

**DEPARTMENT OF FINANCE BILL ANALYSIS**

**AMENDMENT DATE:** 06/30/2016  
**POSITION:** Oppose

**BILL NUMBER:** AB 1549  
**AUTHOR:** Wood, Jim

**BILL SUMMARY: Department of Transportation: fiber-optic cables on state highway rights-of-way**

This bill requires the California Department of Transportation (Caltrans) to maintain a centralized database of all broadband conduits carrying or capable of carrying fiber optic cables on state highway rights-of-way, to notify broadband companies of opportunities to collaborate on qualifying highway projects, and to install broadband conduits on qualifying projects should no broadband company offer to collaborate.

**FISCAL SUMMARY**

This bill would have a potentially large fiscal effect, as it would require Caltrans to create, maintain, and report on, in perpetuity, a large database. Additionally, it would require Caltrans to install broadband conduits should private companies decline to collaborate on qualifying projects. Caltrans indicates that this additional work could increase statewide construction costs by several million dollars a year. Finance concurs with the magnitude of this estimate. However, absent a better understanding of the number and scope of projects that would qualify for broadband installation under this bill, the total fiscal effect is uncertain.

**SUMMARY OF CHANGES**

Amendments to this bill since our last analysis of the January 14, 2016 version include the following, which do not change our position:

- Requiring the creation of a centralized database of broadband conduits capable of carrying fiber optic cables on state right of way.
- Requiring the notification of broadband companies when Caltrans plans projects that qualify for the placement of broadband conduits, as defined, and allowing collaboration with those companies on the placement of broadband conduits capable of carrying fiber optic cables.
- Requiring Caltrans to place broadband conduits capable of carrying fiber optic cables on qualifying projects should no broadband company offer to collaborate.

**COMMENTS**

The Department of Finance is opposed to this bill because it is unnecessary, costly, and unlikely to provide a major benefit in terms of increasing access to telecommunications.

The bill aims to create an inventory of conduits carrying fiber-optic cables on state right-of-way in order to facilitate the co-location of additional broadband installations. Currently, telecommunications providers can access the right-of-way to install conduit via the department's encroachment permit process. Caltrans does not keep a complete and up-to-date inventory of all existing conduits within its existing right-of-way. This is partially due to difficulty in obtaining information from utilities that perform work within the right-of-way, and partly due to a backlog in updating Caltrans encroachment permit data. Caltrans is currently exploring an

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Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

Wood, Jim

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**COMMENTS** (continued)

update to the existing encroachment permit system and database, which would capture data regarding conduits carrying fiber-optic cables. As such, a legislative solution to this issue is unnecessary at this time.

Additionally, this bill would likely create an excessively expensive solution with an uncertain benefit. Caltrans already participates in the state's central database of state-owned, non-highway properties available for use by telecommunication companies, and has an active program to facilitate build-out of public and private wireless telecommunication systems. Requiring Caltrans to create, maintain, and report on a new database would likely duplicate efforts with these other programs, requiring Caltrans to spend resources on a database without a certain benefit above and beyond that provided by existing programs and databases.

Lastly, this bill requires Caltrans to perform the work of placing broadband conduits capable of carrying fiber optic cables on qualifying projects, as defined, should no broadband company offer to collaborate with the department. This provision creates a significant disincentive for broadband companies to collaborate on the placement of said conduits, as Caltrans would be legally required to perform the work for them. While Caltrans is still estimating the number of highway projects that would actually require such installation, this provision is likely to significantly increase construction costs for Caltrans and the state, diverting needed highway repair funds, while limiting the ability of the bill to achieve its goal of expanding broadband access.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)						Fund Code
	LA	(Dollars in Thousands)						
	CO	PROP						
	RV	98	FC	2016-2017	FC	2017-2018	FC	2018-2019
2660/Caltrans	SO	No		-----	See Fiscal Summary	-----		0042
<u>Fund Code</u>	<u>Title</u>							
0042	Highway Account, State, STF							