding balance of dishonored checks = \$1,407,702.43.