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Appropriations Committee
January 31, 2008

[LB859 LB956 LB998 LB1052]

The Committee on Appropriations met at 1:30 p.m. on Thursday, January 31, 2008, in Room 1003 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB998, LB859, LB956, and LB1052. Senators present: Lavon Heidemann, Chairperson; Lowen Kruse, Vice Chairperson; L. Pat Engel; Tony Fulton; John Harms; Danielle Nantkes; John Nelson; John Synowiecki; and John Wightman. Senators absent: None.

SENATOR HEIDEMANN: Welcome to Appropriations. I think we'll start by just introducing everybody, starting over with Senator Danielle Nantkes from Lincoln, District 46; Senator John Wightman from Lexington, District 36; Senator John Synowiecki from Omaha, District 7; Senator Lowen Kruse from Omaha, District 13, who is also the Vice Chair of the Appropriations Committee. My name is Senator Lavon Heidemann, I'm from District 1. To my left, as soon as he arrives, is Senator Pat Engel from South Sioux City, District 17; Senator Tony Fulton, to his left, is introducing bills, he will join us later--he's from Lincoln, District 29; Senator John Nelson from Omaha, District 6; and Senator John Harms from Scottsbluff, District 48. Our page for the day, who must be already busy, his name is Sam. We ask that if you have cell phones, if you would please shut them off we would appreciate that. Testifier sheets are on the table near the back door. We ask that you would please fill them out completely and put them in the box on the table when you testify. You do not have to fill out this form if you are not publicly testifying. At the beginning of the testimony we ask that you state and spell your name for the record. Nontestifier sheets near the back doors if you do not want to testify, but would like to record your support or opposition. You only need to fill this out if you're not publicly testifying. If you have printed materials to distribute, we ask that you give them to the page at the beginning of your testimony. We will need at least 12 copies. We also ask, in the matter of time, would you please keep your testimony concise and on topic. Under five minutes would be appreciated, but we accept almost anything. (Laughter) So with that, we'll start with public hearing on LB998. Senator Tim Gay. []

SENATOR GAY: Thank you, Senator Heidemann. Good afternoon, Senator, members of the Appropriations Committee. For the record, my name is Tim Gay, state senator, District 14. I'll be very brief here, because there's other people who want to testify. But LB998 allows for \$150,000 General Fund appropriation to the Nebraska Innovation Zone Commission, and the purpose of the appropriation is to allow the commission to conduct Phase 2 of the commission's work. The Nebraska Innovation Zone Commission was created by the Legislature and began its work in 2005, and I used to serve as a member of this commission when I was a Sarpy County commissioner. The purpose of the Innovation Zone Commission is to study the I-80 corridor and provide recommendations for responsible development of the six-county region within the zone. To date, limited commission funding has been passed through the Department of Economic Development's budget. The bill also does require the commission or the

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member organization of the commission to contribute at least \$50,000 towards the second phase of the study, so the commission will participate. What we're doing here is, the I-80 zone commission, Senator Pam Brown started this years ago. The counties got together, I was a member at that point, from the county view, and there's members from the six-county region--Washington, Douglas, Sarpy, Lancaster, Saunders...I'm probably leaving somebody out--but along that region, saying well, between Omaha and Lincoln is prime real estate of a lot of our state's population. How can we maximize the use of this area? The idea...the meetings I attended to start out--and I'm talking from meeting one to the first couple years--were very well done. I was very encouraged to see a lot of the participation amongst elected officials, departments, the NRDs involved, and colleges, the University of Nebraska. It's a broad range of Nebraskans who are getting together and trying to get ideas on how we can best maximize the use of this area. Phase 1 was gathering information, public input--a lot of public input has been put into this, as well, and that's been rewarding. I have not, obviously, been on it in the last year or so. But Phase 2 really wraps a lot of what they did in the past few years and now puts more of a plan together, a concrete plan that we can use, and either it's going to be something that will continue on or not. The director is through the Department of Economic Development, and their budget...she does a very good job, and I think she's going to testify here today, as well. So what we're asking for is to consider the appropriation to continue to do that, and I'd take any questions you may have for me. [LB998]

SENATOR HEIDEMANN: Senator Wightman. [LB998]

SENATOR WIGHTMAN: I see and you testified that the commission has contributed \$50,000 of other sources; is that correct? [LB998]

SENATOR GAY: They will, towards this study, towards the study that's... [LB998]

SENATOR WIGHTMAN: Did they contribute, then, on the Phase 1? [LB998]

SENATOR GAY: They will find a contributor, either through the counties, cities, or they may get, you know, like an agency to put that in too. I don't know if that will all be public money. That may be, you know, donated as well, from a private citizen. I'm not sure on that, John. [LB998]

SENATOR WIGHTMAN: Is that the total cost of Phase 1, the \$50,000 that the commission will be contributing? [LB998]

SENATOR GAY: Phase 2. [LB998]

SENATOR WIGHTMAN: Phase 2, excuse me...that the commission would be contributing? [LB998]

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SENATOR GAY: Yes. Yeah, the way I understand it, and there will be others behind me too. Their director is funded through Department of Economic Development. That's been appropriated in their funds, so this is actual, the study. They're going to contract with somebody to get that done, and like I say, I've been out of it for a year. The reason I wanted to bring this to you is I do believe in the cause, and I think there's real opportunity here. So some of the details, Senator, I think will be covered, if you've got more on that. [LB998]

SENATOR WIGHTMAN: Okay. Thank you. [LB998]

SENATOR HEIDEMANN: Senator Engel. [LB998]

SENATOR ENGEL: I think I'll probably wait till later, too, to find the success of the first study, what they've gathered there, as far as this continuation of that and see where we're at. [LB998]

SENATOR GAY: Thanks, Senator. That's not a question, I know, and I don't want to waste your time. That will be a good question. I think Kathy McKillip will be testifying and all I can say at this point is, the first phase...I've been to a lot of organized meetings and things. I thought it was very well done and put together, and people...there was a lot of give and take, and you know, some sticky points. They worked them out. There's...like anything, there's going to be more to go, but I was pleased to see some of the larger areas working with some of the smaller areas, and the way I say that, Douglas and Lancaster County can sometimes be the big bullies of everyone in-between. I shouldn't say that. But it's really been a very good situation, I think, for people involved, so. [LB998]

SENATOR HEIDEMANN: Any other questions? If none, thank you. You're here for closing? [LB998]

SENATOR GAY: No, I'll be having to waive closing. I've got another bill. [LB998]

SENATOR HEIDEMANN: Okay, thank you for coming in. [LB998]

SENATOR GAY: Thank you, Senator. Thank you all for your time. [LB998]

SENATOR HEIDEMANN: See there any other testimony in...for LB998? [LB998]

BRENDA GUNN: (Exhibit 1) Hi. My name is Brenda Gunn. I'm city administrator with the city of La Vista, and right now I'm serving as chairman of the Innovation Zone Commission. You have a copy of my written testimony, and I'm not going to go through all the details of that, because I know you have a busy schedule. But I will kind of

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reiterate what Senator Gay had said. The Innovation Zone Commission was established in August, 2005, as a result of LB546. The commission began with the premise that the area adjacent to the I-80 corridor affords many excellent opportunities for growth and economic development. The Innovation Zone goals advocate and recommend programs that encourage regional cooperation and foster sustainability and economic development initiatives. The commission has recognized that in order to achieve the desired outcomes, a regional plan is critical. The commission has actually asked for and received \$235,000 in grant funding for Phase 1, which is currently where we're in the process of preparing that. Phase 1 is really the information-gathering portion of developing a comprehensive plan, so the outcome of Phase 1 will be trying to bring everybody's information together. If, you know, all the municipalities and counties have comprehensive plans of their own, this brings them all together and starts to look at it as a region instead of all the separate parts of it. So that's what Phase 1 is going to be, bringing the information together. Phase 2 that we're looking for the additional funding for, is...to me, this is going to be the best part of the whole plan. You've got the information; now you need to make some recommendations. And this is kind of putting it all together, making some recommendations for the area. They could have to do with land uses, zoning, design guidelines--all of that is open. None of that has been decided at this point, but that's what Phase 2 will be doing, is bringing it all together. What does a plan for this area look like? So that's why it's really important. The Phase 1 is just putting the information together; Phase 2 is really where you go to do something with it. And it will give all of the area a sense of what people think are priorities. We've done things...a lot of things to solicit public input. The web site...I don't know if any of you have seen the web site survey that's out there. We've had a lot of response from that. We've worked really hard to engage the public in the process, through focus groups, in our meetings, trying to encourage all the thoughts and ideas to help determine what are good recommendations for the I-80 corridor in this segment of the state. So that's why we feel it's very important that regional comprehensive plan...if this works and is a successful project, we think it could be applicable to other areas of I-80 or other areas of the state, to follow a similar model. So in conclusion, I would just like to reiterate how important the commission believes the completion of the regional comprehensive plan is to the development of this portion of I-80. We greatly appreciate your consideration, and I'd be happy to answer any questions that you would have. [LB998]

SENATOR HEIDEMANN: Senator Wightman. [LB998]

SENATOR WIGHTMAN: Do you foresee more phases than two phases to this study? [LB998]

BRENDA GUNN: You know, not really, not unless Phase 2 comes up with a recommendation that is something that requires something on its own. I think when you get through Phase 2 there are going to be some definite recommendations that will...some probably will come to the Legislature. It will go back to the individual

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communities and counties to go back and try to sort through some things. So I can't say for sure that there wouldn't be some component that somebody is going to say, well, I want to study that further. But really, the nuts and...what you really want to find out, and I think is exciting stuff, comes in Phase 2. [LB998]

SENATOR WIGHTMAN: Now am I right that \$200,000 would be the total cost of this phase, \$50,000 that would be contributed by the commission and \$150,000...or are there more funds being expended? [LB998]

BRENDA GUNN: You know, I would anticipate that...actually, we don't know who is going to do Phase 2 yet. We would take proposals for that component, so we don't have a total amount. I'm guessing it's going to be at least the \$200,000. As we indicated earlier, the commission is actually obtained to do Phase 1, \$235,000 in grant funding. So we're going to continue to pursue those other avenues, but until you know where those are at, we really need to move forward with Phase 2 in whatever ability we're able to, but we'll still continue to try to find grants that would help offset any of that. [LB998]

SENATOR WIGHTMAN: Thank you. [LB998]

SENATOR HEIDEMANN: Senator Engel [LB998]

SENATOR ENGEL: Have you used up the \$235,000? [LB998]

BRENDA GUNN: I believe that was part of Phase 1, as...I think that total amount, yeah. [LB998]

SENATOR ENGEL: So that money has been used up, because I know when Senator Brown brought this about--I think we're talking about a link between here and Omaha--is that still in the making? [LB998]

BRENDA GUNN: A transportation link? (Laugh) [LB998]

SENATOR ENGEL: Yeah. [LB998]

BRENDA GUNN: That's what's going to come in the recommendations. I don't know, I don't know. Certainly we've heard that come up as part of the discussion here. I don't know what will come up in the recommendations, but those are the kind of things...whether that's even feasible, we've not had those discussions, but I suggest that that...I would imagine that topic will come up. [LB998]

SENATOR ENGEL: Okay. Thank you. [LB998]

SENATOR HEIDEMANN: Senator Nantkes. [LB998]

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SENATOR NANTKES: Brenda, thanks for being here and your work with the Innovation Zone Commission. Could you refresh my memory and tell me, is the Nebraska Game and Parks involved in your work, as well, because of course they manage some considerable areas involved in I-80, so. [LB998]

BRENDA GUNN: Sure. They don't have a seat. That wasn't part of the legislation that they have a seat there. But I think that the folks that are on our commission have brought them into, you know, through their contacts that they have, and I think our executive director has had conversations with those folks. So I think that is going to be an important...they are an important piece of the puzzle. [LB998]

SENATOR ENGEL: One other thing. One of the things...you know, I asked earlier, but like Phase 1, the information-gathering portion of the planning process, can you elaborate a little bit on that, of what type of information you're gathering and how it was gathered? [LB998]

BRENDA GUNN: Well, every jurisdiction likely has a comprehensive plan, and the comprehensive plan, it addresses the demographics of the area, it looks at the transportation networks, the utility infrastructure, the land use planning, and all of those different components for each community or county. What this would do is to bring them all together and look at...you know, for example, it's easiest to think about land uses. If you've got city one and county, and city two over here, this is actually putting all their land uses on the same piece of paper so you could look to say, okay, well this group thinks this is going to be industrial, but this is going to be residential over here. So it helps you kind of start to make a sense of what the planning theories are in each of the individual jurisdictions, and then when you start to look at the big picture of it, it's like, okay, well maybe this over here isn't so realistic, because infrastructure is not easily accessible here. So maybe it makes sense that some of that development happens over here, or it looks at the natural areas that are there. How do we preserve those? And you know, how do you have economic development and preserve the natural amenities that you have, how that all goes together. That's... [LB998]

SENATOR ENGEL: And is there one person that's hired to coordinate all this, or how does that... [LB998]

BRENDA GUNN: For Phase 1 right now, we went through a process to solicit firms, and HDR actually got the Phase 1 portion of this. We haven't really talked about Phase 2, as far as going through proposals to do that. I would imagine we would go through a similar process to get the Phase 2 part of this. We really only had funding to do Phase 1, so that's why we went...well, that's why we sort of broke it up. We'd like to have all of this in one nice big report to bring to you right now, but we just didn't have the funding to do it all. [LB998]

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SENATOR HEIDEMANN: How many square miles does this encompass, do you know? [LB998]

BRENDA GUNN: Oh, I wouldn't even...I can't tell you. I'm sorry. We can find that out for you. [LB998]

SENATOR HEIDEMANN: I'm just thinking, will \$150,000 do us...justify...be enough money to do a study to encompass this? [LB998]

BRENDA GUNN: I think it's a good start, and I think we'll continue to try to find other sources of funding to help us. If we've got that funding and then the \$50,000 that we get...raise through the commission itself, and then continue to find grant funds, we'll work diligently to get the resources we need to get this whole thing put together. [LB998]

SENATOR HEIDEMANN: Are there grant funds out there for things like this? [LB998]

BRENDA GUNN: Yes. [LB998]

SENATOR HEIDEMANN: And you're trying very hard to access those first before you come to us? [LB998]

BRENDA GUNN: We are. I think we've done a great job. DED has done an amazing job helping us find the grants, but you know, we did get what we got to start Phase 1. But you know, you also have to show, when you're applying for the grants, what your matches are. And so if we can...that will help us leverage the money, I'm guessing, to be able to move forward with it. [LB998]

SENATOR HEIDEMANN: Senator Nelson, did you have a question? [LB998]

SENATOR NELSON: Did you say this started in 2005? Did I hear that? [LB998]

BRENDA GUNN: The commission was created then. [LB998]

SENATOR NELSON: Okay, and how long did Phase 1...after you got created, how long did Phase 1 take? Two years, three years? [LB998]

BRENDA GUNN: Actually, no. Amazingly, when the commission started, it took us awhile to figure out...to have all our meetings and sort of get a sense of where everybody thought we needed to be. And the consensus was we needed a regional comprehensive plan. We actually went through the RFP process last summer, and it really got started probably in September/October, and they're nearing completion of

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that. So it's been...it was fast tracked, really, to get that Phase 1 part done. So it's been around less than a year. [LB998]

SENATOR NELSON: So it will be about a year for Phase 2, do you anticipate, or will it take longer? [LB998]

BRENDA GUNN: Probably at least that, and I think the Phase 2 will be a little bit different, in the fact that this is where the recommendations are going forth, so that means there's going to be a lot more discussion on the ideas that are thrown out there. You know, it's pretty easy to bring the information to the table that's already there, you know. If this is where the infrastructure is, there's not much to discuss about that, but you know, when you talk about planning issues and how to do things, I think that may take a little bit longer, but I would think a year is probably realistic. [LB998]

SENATOR HEIDEMANN: Senator Nantkes, do you have one? [LB998]

SENATOR NANTKES: No. [LB998]

SENATOR HEIDEMANN: Senator Wightman. [LB998]

SENATOR WIGHTMAN: This is a little bit of a continuation of the question, Senator Heidemann, and maybe it reveals my own ignorance, but I'm sure. Are we talking about a corridor along Interstate 80, or are we talking the entire six-county area? [LB998]

BRENDA GUNN: Really, the portion is from like the Sapp Brothers exit to I think the 9th Street exit in Lincoln. I mean, that's what we've defined that as right now. And you know what? The study could come back and say, you know what? Really, this one doesn't make sense to add into that. I think it's all on the table, but we narrowed our own focus for this area. [LB998]

SENATOR WIGHTMAN: But you're including all of Washington County or some part of Washington County, which would be obviously north of the area? [LB998]

BRENDA GUNN: Yeah, within...and I think that's part of what the study is going to say, is that the corridor is this many miles or half a mile north or south of the interstate. You know, that's...this study will show what the corridor definition is, and I think in some areas it may be bigger than others. [LB998]

SENATOR WIGHTMAN: But the development plan that you're talking about putting together is along this corridor and not of the entire six-county region? [LB998]

BRENDA GUNN: Right. Right. Right. [LB998]

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SENATOR WIGHTMAN: Okay. [LB998]

BRENDA GUNN: Yeah, sorry. I think I misunderstood you. You're right. [LB998]

SENATOR WIGHTMAN: Thank you. [LB998]

SENATOR HEIDEMANN: Senator Fulton. [LB998]

SENATOR FULTON: Thank you. I came a little bit late, so it's possible this has been asked, but in the event this appropriation doesn't occur, does that simply move the commission's timetable back? Or what...explain, I mean, if there's a yes, this is what happens. If there's a no, this is what happens. [LB998]

BRENDA GUNN: Okay, if there's a yes we continue moving forward quickly on the Phase 2. If we don't have the funding, then we're going to obviously continue to try to find the grant sources to pursue that. It might take longer. You know, I think sort of the sense of urgency on our commission is, is the development is happening there. And it's haphazard, in some cases, so with a plan, you maybe have a chance to get that and get some things before they happen and you haven't had a chance to look at it. So I think that's what the sense of urgency is. I think...and the other part is to not leave...we've spent so much resources getting Phase 1 done. It really does nothing if you don't have the Phase 2. [LB998]

SENATOR FULTON: Okay, thank you. [LB998]

SENATOR HEIDEMANN: Senator Harms. [LB998]

SENATOR HARMS: I guess the question I have for you is that this is probably pretty valuable to the overall growth and economic development to this region. If it's that...if that's really that important, why can't you...\$200,000 is really nothing in the scheme of things. You ought to be able to raise that money privately. Why should we fund that out of our coffers, when really the people who have the greatest benefits is the private sector? They ought to be contributing and doing this, and being the driving force behind this, rather than the state. [LB998]

BRENDA GUNN: You know, I think that's a fair assessment. You know, one of the things that we've really tried to establish with this is regional cooperation, you know, something we haven't always done a great job of, thinking regionally. And I think this is an important key to doing that. We've talked, you know, some of us on the commission about, we should be able to go back to our member jurisdictions and get them to put some funding into that. I think that there was foresight on the Legislature's part to recognize that there was a need to address this corridor. I think you can raise some money, but I think this...if the state is putting some money into it as well, I think that

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helps show the importance of it, and I think it does help you leverage some of your funds on the private side. [LB998]

SENATOR HARMS: Well, I guess my experience has been when you want regional buy-in, which I've worked on in my career many projects, the buy-on really comes, or the buy into it really comes when you're putting your money on the plate. When it's the state's dollar and somewhere else is, you know, maybe we're doing it because somebody else is giving us the money. Their interest really comes, and the real design of something comes when they're contributing the dollars up front, and they've got to buy in to this. That's the only thing I'm going to share. I'm not against your project, just telling you that's how I see this, and so just something you probably ought to give some consideration to. [LB998]

BRENDA GUNN: I think that that's true, and I think that there should be some other sources of funding. I also think, then, if Developer X wants to pay all the money, then Developer X wants to control the outcome, you know. So I think that there's some of that, too, that you've kind of got to be careful on it. You know, this is a group that, you know, the Legislature, you know, figured out who were the good representatives there. There's representatives from the counties, Lincoln and Omaha, and the first-class cities, second-class cities. They're all public sector representatives, and so while I'm not saying that you're not right and that we shouldn't try to get some private funds into this--and I think we can do that... [LB998]

SENATOR HARMS: Don't be afraid to tell me I'm not right. (Laughter) I've had that a lot! [LB998]

BRENDA GUNN: I just think when you look at outside sources putting the pressure on to have a certain outcome, I think that makes it more difficult for the commission. [LB998]

SENATOR HEIDEMANN: Any...Senator Nelson. [LB998]

SENATOR NELSON: Well, I think there's a sense of urgency too. I drive between Omaha and Lincoln, and I get concerned on how fast is this green space going to disappear, and things like that. So if you complete Phase 2, then who is going to run with the ball? I mean, after the recommendations are made, is it going to be up to these individual counties through their zoning and their own provisions, or is the state going to have to step in? Has there been any talk about that? [LB998]

BRENDA GUNN: Actually, preliminarily we have talked about that, is how do you make this plan go into place? And that's going to be part of the Phase 2 recommendations, is how do you implement this thing? There may be more than one way to implement it. I think that's what our commission is charged...it's going to be...that's the hard part of this,

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is to get everybody to buy into it and make their, you know, design guidelines consistent and all of that. And I think that's just the part that we have to work through. [LB998]

SENATOR HEIDEMANN: Any other questions? Senator Synowiecki. [LB998]

SENATOR SYNOWIECKI: Are there any current landowners on the commission that own land within the purview of the commission? [LB998]

BRENDA GUNN: You know, I can't tell you. Nobody is on there as a landowner. I can't tell you that somebody on the commission doesn't own land that's adjacent to that. But they're there representing the other jurisdictions and those...that's what the legislation basically said. It identified who could be on the commission. But I actually...I can't tell you that there aren't some people that are involved in that that don't own property. I don't know that for sure. [LB998]

SENATOR HEIDEMANN: Senator Kruse. [LB998]

SENATOR KRUSE: Well, following along on some of this, and nobody really in place--is this correct?--nobody really in place to adopt and enforce the plan when it is adopted? [LB998]

BRENDA GUNN: Well, it would be through the local jurisdictions in some way, shape, or form. You know, none of that has really been determined. That's... [LB998]

SENATOR KRUSE: Okay. [LB998]

BRENDA GUNN: But you do have representatives from all of the agencies, you know, the counties. So as board members, they would go back to their board and say, here's kind of what we need to do. [LB998]

SENATOR KRUSE: Yeah. [LB998]

BRENDA GUNN: So I think the opportunity is there, but that will be the difficult piece of this. [LB998]

SENATOR KRUSE: Yeah. Well, the holdout is always the question. [LB998]

SENATOR HEIDEMANN: Senator Harms. [LB998]

SENATOR HARMS: I just have one more question. Let's say you do your study and you get your plan all put together. Are you going to come back and ask us to fund that plan, or are you going to do that on your own? Because that's the other side of this thing that I have concerns about. We've contributed to the dollars, we've contributed to the

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economic development--which I'm not against, okay? I want you to understand that. But are you going to come back, then, and say, now we have all this done and you've funded these studies, are you going to contribute to the overall development? That's when I start to have a problem. [LB998]

BRENDA GUNN: You know, I think depending on what the recommendations are, there might be part of it that you say, you know what? We need to pursue this, and we need to...you know, without knowing what the outcome and the recommendations are, I can never say never, and I learned that a long time ago. But that's going to be part of the implementation process. I think the commission will try to come up with recommendations on, how do we put this into practice? How do we make this real and work? You know, if there were something in that that only the state can do, then certainly we would be back. But that might not be asking you for money. That might be saying, okay, can you put these restrictions in this area? I mean, I just don't know until we have the information in that Phase 2. [LB998]

SENATOR HEIDEMANN: Senator Wightman. [LB998]

SENATOR WIGHTMAN: Well, I have one more comment and maybe a question. I agree with Senator Harms that we've got five fairly wealthy counties, compared to some of the rest of our counties out there. And I can see the state having some interest in this, from the standpoint of developing a regional concept, perhaps. But on the other hand, it sounds like your suggestion is that we pay \$150,000 out of \$200,000, which would be Phase 2, which from what I understood probably was the total cost. That's not a very big buy-in, I think, as Senator Harms is suggesting, of the other stakeholders out there, which are six county boards, owners of development land along Interstate 80. There are a lot of other stakeholders out there, and I fear that if there isn't a buy-in, as Senator Harms suggests, to a greater extent than to raise \$50,000 total, that that's a real concern. Again, I think maybe the state may have some interest in pursuing the regional approach, and if we can have somewhat of a carrot in that approach or in accomplishing that, that might make sense. So again, I thank you for your testimony. If you want to comment on that, you can. [LB998]

BRENDA GUNN: Well, just to be clear, I can't promise you that this is a \$200,000 thing. I'm guessing it will cost more than that, and we will have to raise more money...if the Legislature gives us money and we put in our money, I would anticipate that we will have to raise more money than just that to do it, and we will figure out as a commission how to try to make that happen. But I appreciate your comments. [LB998]

SENATOR WIGHTMAN: Thank you. [LB998]

SENATOR HEIDEMANN: Any other questions? Senator Nantkes. [LB998]

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SENATOR NANTKES: Thank you. And this is maybe a difficult question, but when Senator Brown first brought forth this legislation--and I was trying to go back and see if we could find it in the information we have before us, but I was unable to--did she envision a time frame for that original creation of the Innovation Zone and commission and the work, and the time frame for which that was to be completed? And are we within those time frames and parameters currently? Or is this kind of an extension of not only, I guess, the commission and its work? [LB998]

BRENDA GUNN: Okay. Correct me if I'm wrong, I think the commission would go away in 2010, unless the Legislature authorized more, and I'm going to ask for technical assistance--2010? [LB998]

KATHY McKILLIP: We are scheduled for sunset in May 2010, unless there's any other changes. That's correct. [LB998]

BRENDA GUNN: Thank you. [LB998]

SENATOR NANTKES: Okay. Great. Thanks. [LB998]

SENATOR HEIDEMANN: Any other questions? Thank you for coming in today. [LB998]

BRENDA GUNN: Thank you. [LB998]

SENATOR HEIDEMANN: Is there any other testimony in support of LB998? [LB998]

MARLIN PETERMANN: (Exhibit 2) Chairman Heidemann, members of the committee, I thank you for the opportunity to speak to you today here at this hearing. My name is Marlin Petermann, that's M-a-r-l-i-n P-e-t-e-r-m-a-n-n. I'm the assistant general manager of the Pappio-Missouri River Natural Resources District in Omaha, and I serve as their representative on the Zone Commission, and I am here to provide support for LB998. For the past two years, as you've heard, the Nebraska Innovation Zone Commission has been working to research and gather input in hopes of developing a regional comprehensive plan. This plan is nearing its fruition, a task that others have tried before but have never achieved. Throughout this process it was increasingly obvious that economic development and natural resources can work together. This process is called amenity-driven growth. Resource-related amenities can stimulate economic growth in the state through four mechanisms: Number one, it will improve the quality of life. Areas with abundant amenities tend to attract people, especially entrepreneurs and those with high levels of education, and tend to experience faster growth in jobs and income. Number two, it encourages feedback to the farm sector. Amenity-driven growth may increase off-farm job opportunities for members of farm and ranch families. Some farms and ranches may increase earnings by using natural resources for agri-tourism activities. Number three, it can expand recreation and other commercial uses of the

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natural resources. Nebraskans may be able to improve the economy by stimulating growth in the recreation industry. Recreational activities are important to Nebraska and are growing rapidly. And number four, it can protect environmental values. Ecosystems provide many valuable goods and services. Some sustain species and special landscapes. Impairing these goods and services can retard growth by causing communities to rely on more costly substitutive services. Nebraska has its own distinctive style of amenities; in other words, natural resources, potentially capable of generating amenity-driven growth. Rivers and reservoirs, agriculture, as well as underdeveloped landscapes. Another way of expressing this all is, the way to obtain sustainable economic growth is to fit the development to the land, rather than the land to the development. Nebraska lags behind other states in addressing these issues; however, the Nebraska Innovation Zone Commission has worked diligently for the past two years, seeking input from stakeholders, community members, county boards, and organizations about the opportunity of folding economic development and amenities-driven growth into the same vision. This has not been an easy task, and there have been many citizens involved in the process; however, the time is now to build upon the foundation that has already been established to create the framework for a regional plan that considers growth and economic development strategies for the next 25 years. I'd like to encourage you to support LB998 and the funding support for the Nebraska Innovation Zone Commission so that the hard work that has been accomplished to date can come to fruition. You, the Legislature, had the foresight to put this group together. Now is the time to provide the funds to get the job done. Thank you for this opportunity. I'd be happy to answer any questions you might have. And I might, maybe before that, just add a couple things to the previous testimony. Brenda did a great job responding to your questions, but I just...there were a couple things I thought I might just add, if I may. Input from the community and people, and you heard from Senator Gay, as well, this web survey...and hopefully, some of you had the opportunity to take that survey. We had over a thousand responses to that survey, and it's been fantastic, and it's been interesting that most of those responses have come back saying this very thing, that we need to make sure we focus on our natural amenities in this corridor, as we develop it. The HDR team that is doing Phase 1 is really a team, and it also involves Olsson Associates, who's headquartered here in Lincoln, as a very valuable part of that team, and RDG, which is an environmental firm headed by Marty Shukert, that have brought, really, an unbelievable team of people to work on this issue, that we're very thankful for. Buying into the ownership here...and I think is the reason why a cost share, you might say, is being proposed here, because it is important for the communities and us as entities to buy into this thing, and you're right. The pocketbook is usually the best way to do that, so I think those are good forums. But I think, remember, too, that this is an important area to the state of Nebraska. And I'm not saying it's more important than anybody, but it's a very important area. And this is intended, I think, as we all look at it, to continue to be a model for the state and not just something that will only be used here in the future. There was a question about landowners. It's a good one. And that reminded me that we did spend quite a bit of time working for a couple

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years before we had this study being done by the HDR team, and during that time, we formed a number of committees, and we invited anyone and everyone to come forth, and we had a great number of landowners involved as a committee member, right alongside of us, and inputting their thoughts, their ideas, and their visions. And so we've been very appreciative of that process. Thank you. [LB998]

SENATOR HEIDEMANN: Any questions? Seeing none, thank you for coming today. [LB998]

MARLIN PETERMANN: Thank you. [LB998]

SENATOR HEIDEMANN: Any other testimony in support of? [LB998]

KEN SVOBODA: (Exhibit 3) Good afternoon, Mr. Chairman, senators. Nice and warm in here, isn't it? Well, first of all, I'd like to thank you for the opportunity to speak to your committee hearing this afternoon. My name is Ken Svoboda. I am one of the commissioners of the Innovation Zone Commission and its past chairman. I'm here to represent the commission and voice our support in favor of LB998. To begin with, I'd like to thank the Legislature for having the foresight to create the commission in 2005. It has been a very informative and rewarding opportunity to work with my fellow commissioners, elected officials, and community members and leaders in laying the groundwork for the regional comprehensive plan. It has, of course, not been without struggles. However, we have maintained focus and as a result, we will soon be completing Phase 1 of our regional comprehensive plan. With funding provided from federal grants, the time has come to seek support from our communities and you, of course, the Legislature, to complete Phase 2. Our charge has not been an easy one--economic development is not defined by each jurisdiction, of course, in the same manner. Each commissioner serves as a representative for their local areas, and the pressures from a variety of interests while maintaining a vision for the corridor. We have made great strides as a team with some of our most difficult decisions behind us. The goal of Phase 2 is to complete a development and design package that offers recommendations and strategies for growth and economic development to occur. This phase will also provide conceptual design drawings to further engage community members through additional town hall meetings. The future is rich with opportunity, and our challenge as a commission is to capture the creative talents of our fellow Nebraskans while we assist in the creation of a regional growth and development plan for the six-county region defined in our statute, LB546, our founding legislation. We need you, of course, the legislative body, to also participate in this challenge. Creating a vision and planning strategy is no small task, and we will need everyone's input and encouragement to succeed. In conclusion, I'd like to reiterate how important the commission believes the completion of our regional comprehensive plan is to the development of this portion of Interstate 80. We greatly appreciate your consideration, and I'd be happy to answer any questions that you might have. [LB998]

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SENATOR HEIDEMANN: Senator Nantkes. [LB998]

SENATOR NANTKES: Well, I don't really have a question, Ken, but I just wanted to provide you with a hearty welcome and thank you for your many years of service to our community,... [LB998]

KEN SVOBODA: Thank you, Senator. [LB998]

SENATOR NANTKES: ...and for your unyielding commitment to economic development. [LB998]

KEN SVOBODA: Well, I appreciate this. You all know, sitting in elected capacities, that serving on a variety of boards is a stretch. It stretches your commitment to your personal life, and sometimes your business and your job. But this is very important to me. This is one that I served as the representative of the Lincoln City Council, as their representative to this body, and it has been very informative to me to be able to reach out and try to grab the attention, and try to speak at the same level of other elected officials, regardless of whether you're a Greenwood, Nebraska, or a Lincoln or a Omaha, Nebraska. So thank you for those comments. [LB998]

SENATOR HEIDEMANN: Senator Engel. [LB998]

SENATOR ENGEL: And to you coordinate with DED then? [LB998]

KEN SVOBODA: We do, absolutely. They are our supportive organization here. They provide us with...the only thing they provide us with, really, is the staff, and of course, the additional support that we need to hold our meetings. So they provide us with a great deal of input. Thank you. [LB998]

SENATOR HEIDEMANN: Senator Wightman. [LB998]

SENATOR WIGHTMAN: When you complete your work, be it Phase 1, Phase 2, or possibly even Phase 3, does your commission have any zoning powers over this area? [LB998]

KEN SVOBODA: No. [LB998]

SENATOR WIGHTMAN: So all you would be doing would be...all you're doing is putting together a suggested...and trying to build a consensus as to what this should look like, but as far as having any powers to zone it, you would not. [LB998]

KEN SVOBODA: Senator, you're exactly right. We are only the disseminating agency at

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this point in time, or organization. All we're attempting to do is try to pull the groups together, and the best way, of course, to do that is to hold our town hall meetings, hold representatives from all of the various organizations, not only our NRDs but the University of Nebraska and our community colleges, as well. And all we're trying to do is lay the groundwork. It's going to be up to another type of organization to move that forward, unless of course, the Legislature sees fit that this is the commission to move it forward. But at this point in time, all we're trying to do is gather all the information, put it into a readable format so that we would hope to get buy-in from all the local communities and counties. [LB998]

SENATOR WIGHTMAN: Do you have a designated width of corridor or anything that you're looking at? [LB998]

KEN SVOBODA: No, we have not. We have had great discussion about how to exactly define the corridor. Right now it's the six counties that are represented along this corridor. We have attempted not to try to create a 50-mile or a 10-mile width on either side of the interstate, because quite frankly, Senator, there are a number of areas where a ten-mile jurisdiction just wouldn't be enough, yet in other areas where a ten-foot area might be too much. So we've attempted to try to keep it in an ebb and flow. If we get community buy-in, we're hoping that those communities would engage themselves, and they'd be part of the corridor study. But at this point in time, we don't have a designated width of the corridor. [LB998]

SENATOR WIGHTMAN: Thank you. [LB998]

SENATOR HEIDEMANN: Any other questions? Thank you for coming in today. [LB998]

KEN SVOBODA: Thank you, senators. [LB998]

SENATOR HEIDEMANN: Any other testimony in support of LB998? Any testimony in opposition of LB998? [LB998]

JAREL VINDUSKA: (Exhibits 4, 5, and 6) Members of the Appropriations Committee, thanks for letting me testify here. My name is Jarel Vinduska. I'm from Sarpy County, Nebraska, and I'm here in opposition of this bill. Well, I'll give you the following reasons. It kind of pains me to be in opposition of it, because I'm like Marlin--Marlin Petermann--I believe in planning and in fact, that's why myself and a bunch of our neighbors, we participated in the comprehensive plan for Sarpy County before the one that exists right now. But that plan has been changed year before last, and it was quite a divisive struggle in our county. And the reason I came here today is, if you look at the six counties that are involved in this, Lancaster County, a lot of the interstate corridor in Lancaster County, the course has already been set for development. In Douglas County the course has been set pretty well in that part of the corridor. Washington is a little off

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the corridor, and Saunders has a lot of flood plain in the area that fronts it, but mainly it's Cass and Sarpy, and I would suggest to you that Sarpy is the area of the corridor that's most under the gun and in need of the most protection. But the problem we have in our county is that the process in our county has been driven--developer driven--and it's been mainly driven by one project and one development company. It was...you probably all read this story, the off ramp to nowhere, in the World-Herald. It's the Pflug Road interchange that drove the comprehensive plan in our county, and I can assure you that myself--my family is a landowner in the area--and most of the other landowners did not get to participate very well in the attempted changes in the comprehensive plan. In fact, it was a very...not very kosher way it went about. We had a planning director that decided to be a developer, and we had before made the comprehensive plan. We recognized that that area of the county was going to develop rapidly, and so we added the ag district to the county, because we knew that green space needed to be protected; otherwise, it would be haphazard development. But because of this project and because we had our county commissioner supporting this project, we got excluded from the process and they changed the plan on us. Well, we fought back. After a couple years of fighting, we finally what's called Schramm Park District that borders those bluffs that you see along the interstate, the most beautiful area of the interstate, we got that into a conservation development area. But this project is still forging ahead, even though there's no justification for it. In fact, at the planners' roundtable that was at the National Guard Armory a couple weeks back, week before last, there were several people, planners that...Kent Holmes from Douglas County, he started out the proceedings saying that, I can't see any justification for this project. And yet this project is a driver that is pushing it forward, and so that's why I came here today. I believe in planning, but so far, even though Kathy McKillip I've been impressed with the way she handles herself--she tries to be fair and she's really professional the way she conducts the meetings, but behind the scenes there's things happening that just don't look right. And to spend...to take \$150,000 out of the Reserve Fund and move it for this purpose--that's small potatoes, I realize, for the amount of spending that you guys have come before you. In fact, Senator Gay is going to come before you on the 14th asking for \$50 million for expressways. Well, that's...keep that in mind when you go to do that one. That's to justify an expressway across Sarpy County to justify this interchange. That's the only reason. I mean, there's other expressways around the state, but that's the one that's going to be the most pusher right there. And so the process just continues. One thing...that's my fear, that this study will end up being the county's justification to do something that's unjustifiable. And if we're going to use taxpayer money for this kind of stuff, there needs to be some strings attached, that we don't waste money on interchanges where there's a big beautiful bluff on one side and a flood plain on the other. And we've got to make sure that landowners that are going to be affected are going to be able to, you know--and the state taxpayer--to spend the money wisely. Like if you notice on those handouts I gave to you, the one where it tells the 12 focus groups, that the public was going to be able to participate in. Well, if you notice, there's only 11 focus groups listed, and one of them is missing--the transportation one.

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And just from the little bit I know of Kathy, I don't...I'm sure she didn't do it on purpose, because she just seems like a straight-shooting gal, but for some reason that one was missing, and at the end of the day...so the public couldn't participate in that one, because nobody knew about it. But at the end of the day, I was at one of the other focus groups, and here comes waltzing in Ted Seldin from Seldin Development Company that owns all the land around the Sarpy County area right there; Steve Oltmans, former NRD director, now works for Olsson Associates, who's the consultant to the project; Randy Lenhoff, his general manager. They sit down at a table. All the other focus groups were, anybody could sit down at the table and attend them. But they're supposedly completing the transportation focus group. Well, like I say, as far as I know, the public didn't know about the transportation focus group, but these guys did. And so it puts a bad taste in your mouth when you see that kind of, you know,...it makes you nervous when you saw what Sarpy County did under...partly under Tim Gay's watch, you know, as a commissioner, and Tim Schramm, who farmed the Seldin property. It started heading in the wrong direction, so I would hate to see state money be spent to come to a conclusion that furthers their agenda. And so that's why I came down here today. Thanks for your time. [LB998]

SENATOR HEIDEMANN: Thank you for coming in today. Could you spell your name for the record and the transcribers following? And would you be willing to take some questions if we had them? [LB998]

JAREL VINDUSKA: Sure. J-a-r-e-l, Vinduska is V-i-n-d-u-s-k-a. [LB998]

SENATOR HEIDEMANN: Okay. Are there any questions for Jarel? Senator Synowiecki. [LB998]

SENATOR SYNOWIECKI: Appreciate you coming down, appreciate your testimony. That's precisely why I asked the question that I asked. I have some transplanted constituents that own land out in this area. They've already lost a good deal of their land through eminent domain for the Lincoln (inaudible) project, and they have...they're real nervous about this, as well. Are you interested, though, in any negotiation, maybe sit down and get some of your input, as a...in other words, to edit the bill, perhaps, and get you on the committee, or some of your...well,... [LB998]

JAREL VINDUSKA: I could. [LB998]

SENATOR SYNOWIECKI: Your interests, to get on this commission? [LB998]

JAREL VINDUSKA: And like I said, I haven't talked to Kathy that many times, but the few times I...you know how sometimes you get a--maybe you shouldn't do this--but you get a feel about people's character, and I think she is perfectly willing to be as fair as possible. It's just that sometimes there's pressures from the outside that skew things a

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certain way. And like I say, I believe in planning, because without planning it's a disaster. I mean, look at Highway 50 and the interstate--a bunch of tin sheds all ramshackle all over. You don't want that beautiful area in the flood plain to end up looking like that clear to Lincoln, just one big sprawl. So without planning, that will happen. But the results and the conclusions have to be accurate. It's just like Kurt Carmichael (phonetic) that's already, you know, they're working on the environmental impact statement for this interchange. They're already coming to erroneous figures. When you look at them, you can see the figures are skewed. You know that saying how numbers don't lie, but liars use numbers? They're not right. They don't jibe with common sense. You know, but they try to justify this interchange, and it's just a shame when falsehoods keep propagating things that aren't right, and that's how we end up wasting money, you know. We'll waste a little piddly \$150,000 here, but then all of a sudden we've got to waste \$50 million to make a study for the expressway. And that's...but to answer your question, yeah. I've tried to participate whenever I can. [LB998]

SENATOR SYNOWIECKI: Thank you. [LB998]

SENATOR HEIDEMANN: Senator Harms. [LB998]

SENATOR HARMS: It's your position, then, you feel that there should be no state dollars involved in this planning process? [LB998]

JAREL VINDUSKA: Unless there's pretty strict rules on the justification of how it's spent and how it's administered. [LB998]

SENATOR HARMS: See, I guess my concern is that it's...and I don't argue against it, my biggest concern about all this is that, as I said before, once you get this all done, you're coming back. Don't tell me you're not going to come back and ask for funding for this project--you are. Secondly, what then prevents the people in North Platte, Kearney, Nebraska, Norfolk--all have growth--come back and get the same thing? I mean, once you do this whole thing, I just think that it creates an issue that I'm not sure Nebraska can afford, and as wealthy as this region is, as much money as there is, it should be nothing for them to raise those dollars and to do this project on their own. I don't believe the state should be in city planning or county planning. That's up to them, and they ought to fund it. That's how I see this thing. [LB998]

JAREL VINDUSKA: Well, that's a good point. I can give you a quick example, if you've got time to listen to it. [LB998]

SENATOR HARMS: I have all the time in the world. I don't know about my colleagues. (Laughter) [LB998]

JAREL VINDUSKA: I'll make it real quick. [LB998]

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SENATOR HARMS: I'm not going anywhere. [LB998]

JAREL VINDUSKA: It's kind of an interesting story, and I can make it quick. [LB998]

SENATOR HARMS: Okay. [LB998]

JAREL VINDUSKA: When it come time for the...to foot the bill for the environmental impact statement, which was going to cost about \$500,000, the county asked Seldin Development Company, since they would be the main benefactor of that thing, if they would kick in some money to do the project. They needed like, if I recall correctly, they needed \$250,000 to get started, and part of that a hundred-and-some thousand they asking him to contribute. And Mr. Seldin, through his attorney, gets up there and says, Mr. Seldin don't want to pay any of that, because he's already spent \$200,000 on lobbyists in Washington to get this earmark. And the county says, well, we don't have that in our General Fund to pay for that. And the attorney says, we got a heck of a deal for you. He'll give you the...give the county this \$150,000, as long as you promise to pay it back at the first of the year, at the next budget. And so in essence, the county committed to this money that the public didn't have a chance to even hardly comment on, you know, because it was committed for the next year. And they went for that. That's just little examples of how the process gets pushed along, sometimes the wrong direction, without public, you know, scrutiny. But anyway, thanks for listening to me. [LB998]

SENATOR HEIDEMANN: Any other questions? Seeing none, thank you very much for coming in today. We always like to hear the other side of the story, unless it's our bill. (Laughter) [LB998]

JOHN KNAPP: Thank you, senators, for the opportunity to testify. My name is John Knapp, J-o-h-n K-n-a-p-p. I'm a farmer in Sarpy County, and I also have concerns with this appropriation. And I have concerns about the direction of this first study, the way that it has taken. And I believe studies can be designed to support your agenda, or they can be truly fact-finding, unbiased studies. And the current NIZC study should give a reasonable person concerns. At the regular NIZC meeting discussing the upcoming October focus group meetings, we received...I'm sorry, I didn't put my glasses on, if I can find them. At the focus group meetings we received handouts listing all the people invited to the focus groups. It was government officials and developers. They said they notified anyone that had attended previous NIZC meetings or workshops and had signed in. I and a couple other individuals at that meeting were not notified. I expressed my concern that government officials and developers were deciding the ultimate land use, and there was such little attention given to the private property owners in the area. I was told by Inez Boyd, who is the Sarpy County commissioner, that the meetings were on a link on the Sarpy County web site, and an NIZC individual said that it was on their

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web site, also. They also said to encourage anyone to attend and be heard. I believe that more of an effort should have been made to contact private landowners to see what their visions are. If you did a survey of the landowners and asked them if they knew that the future fate of their land is being decided by developers and the government at this time, I bet they would say no. They could probably tell you more about what is happening to Britney Spears. I also express concern how the information will be compiled to determine which idea should be advanced at the conclusion of these focus groups, as my ideas versus the Seldin group. If you look at the focus groups on the handout from the NIZC meeting, you'll see land use as a group. To me, that is what this study is all about and how best to use the land on the I-80 corridor. All the invited individuals were developers, including the Seldin Corporation, NEBCO, and Boyer Young Developers were also on that committee. The transportation group was listed with...and Nebraska Department of Roads and MAPA were listed on that committee. The schedule for the date and time for these groups were to be presented at a later date. I attended the agricultural focus group. I was the only farmer there. Most were in the field harvesting--it was on October 31. A Saunders County commissioner was there at the start of the meeting. About a third of the way through the meeting, Rex Amack, Nebraska Game and Parks, joined the group, and about halfway through, Marty Shukert, RDG Planners, joined the group. All were allowed to participate in the agricultural focus group and as Jarel has already testified, he went to the general focus group and saw the Seldin Corporation, Steve Oltmans of Olsson Associates, meeting with the moderators. They wanted to attend the group. They were not allowed to. They were told that the transportation group was wrapping up and if they wanted to make comments, they could go to another area with another individual from Olsson Associates. It is very troubling for me to know that certain parties are given special attention. If you look at the agenda for the meetings that we received, you will notice--that Jarel has passed around--that the transportation group is not listed. It is also not listed on the Platte River Alliance meeting schedule. Somehow the Seldin group got an invitation to that meeting for a private audience, and as Jarel said, I have concerns with these studies. I also believe that this Pflug Road interchange is a big driver, and as he mentioned, the county...or the Seldin group lobbied Congress to get the earmarks for \$4 million. It was not on the Sarpy County's one- and six-year plan. To get these federal earmarks, your road projects are supposed to be on the state's road plans and the county's road plans. It was not on the one- and six-year plan or on the county budget...budgeted by the county. It was not in the state's plan. It was not on MAPA's 20/20 plan. Now if you go read any articles that have come out recently about this interchange, you will see that it is now listed. They will tell you that it is on the county's one- and six-year plan. It is on the state's plan. It is also on the MAPA's 30/30 plan. And I contend that a lot of this...I don't mind having discussions and free exchange of ideas and differing opinion, but I don't like the idea of people running things behind the scenes, and I have real concerns that that's what's happening here. And as Tim Gay mentioned when he introduced the bill, he said all government institutions are cooperating. You didn't hear him say government institutions incorporating the

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landowners in the area. He also said private donations, and I guess...I would like to see the private donations, but I have a feeling that, as the NIZC has pointed out, that those individuals giving private donations may even have more control over this study than what goes on, and the study does not require the counties to do...these government agencies to do anything with it, so we can spend a lot of money, get a plan that...and in my opinion, Sarpy County currently is...any development...they refer to farmland as vacant property. That's our...our county planner, when a developer come in, when he was supporting it before the planning commission, he said the property is vacant. It was farm ground that the developer wants to develop and had to modify the comprehensive plan. It was not in compliance with the comprehensive plan to approve this development. They had to modify the comprehensive plan to do it, and this is going on right now in Sarpy County. And so I'd rather see these projects go slowly and do it right than to have an emergency clause and get a bunch of funds and waste a bunch of money, to try to justify a...add another nail to help Mr. Seldin or other developers pursue their own personal agenda. And as I mentioned, there is no requirement that anything that is derived from these studies is going to have to be incorporated in the county plans. And I think that if you're going to pursue, I think there should be, right even now, more effort...I disagree with Marlin Petermann on the...I've seen very few property owners at the meetings that I've attended. There are a few, but I don't think there...I think there should be more of an effort to contact the private landowners who have a great...are going to be greatly impacted by the way this zoning and planning is coming out, and I really don't think that there has been enough effort to do that yet. Thank you. [LB998]

SENATOR HEIDEMANN: Thanks for coming in today, John. Are there any questions? Seeing none, thank you. Is there any other testimony in opposition? [LB998]

CONNIE ANDERSON: Members of the committee, my name is Connie Anderson. I'm a landowner in Sarpy County. I'm all for the NIZC. I think it's a good idea that they have regional planning for the area. However, because of what's happened at the first phase study focus groups, I'm concerned that there's private people who are having undue influence on what the study is coming out with. I was one of the people that asked to join this transportation focus group that contained...that consisted of Mr. Oltmans, Mr. Seldin, and Mr. Lenhoff, and was, you know, essentially denied access to this transportation group, and I thought that all these focus groups were supposed to be held publicly and were open to private citizens and for everybody in the public. And obviously, this one wasn't, and so I'm concerned on how the direction of these studies have been going on, and therefore, I would say I would be opposed to having any more money put into these studies until we are sure that these studies are being done equitably and fairly, so that everybody has the same amount of input and that certain private enterprises are not getting undue influence. [LB998]

SENATOR HEIDEMANN: Would you spell your name for the record, please? [LB998]

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CONNIE ANDERSON: C-o-n-n-i-e is the first name; A-n-d-e-r-s-o-n. [LB998]

SENATOR HEIDEMANN: Thank you very much. Are there any questions for Connie? Senator Nantkes. [LB998]

SENATOR NANTKES: Connie, thanks for coming down and joining us here today. Did you have a chance to express some these concerns to Senator Gay prior to today's hearing? [LB998]

CONNIE ANDERSON: No. Actually, we have kind of expressed some concerns to HDR, who was conducting these studies, but they still haven't come back with any kind of telling us how this happened that the transportation group was kind of dropped from the public notice, and so we're still trying to get some clarification to this before we would go to Senator Gay. [LB998]

SENATOR NANTKES: Okay, thanks. [LB998]

SENATOR HEIDEMANN: Any other questions? Senator Harms. [LB998]

SENATOR HARMS: Yes. Thank you very much for coming, Connie. [LB998]

CONNIE ANDERSON: Thank you. [LB998]

SENATOR HARMS: What leads you to believe that things are going on behind the scenes? I mean, we've heard that both from you and from John, basically. [LB998]

CONNIE ANDERSON: Well, basically because of this... [LB998]

SENATOR HARMS: What leads you to that conclusion? [LB998]

CONNIE ANDERSON: Because this...you know, obviously a transportation focus group was held. It was not advertised to us. We never...the citizens who had gone to NIZC meetings and signed in and registered never were told that these focus groups...in the first place, we had to find out on the side, and then they would include us, after we had said, hey, wait a minute, we've also gone and signed in, and yet we've never been informed. And so it seems like there's a--to us--it seems like there's some exclusion of private citizen input into this. And then the fact that I asked to...myself and another person asked to kind of join into this transportation group, because we knew that it was going on, and we were kind of told, you know, that this was being wrapped up and, you know, obviously we were not welcomed. [LB998]

SENATOR HARMS: So the other question I'd just like to ask, you mentioned that you

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think that there are undue...I guess people who have greater influence than others. Could you help me better understand that statement, and what do you mean by that? [LB998]

CONNIE ANDERSON: Well, the fact that the private citizen like myself would not be invited or know about the transportation group, focus group kind of shows that there's, you know, certain people that have more influence than others, I think. That's my opinion. [LB998]

SENATOR HARMS: Thank you very much. [LB998]

SENATOR HEIDEMANN: Any other questions? Thank you for coming in today, Connie. Is there any other testimony in opposition of LB998? Is there any testimony in the neutral position on LB998? Seeing none, Senator Gay had waived closing. We will close the hearing on LB998, and open up the hearing on LB859. Senator Pankonin. Welcome! [LB998]

SENATOR PANKONIN: (Exhibits 7 and 8) Okay, thank you. Good afternoon, Chairman Heidemann and members of the Appropriations Committee. I just want to add, this is the first time I've been in this room to testify to this esteemed committee and appreciate the opportunity to do so. I am Dave Pankonin, spelled P-a-n-k-o-n-i-n, and I represent the 2nd Legislative District. In fact, listening to the earlier testifiers, a lot of that area is in my Second District. I am here to introduce LB859. The bill provides \$100,000 in FY 2008-2009 to support technical assistance and downtown revitalization to Nebraska communities through the Nebraska Lied Main Street Program. The money will be matched by \$100,000 in private funds provided by the 14-year-old statewide organization. The Main Street Program uses the four-point approach of the National Trust for Historic Preservation's National Main Street Center to provide assistance in design, organization, promotion, and economic restructuring for communities with populations under 50,000. The approach has been used successfully for 28 years in more than 2,000 communities and 45 states and regions. In it's 13th year in 2006-2007, the Nebraska Main Street Program worked actively with 11 designated communities, with 5 communities at the member level. In FY 2006-2007 in Nebraska, more than \$35 was reinvested in each community for every dollar that was spent to operate a local Main Street program. The state program grew this month with the addition of Alliance as a returning community, and Kearney, Nebraska City, and York as newly designated communities. As you will recall, Governor Heineman recommended \$100,000 in state funding for FY 2007-2008 and for FY 2008-2009 in his budget last year. The Appropriations Committee approved the first year but not the second, because the program's matching funds from the Lied Foundation will expire in June of 2008. The committee said it would recommend the state funding if the Main Street program secured a private match from an alternate source. That private match is now in place. For your consideration I have provided a list of Main Street communities and a copy of

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the May 7, 2007, floor debate on Senator Dwite Pedersen's amendment to restore the original funding that Governor Heineman recommended for the Main Street program. At lunch yesterday I told my friend Senator Heidemann that I would use his own words to help me make this case. Those words appear on page 14 of the debate transcript, and I even put a check mark by them, so go to page 14 of the transcript, please. (Laughter) Once everybody gets there, I'll...page 14, and you'll see a little check mark on the right side, and this whole transcript has got a lot of good information. But if you found that, I'm going to quote now from my esteemed colleague: "I don't do this very lightly, but I will make the commitment to this body that if those private funds are raised, the Appropriations Committee will look at this. And I will urge the Appropriations Committee to look upon it favorably, and I make that commitment today." So I didn't surprise Senator Heidemann with this. (Laughter) We talked about it yesterday at lunch. I just said I was going to use his words to help me. So thank you, Senator Heidemann. [LB859]

SENATOR KRUSE: Smart move! [LB859]

SENATOR ENGEL: There will be no questions. [LB859]

SENATOR PANKONIN: Is there any questions? [LB859]

SENATOR HEIDEMANN: I have one question. You're pretty good at this. The Lied Foundation of the Lied group is totally backing way with the funding for this program? [LB859]

SENATOR PANKONIN: The folks behind me, Senator Heidemann, will talk more about where they're at with the funding and where it's coming from, so...but they've got the private funds raised. But they can give you more detail, so people following me can give you answers to that better than I can. [LB859]

SENATOR HEIDEMANN: Are you sticking around for closing? [LB859]

SENATOR PANKONIN: Yes, I am. I will stick around probably for closing, see how it all goes. [LB859]

SENATOR HEIDEMANN: Thank you. [LB859]

SENATOR PANKONIN: Thank you. Any other...I'll let you ask that, if there's any other questions? [LB859]

SENATOR HEIDEMANN: Okay. Thank you for...any other questions? [LB859]

J.L. SCHMIDT: (Exhibits 9-20) Senator Heidemann, members of the Appropriations

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Committee, my name is J.L. Schmidt, J.L. S-c-h-m-i-d-t. I'm the director of the Nebraska Lied Main Street Program, and I'm not going to read my testimony to you, out of respect for the fact that you spend a lot of hours in these chairs. I spent 14 years covering the Legislature, so I'm just not going to belabor that for you. I do want to hit some highlights. What I did today...two things. Number one, I am pleased to tell you that through some diligent fund-raising, yes, we have raised actually about \$103,000. I'm only asking for \$100,000--I've never been greedy. Also in the packet you will receive, I have letters of support from 11 Main Street communities, the National Trust for Historic Preservation, the AIA, some other groups in there. I'm pleased to tell you that I brought with me today the folks you want to hear from, and these are folks from the communities who are out there doing this work of Main Street every day, because it is a grass-roots effort. I've also asked Mike Smith of the State Historical Society, who is one of our partners, to talk to you about the recent Rutgers University study of preservation at work for Nebraska. There's some great numbers in there. Interestingly enough, a number of you on this committee represent either current or former Main Street communities, and I'm sure that Senator Harms is familiar with the success of Ron and Sara Schluter's Emporium Coffee House out in Scottsbluff. There's a lot of facade work that went on in historic downtown Sidney. It started out with one or two designs from our group and Cabela's got ahold of it and gave the community a \$100,000 grant to complete even more of that work. The historic reproduction street lighting in downtown Lexington came from a transportation enhancement fund that we passed through. Similar work in Wayne added the amenities after the state highway was reconstructed. The historic Hub building in downtown Burwell is being restored by the great grandson of the man who built the building. Downtown Elkhorn is becoming a new center for nightlife in western Douglas County. Business owners in downtown Kearney are just coming into the program. Downtown Grand Island is just wrapping up its first year of success, and we recently completed a visioning for the Havelock Business Association, which becomes our first urban member community, and we've had a lot of success. I've given you the numbers. You can see them, what we have done in terms of financial improvements. In the last year we had a 35-to-1 return on the investment. For every dollar spent to run a local Main Street program, \$35.40 was reinvested in the community. I would offer to you, friends, that it's one of Nebraska's probably best kept economic development secrets. Nationally, Main Street is 28 years old, now being used in 45 states and regions, more than 2,000 communities--we have 21 communities in Nebraska. And I will let other people tell you about Main Street in their own words, but I would be happy to take any questions. [LB859]

SENATOR HEIDEMANN: Thank you. Senator Fulton. [LB859]

SENATOR FULTON: Thank you. Thank you for your testimony. The matching fund that came...that was found--we were waiting on a matching fund. The matching fund that was found, two questions. Can you provide greater clarity on the identity of the matching fund? [LB859]

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J.L. SCHMIDT: You will be getting a letter from our accounting staff at the Nebraska Community Foundation. They'll outline that for you. Basically what it is, it comes from outside contracts. We have some services that we've been able to sell the communities that aren't participating in the program, from membership fees that we charge to the communities, and the rest comes from a long-term investment fund that we had set aside some years ago, just for a rainy day. My mother and father got married in 1929, and two days later the bank closed. I grew up in a family where I never heard it said, we can't afford that. I always heard it said, why don't you figure out how we can afford that? We've done some fund-raising. We're going to do more in the future. My strongest desire is to go the route of the National Trust for Historic Preservation, which pulled itself out of federal funding some years ago. We are working with the National Trust. We have a task force; we're about eight months into it, about how we are going to reinvent ourselves after...I call it life after Lied. To answer Senator Heidemann's question of Senator Pankonin, the Lied money is gone. We asked Ms. Hixon if she wanted to re-up, and she was not interested at this time. She left the door open; it's an "ask" that we will continue to do. In the process we've found other foundations and grantors who are very interested in this work. I tend to be optimistic about the future of this program. Simply seeking \$100,000 right now, to help us get through what we had planned previously, while we reinvent that wheel. [LB859]

SENATOR FULTON: That's segueing into the second part of my question. What are the ongoing prospects of this matching fund? [LB859]

J.L. SCHMIDT: The ongoing prospects are very good. We actually will be applying in...I think it's later this spring for some grant funds through the National Trust, and they look very favorable for us. I'm impressed with the people out there who are seeing the good from this. Matter of fact we've been approached by foundations, you know, who say, do you want, you know, would you be willing to take smaller grants? You know, we always try to go...we were really blessed with a large amount of money coming from the Lied Foundation, and...but there are others out there, and I, you know, I ascribe to the Everett Dirksen theory. You know, a few dollars here, a few dollars there, pretty soon you have real money. So that's what we're doing. We haven't had bake sales yet, although I do make a pretty mean brownie, but we're not going that route yet. [LB859]

SENATOR HEIDEMANN: Senator Engel. [LB859]

SENATOR ENGEL: I know it was very, very successful up in Wayne, Nebraska, and I think across the state, so good program. [LB859]

J.L. SCHMIDT: Thank you. [LB859]

SENATOR HEIDEMANN: Senator Nantkes. [LB859]

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SENATOR NANTKES: Yeah. Thanks for being here today, and I just wanted to make clear for everybody watching here, we were having some side dialogue during part of your testimony, and that's because of Senator Pankonin bringing in this floor record here. Senator Wightman is on record, as well, is really holding our feet to the fire, so that's what that was about. And we really appreciate having this record in front of us, Senator Pankonin. It's of great use. Thanks. [LB859]

SENATOR HEIDEMANN: Any other questions? Just to clarify where the money comes from, is this...it isn't all donations? Some of this money was actually...come from within the community foundation? [LB859]

J.L. SCHMIDT: This was grant money that had been put in a long-term investment, so it's not state money. We (laugh) run the books very carefully, to make sure that we don't mingle those two. So this was private funding, yes. [LB859]

SENATOR HEIDEMANN: Okay, but it was funding that was already there, though. [LB859]

J.L. SCHMIDT: It was, yes, a seed of it was, and we're using some of that that has grown, but the rest has been through outside contracts and other fund-raising. [LB859]

SENATOR HEIDEMANN: Okay, thank you very much. Any other testimony in support of LB859? [LB859]

MIKE SMITH: (Exhibits 21 and 22) Good afternoon, Senator Heidemann, members of the committee. I'm Mike Smith, director of the Nebraska State Historical Society. It's my pleasure to come today to talk to you about the Main Street program. In addition to being director of the Nebraska State Historical Society, I also serve as state historic preservation officer for the state of Nebraska. I should say as a caveat at the beginning here, the Nebraska State Historical Society does not put money into the Lied program. We sit as a member of the governing board, along with other state agencies, and \$100,000 would not find...none of that would find its way to our account. So take that question away, if that should be a question. I'll go to sort of the heart of things here. Obviously I'm here today to support LB859. The previous speakers have outlined the work of the program and its importance in the communities across the state. I'll leave you today with copies of a 2007, just-off-the-press study report entitled, "Preservation at Work for the Nebraska Economy," which Ben has to pass out. The Nebraska State Historical Society commissioned this report, this study, this year to take a look at exactly what does history, historic preservation and heritage tourism put into our economy on an annual basis. The number that came out, as done by the Center for Government Studies at Rutgers University and the Bureau of Business Studies at the University of Nebraska-Lincoln is about \$147 million a year. So I'll leave you with that. The study

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drew five conclusions, of which I'll talk about number three, Investing in Nebraska's Main Streets Makes Good Sense. The authors of the report wrote, "Funds invested in Nebraska's 'main streets' are matched many times over with reinvestment. The Nebraska Lied Main Street program reports that in 2006-2007, for every \$1 invested in local programs, \$35 was generated in downtown reinvestment." J.L. referred to that. This means historic rehabilitation, public improvements, new construction activities, new retail and services business, housing in downtown, net business gains, and net job gains." Nothing but positive. Page 8 of the report adds some additional ammunition for supporting the program. It points out that every \$1 million spent on Nebraska's Main Street program creates 26 jobs. Between 1994 and 2006--again, from the report--local program expenditures in the amount of \$3.3 million leveraged \$55 million in reinvestments in participating Nebraska Main Street cities. This thing is very effective. Plattsmouth is an example of the stunning impact the program can have. The community's investment has realized \$69.66 return from every dollar it invested in historic streetscape; this has been accompanied by over \$14 million in new construction. Business leaders in Plattsmouth are uniformly excited about the physical and economic contributions to the community made by its participation in the Main Street program. The \$100,000 in funding that we request here this afternoon would sustain the statewide training of community representatives and local business leaders in the cities already participating and help the Nebraska Main Street program expand to even more of our communities. We believe that this investment on the part of the state of Nebraska is, frankly, smart money in every way. We urge your acceptance. Thank you for the opportunity to be here this afternoon. I'd be happy to answer any questions that I may be able to answer. [LB859]

SENATOR HEIDEMANN: Thank you, Michael. Senator Wightman. [LB859]

SENATOR WIGHTMAN: Again, thank you for being here and for your information that you furnished us. In each of these instances, did you make a grant to the particular community which they then make available to people who are going to do work, in preservation of their work? [LB859]

MIKE SMITH: I'd have to refer to Mr. Schmidt. [LB859]

SENATOR WIGHTMAN: Not each of the community, but you make the grant to the community, though? [LB859]

J.L. SCHMIDT: No, no. We have no grants. [LB859]

SENATOR HARMS: It goes to the project. [LB859]

J.L. SCHMIDT: Technical assistance for projects. [LB859]

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SENATOR WIGHTMAN: Okay. [LB859]

J.L. SCHMIDT: We don't give the community money to run their program. [LB859]

MIKE SMITH: That's where the community investment comes in, initially. [LB859]

SENATOR WIGHTMAN: Right. [LB859]

MIKE SMITH: Yes. [LB859]

SENATOR WIGHTMAN: But that's a lot more than \$100,000. [LB859]

MIKE SMITH: Oh, yes. [LB859]

SENATOR WIGHTMAN: That might be...if you gave them a \$10,000 technical assistance to a community, they may invest a quarter of a million dollars. [LB859]

MIKE SMITH: I think many of the communities across the state have seen that kind of return from the Main Street program, yeah. [LB859]

SENATOR WIGHTMAN: Right. [LB859]

SENATOR HEIDEMANN: Any other questions? If not, thank you for coming in today. [LB859]

MIKE SMITH: My pleasure. Thank you. [LB859]

SENATOR HEIDEMANN: Any other testimony in support of LB859? [LB859]

TOM CODAY: (Exhibit 23) Senators, good afternoon. My name is Tom Coday. I'm vice president of operations for Nebraska Sports Industries. We're headquartered out of Fremont, Nebraska. I'd like to ask for your support of LB859, deficit funding request for the Nebraska Lied Main Street Program. I've been involved in Fremont's Leadership Associations for over 25 years and have been a member of the Main Street program for the last 13 years. This state program deserves your support. They have been a leader in stimulating economic growth in the communities. Their leadership has helped make improvements in the local quality of life in these communities and generated pride in the communities and their history. Our community leaders developed our Main Street program on the four-point approach from the Nebraska and national program. The State Main Street program has given our association the leadership and provided educational opportunities necessary to accomplish our goals. The state organization has provided us with the formal structure to operate our association as we strive for economic growth. Because of their leadership we've been able to unite community leaders, business

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owners, building owners, not just in downtown, just across the entire community. We've been able to educate our local business owners and leaders that investing in downtown is one of the best long-term investments they can make in Fremont. We've had several million dollars invested in businesses and building renovations. The investment generated new jobs and helped revitalize the heart of town--downtown Fremont. We're not finished yet. In 2008 we will complete Phase II of our lighting project and install four more blocks of historical lighting posts on Main Street. Phase II is an investment of \$200,000. Also in 2008 we will invest \$50,000 in our parking lot renovation and beautification. We need the Main Street program to continue to provide leadership and educational opportunities for the local community leaders across the state. This is not a short-term project that you can invest in for ten years and abandon. Senators, we need your support and approval of the \$100,000 in matching funds to keep the Nebraska State Main Street organization alive and intact. We have new leaders at the local level stepping up every year. We need the state organization to provide leadership and educational opportunities so these young leaders will develop into generous community-minded individuals who will form the backbone across the state for local Main Streets to survive and prosper. Thank you in advance for your support. [LB859]

SENATOR HEIDEMANN: Thank you for coming today, Tom, and testifying. Are there any questions? Senator Fulton. [LB859]

SENATOR FULTON: Has this been an effective piece of marketing material? [LB859]

TOM CODAY: That particular folder? [LB859]

SENATOR FULTON: This is my hometown. (Laughter) [LB859]

SENATOR HEIDEMANN: I figured that was going to come up, Tony. (Laugh) [LB859]

SENATOR FULTON: Thank you for your work. [LB859]

TOM CODAY: We haven't used that for marketing, but the Main Street program has really been instrumental in Fremont over the last 13 years. [LB859]

SENATOR HEIDEMANN: Any other questions? [LB859]

SENATOR NELSON: Well, just to be a little more specific, that's very attractive. So you provided the direction and counseling, so to speak, so that...I gather that these were all...the fronts were all redone and private people used money for that? [LB859]

TOM CODAY: That's correct. Of the...we don't have any money coming in to Fremont from the state organization. We get technical support. If somebody wants to redo their building, they've got a team of architect students down here that come and photograph

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the building and then try to find historical pictures of what it looked like, to help the business owners get it back to what it used to be in its glory days--taking down the old metal fronts from the fifties and that kind of thing. [LB859]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you for coming in today. Any other testimony in support of LB859? [LB859]

RIAN HARKINS: (Exhibit 24) Mr. Chairman, members of the Appropriations Committee, my name is Rian Harkins, R-i-a-n H-a-r-k-i-n-s. I am a planning consultant, and I'm here in an official capacity as the secretary-treasurer of the Nebraska Chapter of the American Planning Association. We represent not only professional planners but also citizen planners, planning commissioners and elected officials throughout the state. And I definitely could read my prepared testimony, but basically I just want to take a minute and tell you there are very few economic development tools that you have at your disposal, as senators, that have the impact that Main Street does. There are very few programs that energize and build community capacity the way Main Street does, and the support of a state-level Main Street organization is crucial to its ongoing success at the local level. Throughout my work as a planning consultant, not only in Nebraska and adjacent states, I can tell you there is a clear difference between Main Street communities and other communities that aren't members of the Main Street program. People are more energetic in Main Street communities, they're willing to do more, and they're willing to work together, and they're willing to work harder to make long-term success happen in their cities. That doesn't always happen in some of the other towns I work in. A good state-level organization like you have here is essential to provide leadership, direction, and resources. Some of the adjacent states to Nebraska do not have a state-level organization, and their Main Street communities suffer because of it. Oftentimes they kind of wander, if you will, in the wilderness, to use that cliché. I can also tell you from my time as an officer of the Nebraska APA, we watched Main Street continue to reach out to communities, whether they're ready to join the program or not, and they benefit not only the communities that are part of the program, but their neighboring cities as well. And I think when you look at the geographic distribution of the Main Street communities and the fact that many of them are first- and second-class cities, the economic impact throughout the state is significant. Our organization prides itself as a partner in Main Street, even though we've never provided funding, because of the impact they have and the way that they're able to bring people together to build a vision and to provide the resources and the blueprint to make that vision a reality. There are very few programs that can do that the way Main Street does, particularly here in Nebraska. As to my other comments, I'll let you read my prepared testimony, but I'd be happy to answer any questions that you have. [LB859]

SENATOR HEIDEMANN: Are there any questions? Seeing none, thank you for coming in today. Is there any other testimony in support of LB859? [LB859]

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SANDY BARTLING: Good afternoon. [LB859]

SENATOR HEIDEMANN: Good afternoon. [LB859]

SANDY BARTLING: (Exhibit 25) Gary and I chose to address all of you together. I'm Sandy Bartling, and I'm a resident of Wayne, Nebraska, and the foundation director at Wayne's Providence Medical Center. I've been associated with the Wayne Main Street program since its inception, nearly ten years ago. [LB859]

GARY VAN METER: I'm Gary Van Meter. I was born in District 15. I was raised in District 38. I spent my summers in District 36. I've lived in Wayne for 31 years, owned a business there for 28 years and have developed several commercial properties under the guidance of the Main Street Program. [LB859]

SANDY BARTLING: In 1996-1997, Gary and I began a dialogue about the Main Street program. At that time Gary had been researching the program for a number of years, and I in turn was very familiar with the Main Street program, in that I lived in southwest Iowa near the community of Corning, which was very much associated with the Iowa Main Street program. I was there for four years. [LB859]

GARY VAN METER: So we organized two field trips to go to Corning. We took our community leaders with us, and at the time Corning, Iowa, was America's number one Main Street community for two years running. In fact, they charged us \$100 to come look at them. [LB859]

SANDY BARTLING: I was impressed with Corning from the first time I drove into the Main Street--its general appearance, the interesting shops, the restaurants, which at that time included antique shops and a very popular furniture store. I wanted that same activity for my hometown of Wayne, Nebraska. [LB859]

GARY VAN METER: It was easy for community leaders to see the difference between a "can-do" and a "didn't-do" community. We realized our town had only one viable choice. [LB859]

SANDY BARTLING: So Gary and I began an all-out effort to spread the word about the Main Street program to our friends throughout the Wayne business community. Eventually, the fire was ignited, and Wayne Main Street...developed the Wayne Main Street program--it was a reality. [LB859]

GARY VAN METER: To address a question that came earlier, the most appealing component of this program is that it does not throw money at a problem; rather, it takes a businesslike approach to introducing a template of success for building within each homegrown organization. Each town has a story; each Main Street program helps that

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community make that story a success. [LB859]

SANDY BARTLING: What a story it is for us in Wayne. Nearly 12,000 volunteer hours have been recorded since 1998, 23 building and facade rehabilitations have been completed, 7 public improvement projects worth \$2.5 million are recorded, 2 new construction projects worth \$3.8 million are completed, 26 net new businesses, and yes, 89 net new jobs are in place. [LB859]

GARY VAN METER: The benefits have been obvious in communities throughout the state. In Wayne alone, buildings that were selling for as little as \$19,000 in 1994 have recently sold for as much as \$147,000, adding thousands more to our tax base. These buildings now cash flow, as their owners are using them for multiple-use structures, not only commercial but residential use. Banking institutions are now interested in commercial property loans because of this success. [LB859]

SANDY BARTLING: Again, for every dollar that is spent to operate our Wayne Main Street program, \$28.28 has been reinvested back in Wayne. We continue to invest in downtown facade renovations. We have merchant education and training sessions, and our volunteers--and I can't stress enough--our volunteers, the key--impact our program with their generous gifts of time and energy. [LB859]

GARY VAN METER: The program networks all the successful programs throughout the state into one voice that dovetails well with the local efforts of business communities. Because of this, a local business has consensus of direction. It speaks as one voice for the business community and would otherwise often be indecisive without the tools provided by the Main Street program. [LB859]

SANDY BARTLING: Support from the Nebraska Lied Main Street Program has been critical to our downtown economic development. We are truly indebted to the Nebraska Lied Main Street Program for all that has been accomplished in Wayne, Nebraska. Last year, in '07, the new downtown streetscape came to fruition. Private investments in two infield lots have unveiled a new retail outlet and a beautiful new two-story banking facility. WAEDI, or Wayne Area Economic Development, Inc., is but a toddler, having been organized less than five years ago; however, the organization is making great strides in the economic development arena. A BID district, or business improvement district, has been established. Wayne is now an official certified economic development community. Two restoration projects are being considered which involve our historic railroad depot and the original Wayne Fire Hall. The Wayne Fire Hall is being considered as a community theater location. Historic designation for our downtown district is being pursued. [LB859]

GARY VAN METER: This is work that is never really finished. None of us really, actually owns any of these buildings. We don't really own the businesses inside them. We don't

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own the main streets that they are on. Instead, we're all caretakers of each until the next generation comes along to take that responsibility on. This is a process of good stewardship that has been long overdue in our state. We're asking that you join in partnership with us in that stewardship. The efficient businessperson does not want a subsidy, so much as he or she wishes to have a reliable partner in any endeavor he or she undertakes. [LB859]

SANDY BARTLING: As you all know, a good product sells itself. Best practices sell themselves. The Main Street program sells itself. The Wayne Main Street program is working in Wayne. It is simply effective economic development. Main Streets are most certainly critical to the success of rural development and sustainability, not just in Wayne, Nebraska, not just in northeast Nebraska, but throughout all of Nebraska. Ladies and gentlemen, we thank you for your time and your thoughtful consideration to LB859. Are there any questions that we might answer for you? [LB859]

SENATOR HEIDEMANN: Thank you for coming in today. Are there any questions for Sandy or Gary? You've done a good job. [LB859]

SANDY BARTLING: Thank you so much. [LB859]

SENATOR HEIDEMANN: Is there any other testimony in support of LB859? Seeing none, is there any testimony in opposition of LB859? Is there any testimony in the neutral position on LB859? Seeing none, would Senator Pankonin like to close? [LB859]

SENATOR PANKONIN: Very quickly. I would just like to thank all of you that listened to the testimony today. There were three reasons I brought this bill: I've got two communities, Plattsmouth and Nebraska City, in my district that are taking advantage of this program, hoping to have the success like you've heard about in Wayne. I drive through Wayne on the way to my in-laws in Laurel, Nebraska, Senator Engel, so it's a great community. They've done a great job up there. So it's a good program, it's been a proven one. The second reason is that, the dialogue I talked about, and if you go back before the area I quoted, Senator Heidemann wisely said, let's let these people go and try to get the money, and if you look at that testimony, and in credit to him he said, I think they'll dig deeper and find it, and I think they've done that somewhat internally and externally to get it, Senator, so that this can go on with your help. And the third reason is, I live on Main Street. If you look up my address in Louisville, Nebraska, it's on Main Street and you know, when this legislative session gets over, I'll say to Lori in the evening, let's take a walk down Main Street, and we've got a nice one in Louisville. It's still important for small communities to have a vital area where things are going on, and I don't know if there's any other senators that have a Main Street address, but I do, and so this is a natural for me. Thank you. [LB859]

SENATOR HEIDEMANN: Thank you for coming in today. I see you've put a lot of work

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into this. Being as the Lied people have pulled their money, should we call this the Pankonin Main Street? [LB859]

SENATOR PANKONIN: No, no, no, no. (Laughter) Thank you. [LB859]

SENATOR HEIDEMANN: Thank you for coming in today. With that, we will close the hearing on LB859, and we will open up the hearing on LB956. Senator Schimek. Thank you for coming in today. [LB859]

SENATOR SCHIMEK: (Exhibit 26) Thank you for allowing me to come in today, Mr. Chairman. I was just reflecting that I started in this room about 20 years ago, and I'm not quite so intimidated now as I was then, but it's always a little intimidating to come before the Appropriations Committee. I don't have that experience very often. But for the record, my name is DiAnna Schimek, and I represent the 27th Legislative District and am here to introduce a bill, LB956, regarding job training funds. And this is a bill which establishes the criteria for disbursement of job training fund grants and directs the Department of Economic Development to give priority consideration to training services offered by community colleges. In addition, the bill also requires that the department report annually to the Legislature about the status of the Job Training Cash Fund and provide additional details about projects awarded grants through the program. As some of you probably recall, last year during the budget debate I did raise questions about this fund and how the money is used that the Legislature appropriates to it. So I'd like to go back and talk a little bit about the history and background on this topic. Late in the 2005 Legislative Session an amendment was added to LB425, which was the mainline budget bill that year, in order...the amendment was in order to add \$15 million of job training money by taking it from the Cash Reserve as a one-time transfer to an existing cash fund used for job training, which was created in the 1990s. This was a somewhat controversial decision, as there were members who questioned the need for the appropriation and the manner and timing in which it was done. Others questioned the amount. However, the amendment was approved with the understanding that if the money was not used, it would revert to the Cash Reserve. Since that year, the issue keeps reoccurring. One issue that surfaced during last year's debate was the question of whether the funds were actually being spent. The Department of Economic Development indicates that the funds were committed and are committed to different projects or businesses, and some of them just haven't been spent yet; they're being held in lieu of payments needing to be made. So the Legislature really does need a better reporting process to understand more clearly how these funds are used. Such accountability will greatly aid the legislative budget process. The second thing about LB956 is that it encourages the Department of Economic Development to give priority consideration to training services offered by community colleges. This is an extremely important aspect of the bill, as it relates back to the legislative intent regarding the creation of the program. The third thing that LB956 does is it establishes a sub-account within the program to provide training grants targeted to employers that either employ

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25 or fewer people, or are located in rural areas of the state. Now I have been contacted by some members of the business community who have expressed support for this concept but also a concern that in certain areas of Nebraska that are poverty stricken, these kinds of funds could be used to everybody's advantage. So these conversations have led to the creation of the amendment that you now have in your hands, and I would like to submit for your consideration. It just adds poverty areas of the state to the areas which would be considered for job training grants. I think feedback from interested parties on this has been good, and I would ask for your support of LB956. [LB956]

SENATOR HEIDEMANN: Thank you for coming in today. Senator Nantkes. [LB956]

SENATOR NANTKES: Thank you. Senator Schimek, thank you so much for bringing forward this, I think really innovative piece of legislation, and I think it's such a positive way to address some of the issues and concerns that have surrounded this program over recent years. And I'm just really excited about it and look forward to working on it. Thank you. [LB956]

SENATOR SCHIMEK: Thank you. [LB956]

SENATOR HEIDEMANN: Senator Engel. [LB956]

SENATOR ENGEL: Senator Schimek, how did they come up with, you know, it would be a sub-account within Nebraska Advantage Job Training Cash Fund? How did they determine the amount of that sub-account, or how is it determined? [LB956]

SENATOR SCHIMEK: I just heard Senator Nantkes say "interest," and she's absolutely right. It's from the interest off of these accounts. [LB956]

SENATOR ENGEL: The interest on the account, okay. [LB956]

SENATOR SCHIMEK: Uh-huh. [LB956]

SENATOR ENGEL: And then..well, I like the concept, don't get me wrong. But the thing...aren't there other...in our economic development packages, aren't there economic development incentives for people with fewer jobs in rural areas, and so forth? Is that... [LB956]

SENATOR SCHIMEK: It is my understanding that there are some, Senator, uh-huh. [LB956]

SENATOR ENGEL: Some already, yeah. So is there duplication here, or is it just another program? [LB956]

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SENATOR SCHIMEK: Well, this is specifically for...let me go back and re-answer your question. I'm not sure that there are any programs out there for the actual training of workers that apply to those rural areas and small businesses. This is particularly for training. So I don't know if there are any other programs out there like this. I don't believe there are. [LB956]

SENATOR HEIDEMANN: I will say that there was a lot of conversation in this committee last year, and probably frustration that they didn't utilize the community colleges as much as we probably would like. Are there any thoughts on your part how we can get them, or how they can better cooperate with community colleges to use this money? And to be part of it? [LB956]

SENATOR SCHIMEK: Yes, and thank you for the questions, Mr. Chairman. I would have to say that the discussions on this started over the summer, and I have talked on different occasions with both the community colleges and with DED. And I believe that because of the fact that this bill was being drafted and crafted, that there is perhaps an increased communication between the two entities, and I thought about taking maybe a stronger approach with this bill, but I think that if that communication continues and if we can see some results that way, I will be perfectly happy. There are times when the community colleges can't be used, as you know, and so I would feel better, I guess, if they can work together and that may be already happening. [LB956]

SENATOR HEIDEMANN: Thank you. Senator Harms. [LB956]

SENATOR HARMS: Senator Schimek and Senator Engel, actually on page 3, Section 3, if you want to force that to happen, you can do that right there in that section. It says: Wherever practicable, the Department of Economic Development shall give priority consideration to the training services offered by community colleges. We can change that. We can make it happen, right there, if that's what we want to do. The other thing I would say is that training is a major responsibility for the community colleges. I mean, that is in their role and mission. When Jerry Warner and the Legislature carved all that stuff out, that was the responsibility of the community colleges, and I can tell you now that when a company comes within a district and wants training, a community college will sit down with them and have a discussion. They will tell them up front, we cannot provide this training for you, but we will be a brokerage agent for you. We'll find the people to come in and do that. So I think that that's extremely important for us, and I really appreciate what you've done here. The one thing in your amendment, Senator, that I'd like to ask you, just for a second, where you talk about locating areas of high concentration of poverty. How are we going to define poverty? Are we going to use federal guidelines? I mean, I just want to make sure that when we get into this, there's not going to be a hassle over that. So how would we define that? [LB956]

SENATOR SCHIMEK: It does say later on, which contain a percentage of families

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below the poverty line greater than...if they have that poverty factor of more than 30 percent. So it would be a high poverty factor. [LB956]

SENATOR HARMS: Based on federal figures,... [LB956]

SENATOR SCHIMEK: Yes,... [LB956]

SENATOR HARMS: ...or based on state figures? [LB956]

SENATOR SCHIMEK: ...I'm assuming so, uh-huh. [LB956]

SENATOR HEIDEMANN: Senator Synowiecki. [LB956]

SENATOR SYNOWIECKI: Senator Schimek, thank you. As the Chairman indicated, there was some degree of frustration on the committee, particularly over this lack of disclosure about where these funds are going, lack of specificity, (laugh)... [LB956]

SENATOR SCHIMEK: (Laugh) Would you like to say that again, Senator Synowiecki? (Laughter) [LB956]

SENATOR SYNOWIECKI: No, I don't. (Laughter) It's been a long afternoon, and I've got a bill to introduce yet, so it will be interesting how that goes. [LB956]

SENATOR SCHIMEK: Right. [LB956]

SENATOR SYNOWIECKI: There's lack of specifics, and I like the disclosure part, and yes, affirming Senator Engel's question, I there is, I believe, a rural tier in our economic development package that we passed a few years back, as you will recall. But in your definition of poverty, would you have any...I think what you're trying to get at here is sections within our state that have a disproportionate level of poverty... [LB956]

SENATOR SCHIMEK: Correct. [LB956]

SENATOR SYNOWIECKI: ...that are clusters of poverty, which my district, for example, has an Enterprise Zone...used to have an Enterprise Zone. It has since expired. But would you have any strong objection in line 8 of your amendment, instead of "families" it would be "persons," "which contain a percentage of persons below the poverty line of greater than 30 percent"? [LB956]

SENATOR SCHIMEK: I don't think I would, Senator Synowiecki. I'm not sure what difference that would make, but I'd certainly be open to it and I think this committee should discuss that. [LB956]

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SENATOR SYNOWIECKI: I mean, you don't need to answer now, and I'll have a conversation with you about that. [LB956]

SENATOR SCHIMEK: Okay. [LB956]

SENATOR HEIDEMANN: Senator Fulton. [LB956]

SENATOR FULTON: Thank you, Senator Schimek. [LB956]

SENATOR SCHIMEK: Uh-huh. [LB956]

SENATOR FULTON: In the amendment, line 5, "located in areas of high concentration of poverty." Is the definition for "high concentration of poverty," then, provided in line 9? Am I understanding that correctly? [LB956]

SENATOR SCHIMEK: That is the way I read it, and I had the very same question that you're asking, when I first saw this amendment. [LB956]

SENATOR FULTON: Okay. [LB956]

SENATOR SCHIMEK: But that is my understanding, that they'd have to have 30 percent poverty in that area. To me, it's worded a little clumsily, but... [LB956]

SENATOR FULTON: Want to say that again? (Laughter) [LB956]

SENATOR ENGEL: Will you say that clumsily again? [LB956]

SENATOR SCHIMEK: ...I didn't...(laugh). Good one! (Laughter) But if you can think of better wording, I'd be very open to it. [LB956]

SENATOR FULTON: Okay, thank you, Senator. [LB956]

SENATOR SCHIMEK: Okay. [LB956]

SENATOR HEIDEMANN: Senator Wightman. [LB956]

SENATOR WIGHTMAN: I know when I was on the city council and on economic development board we worked with some of this, and I think frequently the word "household income" was used as opposed to families. [LB956]

SENATOR SCHIMEK: Was it? [LB956]

SENATOR WIGHTMAN: And I'm wondering if "households" might even be better than

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"persons," because it's pretty tough to determine what a person has within a family. But it was usually the household, I think, that was the defining. [LB956]

SENATOR SCHIMEK: Thank you. [LB956]

SENATOR HEIDEMANN: Jeanne said that's what would be more with federal guidelines, so if "households" would work, we would probably entertain that later on. [LB956]

SENATOR SYNOWIECKI: I'll have a conversation with you about that. (Laughter) [LB956]

SENATOR HEIDEMANN: Sounds like we will. (Laughter) Are there any other... [LB956]

SENATOR SCHIMEK: I can see you have a lot of fun on this committee. [LB956]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, are you going to be around for closing? [LB956]

SENATOR SCHIMEK: Thank you very much. I probably won't need to close, but I am going to stick around just in case something comes up. So I reserve that right, I guess. Thank you. [LB956]

SENATOR HEIDEMANN: Is there any other testimony in support of LB956? [LB956]

SENATOR ENGEL: It's "Mr. Community College." [LB956]

DENNIS BAACK: Mr. Chairman and members of the Appropriations Committee, for the record my name is Dennis Baack, that's B-a-a-c-k, executive director of the Nebraska Community College Association, here to testify in support of LB956. I know that you've talked a little bit about the training and stuff that the community colleges are doing, and I will tell you that we are getting some more of the training than we were in the past. That has picked up; I think our communications with the department are much better. I think they understand our needs, and we're working with the department to understand our needs in this process. One of the problems that we were having early on, we weren't being informed early enough in the process for us to get involved. And we're trying to work with the department to try to come up with a way that we can get involved very early. In fact, you know, one of the things that has happened in this process is, a number of companies that are coming in and as they develop their training plans, in many cases they're hiring a private consultant or somebody privately to do this training plan for them. We're trying to make it known to all these folks, and the department is also, that if they would go to their local community college, the community college will help them do that for nothing. We do that sort of stuff all the time. I mean, that's what we

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do, and we're pretty good at it. And there are times, as Senator Harms has said, there are times when the community colleges can't provide the training. We don't have the people, the expertise, on our campuses. But I don't remember hardly any instance where we can't be the broker to find that proper training for that business. We usually have the resources and stuff, and we come up with ways of providing that kind of training for those companies, and we'll be the broker for them. We'll bring those people in and make sure that it's done. Plus we also will help with the accountability side of it. Quite frankly, when we do training for a company, we keep the records that you're talking about here needing to be available to you, we keep all those kind of records when we do training for a company. We know how many people are trained, we have all the qualifications of the trainers, we know exactly what kind of training they got. We're pretty thorough when it comes to that, so a lot of these kind of things, if they do the training with a community college, the accountability stuff will be there for the department. So we'd, you know...it didn't work very well the first go round, I will tell you. There was very little communication stuff between us and the department. It is better now. They've assigned one person to be the liaison with the community colleges. That person went to every community college across Nebraska and visited with them, and so it's better. It's still room for improvement. We plan on working very closely with the department and try to keep improving this process. So with that, I would be happy to answer any questions. [LB956]

SENATOR HEIDEMANN: Senator Harms. [LB956]

SENATOR HARMS: I would just like to point out that sometimes companies will come to some of the rural community colleges, which I've had some experiences in, and want some specific training we can't do. What we've found is, you call your colleagues at Metro or Southeast or Central or someone in our system can do it, and they come in and do it for us. That's happened on numerous occasions over the years. There's probably very little that a community college system cannot do. It's just the fact that when they come on deck and you can't do it, you tell them that, but we bring someone in from another community college in our state, and they set it up and they run it. So that's why...I just think there's such great flexibility here, and keeping the community colleges involved in this we'll find that we'll have much greater training. Not only that, community colleges are now designing programs in this state to where they can certify people and they'll take this certification and go anywhere in that company, and given that certification, they know exactly what they can do and what they can't do in this training. And they're also adding associate degrees in occupational studies that is specifically designed for those companies, and so what companies are now saying, which shocked me, is that they want to be able to put carrots before their people and say, if you stay with this company, you take this training through this community college system, on-the-job training, wherever it might be, and get the associate in occupational studies, we'll adjust your salary. The whole thing about training for business and industry is changing rapidly in America, and the key to this whole thing is the community

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college. So Senator, I really commend for what you're doing. It's a move in the right direction, and thank you, Dennis, for what you do to make this stuff happen. [LB956]

SENATOR HEIDEMANN: Senator Engel. [LB956]

SENATOR ENGEL: I know last year when we revamped that, we insisted that the DED would inform the community colleges of any prospective company coming in so the community college could be proactive in offering their services. And I think that has helped, hasn't it, Dennis? [LB956]

DENNIS BAACK: It has, and some of their brochures and the kinds of materials they give to a company coming in are very specific about who they need to contact at each community college, if they're in that district or whatever. Yes, that has definitely improved. [LB956]

SENATOR HEIDEMANN: Senator Synowiecki. [LB956]

SENATOR SYNOWIECKI: Dennis, listening to Senator Harms and then with Senator Schimek's opening--I don't want to say it was sold to us, that community colleges would be highly utilized for this program. What was the breakdown? What was the disconnect? Why weren't...why has it taken three years for us to evolve to use...I'll agree with Senator Harms. Community colleges are one of our greatest resources in this state. Why are we three years late, and why does Senator Schimek have to bring a bill three years after the thing was passed in which we were kind of sold that this is something that the community colleges can engage in, participate in, and be a resource for? [LB956]

DENNIS BAACK: Yeah, I...you know, I can't answer that question totally, because I don't work at DED to, you know, as to where some of those decisions were made. And you know, they just weren't communicating with us, was the worst part of it. You know, we just weren't getting communications at any point, on training that was coming in. By the time we found out they were going to do training, they had already made every decision they were going to make, they knew who they were going to use for a trainer. Everything was already done, and then we were told, well, this company is coming in. That doesn't do us any good. They had already made all of their decisions as a company, and so that's when we started saying, we've got to know earlier in the process, the earlier the better. We need, you know...and I know that they've talked a little bit about and they've said some things about, well, there's some confidentiality issues and stuff here. Look, if our folks are told that it's confidential, it will be confidential. We can be just as confidential as anybody else. If that's what it needs to be, that's what we'll do. We're not...I mean, why would we disclose something and try to run a company out? I mean, that would be crazy! We wouldn't do that sort of thing, so I don't think that's an issue. I think, you know...and I think we can...if they let us know as

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early as they can, I think we've got a shot at getting most of it, if we get notification early enough. And that's the part that we're going to keep working with them and keep that communication open. But we're going to keep working toward trying to get earlier and earlier notification. I think it's a shame. I've got to tell you, when that came up on the floor of the Legislature, I didn't know they were even going to do that, that morning. When that came up on the floor, all of a sudden they came to me and said, well, you need to help work this, because these are going to be dollars for community colleges, and I didn't know what they were talking about, first, and then...and we did help them get it, because it does fit so well within our mission, as Senator Harms has said. That's perfect for what we do. I think we do it very well, so. [LB956]

SENATOR HEIDEMANN: Senator Harms. [LB956]

SENATOR HARMS: John, one of the things that many companies do in training will have the community college sign confidentiality with a fairly heavy fine if you break it, and so we've had pretty experiences. They don't mess around. There's a lot of stuff that they don't want disclosed, it's specifically for their company. If you're going to do it, you sign the papers, let your attorney look at it, and realize you're at risk. So... [LB956]

DENNIS BAACK: Yeah. I think that, you know...I know in Western's case, their agreement with Cabela's and stuff, there's certain proprietary information that when they open a store, I don't care what state they open it in, Western employees go and train those people in those areas, because that's information that is very private to Cabela's, and so we can do those things. [LB956]

SENATOR HEIDEMANN: Senator Nantkes. [LB956]

SENATOR NANTKES: I actually was going to say almost the same thing Senator Harms was, that I'm sure that some of those very real business concerns can be addressed with some pretty standard legal mechanisms, so. [LB956]

SENATOR SYNOWIECKI: Which makes it all the more frustrating. [LB956]

DENNIS BAACK: Yeah. Senator Synowiecki, it's been very frustrating for us, because we really felt like we could really, really offer a good service there, and I think we make very good use of the dollars. I mean, you know, when you start talking about hiring somebody to do a plan or something, or doing at an entity that's good at doing it, that does it for nothing, it doesn't seem like we're maybe utilizing our resources the best when we do it that way. So we are working very diligently with the department. Hopefully, it will get better. You will get a report again in the next go round, I guarantee you. [LB956]

SENATOR HEIDEMANN: Any other questions? Seeing none, thanks for coming in.

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[LB956]

DENNIS BAACK: You bet. Thanks. [LB956]

SENATOR HEIDEMANN: Any other testimony in support of LB956? [LB956]

WENDY BOYER: Good afternoon, Mr. Chairman and members of the committee. My name is Wendy Boyer, B-o-y-e-r. I'm vice-president of education and work force development for the Greater Omaha Chamber of Commerce. As you know, the Omaha Chamber and the economic development entities across the state strongly support the Nebraska Advantage Job Training Fund and view it as a critical component of the overall success of the Nebraska Advantage Act, which since its passage in 2005, has produced approximately \$4.6 billion in new investment in the state, and over 12,000 jobs. We believe the Department of Economic Development has effectively administered this fund over the last few years and think it's critically important that the principal of this fund remain intact, be renewed in future years, and remain flexible and employer-based, as intended. I am testifying in favor of Senator Schimek's bill today, however, for several reasons. Her proposal keeps the fund flexible and employer-based, it keeps its administration under the Department of Economic Development guidelines, it encourages community college provision of services but does not mandate it, it identifies a few areas that continue to be important regarding work force and development, and it does so by using the interest accumulated off of the fund during the year, rather than dipping into any principal previously allocated by the Legislature. The stated purpose of this interest account would be targeted job training grants to small and rural employers that meet one of the following criteria: employ 25 or fewer employees, or are located in rural areas in Nebraska. We also support the addition of the language that Senator Schimek just proposed of the high-poverty areas, into the bill. Senator Ashford is also a cosponsor of another bill that he has introduced on this topic, LB1158, that includes such language regarding poverty, and perhaps there's an opportunity to combine that language, and that may be what Senator Schimek has proposed in the amendment. So I believe Senator Schimek is open to that idea, and we thank her for introducing this bill, and I thank you for your time today, as well. [LB956]

SENATOR HEIDEMANN: Thanks for coming today, Wendy. Are there any questions? Seeing none, thank you. [LB956]

WENDY BOYER: Thank you. [LB956]

SENATOR HEIDEMANN: Is there any other testimony in support of LB956? [LB956]

BRUCE BOHRER: Good afternoon, Mr. Chairman, members of the committee. For the record, my name is Bruce Bohrer, spelled B-o-h-r-e-r, and I am the executive VP and

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general counsel for the Lincoln Chamber of Commerce. We're pleased to be here this afternoon to testify in support of LB956. I'm not going to try to read...go over any new ground that Wendy, I think, covered very well just a minute ago. But we're supportive of this bill and I think Senator Nantkes said it well--this is a positive way to approach this issue. And the key objectives that we believe this LB956 serve are supporting or ensuring support for small business and rural businesses. We hear a lot about the small businesses and the role they play in our economy. They are very important. A lot of times the big projects get the titles and the newspaper articles, but small business is always creating jobs in our economy, and we do need to remember that. It also protects the objective of the principal being maintained and utilizing the interest. We think that is an innovative approach to this idea. And making sure community colleges are involved. I can tell you here locally, through our partnership for economic development, we've got our community college president, Jack Huck, on our board, and we are very involved in working closely with them on these projects. And then finally, the objective that Senator Synowiecki alluded to earlier, and many of you have as well, of accountability and transparent programs, and we certainly support that effort too. Job training is extremely important to retention and recruitment efforts and job creation, so we urge your support, and I'll conclude my remarks and answer any questions you might have. [LB956]

SENATOR HEIDEMANN: Any questions for Bruce? Seeing none, thank you. [LB956]

BRUCE BOHRER: Thank you. [LB956]

SENATOR HEIDEMANN: Any other testimony in support of LB956? Seeing none, is there any testimony in opposition to LB956? Any testimony in the neutral capacity? Seeing none, would you like to close? Senator Schimek waives closing. We will close the hearing on LB956. (See also Exhibit 27.) We will now open the hearing on LB1052. Senator Ashford. Welcome. [LB956]

SENATOR ASHFORD: Thank you. Shall I just proceed? Mr. Chairman,... [LB1052]

SENATOR HEIDEMANN: Just rock us. [LB1052]

SENATOR ASHFORD: Okay. (Laugh) When do the TVs go on? Is that a... [LB1052]

SENATOR HEIDEMANN: They're recording your every move. (Laugh) [LB1052]

SENATOR ASHFORD: Yes. Brad Ashford, District 20, and I'm pleased today to talk about LB1052, which is a bill I introduced on behalf of the individuals who are going to...two individuals who are going to come up to talk to you a little bit about what we're doing with the Olympic trials in swimming in Omaha. Let me just...and I'm not going to get...bless you with not very long remarks here, but I'm always pleased when I get to talk about the Qwest Center and the success of the Qwest Center and what's

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happening in Omaha. And this Legislature has made a significant investment in Omaha and in the state, I believe, by helping to finance the Qwest Center. And I think that those of us in Omaha who are involved in that facility--and you'll hear from two of them today--are doing us proud. It is the goal of the sports commission, and you're going to hear from Harley Schrager, who is not only the head of these Olympic trials but also is involved with the sport commission in Omaha, is to make Omaha and Nebraska the amateur sports capital of the world. Millions of people have attended the Qwest Center from outside the state, and those millions of people have and are bringing significant dollars into the...my one supporter, and he's leaving! (Laugh) No, I'm...bringing significant dollars into the state that would not otherwise have come here. And the Olympic trials are no exception. The Olympic trials, as I'm sure you're aware, is where they pick the team for the Beijing Olympics in swimming. I don't think Omaha has ever really been known as the swimming capital, but it soon will be. More tickets have been sold already than any other swimming event in the history of the United States, and my colleagues, friends, will tell you a little bit more about this, but I believe that the expectation is that the swimming trials in Omaha, which will last up to 15 days, will have more attendance than any swimming event in the history of the world, except for the Sydney Olympics. So it's an exciting opportunity for Nebraska. We're asking for this committee to consider an appropriation to the Department of Tourism to help with the promotion of this event. Like all events, the host committee has responsibilities and not a lot of funding to make this project go. The people that will come here, the spectators, the families, the teams, will be attracted to the event because the event is here. But in addition to that, there will be numbers of others who follow swimming and who will be coming from all over the country, and we want to make sure that we get the full advantage of this event. With that, Mr. Chairman, I would be happy to answer any questions, but I think my colleagues who are here with me probably can do better than--or I'm sure can do better than I. [LB1052]

SENATOR HEIDEMANN: Thanks for coming in today, Senator Ashford. We do have a question, though. Senator Fulton. [LB1052]

SENATOR FULTON: Thank you, Senator Ashford. The...let's see, on the green copy, I just want to...I'm curious, or I need some explanation, I guess, on the way that this money would be appropriated. Line 7, Section 2, there is hereby appropriated \$250,000 from the State Visitors Promotion Cash Fund for FY 2007-2008, and then zero dollars for FY 2008-2009. So this is a \$250,000 appropriation in this fiscal year. [LB1052]

SENATOR ASHFORD: It's a one-time only appropriation, and that's why it was written that way. [LB1052]

SENATOR FULTON: The necessity is for this fiscal year? [LB1052]

SENATOR ASHFORD: The event...and I should have indicated when the event is. It's

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this year. It follows the College World Series, immediately after the College World Series event, this summer. [LB1052]

SENATOR HEIDEMANN: Senator Engel. [LB1052]

SENATOR ENGEL: Senator Ashford,... [LB1052]

SENATOR ASHFORD: Yes, sir. [LB1052]

SENATOR ENGEL: ...from the Visitors Promotion Cash Fund,... [LB1052]

SENATOR ASHFORD: Yes. [LB1052]

SENATOR ENGEL: ...then who does that taketh away from? [LB1052]

SENATOR ASHFORD: Well, actually it doesn't. I mean... [LB1052]

SENATOR ENGEL: Or is there just the money in there that they... [LB1052]

SENATOR ASHFORD: There's a cash fund, and I believe the money is there anyway. I don't think it's...the money is in the cash fund right now, I believe I'm correct in stating. [LB1052]

SENATOR HEIDEMANN: Senator Harms. [LB1052]

SENATOR HARMS: Doesn't that come out of the tourism side of things? [LB1052]

SENATOR ASHFORD: Yes. [LB1052]

SENATOR HARMS: So what is the amount of money that we have in tourism? Because I tell you where I'm coming from is for that. There's only two states that spend less money than we do nationally, on tourism. So there's not a heck of a lot in it. What's the total sum of that, and what's the percentage...if we move that \$250,000 out of there, what's the percentage coming out of there? [LB1052]

JEANNE GLENN: It's probably going to take the reserve of the fund, which would be about \$250,000. I can't tell you off the top of my head. It's probably about...a little over a million dollars. [LB1052]

SENATOR HARMS: So we would be taking \$250,000 out of \$1 million is...am I understanding that, or... [LB1052]

JEANNE GLENN: There's actually a reserve. There may be some reserve in the fund, a

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balance. [LB1052]

SENATOR HARMS: Well, could you give us that...I'd like to have a breakdown, because I'd like to understand that better, because the tourism side has been a real issue for me for a long time. We just don't spend any money on it, and when you do this, you also...and I'm not against it, Senator Ashford. I mean I'm just for the whole thing. I just think that it's something we're going to have to take on, because Nebraska has some great opportunities for tourism, but we just don't spend money. And I don't know what kind of a blow this is to their tourism budget, when you move \$250,000 for a project like this. It's going to be a great project, you're going to have a lot of money, it's going to generate a lot people coming in here. But it's just the...I guess it's just the philosophy that I'm looking at, the intent. [LB1052]

SENATOR HEIDEMANN: Senator Nantkes. [LB1052]

SENATOR NANTKES: Thank you, Senator Ashford, for joining this afternoon and helping to get some more attention to this very exciting benefit that is going to be occurring. I saw some media attention on the swim trials a couple weeks ago, and it was just really impressive when they talked about the numbers and the historic nature of the event as it's envisioned. And you know, I strongly believe that what happens at the Qwest Center obviously pays great dividends for all of Nebraska, and I'm excited to hear more about it. I was wondering if you had any ideas as to the type of promotional activities that would be carried out under this appropriation, if it was media or other types. [LB1052]

SENATOR ASHFORD: I believe it's media, Senator Nantkes, and Harley can maybe talk more to that point. But I believe it's media. The idea is to use it to build the numbers to attract...to fill the place every night, really, is what it boils down to. But I think Harley can be more specific, Harley Schrage. But it's a good question. [LB1052]

SENATOR HEIDEMANN: Senator Wightman. [LB1052]

SENATOR WIGHTMAN: Again, thank you, Senator Ashford, for being here. With regard to the \$250,000 we're putting up, is some amount being put up, and maybe other... [LB1052]

SENATOR ASHFORD: Yes, and I... [LB1052]

SENATOR WIGHTMAN: ...testifiers will address that, by the city of Omaha or Douglas County, or... [LB1052]

SENATOR ASHFORD: Yes. There is a...there are a number of funding sources, including Douglas County, city of Omaha, and then a number of private dollars and...to

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the point that...the question that Senator Harms asked, is...my understanding is, and that's why we structured this the way it was, is that this was money for the current year that was in the Cash Reserve Fund and was not allocated but could be allocable for other things, obviously. But I mean it is...it had not been allocated, but then would still stay in that fund. I don't believe it morphs back to the General Fund. I believe it stays in the fund, but I could be corrected on that. [LB1052]

SENATOR HEIDEMANN: Senator Wightman. [LB1052]

SENATOR WIGHTMAN: I have a follow-up question. What are the sources? We've found out from Senator Harms's question about how much is in that fund? But what are the continuing sources? Do those come out of tourism dollars, lodging packs? Does some of that go to the state? A lot of that, I know, stays with the mobile areas. [LB1052]

SENATOR HEIDEMANN: It's funded by a statewide 1 percent state lodging tax paid by hotels, motels, bed and breakfasts, and campgrounds. [LB1052]

SENATOR WIGHTMAN: So some of this will come back, probably, in small amounts compared to this particular project,... [LB1052]

SENATOR ASHFORD: Uh-huh. [LB1052]

SENATOR WIGHTMAN: ...but it's...I think it is a worthwhile project. [LB1052]

SENATOR ASHFORD: I believe there's something like the number of hotel rooms,... [LB1052]

HARLEY SCHRAGER: We have 20,000... [LB1052]

SENATOR ASHFORD: Yeah, 20,000 hotel rooms are already spoken for, so obviously, there will be a return there. [LB1052]

SENATOR WIGHTMAN: Do we...is there any indication on there how much, in a normal year, comes into that fund? [LB1052]

SENATOR HEIDEMANN: I'd have to talk to Jeanne on that one. Total (inaudible) expenditures are approximately \$4.1 million for the coming year, of which approximately \$3.2 million is funded by the lodging tax, while \$800,000 comes from the federal byways grant, it says. [LB1052]

SENATOR WIGHTMAN: Okay, thank you. [LB1052]

SENATOR HEIDEMANN: Senator Harms is busy. You have a question of Senator

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Engel in the meantime. [LB1052]

SENATOR ENGEL: Okay, as far as hotel rooms, I know there's a shortage because I have a senator from Kentucky that's been trying to get hotel rooms, and he's having a hard time finding one close to the area, so they are sold out. [LB1052]

SENATOR ASHFORD: And they keep growing. There are three new ones opening, just... [LB1052]

SENATOR ENGEL: Maybe you can help him find one. [LB1052]

SENATOR ASHFORD: I don't think I have any more connections left in Omaha. (Laughter) But they keep building these hotel rooms. There are three new hotels that were built in the last six months around the Qwest Center. It's just truly...used to be a smelting plant, and now it's hotels. (Laugh) I don't know! [LB1052]

SENATOR HEIDEMANN: Senator Harms. [LB1052]

SENATOR HARMS: Senator Ashford, what's the total budget you have...they're going to have? This \$250,000 doesn't buy much, for what you're going to be doing. What's the whole...what's your bottom line on this thing? [LB1052]

HARLEY SCHRAGER: It's an encompassing amount within a \$5 million budget. [LB1052]

SENATOR HARMS: How much? [LB1052]

HARLEY SCHRAGER: We have a \$5 million budget in total to operate the event. [LB1052]

SENATOR HARMS: When you say operate the event, are you talking around what? What does operation mean? [LB1052]

HARLEY SCHRAGER: We'll get into that, actually. [LB1052]

SENATOR HARMS: Okay. [LB1052]

SENATOR ASHFORD: Okay. Yeah, maybe I've reached my level of competence. (Laughter) [LB1052]

SENATOR NANTKES: That was quick. [LB1052]

SENATOR ASHFORD: That was quick; yes, it was quick, Senator Nantkes. [LB1052]

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SENATOR WIGHTMAN: We've exhausted you. [LB1052]

SENATOR ASHFORD: You know, it's really great to be here. I've spent many years in this room, and I had some trepidation, but... [LB1052]

SENATOR WIGHTMAN: What? [LB1052]

SENATOR ENGEL: Brad used to sit right over there. [LB1052]

SENATOR ASHFORD: Yes, I did. Oh, boy! Thank you. [LB1052]

SENATOR HEIDEMANN: Thanks for coming back. Will you be around for closing? [LB1052]

SENATOR ASHFORD: Yeah, I'll stick around. Thanks, Senator. [LB1052]

SENATOR HEIDEMANN: Okay. Is there any other testimony in support of LB1052? [LB1052]

SENATOR ASHFORD: I do have some letters from the Qwest Center that have some explanations that I would submit as exhibits. (Exhibits 28, 31-35) [LB1052]

HARLEY SCHRAGER: (Exhibit 29) Good afternoon. My name is Harley Schrage, and I'm the chairman of the Omaha Sports Commission, and I want to express my gratitude for you allowing me to speak to you today. I have brought with me letters in support of this legislation from several people, including Pablo Morales, who is the UNL swimming coach, three-time gold medal Olympian, two-time silver medal Olympian, and as I said, now the coach of UNL; from Mayor Mike Fahey of Omaha; from Mr. Chuck Wielgus, who is the chief executive officer of USA Swimming; from David Brown, the head of the Omaha Chamber of Commerce; and as Senator Ashford said, from Roger Dixon. And I have packets for each of you with information about the event, including my comments today and my colleague, Harold Cliff's comments, as well as copies of the letters I just mentioned. The Omaha Sports Commission has a mission to bring championship amateur, collegiate and scholastic sporting events to Nebraska. Toward achieving that goal, in 2005 we acquired the right to host the 2008 USA Olympic trials for swimming at the Qwest Center from June 29 to July 6 of 2008. My colleague, Harold Cliff, will share with you some of the salient points regarding this prestigious event and its national and international impact. I'd like to relate some important information about the economic impact this event will have on our entire state. We anticipate, as Senator Ashford told you, that 20,000 hotel nights will be utilized during the trials; an estimated 7,000 to 10,000 event attendees and participants from outside of Nebraska will visit Omaha during the trials; and our success in staging a technically superior as well as a

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spectacularly entertaining 2008 trials will go a long way toward our earning the right to host the 2012 swimming trials, as well. In fact, we have already opened discussions with USA Swimming about the possibility of hosting the 2012 trials. We also expect many dignitaries and celebrities to visit Omaha during the trials, as the team assembled here may well be the best ever in the history of this sport. Douglas County, the city of Omaha, and numerous private citizens, local corporations and charitable foundations are supporting OSC, the Omaha Sports Commission's efforts, through donations, box suite purchases, and in-kind aid, as well. I know this firsthand, because I have visited with 40 or 50 people already in the city of Omaha, in an attempt to enlist their financial support for this event. So our entire community is behind the project, and the excitement surrounding Nebraska's first Olympic competition is building toward a climax next summer. I'm not an economist, but based on the number of participants, support people, related family members who will accompany the athletes, media coverage, and swimming enthusiasts who have already purchased tickets, these Olympic trials will have a greater one-time economic impact on our state than even the College World Series. I'm a lifelong baseball fan and a former youth baseball organization sponsor for 15 years, and the father of a former Westside High School, Stanford University and professional baseball player. However, my newfound enthusiasm for swimming and these Olympic trials has led me to undertake the task of leading our local organizing committee in its pursuit of producing the most exciting sporting event ever to take place in Nebraska. I assure you that everyone who attends the event in person, as well as the estimated 4.5 million households that are expected to view the event each night on network prime time television, will come away with newfound respect for our community, our state, and our ability to host world-class sporting events in Nebraska. This will be a defining moment in our pursuit of other huge events. The state of Oregon's legislature recently appropriated \$500,000 expressly for the purpose of supporting Eugene, Oregon's organizing committee in staging the 2008 Olympic trials for track and field. Their event takes place at precisely the same time as ours. Television coverage will be bounced back and forth between the two events. We respectfully request your help in acquiring the state's financial support for this important work. LB1052 is vital to our ability to produce an event whose impact will be felt in Nebraska for many, many years. It's critical that the United States Olympic Committee and USA Swimming realize that every governmental entity, as well as Omaha's business and private sectors, are in full support of this event. Thank you for allowing me to share my thoughts and for your careful consideration of this important bill. I'd be happy to answer any questions you might have. [LB1052]

SENATOR HEIDEMANN: Thank you for coming in today, Harley. Are there any questions? Seeing none, thank you. [LB1052]

HARLEY SCHRAGER: Thank you. [LB1052]

SENATOR HEIDEMANN: Is there any other testimony in support of LB1052? [LB1052]

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HAROLD CLIFF: (Exhibit 30) Thanks, Mr. Chairman. Good afternoon, ladies and gentlemen. My name is Harold Cliff. I'm the chief operating officer for the United States Olympic Swimming Trials. I know you've had a long afternoon, and I'm sure you're anxious to find that door, so I'll speak very briefly to the notes that are in your folder. What I would like to do is to briefly describe what the event is. I'm sure you've heard a little bit about it, but this is an opportunity to ask your questions as to what actually it is, following this short presentation. The Olympic trials for swimming is a single competition to select the swimmers who will represent the United States of America in Beijing this summer at the Olympic games. Less than 50 swimmers, probably 46 or 47, will actually make the team from the more than 1,000 who compete in trying to make the squad. And why is that? That's because only two swimmers per country can enter each event at the Olympics. It's not an unlimited field. You cannot sweep the podium; you can only win gold and silver at the Olympics. A swimmer who comes third in our trials may have been good enough actually to win a medal in Beijing, but because of the very nature of the trials and the fact that United States swimming is the strongest swimming nation in the world, that person, if they come third in Omaha, will be watching the event on television. It doesn't seem fair, but that's the nature of the beast. The USA is the strongest swimming nation in the world, and to select the best team the organizing committee needs to provide an optimum situation to select the team members, and that optimum situation is designed around your sport presentation, your environment, the attitude, and the spectator appeal. Those spectators who watch the trials in Omaha will undoubtedly be watching Olympic gold medal performances of the same people six weeks later. Quite simply, it's the most important swim meet in the United States ever contested. It's going to be the toughest team to make, it will be the strongest field ever as projected by USA Swimming, and I think that's going to speak volumes to the very nature of the beast here in Nebraska. The meet will attract a very strong mix of over 300 journalists and media from around the United States and international, and actually there are two competitions. There's a test event, which will occur at the beginning of June, which will bring an additional 800 or 900 swimmers and 400 or 500 support staff so we can try out the venue, and that will receive additional coverage. The Qwest Center, as you are well aware, is a phenomenal facility, and it will house two temporary Olympic-sized pools as part of the event. Both will be installed in less than 12 days from the time that we acquire the Qwest Center, so it's a bit of an engineering task but one that we're certainly up to and looking forward to. The actual venue will be transformed into a 14,000 seat arena instead of the 17,000 that are currently there, because the pool comes up to Row 9 of the spectator seating bowl. The Olympic trials will be more than just a competition, as it will be a full entertainment package, and this is where part of the promotion comes in, as well, including the provision of a world-renown sport presentation company who will generate the feel, the look, the sound, the graphics, the interchange with television--basically the in-house production group. And that is necessary to set the stage for these swimmers to compete well. If you don't create the environment, you're just not going to get the results, and we're anticipating numerous world records broken

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in Omaha this summer. As Harley mentioned, in excess of 1,000 swimmers will compete with 400 support staff, 300 members of the media, and a TV crew of about 150. NBC will be televising the event live, prime time on four evenings, with the USA Network doing the additional four evenings. That's prime time Eastern at 8:00 o'clock. I mean, if you look at a promotional buy, the current estimate to purchase a 30-second commercial on NBC in prime time at this event is over \$300,000 for one 30-second commercial. You will be getting far greater exposure to that--over eight hours of coverage over the eight days, the repetitive nature, that people across America will be very well aware of where Nebraska is at the end of that event. Networks splitting the coverage over the eight days, as I said, will be NBC and the USA Network, and I think you'll find that their coverage...it's the same crew that are doing the Olympic games in Beijing, the same commentators. They're trying out their specs on this event, so you're not looking at a low-key presentation--you'll looking at Olympic quality production. The hosting of the event is very much a collaborative effort of the United States Olympic Committee, who actually own the event; United States Swimming, who have the managing rights to the event; and the Omaha Sports Commission. And I mention this, as you'll read in the notes, is that when you have a USOC event, you're bound by the use and the allocation and general rules and restrictions about the rings. I'm sure you're all familiar with the Olympic rings and what you can and what you cannot do. That puts a tremendous burden on the host in terms of what you can do in the way of sponsorship. You cannot have any sponsorship that isn't an Olympic partner anywhere associated with the event on television. So fully 80 percent of our revenue is expected to be coming from general ticket sales, and we were pleased to announce last week that we have surpassed the total for the Long Beach Olympic trials in 2004. We've now sold, including this week, close to 110,000 tickets of the 165,000 tickets that are available, which says a great deal for the interest at the moment. Sixty percent of those tickets have been sold from outside of Omaha, according to Ticketmaster's tracking of the postal zip codes (inaudible). So I guess at the end of this we're simply asking for your favorable consideration to help make this event an outstanding success and one that will encourage and give the evidence to United States Swimming to award it back to Omaha, Nebraska, for the 2012 trials. It's a distinct possibility if we do a good enough job on this one, which I'm quite confident we can. So thank you for your time this afternoon. If you have any questions, I'd be very pleased to answer them. [LB1052]

SENATOR HEIDEMANN: Senator Fulton. [LB1052]

SENATOR FULTON: What does an event ticket cost? [LB1052]

HAROLD CLIFF: Event tickets run, sir, from a low end of around \$21-\$22 a session. We haven't broken it down by individual tickets yet. We're still doing mini ticket packages and full session packages. But if you amortize it out it's a fairly modest amount for the type of competition you're looking at. There are three levels of prices. [LB1052]

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SENATOR FULTON: And the crew that will cover this from NBC? Who are they?
[LB1052]

HAROLD CLIFF: Costas is the primary one, and Dan Hicks is the play-by-play, and Rowdy Gaines is the color commentator. Plus,... [LB1052]

SENATOR FULTON: I used to watch this. It's going to involve Summer Sanders and...
[LB1052]

HAROLD CLIFF: Plus, Mark Spitz will be in it. There will be more than 150 former Olympians that attend the event as part of their alumni, so the Who's Who of the people you would recognize--the Janet Evans, the Summer Sanders, John Nabor is actually one of our commentators in-house that we'll be using--household names in the swimming community will be in attendance. [LB1052]

SENATOR HEIDEMANN: Senator Harms. [LB1052]

SENATOR HARMS: I still want to go back to the same question that I asked earlier of Senator Ashford, about the amount of money that you actually have set aside for promotion. [LB1052]

HAROLD CLIFF: We have a range of budget items, depending upon how our revenue comes in, from a low end probably in the \$240,000 range up to about \$480,000 to \$500,000, which we will modify according to where the revenues come in. I can't spend it before I have it secured. So we're looking at a combination of--what we are doing--radio and print. We will be launching television ads, newspaper through the OWH, billboards, and additional radio and Internet ads. [LB1052]

SENATOR HARMS: Now do you get any money from the companies that come in to do the reporting of this whole thing? Do you get anything at all, any rights at all, come into that? [LB1052]

HAROLD CLIFF: No, the television rights go to the United States Swimming. We actually pay United States Swimming a rights fee of \$800,000 for the privilege of hosting the event, plus in excess of another million dollars for part of the arrangement with getting the pools in, plus well over a million dollars to install the two pools in the Qwest Center arena and the convention center. And so... [LB1052]

SENATOR HARMS: Now here's the term \$5 million for operation. What does that actually mean? [LB1052]

HAROLD CLIFF: That's our total budget. [LB1052]

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SENATOR HARMS: Your total budget to get your swimming in? [LB1052]

HAROLD CLIFF: To install the event, plan the event, conduct the event is within a few dollars of \$5 million. [LB1052]

SENATOR HARMS: It's not a lot of money to do that kind of event. [LB1052]

HAROLD CLIFF: It's not a lot of money, and that's why the need, when you don't really have sponsorship opportunities--you have donation opportunities. There's very little we can provide a company on the pool deck to warrant large contributions. I cannot put competing partners of the United States Olympic Committee on the pool deck, as much as they would love to be there. (Laugh) [LB1052]

SENATOR HEIDEMANN: Are there any other questions? Senator Nelson. [LB1052]

SENATOR NELSON: I'll just...along the same lines as Senator Harms here, we see the word "promotion" here, both in the green and in the A bill there, but if you're selling tickets like hotcakes and there's national media and all sorts of attention to this going on now, are you really...is there any need to advertise or promote? Aren't you really talking about operational expenses, the things that you have to pay for or Omaha has to pay for? Are you bringing in these alumni, the swimmers? [LB1052]

HAROLD CLIFF: No, we're not. [LB1052]

SENATOR NELSON: You're not. Okay, well, can we just have an example of what the money is actually being used for, then? [LB1052]

HAROLD CLIFF: Well, to buy television spots to promote the event. We still have 55,000 tickets to sell, and most of those will be on individual day tickets at this stage. And we are anticipating that, you know, it's going to cost us more to get over the top. [LB1052]

SENATOR NELSON: Okay. [LB1052]

HAROLD CLIFF: And the billboard signage on the streets, the news... [LB1052]

SENATOR NELSON: I just understood it was going to be a sellout and it was going to be difficult to find tickets. [LB1052]

HAROLD CLIFF: We certainly hope it will be a sellout, Senator. We are not there yet. We are...we still need another 40 percent plus tickets sold, to make it a sellout. [LB1052]

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SENATOR HEIDEMANN: Senator Fulton. [LB1052]

SENATOR FULTON: So when would the...I guess two questions. Is this money going to get spent with local media outlets? Is the idea to attract...is the target audience within a local...this Nebraska geographical (inaudible)? Are we spending the money with local media companies? [LB1052]

HAROLD CLIFF: A good portion of it will be spent with local, yes. [LB1052]

SENATOR FULTON: Okay. [LB1052]

HAROLD CLIFF: Plus funding that we've already allocated, which this would assist with. [LB1052]

SENATOR FULTON: Okay, and the second part of that question... [LB1052]

HAROLD CLIFF: We've done direct mail pieces across the United States, as an example. We'll be doing ad buys on different networks. [LB1052]

SENATOR FULTON: But the target audience, we're drawing local people. [LB1052]

HAROLD CLIFF: Not purely local, no, but I mean a good portion of it, at this stage. [LB1052]

SENATOR FULTON: Okay. And when...so basically we need to sell another 50,000 tickets or so. When would the media campaign commence? [LB1052]

HAROLD CLIFF: The second push, if you wish, starts February 10, coming up, without preempting what is going to be sold on February 10. You can well imagine that we're...it's a combination, and you're quite right. Promotional and operational costs, I mean, it's all rolled into one at one stage. But the intent is to create a good enough environment in the venue, with enough people on a good enough entertainment program, to warrant bringing this event back and having a great team selected. Maybe I can just describe very quickly what the event is, in terms of...it's an eight-day event for the trials. The spectators come in, in the morning, and watch two-and-a-half, three hours of swimmers who are...the top eight, in most cases, will be selected to swim again that evening in the finals. So it's a twice a day circuit that they get into, with Olympian members selected each evening. It's not a buildup event, so on the 28th or 30th of June, there will be members selected on the Olympic team. On the 30th they'll be elected. [LB1052]

SENATOR HEIDEMANN: Senator Nantkes, I think, had one, and then Senator Wightman. [LB1052]

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SENATOR NANTKES: And I don't know if maybe this is a question better addressed to somebody else, or if you want to try to take a stab at it, but in future siting decisions for these type of activities, isn't it important that we really show support and contribution from the state level, in ensuring that we can attract these kinds of events into the future, and that whatever these types of...whatever these funds may be used for, in terms of media or operations, it's important that that contribution is provided so that the event can happen, regardless. Is that correct? [LB1052]

HAROLD CLIFF: I'll let my chairman answer that one. [LB1052]

SENATOR NANTKES: Please. [LB1052]

HARLEY SCHRAGER: We have currently received support from Douglas County, we are receiving cash support from the city of Omaha, as well. Douglas County has provided us with \$45,000 to date. We think that we'll get another \$25,000 from the county. The city of Omaha is going to provide us with at least \$50,000 cash, plus all the in-kind donations of the police, fire, etcetera, that is going to be surrounding the security and management of the event. I've been out raising money from the private sector, the corporate sector, as well as governmental bodies, and I can tell you that to date, we've raised about \$800,000. I plan to raise \$200,000, \$300,000, or \$400,000 more from those same kinds of entities. But it's important that we demonstrate to the United States Olympic Committee and USA Swimming that Nebraska, Omaha, is the kind of place where government, corporate, private sectors all get together to promote this event. If we're going to get the 2012 trials back, if we're going to be able to secure other events of this magnitude, then we need to show that we as a community, as a state, are behind this kind of thing. It means a great deal to us, because in effect it does; 20,000 hotel nights, the sales tax surrounding 10,000 visitors to our state, is going to more than pay for any financial contributions that you're able to supply us with, and of course, the big part is we can get other events of this nature to Omaha and to other parts of Nebraska, as well. [LB1052]

SENATOR HEIDEMANN: Senator Wightman. [LB1052]

SENATOR WIGHTMAN: I was going to ask, the 22,000 or 20,000 hotels, that's nights, total, during the event? [LB1052]

HARLEY SCHRAGER: Nights. [LB1052]

SENATOR WIGHTMAN: Now I know there will be some revenue generated that would come back into the fund. I also know that some of those would have been rented at any rate. I don't know whether there's a premium on those rooms at that time. Could you...will there be, during the event? [LB1052]

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_____: Premium, yeah. [LB1052]

HARLEY SCHRAGER: (To someone else in the room--Is there a premium on the hotel?) [LB1052]

_____: Yeah. [LB1052]

HARLEY SCHRAGER: Yes, there is a premium. [LB1052]

SENATOR WIGHTMAN: Oh. So that would generate additional dollars back to the fund that we're talking about, the 1 percent. [LB1052]

HARLEY SCHRAGER: And certainly there would have been rooms rented anyway, or sold anyway,... [LB1052]

SENATOR WIGHTMAN: Right. [LB1052]

HARLEY SCHRAGER: ...but this is a very slow time for the Qwest Center. There's very good reasons why they've allowed us to take over the Qwest Center for nearly two months. We're going to take the arena out of action, other than the two swimming events that Harold described to you, for nearly two months. So while there certainly would be visitors to Omaha staying in hotel rooms during that period of time, not nearly to this magnitude. [LB1052]

SENATOR WIGHTMAN: Now the 22,000 is total in the city of Omaha. That's not the...or is that just... [LB1052]

HARLEY SCHRAGER: The hotel rooms? [LB1052]

SENATOR WIGHTMAN: Right. [LB1052]

HARLEY SCHRAGER: That's just in Omaha, yes. [LB1052]

SENATOR WIGHTMAN: Right. [LB1052]

HARLEY SCHRAGER: Uh-huh. [LB1052]

SENATOR WIGHTMAN: Thank you. [LB1052]

SENATOR HEIDEMANN: And this is...I'm just thinking. I shouldn't think; it gets me in trouble. You know the University of Nebraska football team, when it plays on a home day, I can't think of how many people they bring in total, but like say, the visitors bring in

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10,000 people with them. So their home games bring in as many people as what you're talking about this. What if they come in and ask us for a quarter of a million dollars to promote what they're doing? That's just a thought. [LB1052]

HARLEY SCHRAGER: Well, you know I'm not here to represent the University of Nebraska, but (laugh) I think the... [LB1052]

SENATOR ASHFORD: I have a letter from them. (Laughter) [LB1052]

HARLEY SCHRAGER: But I understand what you're saying, but you have to recognize that we've sold 110,000-plus tickets already--60 percent of those tickets have been sold outside of Nebraska. So when you say we're going to bring 10,000 visitors, those 10,000 visitors are going to attend up to 15 sessions. So that's really a multiple of the 10,000 people, in terms of attending, you know, various sessions of the event. And we think that the economic impact is going to be substantially greater than anything Nebraska has ever hosted before. We expect it to be \$40 to \$50 million in this nine-day period. [LB1052]

SENATOR HEIDEMANN: Sounds pretty terrific. There was another question over here some place, before I got to thinking. (Laughter) I think it was Fulton, wasn't it? [LB1052]

HARLEY SCHRAGER: Senator Fulton, I think, had a question. [LB1052]

SENATOR FULTON: Yeah. Do we anticipate any hotel nights in Lincoln? [LB1052]

HARLEY SCHRAGER: You know, I can't answer that. I assume that if we achieve a sellout, hotel rooms will be at a real premium, and people will be staying everywhere they can within driving distance. [LB1052]

SENATOR FULTON: We...Lincoln senators may ask politely if indeed something like this moves forward, if that type of information could be shared with people who are looking for hotel rooms. [LB1052]

HARLEY SCHRAGER: We certainly can. We have a web site which lists potential hotel rooms, and we could certainly... [LB1052]

SENATOR ENGEL: We have a motel in South Sioux City too. (Laughter) [LB1052]

SENATOR FULTON: There's a follow up too. [LB1052]

HARLEY SCHRAGER: We have room on the web site for that one. [LB1052]

SENATOR FULTON: The marketing push, in order to capture these 55,000 or 50,000

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tickets is going to occur in February. Can you help me understand the timing? This...we would be making statute to appropriate money that would probably be appropriated after February. So help me understand how that cash flow works. [LB1052]

HARLEY SCHRAGER: Oh, the campaign lasts longer than February. We'll be advertising. It starts the middle of February, but we'll be advertising until we achieve a sellout. That may not be till the day before the event takes place. [LB1052]

SENATOR FULTON: What would happen if the sellout occurs, say, in April, and this appropriation isn't going to occur until May? [LB1052]

HARLEY SCHRAGER: Well, we still have need for funds for promoting not just the sale of tickets, but for promoting the event in and around Omaha. We want to paint the community red, white and blue with the Olympic spirit, not only to get the enthusiasm, level of enthusiasm and excitement of the local citizenry, but visitors to our city understand that our community embraces this kind of an event and promotes it, the very nature of the event, to an extent that is unequalled anywhere. So the promotion is not just to promote the sale of tickets--it's to promote the event in and around the city, and outside the state of Nebraska, as well. [LB1052]

SENATOR HEIDEMANN: Depending on how the process takes this bill, it would probably be mid-April before any money would be available. [LB1052]

HARLEY SCHRAGER: Well, I assure you, Senator, we will have the need for the money in April, in May, in June, as well. We have by the graces of the First National Bank of Omaha, we have a line of credit established for up to a million dollars, because we will not receive receipts from the ticket sales until the event ends. As a consequence, we will have a constant need for money to pay our bills in staging this event. The money that goes into the...comes in from ticket sales goes into a public trust, and we do not receive those funds until the event has concluded. [LB1052]

SENATOR HEIDEMANN: Any other questions? Seeing none, thanks for coming in today. [LB1052]

HARLEY SCHRAGER: Thank you. [LB1052]

SENATOR HEIDEMANN: Is there any other testimony in favor of LB1052? Seeing none, is there any testimony in opposition of LB1052? Is there any testimony in the neutral position? Seeing none, would Senator Ashford like to close? [LB1052]

SENATOR ASHFORD: Very briefly. But I just wanted to...I do, Senator Heidemann, knowing you would ask that question. I have a letter from Paul Meyers, in support, so I would submit the letter. (See Exhibit 36.) Just a comment. Harold is the only person I

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know that is coming south for the winter, to be in Omaha. (Laughter) Harold lives in Calgary, and so he's just blessed to be able to come here and have a nice warm winter. But...and then Harley's son was a player at Stanford, as he indicated, and then went on to play baseball in the professional ranks. And Harley has given for years substantial money to young people, to high schools across the city, to athletics, and we're blessed to have him on board. I would just comment in conclusion: There wouldn't be a Qwest Center without this Legislature. There is no question about that, and we are striving to make the state proud of what we've done, because from the bottom of my heart I will always be grateful, and we in Omaha will be grateful to this Legislature and legislatures before it that helped to make the Qwest Center possible. And hopefully, we will live up to that. This summer can be very, very exciting for Omaha, because we're going to be--two weeks of the College World Series--on TV every night on ESPN, every afternoon, every night, pretty much for two weeks, and then NBC for another ten days after that, advertising Nebraska as a place to view sports and to come and watch sports, and thanks to people like Harley and Harold and so many others. So I just...this is a very serious request, obviously, or we wouldn't be here, and we'd appreciate your consideration. Thank you. [LB1052]

SENATOR HEIDEMANN: Thank you. With that, we'll close the hearing on LB1052 and we're done for the day. (See also Exhibit 37.) [LB1052]

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Disposition of Bills:

LB859 - Held in committee.
LB956 - Advanced to General File.
LB998 - Held in committee.
LB1052 - Held in committee.

Chairperson

Committee Clerk