

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE

House Bill 920 (Delegate Lisanti, *et al.*)
Environment and Transportation

State Highway Administration - Relocation of Water and Sewer Lines - Payment
of Costs

This bill requires the State Highway Administration (SHA) to pay for costs associated with the relocation of a water or sewer line of a publicly owned utility, if the relocation is due to a federal project. The cost of any such payment is considered to be part of the cost of the federal project and must be included in the *Consolidated Transportation Program* (CTP).

The bill takes effect July 1, 2015.

Fiscal Summary

State Effect: Transportation Trust Fund (TTF) expenditures increase significantly in FY 2016 and future years for SHA to pay relocation costs for specified projects. At least \$1.6 million in costs have been identified for existing federal projects in FY 2016, as discussed below. Revenues are not affected.

Local Effect: Local expenditures for publicly owned utilities decrease due to the bill's requirements that SHA pay for costs associated with the relocation of a water or sewer line if the relocation is due to a federal project. Revenues are not affected.

Small Business Effect: None.

Analysis

Bill Summary: "Federal project" means a State highway project that is financed in whole or in part with federal funds and is designed to enhance a federal facility. "Federal facility"

means an installation of the U.S. Armed Forces and any property owned or leased by an agency of the United States. “Publicly owned utility” means a utility owned or operated by a political subdivision of the State or by a public agency created under the laws of the State.

Current Law/Background: SHA is responsible for more than 5,200 miles or approximately 16,800 lane miles of road, 2,500 bridges, 3,500 small stream crossing structures, and 80 miles of sound barriers in the State. It also has responsibility for planning, designing, constructing, and maintaining these roads and bridges to safety and performance standards while considering sociological, ecological, and economic concerns.

Relocation of Publicly Owned Utility Facilities: SHA is required to reimburse a publicly owned utility for the cost of relocating any facility of the publicly owned utility only if (1) federal funds are available to the State under specified provisions of federal law related to federal-aid primary, federal-aid secondary, and interstate highways and (2) the payment would otherwise be required for relocation of a facility of a nonpublicly owned utility.

However, SHA advises that it also provides reimbursement to publicly owned utilities for the relocation of facilities based on a “prior rights process.” If the public utility was in an area prior to SHA’s project in the area, SHA pays for the cost of relocating the facility. Conversely, if the facility received a permit to locate its facility on State or SHA property or is located on the property illegally, the utility pays the cost of relocating the facility if SHA begins a project in that area. SHA further advises that it has recently begun to use a utility conflict matrix tool in order to work with utilities and ensure that they are not required to relocate any facilities unless it is absolutely necessary.

Water and Sewer Services: Local governments typically provide sewerage and water services through a sanitary commission or a county or municipal agency. Baltimore City and all county governments, except Caroline, Montgomery, Prince George’s, and Talbot counties, provide both water and sewerage services to their residents. In Caroline County, four municipalities (Goldsboro, Henderson, Marydel, and Templeville) joined with the county to form the North County Water and Sewer Authority starting in 2013; water and sewer services for the remainder of the county are provided by municipal, private, or community wells and septic systems. The Washington Suburban Sanitary Commission, a bi-county agency created by the General Assembly in 1918, provides nearly all parts of Montgomery and Prince George’s counties with water and sewer services. Talbot County provides sewer services to St. Michaels and several unincorporated villages; water services are provided by municipal (Easton, Oxford, St. Michaels, and Trappe), community, or private well systems.

Consolidated Transportation Program: The CTP is the Maryland Department of Transportation’s (MDOT) six-year budget for the construction, development, and

evaluation of transportation capital projects. It is revised annually to reflect updated information and changing priorities. It contains a list of current and anticipated major and minor capital projects for the fiscal year it is issued and for the next five fiscal years, including:

- an expanded description of major capital projects;
- a detailed breakdown of the costs of a project, project expenditures to date, expected expenditures for the current fiscal year, projected annual expenditures for the next five years, and total project costs; and
- MDOT's estimates of the source (*i.e.*, federal funds, special funds, etc.) and amount of revenues required to fund projects in the CTP.

State Expenditures: SHA advises that it has numerous projects that use federal funds, require the relocation of a water or sewer line of a publicly owned utility, and may be considered federal projects as defined under the bill. Most notably, SHA is currently performing Base Realignment and Closure Act (BRAC) projects in Fort Meade, Aberdeen, and other areas. The total cost to relocate water and sewer lines for these BRAC federal projects is about \$1.6 million. Thus, TTF expenditures likely increase by *at least* \$1.6 million in fiscal 2016. TTF expenditures increase further to pay relocation costs for other federal projects and any future federal projects, but any such impact cannot be reliably estimated this time.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Transportation; Baltimore, Charles, Frederick, and Montgomery counties; cities of Frederick and Havre de Grace; Department of Legislative Services

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md/lgc

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