

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 2101

STATE OF NEW JERSEY

219th LEGISLATURE

DATED: MARCH 3, 2021

SUMMARY

- Synopsis:** Requires public utilities and local units to provide notice prior to initiating certain infrastructure projects.
- Type of Impact:** Annual municipal and county cost impact.
- Agencies Affected:** Municipalities and counties.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
Local Cost Impact	Indeterminate

- The Office of Legislative Services (OLS) finds that the bill will have a minimal direct fiscal impact on local governments and local utilities through additional requirements to provide advanced notice to public utilities concerning pending infrastructure work. By having advanced knowledge about future public utility work, there is a possibility that local decisions concerning the timing and nature of local infrastructure projects will be impacted. The short term impact could be more or less local spending, but in either situation long term local costs are likely to be reduced.

BILL DESCRIPTION

This bill provides that a public utility regulated by the Board of Public Utilities, a local unit, and a local utility, are to notify each other within 180 days of the start of a public utility infrastructure project and a local infrastructure project that a public utility, local unit, or local utility plans to undertake. The notice is to include a summary of the purpose and scope of the public utility or local utility infrastructure project, the infrastructure project schedule, and a map of the infrastructure project location.

Within 60 days of the receipt of the required notice, the public utility, local unit, and local utility are to examine any underground utility facility owned or operated by the public utility, local unit, or local utility to the extent feasible and notify each other whether any such underground

utility facility needs repair or replacement and if any of these entities intend to undertake an infrastructure project within the scope of the other's infrastructure project. The bill requires the public utility, local unit, and local utility to coordinate to provide timely notification of any changes to their respective project plans or schedule and, when feasible, to jointly establish a timeframe for scheduled work.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that the bill will have a minimal direct fiscal impact on local governments and local utilities through additional requirements to provide advanced notice to public utilities concerning pending infrastructure work. There should be little to no cost for a local government or local utility to inform a public utility about work that it already has planned.

The indirect impact on local units from having further advanced knowledge about pending public utility projects is indeterminate and based on future repair cycles and infrastructure conditions.

Public utility work is damaging to the roadways and bridges located above the public utility infrastructure. In order to access those utility assets, pavement needs to be ripped up. When the utility work is completed, the roadways are generally repaired with asphalt patches, rather than full reconstruction of the roadway. The seams where these patches are placed are especially susceptible to seasonal freeze and thaw effects that break down the asphalt and create potholes. As a result, the useful life of a road where asphalt has been damaged in this way by public utility work is significantly shorter than a roadway that has been repaved without patches in the surface of the asphalt.

Any local action that times major roadway repair and reconstruction to periods after major public utility work, when no additional public utility work will be expected for 10 to 15 years, will yield significant lifecycle cost savings for those roadways.

If a town has numerous pending public utility projects and roadways in generally poor condition, this could accelerate repair cycles planned around the completion of public utility projects, leading to greater local road expenditures, but reducing lifecycle costs when road repair work is synchronized with public utility work.

If a town has numerous pending public utility projects in an area where it was about to begin work, it will likely now postpone that work, due to the expected damage to pavement caused by public utility work. This will reduce local costs in the near term by deferring projects, but also likely reduce lifecycle costs, because they will avoid damage to newly repaired roadway by a public utility project when they do choose to complete the roadway project.

Section: Authorities, Utilities, Transportation and Communications

*Analyst: Patrick Brennan
Principal Fiscal Analyst*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).