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Transportation and Telecommunications Committee  
October 24, 2008

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[LR321 LR360]

The Committee on Transportation and Telecommunications met at 1:30 p.m. on Friday, October 24, 2008, at the Blair City Hall in Blair, Nebraska, for the purpose of conducting a public hearing on LR360 and LR321. Senators present: Deb Fischer, Chairperson; Carol Hudkins; Scott Lautenbaugh; and LeRoy Louden. Senators absent: Arnie Stuthman, Vice Chairperson; Ray Aguilar; Dwite Pedersen; and DiAnna Schimek. []

SENATOR FISCHER: Good afternoon. I'd like to welcome all of you to an interim study hearing held by the Transportation and Telecommunications Committee. If I may, I would like to introduce myself and the committee. My name is Deb Fischer. I am the senator from the 43rd District. I am from Valentine, Nebraska. On my far right we have Senator LeRoy Louden. He is a senator from Ellsworth, Nebraska. Next to me on my immediate right is our committee counsel, Mr. Dustin Vaughan. On my immediate left is our committee clerk, Mrs. Pauline Bulgrin. Next to her is your state senator, Senator Scott Lautenbaugh. And we have Senator Carol Hudkins from Malcolm, Nebraska, on my far left. And I'd like to welcome all of you here today that have taken the time to join us for these hearings. We will be listening and hearing your comments on the resolutions in the order that they are listed on the agenda. At this point, I'd like to go through some housekeeping details with you so you have a little understanding how we run the hearings. Those wishing to testify, they should come to the front of the room and be ready to testify as soon as someone finishes testifying in order to keep our hearing moving. I'd ask that you please complete the green sign-in sheet at the on-deck table--do we have sign-in sheets, oh, over here, thank you--and have that ready to hand in when you testify. I would ask that you hand that in and be careful as you come up because of the cords, but hand it in to Mrs. Bulgrin, our committee clerk before you testify. For the record, at the beginning of your testimony, I would ask that you please spell your last name and also your first name if it can be spelled in a number of different ways. And please keep your testimony concise and try not to repeat what someone else has covered. If you don't want to testify but you do want to indicate your presence

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regarding a resolution, you can indicate so at the on-deck table, which is down here, and please do that on the yellow sheet that's provided. This will be part of our official record then. If you don't choose to testify publicly, you can submit written comments and have them handed in before this hearing is adjourned this afternoon. At this point, I would ask that you all turn off your cell phones. We don't allow cell phones on during the committee process. That means no texting also, please. And for your information, the rest rooms are down the hall to the left and then another left. With that, I would like to thank the community of Blair for hosting us today and I would personally like to welcome Mayor Realph, if you would like to come forward at this time. And again, thank you for hosting us and providing us with a great facility here. And if you would like to make some comments. []

JAMES REALPH: (Exhibit 1) First of all, I, too, would like to thank you for coming to Blair and I would like to thank everyone for coming to Blair and taking advantage of this opportunity to hear and to speak. They've given me about 10 minutes here to do a 40-minute presentation, so we will kind of try and rush through this a little bit. I think you will pretty well be able to catch the things I wanted. You're lucky you're not my family actually. That's the standing joke in our family. If you go to Blair, you get the hour chamber of commerce tour. So you're lucky it's only going to be a 10-minute deal here that you have. I guess I'd just like to point out a couple things here, like what is going on in Blair, Nebraska. Blair is a great place to live, a great place to work, a great place to build a future. We have a historic downtown area, the YMCA. We've just got completed a brand new elementary school, \$22 million bond issue, I believe it was, \$21 million, somewhere in that area. We're fortunate to have a small college here, Dana College, lots of things going on up there. Particularly we're interested in that they are researching what options they might have, maybe along with the Metro Community College, of hosting a biofuels training program. And most of you are aware we have a Cargill plant out here that has a whole ton of other things out in that area which are particularly interested in this. One of the fortunate things about Blair, Nebraska, is we have a surface water plant out here and we do not have the problems that many in the state

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have of water capacity. The Missouri River brings a ton of water down by here. We are the second largest surface water treatment plant in Nebraska actually. Obviously, the Omaha metropolitan area is probably the first, so...but we do have a lot of capacity. We do have room out there to expand. And then the city itself, we've done a lot of infrastructure improvements over the past few years. We have put in a lot of new six-inch mains and large mains and connected our mains, got a lot of that done, our waste water treatment plant. A little later on I'm going to mention the fact that we are providing waste water treatment for a good share of Washington County. In the city itself, we have about 137 lane miles, city streets and highways, 2.8 lane miles of new or reconstructed streets in 2008, and we also put down .53 miles of bike trails this last year. Blair actually is kind of a regional crossroads here. We have a lot of highways following through here. Of course, the one that's probably the most interesting to us is Highway 133 that provides a link from Omaha, 680, Blair airport and Blair, and the rural residents of Washington County, not to mention the counties surrounding us, Burt County and Harrison County in Iowa. A tremendous number of people come through here to travel 133 going down to Omaha. We also have Highway 30 that is...goes right through the middle of our main street and it provides a link with Fremont, Columbus, and Norfolk, east I-29 and on through Iowa. So it carries a tremendous amount of truck traffic. Highway 75 provides a link from Omaha to OPPD to the nuclear power plant and in that area. We also have Highway 91, comes all the way from western Nebraska through here. Actually, it's probably the highway that would bring trucks from Norfolk and their steel industry that go through here quite often. And then we have the other road, Highway 31, which comes off of Highway 30 and links us to western Omaha and I-80 and also to Lincoln, Nebraska, in case you want to go to a Husker football game or something like that. Blair, as I said, is actually a regional crossroads. Now when we were entertaining Novozymes, this kind of popped into my head. If you look at this, you know, you kind of have a Christmas tree here. It's like that, and actually Blair is the star on top of the tree. (Laughter) Yeah, boos would have been more...(laughter) Anyhow, and I said things sometimes just pop into my head. We have a lot of regional impact. We're kind of the economic engine of Washington County, very fortunate in that. We

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have a interlocal agreement with Kennard to provide them water. Also, we're going to very soon be treating their waste water, same way with Fort Calhoun, an interlocal agreement with them to provide sanitary sewer service for them. and we also have an interlocal agreement with the Papio NRD where we provide rural water for a big hunk of the area south of Blair. Some of the current...not all of them but some of our current employers and businesses: of course, Cargill, a big, big number out there of different Cargill...of different plants on the Cargill campus. Have a new Two Rivers Bank facility. If you came in up Highway 133 and 30, you probably noticed that. The OPPD nuclear power plant is out here to the south of town. We have two telephone companies which, until recently, were locally owned, really a big boon for providing jobs and stuff for our citizens. To more of the current employers, I can't fail to mention "car mountain" out here to the south of Blair that everybody in the whole state is pretty familiar with, I think. And we just did a \$26 million expansion to the Community Hospital out here, which is really great. When you're mayor, you really look at something like that and say this is really a great resource for your city. We just had a new Walgreens open up. We have a development out south of town that has room for a big box store that we feel will probably be locating there. And probably the one we're most proud of here is the Novozymes' announcement of recent months, which will provide \$100 million of investment here and roughly 100 million...or 100 jobs. And actually what's really great about that is that the odds are that within three to five years that will be a \$300 million investment and will provide about 300 jobs to the area. So it is a great, great announcement that we had for Blair and the state of Nebraska. All of this economic growth has provided a big impact on Highway 30, the main street in downtown Blair. You ate lunch up there. I think you were aware that we occasionally have a truck come through here. Cargill just recently opened up their expansion where they went from a 200,000 bushel crush to a 300,000 bushel crush. Well, if you're aware of what a truck holds, that's...that is it went from 200 trucks a day to 300 trucks a day of corn going in there. And along with that, you've got to get those products out of here and most of that is by truck as well. These pictures are pretty self-explanatory of what happens on our main street all too frequently. We do have a proposed bypass. The environmental

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impact study will be done in early 2009. It's got hung up a little bit, I think, with the Corps of Engineers, but hopefully that will be done. Phase 1, which is going to take truck traffic across Highway 30, across from Highway 30 over to Highway 75. Then we have phase 2 and phase 3 down the road. Phase 1, though, is probably a 5...\$4 million to \$6 million project that would take care of a big hunk of our problems right there of getting that truck traffic off of main street. Why does Blair need a bypass? Probably you can read all those things. One of the main things down here, 10.1 trucks, 6.9 percent heavy duty, 3.2 light. That's double the state highway...or the statewide average on nonurban highways. So we have a lot of trucks. About a third of the trucks are related to Cargill, a third are cross-country, a third come from the rock quarry down on Highway 75. So a lot of trucks and with the two highways, plus all the other ones, 91 and 133, dumping in here, we get...and part of that is good for us because it provides opportunities for economic growth. The other major thing that we look at constantly is the daily traffic counts on 133. I think we have a page that we've handed out that shows the traffic accidents out on 133, big, big safety issue out there. The road appears to be flat and straight, and it's neither. And we have a lot of head-on collisions out there. Almost everyone in town here probably is well aware of either a friend or somebody they work or somebody out here. Some segments of the original and planned expressway system have traffic count numbers that are about one-fourth of the numbers that you're seeing there. Actually, in summary, I guess Blair has worked very hard with our own resources to provide community infrastructure and entice economic development. Blair has been fortunate to have great employers and industries locate here and Blair's good fortune is a blessing to the region and the state of Nebraska. Some say if you build it, they will come. In Blair, they're already here and more are coming, so we think it's time maybe to proceed from here. I think I exceeded by a couple, three minutes, but I thank you very much for listening to us, so... []

SENATOR FISCHER: Thank you, Mayor. Again, we thank you for letting us meet here in Blair today and have a hearing so we can have input from the local citizens in this area. Thank you very much. []

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JAMES REALPH: You're welcome. []

SENATOR FISCHER: With that, I would like to open the hearing today. First, we will be hearing LR360 and, Senator Lautenbaugh, I believe you will open on that. Good afternoon. []

SENATOR LAUTENBAUGH: Good afternoon, Madam Chair. Scott Lautenbaugh. Thank you all for coming to Blair today. This is a very important issue for the community and I think, as you'll hear from testimony in addition to mine, there is a problem here that desperately needs to be addressed. I put this resolution in. There's a disagreement over whether or not it is a good idea to actually add 133 to the expressway system. My thought process in this was if we are going to get to a circumstance where the expressway system does gain some additional priority, it would be wrong, in my opinion, to not include 133 on that simply based upon the traffic counts and safety concerns. There are people who are going to testify in favor of the resolution and against the resolution, I'm sure, or neutral on the resolution even, but I think we're all about the same thing and it's just to underline the need for this project, underline the safety issues we're facing. And with that, I'd be happy to take any questions you might have. [LR360]

SENATOR FISCHER: Thank you, Senator Lautenbaugh. Are there questions? I see none. Thank you very much. [LR360]

SENATOR LAUTENBAUGH: Thank you. [LR360]

SENATOR FISCHER: At this point, I would like to invite any member of the audience who wants to come forward on this resolution. When we have interim study hearings, it's in order that the senators can get information and input on a certain suggestion or idea that we may be considering for possible legislation in the future, or just for information for the committee. We don't run this like a usual hearing where we have the proponents

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first and then the opponents and then neutral. So at this time, anyone who would like to come forward on this resolution please step to the front. Good afternoon. [LR360]

RODNEY STORM: (Exhibit 2) Good afternoon. Good afternoon, Chairman Fischer and committee members. My name is Rodney Storm. I'm the city administrator for the city of Blair and here today representing Mayor Realph and city council. Again, on behalf of the city of Blair, we'd like to thank you for holding this hearing and the ability to address the importance of Highway 133 and the rest of Nebraska's expressway system. The question of whether to add Highway 133 to the expressway system is at best a very difficult one, but one that cannot be taken lightly. Highway 133 is a vital link from Blair to Washington County, including counties to the north. Highway 133 carries between 8,000 to 10,000 vehicles a day, depending on the location and the peak...location and with peak hourly counts rivaling those of other metro Omaha highways, and is a highway that was built and designed back in 1959 standards. It provides our citizens and the citizens of the metro area with the opportunity for jobs, commerce, shopping, entertainment, enhanced healthcare, and much more. But it also provides the citizens of this area with loss and heartache. Few people who live/work in the Blair and Washington County area have not been subjected to the loss of family member, friends, coworker due to an accident on Highway 133. Bluntly speaking, the design, configuration and capacity of Highway 133 make it a dangerous highway, especially with the volume of traffic it carries. The Blair Fire and Rescue Squad make between 600 and 700 calls a year with a large percentage of those to the Highway 133 corridor. The Nebraska expressway system was a dream plan to provide communities statewide with the opportunity to attract jobs ad its first and only goal being economic development. The city of Blair recognizes the importance of economic development. Few communities have worked as hard or committed as many of our own resources, time, money to help provide jobs to improve the economy of the state of Nebraska, the city of Blair, and the Washington County area, as evidenced by the \$1.5 billion biocampus and other new and expanding businesses in the area. However, when it comes to highway spending, especially with the limited resources, the city of Blair can only support a priority of

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projects that have a goal of safety first, capacity second, and economic development third. Highway 133 encompasses all three of those needs. It must be improved for safety. It must be improved for capacity. And it is hindering new growth and expanded economic development in this area and the state. If adding Highway 133 to the expressway will make additional dollars available to complete the improvements to Highway 133 then we fully support the addition of Highway 133 to the expressway system. If it is added to the expressway system and the projects are going to be prioritized for safety, capacity, and economic development, then add it. Communities talk about the 20-year promise of the expressway. The city of Blair has also been working for 20 years for the promise of improvements being made to Highway 133, along with the promise that it's the highest priority project in District 2 for almost 10 years. Expressway supporters advocate "build and they will come." In Blair and Washington County, we have built an environment for them to come, but now we need Highway 133 improved and the proposed bypass to help in building it. Highway 133 and the proposed Blair bypass will provide safety to our citizens and the citizens of the state and capacity to continue to grow the economy of Blair, Washington County, and the state of Nebraska. The resolution calling for adding to the expressway system, I guess we would echo the comments of the senator in that adding it to the expressway, if it helps create the dollars to get the project done, we would fully support it. It all goes back to the basic issue of where is the funding coming for the department for funding of our road needs, and how are we going to set those priorities? And that's not an easy one. We know that's one that this committee is going to be entangled with over the next several months and probably several years. The city of Blair is willing to be there and work with the committee and senators to be a partner in the development of what it's going to take to help keep improving our infrastructure for the safety of our citizens and the future expansion of our economy for the state of Nebraska. I'd be happy to answer any questions. [LR360]

SENATOR FISCHER: Thank you very much, Mr. Storm. Are there questions? Senator Loudon. [LR360]

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SENATOR LOUDEN: Yeah, thank you, Mr. Storm, for your testimony. How many miles are we talking about here from Blair to Omaha or wherever you want? [LR360]

RODNEY STORM: I believe you around ten miles of unfinished expressway system there. [LR360]

SENATOR LOUDEN: Okay. And there is some? I haven't driven it. I'm not that familiar with that particular road, but there's some miles, some of it already is four-lane? [LR360]

RODNEY STORM: It's four-lane all the way up to approximately Pawnee Road in Douglas County. The next phase I believe is around six miles from Pawnee up to what we call just short of Lakeland, with a final phase then that would be about, well, probably about five miles on in to Blair. [LR360]

SENATOR LOUDEN: Okay. How many...how much of that is in Washington County? [LR360]

RODNEY STORM: All of it except the one mile from Pawnee to Dutch Hall Road in Douglas County. [LR360]

SENATOR LOUDEN: In other words, you got about nine miles of it in there. [LR360]

RODNEY STORM: Yes. [LR360]

SENATOR LOUDEN: And then you mentioned in your testimony that between 8,000 and 10,000 cars a day is what that is? [LR360]

RODNEY STORM: Yes. [LR360]

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SENATOR LOUDEN: And with that kind of guidelines, how come that hasn't been put on the state roads some place along the line? I mean if we can... [LR360]

RODNEY STORM: Uh... (Laughter) [LR360]

SENATOR LOUDEN: ...if we can build six-lane interstate, why aren't we doing something about that if there's 10,000 vehicles a day? [LR360]

RODNEY STORM: I can... [LR360]

SENATOR LOUDEN: Have you contacted with the state department? [LR360]

RODNEY STORM: I can tell you we've worked very closely with the Department of Roads over the last 19 years that I've been in the city of Blair. We annually attend the department district hearings and they're well aware of our needs, and we annually, as Mr. Craig could tell you, we sit and visit with him on an individual basis expressing our needs. [LR360]

SENATOR LOUDEN: Well, what did he tell... [LR360]

RODNEY STORM: We're in District 2. [LR360]

SENATOR LOUDEN: What did he tell you? [LR360]

RODNEY STORM: District 2 has a lot of highway needs. [LR360]

SENATOR LOUDEN: Well, so does the rest of them. What did he tell you then, if you've worked with him? [LR360]

RODNEY STORM: I think, as I pointed out in my testimony, we've been the priority

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project for the off-interstate and expressway system in District 2 for about ten years.  
[LR360]

SENATOR LOUDEN: Has anybody estimated how much cost per mile it would be to build it or anything? [LR360]

RODNEY STORM: The last estimate that I had heard is somewhere between \$4 million and \$5 million a mile for four-lane. [LR360]

SENATOR LOUDEN: For the expressway system? [LR360]

RODNEY STORM: Yes. [LR360]

SENATOR LOUDEN: Because there must be quite a little bit of valuable land that would have to be purchased in order to make it to go through there. Is it already residential areas or business areas or...? [LR360]

RODNEY STORM: It's primarily residential and farm. Most of that property, as you indicated, is a higher value because of the potential residential development in there. Washington County has been very...I don't want to say restrict, very...worked very hard to maintain quality zoning in that area with isolated areas for commercial, industrial development, one being down in the area of the Blair airport, just about seven miles south, and one area I think up around Lakeland, which is about five to six miles south of town. [LR360]

SENATOR LOUDEN: And then you're talking about a \$40 million to \$50 million project, probably is what it would run. [LR360]

RODNEY STORM: I believe those are close to the numbers that the Department of Roads has been looking at. [LR360]

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SENATOR LOUDEN: And that would probably have to be, if it's a lot of residential, then that would have to be a two- or three-year project to get that completed? [LR360]

RODNEY STORM: Yeah, they're looking at...originally, and I'll go back a few years here. Originally, the plan was about '06 that they would do the bidding. That slipped to the last bidding was supposed to have been November of '08, and obviously we didn't make that. [LR360]

SENATOR LOUDEN: Oh, it isn't November yet. (Laugh) [LR360]

RODNEY STORM: Well, it's not on the plan yet that I've seen. But...and that that phase would be a two-year construction phase, followed then by the third phase which would again be a two-year construction phase. [LR360]

SENATOR LOUDEN: Now... [LR360]

RODNEY STORM: The department has started the acquisition of property for that project. They are moving ahead. The design, I know, is nearly complete for it. It's just a lack of dollars, you know? I mean it... [LR360]

SENATOR LOUDEN: It has been? There's some design been made and there's been some acquisition of property you say? [LR360]

RODNEY STORM: Yes. Yes. [LR360]

SENATOR LOUDEN: There has been some property bought? [LR360]

RODNEY STORM: Yes. [LR360]

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SENATOR LOUDEN: Okay. [LR360]

RODNEY STORM: I don't know. I can't sit here today and tell you exactly how much, but in that second phase from Pawnee to just short of Lakeland, I know I would guess they're probably about three-fourths of the way through on the acquisition of property on that phase there. [LR360]

SENATOR LOUDEN: Okay. What's the valuation of Washington County? [LR360]

RODNEY STORM: Somebody else would have to give you that. The valuation for the city of Blair is about \$450 million. Of course, that doesn't include the biocampus which is outside the city limits and so forth. [LR360]

SENATOR LOUDEN: What is the mill levy for Washington County? Do you know?  
[LR360]

RODNEY STORM: Last I knew it was around 35 cents, 36 cents, somewhere in there.  
[LR360]

SENATOR LOUDEN: Well, has anybody, like from Washington County, offered to pony up some bucks from the county to see if the state would match some of that to do any of that work? [LR360]

RODNEY STORM: I would say, Senator, that the county of Washington County has probably put up the same amount of dollars that Kimball County and Scotts Bluff County put up to match the earmarked funds that Senator Nelson had for the Heartland Expressway--zero. [LR360]

SENATOR LOUDEN: Well, I don't know if it was zero or not. Some of that was federally earmarked funds and the state had to come up with a 20 percent match. Kearney came

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up with some of their match, match fund money for their bypass, and that's what I was wondering, if anybody has tried to do it. And when you talk about your valuation, I come from a county out there that's at 49.5 cents valuation. In other words, they don't have any movement. An then I come down here in eastern Nebraska and we talk about these counties that are valued at over a billion dollars and have a 30-some cent mill levy or 20-some cent and I'm wondering if there isn't perhaps some way that they can probably do a little bit themselves to help on some of these road situations when they need to be built. I agree the thing, with that much traffic, why it hasn't been built. I'm not a strong advocate of a six-lane interstate highway system at \$10 million a mile or so. So I'm wondering if we're using our resources where we should, and I was wondering if there was resources available if the county would be willing to come up with some matching funds. [LR360]

RODNEY STORM: I guess at this point I couldn't answer that, Senator. We have not had those discussions with the county board relative to that. [LR360]

SENATOR LOUDEN: Okay. Thank you. [LR360]

SENATOR FISCHER: Other questions? Senator Lautenbaugh. [LR360]

SENATOR LAUTENBAUGH: Thank you, Madam Chair. Mr. Storm, thank you for your comments. I was very comfortable keeping my introductory comments short because I knew you would cover the topic more ably than I could. One quick question: Aside from the traffic volume itself, what particular factors make Highway 133 particularly hazardous? [LR360]

RODNEY STORM: Well, again, like I said in my comments, you know, 133, like a lot of the highways in the state, were designed and built back in the late fifties and early sixties, and the speed, the different...the amount of traffic, the configuration of that road, the curves, the up and down hills, the hidden spots and so forth creates those inherent

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problems. We all know that if everybody slowed down and took 20 minutes more to go from here to Omaha that those roads are all probably safer. You know, if everybody slowed down on the interstate and took an extra hour and a half crossing the state of Nebraska, the interstate wouldn't be as dangerous as what it is at times. But that's not human nature. Those vehicles...and we have established speeds and so forth to allow people to drive those speeds. People get in a hurry. They get anxious. They're running late. They dart out around a car coming up in locations where they probably shouldn't be just so that they can get to the stop light at Highway 36 three cars in front of me. What time did we save? But at the same token, we have...I can tell you our local coalition, we meet annually with the county board, the school districts, Gateway Development Corporation, the chamber of commerce to try to establish highway needs for Blair and Washington County to make sure we're all on the same page with what the needs are for this area. I can tell you, in meeting with the school districts there's a lot of concern, concern with the increased traffic and the amount of time or the reduction of time that buses have to be able to pull out onto the road. You know, with all that increased traffic out there, those bus drivers have less time. Sometimes they're starting to run late and they, you know, they make that error in judgment, let's say, and that's when you get a major accident or whatever it is. I can tell you, talking to the Fort Calhoun superintendent relative to Highway 75, with all the industry on...their nuclear plant and with the Blair campus, the amount of congestion that they get between the hours of 6:00, 7:00 and 8:00 with their buses, you know. We have some dangerous situations. Some of that, you know, doesn't necessarily reflect in the full daily count because peak counts are very severe and creates those hazards. And the configurations of our roads, both on Highway 75 and 133, create that extra hazard when people start getting antsy and in a hurry. [LR360]

SENATOR LAUTENBAUGH: Thank you. [LR360]

SENATOR FISCHER: Other questions? Mr. Storm, thank you for coming today. I have a few questions for you. You mentioned that Highway 133 was built to the design

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standards in 1959. Did I hear you correctly on that? [LR360]

RODNEY STORM: Those when the highway was paved, yes. [LR360]

SENATOR FISCHER: Would you say there's been routine maintenance on the highway since that time? Has maintenance ever been a problem on it? [LR360]

RODNEY STORM: I don't think maintenance has ever been a problem. The Department of Roads has worked very well with this whole area in trying to maintain what they have. It's not necessarily a question of how well it's been maintained. It's that the design does not fit today's volumes of traffic. [LR360]

SENATOR FISCHER: When you say the design, are you talking about the width of the highway or are you talking about it becoming a four-lane instead of a two-lane? [LR360]

RODNEY STORM: The width, the curves, allowing vehicles time to be able to pass safely. [LR360]

SENATOR FISCHER: Are there passing lanes on 133 at all... [LR360]

RODNEY STORM: No. [LR360]

SENATOR FISCHER: ...or are there hills with passing lanes? [LR360]

RODNEY STORM: Yeah, there's hills, there's curves, you know, and that creates that false security for the driver out there. That's why I say when they're driving along and they dart out to make that pass when maybe they shouldn't, but, you know, I mean we've all done that at some point in time. [LR360]

SENATOR FISCHER: Correct. I can understand your frustration, all of us on this

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committee, and throughout the state we've heard similar frustrations from people who look upon highways as economic development. And you mentioned that in your testimony also, the safety, the numbers, and economic development. Are you aware that Nebraska does not prioritize roads currently for any economic development reasons? [LR360]

RODNEY STORM: We're very aware of it. [LR360]

SENATOR FISCHER: How would you define economic development here in Blair? [LR360]

RODNEY STORM: We were... [LR360]

SENATOR FISCHER: For...in regard to highways, why do you need...why do you need a four-lane highway for economic development? How do you define economic development? [LR360]

RODNEY STORM: We're not necessarily saying we need a highway...a four-lane highway for economic development in Blair. I think there's a number of ways to accomplish safer highway systems for the entire state, whether that would be what some call super threes or whatever, where you're providing passing lanes, you're providing turn lanes, deceleration lanes. When people go to make turns off of those roadway systems and so forth, or turns on to them, you've got adequate capacity. The four-lane between here and Omaha on 133, that's an area where the four-lane, we feel, is warranted because of the traffic volumes. Industry, I think we're very fortunate with economic development in Blair, Nebraska. You've got an old adage in economic development--location, location, location. We have all that. We've got a location close to the interstate system. We have the main line of the Union Pacific. We have a vast amount of water. We have a good, quality, reliable electrical service. All of those provide location, location, location, and that's one of the things where we've been very fortunate.

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And as eastern Nebraska and as much as we all would like to maintain everything that we have in rural Nebraska and coming from, what I'm saying, rural Nebraska, northeast Nebraska, we'd all like to maintain that, but unfortunately, because of the economy, because of economic conditions, our jobs are being located where we have those facilities. The industries that have located in Blair, most of them are not going to look at outstate Nebraska because of water, because of the need for the, you know, reliable electrical supplies and so forth. And so that has given us an opportunity and provided us with jobs for our people, and is going to continue to do that. And what we're looking for with the state and with the partnership with the Department of Roads and others is to help build that quality infrastructure. We've put dollars into it. We've, you know, we've spent a couple million dollars in the last 15 years on economic development to help recruit, to add jobs, to provide a economic condition where we don't have to tax our people as heavily as what some places that aren't as fortunate as what we are. And at the same token, we owe those same areas that are providing that economic growth for the remainder of the state to be able to have the infrastructure that provides safe, reliable highways. [LR360]

SENATOR FISCHER: You had mentioned that Highway 131 (sic), I believe you said for the last ten years it's been the number one priority for this district. Is that correct?  
[LR360]

RODNEY STORM: That is what we've been reminded at district hearings. And again, we're not going to fault the Department of Roads because there's been a tremendous amount of work. If you've driven through Blair, we've had a number of projects that we've been able to accomplish, working with the Department of Roads. [LR360]

SENATOR FISCHER: Right. [LR360]

RODNEY STORM: And we have put up a lot of our dollars, you know. I'm going to say we've put probably \$4 million of local funds into some of those highway roads to meet

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our own needs to help take care of ourselves. [LR360]

SENATOR FISCHER: You know, and I, as I said earlier, I can appreciate your frustration. I hear this all across the state and I hear it from my colleagues. That's one reason we're here today. But you also brought up the money issue. [LR360]

RODNEY STORM: Uh-huh. [LR360]

SENATOR FISCHER: And if you look, everyone here reads the newspapers and you see in the papers that highway funding is not just a concern here in the state of Nebraska. It is a concern nationally. When the '88 study, needs study, was done by the Department of Roads and expressways were listed in that study, the understanding, if...I've been studying, I have been studying a lot of studies and history when it comes to highways and roads in this state, and my understanding, in visiting with senators at that time, was that there would be a commitment on the part of the Legislature to fund the needs that were listed in the often quoted 1988 study by the Department of Roads. It is also my understanding by the Fiscal Office in the Legislature that if roads would have been funded to the level needed to complete all the projects in the '88 study, we would be looking at a gas tax right now of 35 cents instead of 26 cents. We would still not be number one in the country, I might add. Right now, we're 20th. And even if we went up to 35, we wouldn't be number one. But I'm going to put you on the spot. Would you support a gas tax, which is how we fund roads here in the state of Nebraska? Would you support a 9-cent increase in the gas tax to get projects done? [LR360]

RODNEY STORM: What I can tell you is when our coalition met about a month ago to discuss the needs, one of the prime things that took probably 45 minutes to an hour of our discussion was that very topic of how do you fund the roads, how are we going to do it statewide. We discussed the gas tax and the unfavorable attitude of people towards raising that. I can tell you, we kicked around at length the proposal that's been brought forward by the Omaha and state chambers relative to the potential of bonding. I

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can tell you most of the people at that meeting supported trying to look into that as an approach, all recognizing that there has to be some type of a dedication of funds towards that link, towards retirement of any bonds that would be issued. So to sit here and say that the people of Blair would or would not support gas tax, I can tell you the people of Blair have been tremendous in supporting the development of infrastructure in this community,... [LR360]

SENATOR FISCHER: You can see that as you drive through this community. [LR360]

RODNEY STORM: ...developing the schools to make this a quality place to live and work. I would never say that the citizens of Blair wouldn't, and I couldn't sit here today and tell you that they would. [LR360]

SENATOR FISCHER: And you won't tell me where you are on that either. (Laughter) If I could just add, I know, being the city administrator, you of course realize the cities benefit from the state gas tax. [LR360]

RODNEY STORM: That's correct. [LR360]

SENATOR FISCHER: Cities receive 23 1/3 percent, also Washington County. Do we have a county commissioner here? I saw one yesterday in Kearney. I thought he was going to come today. The counties also receive 23 1/3 percent of the state gas tax, so that's 46 2/3 percentage of the gas tax, not counting the penny that you each get off the top. In my opinion, that's direct property tax relief because if you weren't receiving that money from the gas tax, what would you do for your city streets here? How would you raise money? [LR360]

RODNEY STORM: You're right. If those funds weren't available, the funds to be able to do that would have to come from either property tax or sales tax. [LR360]

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SENATOR FISCHER: I think it's important--I'm kind of on a crusade here--I think it's important we get the message out to people because a lot of times, you know, I'm not going to raise my hand if somebody says to me, well, do you want the gas tax to go up. You were wise not to answer it. You know, I wouldn't begin to go, oh yes, I want the gas tax to go up. But let's, you know, put it in perspective and remember that if it doesn't, your gas tax will go up...or your property tax will go up. On the bonding issue you mentioned, that will take, in my opinion, significant funds. Roads aren't cheap. [LR360]

RODNEY STORM: Uh-huh. [LR360]

SENATOR FISCHER: You know, we're looking at probably \$2.5 million to \$8 million a mile. Roads aren't cheap. So where do you suggest money comes from? I mean...and I'm not being sarcastic or flippant here in any way. This is a problem that all of us are trying to address and when in the past we have always funded roads through user fees through a gas tax in this state, and to have reaction from the public as we get that out, that that's how we fund roads, I'm not being flippant here, I always say to people, do you want us just not to do anything with roads? Because right now the only new construction in the state we have is the widening of the interstate between Lincoln and Omaha and a Missouri River bridge in Omaha. That's the only new construction. If that's fine then let us know that's fine with you. Looking at this crowd, I don't think that's fine. (Laughter) So let us know. Do you want us to take money from schools? Do you want us to take money from corrections? Do you want us to tax you on income tax? Do you...you know, that. Where do you want us to find the money? And not to dissuade any of you from coming up, but I'll probably ask all of you that question when you come up, and I'm very serious about it too. Because I perceive that we have a crisis here and we need to fund it. [LR360]

RODNEY STORM: Well, Senator, I think that's where my comment, and we're sincere, the fact that the city of Blair is more than willing to be a partner with this committee and others in trying to move forward with solutions to the funding of our infrastructure

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problems. That's not going to be an easy solution, it's not going to be a popular one, but it's one that eventually is going to have to be addressed. And we've all got to look at what are all of the issues, what are all of the potentials, and then what is it that the majority of the people are willing to accept. I wish I could sit here today and say we've identified this and 80 percent of the community we think would support that. We can't do that. I can tell you that Blair, with everything good going that we have, we've had employers with layoffs in the last few weeks. You know, the national economy trickles down. [LR360]

SENATOR FISCHER: Times are tough. Times are tough. [LR360]

RODNEY STORM: We have a concrete equipment company that manufactures batch plants. With the highway funding being down in Nebraska, across the country construction is slowing down, they've had layoffs. So it is trickling down. I heard in fact the other night that one of the things that's helped avoid...this area avoiding the economic abyss that most of the country is having is the strong banks in this area and the ethanol industry. Well, Blair is fortunate to be part of both of those. We are in that Omaha area where the banks are fairly solid. We are in an area where we're a part of that new and growing, expanding biofuels processing and industry. So we're very fortunate. We need to be a part of that process and I think that, you know, the city of Blair and the citizens of this area are willing to participate in that. [LR360]

SENATOR FISHER: I appreciate that. Thank you so much. Senator Lautenbaugh, did you have a question? [LR360]

SENATOR LAUTENBAUGH: Yeah, thank you, Senator Fischer. I just want to follow up, if I may. Can you correct me if I'm wrong? I didn't understand your initial comments to be that you thought economic development was one of the prime movers for the need to widen 133. [LR360]

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RODNEY STORM: No, 133 we feel is strictly a safety issue. Is it potentially hindering future commercial economic development in this area with the flow of commerce between the Omaha area? Yes. But it's not the prime need. The prime need in this area is safety and capacity. And I can tell you, you now, with our colleagues, my colleagues, many of which you know from this point west, we've had those same discussions on safety, capacity, and economic development. And ours is strictly one that we're looking out for the citizens of our community. We are putting our people at safety's risk because of that configurations of those highways and capacities. [LR360]

SENATOR LAUTENBAUGH: Thank you. That's what I thought I understood from your previously. [LR360]

SENATOR FISCHER: Thank you. Other questions? You're probably thinking, can I leave? [LR360]

RODNEY STORM: (Laugh) Thank you. [LR360]

SENATOR FISCHER: (Laugh) Thank you, Mr. Storm, very much, appreciate it. Next person who would like to testify? We'll be nice. I'll be nice. (Laugh) [LR360]

RONALD HINELINE: I don't have my paper real complete here, but (inaudible). I'm Ron HineLine and I am running for county supervisor in Washington County. We only have two highways that connect us to Omaha and the interstate system. That's Highway 75 and 133 that's direct from Blair. On Highway 75, we have three major industries. We have Omaha nuclear power plant, we have Cargill, and we have a Fort Calhoun rock quarry. That's just between Blair and Fort Calhoun on Highway 75. Any catastrophe that could happen at the nuclear plant and cause them to close down the road, they need direct access to that nuclear plant or Cargill if there's any kind of a disaster at either one of them, and both of them are disastrous places. You know that. And I think that, automatic, it's going to detour, if they have to shut that down, it's going to detour the

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traffic from the Highway 75 on to Highway 133 and that causes a problem. Be awful nice to have another two lanes on Highway 33 (sic) if something like that did happen, to carry the traffic into Omaha. I think what we really need, it was mentioned earlier, is one of those earmarks. We'll ask our state senators to talk to the U.S. Senators and Congressmen and see if they can get one of those flipped our way, since they have so much money floating around Washington right now. (Laughter) Maybe they could just nip us a little bit of it. I'm suggesting generally that the best place for it would be Highway 133. And I would also like to quote one of our great Nebraskans, Larry the Cable Guy, "get 'er done." Okay. Thank you. [LR360]

SENATOR FISCHER: Thank you, Mr. Hinline. Are there questions? [LR360]

SENATOR LOUDEN: He left. [LR360]

SENATOR FISCHER: He left. (Laughter) Thank you very much. Next testifier. [LR360]

SENATOR LAUTENBAUGH: I think you frightened them. [LR360]

SENATOR FISCHER: I ask questions. Ah, the next one. Good afternoon. [LR360]

DANIEL HUNT: Good afternoon, Senator. My name is Dan Hunt and many of my fellow citizens know that I tend to be a rather vocal supporter of expanding the capacity of Highway 133. Every time I get an opportunity to speak to someone like yourself, a politician, I say that in a nice way. [LR360]

SENATOR FISCHER: With affection. (Laugh) [LR360]

DANIEL HUNT: With affection, yes, and Senator Lautenbaugh knows. I was president of the chamber of commerce in 1991, I was president of Gateway Development Corporation in 1992, so I have a little bit of understanding. I'm not going to be able to

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give you facts and figures. You've heard that from other people testifying. But we've been trying for nearly 20 years to get this taken care of and we keep hearing that it's a priority, and every time I hear that I roll my eyes because I don't care if it's a priority. As Mr. Hinline said, let's get it done. In all this time that we've been waiting, we see all these other projects going around the state. And I don't mean to disrespect Kimball and I don't mean to disrespect Norfolk, but I can't believe that there's more traffic between Norfolk and Omaha than there is between Blair and Omaha. Yet, there's going to be four-lane highway between Hooper and Scribner before there's four-lane highway between Blair and Omaha, and as a community--let's define our community as the state of Nebraska--that seems like a poor use of our funds. And when I talk to my elected officials they'll say, oh well, yes, but we've got this big grand plan and it's this interstate...or the expressway system and they've thought of it 20 years ago and we've got to follow this plan. Well, I'm a businessman. If I develop a plan, you know, 20 years ago, and if I haven't looked at that in the last 20 years and tried to consider how that needs to be modified and changed, it's time to examine this and reestablish our priorities based on our current situation. And I've told every...I hear that from everyone, from the Governor on to my city council people, well, yeah, you know, but, you know, Kimball, they think their highway is pretty important too. Oh, okay, I don't mean to disrespect Kimball. Let's throw them all in a pot and look at these projects and let's decide, as a community, as the state of Nebraska, which of these are most important for us, for our state. And if Blair, if Highway 133 doesn't come up as number one, I'm a big boy, I can accept that. But it needs to be examined. It ought to be examined. And I would encourage you, as one of the elected officials of our state, all of you, and some of the leaders of our state to consider that our state's priority should be in regards to the distribution of our highway funds. That's all I have. [LR360]

SENATOR FISCHER: Thank you, Mr. Hunt. [LR360]

DANIEL HUNT: Thank you. [LR360]

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SENATOR FISCHER: Are there questions? (Laughter) Senator Louden. [LR360]

DANIEL HUNT: Yes, Senator. [LR360]

SENATOR LOUDEN: First, I wanted to point out that when you...when you been beating down on Kimball just a little bit, but that was...there's 56 miles of four-lane expressway that lacked four miles of being hooked up to the interstate, and that's the reason Kimball is finally getting hooked up. It should have been built all at one time but it never was. Anyway, so much for that. [LR360]

DANIEL HUNT: I don't intend any disrespect to Kimball. Everybody's highways are important, I understand that for a community, but I believe we've been overlooked, frankly, so... [LR360]

SENATOR LOUDEN: What's your opinion on six-lane interstate across Nebraska? Do you think we should continue to build on that? I mean, this is expensive construction. [LR360]

DANIEL HUNT: Yeah, I'm not educated and schooled in that. It's easier to understand six lanes between Omaha and Lincoln. If you keep going west, past Lincoln, then I don't really have an opinion of that. Right now I'd have to say you'd have to give me more information before I could tell you. I understand that there's more traffic that drives past Woodhouse Ford every day than goes between Scottsbluff and Cheyenne on Interstate 80. So, you know, do we need three lanes all the way across Nebraska? I would think, frankly, probably not, but I'm willing to hear their argument. [LR360]

SENATOR LOUDEN: The reason I mention that, when you east of Omaha, it's two lanes when you get into Iowa for a long ways. [LR360]

DANIEL HUNT: Uh-huh. Yeah. [LR360]

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SENATOR LOUDEN: The other...the other question on that, it's the cost per mile to build that, and when you would think about it, should there have been some expressways built off to one side someplace, say 30 or something through here, rather than... [LR360]

DANIEL HUNT: Like between Blair and Omaha, for example? [LR360]

SENATOR LOUDEN: Blair and Omaha or else...(laughter)...or else Blair... [LR360]

SENATOR FISCHER: All those in favor, yeah. (Laugh) [LR360]

SENATOR LOUDEN: Yeah, Blair, on east or something like that, and divert some of that traffic away from the interstate. Because the more concrete you pour, the more traffic is going to come to that. I mean you're never going to get rid of traffic congestion if you keep pouring concrete there. [LR360]

DANIEL HUNT: Yeah, I was interested to see a big piece of a wind turbine come down Highway 30, down our main street, and it blocked one of our traffic lights for three or four cycles as it was trying to get around there. I wondered why it didn't travel on the interstate, and I'm sure it had...maybe it was an overpass issue or something. But I think if your question is, should we widen other roads, I'm not...I'm not educated in that. As I say, I'm smart enough to know that you have to look at all the possibilities and opportunities before you pass some sort of judgment. So... [LR360]

SENATOR LOUDEN: Well, that gets back to... [LR360]

DANIEL HUNT: ...if I can get some information about it, I'd be happy to give you an opinion. [LR360]

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SENATOR LOUDEN: That gets back to where I would like to see information myself, which is hard to find, are we using our resources in the best possible way. Should we be moving our road system wider across the state rather than narrowing it down to one...one...? [LR360]

DANIEL HUNT: Well, maybe it's time to relook at this 20-year expressway plan, as I said. You know, any plan that's been in place for 20 years deserves another review, so... [LR360]

SENATOR LOUDEN: If the expressway system was more completed maybe we wouldn't need the six-lane interstate as much as we do,... [LR360]

DANIEL HUNT: That could be. [LR360]

SENATOR LOUDEN: ...because it would divert traffic away from it. [LR360]

DANIEL HUNT: I understand that point, okay. Uh-huh. [LR360]

SENATOR LOUDEN: Okay. [LR360]

DANIEL HUNT: That could be. [LR360]

SENATOR LOUDEN: Do you...you say you were city manager. Do you know what the valuation is of Washington County? [LR360]

DANIEL HUNT: No, I do not. [LR360]

SENATOR LOUDEN: Okay. I was just curious. For some reason... [LR360]

DANIEL HUNT: I don't have a lot of facts and figures, I'm sorry. [LR360]

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SENATOR LOUDEN: Yeah. For some reason, nobody seems to know what the valuation of Washington... [LR360]

DANIEL HUNT: I'm sure it could be obtained. It's... [LR360]

SENATOR LOUDEN: ...County. Yeah, but you guys are the ones that are in authority. I thought maybe you had some idea of how much you... [LR360]

DANIEL HUNT: If I could use my phone, I could surf the net and see if I could find it. (Laughter) [LR360]

SENATOR FISCHER: Your phone is off. (Laugh) [LR360]

DANIEL HUNT: Yes. That's right. [LR360]

SENATOR LOUDEN: Is that...the 133, as you mention it, does it all have to be rebuilt or can one...what's there now can be used for one direction? [LR360]

DANIEL HUNT: Well, there is a plan in place and I believe that a lot of it that it there can be retained. Somebody that's more familiar can probably say whether or not I'm...Rod probably know. He's leaving. (Laughter) But I think much of it will be retained, so... [LR360]

SENATOR LOUDEN: Because... [LR360]

DANIEL HUNT: They're going to try and level some places off. There's some pretty steep valleys in there and I know they're going to try and straighten some of the curves and then provide access to the residential areas on the side, so... [LR360]

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SENATOR LOUDEN: Because, see, they're quote us like we get information here in front of us and they talk about the Alliance to Chadron road and it's going to cost \$180 million or something. Well, yeah, it's 90 miles. But they're talking about \$2 million a mile and what they're not telling you when they quote those figures is that was supposed to be a super two anyway and some of it is already completed and we're not talking about \$2 million a mile. And so, consequently, when we put in some of that road in some of those areas, if one of the roads that's there can be as one direction,... [LR360]

DANIEL HUNT: Uh-huh. Sure. [LR360]

SENATOR LOUDEN: ...it isn't going to cost \$2 million a mile or \$4 million a mile or something like that. [LR360]

DANIEL HUNT: Correct. [LR360]

SENATOR LOUDEN: It doesn't cost near as much. It isn't something the engineers like to do because they like to have something nice and pretty at times, I'm sure of that. But nonetheless, I was wondering if you were familiar with that, if that... [LR360]

DANIEL HUNT: I've seen the design and, as I recall it, there are sections that will be...you know, won't have to be repaved and rebuilt. [LR360]

SENATOR LOUDEN: Okay. And then...and you say that you've been...it's on the priority list. It has been now for... [LR360]

DANIEL HUNT: Yeah, I think it has been since I was the president of the chamber of commerce. I mean, that's how I recall it. Some people said, no, Dan, it wasn't, but...so maybe I'm wrong. But it's been a priority for a long time. [LR360]

SENATOR LOUDEN: And you've hassled Department of Roads most of the time, have

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you, wondering why it hasn't moved up on the scale? [LR360]

DANIEL HUNT: Yeah. And again, the people from Department of Roads, the people that we interact with, are all very professional and very friendly and all tell us how important that road is and how it's very high on their priorities but, by golly, they got all this other work they got to get done someplace else, and they sure feel for us but they only have so much money and meanwhile, you know, people die and, you know, we've got our own problems on our own section. And, you know, you can talk about, you know, if you built it they will come or whether it's for economic development. I don't think that's the issue. It truly is for safety. We're already at a point where safety is an issue. It's my understanding that we have 60 percent of our work force in Washington County that works outside of the county, so most of our people are traveling these highways every day in order to get to work. And so no question that that's got to be...it needs to be addressed. It needed to be addressed ten years ago. [LR360]

SENATOR LOUDEN: And it's about a ten-mile stretch? [LR360]

DANIEL HUNT: Yeah, my understanding, yeah. [LR360]

SENATOR LOUDEN: Yeah. Okay. Well, thank you for your testimony. [LR360]

DANIEL HUNT: Yeah. Thank you, Senator. [LR360]

SENATOR FISCHER: Other questions? Senator Lautenbaugh. [LR360]

SENATOR LAUTENBAUGH: Mr. Hunt, if I told you Washington County was valued at \$1,820,726,671.00, would you have any reason to dispute that? [LR360]

DANIEL HUNT: I think you're pretty close. (Laughter) [LR360]

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SENATOR LAUTENBAUGH: Okay. Thank you. Thank you, sir. [LR360]

DANIEL HUNT: Yeah. [LR360]

SENATOR FISCHER: Other questions? I just have a few. [LR360]

DANIEL HUNT: Okay. [LR360]

SENATOR FISCHER: You spoke...and, again, I sense your frustration with this and know that you are not alone. All across the state we're seeing this and it's frustration that new construction is not being done and, there again, it's because of lack of funding. We're seeing that tremendous shortfall in revenue for the Department of Roads,... [LR360]

DANIEL HUNT: Uh-huh. [LR360]

SENATOR FISCHER: ...in their budget for the Department of Roads. [LR360]

DANIEL HUNT: Uh-huh. [LR360]

SENATOR FISCHER: Well, you spoke about plans need to be modified. [LR360]

DANIEL HUNT: Reviewed. [LR360]

SENATOR FISCHER: I don't know if you know this or not, but when the '88 plan happened, and I know we all say the '88 plan like it never changed, that plan itself changed and roads were added to the expressway system, which is the focus here today. But the Department of Roads also updates their one-year and their five-year plan. That changes every year. Senators get a packet of material, and I know that you can get that material as a citizen from the Department of Roads. I believe you can

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access it on their Web site and that is available so you can see that. But here again, I would say that 133, it's the number one priority, is what I've heard today. [LR360]

DANIEL HUNT: We've heard it several times, yeah. [LR360]

SENATOR FISCHER: Right. And, you know, it's not getting done because of money, because of money. And the costs for road construction only continue to grow. They've grown over 30 percent in the last three years. [LR360]

DANIEL HUNT: Uh-huh. [LR360]

SENATOR FISCHER: So, you know, that's a problem. I didn't know, Mr. Hunt, if you were aware also that the department has a draft proposal out on a new priority system and I don't...maybe we'll hear about on the next resolution when we discuss the expressways, but I don't know if the Highway Commission, which you have...you know, again, that's public information, but I don't know if they've approved it yet, and ultimately the Governor approves it. But currently, roads are determined due to safety concerns. [LR360]

DANIEL HUNT: Uh-huh. [LR360]

SENATOR FISCHER: You know, that's the number one. And as I was reading through Mr. Storm's testimony, he mentioned that with Highway 133. Secondly, you know, it is capacity. That was mentioned with Highway 133 too. But those have been the way that we determine where roads are built in this state. I think that has served us well. [LR360]

DANIEL HUNT: I don't think...I agree with you. [LR360]

SENATOR FISCHER: Oh, good. [LR360]

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DANIEL HUNT: I don't think it has served Blair well. The issue you look at, Madam... [LR360]

SENATOR FISCHER: That's because everybody wants their own road. [LR360]

DANIEL HUNT: Yeah, every...you know, Minden's road is important as our road. I understand that. [LR360]

SENATOR FISCHER: Omaha. Omaha, Dodge Street, the elevated deal, yeah. [LR360]

DANIEL HUNT: You take a look at...yeah, you know, we...with safety and capacity being the number one and number two issues involved in where road construction is done--and I'm aware that the Department of Roads updates their one-year plan and their five-year plan, their ten-year plan--it seems like every time they come out with a new five-year plan we're on it. You know, we never manage to get bumped up on the priority. But if you're looking at safety and capacity, why is it that we're spending millions of dollars, tens of millions of dollars on highway construction between Norfolk and Omaha, and we can't get appropriate funds between Blair and Omaha? As I said, we're getting four lanes between Scribner and Cooper before we're going to get four lanes between Blair and Omaha. And when safety and capacity are the two primary things that we're looking at, why are we not getting the attention that we deserve? [LR360]

SENATOR FISCHER: And here again you're not... [LR360]

DANIEL HUNT: It might be a rhetorical question. [LR360]

SENATOR FISCHER: ...you're not alone. But here again, you're not alone. Also, I forgot that system preservation is a priority, too, there. We have billions of... [LR360]

DANIEL HUNT: Maintenance, is that? [LR360]

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SENATOR FISCHER: Maintenance. [LR360]

DANIEL HUNT: Okay. [LR360]

SENATOR FISCHER: We have billions of dollars in investment in highways and infrastructure here in the state and... [LR360]

DANIEL HUNT: Got to keep it, sure. [LR360]

SENATOR FISCHER: ...maintenance, we do have to keep it up. And Nebraska is fortunate there, compared to many other states. We all saw the bridge collapse in Minnesota. So it is fortunate there. I think Speaker Flood, who is from Norfolk, would probably argue with you. He feels that he's not getting his expressway built... [LR360]

DANIEL HUNT: All politics are local. [LR360]

SENATOR FISCHER: ...between...all politics are local. [LR360]

DANIEL HUNT: Everyone's road is important. [LR360]

SENATOR FISCHER: I don't have an expressway to be built in my district, nor do...including the over 17,000 square miles of my district. I don't have an expressway or any new construction taking place so... [LR360]

DANIEL HUNT: We all feel... [LR360]

SENATOR FISCHER: ...I get to give you... [LR360]

DANIEL HUNT: ...we all feel put upon. [LR360]

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SENATOR FISCHER: ...I get to share your...I get to share the pain of everyone in the state on all the projects that they want. [LR360]

DANIEL HUNT: And this is maybe where my suggestion is. Let's put them all in a hat and look at them and see where our priorities should be. And if Highway 133 falls out at number five, like I say, I'm a big boy. You know, I'll...we'll wait for the other four to get done. But... [LR360]

SENATOR FISCHER: But priorities change yearly too. They can change yearly. I mean I'm not the expert here,... [LR360]

DANIEL HUNT: Uh-huh. [LR360]

SENATOR FISCHER: ...but, as I said, I study. But they can change yearly because of the system, the concrete, the surface, how it is,... [LR360]

DANIEL HUNT: Sure. [LR360]

SENATOR FISCHER: ...if it needs to be...have major maintenance done, not just the patching, which patching isn't really maintenance of the surface. I'll be corrected here, I'm sure, when the department comes up. [LR360]

DANIEL HUNT: Uh-huh. [LR360]

SENATOR FISCHER: But patching isn't maintenance of the surface, as I understand it. It's more for the safety of us, as we travel, and the cost to our vehicles if we hit a pothole. If you're going to maintain truly to preserve a highway, you have to take out certain sections... [LR360]

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DANIEL HUNT: Sure. [LR360]

SENATOR FISCHER: ...at various time. I'm not an engineer but that's what I think it is. But here again, when you have priorities changing and a lack of funds... [LR360]

DANIEL HUNT: Yeah. So let's... [LR360]

SENATOR FISCHER: ...do you still just...do you want us to legislate where roads are built? Nebraska has never done that in the past. We've never made it political where the Speaker or the Chair of Appropriations or the Chair of Transportation Committee may be viewed as having more clout and they decide where the roads are built in this state. Do you want that, or do you want...do you want this priority system? [LR360]

DANIEL HUNT: Well, I'm not familiar with what the...all the mundane details of the process that is gone through in order to determine what roads receive priority. I know all politics are local. My road has not received the priority that it needs. As I've said, being a reasonable person, I understand that other people think that their priorities are high as well. So let's take a look at them all together. I don't know what process it is that put four lanes between Hooper and Scribner between...before we got four lanes between Blair and Omaha. I don't know how that happened. But how ever it happened, that process ought to be reviewed and ought to be looked at because something isn't working right. And it's not the fault of anybody in this room, but somewhere in this state we have the ability to do what is best for us as citizens. Now whether that has to come from the Legislature or from the Governor or up from the county boards or the city halls, I don't know where it comes from, but whatever the process is, I'm convinced that something isn't right because Highway 133 should be four-lane today. It should have happened. It should have started ten years ago. It should have been finished five years ago. And does that mean that we have to legislative it? I doubt it. There must be better ways to do it than that. But whatever we're doing now isn't working, in my opinion. So let's take a look at what those processes are and see if we can't improve them. [LR360]

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SENATOR FISCHER: Thank you. Thank you very much. [LR360]

DANIEL HUNT: Okay. Thank you. [LR360]

SENATOR FISCHER: I appreciate your comments. [LR360]

DANIEL HUNT: Uh-huh. [LR360]

SENATOR FISCHER: Senator Louden. [LR360]

SENATOR LOUDEN: Yes. Would you be willing to have Washington County put a 1-cent mill levy on the property tax to be earmarked for road construction? [LR360]

DANIEL HUNT: I'd...personally, I'd rather see it on the fuel tax. [LR360]

SENATOR LOUDEN: Okay. [LR360]

DANIEL HUNT: But I, yes, the answer is, yes, I would. [LR360]

SENATOR LOUDEN: Because that would probably, with what Scott mentioned the valuation, raise, what, about \$18 million, \$19 million a year. [LR360]

DANIEL HUNT: See, to me that's an investment in our community. That's an investment in my business. It's going to help my community grow. It's going to help me get more business. It's a small price to pay. Thinking off the top of my head, I think that fuel taxes are a more appropriate way to pay for roads, but... [LR360]

SENATOR LOUDEN: The only thing with fuel taxes, that would get divided up all over the state, whereas with a local property tax on...from the county would be your money

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and you can... [LR360]

DANIEL HUNT: Yeah, but why wouldn't I want somebody from Kimball to help me build my road? (Laughter) [LR360]

SENATOR LOUDEN: Well, I tell you what.... (Applause) Let me tell you, if my county had a million eight hundred...or one, yeah, \$1,000,800,000.00 valuation, it wouldn't be a problem. If Kimball had a billion dollar valuation, it wouldn't be a problem. You have to realize that you have some counties down here that are very, very rich and now you're talking about trying to divide up the state road money equally among different projects, so you got to take that into consideration. [LR360]

DANIEL HUNT: Well, I would... [LR360]

SENATOR LOUDEN: The wealth in Nebraska is still in the eastern part of Nebraska and there will probably be a time when you're going to have to shoulder more of that load on road construction than what is being done now. [LR360]

DANIEL HUNT: I'm a believer that a community needs to support what is in its own best interests, and when I say that I could support a penny mill, you know, some sort of tax, property tax, that's to benefit my community. I also believe that I am a member of the community of Nebraska, and if I need to pay a penny to build a road out in Kimball because they need it, I would be happy to do that. I don't want to take anything away from anybody in this great state of ours. I love...I understand outstate Nebraska is now a term that we're not supposed to use. Greater Nebraska is now preferred. I love greater Nebraska. I'm very proud of the state that I live in and I want to support Kimball and Bassett and Scottsbluff and all the small towns between here and the western side of the state. I happen to believe, based on my limited knowledge, my admitted limited knowledge, that the Highway 133 project has got to be one of the top...I think it's the top project in the state but maybe it's one of the top three or top five projects of the state.

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[LR360]

SENATOR LOUDEN: Well, if they're acquiring real estate, I'm sure it is. [LR360]

DANIEL HUNT: Yeah. [LR360]

SENATOR LOUDEN: They better be doing something pretty quick. [LR360]

DANIEL HUNT: Well, it's been the top project in this district for many years and it still hasn't gotten done, so... [LR360]

SENATOR LOUDEN: How long have they been acquiring real estate? [LR360]

DANIEL HUNT: I don't know the answer to that question. [LR360]

SENATOR LOUDEN: Okay. Well, thank you. [LR360]

DANIEL HUNT: Yeah, thank you. Anyone else? [LR360]

SENATOR FISCHER: Thank you, Senator Louden. Senator Lautenbaugh. [LR360]

SENATOR LAUTENBAUGH: Mr. Hunt, I don't know if you know this or not, so I'm probably making a speech rather than asking a question. [LR360]

DANIEL HUNT: Okay. [LR360]

SENATOR LAUTENBAUGH: Just as surely as there are several cars in Washington County traveling to Douglas County, aren't there just as many or several thousand cars coming from Douglas County to Washington County, availing themselves of Highway 133 as well? [LR360]

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DANIEL HUNT: Yes, there are. It's my understanding that there is more outflow than there is inflow, but there is. Yeah, there's quite a few coming this direction as well. [LR360]

SENATOR LAUTENBAUGH: And the volume coming in might be growing with a lot of the recent development too. [LR360]

DANIEL HUNT: Well, we hope so, sure. I think that there was some...that was implied earlier in, you know, all the growth that we have out at the Cargill campus and a lot of the other industry that we have coming into town. [LR360]

SENATOR FISCHER: Thank you, Senator Lautenbaugh. Any other questions? Thank you, Mr. Hunt. [LR360]

DANIEL HUNT: Thank you, Senator. [LR360]

SENATOR FISCHER: Appreciated you coming up. [LR360]

DANIEL HUNT: Thank you. [LR360]

SENATOR FISCHER: Anyone else wishing to present any information or testimony on this legislative resolution? Thank you. Good afternoon. [LR360]

CARL LORENZEN: Good afternoon. My name is Carl Lorenzen, and I am here today as a concerned taxpayer, also a citizen user of 133. [LR360]

SENATOR FISCHER: I need you to spell your last name, please. [LR360]

CARL LORENZEN: Okay. L-o-r-e-n-z-e-n. [LR360]

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SENATOR FISCHER: Thank you. [LR360]

CARL LORENZEN: You're welcome. [LR360]

SENATOR FISCHER: And welcome. [LR360]

CARL LORENZEN: Thank you. Highway 133 was a graveled surface road back in 1959 when I got my first learner's permit. And the biggest hazard on that road at that time was dust, and things have changed a lot since that time. The lion's share of Washington County rural residential development and virtually all of our industrial economic development, to include Cargill and the Fort Calhoun nuclear power plant, have occurred after the initial hard surfacing of Highway 133. But in the past 50 years, minor improvements have already been talked about, but those improvements have included hard surfacing, of course, and surface shoulders and other improvements, but some mending, some sealing, basically maintenance. So we've not really done a lot to that road. So when you look at 133, we, as taxpayers, have realized an excellent return on that initial capital investment. That's been a good investment. Now I fully support holding public meetings like we're hearing today, like we're holding today, and this hearing is very important to find out the facts and the input from the community. However, I do question the time of this Transportation Committee hearing. And the reason for that, it has been almost seven months since this resolution was introduced on March 31, 2008. I feel the timing of this hearing does little to show the residents of Washington County, along with all taxpayers who regularly travel on Highway 133, that there is a sense of urgency to determine the feasibility of adding Highway 133 to the expressway system. It could easily be a full year from the date of introduction that a recommendation of action or legislative direction is given. With research at the time of introduction, it could have been determined that the purposes of this interim study as outlined in items 1-7 of the resolution had been answered or certainly had the potential to be readily answered by the Nebraska Department of Roads, the Washington County Gateway Development

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Corporation, the Nebraska Department of Economic Development, and the city of Blair. The close proximity of this hearing to the Nebraska Department of Roads needs requirement date, November 7, 2008, would also seem to make it improbable to have the Highway 133 capital improvement projects be considered as a part of the new two-year budgetary process. One must also ask the who and why question regarding the removal of Nebraska State Highway 133 from the District 2 five-year plan and it hasn't been removed. Nearly all of the right-of-way acquisition for the 4.8 mile, and it is a 4.8 mile first segment phase of the two-phase project for the four-lane widening, most of that acquisition has been completed, along with the mandated environmental requirements. And Mr. Craig is here today, and he can probably reinforce what I'm saying. The who and why question was partially answered in a conversation with District 2 Highway Commissioner Richard Reiser and Mr. Randy Peters, project and planning development engineer, following last night's District 2 planning meeting in Omaha. Randy Peters also outlined the department's updated proposal of priority highway needs last night, as he did on September 12. Those include: (1) highway priority bridges; (2) preservation of existing highways and bridges; (3) the Interstate 80 six-lane widening project from Lincoln to Omaha, and I think the second phase of that goes from Lincoln to Grand Island; and finally, capital improvement projects round out the order of priorities to meet Nebraska's future highway needs. Highway 133 met the old traffic count requirements of 6,600 vehicles per day and now meets approximately 85 percent of the newly established traffic count requirements of 10,000 vehicles per day. And, as has been spelled out, most certainly has documented safety concerns to qualify as a capital improvement project. We all understand, and I'm not going to raise my hand either, we all understand the reality of the current lack of available funding, both state and federal funding, for this or for any Nebraska Department of Roads capital improvement project under the new priority of highway needs statement. But why not simply retain Highway 133 as a capital improvement project in the five-year program until funding becomes available, such as through LB846? And for those of you, I know that you're familiar with it, but for those in the room, LB846 levies a 5 percent excise tax on wholesale fuels in Nebraska and will be implemented on July 1, 2009. And I might

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add that each member of this committee, with the exception of Senators Schimek and Pedersen, voted in favor of LB846. A very real and serious concern is that of public safety. It's already been addressed, and we must be mindful of the emotional impact on those who have lost loved ones and friends in traffic accidents on 133. We also have a responsibility for the safety of those operators who rely on 133 on a daily basis and are frustrated with the inability to access the highway from Lakeland or most other intersections or safely make a left turn off the highway. The first thing I do is look in the rearview mirror when I turn on a turn signal. School bus drivers, farmers, truckers, law enforcement, fire and rescue personnel such as myself, and many others who share a common concern of safety while operating...do share a common concern of safety while operating on Highway 133. In conclusion, it is my opinion that Highway 133 should not necessarily be added to a 20-year-old uncompleted 1988 expressway system unless its priority within that system is made crystal clear from day one. There may be also other more favorable solutions for the widening of Highway 133. As our mayor pointed out earlier, this community deserves a model or serves as a model for successful economic development throughout the state of Nebraska. The Highway 133 capital improvement projects are needed to provide for public safety and to support established economic development in our community. I urge this committee to recommend to the Legislature that the Nebraska Highway Commission and Nebraska Department of Roads establish and fund Highway 133 as a stand-alone capital improvements project, well ahead of the 1988 expressway system. This is not a question of can we afford to improve Highway 133, but it becomes a question of can we afford not to improve Highway 133? After 50 years, now is the time to responsibly posture for a capital reinvestment program. Thank you. [LR360]

SENATOR FISCHER: Thank you, Mr. Lorenzen. Are there questions? Senator Louden. [LR360]

SENATOR LOUDEN: If I understood your testimony right, you mentioned that you don't know if it's a good idea to put it on the interstate or on the expressway system unless it

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is given some kind of designation of priority. And my understanding is right now the way the Department of Roads is, what's on the expressway system isn't going to be worked on unless there's some federal earmarked funds. And if I hear you right, that they're already acquiring property a long it, perhaps they're farther ahead than putting it on the expressway system. That may hinder the process. [LR360]

CARL LORENZEN: That's my fear because what we have right now--I'm on the Blair Airport Authority Board--and the acquisition for that stretch of road along the airport has already been acquired. And it's my understanding that there are a couple of school bus turnarounds and things like that that have not been acquired. But for the most part, the property has been. And I can't address the environmental impact and whatnot, those studies, but it's my understanding that they have been conducted as well. And if that's true, then we have to take a look at losing what we've already accomplished, and so we need to move forward with the project. [LR360]

SENATOR LOUDEN: Do you know where it sits on the Department of Roads' agenda as far as getting it done? Is there some kind of a date for construction or completion? [LR360]

CARL LORENZEN: Well, no, there's no date for construction or completion. And my conversation with Mr. Reiser last night was that it's still a priority, but it's not on the five-year plan. So if it's not on the five-year plan, I have to question what kind of a priority it has. But we have all these things accomplished for that first phase for the first 4.8 miles, which originally was valued at or cost estimate was \$16 million. And now last night the statement was made in the District 2 meeting that that cost for four-lane widening has increased to \$5 million a mile. So now we've gone from \$16 million to \$20 million, but the inflation rate on highway improvements has now dropped back to 10 percent. So we had a high of 27 percent inflation. Now we're back to 10 percent inflation on highway projects. But it's just going to get more costly every year that we delay. [LR360]

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SENATOR LOUDEN: Then perhaps it should be brought up and put on the five-year plan or the one in five-year, something like that. It should be brought forward on that planning. [LR360]

CARL LORENZEN: Well, and, Senator, what we are hoping is that we would go from the five-year plan to the one-year plan, but we didn't. We dropped off the five-year plan. And so my priority is getting us put back on that five-year plan and moving into the one-year plan so we don't... [LR360]

SENATOR LOUDEN: Was it on the five-year plan at one time? [LR360]

CARL LORENZEN: Yes. In the 2008 through 2013 program planning book it was, yes. [LR360]

SENATOR LOUDEN: Okay. [LR360]

CARL LORENZEN: And now it's not on the 2009. [LR360]

SENATOR LOUDEN: Yeah, that happens. When did it go off, do you know? [LR360]

CARL LORENZEN: I'm not sure when it was taken off. That was the who and why question I had from last night, and that was partially answered but not completely answered. [LR360]

SENATOR LOUDEN: Okay. Because I was wondering, everybody talks about the Kimball deal, it was on the one- and five-year plan because Governor Johanns asked to have it put on the one- and five-year plan. Then when he went to be Secretary of Agriculture, it was dropped... [LR360]

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CARL LORENZEN: Right. [LR360]

SENATOR LOUDEN: ...from the one- and five-year plan. I just wonder if this is an instance. [LR360]

CARL LORENZEN: I'm not sure. And having not been involved with the Washington County Transportation Coalition and all those other efforts--I think West Point has a coalition also--but not having been involved with a group like that that was, you know, really seriously involved in pushing this, you know, I don't know how that happened. Now I have had conversations with Congressman Fortenberry, and it's kind of interesting because he suggested that we go talk to Cargill. And he had mentioned, you know, is there anybody in the area, you know, that might have some interest in funding? Well, I don't think that's the answer. We have a community that we have to look at. And you certainly have brought up a couple of interesting points, you know, about the mill levy and whatnot. But right now, obviously, everybody knows that the increase in taxes is not a very popular subject with the voters. [LR360]

SENATOR LOUDEN: Well, no, but if you're going to build roads, we're going to have to find it someplace. [LR360]

CARL LORENZEN: And Dan Hunt was right on when he said this is an investment and it's like a business deal, you know. And look at the investment that we made in 1959 and what a great investment that was. But convincing taxpayers that that might be the best alternative is a tough sell. [LR360]

SENATOR LOUDEN: Well, it's hard to say. Where I come out there in the Sandhills and stuff there's many of us that we build our own roads. The county doesn't have any money and I've put up the money. We've hired trucks, bring rock in, motor graders and I'll grade the roads and build them myself. I've built probably three or four miles of road on the ranch to give for different people to use besides myself. And we never...we were

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tickled to death that the county would even loan us a motor grader. And I mean this is how it's done in other parts of Nebraska when you get to some of these, because we have counties out there, Banner County, when you talk about Kimball, which is north of Kimball, Banner County is broke. They're at their maximum levy and if anything happens there, I shouldn't tell you...I can tell you there's one county out there in my district that I drive through on Highway 2 and they're close enough that if you get a speeding ticket there they're not going to prosecute it because they can't afford to prosecute it. [LR360]

SENATOR FISCHER: Shhh, shhh. [LR360]

SENATOR LOUDEN: Thanks for your testimony. [LR360]

CARL LORENZEN: Well, you're welcome. Did I answer your question okay? Okay. [LR360]

SENATOR FISCHER: Other questions? Senator Hudkins. [LR360]

SENATOR HUDKINS: Thank you. Mr. Lorenzen, in the first part of your testimony, you talked about the timing of when this resolution was introduced and then how long it took until today and why we're here. I can explain part of that for you. There are time lines that we have to follow when we're in the Legislature. There are deadline dates when the interim studies have to be requested. But the interim studies don't typically happen until the fall months. Now that's why there's that much time in-between. We're not going to have an introduction of a resolution on Thursday, March 7, and have the hearing on Friday, April 1, or whatever the dates are. I don't know. So that's why there is so much time lag. Now does that time lag really make a difference? No, because what we're here today for is to get the community's response on this resolution. And from that information, we will determine what legislation is appropriate or possible to be introduced in the next year's session, which, as you know, begins on January 9. I really

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sympathize with Blair and with the problems that you have with Highway 133. You have grown. There are a lot of people going from here to Omaha to work. There are people coming from Omaha to Blair to work. So that traffic count has increased greatly. Now the traffic counts necessary for road improvements have, unfortunately, increased. I don't...6,000, I think it's gone to 10,000, and you, through no fault of your own, you're not up to that 10,000 number. You don't...that's not your problem. You see it as a safety problem. I agree with you. When you have a road that was built back whenever, it was built for a certain speed; it was built for a certain number of cars; and those have both increased. So you do have a problem. So the overriding, not question, problem is money. Price of petroleum has gone up. Price of steel has gone up. Price of concrete has gone up. People are driving less. That means there's less money going into the highway funding pool. I just heard today that Lincoln Electric System is going to increase their electric rates because the people aren't using enough electricity. That makes no sense to me. But when you have good things going on in your community or you want a good thing, Highway 133 to be improved and widened and leveled, then, of course, yours is the most important because you have direct knowledge of that particular situation. I'm not saying that your situation is not less important than one someplace else in the state, but you have knowledge of this one. You don't have knowledge of the ones in pick a spot in the state. And on the other side, if there's a bad thing going to happen--bad thing open to interpretation--Lancaster County, which is where I'm from, we have a problem, a situation right now with dirt mining. The people that live in that general neighborhood, all they can think about is the dust, the noise, the confusion, the disruption of their lives. They don't see the good parts that can happen because of this dirt mining. And what does that have to do with this? Nothing. But I'm just (laughter). [LR360]

CARL LORENZEN: I was wondering (laugh). [LR360]

SENATOR HUDKINS: You didn't know where I was going. But I would...after the community representatives have told us why they think this is necessary, I would hope

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that Director Craig will be asked to come forward and perhaps let him give you the reasons why this highway was dropped from the five-year plan. There's always a reason for everything, and in government it's usually money. So I guess my feeling is the longer you wait the more it's going to cost. Now I did notice today that gas is down to \$2.52 so we're on the right track. [LR360]

CARL LORENZEN: Well, we are. In all due respect, I'm going to agree with you on one thing--the problem is money. I'm going to disagree with you on another thing on the issue of timing. It does matter to this community for a timely hearing. The hearing in Lincoln on September 12 was LR322 and 324. And I had a conversation with Senator Fischer on trying to get this hearing moved to September, either in Blair or in Lincoln, so that we could have a timely hearing. And there's not been a hearing since August 12 when this date was set except for the September 12 date by this committee. So there's been opportunity from August 12 until this time to have a hearing. So in all due respect, I think timeliness does make a difference. [LR360]

SENATOR HUDKINS: Okay. And having that hearing be a month earlier would have accomplished what? [LR360]

CARL LORENZEN: It would have given us some time before the November 7 Department of Roads needs date to maybe have a consideration. Right now there's no time to do any...to take any action or anything, you know, to make a recommendation or do anything else so. [LR360]

SENATOR HUDKINS: Well, I think what you have been telling us today would make a very good recommendation so. [LR360]

CARL LORENZEN: I appreciate that. [LR360]

SENATOR HUDKINS: Put your information together. [LR360]

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CARL LORENZEN: Thank you. [LR360]

SENATOR HUDKINS: Okay, thank you for being here. [LR360]

CARL LORENZEN: Thank you. [LR360]

SENATOR FISCHER: Other questions? Mr. Lorenzen, I have a couple. [LR360]

CARL LORENZEN: Sure. [LR360]

SENATOR FISCHER: On the timing of the hearing, you did call me about that. [LR360]

CARL LORENZEN: Um-hum. [LR360]

SENATOR FISCHER: And I think Senator Hudkins did a nice job in explaining how we do this and how the legislative resolutions are introduced during legislative session. And it is unusual to have hearings during the summer months or even early fall. And you said, you know, we didn't have anything between then. I can assure you that all four of us up here and my two staff members have a lot to do... [LR360]

CARL LORENZEN: I apologize. I was meaning scheduled hearings. [LR360]

SENATOR FISCHER: ...besides holding legislative hearings. So that's one point there. Also any action that we are not taking today, right, maybe there's a misconception out there thinking, well, you're going to take action today. No, this committee is taking no action on anything today. This, as I announced at the beginning of the hearing... [LR360]

CARL LORENZEN: Right. [LR360]

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SENATOR FISCHER: ...this is only informational. So maybe you had a misunderstanding on that, too... [LR360]

CARL LORENZEN: No. [LR360]

SENATOR FISCHER: ...that, you know, these are just informational hearings. They're not like legislative hearings that are held during our legislative session where there, again, we can or we may choose not to take action on a bill. But this is just for information so. And we are not going to, as a committee on November 7, we will be meeting with the Appropriations Committee as is required by statute to hear the presentation from the Department of Roads on the needs assessment. We do not have input into that needs assessment. That is a report by the Department of Roads which is part of the executive branch of government under the Governor where they give us a report. What the Legislature can do now that...you're probably thinking, well, gosh, why are you even here? But what the Legislature can do is fund the Department of Roads. That is our responsibility. The Governor gives his recommendations to the Legislature on the budget. But the Legislature is in charge of the purse strings for the state of Nebraska, not the executive branch, not the Governor. I agree with you when you said roads are an investment. I'm very...I was going to say I'm pretty conservative, but they all would have laughed up here. I'm very conservative and I happen to believe in limited government, and government has, I believe, certain obligations and certain responsibilities, roads being one of those. Government does what we cannot, you know, public safety, roads, education, taking care of those who cannot take care of themselves. So I did agree with you when you said that. But when you said the Department of Roads needs to fund, I wrote that down, the Department of Roads needs to fund Highway 133, we fund the Department of Roads. We answer to you on where we get the money to fund them. So I need to ask you, how do you want to fund highways in this state? Do you want to raise the gas tax? Do you want to raise income tax? What do you want to do to make this investment and fund Highway 133? [LR360]

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CARL LORENZEN: Well, before I answer that, I just want to reiterate what I said in my testimony and that's that I urge this committee to recommend to the Legislature. I fully understand that you can't do anything today. There will be no action taken today, and I fully understand the process of funding and that that's not going to have an impact on the Nebraska Department of Roads November 7 needs study. I understand that. But what I said was I urge this committee to recommend to the Legislature that the Nebraska Department of Roads establish and fund Highway 133. That has to come from the Legislature. That cannot come from the Nebraska Department of Roads. They cannot do that unilaterally. They can prioritize, but you have to provide the money. [LR360]

SENATOR FISCHER: We provide the money and the department, in conjunction with the Governor's office, decides... [LR360]

CARL LORENZEN: Correct. [LR360]

SENATOR FISCHER: ...on the priorities... [LR360]

CARL LORENZEN: Correct. [LR360]

SENATOR FISCHER: ...on where it will be spent. [LR360]

CARL LORENZEN: Correct. [LR360]

SENATOR FISCHER: So how do we fund it? [LR360]

CARL LORENZEN: How do we fund it? And that's the big question. And I think that we have to look at all aspects of it. I'm not in favor of increasing the gas tax. We're going to have to take a look and see what LB846 does when it becomes effective on July 1,

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2009, and see what that has in terms of impact for stabilizing the income stream for roads in terms of being able to be more predictable and not fluctuate with quantity because now, as I understand it, the tax is going to be based on price and quantity so that we're not going to be just looking at quantity alone. I just bought a hybrid car and now I'm getting 50 miles to the gallon whereas I used to drive a Jeep Liberty all the time that didn't get very effective gas mileage. So I'm contributing to that lack of tax revenue based on quantity alone. So I fully expect that I'm going to be then paying more tax on price than I have been just on quantity. So we'll see what the effects are of LB846. But we need to look at every aspect. Is bonding the answer? Do we go into long-term debt to do this? Current rates on bonds are a little over 5 percent now with the economy the way it is. [LR360]

SENATOR FISCHER: You know, we've been looking for a couple of years at funding and a number of ideas have been put out there, as you know, bonding and tolling and general funds and cash reserves, stealing money from education in various ways, taking it from something else. I haven't...and I say this with all due respect and all seriousness, I haven't heard from the public on where we're supposed to get the money to build the roads that you want. [LR360]

CARL LORENZEN: Well, and that's the \$64 question, it really is. And what we need to look at... [LR360]

SENATOR FISCHER: So where do we get the money to build the roads that you want? [LR360]

CARL LORENZEN: Well, and that's why I said in my testimony until the funding becomes available because it's not available right now. [LR360]

SENATOR FISCHER: And I can say then it won't be available into the future, in the future if that's your answer truly... [LR360]

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CARL LORENZEN: All I'm...I'm not asking... [LR360]

SENATOR FISCHER: ...because we don't have stable funding for the Department of Roads. We have seen a decrease in the Department of Roads' budget over the last three to four years. [LR360]

CARL LORENZEN: Well... [LR360]

SENATOR FISCHER: From 390 we're down to 317...\$317 million right now. [LR360]

CARL LORENZEN: 317? [LR360]

SENATOR FISCHER: \$317 million right now. [LR360]

CARL LORENZEN: I think 317 is what was better, yeah. [LR360]

SENATOR FISCHER: So we are not even seeing stable funding to account for inflation. We are seeing a decrease, and we can't keep saying, well, we're going to study and we'll see what's out there and we'll, you know, we'll look at this or we'll look at that I mean because people out here are frustrated. I'm frustrated, too, folks. You know, I'm frustrated, too, because I attend meetings like this all the time. We all do up here. We all travel our districts. We all attend these meetings, and everybody wants their road. And what I'm saying now at all these meetings is, you tell me then how to pay for it because ideas that we come up with in the Legislature--you mentioned LB846--and a number of senators were bashed on that bill, although it has not taken effect, it has not raised your gas tax, July 1 it will not raise your gas tax then. Yet we are getting bashed on that now. I mean I just want to say to you, okay, what do you want us to do? We represent you. What do you want us to do? You want a road. It takes a lot of money to build it. [LR360]

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CARL LORENZEN: Well, let me reiterate my testimony. My testimony... [LR360]

SENATOR FISCHER: I'm sorry. I get on these rants. I get very passionate and frustrated about this too. [LR360]

CARL LORENZEN: My testimony today is not asking for money. My testimony today is asking that we begin the priority for Highway 133 so that when funding becomes available that we can complete that project. As Senator Louden said, you know... [LR360]

SENATOR FISCHER: But I'm telling you the funding is not going to be available. [LR360]

CARL LORENZEN: I really don't care about the funding right now. I care about 133... [LR360]

SENATOR FISCHER: Well, then you're not going to get 133 built if the funding is not available. [LR360]

CARL LORENZEN: No, no, no, no, no, no, no, no. What I'm talking about is that we need to be put on the priority system until the funding becomes available. That's what we're looking at right now. Funding will become available. This economic downturn is going to turn around. I have full confidence in our economy that it will come back and we will be able to increase economic development, grow jobs, do all those things in the state of Nebraska and raise revenues. But what we need to look at is we need to look at...and that's what this is today is we're looking at putting 133 on the expressway system. And so that's why I've given my opinion as to why we should or should not do that. And if we do include it in the expressway system, let's make sure that we have a crystal clear priority for 133. I couldn't agree with you more on the funding issue. We don't have the money, and it is an issue of money. But let's put 133 where it needs to be

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back on the priority system so when funding becomes available we can move with the project. Okay? [LR360]

SENATOR FISCHER: Thank you. Are there other questions? Thank you very much. [LR360]

CARL LORENZEN: Thank you very much. [LR360]

SENATOR FISCHER: Anyone else wishing to testify? Is there anyone else who would like to come forward and testify on LR360? [LR360]

\_\_\_\_\_: Is that not specific to the 133, right? [LR360]

SENATOR FISCHER: This is 133 still. [LR360]

\_\_\_\_\_: Oh, okay. Sorry. [LR360]

SENATOR FISCHER: Anybody on LR360? If not, I will close the hearing on LR360. Thank you. And I will open the hearing on LR321 and Dusty Vaughan, the committee counsel, will give a short introduction, I believe, followed by Director Craig. Good afternoon, Mr. Vaughan. [LR360]

DUSTIN VAUGHAN: Good afternoon, Senator Fischer and members of the Transportation and Telecommunications Committee. For the record, my name is Dustin Vaughan, spelled V-a-u-g-h-a-n, and I am the legal counsel for the committee. We've heard a lot of talk already about expressways, so what exactly are expressways? Well, according to the Nebraska Department of Roads, the expressway system ultimately will be constructed to multilane divided highways generally having at-grade intersections with other state and local highways and roads. Interchanges may be built where an expressway intersects with the priority commercial system. Access other than public

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roads will be limited. Bypass routes will be considered on a case-by-case basis; however, the system is envisioned to serve the developed areas directly. So basically what we're talking about is multilane roads that have the capacity for high speeds. As Senator Fischer said, Director Craig will be coming after me so he can give the department's views on the expressways and what they're anticipating. But I'm going to try and give you a little bit of history on where the expressway system came about. DOR has had an expressway system plan for a very long time. The need for an expressway system was formally identified by the department in 1969. It designated an expressway system of approximately 2,200 miles, although not all of those were multilane roads. In 1972 it was reduced to 740 miles and further reduced to 366 miles in 1983. In the 1988 legislative session, LB1041 and LB632 were passed. These bills required the Department of Roads to submit a report on the needs of the state highway system and the department's planning procedures as well as the intent to develop a system of expressways. The Legislature also requested that the department provide criteria and data on where special priority highways may be needed. In response, Department of Roads Director Gerald Strobel put together a task force comprised of department engineers and planning personnel to proceed with the study. In relation to the expressway system, factors included in the development of the system were: (1) to connect urban centers of 15,000 population or greater to the interstate system; (2) to add those routes which have an average daily traffic of 500 or more heavy commercial vehicles; and (3) to add additional segments for continuity. The task force made a review of the socioeconomic data available, including population and demographic trends, general economic activity as reflected in sales tax revenue, agricultural production information, employment data, and other data relative to economic trends. This analysis resulted in an expressway system which totaled 602 miles, which we currently have today. The argument repeated over and over by proponents of the expressway system is that building multilane highways will result in increased economic development to the areas located along such facilities. DOR's response in the report was that while there is no question that a modern, safe highway system is absolutely essential for the timely movement of people and commerce and that such a system is a

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vital factor in the economic climate of any state, research indicates that transportation alone is not the generator of broad economic development. A broad spectrum of other conditions also must exist for extensive economic growth to take place. The new expressway system plan was first published in the 1988 highway report like we discussed before. In the report, the department stressed that the ability to complete that expressway system would depend upon financing decisions made by the Legislature and the Governor. With strong public support for an accelerated program during the '89 session, the Legislature and Governor Kay Orr approved an additional \$35 million in highway user revenue each year for fiscal year '90 and '91 to begin the program. This was the equivalent of a 3.5 cent gas tax increase. The goals of the accelerated program, among others, were to complete the major reconstruction of the inner-Omaha interstate in ten years and to complete an expanded expressway system in 15 years. My research indicates that since the '89 session no additional increases in highway user revenue to provide for accelerated completion of the expressway system have been passed. The subsequent increases in the gas tax that we have seen since '89 are due to the normal fluctuations that our variable gas tax system produces to ensure that the department is furnished with its allocated budget set by the Legislature. So where exactly are we in relation to the completion of the original expressway plan? As previously stated, the system consists of 602 miles of multilane divided highways. In '88, there were 503 uncompleted miles on the rural portion of the expanded system. The estimated cost was \$649 million. There were also 44 miles of the urban expressway system estimated to cost \$130 million. Despite the fiscal shortcomings, the department has managed to finish approximately 430 miles of the expressway system. To date, there remains 179 miles left to finish at an estimated cost of \$823 million. The department has completed these miles of the expressway system by absorbing the cost into its overall budget. Senator Loudon, you may be wondering if the Heartland is included in that 602 miles. It is not included. The department considers it planned but not programmed. I think you're aware of this. The department's view on new segments being added to the expressway system is to place it into the plan category. Although not a part of the original system, planned expressways will have had all of the appropriate

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studies completed and accepted by the department. Viable candidates will be considered but will not compete with the original expressway system for funding. Planned expressways will not be considered for traditional funding until they meet needs assessment traffic criteria and after the original expressway system is completed. Innovative nontraditional funds such as special federal funds earmarked by Congress, local funds, private funds, or any combination thereof may be used to fund and build planned expressways. Excluding any expressway system needs, the department told this committee last November that we are facing an average revenue shortfall of \$300 million per year over the next 20 years. The department has been required to set priorities in the last few years and, unfortunately, the expressway system has had to take a back seat to more pressing highway issues. The department has published a \$317 million program for this current year as was stated previously. The number one priority is system preservation, which will take anywhere from \$188 million to \$200 million per year to accomplish. Outside of the interstate construction between Omaha and Lincoln and the Missouri River bridge project, there is very little money left over for capital improvement projects. This includes the expressway system expansion. In light of Nebraska's current highway revenue situation, one can only conclude that it is going to take innovative thinking by the Legislature to come up with the necessary funds to complete the expressway system. With that, if you have any questions, I can certainly try and answer them. [LR321]

SENATOR FISCHER: Thank you, Mr. Vaughan. Are there questions? Thank you very much. Director Craig, would you like to come forward, please. [LR321]

JOHN CRAIG: I'm not sure. [LR321]

SENATOR FISCHER: You're thinking about it today, aren't you? [LR321]

JOHN CRAIG: I'm not sure. [LR321]

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SENATOR FISCHER: Good afternoon. [LR321]

JOHN CRAIG: (Exhibits 1 and 2) Good afternoon, Senator Fischer. We don't have a clerk here today, do we? I normally give you this after, but it's a copy of the testimony so that you've got that. It's short. Good afternoon, Senator Fischer and members of the Transportation and Telecommunications Committee. My name is John Craig and I am the director of the Nebraska Department of Roads. Mr. Vaughan actually gave a much more detailed summary--it was excellent--on the expressway system. My testimony on LR321 is informational only. During the 1960s, and much of this is a repeat of what Mr. Vaughan just reflected, during the 1960s, Nebraska contemplated a 2,000-mile expressway system but never funded it. Nebraskans have also never forgotten that there is no north-south interstate in Nebraska and that was at least part of the impetus for the expressway system. Resulting from two pieces of legislation passed in 1988, the Department of Roads performed an extensive assessment of the needs of the state highway system. As a result of the 1988 legislative action, the department developed a 20-year, long-range plan that included completing interstate rehabilitation in Omaha in 10 years, completing a 600-mile expressway system in 15 years, and eliminating nearly 5,000 miles of geometric highway deficiencies in 20 years. There were other elements of that 20-year plan as well. The department committed to these initiatives under the presumption that funding would be made available to accomplish all of these needs. It was clearly pointed out to the Legislature in 1989 that the completion of the expressway system and all of the other needs would depend upon financing. The original 600-mile expressway system was to be completed by fiscal year 2004 or let the contract by fiscal year 2003--that is now five years past--and based on escalating fuel taxes up to 36.3 cents per gallon. Within five years, the political will was lost to generate the funding necessary to complete the expressway system. By then the fuel tax had only increased by 6 cents to 24.4 cents per gallon. Despite the significantly lower revenue, the department has still constructed 421 miles of the programmed 600-mile expressway system. At today's prices, it is estimated that approximately \$830 million would be needed to complete the remaining 179 miles of the expressway system. A joint State

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Highway Commission and Department of Roads policy was established in 1997 that prioritized our needs based on a funding split of 50 percent for primary highways, 25 percent for the interstate, and 25 percent for the expressway system. As revenues have declined and inflation increased, significantly diminishing our purchasing ability, the expressway system has literally become the bill payer as the department has determined other priorities must be met first. If the current revenue and inflation patterns hold, a number of all capital improvements will decrease as will their scope. Currently, our number one priority is preservation of the existing 10,000-mile state highway system estimated to have a value of approximately \$7.5 billion. The Department of Roads is working with the State Highway Commission to transition to a refined project priority system based on needs, primarily safety, traffic, and pavement condition. Actually, Mr. Peters, I heard his name mentioned earlier, gave that presentation once again last night. I would repeat, the expressway system has not been abandoned, but it will have to compete with all of the other needs. At this point in time, I would be happy to answer any questions you might have or at least try to. [LR321]

SENATOR FISCHER: Thank you, Director Craig. Are there questions? Senator Hudkins. [LR321]

SENATOR HUDKINS: Director Craig, why was Highway 133 eliminated from the five-year program? [LR321]

JOHN CRAIG: You know, the specifics of 133 I couldn't tell you any more than any other specific segment of highway. However, it's all about funding. And as we've all seen a transition, this isn't flicking a switch. As we...most projects, a great many projects take place over a course of years. And so there is a transition period that we've already started. As the program size has gone down, inflation has had its impact, both on not only future projects but projects that are ongoing, that we have slipped projects out of both the one- and the five-year program because they're not going to be built. And the reason for that is, and I tried to dig the Department of Roads out of this hole, is because

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when I arrived at the department about ten years ago, we would have projects in the one-year program and predominantly in the five-year program that we knew we were not going to be able to build. Funds were not going to be there. Those were the promises to the citizens of Nebraska. These are the projects certainly within the one-year program, and with a high level of certainty in the five-year program as best we can view our crystal ball that those projects will get built. It doesn't mean they're not important, but the easy thing to do, and it creates other confusion, and I would give an example. This is what really came to a head for me with a group of people ten years ago, Highway 65 south of Pawnee City, it's a gravel road. Some of you might be surprised that it's only been in the last 50 years that 5,000 miles of the state highway system have been paved--that's the same time as the interstate system--although still 39 miles of gravel road on the state system because there's not money for that either. And sitting within that group, people told me that, and I accepted it, I believed it for the last 50 years, the Department of Roads has had it in their five-year program they were going to pave Highway 65. Well, what kind of credibility is that to just lead people to believe that we're going to build something that we know full well we're not? And as hard as it was, that is exactly what we told people on Highway 65 south of Pawnee City is that stretch of gravel road is not going to be paved in the foreseeable future. So that's a long answer to a simple question. The whys and what fors, the details on Highway 33 or any other highway I'd have to go back and get the details. [LR321]

SENATOR HUDKINS: So it's all about priorities and priorities change. [LR321]

JOHN CRAIG: Yes. [LR321]

SENATOR HUDKINS: Thank you. [LR321]

SENATOR FISCHER: Other questions? Senator Louden. [LR321]

SENATOR LOUDEN: Yeah. Director Craig, thanks for being here today. It was

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mentioned that there was right-of-way acquisition going on, on that. Is that...how far is that... [LR321]

JOHN CRAIG: You're talking about on Highway 133? [LR321]

SENATOR LOUDEN: Yes. [LR321]

JOHN CRAIG: Again, there's a million efforts on every segment of highway in the state that's going on. I can't answer any specific questions. I certainly can get the information, more than willing to do that. But where we stand I know it's actively being worked on, as are a number of highways in the state. But exactly where that stands and how much money has been spent this far I couldn't sit here and tell you. [LR321]

SENATOR LOUDEN: Okay. Will it be in that big book you put out on highway... [LR321]

JOHN CRAIG: No, no. But I can provide to you or the committee the details of where things stand exactly on Highway 33. [LR321]

SENATOR LOUDEN: Well, I'm wondering then is there some... [LR321]

SENATOR FISCHER: Highway 133. [LR321]

JOHN CRAIG: Yes. [LR321]

SENATOR FISCHER: Yes, I would appreciate that. I think all the committee members would, please. [LR321]

JOHN CRAIG: I will do that. [LR321]

SENATOR LOUDEN: Is there some engineering...also if there's some engineering

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going on and I guess the progress is what I'd kind of like to know, you know, if there's engineering going on and that sort of thing or if... [LR321]

JOHN CRAIG: Well, there is. [LR321]

SENATOR LOUDEN: If you're doing highway...if you're doing acquisition of real estate, you've already done the engineering for it. Would that be correct? [LR321]

JOHN CRAIG: Probably. [LR321]

SENATOR LOUDEN: Because you don't go buy the property until you know... [LR321]

JOHN CRAIG: You're absolutely right. [LR321]

SENATOR LOUDEN: ...where you're going to build it and how much dirt you're going to need. [LR321]

JOHN CRAIG: And what we have tried to do, this is another aspect of our business that's changed over time, we used to sign up to the philosophy, oh, get all the preliminary work done--engineering, right-of-way, and so on and so forth--and then let it sit on the shelf. Well, the shelf life of projects has shortened. And so, if you will, you want to be able to time that preliminary work that leads up to construction almost just in time. That's the best way I can explain it, rather than putting it on the shelf because it will then cost more money in the future if you put it on the shelf. So I guess what I'm saying is the fact that preliminary engineering is being done on Highway 33 or any other project would indicate a good thing, that we see it being built in some future year. Not saying never, but the question is will the funding be there. So here's another, as I was listening to the testimony earlier, here's something we're up against and we, for various reasons, don't share this broadly because it's only based on estimates and assumptions. As we've done our analyses of what is it going to cost for system

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preservation, I've heard that figure a couple of three times. I think in 2005 dollars the cost to preserve the current system was \$170 million. This year it's \$222 million, primarily driven by oil, not entirely. That's the impact of inflation. If you look at those lines of that declining 390, Program 350, 341, 317, and as you estimate, it's not an exact science what the size of future program is going to be, and look at the escalating cost of system preservation, it's estimated that those two lines will cross somewhere between 2014 and 2017, which means there will only be enough money for system preservation. That is what we're up against and so everything else is essentially fine tuning, whether it's Highway 33 or any other project, and it is part of the reason some priorities will change, amongst others. So it's a difficult time in a lot of regards. [LR321]

SENATOR LOUDEN: I posed the question to some of these people about some of these counties that got a billion dollar valuation. If they came up with a certain amount of money or something like that, how quick could you react and go ahead and start construction on something like this? I mean are you...whenever you look at a road and start talking about it, are you three years out if you just throw everything down and start doing the engineering or...? [LR321]

JOHN CRAIG: No, and I'm going to say I don't know. And the primary...it used to be that right-of-way acquisition, I'll call it the long pole in tent, it was the thing that was most problematic to bringing a project to construction. Now it is environmental clearances. When I'm saying environmental clearances, it's federal environmental clearances. They're not ones that we impose on ourselves. So if the money was there right now, I couldn't sit here and tell you unless the record of decision had been signed by the federal person when we could bring that to construction. [LR321]

SENATOR LOUDEN: What has? [LR321]

JOHN CRAIG: It might be two years. It might be five years. It might be longer than that. [LR321]

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SENATOR LOUDEN: But does it take two years now to get the environmental impact of any stuff on it? [LR321]

JOHN CRAIG: It could take more than that. [LR321]

SENATOR LOUDEN: It does? [LR321]

JOHN CRAIG: There are projects that have taken five or six years or more. I could cite Yankton Bridge is one. There are others. And so... [LR321]

SENATOR LOUDEN: Well, then like on 133, if that environmental impact hasn't been filed yet then you could be out. [LR321]

JOHN CRAIG: I couldn't tell you where the environmental work stands on 133. [LR321]

SENATOR LOUDEN: Yeah. But if it...wherever it is, if it hasn't been filed yet then they're two years out irregardless whether the money is there or not. Is that what you're telling me? Probably it's at least two years from the time you start the environmental impact? [LR321]

JOHN CRAIG: Before it can go to construction? [LR321]

SENATOR LOUDEN: Yeah. [LR321]

JOHN CRAIG: I'd say no. I'd say typically from the time...the time you start a project, actively working on it, it will be five to eight years before you can take it to construction. Takes that long. [LR321]

SENATOR LOUDEN: Okay. [LR321]

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JOHN CRAIG: So two years, it's not that it couldn't happen, but I would say that's not probably being very realistic... [LR321]

SENATOR LOUDEN: Okay. [LR321]

JOHN CRAIG: ...unless everything just lined up just right, and that's...doesn't appear to be likely in this day and age. [LR321]

SENATOR LOUDEN: But at the present time on 133, you don't know where you are in that five or that eight to ten years. [LR321]

JOHN CRAIG: I personally don't. The department will know. [LR321]

SENATOR LOUDEN: Okay. [LR321]

JOHN CRAIG: There's no question. [LR321]

SENATOR LOUDEN: Okay. [LR321]

JOHN CRAIG: In fact, we submitted a letter on LR360 that outlined some of the status and I don't know if members of the committee have that or not. [LR321]

SENATOR LOUDEN: Okay. Thank you, Director Craig. [LR321]

SENATOR FISCHER: Other questions? Director Craig, thank you for being here today. I realize we're going to be meeting with you with the Appropriations Committee on the 7th when I know you'll give us your draft and your report on the needs assessment, which is not only interesting but frustrating, too, to us. I have a question on your new priority system that you've come up with in deciding priorities. Has that been approved

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by the Highway Commission? [LR321]

JOHN CRAIG: No. And... [LR321]

SENATOR FISCHER: So, therefore, it has not gone to the Governor yet? [LR321]

JOHN CRAIG: No. The...actually the way it worked is kind of just the opposite, and I can kind of bring you up to speed. The Highway Commission met this morning. I wasn't there, but I checked to find out the precise status of that particular item. And we chartered a team, we chartered two teams. I'll go back some and then I'll talk about where we've been and where things are headed with that new prioritization team recommendations. We chartered two teams. One we called the System Preservation and Optimization Team. What was the cost to preserve the system? That's an important thing to know. Arguably, maybe we should have identified that before, we didn't, but we need to know it. Estimated that's where the \$170 million came from. That chartered team had other responsibilities that we tasked them with. One was to align the Department of Roads, the state Transportation Department and their standards and criteria for building roads with those of generally accepted criterias established by the American Association of State Highway and Transportation Officials, the convention of the 50 states which has existed for 90-some years. It is, in fact, the institution that establishes essentially how roads are built and bridges and so on and so forth. And they did that and that was the origin of one of the recommendations, was to increase the traffic count, just that portion, to go from a two-lane to a four-lane, we would call that a warrant, but the requirement to go from 6,000 vehicles a day to 10,000. [LR321]

SENATOR FISCHER: Which of your two teams came up with that? [LR321]

JOHN CRAIG: That was the SPOT Team. [LR321]

SENATOR FISCHER: The SPOT, okay. [LR321]

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JOHN CRAIG: And that's worked its way through the system and that's all... [LR321]

SENATOR FISCHER: Was that also on the widening of the shoulder...or narrowing of the shoulders? [LR321]

JOHN CRAIG: There were other... [LR321]

SENATOR FISCHER: Or is that... [LR321]

JOHN CRAIG: There are other criteria, absolutely. [LR321]

SENATOR FISCHER: Okay. [LR321]

JOHN CRAIG: The only reason I mention the 10,000 is because there's...that's been the lightning rod. It's gotten more attention than any other criteria in there. But there were a bunch that were adjusted, and it ultimately had to be approved by the Board of Classifications and Standards, which is another body within the state. What that did, just as background--and I was listening to the previous testimony about making sure the priorities are right and I wanted to speak to that a bit--when we adjusted those criteria and, arguably, we could be criticized for having unusually high standards, 6,000, well below the 10,000 that most states have, just that, but so as we aligned our criteria to match those of other states, essentially it reduced the needs that we then essentially go to the Legislature and say, well, over the next 20 years we need \$8 billion, whatever it is, and I don't know what it will be next week. I don't have that figure yet. That... [LR321]

SENATOR FISCHER: You have a couple weeks to get it for us. [LR321]

JOHN CRAIG: It's not much time. It's running out. That the savings, savings is not the right term, but the reduction in the needs over the next 20 years was \$1.4 billion. That's

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an adjustment in itself. Tell people what you need, not gold plate it, and arguably we could say, well, we had an unusually high standard for the last two or three decades. So anything over and above that initial \$170 million, we said to ourselves how is the wisest...what's the wisest and best use of that money. That's money that's then available for new capital improvements. There's no simple explanation of what a new capital improvement is, but it's something that did not exist before. Generally, you might characterize it as a capacity improvement. I've heard that term used. That's a pretty good word. It's a new lane. It's a brand-new interchange. It's not one that was there before. It's a bridge that did not exist before. It is genuinely something new. And so that team essentially...and this is how difficult it has been, we envisioned that almost a year ago, actually more than a year ago, we would have completed our work and implemented those recommendations. More to the point of the Highway Commission and the Governor, it took me several months to work this through the Governor and his staff, and then ultimately I was allowed to provide it to the Highway Commission, and they've probably spent the last three or four months, perhaps five months, deliberating on it. Bring it more up to date, every commission meeting every month they have a...get a briefing on that and they have made several recommendations. If I was to put a fine point, when will this end and they will recommend acceptance and approval, we had targeted December. I, based on my conversation with people this morning, I'm not sure that will happen, but it's going to be close, I think. It may dribble into January, February. [LR321]

SENATOR FISCHER: Will it be...will we have that available fairly close to session starting January 7? [LR321]

JOHN CRAIG: Our intention is to have it available before the session starts. [LR321]

SENATOR FISCHER: That would be nice. [LR321]

JOHN CRAIG: And so we thought we'd have it done before the last session,... [LR321]

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SENATOR FISCHER: I know that. I know. [LR321]

JOHN CRAIG: ...but it didn't...it took longer. We're taking this... [LR321]

SENATOR FISCHER: And we're hoping...we're hoping for a great product on this, too, then. [LR321]

JOHN CRAIG: We're taking as much time as we think we do. Now bring it up to this, the final point here, the Highway Commission recommended to us that we provide a summarized briefing of how that methodology works at each one of our district...eight district meetings, which we're in the process of going through, so we did that in our District 1 meeting a few weeks ago in Lincoln, and last night we did District 2 in Omaha. And each district that we go to that briefing will be provided. The document with the recommendations in it is also on our Web site. We also sent a letter to--again, per the advice of the Highway Commission--to the League of Municipalities and the Nebraska Association of County Officials asking them to solicit feedback, input on those, on the report and its recommendations. The other thing that's in the works per this morning is the Highway Commission is soliciting additional public input in their meeting in the month of November and the month of December, and I'm not sure exactly how this will all come to a conclusion, but the intention I think still is, in the month of December, is for the Highway Commission to take all of that feedback, all that public feedback, and make some thoughtful judgment on what our recommendations have been to them and either accept it as it is or make changes. And so I'm a little nervous about committing too much that we'll have before the legislative session, but that is our intention. So that's a long answer to a very simple question. [LR321]

SENATOR FISCHER: Okay, short answer now, you had mentioned it will probably be \$170 million for maintenance this year. Is that...? [LR321]

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JOHN CRAIG: No. [LR321]

SENATOR FISCHER: No. [LR321]

JOHN CRAIG: That initial \$170 million, I think it was based on 2005 dollars. [LR321]

SENATOR FISCHER: And now we're at \$220 million? [LR321]

JOHN CRAIG: This year it is now \$220 million. [LR321]

SENATOR FISCHER: And that is out of a budget of \$317 million? [LR321]

JOHN CRAIG: The program size is \$317 million. [LR321]

SENATOR FISCHER: Program size. [LR321]

JOHN CRAIG: Yes. [LR321]

SENATOR FISCHER: What percentage of funding for state highways comes from federal money? [LR321]

JOHN CRAIG: It's about 40 percent. It's varied. Ten years ago it was 33 percent. We're more dependent on federal funds now and it may be a little more than 40 percent, but that's roughly what it is. [LR321]

SENATOR FISCHER: With the federal gas tax at 18.3 or 18.4, what are we seeing in Nebraska on funds coming back? Are we break-even or are we a donor or a donee state right now? [LR321]

JOHN CRAIG: It depends on the time frame. (Laugh) [LR321]

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SENATOR FISCHER: Short answer. [LR321]

JOHN CRAIG: It's very difficult to go...right now, we're a little bit to the good, but from the period, I'll say, from 1997 to 2002, we were a net donor state and we advertised that. So if you look at the last 50 years, this is how the federal funds work, we've probably gotten about a dollar back for every dollar we sent in. So it literally depends on the time frame. [LR321]

SENATOR FISCHER: You don't have to answer this. I always preface my questions to you because I know you're here to provide information and you do work in the executive branch. You heard the frustration of people here today and you hear that every time... [LR321]

JOHN CRAIG: Yes. [LR321]

SENATOR FISCHER: ...you meet with citizens, as we do. [LR321]

JOHN CRAIG: Yes. [LR321]

SENATOR FISCHER: Do you think we're going to see more federal money coming in to help us with our highway funding crisis? You say crossroads; I say crisis. [LR321]

JOHN CRAIG: The honest answer is I don't know. [LR321]

SENATOR FISCHER: But that's a problem because none of us do know what's going... [LR321]

JOHN CRAIG: It is and... [LR321]

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SENATOR FISCHER: ...and it's not just this recent economic situation that we've been in at the federal level either. This has been a problem in the past with federal dollars, correct? [LR321]

JOHN CRAIG: It is, and the question is, if I knew with some certainty that things will play out over the next...the near term as they have in past years, I might answer it one way. But I'm not sure, with all the competing interests, that things aren't different, and here is an example. This brings it...dots the "i" in this case. We already mentioned that we're accomplishing a \$317 million program. What we need: \$120 million of federal dollars to do that. And not too many weeks ago Congress passed an...a continuing resolution--it's not technically an appropriation--that... [LR321]

SENATOR FISCHER: They haven't appropriated the money for that yet, have they? [LR321]

JOHN CRAIG: No, they haven't. And so they've allocated, through their continuing resolution, they have provided spending authority for \$70 million of that \$120 million, which means until they do another continuing resolution to provide us the other \$50 million, we're short. You can take \$50 million from \$317 million. I mean that's the...so do you spend that \$317 million or not? Well, we're...we believe they will be good to that \$50 million. Beyond that, it's anybody's guess when or how much. It's that simple and that difficult. [LR321]

SENATOR FISCHER: The Legislature has appropriated less funds for the Department of Roads for their program. Is that correct? Can you...what did we appropriate last year for the Department of Roads compared to the year before, the year before that? My recollection is it's been less each year. [LR321]

JOHN CRAIG: I should be able to remember the state appropriation and I can't. [LR321]

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SENATOR FISCHER: I know you whine about it enough so... (Laughter) [LR321]

JOHN CRAIG: Well, the people that provide the money,... [LR321]

SENATOR FISCHER: As do I. [LR321]

JOHN CRAIG: ...I can't complain here. [LR321]

SENATOR FISCHER: As do I. [LR321]

JOHN CRAIG: It's...I simply can't remember. I can get that for you. [LR321]

SENATOR FISCHER: I think we can get it, get it too. If...thank you. Thank you. I will...I'll visit with you more later. Other questions? I see none. Thank you for being here today,... [LR321]

JOHN CRAIG: Thank you. [LR321]

SENATOR FISCHER: ...Director, and we will see you in a couple weeks. [LR321]

JOHN CRAIG: Thank you. [LR321]

SENATOR FISCHER: Is there anyone else wishing to come forward on LR321? Good afternoon and welcome. [LR321]

PAM DALY: Good afternoon, Senator. My name is Pam Daly, D-a-l-y, just four letters, and this will be very brief. As a citizen here trying to figure this all out, my biggest concern is that it's very hard to understand anything without information, and there seems to be very little information here and maybe even transparency on both of these two issues. We can't find out what 133 will cost. We can't find out how much will come

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from the feds or the state or the...and, thus, how much we need to appropriate. We don't know how much right-of-way has been bought or is being worked on. I'm curious, the difference between an expressway and just widening it. I think just widening it is a good way to go, but then we don't know why it was taken off the priority list. I mean we have...the head of the Roads Department cannot tell us, which I thought was an excellent question, why was it taken off and why are some things put on. I got on the Web site for NDOR and I couldn't find anywhere the one-year plan or the five-year plan. I found all kinds of information, but you cannot find something as simple as what's our one-year plan in the state. So it's very hard. And my plea to this group that's trying to get information is to try to make sure that when you have these hearings people come forward and inform the public and everyone here, here's how much it's going to cost. And until we know what something is going to cost, until we know where it's going to go on a priority list...I mean, for example, you're saying where's the money? Well, the county here has a lot of money they've put here, there and everywhere that if they worked with Blair, if they worked with the people who are going to benefit from roads, such as Cargill, if they worked with Omaha...Omaha apparently is going to get a huge benefit out of 133 being widened in terms of having a bedroom up here for 60 percent of the people to work down there in that area. Why aren't they part of this? So I guess my only issue is please inform us or get the people who know. I mean, I could not believe that we just had the head of the Department of Roads not know how much money we have, where it's coming from, how much is coming. I understand this is a tough job and I understand there are a lot of things that have to be considered, but when you say you want to pay the money, I mean, we can't even make a reasonable decision there and reason that out without knowing how much and what the various systems are here in terms of prioritizing. So basically, my input here is we need a lot more information before we citizens could participate meaningfully in these kinds of issues. [LR321]

SENATOR FISCHER: Okay. Thank you, Ms. Daly. I appreciate that. I would like to say to you that my office will get in touch with you. I think we have... [LR321]

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PAM DALY: My address. [LR321]

SENATOR FISCHER: Afterwards, if we can get your phone number, if you could come up afterwards that will be fine. [LR321]

PAM DALY: Sure. And e-mail. I have e-mail. [LR321]

SENATOR FISCHER: Okay. That will be great. And, yes, we will find out that information that was asked today from the director and from others and have that available. And, in fact, I was...my committee counsel will be in touch with you. [LR321]

PAM DALY: Okay. [LR321]

SENATOR FISCHER: Also, Senator Lautenbaugh, since this was here in his district, will make sure that his office has the information, not that I don't want to hear from all of you, but we'll make sure that his office has the information available, too, when we go through the transcripts here to remember what all the questions were. So we will have that available. [LR321]

PAM DALY: That's wonderful. Can I ask one question? [LR321]

SENATOR FISCHER: Well, we don't have to answer because... (Laugh) [LR321]

PAM DALY: Oh, I know. I understand. [LR321]

SENATOR FISCHER: Okay. [LR321]

PAM DALY: But who makes the decision to take something off a priority list or put it on. [LR321]

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SENATOR FISCHER: My understanding is that...well, my knowledge is the Department of Roads is in the executive branch of government. The director serves at the pleasure of the Governor. They have the priority system that they use that we've referenced here today for current priorities and also the future priorities that will be used. As I said earlier, the Legislature does not determine specific projects. We don't micromanage the Department of Roads. They...the department does, and the executive branch, works for the Governor. The Legislature is responsible for the funding, which is why we have our hearing with the Appropriations Committee every year to hear the needs assessment and receive the needs assessment report from the director of the Department of Roads and then that gives us a heads up on what may be requested from the Governor in his budget for the department, and time for this committee and for the Appropriations Committee to look into issues as we read that report and make decisions then on what the budget will be as we move through the session next year into February and March. [LR321]

PAM DALY: Thank you. I just ask that maybe you encourage the executive department to be a lot more transparent and open in information. [LR321]

SENATOR FISCHER: I think all levels of government, senators included, always need to keep that in mind and be responsive to people. [LR321]

PAM DALY: Thank you. [LR321]

SENATOR FISCHER: So thank you very much. Other questions? Thank you very much. Anyone else wishing to come forward? [LR321]

JOHN BOLTON: Yes. [LR321]

SENATOR FISCHER: Good. Good afternoon. [LR321]

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JOHN BOLTON: My name is John Bolton. I'm a sanitary improvement district trustee for SID 5 in Cass County, Nebraska, okay, and which is...the SID 5 is located just west and north of Plattsmouth along the Platte River, okay? I sit here and I came here to advocate for a specific project, and I listened with a great deal of interest with the frustration expressed about the Highway 133 project because, in a similar manner, we are expressing frustration about a project that is near and dear to our heart, the Kennedy Freeway extension, and that's because, again, as I hear a project that has been on and off the one- and five-year plans, we understand that this summer it came off the plan for...and I understand from Director Craig's comments that I'm sure it was a funding issue. You know, that's...and in a similar manner, I know that there's been a lot of right-of-way that has been purchased. There's been homes that have been demolished in the last year or so, you know, in preparation for this freeway extension project, so obviously it has been on somebody's radar screen and there's been a lot of planning and preparation that has already been accomplished. But I'm here because we have a very real safety issue. Okay. The SID...my SID, the SID residents travel along a road that intersects with Highway 75 that is just south of the Platte River. That section of Highway 75 has...and I listened with interest the traffic counts that have been cited here because our daily traffic count exceeds 26,000, okay, far and above the amount that is needed for a highway extension. Now the intersection I'm talking about is where the...a four-lane highway necks down to a two-lane highway, and so the extension would be to extend that two-lane road south to the...to adjacent to and south of Plattsmouth. Okay. But my concern is that that intersection where that neck down takes place is extremely dangerous. We have a...with that kind of traffic count, and I'm sure you appreciate that, that we have...we have a trucking company that's adjacent to that intersection with a lot of trucks. We have a gravel pit that's adjacent to it, a lot of gravel trucks traveling. We have a very short...we have a railroad bridge with a very short sight distance and so, therefore, you have traffic that is coming at 60, at highway speeds, and confronting that intersection. And I, for one, I just had a teenage daughter that just started driving and it scares me to death about her having to traverse that intersection and negotiate it and with the, you know, possible, you know, catastrophic consequences that could happen.

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So I sit here and, while I'm advocating for this project, I understand the funding issues. And Senator Loudon brings some very good points, and as Senator Fischer does, about how will these things be funded. And, you know, in thinking, you know, I believe that...it's my humble opinion that there...that perhaps a system that if a locale wants to advocate for a project, you know, that perhaps a place...it's kind of like buying Husker tickets. If you want a project to happen, you provide some local funding through some mechanism, either a sales tax or property tax or whatever. That perhaps there could be, in effect, a...you know, that would affect the priority of a project if a local...if a locale were interested in sponsoring a project to that extent. Okay. So I'm here to, you know, to voice my support for the Kennedy extension project and I realize we're a little bit out of... [LR321]

SENATOR FISCHER: It's okay. [LR321]

JOHN BOLTON: ...out of bounds, okay, but nonetheless I think that's part of the overall, you know, expressway plan. And with that, I'd like to...that concludes my comments. [LR321]

SENATOR FISCHER: Thank you, Mr. Bolton. Are there any questions? I see none. Thank you very much for coming today. [LR321]

JOHN BOLTON: Sure. [LR321]

SENATOR FISCHER: Anyone else wishing to testify? [LR321]

ANNETTE WILES: My name is Annette Wiles, W-i-l-e-s, and I'm also here to talk about the Highway 75 extension from Bellevue into Plattsmouth. Last evening I attended the District 2 NDOR meeting to better understand their goals and objectives and also the model they used to prioritize the efforts with the funds they are given. The top three goals I wrote down that they mentioned were safety, mobility, and reliability. Based on

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these goals, I wanted to ensure you are aware of the needs that we have to improve the widening of U.S. Highway 75 into a four-lane expressway from Bellevue through Plattsmouth. Two thousand seven estimates were at \$100 million. It was for six miles of road. It included four-lane freeway and three intersections. Where are we today? Average daily traffic counts of 26,858 per day on U.S. Highway 75 from Bellevue through Plattsmouth far exceed the average daily counts of 10,000 vehicles per day at which widening a two-lane highway into a four-lane highway is justified. The average daily traffic counts that I recited, the 26,858 vehicles, exceed the year 2025 estimates of 26,400. So we are already ahead 18 years of where we would be or 12 years of where we would be. This is forecasted to double in the next 25 years. In going to the meeting last night and asking about priorities and models, I did ask the NDOR how they came up with their prioritization. They did reach out to other states for benchmarking, so they've looked outside the box of what we've done in the past. I asked if there were other committees that they've looked at throughout the different states of ways, not just for how they prioritized and created that benchmark but what are other states doing. We've talked about increasing taxes. That's not going to guarantee that Highway 75 is going to be expanded. It also means, if we increase the gas tax and people go to hybrids, that that tax eventually is going to go down, so it's not going to be something we can plan on for the long term. Bonding is being looked at. I know everybody is not comfortable because of the economy today, but I would also ask the committee, do you have a venue as the Nebraska Department of Roads does, with other constituents throughout the United States to talk to them about some of these types of problems that we have and different ways of addressing them? One of the examples I do want to give you, because you have asked about how you would pay for some of these things, is that we actually offered to help cost share, the city, the county, the developer, and businesses in the area. We have a big intersection that has a lot of traffic and we want to do development there, but we didn't feel that it was 100 percent of our responsibility to go in and do that when there had been a plan to improve that intersection for a long time and it hadn't been done. So we went to the Nebraska Department of Roads and asked, is there a way to cost share? We're willing to help fund building it the right way the first

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time instead of just doing it partially and then having them come in, in the next five to ten years, whenever that full build out happen. But at that same time we were also told there was no funding available. What I am here to ask about is if the priorities have been laid out and our numbers show that there are safety concerns there, what we can do. In addition, like I said, think creative financing. There's different ways of looking at things. We know the old things that we've done aren't working, so we need to do something else. So I just wanted to share the information with you about Highway 75, what the numbers were, let you know that, you know, the city and county in my area has stepped up and offered to help pay for some of these things, and then to also ask what the committee, you know, does with the other states or how you guys communicate with them, just to better understand what people are doing of what works. We talked about last night all of the ideas and thoughts that have been provided aren't all positive. I mean, people have done a lot of different things. Some of them have worked; some of them have not worked. But either we try something or we do nothing and we sit and wait and it continues to get worse. [LR321]

SENATOR FISCHER: Thank you, Ms. Wiles. I appreciate that. I will tell you that senators are involved with, I can think of, at least three national organizations. I meet with my colleagues in other states who are transportation chairmen, and we have numerous discussions on a number of topics, too, the committee members here on other legislative committees as well. But I can tell you that it is helpful to look at other states. Other states all have the gas tax but they also have other methods of funding. Nebraska has always been a pay as you go state. And every state is unique. As I said earlier, we are in good shape financially and with our highways, the shape our highways are in. And I'm sure the director travels and meets with other directors of departments of transportation from the other states and we are fortunate, but we do have a problem and it's a big one. But, yes, we try to keep ourselves involved and visit with our colleagues in other states on any number of issues. Questions? Thank you so much for being here today. [LR321]

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ANNETTE WILES: Thanks. Thanks for your time. [LR321]

SENATOR FISCHER: Appreciate it. Thank you. And I have heard about Highway 75 from Senator Pankonin. [LR321]

ANNETTE WILES: He mentioned that. [LR321]

SENATOR FISCHER: Anybody else who wishes to step forward today? Anyone else wishing to testify? I see none. So with that, I will close the hearings for today, and once again I would like to thank Washington County and I'd like to thank the city of Blair for your hospitality at the hearings this afternoon. The committee was able to have a tour of two of your businesses here in town this morning. We are Transportation and Telecommunications Committee so we toured two of the telephone companies here in town, all of us, and it was very informative and I just want to thank all the citizens on behalf of the committee for the warm welcome and the attention you've given us today. Thank you very much. [LR321]