

Senate Fish Game & Forestry Oversight Subcommittee Summary Report on the Patriots Point Development Authority March 2018



Located on 450 acres in Mt. Pleasant SC, the Patriots Point Development Authority maintains a fleet of three decommissioned naval ships and various shore exhibits. It also leases land for commercial and other development to generate revenue to operate and maintain the museum and associated exhibits. The current business plan calls for divesting of the submarine to reduce the financial liability of deferred maintenance while increasing rental income to finance the maintenance and upkeep of the two remaining vessels and shore-side exhibits.

Agency at a Glance

Patriots Point Development Authority is a state agency governed by a nine member board of directors. Eight of the board members are appointed by the Governor with the Mayor of Mt. Pleasant serving ex-officio. The agency has a dual mission of operating and maintaining a military/maritime museum and leasing land to generate income to support the museum. With a total funds budget allocation of \$13.8 million annually, most of the revenues for the agency are self-generated through museum operations and leasing of property. The agency has eighty-five full-time employees and approximately sixty-five temporary staff.

II. Issues

Open Board Meetings

The agency has been inconsistent in posting meeting notices on the website and gaining access to the board meeting is difficult. Minutes of the meetings are not accessible on the agency's website after they have been approved.

- **Agency Recommendation:** Combine the information about the Board Membership and the meeting notices under a single tab on the agency's website and include the approved meeting minutes for public review. At the entrance to the parking lot, post a sign indicating the date, time, and location of the board meeting and stating the meeting is open to the public without charge for parking or admission. Post additional signage directing the public to the location of the meeting.

Accountability Report

The Patriots Point Development Authority has not submitted an Accountability report since 2009.

- **Legislative Recommendation:** The General Assembly may wish to either require PPDA to submit an annual Accountability Report or specifically exempt them from this requirement in statute.
- **Agency Recommendation:** In the absence of a specific exemption in statute, the agency should prepare and submit an accountability report in compliance with the applicable statute.

Financial Report

Included in Patriot Point's enabling legislation is a requirement for the submission of a financial report to the Governor and the General Assembly (*SECTION 51-13-830. Financial report*). The agency stated that they deemed the outside annual audits on file with the State Auditor to be adequate to satisfy this requirement.

- **Legislative Recommendation:** The General Assembly may wish to require that Patriots Point Development Authority submit the financial report/audits cited in statute to the appropriate recipients or delete this requirement from the agency's enabling legislation.

- **Agency Recommendation:** The agency should submit financial reports/audits to the appropriate recipients in compliance with the statute and/or seek to have this provision of the law deleted via the legislative process.

Three Year Business Plan

The current three year business plan does not include strategies for attaining the list of goals. Also the plan spans more than three years. Some of the goals mentioned had completion dates that are over two years old.

- **Agency Recommendation:** The agency should update the three year business plan annually to ensure that it continues to be a planning document for the future and is adapted to changing conditions. Also, the plan should include strategies for achieving the stated goals and indicate completion of past goals to measure success.

Contract Lobbyist v. Legislative Liaison

Patriots Point employs a lobbying firm at a cost of \$60,000 annually. The Agency Director and Board Chairman have taken the lead in the Senate oversight review and make presentations to legislative committees.

- **Agency Recommendation:** If it is determined that Patriots Point requires representation before the General Assembly, the agency should consider employing an individual full time as a legislative liaison to manage the agency's relationship with the SC Legislature. This staff person could also handle public relations, constituent issues and interact with the media. Should PPDA continue to employ the services of a contract lobbyist, the contract should be awarded via the state procurement process.

Procurement

PPDA has failed to report multiple instances in which they employed sole source and emergency procurements to the State Fiscal Accountability Authority. Also, the agency has employed Direct Expense Vouchers to purchase the services of a lobbying firm rather than using the normal procurement process.

- **Agency Recommendation:** PPDA should report all instances of sole source and emergency procurements to the State Fiscal Accountability Authority and attempt to limit the use of these procurements. Also, the agency should refrain from purchasing services from a private contractor via direct payment and instead use the appropriate procurement process.

Revenue Shortfall

Although operating revenue for the agency has continued to increase, it has not kept pace with expenditures. As noted in the agency's audit, this unsustainable trend began in 2015 and has continued to grow for the past three years. The audit also noted declining cash and cash equivalents for the agency

- **Legislative Recommendation:** The appropriate legislative Committees of the General Assembly may wish to have the agency report on the ratio of expenditures to revenues and changes in fund balances during the agency's annual presentation of the budget plan for the coming year in order to monitor this situation.
- **Agency Recommendation:** PPDA will ultimately need to increase operating revenues or reduce expenditures to avoid a future operating deficit. Should the projected revenues from new lease be delayed or fail to materialize this will be more urgent.