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**Economic Development, Transportation, Natural Resources and Regulatory Subcommittee Meeting
April 14, 2016
1:00 pm.
Room 409 - Blatt Building**

Archived Video Available

- I. Pursuant to House Legislative Oversight Committee Rule 6.8, S.C. ETV was allowed access for streaming the Subcommittee meeting. You may access archived video of this meeting by visiting the South Carolina General Assembly's website (<http://www.scstatehouse.gov>) and click on "Committee Postings and Reports," then under House Standing Committees click on "Legislative Oversight". Lastly, click on "Video Archives" for a listing of archived videos for the Legislative Oversight Committee. **Please note due to technical difficulties, audio is unavailable for approximately the first fifteen minutes of the meeting.**

Attendance

- I. The Economic Development, Transportation, Natural Resource and Regulatory Subcommittee (Subcommittee) meeting was called to order by Subcommittee Chairwoman Phyllis J. Henderson on Thursday, April 14, 2016, in Room 409 of the Blatt Building, Columbia, South Carolina. The following Subcommittee Members were present for all or a portion of the meeting: Subcommittee Chair Henderson, Representative Robert L. Ridgeway III, and Representative Samuel Rivers, Jr.
- II. The following individuals were present from the General Assembly's Legislative Audit Council: Mr. K. Earl Powell, Director; Mr. E. Brad Hanley, Audit Manager; Mr. Eric Douglass, Senior Auditor; Mr. John C. Kresslein, Senior Auditor; Mr. Peter Adamowsky, Auditor; Ms. Julianna Nunnery, Auditor; Mr. Kevin Ryan, Auditor; and Ms. Kendra Wilkerson, Auditor.
- III. The following individuals were present from the Department of Transportation: Commissioner Mike Wooten, Chair; Commissioner John H. Hardee; Commissioner Woodrow "Woody" W. Willard, Jr.; Secretary of Transportation Christy A. Hall; Ms. Wendy Nicholas, Chief of Staff; Mr. Leland Colvin,

Acting Deputy Secretary for Engineering; Mr. Brian W. Keys, Deputy Secretary for Finance and Administration; and Mr. Ron K. Patton, Deputy Secretary for Intermodal Planning.

Minutes

- I. House Rule 4.5 requires the standing committees of the House to prepare and make available for public inspection, in compliance with Section 30-4-90, the minutes of full committee meetings. House Rule 4.5 further provides that such minutes need not be verbatim accounts of such meetings. It is the practice of the House Legislative Oversight Committee to provide minutes, which are not verbatim accounts of such meetings, for its subcommittee meetings.
- II. Representative Ridgeway moved to approve the minutes from the Subcommittee’s previous meeting, which was held on March 10, 2016. A roll call vote was held, and the motion was passed.

Rep. Ridgeway’s Motion to Approve the Minutes from March 10, 2016:	Yea	Nay	Not Voting
Rep. Phyllis Henderson	X		
Rep. Ralph Norman			X (Not Present)
Rep. Robert Ridgeway	X		
Rep. Samuel Rivers	X		

Further Discussion of the Study of the Department of Transportation

- I. Subcommittee Chair Henderson explained one of the purposes of the meeting was to receive information about the **audit of the Department of Transportation, which was released April 6, 2016.**

Subcommittee Chair Henderson recognized, Mr. E. Brad Hanley, Audit Manager with the General Assembly’s Legislative Audit Council, to provide a presentation about the comprehensive audit of the agency. The audit, an executive summary of the audit, and a copy of the Legislative Audit Council’s presentation are available online. The presentation touched on the following topics: deterioration of South Carolina roads; project prioritization; governance; internal audit issues; revenues; funding needs; revenue alternatives; data issues; contracting; follow-up on the 2010 MGT audit; and issues for further review.

Additionally, Mr. Hanley noted that the Legislative Audit Council is in the process of conducting an audit of the South Carolina Transportation Infrastructure Bank (SCTIB). Subcommittee Chair Henderson asked when the audit of SCTIB would be finished. Mr. K. Earle Powell, Director of the Legislative Audit Council, provided an update on the procedural status of the audit of SCTIB and indicated it may be approximately four more weeks until the completion of that particular audit.

Representative Rivers made a motion that the recommendations of the Legislative Audit Council be included as information in the study. A roll call vote was held, and the motion was passed.

Rep. Rivers' Motion that the study include the recommendation of the Legislative Audit Council as information in the study:	Yea	Nay	Not Voting
Rep. Phyllis Henderson	X		
Rep. Ralph Norman			X (Not Present)
Rep. Robert Ridgeway	X		
Rep. Samuel Rivers	X		

Next, Subcommittee Chair Henderson recognized the Department of Transportation to provide comments about the audit. The agency's response to the audit is an exhibit to the audit which is available online. A copy of the agency's presentation along with a list of the audit recommendations and the agency's response to each recommendation are available online. Subcommittee Chair Henderson reminded the Department of Transportation representatives that had been sworn in at a previous meeting, they were still under oath.

Secretary of Transportation Christy Hall provided testimony to the Subcommittee. Notably, Secretary Hall stated that DOT agrees with close to 85% of the recommendations provided by the Legislative Audit Council and that the agency intends to use this audit in its efforts towards continuous improvement. Secretary Hall stated the next step will be the publication of an implementation plan that includes target dates. Additionally, Secretary Hall stated the agency observed four major themes in the audit: no financial mismanagement was identified at the agency; the prioritization and ranking processes associated with Act 114 of 2007 are complex; agency is tasked with managing a transportation system in a state of disrepair with revenues that have not kept pace with rising construction costs; and unclear lines of authority and turnover have led to shifting or unstable priorities. Secretary Hall responded to various questions from Subcommittee Members.

Representative Rivers made a motion that the Subcommittee to follow up with the agency about its implementation of the recommendations from the audit by directing staff to send a request for information to the agency seeking an update on implementation at the end of the calendar year. A roll call vote was held, and the motion was passed.

Rep. Rivers' Motion to follow up with the agency about its implementation of the recommendations from the audit:	Yea	Nay	Not Voting
Rep. Phyllis Henderson	X		
Rep. Ralph Norman			X (Not Present)
Rep. Robert Ridgeway	X		
Rep. Samuel Rivers	X		

- II. Subcommittee Chair Henderson explained that another purpose of the meeting was to **address three recommendations by the agency for revisions to law that were previously carried over from the December 4, 2015, meeting and still under consideration by the Subcommittee.** These revisions pertain to the following: advertising on DOT facilities, penalties for obstructing right-of-ways, and producing hard copies of organizational charts.

Secretary Hall stated the agency would like to withdraw these three recommendations; Secretary Hall provided the Subcommittee with a formal letter to that effect and indicated the agency may seek to address some of these items at a future date. The April 14, 2016, letter from the agency requesting to withdraw these recommendations is available online. Representative Ridgeway made a motion to allow the agency to withdraw these three items. A roll call vote was held, and the motion was passed.

Rep. Ridgeway’s Motion to allow the agency to withdraw the items from consideration:	Yea	Nay	Not Voting
Rep. Phyllis Henderson	X		
Rep. Ralph Norman			X (Not Present)
Rep. Robert Ridgeway	X		
Rep. Samuel Rivers	X		

Representative Rivers made a motion that Committee staff draft a Subcommittee study and provide a copy of it to the Subcommittee members as soon as it is drafted. A roll call vote was held, and the motion was passed.

Rep. Rivers’ Motion that staff draft a study and provide a copy to Subcommittee members:	Yea	Nay	Not Voting
Rep. Phyllis Henderson	X		
Rep. Ralph Norman			X (Not Present)
Rep. Robert Ridgeway	X		
Rep. Samuel Rivers	X		

Secretary Hall asked a point of clarification if the agency’s response to the audit would be included in the study as well. Subcommittee Chair Henderson noted that the agency’s response is an exhibit to the audit but a motion on the issue would be in order. Representative Ridgeway made a motion that the study include the agency’s response for information purposes. A roll call vote was held, and the motion was passed.

Rep. Ridgeway’s Motion that the study include the agency’s response for information purposes:	Yea	Nay	Not Voting
Rep. Phyllis Henderson	X		
Rep. Ralph Norman			X (Not Present)
Rep. Robert Ridgeway	X		
Rep. Samuel Rivers	X		

Subcommittee Chair Henderson thanked the agency representatives for cooperation in the legislative oversight process. Also, the work of the House Transportation Infrastructure & Management Ad-Hoc Committee was acknowledged.

Adjournment

- I. Subcommittee Chair Henderson announced that the subcommittee's next meeting is scheduled for Thursday, April 28, 2016.

There being no further business, the meeting was adjourned.