



PREFARED BY:
DATE PREPARED:
PHONE:

Mike Lovelace
February 10, 2012
471-0050

LB 1167

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2012-13		FY 2013-14	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	Up to \$1,000,000		Up to \$1,000,000	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

Contract provisions:

LB 1167 would require the Department of Roads, counties, cities and villages to include certain provisions in their contracts for road and bridge construction and maintenance. These provisions are:

1. Incentive provisions for early completion of projects. To be determined and negotiated on a project-by-project basis.
2. Disincentive provisions for late completion of projects. To be determined and negotiated on a project-by-project basis.
3. Provisions to keep lane closures to a minimum. An improperly closed lane results in a \$1,000/day penalty payable by the general contractor.

In those cases where it is normal practice for contracts to already include these provisions there would be no fiscal impact. Where it has not been the normal practice to include these provisions in contracts there could be a fiscal impact. Any such impact is indeterminate at the present time since the incentive/disincentive provisions are to be negotiated on a project-by-project basis, and it is not possible to forecast the number and duration of improper lane closures that would result in fine revenue..

The Department of Roads indicated in their fiscal note that incentive, disincentive and lane closure provisions are generally already included in their contracts and should not have a fiscal impact. They do note that incentive/disincentive provisions must be negotiated as part of the bid process and cannot be negotiated after the bid has been awarded without violating federal law.

Signage requirements:

LB 1167 would also require contractors to post signs that include the name and telephone number of the general contractor at intervals of at least one sign per mile in the maintenance/construction zone.

The Department of Roads estimates that this requirement will increase the cost of their construction contracts by \$750,000 to \$1,000,000 annually. This is based on \$600 per sign, which calculates out to the posting of 1,250-1,667 signs annually.

It is my understanding after talking to the department that the indicated average per sign cost of \$600 includes the cost of the sign itself, erection and removal costs, and \$1/day per sign to maintain it in a readable condition. It would seem that options would be available to reduce this cost, such as eliminating the \$1/day per sign maintenance provision, and recognizing that the contractor should be able to reuse most of the signs as they move on to other construction zones. No estimate of how these actions would decrease the total cost are available at this time.

Note: Fiscal note requests were sent to a sample of four political subdivisions, but at the time this fiscal note was prepared no responses had been received.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	David J. Spatz	DATE 2/13/12	PHONE 471-4179
COMMENTS			
NEBRASKA DEPARTMENT OF ROADS: No basis to dispute agency analysis and estimate of increased cash fund expenditure fiscal impact.			

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Please complete ALL (5) blanks in the first three lines.

LB⁽¹⁾ 1167 FISCAL NOTE

State Agency OR Political Subdivision Name: (2)

NEBRASKA DEPARTMENT OF ROADS

Prepared by: (3) Marilyn Hayes

Date Prepared: (4) 2-7-2012

Phone: (5) 402-479-4692

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2012-2013		FY 2013-2014	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$750,000 to \$1M		\$750,000 to \$1M	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$750,000 to \$1M		\$750,000 to \$1M	

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB 1167 requires certain provisions for highway and bridge construction which would impact the Dept of Roads.

- A. Impose a fee of one thousand dollars per day for each day a lane is improperly closed. NDOR currently has contract provision for lane rental in critical areas. No fiscal impact is anticipated from this action.
- B. Negotiate for incentive and disincentive provisions on a project by project basis. NDOR currently has incentive /disincentive provision as part of contract bid items for essential projects. If the incentive / disincentive was negotiated after the contract was awarded, it could impact the construction bid process. It should be noted that Federal law prohibits negotiations with contractors after the contract is bid, which could result in the loss of federal funds.
- C. Require the contractor to post a sign in the construction zone which informs motorists of the name and telephone number of the general contractor, with signs at intervals of one mile.

NDOR has approximately 120 contracts under construction each year. With an average sign cost of \$600, and the requirement for a sign at intervals of one mile, it is estimated to cost the Department between \$750,000 to \$1 million in additional contract construction costs each year.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2012-2013	2013-2014
	12-13	13-14	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....			\$750,000 to \$1M	\$750,000 to \$1M
Aid.....				
Capital improvements.....				
TOTAL.....			\$750,000 to \$1M	\$750,000 to \$1M