Bill Number:	S. 0932 Introduced on January 25, 2018
Author:	Campbell
Subject:	State Highway System
Requestor:	Senate Transportation
RFA Analyst(s):	Wren
Impact Date:	March 15, 2018

Estimate of Fiscal Impact

	FY 2018-19	FY 2019-20
State Expenditure		
General Fund	$0	$0
Other and Federal	See Below	$0
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	$0	$0
Other and Federal	$0	$0
Local Expenditure	Undetermined	$0
Local Revenue	$0	$0

Fiscal Impact Summary

This bill could increase recurring Other Funds expenses of the Department of Transportation (DOT) by $12,900,000 annually, beginning in FY 2018-19. However, expenses are dependent upon the actual projects for which the agency is able to contract in a given year. The expenditure impact on local governments is undetermined since the increased costs and savings depend upon the specific project plans and costs and the existence of prior rights.

Explanation of Fiscal Impact

Introduced on January 25, 2018

State Expenditure

This bill provides definitions to distinguish between large and small public water utilities and public sewer utilities. A small public water utility is defined as a public water utility that has 10,000 or fewer water taps and serves a population of 30,000 or less. A small public sewer utility is defined as a public sewer utility that has 10,000 or fewer sewer connections and serves a population of 30,000 or less. This bill also provides that in order to be eligible for payment of relocation costs, the relocation must be placed under the control of the general contractor for the transportation improvement project. Additionally, the public water or sewer utility must meet the bidding and construction schedule established by the entity undertaking the transportation improvement project in order to be eligible for payment of the relocation. The transportation improvement project must bear all of the relocation costs, including design costs for a small public water utility or small public sewer utility. The transportation improvement project must bear all of the relocation costs, including design costs, up to 4 percent of the original construction bid amount for a large public water utility. In instances where more than one large public water utility or large public sewer utility are required to relocate by a single transportation improvement project, the total cost share of up to 4 percent must be divided pro rata among the large public water or public sewer utilities. For a transportation improvement project that impacts both a large public utility and a small public utility, the entity undertaking the transportation improvement must pay all of the small public utility's relocation costs, without limitation. The entity must also pay up to 4.5 percent, minus the costs of the small public utility's relocation costs, of the original construction bid amount of the transportation improvement project toward the large public entity's relocation costs. A large public water utility or a large public sewer utility may choose not to have the relocation placed under the control of the general contractor, provided that a memorandum of agreement outlining meeting requirements and other milestones that the public utility must meet is agreed upon by the entity undertaking the transportation improvement project. Failure to meet the memorandum requirements will result in the utility having to bear all relocation costs. This bill applies to all transportation improvement projects that have not had funds authorized for preliminary engineering by the effective date of the act.

DOT indicates that this bill could increase recurring Other Funds expenses by $12,900,000 annually, beginning in FY 2018-19. This estimate is based upon project costs for future projects. Additionally, DOT indicates that total expenses will depend upon the actual projects for which the agency is able to contract in a given year.

State Revenue
N/A

Local Expenditure
The Revenue and Fiscal Affairs Office surveyed all forty-six county governments and the Municipal Association of South Carolina (MASC) regarding the expenditure impact of this bill. We received responses from three county governments and the MASC.

Florence County does not own a water or sewer system. Therefore, this bill will have no expenditure impact on Florence County.

Lancaster County indicates that most of its road projects are limited to resurfacing or initial paving, and the county usually does not participate in widening projects where a utility line may have to be relocated. Therefore, the expenditure impact to Lancaster County will be minimal.

Horry County indicates that this bill would have increased its expenditures for a recently completed highway project by approximately $2,454,000. Expenses for a recently completed project were $98,300,000. Relocation of utilities for the project cost $9,162,891. The county paid $1,478,181 of the utility relocations because the utility possessed the prior right of way affected by the project, and the utility paid the remaining $7,684,710 where the county possessed the prior right of way. Under this bill, the county would have been responsible for $3,932,000, which is 4 percent of the project cost, instead of $1,478,181.

Charleston County's response references three projects that have not had funds authorized for preliminary engineering. The costs of the projects are $47,250,000, $71,000,000, and

$40,500,000. Further, the county indicates that the 4.5 percent threshold applies to these projects. Therefore, the expenditure impact of these projects on Charleston County is estimated at approximately $7,000,000.

The MASC indicates that according to the Utilities Relocation Study Committee that was created by the General Assembly by Proviso 68A.10 in 2013, public utilities spent an average of $64,000 to relocate water and sewer lines for every $1,000,000 spent on non-interstate road widening projects. At that time, this was 6.4 percent of the total road project's costs. However, MASC indicates that the figure has likely risen since that time.

Due to the various combination of parties that may be affected, the expenditure impact of this bill on local governments cannot be estimated. Determination of the expenditure impact is further complicated, because increased costs and savings depend upon the specific project plans and costs and the existence of prior rights.

Local Revenue
N/A

Frank A. Rainwater

Frank A. Rainwater, Executive Director