



EXECUTIVE SUMMARY

Today, South Carolina is the 11th fastest growing state in the country, outpacing the nation overall in terms of major economic indicators. The Charleston County metropolitan area is growing at an even faster pace and no end is expected in the foreseeable future. Growth driven by tourism, business services, and international trade has created many pressures on state government. Population growth in the metropolitan area, driven by the current thought that everyone seems to want to move and live here, has also created many pressures on our county government to find savings and efficiencies. Many departments in Charleston County government already utilize many aspects of the recommendations and strategies discussed in this document. However, the potential for even greater improvement is much more significant. With that vision in mind, the Charleston County Commission on Management, Accountability, and Performance was born.

Two major themes led to the creation of the Charleston County MAP Commission in late 2003. First and foremost was County Council's desire to continue the string of years of 'no tax increase' budgets for the citizens of Charleston County despite the ever-increasing challenge to do so. Also, early in 2003 Governor Mark Sanford created a South Carolina version of President Ronald Reagan's Grace Commission, and the Governor's Commission on Management, Accountability and Performance had completed its report, entitled *Charting A Course For South Carolina's Future*, by the end of the year. Outgoing 2003 Chairman of Council Tim Scott and incoming 2004 Chairman Barrett Lawrimore both immediately recognized the potential benefit of a local MAP Commission, so in January of 2004, the bipartisan Commission was formed by unanimous vote of Council. Members of the Commission were named by each member of County Council, and the group began meeting in earnest in March of 2004 as the first local MAP Commission in South Carolina.

Major Issues Impacting Charleston County Government

The MAP Commission initially focused upon several significant issues to create the framework for our study. We believed these major areas currently impacting County government would continue to have an even greater impact on the decision making process in future years. Each is briefly discussed below.

No Tax Increase Budgets: County Council, sensitive to the concerns of citizens who live and work in Charleston County, is entering its tenth year of approving a budget that will not require a tax increase. Depending on the strength of growth, development and the economy, continuing to approve 'no tax increase' budgets can be a challenge to service provision unless improvements to the efficiency and effectiveness of County government can be found.

Development and Growth Pressures: Charleston County has seen unprecedented growth and development over the last 10 years. Over 3,000 new housing units per year attract new residents from all over the country, and a healthy tourist industry has increased traffic to the extent that portions of I-26 carry over 130,000 vehicles per day, all resulting in the need for better roads, bridges and infrastructure. Growth, in fact, increases the demands on all functions of local government. Changes in distribution of service provision also is an issue, as municipalities annex more unincorporated areas of the county. So-called ‘donut holes’ (areas resisting incorporation but surrounded by incorporated land) create special problems with providing efficient service.

Further components of the development issue are, first, the need to balance sound land use planning and controls on intensity of use, with the rights of property owners. Land use planning includes the desirability of maintaining urban growth boundaries, and discouraging suburban sprawl. Secondly, Charleston County recently has implemented a Transportation Sales Tax to provide funding for roads, bridges, public transportation, greenbelts, and other transportation-related projects. It is imperative to implement and expend the half-cent sales tax/revenues wisely, effectively, and with full accountability.

Single-Member Districts: For the first time, in November 2004, Charleston County voters elected their County Council representatives from single-member districts. This has resulted in a diverse and representative Council that is learning how to work effectively within the framework of representing defined constituencies as well as considering the good of the County as a whole. New issues and pressures will create challenges for continued good government in the future.

Equal Opportunity Employment/Diversity: Charleston County is an Equal Opportunity Employer, and strives to ensure levels of employment diversity consistent with the availability of job groups within the outreach area. There is an ongoing challenge to build ladders of progression to maximize opportunities for minorities and women. Further, the County faces the challenge to provide programs and update policies to fairly and equally service its diverse community and changing population composition.

Minority Participation in County Government Contracts: Charleston County currently does an excellent job in attracting qualified bidders for County goods and services contracts. However, it is an ongoing challenge to attract minority owned vendors (to include African American, Hispanic, and female owned vendors) to bid on County contracts. While the County has taken numerous steps to increase minority participation in the bidding process, only a small proportion of County business is awarded to minority vendors. It is clear that in Charleston County, like in most other local governmental entities, the number of potential minority vendors is relatively small, and most minority vendors are being courted by many governmental entities at the same time to bid on contracts.

County Employee Retention: Charleston County Government employs approximately 2,300 people, the seventh largest employer in the county (Source: Center for Business Research, Charleston Metro Chamber of Commerce, 2005). Recent business expansion in the region has resulted in increased competition for skilled workers. The County offers several programs to

recognize good performance and years of service. However, for many years the County has not had a performance-based incentive/compensation program to encourage productivity and retain good employees. The County is experiencing significant salary compression issues, and has not conducted a salary comparability study in over five years.

Intergovernmental Coordination/Consolidation: There are 32 taxing districts in Charleston County, including 15 municipalities, three large public service districts, fire districts and other special purpose districts. All of these use tax dollars to provide a level of service to taxpayers. Many opportunities exist for consolidated or coordinated service delivery, or coordinated specialization to reduce duplication.

Service to Citizens: Charleston County’s Mission Statement is: “We will promote and protect the quality of life in Charleston County by delivering service of value to the community.” The issue, however, is defining what level or detail of service provides the optimum value while ensuring good stewardship of costs and revenues.

Privatization: Charleston County government has been receptive to privatizing services and functions in some areas. Examples include information technology, capital projects, road construction and maintenance. It is a challenge to find the balance between public and private service provision to optimize efficiency in cost, quality and accessibility. Many local governments have found advantages to privatizing services that were not directly related to their core mission. Numerous studies also have found that a major benefit of privatization is an increase in opportunities for minority- and women-owned businesses.

Schools: Charleston County government has no authority over the Charleston County School Board or the School District. Yet the millage to support the School District budget represents the largest portion of the total tax dollars on the consolidated County tax bill. Further, the quality of education and the long-range school facilities planning impacts County economic development and quality of life, as well as, indirectly, the level and types of services required of local government. School and education issues are outside the scope of this Commission, and therefore not part of this study. These are, however, areas that warrant their own independent study.

Best Practices From the Public and Private Sectors

Given the wide and diverse nature of the above pending issues facing Charleston County government, the Commission looked to existing examples of success from other governments and the business sector to serve as a guide for investigation. Several themes recurred over and over among the numerous success stories we found in both the public and private sectors. These themes provided direction to the Commission, and are briefly discussed below:

Our Local Governments Should Work Together and Share Services: Collaboration and the sharing of services offer significant potential for savings among local governments. Excellent examples of sharing are occurring in Charleston County today, but we and other local

governments are experiencing only a fraction of the potential benefits. For example, areas of potential sharing or selling of services between locales could include, but are not limited to, public works, public safety/law enforcement, libraries, administration, support services, and procurement. Regarding collaboration among Charleston County and the other local governments in and around the County, a new way of thinking, a paradigm shift, must occur for the various entities all to gain and realize greater efficiencies. The notion that one government entity must gain and one must lose from a decision is not rational.

We Need to Improve Relations Between State and County Government: A shift in thinking is also required to improve state and local government relationships. The dealings with State agencies in South Carolina add time and expense to local governments' service delivery responsibilities. All stakeholders in this relationship, including State and local officials and city and county associations, must be part of this effort to make it successful. Improved communication and reducing unlegislated requirements state agencies have placed on local governments can help the County and other local governments save money and focus on providing core services.

We Must Create a Culture to Make County Government More Efficient: For every organization, creating a culture that constantly looks for ways to become more efficient is challenging. By applying proven management strategies from the public and private sectors, Charleston County, as well as surrounding counties and municipalities, can take steps to ensure each of its departments a) focus on its core mission by eliminating non-core functions, b) empower employees while creating greater accountability for delivering customer oriented results, and c) pursue and implement best practices for each area of government. By taking these steps, County departments will consistently improve processes, enabling greater results with fewer resources.

We Need to Shift the Focus in the Budgeting Process: This notion of applying proven management strategies to local government necessitates a paradigm shift in many areas, but especially in the budgeting process. The traditional way of budgeting in government involves a cost-based budget. Last year's cost is the starting point, and increased cost through inflation is added to the figure. "Cuts" are reductions from what was expected and are implemented for portions as needed to balance the budget. Managers are encouraged through the process to inflate costs, and when asked, to propose unacceptable cuts.

The new budgeting philosophy, being implemented in state and local governments throughout the country, takes the approach of deciding what results government wants to purchase and at what price. This approach helps government create a focus on core areas, eliminate non-core functions, and create greater accountability for department managers to achieve results for customers.

How the MAP Commission Gathered Its Information

The Commission gathered data and information from many sources. The Commission sponsored two broad and extensive surveys: one of the entire Charleston County workforce and a second of the countywide community at large. The employee survey focused on work performance, management, communication, service quality, and employee incentives, and asked for ideas on improving government service. A total of 766 County employees responded, providing valuable input. The citizen survey was completed by a total of 1,417 respondents. Questions focused on perception of County services, changes desired, use of the County website, attitudes toward greater coordination of local government services, and service areas needing greater attention.

The Commission met with members of County Council as well as the County's eight other elected officials. We heard presentations from staff of major departments and reviewed reports on studies with similar missions from around the country. Individual members of the Commission actively met with staff and external officials and interviewed selected department heads. Two focus group sessions were held with employee leadership groups. Many reports, data compilations, planning documents and analyses were read and discussed.



Summary of Recommendations

The Commission ultimately decided on several key areas on which to focus the bulk of our work. The Commission believed that focusing on the following aspects of County government would yield the largest potential benefit: Organization & Structure of the County Government, Human Resources Management, Public Safety & Law Enforcement, Transportation & Public Works, Budgeting & Finance, Procurement & Privatization, and Facilities and Capital Asset Management. A Task Force was initiated for each of these topics, and the general thrust of each task force's findings are below. Again, the themes of focusing on core mission by eliminating non-core functions, empowering employees while creating greater accountability for delivering customer oriented results, and pursuing and implementing best practices for each area of government are the framework for our work.

In our research and interviews, the individual task forces found a great deal of overlap. Recommendations developed by one task force in many instances were echoed in those developed by another. In that sense, all Commission members contributed to all task forces, and recommendations generated by one task force may have been subsumed into those of another.

A brief overview of what is ahead in this document now follows:

Regarding **Government Organization and Structure**, we believe Charleston County has a commendable, ongoing effort to reorganize and streamline its administrative structure, and should continue to pursue elimination of unnecessary layers of supervision. As it strives to continue a record of budgetary accountability and transition to single-member district elections, we believe the County should take care to observe an appropriate separation between the legislative and executive functions. We strongly believe that the County, through a countywide elected Chairman of County Council, should provide leadership to a joint effort on behalf of the community, including local municipalities and, ultimately, adjacent county governments, all acting as coequals, to eliminate duplication of efforts and taxation, and more efficiently and effectively direct the tax dollars, resources, and efforts of local governments to the challenges which lie ahead for the metropolitan area.

Regarding **Human Resources**, we believe the overall efficiency of County government could be enhanced by implementing a merit pay system whereby people are rewarded on the basis of their performance, ensuring all employees are paid equitable and competitive salaries, and are provided with appropriate incentives to achieve excellence. We believe a comprehensive talent management program to recruit and retain top quality people is needed, as well as aggressive steps to ensure access by minorities and women to jobs where these groups are currently underutilized.

Regarding **Public Safety and Law Enforcement**, we believe that greater cooperation between the public safety agencies will make citizens safer in their daily lives, improve homeland security, and reduce taxpayers' tax burdens through reducing unnecessary layers of duplication. We believe there can be improvements in fire safety and EMS, including upgrading codes enforcement effectiveness, and increasing emergency medical training of rural fire agencies' first responders to better care for citizens in outlying areas.

Regarding **Transportation and Public Works**, we believe that fleet operations would benefit from becoming accredited by and joining the South Carolina Commercial Vendor Repair Program (CVRP). We recommend the soon-to-be-built light vehicle maintenance facility should be outfitted only to current needs until the performance of the CVRP program is evaluated. Also, we believe there is a need to increase the use of predictive maintenance through better planning to augment current preventive maintenance programs. Additionally, it is clear that the Transportation Sales Tax funds now being collected should augment current road and drainage projects needed in the County. Council should implement the new National Pollutant Discharge Elimination System (NPDES) regulations as recommended by Public Works for some time. Also, the Solid Waste department should continue aggressively to market the recycled materials they handle and continue to get maximum output from the incinerator. These actions will help keep the County landfill open as long as possible.

Regarding **Budgeting and Finance**, we believe the County should implement the practice of three-year budget expenditure/revenue projections as per established policy, continue with five-year capital improvements planning, and begin an independent administrative review of elected/appointed office budgets. Reforming the budget process to allow a full and close review by County Council is necessary to achieve the goals outlined above. Also, we believe the County should restructure tax bills to show levies for all elected/appointed office budgets, and add notations to tax bills to indicate where budget approval authority lies for each taxing entity. This simple step would ensure greater accountability and reporting to the public through the tax billing process.

Regarding **Procurement and Privatization**, we believe that implementing a number of cost saving and efficiency increasing measures designed to streamline and simplify the procurement process would create significant savings. While many of these approaches are currently in practice, several refinements could yield even greater positive results, as well as make the process of doing business with the County more accessible to small and minority business vendors. We also feel strongly that the Procurement Department should be an integral part of the countywide budget development process. We found that significant potential savings can accrue through the continued privatization of non-essential county services, and the implementation of business ‘best practices’ such as activity-based costing to determine further privatization opportunities.

Regarding **Facilities and Capital Asset Management**, we believe the Facilities Maintenance Department does an excellent job maintaining the 115 buildings and lands owned by Charleston County. The Commission supports the department’s efforts to move from preventive maintenance to a predictive system, and feels the County would benefit from the development of creative incentives to attract, keep, and reward qualified workers. We also identified the need for a formal process to provide for the replacement of components for buildings and facilities in a prescribed manner.

Call to Action...

The Commission strongly believes the greatest challenge to County Council, after receiving and studying this report thoroughly, is the Call To Action it contains. The County is nearing the end of the road where economic growth pays for the increasing cost of County government. Soon the days will end where ‘no tax increase’ budgets are easily attained through an increase in the size of the County tax base. New and creative approaches must be found and implemented if we are to continue to enjoy the great quality of life we hold dear in Charleston County. This MAP Commission Final Report contains many recommendations to help Council achieve this high goal. We call on you to act upon these recommendations. After hundreds and hundreds of hours of work and study by the Commission, and after input from hundreds of County employees and thousands of County citizens, we strongly believe the recommendations of this Final Report are fiscally sound, factually based, and prudently thought out. We urge you to implement them as soon as is practically possible.

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