SCAC Presents Policy Positions, Discusses Top Issues at S.C. County Council Coalition Meeting

SCAC Steering Committees presented policy positions for the 2017 Session of the S.C. General Assembly at the S.C. County Coalition (CCC) Meeting in Columbia on Oct. 20.

SCAC staff members also provided updates on funding for roads, the state retirement systems, state health plan and state budget.

Standing in for CCC President Ronald Young, SCAC Board Member Waymon Mumford (Florence County Council Member) welcomed everyone. Mumford then briefly discussed Hurricane Matthew, counties devastated in the Lowcountry, and other counties further inland that were affected by rain and flooding.

On behalf of the SCAC, he thanked counties that provided assistance during the recovery process. Mumford also thanked first responders who helped their devasted counties, and responders of unaffected counties who offered assistance to counties that needed help. He then provided the invocation before presiding over the meeting.

Steering Committees Present Policy Positions

SCAC’s four Steering Committees met earlier in Columbia on Sept. 14 and 15 to discuss policy positions. (See Steering Committees Meet, P. 7)

Committee chairmen (identified below) then presented their committee reports at the CCC Meeting. Delegates representing South Carolina’s 46 counties reviewed and discussed each committee’s recommendations to help shape SCAC’s legislative policy positions for the upcoming legislative session.

The steering committees included:

- County Government and Intergovernmental Innovations, chaired by Ronald Young, Aiken County Council Chairman;
- Land Use, Natural Resources and Transportation, chaired by Charles T. Edens, Sumter County Council Member;
- Public Safety, Corrections and Judicial, chaired by Julie J. Armstrong, Charleston County Clerk of Court; and
- Revenue, Finance and Economic Development, chaired by Belinda D. Copeland, Darlington County Treasurer.

(Continued on next page)
Joshua C. Rhodes, SCAC Assistant General Counsel, provided an update on road funding. Funding South Carolina’s 41,000-mile network, the fourth largest state-run road network in the nation, is a problem because about 100 percent of the gas tax (without federal funding) is used to repair and maintain the state’s roads.

“This funding source, the gas tax, is stagnant or falling due to fuel efficient vehicles, and as it relates trucking, to more efficient diesel engines,” Rhodes said. “Generally, of the network’s 41,000 miles, 851 are interstate; 9,472 are primary and South Carolina highways, which carry most of the traffic; 10,271 are federal-aid secondary; and 20,821 are non federal-aid secondary roads, which quickly turn into county roads.

“The 20,821 miles of non-federal roads are in the absolute worst condition,” he added. “I believe only 10 percent of these roads are in good condition, 40 percent in fair condition and 50 percent are in poor condition. And it costs about $250,000 per lane mile to repair a road in poor condition.”

The S.C. Department of Transportation (SC DOT), and the state claim that local roads should belong to local government bodies. However, it wasn’t until passage of the Home Rule Act in 1976 that county councils were established to operate independently of state legislative delegations, and more importantly, resident senators who were responsible for building and maintaining roads. In 1946, the state created C-Funds—using a portion of the gas tax—to fund the construction and maintenance of 75 percent of secondary roads and 25 percent of state roads.

“Funding was created in 1946 and used for local roads,” Rhodes said. “But even when they were trying to give more power and authority to local government after the passage of Home Rule in 1976, a lot of the funding remained with the state legislature and legislative delegations.

“In addition, there have also been efforts to transfer roads from the state system—especially the state secondary, the non-federal aid system—to local governments since then,” he added. “Generally, these efforts have been thwarted or at least compromised to the point that now, according to state code, mutual consent is required between a county and the state before a county is required to take over the responsibility of a road. So, there hasn’t yet been a forced devolution of roads of the state’s secondary road system to county governments.”

The SC DOT Commission put a mileage cap on the state’s secondary road system in 1994. New roads, which must be built as communities grow, are now added to the county road system. While municipalities in many states, including North Carolina, own roads, this isn’t the case here. In South Carolina, the state....
own the most roads, counties own about 40 percent, and the federal government owns about 3 percent.

Rhodes discussed Act 114 of 2007, which provided criteria for establishing a priority list for road projects; exempted the State Infrastructure Bank, Local Option Sales Tax, and C Fund Projects from the criteria; and restructured the SC DOT, creating an eight-member commission with the governor having the authority to appoint the commission’s secretary. While South Carolina counties are operating at 100 percent to maintain the roads they already own, he said that the state legislature indicated in House Bill 3579 in 2015 that it wanted to devolve about half of the state’s roads—the absolute worst roads—to county governments and require them to take over ownership, liability and essentially pay to fix and maintain them.

Rhodes explained that the state’s road system has been neglected so long that the cost of bringing the system up-to-date will cost much more than it would have cost to maintain the road system. But he noted that the state legislature is starting to realize that restructuring and prioritization are not going to be sufficient to fix the state’s deteriorating road situation, and it’s beginning to look at what can be done to fix it.

“The state,” Rhodes said, “agreed to send $216 million to the County Transportation Commissions in 2015 to repair and rehabilitate state roads, which was a band aid at best. While I don’t know if the state legislature will revisit the subject of devolution—turning over the ownership of roads to counties—I wouldn’t be surprised if it does. For the legislature, it’s just too easy of a solution.

“Because it’s a fact that localities have had no say over creating the roads, the need for those roads, maintaining those roads or anything to do with those roads over the past 40, 50 to 60 years,” he added, “I don’t believe the state can just hand those roads over to local government and expect them to trust the General Assembly to send the money that’s required when the money that’s needed is more than what’s being thrown at the state’s Department of Transportation now.”

South Carolina’s counties are reluctant to agree to any devolution plan, even an optional one that would allow a county

GASB 77 Webinar

Are the new GASB Statement No. 77 reporting requirements on your radar? Is your county preparing for these new financial reporting requirements for tax abatements?

SCAC will host a webinar on December 8, 2016, at 10:00 a.m. regarding GASB 77. In addition to receiving an overview of the disclosure requirements, participants will learn steps they should take to be in compliance for the FY 2016-2017 financial audit.

Webinar panelists will include Edward G. Kluiters, Haynsworth Sinkler Boyd, PA.; William H. Hancock, CPA, The Brittingham Group, LLP; John K. DeLouche, Senior Staff Attorney, S.C. Association of Counties; and Michelle Mishoe, S.C. Department of Revenue.

The target audience for the webinar will be county chief administrative officers, finance officers, attorneys, auditors, assessors, treasurers, and economic development directors. Please visit www.sccounties.org/education-training for more detailed information, including registration.

Head Table at County Council Coalition Meeting

Seated at the head table during the recent County Council Coalition Meeting are: (left to right) Waymon Mumford, who presided over the meeting; and SCAC’s Policy Steering Committee Chairmen Charles T. Edens, Julie J. Armstrong and Belinda D. Copeland. (See Committee Listings, P 1).
government to opt out.

“I think a lot of people are gun shy, and would not even want to have the option to say ‘ya’ll just keep it and leave us out of it’,” Rhodes admitted.

When the subject of devolution surfaces, and the need for some counties to take over some of the local roads comes up in the future, he recommended that county officials note that they’re already adding new roads to their county systems as their communities grow.

“After all,” Rhodes explained, “it’s not that counties don’t maintain roads and don’t have road systems, or don’t have needs and funding deficiencies for the roads they manage. Local road systems are expanding, and the state’s system is not. So, when the state says you need to take half of its system, and not just half of the state’s system but the worst half or 50 percent of the roads that are in poor condition, I believe this is something worth bringing up.”

Owen McBride, SCAC Staff Attorney, discussed Act 275 of 2016, the Roads Bill, which he said the SCAC has dealt with since he joined the staff in 2013.

“This has been an issue every single year, and finally they’ve passed something,” McBride said. “But Josh and I don’t believe it’s nearly done. It’s only a start.”

McBride focused on three parts of the Roads Bill: 1) The requirement to restructure SC DOT, 2) the State Infrastructure Bank (SIB), and 3) the funding for the Roads Bill.

“Previously, members of the South Carolina Department of Transportation’s Commission were elected from the state’s congressional districts by the members of the General Assembly within those districts,” McBride said. “But under Act 275 of 2016, there will be eight commissioners, all of whom will be appointed by the governor. And once they’re appointed by the governor, they’ll appear before the legislative delegation within the congressional district from which they were appointed. That delegation will then approve or disapprove the governor’s appointment. If approved, that candidate will be referred to the joint transportation review committee for screening.

“The governor previously appointed the secretary of transportation,” he added. “But now, commissioners will appoint the secretary, because the governor’s power has been increased to allow her to appoint commissioners.”

The SIB was not required to use criteria when selecting road projects for funding before Act 275 of 2016.

“But now, the SIB is required to do so,” McBride said. “The minimum project threshold has also been moved from $100 million to $25 million to help some smaller counties that are unable to raise $50 million to apply for matching funds. Now, the South Carolina Department of Transportation Commission will also be required to approve SIB projects before such projects are implemented.”

The state legislature has also finally agreed to provide funding to begin fixing the state’s road system.

“This was a big step for the legislature,” McBride said. “They couldn’t agree on anything for funding when they first started meeting, but they wiped the slate clean and started over when the bill passed over from the House to the Senate. The legislature agreed to transfer a little more than $200 million each year—revenue from fines, fees and automobile sales tax that previously went to the Department of Motor Vehicles—to the South Carolina Department of Transportation to be bonded.

“The Department of Transportation will take this amount, about $214 million, and bond it each year over 10 years and accumulate about $2.2 billion,” he added. “The Department of Transportation will then use this $2.2 billion to fund the repair and rehabilitation of the state’s road system. Finally, the General Assembly, through the General Fund, will reimburse the DMV approximately $214 million.”

Under Act 98, 50 percent of the proceeds from the automobile tax went to the non federal aid secondary fund. However, under Act 275 of 2016, all of the proceeds—about $131 million of the $214 million from the proceeds collected through the automobile sales tax—will go to the State Highway Fund. Using that $131 million, individual resurfacing projects will be prioritized based on need to guarantee that all counties receive funding and that counties needing help most will receive it first.

“The first $50 million will be transferred to the State Infrastructure Bank,” McBride said. “This money must be used to finance bridge replacement, rehabilitation projects and the expansion and improvements of roads within the existing highway system. And any funds in excess of that $50 million, which in 2015 would have been about $15 million, must go toward expansion and improvements in existing main line interstates.”

It’s estimated that the SC DOT—in addition to what it already receives and with the $2.2 billion that it will receive over the next 10 years—will spend about $4 billion over the next decade to fix the state’s road system.

“But Josh and I ran some numbers and calculated that this $4 billion won’t even take care of the state’s non-federal aid road system,” McBride said. “We calculated that the the Department of Transportation needs about $5 billion to fix our non-federal aid roads and return them to good condition. So, while it’s a drop in the bucket, it’s certainly a good start. But there’s still a lot of work to do.”

The SC DOT has reported many times over the years that the department doesn’t have the money to repair the state’s road network, and that funding remains too low to do so.

“We looked at the numbers, and found that the Department of Transportation received $1.6 billion on funding for roads,” McBride said. “While the department says that it doesn’t have the funding it needs, and has reported that the money it has received hasn’t been used wisely, I still believe that there is hope with restructuring of DOT and the department’s new secretary.
The SCAC is pleased to announce an online video library of the J. Mitchell Graham/Barrett Lawrimore Memorial Awards Competition that was held in conjunction with the Association’s 49th Annual Conference. The award presentations are available via streaming video on the SCAC website at:

http://www.sccounties.org/awards

The Association is grateful to Beaufort County and the Beaufort County Channel for providing video production resources. As a result of this partnership, all county officials are able to learn from the innovative ideas and solutions that were presented during the competition.
November 2016

left with $63 million.

Subtract another $25 million for the S.C. Education Lottery scholarships (SC Hope Scholarship, Palmetto Fellows Scholarship, and LIFE & Palmetto Fellows Scholarship), a figure that is actually expected to be greater than the $15 million used last year due to changes in the Education Lottery Program, and the state is left with $8 million.

Winslow said that the state’s budget is hemorrhaging due to the $100 to $150 million required each year for Medicaid, which is costing the state $25 to $60 million per year.

He said the state retirement system is the new problem, which is expected to cost the state $15 to $30 million per year until the problem is resolved.

“So, $200 to $350 million is going out their window each year, and this is really what I want you to understand,” Winslow emphasized. “We’re not just talking about this fiscal year. I’m talking about throwing away $300 million per year.

“The state’s growth rate this year is 3.7 to 4 percent, and this a pretty decent rate,” he added. “Last year’s growth rate was even higher at 4.6 percent. But the problem is not that the General Fund isn’t growing. Instead, the problem is that the General Assembly hasn’t solved the problems that are going to continue to cause the state’s health and retirement systems to hemorrhage year after year after year. If 3.7 percent of your budget is $300 million, and you’re already losing $300 million as you walk through the door, this is unsustainable.”

But it gets worse.

Winslow said this state’s troubling financial situation doesn’t even factor in the cost of funding the state’s road system and increases in school funding, including the Abbeville Lawsuit.

The state’s financial situation is expected to hurt county government, Winslow warned.

“When the General Assembly can’t find the money themselves,” he said, “we know who the burden falls to, and that it falls to local government.

“I want you to be aware of the General Assembly’s funding

County Officials Voice Concerns, Ask Questions at County Council Coalition Meeting

County delegates representing South Carolina’s 46 counties had opportunities to speak and ask questions when SCAC staff attorneys talked about funding for roads, the state retirement systems, state health plan and state budget. They also had opportunities to do so when SCAC Policy Steering Committee chairmen presented the Association’s Policy Positions for the 2017 Legislative Session.

The county officials shown here were among those attending the meeting who participated in the question and answer session.

Eugene Baten
Sumter County Council Member

Joyce Dickerson
Richland County Council Member

L. Gregory Pearce Jr.
Richland County Council Vice Chairman

Bill Peagler
Berkeley County Supervisor/Chairman

Byron Thompson
McCormick County Council Member

Chuck Moates
Greenwood County Council Member
issues,” he added, “so you can prepare for what’s coming your way.”

See County Council Coalition Elects New Officers for 2016–17 (P. 8) and Institute of Government for County Officials (P. 9)

**SCAC Steering Committees Meet**

SCAC Steering Committees met on Sept. 14 and 15 at the Association’s office in Columbia to discuss policy positions before meeting again on Oct. 20 to shape those positions at the County Council Coalition Meeting. The committee meetings are shown here.

- County Council Coalition President Ronald Young (Aiken County Council Chairman) chairs the County Government and Intergovernmental Committee meeting on Sept. 14 (above).
- Marion County Council Member John Q. Atkinson Jr. (inset-right), standing in for Sumter County Council Member Charles T. Edens, chaired the Land Use, Natural Resources and Transportation Committee meeting on Sept. 15 (below).
- Florence County Finance Director Kevin V. Yokim, standing in for Darlington County Treasurer Belinda D. Copeland, chaired the Revenue, Finance and Economic Development committee meeting on Sept. 14 (above).
- SCAC President Julie J. Armstrong chairs the Public Safety, Corrections and Judicial Committee on Sept. 15 (below).
Kershaw County 2030 Visioning Project Earns National Recognition


Each year, the NADO Innovation Awards program honors members for creative approaches to advancing regional community and economic development and improved quality of life. In June 2015, Kershaw County had reached a crossroads, having experienced a continuing tide of development resulting from the expansion of Columbia’s metropolitan area to the county’s southwest, combined with increased challenges in providing services and opportunities for a diverse population with different needs and desires based on their locations within the county. The county asked Santee-Lynches to spearhead a community-wide visioning effort that would go beyond simply those areas that the county’s agencies were funded to support, and involve the broadest possible collection of organizations to determine goals and possible strategies for the community to pursue between 2016 and 2030.

The entire county joined the effort, led by Kershaw County Planner Michael Conley and the Santee-Lynches planning team of Kyle Kelly and Jenna Brown. VisionKershaw2030 is a guidebook for citizens, public officials, and members of the business community and community organizations to communicate the county’s vision, align services and programs for maximum effect, and to grow the community in the strongest possible way. In a county with multiple rural and urban boundaries, and natural environment distinctions, the vision is a way to bridge those gaps. The end result of the eight-month process is a set of long-term goals and objectives for Kershaw County. The Vision articulates five overarching themes: Economic Growth; Land Use; County Service Excellence; Infrastructure and Transportation; and a Lifetime of Education, Health, Culture and Recreation.

“Santee-Lynches is proud to support Kershaw County’s forward-thinking efforts,” said Dr. Michael Mikota, Executive Director, Santee-Lynches. “We look forward to using VisionKershaw2030 to align regional planning to meet the needs that were articulated by the community.”

Kershaw County Council Chairman Julian Burns agreed. “It is a great day for Kershaw County,” Burns said. “We are proud of this achievement. Growth and change are presenting opportunities to improve the lives of Kershaw County’s citizens, while protecting what residents love about the county for the current generation, and for future generations. Everyone in the county has a stake in our future, and VisionKershaw2030 provides us with a roadmap for that future.”

Horry County Breaks Ground for New Fire Rescue University Station

Shown breaking ground on Sept. 29 for Horry County’s new Fire Rescue University Station, just south of Conway, are: (left to right) Assistant HCFR Fire Chief Scott Thompson; Horry County Administrator Chris Eldridge; HCFR Fire Chief Joey Tanner; Council Members Gary Loftus, Al Allen, Bill Howard and Harold Phillips; Deputy HCFR Fire Chief Mike Norket; and Council Chairman Johnny Vaught.
Institute of Government for County Officials Offers Courses

The Institute of Government for County Officials offered Level I and II courses on Oct. 19, the day before the S.C. County Council Coalition Meeting.

The SCAC—in cooperation with the Joseph P. Riley Jr. Center for Livable Communities, College of Charleston, and the Strom Thurmond Institute of Government and Public Af-


Robert L. Butt, President of Marketing Performance LLC, teaches, “Effective Communications,” a Level II course.

Helen T. McFadden, an attorney from Kingstree, teaches, “Managing and Conducting Meetings,” a Level I course.

The U.S. Environmental Protection Agency (EPA) recently awarded an additional $820,000 to the S.C. Department of Health and Environmental Control (SC DHEC) to increase the lending capacity of the state’s active Brownfields Cleanup Revolving Loan Fund. SC DHEC and the Catawba Regional Council of Governments, which serves as the statewide brownfields loan fund manager, are actively soliciting eligible projects from local governments, non-profits and private-sector businesses for the cleanup of hazardous material brownfield sites.

The S.C. Brownfields Cleanup Revolving Loan Fund makes low interest (1 to 3 percent) loans to help entities cleanup brownfield sites for re-use. An added advantage of these loans to local governments and non-profits is that up to 30 percent of the money borrowed, to a maximum of $200,000, is forgiven or essentially turned into a grant upon successful project completion. Examples of hazardous material brownfield sites include

EPA Awards $820,000 More for S.C. Brownfields Cleanup Revolving Loan Fund
abandoned textile mills, old factories and buildings with asbestos and lead-based paint, and closed landfills. With proper cleanup, these sites can again be put to productive uses whether for commercial or industrial redevelopment, new housing or for public purposes such as active and passive parkland. Depending on specific project needs, loans range from $150,000 to more than $1 million. For more information, visit [http://catawbacog.org/economic-development-lending/brownfields-program/](http://catawbacog.org/economic-development-lending/brownfields-program/) or call Catawba Regional COG, at (803) 327-9041.

**SCCWCT and SCCP&LT Host Continuing Education Meeting**

Robert C. Collins, CPCU, CIC
Director of Insurance Services

The S.C. Counties Workers Compensation Trust and the S.C. Counties Property & Liability Trust (SCCWCT and SCCP&LT) held the annual continuing education seminar on Sept. 15 in Columbia. The 112 attendees heard several speakers address a myriad of risk management topics.

Robert Collins, Director of Insurance Services, opened the meeting and introduced John Boyce, Vice-President of Claims with Ariel TPA, who introduced the Ariel staff members in attendance. Boyce thanked the attendees for timely claims reporting and again stressed the importance of an effective return-to-work program.

John Henderson, Director of Risk Management Services, covered return-to-work programs in depth with assistance from Terry Booker, Spartanburg County; Angela Pinson, Berkeley County; and Brian McKenna, Greenwood County. Everyone
agreed that being back at work always helps injured employees heal faster. If light duty is not available in the employee’s “home department,” work should be located in a “host department.”

The next speakers were Robert Benfield, Risk Manager, and John DeLoache, Senior Staff Attorney. They discussed important recent trends in Law Enforcement Liability.

The always popular Round Table Forum featured Linda Edwards, Gignilliat Savitz & Bettis; Van Henson, Training Supervisor and Education Supervisor, S.C. Department of Labor, Licensing and Regulation (LLR); Angela Pinson, Berkeley County; and Terry Booker, Spartanburg County.

Specific timely issues addressed during the Round Table Forum included:
1) Motor Vehicle Record (MVR) review. Best practices require that MVRs be reviewed at least annually on employees who drive.
2) The existence of a strict system to control keys to buildings/doors, equipment and vehicles. Best practices require that keys are strictly monitored.
3) Emphasizing the use of Alliant’s complimentary online streaming videos.
4) The development of an Emergency Action Plan for all work locations.
5) The importance of stressing risk management and safety with all new hires. The new hire information literature should have a signature form whereby the employee agrees to participate in the county’s return-to-work program after an injury.
6) The most effective way to handle an incomplete Accident Investigation Form is to return it to the author for completion.

Linda Edwards, Labor Law Attorney with Gignilliat Savitz & Bettis LLP, provided a legal update on employment law issues that generated many questions from the audience.

John Henderson and Robert Benfield wrapped up the meeting by covering several important issues. Henderson reiterated the importance of timely claims reporting and the completion of accident investigation forms. Benfield discussed the complimentary online “In the Line of Duty” streaming videos with accompanying accredited hours.

Henderson pointed out that county governments have long recognized that investment in risk management and safety programs is effective stewardship of taxpayer dollars. He encouraged attendees to continue their hard work.

SCAC Launches 2017 Debt Collection Programs

SCAC launched the 2017 Setoff Debt Collection program and the Government Enterprise Accounts Receivable (GEAR) program for county participants with a full-day workshop held at the Embassy Suites in Columbia on Aug. 16. These programs assist county entities with collecting debts that may otherwise go uncollected.

The Setoff Debt Collection program allows the S.C. Department of Revenue (SCDOR) to collect delinquent debts through state tax return garnishments. The GEAR program allows SCDOR to use additional collection tools such as payment plans and wage garnishments.
Speakers included: Rick Reames, Alex Smith and John DeLoache. About 300 local government officials and staff representing participating or interested entities in all 46 counties attended the free training.

SCAC staff works closely with SCDOR staff and provides comprehensive program, legal, and technical assistance to counties participating in the programs. SCAC services are offered free to those entities participating in the programs.

The Set-off Debt and GEAR Collection programs have proven very successful in allowing county participants to collect delinquent debts. SCAC is currently assisting more than 280 county entities with participation in these debt collection programs.

SCAC has returned approximately $95 million to participating entities this calendar year.

Since counties began to participate in the debt collection programs in 2002, SCAC has returned more than $900 million.

For additional information about the SCAC’s debt collection programs and services, please contact SCAC staff at 1-800-922-6081.