

# SENATE TRANSPORTATION COMMITTEE

## STATEMENT TO

### **SENATE, No. 2863**

with committee amendments

# STATE OF NEW JERSEY

DATED: DECEMBER 10, 2018

The Senate Transportation Committee reports favorably and with committee amendments Senate Bill No. 2863.

As amended and reported, this bill revises requirements imposed upon the use of grant funds received by counties and municipalities through the transportation local aid program.

The bill requires counties and municipalities to begin expending aid allotments within one year from the date the county or municipality receives the first payment of the allotment. The bill provides that an allotment is to be rescinded, returned, or deducted from future allotments as a result of a county's or municipality's failure to award construction or other approved contracts for any amount of the allotment within this time frame, except that the one year requirement is to be extended if a designated financial officer of the county or municipality certifies to the New Jersey Department of Transportation (department) that the project will not begin construction because: (1) the allotment will be aggregated with future funds, as permitted by the department, for the purpose of completing a specific project; (2) a permit needed for completion of the project has not been issued due to a delay in the permitting process; (3) the acquisition of an interest in State-owned land needed to complete the project is delayed due to the divestment of a deed restriction; (4) the project requires a utility to be relocated; or (5) a catastrophic event occurs and results in the declaration of a state of emergency. A designated financial officer is required to provide proof that the project meets one or more of these exceptions and is to certify that a construction or other approved contract will be awarded promptly upon resolution of the cause of the delay.

The bill also: (1) prohibits a local government entity from using local aid program funds to support the work of a local government entity's employees on local aid construction projects funded from local aid funds;

(2) requires construction contracts for projects funded out of funds from the local aid program to be bid in accordance with local public contracts law;

(3) requires all bidders on local aid program funded construction contracts valued at more than \$500,000 to be prequalified by the department; and

(4) permits local aid program grant recipients to use 10 percent of their awards on design costs in fiscal year 2019, and five percent of their awards on design costs in fiscal years 2020 and beyond.

The committee amended the bill to require counties and municipalities to begin expending aid allotments within one year from the date the county or municipality receives the first payment of the allotment, rather than from the time the county or municipality is provided notice of the award amount.

The committee amended the bill to provide that the one year requirement is extended if a designated financial officer for the county or municipality certifies that the project will not begin construction during the required time frame because: (1) the allotment will be aggregated with future funds, as permitted by the department, for the purpose of completing a specific project; (2) a permit needed for completion of the project has not been issued due to a delay in the permitting process; (3) the acquisition of an interest in State-owned land needed to complete the project is delayed due to the divestment of a deed restriction; (4) the project requires a utility to be relocated; or (5) a catastrophic event occurs that results in the declaration of a state of emergency. A designated financial officer for the county or municipality is required to provide certain proof that the project meets one or more of these exceptions as required in the bill and is to certify that a construction or other approved contract will be awarded promptly upon resolution of the cause of the delay.

The amendments specify that local government grant recipients are to be prohibited from using local aid program funds to support the work of a local government entity's employees on local aid construction projects funded out of funds from the local aid program and require bidders on local aid program funded contracts to be prequalified by the department only when the contract is valued at more than \$500,000. The amendments also correct the subdivision designations in section 2 of the bill.