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Transportation and Telecommunications Committee
September 16, 2015

[LR313 LR318]

The Committee on Transportation and Telecommunications met at 1:30 p.m. on Wednesday, September 16, 2015, at Northeast Community College, Norfolk, Nebraska, for the purpose of conducting a public hearing on LR318 and LR313. Senators present: Jim Smith, Chairperson; Al Davis; Curt Friesen; Tommy Garrett; and John Murante. Senators absent: Lydia Brasch, Vice Chairperson; Beau McCoy; and Les Seiler. Also present: Jim Scheer.

SENATOR SMITH: Good afternoon, everyone. Please come on in and find a seat. I believe that they're going to bring some more chairs in, so we're probably going to set up another row up front and, if there's room in the back, we'll put some more chairs back there as well. We appreciate the good turnout. And as you can tell by the folks standing for a chair back there, maybe it exceeded our expectations. So thank you, everyone, for being here. Good afternoon and welcome to the interim study hearing on LR318 and LR313 by the Transportation and Telecommunications Committee of the Nebraska Unicameral. We are grateful to the hospitality of the citizens and businesses of Norfolk. It's fantastic being here--what a beautiful city. And it was a great drive up from Omaha for myself. And we also want to thank Northeast Community College for opening their doors to this great facility. Thank you very much. Appreciate it. It looks like a very busy facility. All the rooms around here are full it looks like. And then I also want to give a special thanks to Senator Scheer for hosting us in his great district. And although Senator Scheer does not sit on the Transportation and Telecommunications Committee, Senator Scheer has been a strong, strong champion of the expressway system and he has shown great leadership on this important issue and its important in our state. And I'm going to turn it over to Senator Scheer here in just a moment. Just a few introductions: I am Jim Smith and I represent the 14th Legislative District in Sarpy County. I'm also the Chairman of the Transportation and Telecommunications Committee. I am joined here today by several colleagues and I would like to...for each of them to introduce themselves. And I will then introduce the staff of the committee. So with that, I'm going to start with Senator Murante.

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SENATOR MURANTE: Thank you. John Murante, state senator for District 49 which is Gretna and northwest Sarpy County.

SENATOR FRIESEN: Curt Friesen from District 34 which is Hamilton, Merrick, Nance, and part of Hall County.

SENATOR DAVIS: I'm Al Davis, District 43 which is 13 counties in north-central and western Nebraska.

SENATOR SCHEER: I'm Jim Scheer, your senator from District 19.

SENATOR GARRETT: Tommy Garrett, District 3 which is part of Bellevue and Papillion.

SENATOR SMITH: Also joining me, to my immediate left here, is Mike Hybl. Mike is the legal counsel for the Transportation and Telecommunications Committee. And then at the far end of the table is Paul Henderson. He is the committee clerk. And whenever you come forward to testify and you want to turn in your green paper, your green sheet, and also any handouts for the committee, you can give those to Paul at the end of the table. LR318 is a resolution that I introduced last session for a comprehensive study of Nebraska's state and local road system, including current and potential future funding sources dedicated to our highways, roads, and bridges, and the allocation and use of such dedicated funds. LR313 was introduced by Senator Scheer. It has a more narrow focus and it looks at the design and construction standards used by the Department of Roads, specifically on those highways designated as an expressway route. We are combining these two resolutions and testimony into one hearing today. And since we are in Norfolk, home to one of the higher profile expressways in our state, I wanted to provide a little historical perspective on this issue. And I think those folks from Norfolk will agree the importance of this issue to their communities and also to the state. You know, through history the Nebraska Legislature and the executive branch have shared a common vision of a strong and an interconnected state economy that benefits from well-developed and maintained highway and expressway systems. The underlying blueprint for this system was forged under the bold

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leadership of the late Jerry Warner and former Governor Kay Orr. LB632, a little bit of walk down memory lane--and I know former Senator Loran Schmit is back there, so he probably recognizes this as well--but LB632, which was passed in 1988, laid out specific goals for NDOR to pursue with respect to the development and prioritization of Nebraska's expressway system and also provided for greater transparency and accountability. In addition, LB632 recognized that no plan, no matter how well conceived, would move forward without funding. And the Nebraska Highway Bond Act was adopted, allowing the State Highway Commission to issue up to \$50 million in highway bonds exclusively for the construction and maintenance of our highways. That was 27 years ago and things seemed to have stalled until 2011 when Senator Deb Fischer helped refocus us on the expressway system with LB84 and the Build Nebraska Act. And last year we took yet another step in reaching our state highway system goals with the attainment of a reliable funding source and the passage of LB610. Of course, we have a long, long road ahead of us, and there is no pun intended there. But we do have to continue to push forward to complete the promised expressway system with a sense of purpose. We will start today's hearing with invited testimony. And I'm going to let you know how the...it's going to work a little bit today. We do have a group that we have invited to come forward and testify and they will be the League of Municipalities. It will be Mayor Marlene Johnson. NACO will have two representatives to speak on their behalf, Bill Tielke from Holt County and Christian Ohl from Madison County. We will have the director of Nebraska (Department of) Roads, Kyle Schneweis, that will speak. The Associated of General Contractors, Doug Williams will be representing that organization, speaking, Jackie McCullough from Professional Engineers. And then the local advocacy group for 275, 4 Lanes 4 Nebraska, Josh Moenning will speak. And after that point in time, we're going to turn it over to public testimony. And what I'm going to ask is that you, when you speak after the invited guests, you want to speak, turn in your green form and try to limit your remarks to about five minutes. We do not have a light system here as you would normally see in the Capitol. So Paul at the end of the table will improvise and he will have (laughter)...he's not going to score your testimony but he will hold up a card that will tell you if you have about one minute left. We do want to hear you through though. So just finish your thought. You don't have to rush and...but we do want to try to hold it to about five minutes so we can hear as much testimony as we can here today. I would like for us to conclude the meetings

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by 5:30 if we are here that long. If we are here that long, that's perfectly okay. We want to hear from as many people as possible. There may be a senator or two that may have to slip out, so please don't take offense at that. But there may be a little bit of movement taking place up here. We're not going to take any hard breaks. So as anyone needs to go to the rest room, get a cup of water, whatever, we may be moving around from there. Again, if you want to testify, sign in on the green sheets. Give those to Paul when you come forward and state your name and spell your name. We are recording this for our records and we're going to try to share these microphones up here so you can...we can make certain you can hear us. And if for some reason you're not hearing the testimony that's going on, just let us know. We want to make certain you can hear everything. And with that, I want to turn it over to your favorite son from Norfolk, Senator Jim Scheer.
[LR313 LR318]

SENATOR SCHEER: (Exhibit 1) Thank you. I want to take this opportunity to thank the committee, Transportation Committee, for coming to Norfolk to hold this hearing. I think it's important for us to get out in the areas that are the lesser served from the expressway standpoint that have not had the fulfillment of that expressway to their communities. And it's not...it is not just the Norfolk and northeast Nebraska that is the only area that has not been fulfilled. There are several areas across the state that are still waiting for the expressways to be finished and to serve commerce in those areas. But having said that, it is extremely gratifying that Senator Smith would hold a hearing in Norfolk. It's certainly not required. But I think if you will look at the list that this committee is embarking on--of which I will also note that we are the first hearing in relationship to the expressway--but Senator Smith has made the commitment to go all around the state to get input not only from northeast Nebraska, but southeast, northeast, the western part of the state, the southwestern part of the state, to make sure that when this committee finishes its hearings that it truly has a representative idea of what the needs and wants are for the highway system throughout the state of Nebraska and what's left undone for us to continue to work on. The senators come from a long distance, most of them, as everyone knows that lives up here. It seems like when people are coming this direction the miles are about three miles long. But if you talk to us, it's about a half mile when we're going that direction for some reason, not exactly sure why that happens. But we do appreciate all the senators coming up and listening to everyone

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today so that they can truly understand the problems and the safety factors that are presented by not having a four-lane corridor to major thoroughfares. I will...if you mind, I'll go ahead and start the testimony myself. We had a letter from the city of Wayne and it's very, I think, on point. And so I would like to read it into the record, as well as just a few remarks on my own, because there are others that will be representing my community in this area more articulately than I.

Honorable Jim Smith, Chair of the Transportation and Telecommunications Committee, thank you for conducting these hearings as part of LR313 and LR318 interim study of local and state road needs. Transportation and education support our quality of life and our ability to create wealth in Nebraska. Pockets of great business success are developing and will develop in the future in the rural areas in Nebraska. Right or wrong, new businesses in the United States have the best chance of starting up and staying in place in those areas that are on or near four-lane highway systems. Rural Nebraska needs to be tied together with the metro areas for the benefit of both. Wayne lost a 140-employee business that didn't rebuild here after the 2013 tornado. Pacific Coast Feather was a local startup company that produced products for the international market. PCF had high-quality area employees that were more productive than any other U.S. plants, as we often hear about Nebraskans. PCF was sold to a national corporation headquartered in Washington state. When the Wayne plant was totally destroyed, PCF Corp. saw us as a little Nebraska farm town with no rail and not close enough to four-lane access and took their insurance money and relocated. That will continue to be the headwind in the small out-of-state Nebraska business startups and communities face without a completed four-lane expressway system. It doesn't need to pass through every town, but the expressway network needs to cover Nebraska. Highways 275 and 81 serve northeast and north-central Nebraska and we ask that you establish some long-term financing structure that can finish these expressways. Nebraska Department of Roads can't manage this with any efficiency trying to do this with intermittent short-term funds. Again we thank you for your hearings and taking the time to be with us today. Signed, the local administrator, Lowell Johnson. As far as my comments, I would just go to the resolution, Senator Smith's resolution, and the first item at the end is a proposal to accelerate the completion of the state expressway systems. And I find it somewhat ironic and perhaps an oxymoron when you're talking about accelerating something that's over 25 years old. I guess I would say, finally, finish the commitment that was made years and years ago in order for all parts

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of the state to be connected via four-lane system to the major interstate system that carries goods and services not only throughout the state of Nebraska but to every part of the United States. And they're also, in relationship to that item (5), looking at alternative or expanded highway funds. I think the Legislature started that path through Senator Smith's bill...LB610? [LR313 LR318]

SENATOR SMITH: LB610. [LR313 LR318]

SENATOR SCHEER: ...LB610 this year that was passed as providing more funds. And although this is an expressway, those funds also are going to be of great help to both the counties and municipalities as the time goes forward. But we do need to find some way of funding an accelerated project to make sure that those roads are put in now. As the economy picks up, you know, we've had this conversation for the last five or six years: cheap money, zero--almost zero--percent interest. You can go out and bond very, very cheaply. Tomorrow is a Federal Reserve Board meeting. Chances are they're going to start providing for more interest income for those people. When that starts happening, the cost of construction starts to escalate. We need to be mindful of that as a Legislature and as a state as we look forward to improving and increasing the highway system and especially the four-way express...four-lane expressways. In closing, I would again like to thank the committee and the committee staff for coming up to Norfolk. And as you can see, roads play a significant importance to northeast Nebraska. You have a very full room. We've had to bring in chairs. I think that says a lot of the people in northeast Nebraska and north-central Nebraska that they do value the importance of roads and are hoping that we can find some type of solution so that we can finally have a four-lane highway extension throughout not only northeast Nebraska but the rest of Nebraska as well. With that, I conclude my remarks. Thank you, Senator Smith. [LR313 LR318]

SENATOR SMITH: Fantastic. Thank you, Senator Scheer, for your comments. And with that, we're going to start with our first invited testimony, Mayor Marlene Johnson. And, Mayor, if you'd come forward. And while she's coming forward, I did forget to mention one other thing. We do appreciate us92.com for the live streaming of today's hearing so folks outside and maybe

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some folks in Lincoln that could not be here today are hearing the testimony because of the generosity of US92. So thank you. [LR313 LR318]

MARLENE JOHNSON: Good afternoon. My name is Marlene Johnson, M-a-r-l-e-n-e J-o-h-n-s-o-n. I am the mayor of West Point and the president of the League of Nebraska Municipalities, but I am also chair of the Nebraska Expressways for Economic Development that otherwise is known as NEED. This organization was formed in 2007 and has 12 member municipalities and we represent basically the whole entire state. We didn't just zero in on one particular interstate. We took members from all over the state, so we're just interested in the entire state getting highways finished. I would like to welcome the Transportation and Telecommunications Committee to northeast Nebraska. Those of us who live in this part of the state so appreciate your willingness to schedule hearings in various cities seeking input from citizens, community leaders, businesses, local elected and appointed officials, and others. First I would like to sincerely thank Senator Jim Smith for introducing LB610 in the 2015 Session. Senator Smith provided the necessary leadership, dedication, and commitment to work with senators and others to pass this landmark legislation to provide municipalities, counties, and the state additional revenue for streets, roads, highways, and bridges. This funding is desperately needed. I want to also thank Senator Curt Friesen, former mayor of Henderson, for selecting LB610 as his personal priority bill in 2015. LB610 will increase what is essentially a user fee by increasing the fixed rate for motor vehicle tax to help municipalities...fuel tax to help municipalities, counties, and the state address the significant funding gap to maintain and improve our highways, streets, roads, and bridges. LB610 is a modest proposal, especially when you consider that Iowa recently increased its gas tax to 10 cents this past year. LB610 will increase the fixed motor fuels tax rate by 1.5 cents every year for four years, for a total of 6 cents. And of the 6 cents, 2 cents will be allocated for municipalities, 2 cents for counties, and 2 cents for the Nebraska Department of Roads. When this bill takes full effect, this will generate about \$75 million annually. Municipalities, counties, and the state will each receive about \$25 million, which will be an immense help in all the projects that we have to do. The revenue that would be generated by LB610 is of critical importance to help close the funding gap needed to maintain and improve Nebraska's transportation infrastructure. In quoting from the 2014 State Highway Needs

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Assessment, this "report identifies current needs for the next 20 years at \$10.2 billion in today's dollars." The report states that with inflation applied over the next 20 years, the total of the 2014 needs is estimated at \$14.6 billion for the state. Unfortunately, there has not been a recent assessment of the collective needs of municipalities and counties. The LR152 report of the Transportation and Telecommunications Committee in 2009 quoted from the 2004 report of the Governor's Transportation Task Force for Nebraska's future. This report was presented to then Governor Mike Johanns and quantified the counties' and cities' collective estimated project costs at \$2.47 billion. With inflation and increasing cost of materials, our dollars buy less today than ever before. The price of constructing and maintaining streets and roads continues to increase. Due to lack of funding, municipalities have deferred maintenance and construction, which ultimately results in even higher cost. In collaboration with many other statewide organizations, the league and NEED strongly advocated for passage of LB84 in 2011, introduced by then state Senator Deb Fischer to adopt the Build Nebraska Act. This bill dedicated a portion of the state sales tax, one-quarter of 1 percent, for the construction of the expressway system and federally designated high-priority corridors, as well as surface transportation projects of the highest priority as determined by the Department of Roads. The league and NEED also want to sincerely thank Governor Pete Ricketts for announcing at his press conference in August that an additional \$3 million will be available to eligible cities of the first class and counties for building, maintaining, or improving streets, roads, and bridges. And we commend Governor Ricketts and Director Kyle Schneweis of the Department of Roads for making the additional \$3 million available when the department identified project delivery efficiencies with the state of highway...the Federal Highway Administration to reduce initial engineering and construction cost. With this cost savings the Governor and the Department of Roads decided to modify the federal funds purchase program to change the state's purchase rate on each dollar of federal funds to 90 percent, as opposed to 80 percent. Eligible cities of the first class participating in this program agreed with the Department of Roads to exchange \$1 of their federal funds for 90 cents on the dollar, previously 80 cents on the dollar, to save time, expedite the completion of projects, avoid the expense of federal red tape, and gain more flexibility on how the funds can be used to improve streets, roads, and bridges. The Governor and Kyle stated that they will continue looking for additional efficiencies within the department to identify the availability of more

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funds for municipalities and counties. I personally thank Kyle for taking the time to come to West Point to meet with me and to discuss our needs and our infrastructure funding. I also appreciated Kyle's willingness to meet with the league staff and myself yesterday in Lincoln to discuss several issues regarding expressways and the needed flexibility and funding for municipal streets, roads, highways, and bridges. Even with LB610, LB84, and other state and federal dollars, municipalities like West Point have been unable to make all the needed improvements to their local transportation infrastructure. I want to emphasize that significant local dollars from property taxes, local sales tax, and other local sources of revenue are also dedicated for the improvement of streets, roads, and bridges. For example, the city of West Point does the necessary maintenance work on the streets each year. Storm runoff drainage is also part of our street budget. Snow removal equipment, maintenance, salaries, and insurance are some of the really major expenses of our street budget. We are also responsible for the maintenance of the street lights and the traffic signals on Highway 275 and 32 that are under city limits. Plus, we remove the snow from the two outside lanes on the four-lane Highway 275 through West Point. We currently use local sales tax dollars for any major street projects that are needed immediately. For example, when the elementary school was built next to the high school, we bonded the project and used local sales tax dollars to replace several blocks of Washington Street to make it safer for drivers. It was narrow and so this allowed us to widen the street, and we used local sales tax dollars for that. We currently have four subdivisions underway. We again will use local sales tax revenue to pay for the six intersections that the city funds in these projects. We always fund the intersections on any street projects in new additions. When a new street was needed to reach a new business in our south industrial side, we used local LB840 funds to finance those intersections so that we could welcome this business into our community. Our current repair, replacement, and maintenance needs have been put on hold due to the lack of funds. For instance, we have a minimum of ten intersections in the city that need to be removed and replaced. The estimated cost for those is about \$150,000. We also have 10 to 11 blocks of decaying streets that also need to be removed and replaced with an estimated cost of over \$500,000. Minimum work, such as just replacing and patching small areas and tarring streets each year, costs us around \$75,000. We received \$375,000 in state highway funds. But when you add up the yearly cost of maintenance, the larger projects wait until we have money available. It

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is not cost effective to do one street a year because contractors usually prefer to come in with all of their equipment, move in, do several blocks at a time. And then we get a better bid also on the project because they can be there for a period of time--several weeks--and get a lot done. First and foremost, additional revenue is needed to help address safety concerns, including those caused by deteriorating infrastructure, as well as congestion in areas with increased traffic counts requiring new construction for additional lane capacity. Second, and critically important, is the need for additional revenue to help maintain and improve this segment of our transportation infrastructure for economic development and redevelopment efforts. Our highways, streets, roads, and bridges are economic lifelines for our agricultural, manufacturing, and business sections that rely heavily on the commercial transportation and industry to transport inputs and new products out of our cities. Transportation infrastructure is essential for municipal economic development and redevelopment efforts which help retain and create jobs for our citizens. This includes jobs for many farmers and others living outside of our municipalities who are employed at businesses that are located in our cities and our villages. Without good paying jobs, we cannot expect our high school and college graduates to remain in Nebraska and become part of our valuable work force which is necessary to retain and attract more businesses to our state. The economic health of the state of Nebraska and the financial stability of revenue for the state budget are directly related to the strength of our agricultural economy, as well as the economic viability of our municipalities. With only a few exceptions, like ethanol plants, economic development and redevelopment occur in and around municipalities. This is because the manufacturing and business sectors need electric and/or natural gas service, water, and sewer systems, as well as other vital municipal infrastructure. This is my 17th year as mayor of West Point. When businesses decide whether to locate in our community, or any city, they consider the condition of our municipal infrastructure systems, especially the condition of our streets and roads near the possible location of their business, plus how they can get to the major highways and move their product all around the country. I want to thank you again for taking the time to come to Norfolk to hear the concerns of those living and working in northeast Nebraska regarding (inaudible) funding for maintaining and improving our state and local transportation infrastructure. I'd be very happy to answer any questions if you have any. [LR313 LR318]

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SENATOR SMITH: Thank you, Mayor Johnson. Questions from any of the senators? [LR313 LR318]

MARLENE JOHNSON: Thank you very much. [LR313 LR318]

SENATOR SMITH: Thank you. We now would like to invite the representatives from NACO. And I believe we have Bill Tielke. Welcome. And, Bill, you're from Holt County. [LR313 LR318]

BILL TIELKE: (Exhibits 2 and 3) Yes. Good afternoon, Chairman Smith and members of the committee. For the record, my name is Bill Tielke, B-i-l-l T-i-e-l-k-e. I'm also chairman of the board of supervisors for Holt County and I'm the second vice president for Nebraska Association of County Officials, which is NACO. I would like to say thanks, Senator Smith and the Transportation and Telecommunications Committee, for holding this hearing across the state. Counties appreciate your effort to pass LB610, the gas tax increase. It is not an easy process and we appreciate your tenacity. Thanks for providing \$24 million for deferred maintenance on counties' roads and bridges. I have a handout here that shows how each county will receive...or what each county will receive as LB610 is phased in. I would like to say thanks to Governor Ricketts for the \$3 million counties will receive through changes in the federal fund buyback program. Counties will use the funds to rebuild and rehabilitate deteriorating bridges and county roads rather than spending money on federal oversights on these projects. Nebraska has more than 100,000 miles of roads and nearly 20,000 bridges. The vast majority of this infrastructure is classified as counties and city ownership. Counties and cities are responsible for nearly 12,000 bridges that span more than 20 feet. Many of these are functionally obsolete structures, deficient. Bridges under 20 feet are not inspected, so there is no accurate count, but the number is certainly in the tens of thousands. In Holt County alone, there's 184 bridges. We have 2,340 miles of road. Four bridges are currently closed because they are structurally deficient and we can't generate enough property tax to fix them. Because Holt County is primarily agriculture, farmers and ranchers sometimes have to travel up to ten miles, find a bridge that is able to support the weight of their equipment. With respect to section (4) and (5) of the study resolution as an alternative to

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increasing property taxes to help pay for roads and bridges, one option is to consider extending motor vehicle tax on older vehicles. Last year, Senator and former Lancaster County Commissioner Kathy Campbell introduced LB626 that offered a number of alternatives to General Funds, including exceeding the motor vehicle tax on vehicles older than 14 years. Senator McCollister and several other senators have expressed interest in examining the motor vehicle tax. Existing law provides for a base tax on cars and motorcycles starting at \$25 and increasing to \$1,900 for vehicles valued at over 100,000 miles with new. Each year the tax decreases by a fraction and in the 14th year the tax drops off completely. LB626 provides freezing the tax rate at the amount paid in the 12th year of ownership. My wife, Julie, and I have three vehicles that we use daily on our place that are more than 13 years old, and I can think of a number of neighbors and friends that also have older vehicles that are used in their operations. Again I'd like to say thanks to the committee, Senator Smith, for your efforts. And I'd be happy to answer any questions. [LR313 LR318]

SENATOR SMITH: Thank you, Mr. Tielke. Do we have questions from the senators up here? I see none. Thank you for coming in and testifying today. We appreciate your input. [LR313 LR318]

BILL TIELKE: Okay. [LR313 LR318]

SENATOR SMITH: And did you want to include those? [LR313 LR318]

BILL TIELKE: This is one of the bridges that structurally...was on the cover. And then the other is the...what each county will receive from the gas tax. [LR313 LR318]

SENATOR SMITH: Okay. [LR313 LR318]

BILL TIELKE: So thank you. [LR313 LR318]

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SENATOR SMITH: You drop those off to Paul and we can get those distributed. Thank you.
[LR313 LR318]

BILL TIELKE: You bet. [LR313 LR318]

SENATOR SMITH: Also representing NACO today is Christian Ohl. Mr. Ohl, welcome. And, Christian, you're from Madison County. [LR313 LR318]

CHRISTIAN OHL: Yes, sir. [LR313 LR318]

SENATOR SMITH: Welcome. [LR313 LR318]

CHRISTIAN OHL: Thank you, sir. Senator Smith and committee, thank you again for the time today. We appreciate this. My name, again, is Christian Ohl, C-h-r-i-s-t-i-a-n O-h-l. I'm a commissioner from Madison County. Most of my comments today are specific to item (2) review of the need of county and municipal roads, including bridge needs and allocation of state funding for counties and municipalities. We do need assistance for roads and bridges in Madison County and counties throughout the state. In Madison County we have about 250 bridges that are 20 feet or longer and another 250 that are probably under 20 feet. About 40 percent of those bridges are in need of repair or replacement. Whenever we can, we replace bridges with culverts to get the most productivity out of tax funds. But the longer bridges, of course, culverts may not be an option. Specific to item (4) an examination of sustainability of current funding sources dedicated to state and local highways, funding from the new gas tax will be a great start--thank you. In Madison County our road and bridge budget makes up about 25 percent of our total budget; but growing cost, caused by increased regulation, limits how far tax dollars can go. Reduced aid and newly mandated county responsibilities also strains the whole county budget and squeezes the road and bridge budgets. While the county road and bridge fund increases every year, growth of the road and bridge budget is hindered by reduced aid and is forced to take a back seat to any responsibilities that are handed down to counties from the state or federal level. Specific to item (5), when examining the feasibility of authorizing the use of public-private partnership programs,

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I'll point out an example of Madison and Stanton Counties' Northeast Industrial Highway. The Northeast Industrial Highway is the culmination of a tremendous cooperative effort between area industries, area landowners, the city of Norfolk, Madison County, the Railroad Transportation Safety District, and Stanton County. Without a \$1 million contribution from Stanton County, a \$2 million contribution from Madison County Railroad Transportation Safety District on the overpass of the rail line, and a \$3 million contribution from the city of Norfolk, the highway would not have been possible. Landowners in the area, recognizing the economic impact, donated much of the land for the highway as well. Norfolk Iron and Metal donated easement, right of way, and investment of significant reconfiguration of their entrances and access point made the highway possible. Donations also from Newport where thousands of yards of dirt, donated easement, and investment in a significant reconstruction and extension of their entrance and entry road also helped make that highway possible. That's all I have for today. Again, thank you, Senator and committee. Any questions? [LR313 LR318]

SENATOR SMITH: Thank you, Mr. Ohl. Questions from the committee? Seeing none, I do have a question for you. And it may be difficult for you to speak for all counties, but do you see any opportunities for cooperative efforts between the counties in bundling dollars and prioritizing projects across county lines? [LR313 LR318]

CHRISTIAN OHL: You know, I know at least in a local county (inaudible) tried to bundle projects. And as the mayor pointed out from West Point, we've got an opportunity to overlay. So our new bridge projects, we try to put those together and bid those together. Beyond that, I know for a lot of the bridge contractors that we have in the area, they do a phenomenal job serving this area. And to go on (inaudible) one of the challenges that we've been concerned with is just the ability of engineers outside our area to recognize and realize the working relationships we have with all the commissioners. We do want to try to maintain some of those local relationships. But any time that we can, at least on a local level, we do try to bundle some of those and recognize also the limited time that we have to get projects done and the availability of good seasons throughout the summer. I can tell you, within Madison County we have a challenge sometimes just preparing the roads, preparing the timing for the projects, and to try and to coordinate that

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throughout/across the state and coordinate the availability of...and that resource, that we might have to help prepare that, too, might be a challenge. [LR313 LR318]

SENATOR SMITH: Okay. And then you have quite a few bridges you mentioned in your county. Whether it's your county or counties in general, is there a certain length of bridge or size of bridge that becomes the larger burden on the counties to pay for and to maintain and to repair? Or is it across the board? [LR313 LR318]

CHRISTIAN OHL: You know, I think across the board takes a challenge. Any time that we can replace, as I mentioned, the smaller bridges with culverts, we try to do that. But even just the regulation and timing, the time it takes to get the permit and do this has become a burden. And that's another subject that's been a challenge for us in coordinating our own road projects and trying to make sure there's availability and access to roads that are open. We're not always sure how long those projects are going to take. But there are some larger bridges that we have that we just have not been financially able to (inaudible) replace. And there is an example of one, the Madison County/Stanton line, that we just haven't been able to replace and we've had to provide alternate routes. So in many cases it's just a matter of closing the bridges that we don't have the funds to repair. [LR313 LR318]

SENATOR SMITH: Okay. Thank you. Senator Friesen. [LR313 LR318]

SENATOR FRIESEN: Just...you made a comment about the timing and getting permits and things like that. Is there any thing the state can do at any level to help speed up any of the regulations that are out there? Because sometimes at the county level, like you're talking about, you're talking about probably real small traffic count roads, things like that. Is there anything from your end that we could help with that would speed up that process and lower the cost? [LR313 LR318]

CHRISTIAN OHL: Yeah. You know, any time that we could get assistance with that, that would be outstanding. I can tell you I think we have a great working relationship with the Nebraska

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Department of Roads and they've served this area well and we've had a lot of good representation here as well from them. But any time that we can reduce any kind of restrictions or regulations from the Nebraska Department of Roads, I'm assuming that comes down from the federal level as well, but any time we can reduce some of that or streamline some of the engineering requirements or just the requirements handed down and mandated to us, it certainly helps reduce our costs and helps us move along with projects and serve the county. [LR313 LR318]

SENATOR FRIESEN: Appreciate that. Thank you. [LR313 LR318]

CHRISTIAN OHL: Thank you, sir. [LR313 LR318]

SENATOR SMITH: Other questions from the senators? I see none. Thank you, Mr. Ohl. Appreciate your testimony. [LR313 LR318]

CHRISTIAN OHL: Thank you, Senator. Appreciate it. Thank you, Committee. [LR313 LR318]

SENATOR SMITH: We now invite Director Schneweis from the Department of Roads. And a newcomer not necessarily to Nebraska--you have some connections here--but new director with the Department of Roads, and we welcome you. [LR313 LR318]

KYLE SCHNEWEIS: (Exhibits 4 and 5) Thank you, Senator. Thank you, Mr. Chairman, members of the committee. Senator Scheer, appreciate the opportunity to come visit you today. My name is Kyle Schneweis, K-y-l-e, and the hard part: S-c-h-n-e-w-e-i-s. I am the director of the Department of Roads and I can tell you it really is an honor to be here. You mentioned my ties to Nebraska. My wife is from Lincoln, so I've been making trips to Nebraska for a long time. But I come to you from the great state of Kansas where I worked at the Kansas DOT for about 12 years before going into private business and doing some transportation policy consulting in about a dozen states. Before I get too far, I wanted to mention that I'm accompanied today by Andy Cunningham from the Department of Roads, as well as our district engineer for this area, Kevin Domogalla. And we also have our Highway Commissioner David Copple who is the chair

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of the Highway Commission and represents northeast Nebraska. So I'm from Kansas but I'll tell you, Nebraska has grown on me a little bit in part because I think of those 10,000 miles of state highways. I may have driven about 9,000 of them in the past three months. And as I toured the state to visit with district staff and meet as many Department of Roads folks as I could, I also took the time to meet as many community leaders and industry partners and interested parties as I could, including some private business folks, folks that are just interested in transportation. And I couldn't believe the welcome that I received everywhere I went. Everybody was very welcoming of me and really gave me tours of their communities. I feel like I really know Nebraska well even though I've just been here for three months. So I truly am getting acclimated faster than I would have hoped. Being as this is my first opportunity to talk to you as a committee and being as I'm fairly new, I thought what I'd do is take the opportunity to just share some observations that I've had. And I know I'm going to have several opportunities to talk to you in more detail about a lot of things, but I wanted to kind of give you some core general, sort of, observations as we get started on these hearings. The first is the size of the system is massive. We have a large system here in Nebraska of roads and bridges, and maintaining and preserving that system is a challenge. I can tell you, looking at the performance metrics in the state and at the Department of Roads, for a long time, until about five years ago, the performance of the state's pavement was slowly dwindling. And about five years ago, it was sort of an all-hands-on-deck approach and the department started focusing all of its resources that were available on preservation. And you're seeing the fruits of that labor. That line has leveled off. It's started even to tick up a little bit. And I think as we talk about expressways and the need for capital improvements, we'd be remiss if we don't acknowledge what an investment we've made and the importance of continuing that investment. So on the flip side, of course, my first item is we've got to take care of what we have. The second line is there is this economic impact that transportation has and we've got to think about that whenever we make investment decisions. And there is no greater impact on the economy than the Build Nebraska Act projects that we're seeing developed now. The Wahoo Expressway, we just cut the ribbon a couple weeks ago, a tremendous opportunity and economic impact in that community. There are four more Build Nebraska Act projects under construction. By 2023, we'll have nine more under construction and several...we'll have made progress on the expressway system that we're all so interested in

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completing. I think the good news beyond that is that in 2024 we have another ten years of funding that is unprogrammed. And one of the first things that I've undertaken and asked that to help me do is to analyze how we select those projects for the Build Nebraska Act and make sure that we are taking into account the economic impacts of what those decisions and those investments are going to have. And so we are lifting up the hood on that process and we're going to make sure that we truly are impacting the economy in the best way we can with those investments. So the first thing is preservation and the second thing is the economy. The third thing is there are opportunities for innovation and improved project delivery. Just within the Department of Roads we have a strong foundation of performance metrics. I think there are opportunities to expand that to inform our decisionmaking even more. I personally would like to foster a sort of entrepreneurial spirit at the Department of Roads where we're seeking innovations every day when we go about our business. I think those are...that's an important thing to bring to a department in today's fast-paced world. On the other side, I think there are things that we need to study, things that other states are doing, things that are having success across the country. And we need to explore and make sure that if there's something that can work here in Nebraska, that we take advantage of it. So we're studying some things today. Already we're getting started. And a couple of those things are related to innovation in terms of contracting. Many states use a process called design/build to fill up their contracts. We here in Nebraska by law are required to do design/bid/build, which means we design the road, then we bid it, then we build it--two separate firms, one for the design, one for the building. Other states are seeing cost savings and time savings by letting all of that in one contract, one firm designs and builds contract. So that's something we need to look into. I'm not an advocate, saying that it's something we necessarily have to do. Again, it's something we should study. Other states are having success and if we can learn from them we should. You mentioned the pooling and bundling of projects, Senator Smith. I think that's another area that states are having enormous successes with. I know there are a lot of ramifications and considerations that we could take into account, but I think we'd be remiss if we don't study it and see if something can be done here in Nebraska to learn from those. On the...so those are a couple sort of innovative contracting approaches I think we need to look into. I think there are also financing and funding mechanisms we can look into. (Year) 2024 is when we have available funding to get into some more projects. If that's too long, I think there are a

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couple things we should think about. Some states have had success with state infrastructure banks, essentially borrowing from themselves. I think that's an avenue we should explore here in Nebraska. Other states have had success with public-private partnerships, and I appreciate the Industrial Highway story. It's a tremendous success here locally. I think it's something we could try to model on a more statewide level. Many people, when they hear public-private partnership, they think (inaudible). They think selling off the highway to a European conglomerate. That is not necessarily what it has to be. There's a giant spectrum of what public-private partnership can mean and we have an example in the Industrial Highway here today. So I think there are tremendous benefits that other states are seeing from these kinds of partnerships and I think we need to explore them and find ones that are perhaps right for here in Nebraska. So the...that's the innovation and project delivery piece. The fourth piece I'd like to talk about is just partnerships because all three of these things, whether we're talking about maintenance or economic impact or innovation in funding and finance, are going to require stronger partnerships. And it's something that, as I've traveled the state and met with folks, I saw that we have some partners. We have also the need to improve some partnerships. If I could touch on the preservation side, for an example, the pooling of bridges, I think, when it comes to the county bridge problem, it is one that I think most important and most biggest challenges we have in terms of transportation in Nebraska. It's also outside the direct jurisdiction of the Department of Roads. Now I do think there is a role to play for the state in trying to solve this problem, and I'm very curious and interested to try and figure out what that role is. And the last thing I want to do is come in from Lincoln and start telling county folks how to run their show. I don't think that's the appropriate way to do business. But I do know that there is a role for the state in this problem. It is a statewide problem and we need to try and bring...come together as partners to solve it. On the economic side, the Build Nebraska Act projects, the next round of selection we are going to expand the partnership and how we select those projects. We will be seeking vast amounts of public input to make sure that we're having conversations about what is important in the regions of the state where we're trying to make these improvements. And I've had a lot of success doing that kind of work in other states and I'm happy that we're going to be able to bring that to Nebraska. I think the communities will be very satisfied with that approach when we're done. And I look forward to sort of opening up that box and sharing it with the citizens of the state. On

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the innovation and project delivery side, all of the things I discussed have impacts to our industry partners, our contractors, our consultants who cannot jump into these without bringing our partners with us and making sure that their concerns are understood and addressed. And I certainly want to work on those partnerships and we've begun that already. I guess the last thing I'd say is that there's much to build on here. There's a lot of support. We have a system that's working pretty well. Do we have needs? Sure. We have lots of needs. But we have a dedicated work force in the Department of Roads. I feel that they have been good stewards for the funds they have been given and have used them well. And there is obviously support for transportation by just looking around the room, so we have a lot to build from. I'm just so excited to be a part of it and I can't thank you enough for the opportunity to come talk today. [LR313 LR318]

SENATOR SMITH: Thank you. [LR313 LR318]

KYLE SCHNEWEIS: I'd be happy to take questions. [LR313 LR318]

SENATOR SMITH: Thank you, Director Schneweis. Do we have questions from the senators? I do have just a couple of points. So the 2024 mark that you're setting out there for having new funding available for program projects, currently the 275 is not in the program, is not programmed. [LR313 LR318]

KYLE SCHNEWEIS: That's correct. So we're programmed through 2023. I think the handout shows those projects that are programmed. And then 2024 is when we'd be able to start with that. [LR313 LR318]

SENATOR SMITH: So for us to escalate or, as Senator Scheer was mentioning, accelerate some of this, it's going to require new funding or innovation in funding. And one of the things you mentioned was state infrastructure banks. [LR313 LR318]

KYLE SCHNEWEIS: (Inaudible) yes. [LR313 LR318]

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SENATOR SMITH: And I assume that other states, they probably have cash reserves that they borrow from. [LR313 LR318]

KYLE SCHNEWEIS: That's correct, yeah. [LR313 LR318]

SENATOR SMITH: So instead of going outside and bonding, they're borrowing from themselves. [LR313 LR318]

KYLE SCHNEWEIS: So it's not a new source of funding. That's an important distinction. [LR313 LR318]

SENATOR SMITH: Right. [LR313 LR318]

KYLE SCHNEWEIS: All of these financing mechanisms are not new funds. They're ways to accelerate projects that require the use of funds. So some states that have state infrastructure banks, yes, it requires capitalization of some form. [LR313 LR318]

SENATOR SMITH: And some type of a stream of income to pay those funds back. [LR313 LR318]

KYLE SCHNEWEIS: Correct. That's right. [LR313 LR318]

SENATOR SMITH: Okay. All right. Any thoughts on...and I'd kind of like to hear maybe your experience not only with Kansas, but I know you have an even more broad experience in working with other states. And there's this need for local control and protection of local companies to do construction projects. [LR313 LR318]

KYLE SCHNEWEIS: Sure. [LR313 LR318]

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SENATOR SMITH: But yet sometimes that's not the most efficient method and you...and so you have to look at bundling, you have to look at design/build, so you can develop some economies of scale to make your dollars stretch farther. Is there...what's the secret formula for balancing that? [LR313 LR318]

KYLE SCHNEWEIS: So we certainly have to respect the need for local control and the need to support local businesses. And I...what I hope is that through some partnerships and some study we can find balance of power to do that. And, you know, I know we can structure contracts in such a way that our smaller contractors, even as a part of design/build, can have a piece of that pie. I don't think that we need to be afraid of that. We need to work through it is what I would say. [LR313 LR318]

SENATOR SMITH: Okay. And in Kansas it's a little bit different structure down there I think. For example, all the bridges, you can talk about how large our network is of bridges, and a lot of those are locally owned. Is it the department of roads, the Kansas Department of Roads (sic), that owns the bridges? [LR313 LR318]

KYLE SCHNEWEIS: In Kansas it's similar to here in Nebraska. A neighboring state that isn't is Missouri. [LR313 LR318]

SENATOR SMITH: Missouri. [LR313 LR318]

KYLE SCHNEWEIS: Missouri owns every bridge in the state and I think Ohio owns all of their bridges. Of course, that makes it easier to try and find a statewide solution when you have one government entity with jurisdiction rather than 93. But again, I'm confident. I...just from talking to superintendents and county officials, there is interest in trying to find a solution. And I know the state can play a role in it, not the entire role but a role. And, you know, we're bouncing around ideas. I'm excited to get with our friends at NACO to discuss some of them, to discuss some more with you, Senator, and committee members as we move forward. [LR313 LR318]

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SENATOR SMITH: Thank you, Director Schneweis. Any follow-up questions? And again, for the rest of the audience that's here, I've invited the director to join us for the rest of the meetings across Nebraska. And so we're going to hear more and more of your... [LR313 LR318]

KYLE SCHNEWEIS: I read the same thing every time (laughter). [LR313 LR318]

SENATOR SMITH: No, (laughter) not the agreement. That wasn't the agreement. But we're looking forward to hearing more from you and thank you for your time. [LR313 LR318]

KYLE SCHNEWEIS: You will. Thank you for the opportunity. [LR313 LR318]

SENATOR SMITH: We would like to now invite a representative from AGC, the Associated General Contractors. I believe that's Doug Williams. Welcome. [LR313 LR318]

DOUG WILLIAMS: (Exhibit 6) Good afternoon, Chairman Smith and the rest of the committee. My name is Doug Williams, D-o-u-g W-i-l-l-i-a-m-s, and I am here to testify today on behalf of the Associated General Contractors, the Nebraska chapter. My involvement with the AGC has been really merely the entire 40 years that I've been in the bridge-building business. I worked for a bridge contractor, started out as a laborer, and now I'm area manager and vice president of the company. And the AGC has really provided a fabulous experience and AGC does an awfully good job of working to promote safety and training, helping develop the industry work force, and trying to be a spokesman and encouraging advocate for investment in Nebraska's infrastructure. Kind of alongside the involvement of what we're doing to try to develop the industry work force we have had the opportunity to be a strong partner and a strong advocate for the Department of Roads. We worked with them a lot in joint committees, in partnering meetings, liaisons, and that sort of thing, and it really has served both the Department of Roads and the state of Nebraska, as well as the contractors, well to be able to get together and talk and work out problems and work on inefficiencies and gets everybody on the same page. So the contracting process is much more efficient due to the fact that the Department of Roads and the Associated General Contractors can and do work together. Perhaps I'm kind of speaking to the choir on this, but really have to

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stress the importance of the infrastructure here in the state of Nebraska. Nebraska's highways and our county roads and bridges are really the backbone of our economy and the quality of our life. The infrastructure that we have provides the mobility that we need and the connectivity that we need for all Nebraskans. We've got roads and bridges that are the length from home to school, from ranch to feedlot to packinghouse, from the manufacturing plant to the warehouse to the store, from the cornfield to the elevator. They're the backbone of the economy of the state of Nebraska. The importance of the interstate system that we have and our expressway system that we're working on in Nebraska can't be overstated. And we also, while we're talking about the interstate and the expressways, we can't forget that there is a lot of rural farm-to-market transportation that doesn't perhaps handle the high volume of traffic, but it does carry billions of dollars of agricultural products to make us a major player in the global economy. So that is very important to have a rural system and a rural farm-to-market system that provides that connectivity. In my remarks today on the interim study for items contained in LR318 I first want to stress, and I apologize if I'm repeating some of the things some of the other people have said, but I do want to stress the importance of the Build Nebraska Act, the LB84. Coming into 2011, we were really kind of in bad shape when we were looking at the revenues for roads. There was a great flattening out and really all the Department of Roads was able to do was look at just maintaining what they had and not really having any funds to provide for any new construction at all. So we didn't have any way to take care of the additional lanes that were needed for high-traffic areas. We didn't have any means to try to correct some very dangerous roadways that we had. We had no way to work on the expressway system that I believe has been mentioned before has been in the works for 20 or 30 years. So there was that problem. Then, in 2011, the Legislature really, courageously, I thought, passed LB84 and adopted the Build Nebraska Act. Beginning in July 1, 2013, the act directed one-quarter of a cent of the state's existing 5.5 percent sales tax toward new roads construction. And the act is effective for 20 years and it's expected to generate approximately \$65 million a year for road construction. And you can see on the handout that I did hand out to you the money from the Build Nebraska Act is divided three ways: 60 percent of it goes for high-priority capital improvement projects; 25 percent for expressways and federally designated high-priority corridors; and then 15 percent is also available for city and county transportation projects. So I can't stress enough how important it is for the Build

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Nebraska Act to our state transportation, the economy, the ability to work on many of the projects and expressways that have been in the works for...of discussion, anyway, for many, many years. And you can see what the present tier of projects is. The first tier is nearly complete. The second tier, they have started working on it. And then there's the third tier that takes you up to the year 2023. So the Associated General Contractors would urge this committee and the Legislature to make sure that you leave LB84 in place and let it continue to work for Nebraska. And we realize you guys are really in a...guys and gals are in a tough position on how to make the money go for all the needs. There are a lot of needs. The Associated General Contractors supports user fees. It supported LB610 when we tried to see more money raised to take care of the important infrastructure. And we know that we have to stay open to all sorts of options in the future. Across the country states were facing the same problems that we were. And just in this past year you saw 24 states that took some sort of legislative action to try to increase their funding. It was fee increases, gas tax increases, bonding, that sort of thing. So I think we need to be open to all sorts of various proposals and see how they might perhaps work. And at this juncture I also would like to convey Associated General Contractors' support for Kyle Schneweis and the Department of Roads. We believe that Kyle was a really terrific pick and we really have confidence in his ability to move the Department of Roads forward. So we do want to make sure that we're on record that we do support Kyle in his efforts. The last thing I wanted to touch on was the structurally deficient rural bridge issue. We are tremendously aware that there is a huge, huge problem. I as a bridge contractor get to see firsthand what a huge bridge problem there is. When I go out to repair a bridge or replace a bridge and I see that it's 16 feet wide and I wonder, well, how do the farmers get their equipment across this bridge? And it's got a plank deck and I'm going, oh, goodness, somebody is taking an 80-ton grain truck across a plank deck and they made it. You know, there's a huge, huge problem with the bridges out in the rural areas. They're...the bridges, many of them were built in the early 1900s. There's been a lot of scouring and erosion over the years which has undermined the piling and the foundation of those bridges. They're narrow and unusable. Just to give you a few scare story examples, these were found in LR528 interim study and also TRIP Institute gave out some data. We like to be in the top ten on everything, but here's a top ten we don't want to be in. Nebraska has the sixth highest percentage of structurally deficient rural bridges in the United States--not one of the top tens we want to be

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in. Following a 2008 bridge inspection, Saunders County had to close 100 of its bridges. Hall County no longer is paving roads because they don't have the funds to do that. Syracuse Public Schools last year had a bus route that would go up to a rural bridge and stop, let the kids off, they'd walk across the bridge, and their parents would pick them up because the bridge was not adequate for the school bus to go across. So there is a great need for paying some attention to the rural bridge issue. In conclusion, I'd like to thank the committee for their continued support in maintaining and preserving the infrastructure, for your interest in helping address the current and future infrastructure needs of the state of Nebraska. We thank you very much. And I'll take any questions that you have. [LR313 LR318]

SENATOR SMITH: Thank you, Mr. Williams. Questions from the senators? [LR313 LR318]

SENATOR DAVIS: I've got one. [LR313 LR318]

SENATOR SMITH: Senator Davis. [LR313 LR318]

SENATOR DAVIS: Thank you, sir. You talk about the rural bridges and I understand where you're coming from. Is it really...is it an issue of obsolescence in terms of size? Is that more contributing, or is just the fact that they're wearing out? [LR313 LR318]

DOUG WILLIAMS: I would say, and I don't have facts to back this up, but I would say a great majority of the bridges are obsolete. In other words, you will probably...if you would go out and look at many of the bridges where they've closed the roads and no longer allow you to cross the bridge, the timbers that serve as the beams or the girders are...have deteriorated, rotted out. The plank deck is shot. Many cases, the scouring has gone down actually to about the base of the pilings which hold the bridge up. So I would say a great, great number of them were...roads that have actually been closed are simply due to the bridge just deteriorating. It was built 30...1930s maybe and (inaudible) rotted out. [LR313 LR318]

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SENATOR DAVIS: So they're not fixable. They need...they have to be replaced. [LR313 LR318]

DOUG WILLIAMS: Correct. They are not fixable. And even if...many of them, even if they are fixable, you have to pay attention to the constituents, the people that use those bridges. If it's a 16 foot wide bridge, even if it's fixable it's still almost a one-lane bridge. And you are going to have 80-ton grain trucks using it. You've got farmers trying to use it with 18 bottom plows, etcetera, etcetera, that it just, even if they were fixable, they're really not quite adequate for the people that need to use them. [LR313 LR318]

SENATOR DAVIS: And so then that part of it is because the equipment is so much bigger than it was in prior years, so it can't use those bridges. [LR313 LR318]

DOUG WILLIAMS: Correct. Correct. Yeah, I'm sure that people that designed a bridge back in 1920 had no idea there would be 80-ton grain trucks. [LR313 LR318]

SENATOR DAVIS: Thank you. [LR313 LR318]

SENATOR SMITH: Senator Murante. [LR313 LR318]

SENATOR MURANTE: Thank you for your testimony. [LR313 LR318]

DOUG WILLIAMS: Sure. [LR313 LR318]

SENATOR MURANTE: A couple of questions. First of all, you cited the statistic that we're the sixth highest nonefficient bridges in the nation. Do you have a number of how many bridges we have that are deficient that need to be repaired? [LR313 LR318]

DOUG WILLIAMS: I don't believe I do unless it's...no, and I guess I...I do not have that number but I could get it. That would be in the TRIP...in the... [LR313 LR318]

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SENATOR MURANTE: The director is nodding that he has the answers to the questions. I'll ask him later. So perhaps the next question is best asked for him as well if it is deferred until later. But do you have a concept of what the total cost to repair those bridges would be to state and local government? [LR313 LR318]

DOUG WILLIAMS: No, I do not, and I don't know that that would be...and here again perhaps the Department of Roads would be a better one to answer that. But you would also have to factor in the fact that you wouldn't want to just go out and put a nice bridge in the middle of a minimum-maintenance one-lane road, you know. It would involve grading and culverts to, you know, improve the drainage, etcetera, etcetera. So some of you would be looking at more work being done, as opposed...rather than just putting in a new bridge and walking away, to improve the entire roadway going up to it. Correct. [LR313 LR318]

SENATOR MURANTE: Thank you. [LR313 LR318]

SENATOR SMITH: Other questions? Just a couple, and appreciate Senator Murante's line of questioning there. And I...as my memory served me, during debate this last session there were...we were somewhere between about \$250 million and \$800 million. I think those were the two fence posts that we had on the cost to replace the deficient bridges. And so I think we're in that neighborhood, but maybe the director can provide us more information on that later. But so from your experience...I mean we have inefficiencies due to prioritization, you know, doing the right project first, if you would. We probably have some excessive standards that we have to meet in order to replace the infrastructure of the bridges. And then we have replacement in kind--that is, how rigid we are and how...you know, what we replace an obsolete bridge or a deficient bridge with. So those are probably some of the things that are driving the cost for us. Is that correct? [LR313 LR318]

DOUG WILLIAMS: That, and there again much of that would be more in the director's sphere of influence and knowledge than mine. But, yes, there, as a general statement, there are many

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impediments to getting a bridge built, and one is the regulation that you have to face. [LR313 LR318]

SENATOR DAVIS: When it come... [LR313 LR318]

DOUG WILLIAMS: And I don't know if a person is going to be able to work around that. Certainly you can't bypass the Corps of Engineers and EPA and the migratory birds, etcetera, etcetera, etcetera. So there are a lot of hoops that you have to jump through in order to get a project built or approved even to be built. [LR313 LR318]

SENATOR SMITH: Any particular thoughts you have on the competitive bidding process, the design/build process, how that impacts varying sizes of construction companies doing the work? [LR313 LR318]

DOUG WILLIAMS: We actually truly have not had enough experience on design/build that I'd be able to really knowledgeable give you information on that. I do know that is a topic of discussion and I do know that that's something I think that needs more study and more discussion because I think various factors that might be involved in that are kind of coming in with different preconceived notions. And I think if everyone got on the same page exactly what the design/build process would entail, I think that would be time well spent to make sure that there's a clear understanding by all the partners and everyone involved exactly what the design/build process would entail. [LR313 LR318]

SENATOR SMITH: Okay. Well, again, thank you, Mr. Williams. And thank you to yourself and to the members of AGC for working so hard to build Nebraska. Thank you. [LR313 LR318]

DOUG WILLIAMS: Thank you. [LR313 LR318]

SENATOR SMITH: We now invite Jackie McCullough from the professional engineers, the American Council of Engineering Companies. Welcome. [LR313 LR318]

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JACKIE McCULLOUGH: (Exhibits 7 and 8) Thank you. Chairman Smith, members of the committee, and Senator Scheer, good afternoon. I'm Jackie McCullough, M-c-C-u-l-l-o-u-g-h. I'm the executive director of the American Council of Engineering Companies of Nebraska. We represent engineering firms doing business all across the state. We're very appreciative of the opportunity to provide invited testimony today during your interim hearing. Since most of the focus today was looking at expressways, I'm going to talk a little bit about Nebraska's current road funding, options to increase revenue for surface transportation, and maximizing any expanded funding, because we all know that to complete the unfinished expressways is going to require quite an infusion of money. Current estimates are nearing about \$900 million mark. To give you an idea of what it costs to build a four-lane road, about a mile of a four-lane road in a rural area is about \$45 million. In an urban area it's more like \$6-7 million. Clearly, to finish the expressway we're going to need to find new sources of revenue and to be bold. We all know Nebraska uses a pay-as-you-go user fee concept that's really dependent on fuel taxes or user fees. That dependence was lessened a little bit with LB84 when we added in sales tax. Of course, there's problems with a pay-as-you-system and we're starting to see that. One problem is that fuel taxes haven't kept up with inflation. And because they haven't kept up with inflation, funding for roads has fallen further and further behind. (Inaudible) the fuel tax for inflation would be very beneficial. A second problem with a heavy dependence on fuel taxes is that vehicles are becoming more and more efficient and fuel consumption is declining, but miles driven is not and the use of the roads continues to be used and increases. That problem could be exacerbated in the future as hybrid and alternative-fuel vehicles become more common. So some solutions might include replacing fuel taxes with a vehicle miles traveled tax. That's currently being experimented with in Oregon, but total fulfillment of that type of a change is quite a ways off. Or maybe a user fee could be established for alternate-fuel vehicles. Those vehicles use our roads but currently don't really contribute to the fuel tax system. We're fortunate in Nebraska to have access to a very low fuel tax that's designed to adjust the fuel tax twice a year to assure that the amount appropriated equals the amount that's collected. Past Governors and past legislators have been unwilling to set the NDOR budget at a level that would meet the highway system's needs because of the corresponding increase in the fuel tax that would be necessary. This still remains a tool that could be used for additional funding. Besides fuel taxes and a VMT tax, one source of

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funding that can produce the increased revenues needed for the state and local highway systems is sales tax. The current quarter cent of state sales tax dedicated to highways generates around \$70 million a year. One of the advantages of sales tax is that they are more responsive to inflation than the fuel taxes. The original LB84 bill proposed a half cent of a sales tax. Maybe we could look at that again. We've all seen the great projects that are being delivered across the state with the use of that quarter-cent sales tax. Imagine what we could do with an additional \$70 million. Close to 30 states have introduced measures to raise transportation revenue this year, with some legislatures approving significantly higher levels of funding than in years past. I brought copies of the latest report of the American Road and Transportation Builders Association that details states' efforts this year to create additional revenues for infrastructure. Eight states increased their fuel or sales tax for transportation this year, Nebraska among them thanks to the work to Senator Smith and your committee. I also brought with me a report on alternate funding sources for our state's highway program that was penned in 2012. These sources are still available and could be considered as viable options for additional funding. ACEC is an advocate for additional funding as we concur with others that the current levels are not sufficient to maintain our infrastructure, let alone make the needed capacity or major reconstruction improvements. Identifying funding so projects can be planned, programmed, and delivered is the first step, but it's not the only issue in advancing these projects from need to completion. There are many steps in the process, including design, agency review, and permitting, right of way and easement procurement, and contracting to turn funding into a real project. NDOR's resources are structured to deliver the existing program and may not have sufficient capacity to handle the full extent of additional funding. We feel it's important to expedite project delivery to show our citizens the positive gain from the dedication and investment of new monies and we know the Legislature, the government, and the Department of Roads feels the same way. Our younger firms are experienced...currently assisting NDOR with project development and delivery and we're in a position to accelerate project delivery and help the NDOR staff deliver an expanded program. While NDOR traditionally performs well in excess of the national average of their program delivery using in-house personnel, there's many benefits to using the private sector as a partner to successfully transmit additional funds into completed projects. Engineering consultants have all levels of qualified staff available to engage

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immediately. They're used to working under contract-mandated deadlines and know NDOR's expectations and their processes. NDOR has several current mechanisms in place to engage firms. Significant benefits to the state for outsourcing, as opposed to expanding NDOR staff to meet an increased program, are proven efficiencies in minimizing long-term salary and benefit costs. Outsourcing individual project delivery enables the cost of the different project activities to be a finite, one-time cost to Nebraska constituents because they're associated specifically to one particular task and one particular project. Outsourcing to Nebraska firms also injects dollars into the state's economy, generates income and other tax revenues from those firms and individuals, and attracts and retains individuals in the state by creating and maintaining employment opportunities. Several studies have been done by other states and national organizations confirming the benefits of outsourcing to meet additional funding availability. We don't believe that it's practical or responsible to mandate 100 percent of all project delivery to be outsourced. There are many benefits to the state when the private sector assists with program delivery, especially when expanded funding is available. We look forward to continue to work with Director Schneweis and his department to deliver the expanded program. The new director has been very engaged with constituents and industry partners and he's open to looking at all delivery methods and opportunities that can deliver the programs in the best way possible. Transportation investments affect not only the level of economic output, but also geographic distribution of economic activity. In other words, it's like the Field of Dreams: If you build it, they'll come--and, likely, they'll bring their checkbook with them. The expressways connecting our communities to commerce centers is no exception. They have the potential to bring economic development and prosperity to every corner of our great state. The economic case for investment in our long-term infrastructure is clear. We know it will grow the economy, create new jobs, and position us for long-term growth. We encourage your committee to craft a bold, comprehensive funding package and significantly invest in our state's potential, and we pledge to help however we can. For all of us engaged in this discussion, it's not just a problem of how to raise a certain level of revenue but also how to develop a policy framework that will unleash capital investments, reduce congestion, improve Nebraska's quality of life, and support increased productivity of Nebraska in our economy. We look forward to working with the committee, the Legislature, the Governor, Department of Roads, and all interested parties to create a robust

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transportation program in the state of Nebraska. I appreciate the time to be able to be with you today and I'm happy to attempt to answer any questions. [LR313 LR318]

SENATOR SMITH: Thank you, Ms. McCullough. Do we have questions from the senators? Ms. McCullough, I just want to comment. I know sometimes people bristle whenever one mentions outsourcing and, you know, I applaud you for bringing that topic up because, you know, if we are looking for solutions, I don't think there is a single silver bullet. We can talk about increasing funding, but there's just never going to be enough money if you don't have certain efficiencies in place or you don't control your spending. So it's going to be a balanced solution. There's going to be probably multiple things that will have to be done in order to meet the needs that we have going forward. And I think that outsourcing is something certainly that we have to put on the table. It's not to say that that's going to be the single solution. But we have to have open and honest discussions and everything on the table. And if my understanding from what you are saying is correct, when you look at outsourcing--or some people call it right sourcing--is to say that you increase your pool of supply, engineering companies and talent as well as construction talent, whenever you open up the door further for outsourcing or right sourcing, farming out some of the work, but also that you, the private sector, sometimes is able to better manage the level of risk. That is, if you have a very highly complex project that needs to be completed at a date specific and a private company bids on that, they bear the risk of not meeting that deadline. And so when you can bring that into the equation and into the mix of solutions, you're able to stretch those dollars farther. Am I correct in what I'm saying? [LR313 LR318]

JACKIE McCULLOUGH: Absolutely. And definitely it's a partnership and we do need to look at ways to bring in the revenue but also the most efficient and effective ways to spend the revenue. And the Department of Roads has been doing a good job of that and they're running pretty lean. I imagine the director would agree with that. So, you know, I think it's very fortunate for the state to have such a great pool of industry partners, both on the design side and the construction side, to be able to assist with delivering programming. [LR313 LR318]

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SENATOR SMITH: All right. Thank you. Thank you again for your testimony. Any further questions? I see none. [LR313 LR318]

JACKIE McCULLOUGH: Thank you. [LR313 LR318]

SENATOR SMITH: Thank you. And we now invite Mr. Josh Moenning, representing 4 Lanes 4 Nebraska. And Josh will be the last invited testimony, and then from there we want to open it up to the...to public testimony. And so if you're wanting to follow Josh and make some comments, we just invite you maybe to come up closer and start filling in behind Josh there. So, Mr. Moenning, welcome. Thank you. [LR313 LR318]

JOSH MOENNING: (Exhibits 9-11) Thank you. Chairman Smith, Senator Scheer, members of the committee, thank you for being here this afternoon, for choosing Norfolk to kick off this fall's lineup of hearings. Senator Smith and Senator Scheer, we thank you for sponsoring the interim studies that made this hearing possible. My name is Josh Moenning. That's M-o-e-n-n-i-n-g. I'm the executive director of 4 Lanes 4 Nebraska. We are a business and industry association promoting the modernization of Nebraska's transportation infrastructure. Currently our board of directors includes: Dirk Peterson, general manager of Nucor Steel in Norfolk; Dick Robinson, president of Norfolk Iron and Metal; Nadine Hagedorn, senior vice president of BankFirst West Point loan production office; J.D. Alexander, owner of Alexander Cattle and Farms in Pilger; Jeff Scherer, CFO of Smeal Fire Apparatus in Snyder; Dennis Baumert, owner of Scribner Grain; Bill McGuire, director of logistics at Affiliated Foods Midwest in Norfolk; Tony Raimondo, Jr., vice chairman of the Behlen Group in Columbus; and Carl Dickenson, president and CEO of Central Valley Ag in York. And you'll be hearing from some of them in the next few minutes. Our mission is finishing the Nebraska expressway system. This system, enacted in 1988, was Nebraska's last big-picture roads plan. It was designed to connect our major cities to the interstate system of four-lane highways. The policy is today nearly 30 years old, yet it is significantly incomplete. Of the plan's original 600 miles, as you can see on the map provided to you, 433 miles have either been completed or let for contracts. Nearly 170 miles are left unfinished and unprioritized. Significant portions left undone are critical corridors, including

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Highway 275 from west of Pilger to Scribner, Highway 81 from York to south of Columbus, Highway 30 from Schuyler to Fremont, and the Lincoln beltway project. It is important to note that this entire system was supposed to be finalized by 2003. Finishing the expressway system would not only fulfill long overdue state obligations; it has the potential of being one of the largest jobs and economic development programs this state has ever seen. It would also vastly improve the safety of Nebraska's motorists. Earlier this year, Dr. Ernie Goss of Creighton University examined the benefits of expanding Highway 275 which, at 48 miles long, is the longest undone portion of the system. The numbers, we think, speak for themselves. You also have a summary of findings for that report. Goss found that Highway 275 expansion would create more than 1,000 jobs during the construction period, more than 1,300 new jobs as a result of growth due to expansion, and an additional \$145 million annually to the state's GDP. Expansion would also enhance public safety. Today Highway 275 counties have a 62 percent higher traffic fatality rate than other counties. Accident rates are 152 percent higher on the two-lane portions than the four-lane portions. Goss found that, on average, conversion of a two-lane road to four lanes reduces accidents by 40 to 60 percent. While 275 is the longest unfinished stretch of the expressway, other remaining projects reach across the entire state. That's why our board is expanding and the network of communities eager for a renewed effort to finish the job is growing, from the Heartland Expressway Association in the Panhandle to business and industry leaders in Omaha and Lincoln. The costs to finish this work, which are also shown on the map, are significant--an estimated \$468 million to finish the remaining expressway projects and about \$478 million for expressway projects within the Build Nebraska Act. But these costs wane in comparison to the consequences of further inaction. These projects do not get any cheaper the longer they are delayed. In fact, they become significantly more expensive. Opportunity costs are also taking a heavy toll. Years of inertia have led to countless wasted opportunities, frustrated industries who take their jobs to states that value and invest in infrastructure, and not to mention the many lives lost on dangerously narrow two-lane highways teeming with heavy trucks and equipment. So can we solve this problem? Can we finish the expressway system with policies as they now stand? Unfortunately, not in any reasonable time frame. Under our current funding framework for roads, critical projects like 275 and Highway 81 would wait another ten years just for prioritization. Projects like the Lincoln Beltway, even within the Build Nebraska Act, would

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wait another five years before any dirt is moved. Why can't we catch up? Why do these projects continue to languish? To say it bluntly, Nebraska's current transportation policies are as outdated as the 1930s two-lane highway that connects Norfolk's steel mills and Cuming County's feedyards. For comparison's sake, a majority of states--33 of them--use basic forms of public-private partnerships, like design/build agreements, to help more efficiently build roads. A majority of states, 34 of them, use creative finance mechanisms like state infrastructure banks to fund large road projects. And a majority of states, 48 of them, allow the use of bonding to finance roads. Nebraska currently uses none of these. Again, 48 states bond to build highways. Two do not: Nebraska and Wyoming. We think it's time for a serious discussion as to why not. Bonds can make sensible use of historically low interest rates and be limited to a specific project, like finishing the expressway system, and can be paid for with revenue that's already designated for transportation funding. Our cities, counties, and schools regularly use bonds to finance needed infrastructure improvements, yet our state cannot bond to build highways. It's an inconsistency that defies logic. What will it take to finish the job? Creativity, vision, and the courage to act. You didn't create this problem, but you have a grand opportunity to help solve it once and for all. As 4 Lanes 4 Nebraska, we want to help. We want to find solutions. We look forward to continue working with you and exploring creative, responsible policy options for finishing the job on the expressway system. In conclusion, if we are in fact serious when we talk about growing Nebraska, we need to be serious about investing in growth opportunities. None are more tangible than building out well-laid plans for transportation infrastructure. Finishing the expressway not only honors a commitment made to taxpayers decades ago, it creates thousands of jobs, paves the way for new economic growth, and better connects our rural and urban communities and links our state's diverse regions. Let's finish the plan we started decades ago and chart a new course for the future for the benefit of generations of Nebraskans to come. Thank you. [LR313 LR318]

SENATOR SMITH: Thank you, Mr. Moenning, for your testimony. Questions from senators? Seeing none, I do have just a couple quick questions for you. Can you comment on whether there are specifics of the cost of the deficiencies in 275 and 81 to economic activity or development in this area/community? And specifically what I'm looking for is, are there specific cases of

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businesses that we've sought to recruit that have not located here because of those deficiencies?
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JOSH MOENNING: I think there are. I think you'll find in the upcoming testimony you'll have some people involved in economic development and regional growth that can speak to that. In terms of the value of these projects in comparison to their cost, the Goss study found, as I mentioned, that...it projected that the value of expanding Highway 275 would bring in at least \$145 million annually to the state's GDP. The cost currently of expanding Highway 275 is around \$200 million. [LR313 LR318]

SENATOR SMITH: Okay. And then...and I know your 4 Lanes 4 Nebraska has more of a broad vision than...and focus than just 275 and 81. I mean you're looking statewide effort to improve the expressway system and get things completed. In your opinion, are we going to be able to tackle that in the next 15-20 years simply by looking at bank...the banking of money internally to the state, as we talked about, gains in efficiencies, innovative funding? Or is it going to absolutely require, in your opinion, going beyond that and looking at bonding like some of those other states have done? [LR313 LR318]

JOSH MOENNING: Well, I'll start by saying we appreciate the work that's been done, LB610 last year, and your leadership in that. So that certainly helps. As we know, two-thirds of that funding (inaudible) will go to cities and counties, leaving about \$25 million for the state upon implementation. We also appreciate the leadership that Director Schneweis has shown in finding efficiencies currently within the Department of Roads. But, yes, it's going to take, we think, a combination of things and that includes some of the things that have been talked about today-- design/build, state infrastructure bank and, frankly, bonding. [LR313 LR318]

SENATOR SMITH: Okay. [LR313 LR318]

JOSH MOENNING: All right. [LR313 LR318]

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SENATOR SMITH: All right. Thank you for your time. I see no further questions. Thank you. We now open up to public comment and testimony. And this is the portion where we're going to ask that you limit your comments to within five minutes if at all possible. [LR313 LR318]

DIRK PETERSEN: All right. I'll try. [LR313 LR318]

SENATOR SMITH: Welcome. [LR313 LR318]

DIRK PETERSEN: My name is Dirk Petersen, D-i-r-k P-e-t-e-r-s-e-n, and I'm general manager/vice president of Nucor. Bought a mill here in Norfolk, Nebraska; been with you for 36 years. I'm also on the Nebraska State Chamber Board. I'm also on the board of governors for Northeast Community College and part of the board for 4 Lanes 4 Nebraska. I'd like to thank the committee for being here, really appreciate you being here in Norfolk, start kicking off your opportunity to talk to people across the state, and particularly Senator Scheer for his support and what he's done for us in our communities and for our growth, and Senator Smith and the rest of the committee. I don't have a lot of prepared remarks, so I'm not going to sit here and read everything. I've got a few notes. But first thing I think about when I think about the need for this road is safety. At Nucor we talk about safety each and every day. That's our most important thing we think about and talk about each and every day. And I feel, as the general manager of this facility and a member of this community, I would be remiss if I was not pushing hard on this thing to get these four lanes done because it's all about safety when you really think about it. You know, we heard statistics and, you know, reduction in accidents by 40-60 percent. How can we stand still here as community members, elected officials, or whoever and think about that loss of lives? And really, you're thinking about money. You look at money versus lives, lives of our children. You know, several of our members on the board...actually, I grew up in Cuming County near Wisner in the Pilger area, and we got a couple other board members, you know, that remember well growing up in that area along 275 where we've had friends and relatives killed. And if you drive that road enough, you can understand why people get killed on it--the vast amount of truck traffic, the vast amount of farm implements--and putting our communities in peril in Wisner, Beemer, West Point, Scribner, because those are free-for-alls because nobody

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can pass on the two-lane roads. So the only way they can pass is pass in the core lanes and go through those cities, those little towns. And guess what? There's kids around. There's community members around, and we're putting them in danger each and every day by our actions. And I'm not saying our actions are the correct thing we should do, but when you drive that road it's very, very frustrating. And that's not the only road in this state that's like that. I think another one that deserves a lot of attention and we've expanded our board on the 4 Lanes 4 Nebraska to include going down to Highway...getting Highway 81 down to York. If you think about it, if we get 275 done, 81 done, and obviously there's others that we want to push for as well, but we could probably encompass 90 percent of the population of this state by having those roads done. You know, we're the eighth largest city here in the state of Nebraska and we don't have a four-lane connection to the interstate system or Omaha. And, you know, we're sending people down to Omaha to travel all the time from our company and from other companies. That's our way to get there. We no longer have commercial air service here. We used to, so we took a step backwards there. But we don't have a four-lane road to get down to Omaha. We need that. Also, we only have one rail service here, provided by the Nebraska Central Railroad, so we're restricted on what we can do on the rail as well. At Nucor we ship around a million tons of steel every year, and that requires...with our operations and other operations we have here in Norfolk which employ over 1,000 people here in Norfolk, we need about 70,000 trucks a year to ship that. And these are big trucks with a lot of loads on them going down those highways, these unsafe highways. And that only takes about half of what we ship each year--oh, I'm under one minute--and the other half is done by rail. So we need good road systems. We also need good road systems to convince some of the technical people we need to come here to actually want to come here. If you've got a four-lane road and you're going down it, it looks modern. It looks like you're progressing. If you try to recruit somebody from some other state or maybe even just Omaha or Lincoln and they come down the roads that we have right now, and trying to convince them to come, to relocate to Norfolk, is a hard sell. Also, I've been involved with...you know, I said I grew up in the Cuming County area, and I know J.D. Alexander will cover this a lot, but, you know, we talked a lot today about how much it takes to get all the agriculture transferred around here and on this area, getting the corn to the cattle and getting all the feed. He'll cover some of that, I know he will, J.D. I've got good faith in him. I went to high school with him. I know he's a

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pretty smart guy. And he's going to cover that stuff. But, you know, that's our major industry when you think about it and we're the major...we're the number-one county--in Cuming County--beef producer in the United States, I think, or at least right at the top. We need a lot of good roads to transfer that equipment and material safely, and we don't have them. Even if we get this road--the one that's near and dear to my heart is 275, of course--our group, 4 Lanes 4 Nebraska, will continue to work on getting these expressways done in the state because that's the best thing for our state. I'm committed to this state, always have been committed to the state, grew up here, and I want to see us succeed as a state. And I think we all need to come together and think about this, about safety, about what we have as an obligation to the citizens of this state for them to be safe and to grow our economy, create jobs, and attract more business to here. That's how we're going to continue to flourish and grow. And that's our job: to flourish and grow. It's us as business leaders, community leaders, elected officials. That's what we need to get done. And if we don't get that done, I think we're missing something. We have an opportunity to lay the groundwork for the future for our kids and for our state forever. You might want to call it a legacy. That's okay. We can call it a legacy. I don't care. But we get it done--that's all I care about. So let's get it done. And 2024 is not good enough. It's not good enough for Nucor. It's not good enough for my allies at Norfolk Iron and Metal and others and my farming and livestock friends in Cuming County and Stanton County and all the other counties and all across the state. We need to get this done and we need to get it done quicker than 2024. We need to look at the economic impact and the safety requirements relative to these roads and get them done. I know I went over. Sorry. But thanks for being here. [LR313 LR318]

SENATOR SMITH: Thank you, Mr. Petersen. Do we have questions from the senators? I see none. So you said about 70,000 trucks per year are required by Nucor alone to move the product that you've...you produce. [LR313 LR318]

DIRK PETERSEN: Right, and that's half the product. The other half if rail. [LR313 LR318]

SENATOR SMITH: The other half is rail. And so that equates to probably 100-150 trucks per day just from Nucor to move that product. [LR313 LR318]

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DIRK PETERSEN: Right. [LR313 LR318]

SENATOR SMITH: Have any idea of the other industries, what kind of truck... [LR313 LR318]

DIRK PETERSEN: Here in our area? [LR313 LR318]

SENATOR SMITH: Yeah. [LR313 LR318]

DIRK PETERSEN: Well, I know...and Dick Robinson is going to speak here today, the president of Norfolk Iron and Metal. I think we calculate 25,000 trucks per year for theirs. You know, obviously, we've got other industries, too, but I don't really know their truck counts. You know, we've got Affiliated here in town, the grocery folks, and I know they ship a lot of trucks out of here, too, and... [LR313 LR318]

SENATOR SMITH: Yeah. [LR313 LR318]

DIRK PETERSEN: But that, you know, you start adding those up, they kind of pale in comparison to what J.D. is going to tell you about the agricultural sector. [LR313 LR318]

SENATOR SMITH: Yeah. Yeah. [LR313 LR318]

DIRK PETERSEN: It's even bigger yet. [LR313 LR318]

SENATOR SMITH: That's certainly significant for a two-lane highway. We get your point. [LR313 LR318]

DIRK PETERSEN: Yeah, and all the mills we go through to get here. [LR313 LR318]

SENATOR SMITH: All right, thank you. Senator Davis. [LR313 LR318]

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SENATOR DAVIS: Thank you, Senator Smith. Thank you for coming. Can you talk a little bit about bonding? We had a bill two or three years ago that did that. The bill failed in the Legislature. You think the mood has changed in the state of Nebraska in terms of the support that might come along to get something done with bonding? [LR313 LR318]

DIRK PETERSEN: Well, you know, you look at...you know, we've had several meetings of town hall type meetings with the 4 Lanes 4 Nebraska. We had them in West Point and we had them here in Norfolk and we got huge, huge crowds. And I'm very proud of the fact that in this community that we've got a lot of folks that showed up here today. And, you know, if the bill...if the room would have been bigger, we probably would have had more in here yet. But I think there is some...there is definitely support to get the road done, obviously. I think people are open to many kinds of ideas to get it done. You know, the people of Nebraska are pretty conservative, I realize, and, you know, they want to pay as you go or, you know, get it paid for before you start. And that's the concern about bonding, I believe, you know. And I think if the people of Nebraska see the value, you know, the hidden value for something, I think they're willing to put up their money. I mean, let's face it: Nebraska people are huge risk takers. Agriculture is like playing craps or something (laughter). I mean it's as much... [LR313 LR318]

SENATOR GARRETT: Professional gamblers. [LR313 LR318]

DIRK PETERSEN: ...as you can get into as far as gambling probably. And you look at the businesses in Omaha and Lincoln that, you know, they've taken chances--Warren Buffett has taken a couple--you know, so we're...we are a state that's willing to step up and say, hey, man, if we put our money, we think we're going to get the bang for our buck. I think we go after it. But I think we should have a combination of different ideas. You know, bonding might be one. The state-structured banks that was discussed might be another one. You know, it doesn't have to be everything. I don't think toll roads would play very well with the farmers that I know, but who knows? You know, maybe there's some inventive idea there, too, and, you know, we've interacted a lot with a lot of various individuals, including new Director Schneeweis. And we have a lot of optimism that we can work together and in tandem and working together to get this done. We

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want to be on the same page. Getting it done is the goal. How we get it done, you know, it's going to take a lot of input and a lot of good thinking. But I think we're really smart here in Nebraska, too, and we can get this done by working together. That was a good question, Senator Davis. [LR313 LR318]

SENATOR DAVIS: Thank you. [LR313 LR318]

SENATOR SMITH: Thank you, Mr. Petersen. Oh, I'm sorry. Senator Murante. [LR313 LR318]

DIRK PETERSEN: Oh, good, another question. I love questions. Keep them coming. [LR313 LR318]

SENATOR MURANTE: I want to ask you a question from the perspective of my role as the Chairman of the Government, Military and Veterans Affairs Committee of the Nebraska Legislature. And in that committee we deal extensively with the enormous challenges that come from shrinking populations in a significant number of counties in the state of Nebraska. And we talk about how...we've heard numerous times today about how the completion of Highway 275 would bring jobs to the community. And I'm wondering if you have an expectation, if that highway were completed in short order, what sort of change in population you would expect. And where are those people coming from? [LR313 LR318]

DIRK PETERSEN: That's a really hard question to try to answer. But I know that, you know, we're looking at some partnerships with different companies. You know, we're obviously a very, very large company here in Norfolk and obviously in the state of Nebraska as well. And we're looking at some partnerships with some different businesses. Us getting that Northeast Industrial Highway out there was huge because that gave us the ability to move product safely and quickly across. And just getting in and out of town, you know, alone was a big deal and it's a very attractive industrial location now for other businesses to come in. So we're...and actually I've signed a confidentiality agreement so I can't really comment on what it is. But I can tell you we're talking to a company next week that's got the potential of 150 jobs and buying about

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250,000 to 350,000 tons of steel from Nucor every year. So that's a big deal. And right now in the steel industry, the steel industry is being devastated with illegally dumped imports coming into this country. We're only running at about, as an industry, only about 60 percent because about the whole rest of it is coming in, another...about 35 to 40 percent of it is coming in from imports and there's various reasons. One of them is a strong dollar. One of them is a bad oil and gas industry situation, ag industry too. But the biggest thing is strong dollar and illegal dumping. So what's happening is we're...through attrition we are eliminating jobs at Nucor. Our practice at Nucor is not to lay anybody off. We do not lay people off. We're the largest steel company in the United States. We're bigger than U.S. Steel. Everybody has heard of that company. And so through attrition we're reducing our numbers across our company. You know, if we had a strong steel industry, we'd probably be increasing our numbers like we have up here in the past few years. We actually added about 100 jobs. Now we're forced to start taking attrition down and eliminating some of those jobs. But, you know, I know for a fact that the kids that come from Nebraska, including myself, that grew up here, went to a one-room schoolhouse, we...I wanted to come back. I wanted to come back here to live here. Why: because I think it's a great, great place to live. I love living in Nebraska. I love the people. The people are the best thing about Nebraska. And I think we could attract those kids back here, you know, by having better infrastructure and obviously jobs. Jobs is what brings people back. Kids can't come back here and just live in their parents' basement because no parent really wants that, and the kid doesn't either. [LR313 LR318]

SENATOR MURANTE: Yeah. Well, let me...so let's say you get that company to move to Norfolk... [LR313 LR318]

DIRK PETERSEN: Yeah. [LR313 LR318]

SENATOR MURANTE: ...and you get the 150 jobs. Would your expectation be...are the 150 people who are moving to Norfolk, are they coming with the company from either outside of Nebraska or outside of the area, or are they moving from Pierce County to Madison County because it's closer to the job? Where are the people coming from? [LR313 LR318]

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DIRK PETERSEN: They will employ locals. I mean, when I mean locals, I'm talking northeast Nebraska. You know, we draw from, gee, I don't know what the radius would be, but I suppose 80 miles, you know, away, obviously most of them in Madison and Stanton County. [LR313 LR318]

SENATOR MURANTE: Right. [LR313 LR318]

DIRK PETERSEN: But we draw from all over, and this company would do the same. Their model would be very much like ours as far as drawing in people and employing people. And what is it? You multiply the 150, you multiply that by how many because of families and (inaudible) and all that,... [LR313 LR318]

SENATOR MURANTE: 150 families. [LR313 LR318]

DIRK PETERSEN: ...pretty soon you got these farm kids that worked on a farm near Pierce being able to be gainfully employed here in the Norfolk area and moving near their family and friends. [LR313 LR318]

SENATOR MURANTE: Thank you. [LR313 LR318]

SENATOR SMITH: I see no further questions. [LR313 LR318]

DIRK PETERSEN: Okay. [LR313 LR318]

SENATOR SMITH: Thank you, Mr. Petersen. [LR313 LR318]

DIRK PETERSEN: Okay. It was way longer than five minutes. Sorry. [LR313 LR318]

RICHARD ROBINSON: You're getting another steel person. [LR313 LR318]

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SENATOR SMITH: Welcome. [LR313 LR318]

RICHARD ROBINSON: Thank you. Richard Robinson, R-i-c-h-a-r-d R-o-b-i-n-s-o-n. I am president and CEO of Norfolk Iron and Metal. Our total corporate employment is around 710, of which roughly a half are in this corner of the state, as an example. I'm also obviously on 4 Lanes 4 Nebraska. I'm also beginning my (inaudible) as chairman of the board of the Metals Service Center Institute, which is the national trade association of steel distribution and processing. We-- a quick commercial for that--have about 2,500 sites throughout the United States and account for 2.5 percent of the United States' GDP. So it's a very significant (inaudible) for the steel industry right now, and that's one of the reasons, as Dirk said, you see in the headlines every day. It's interesting times. We...you know, I'm a lifelong resident of Norfolk, Nebraska. Everyone that's a lifelong resident near 275 knows that highway. They know every corner. They know when a barn is being painted when you're driving down the highway and you spend so much time on it. Almost everyone knows someone who has been in an accident on 275. I'll never forget when I was growing up my older sister wrecked a car and was almost killed on 275. It is a dangerous highway. It is a deadly mix of heavy truck traffic, mom-and-pop drivers, and tractors all mixing into a tight two-lane highway. It is a very dangerous highway. And down the road it's only getting worse as our truck traffic increases. I would encourage also the Nebraska Department of Roads to change how we look at traffic counts. In the past, traffic count, which is used to determine highways, was purely a count. Mom and pop getting in their car and driving to a movie on a Sunday afternoon had the same value as a steel truck or a cattle truck going down the highway. I don't think that's right. I think it should be phase one economics to the area. We need to create jobs throughout Nebraska. We need to start thinking big. Senator, I think you asked about potentials that have been lost in this area. I know that Affiliated Foods has downsized some of their corporate and distribution staff to their other branches. I don't know why, but I would have guessed it is so difficult to recruit corporate people to come to Norfolk, Nebraska. We have two senior corporate positions we've had recruiters working on and the common thing is, we'd love to work for you but my family does not want to be...fly to Omaha, drive two hours on a two-lane, then, when they want to go, whether it's to Omaha or Lincoln, guess what, it's two lanes both ways. And that is really hurting this part of the state. In other businesses, we're

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looking seriously at a processing center, probably 30 jobs. At this time we've put the project on hold and we're reevaluating where it's going to go. Freight rates in this part of the state are ridiculously high and it's simple economics. It takes longer for a truck, which then drives the freight rates, to get somewhere on two lanes than if you're on an expressway. Consequently, we have a very high freight rate in and out of Norfolk. We have about 20,000, 20,000 to 25,000 truck movements in our business in our Norfolk operation. The inbound truck movements are higher freight rates. The outbound on our truck takes us longer. We have to have more trucks to cover the same number of miles. That's an expense that we are...you know, it's difficult to get through. So these are hard factors. The other thing is the indirect factor of our rail rates in Norfolk have become quite high. And one of the reasons are, in many areas, what keeps down rail rates: competition with low truck rates. Well, we don't have low truck rates. We have high rail and high truck and it's a double whammy. It's hurting not just the industry but every consumer because those products that come into Norfolk have higher cost getting to Norfolk and to the whole 275 corridor and in many cases to all the expressway areas throughout the state. Now our roads were developed in the '30s. I think that's when 275 was built. It's time to think big. I look at three or four other states that did major, major road projects: South Carolina, Texas, Kansas, and next-door in Iowa. One minute? I'll try to be better than Dirk (laughter). And their states have grown tremendously. You look at South Carolina as an example. South Carolina is more conservative than Nebraska. It is the king of conservatives in South Carolina. They had a huge development and they have seen their economy explode. They've had plans from Boeing. They've had plans from I think Mercedes and thousands of others. And so have the other states. Even Iowa next-door is making all their highways four lane. You can go four lane from Sioux City, Nebraska, to Worthington, Minnesota, and the only city larger than Norfolk, Nebraska, along that is Sioux City. And if I see Iowa doing it, I have to ask, why can't Nebraska? That's the real question. It's time. For 30 years we've been promised an expressway throughout the state. It's our turn. It's our time. We need to get this. We need it for the safety of our people and for growth of the state. Dr. Goss's report showed that if we did just 275 it would create over a few years 1,000 new jobs. It would create...about 2 percent of the state's GDP would go up just (inaudible). Let's start building our state. Let's not find reasons why we can't build. Let's find out how we can. And I'd like to thank you guys for coming up. It's an honor to our community to

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have this first hearing here. Thank you, Senator Smith. It's difficult after growing up with Senator Scheer to call him "Senator Scheer," but thank you. And thank you to (inaudible). [LR313 LR318]

SENATOR SMITH: Thank you, Mr. Robinson. Hold up just a second. We have to see if we have any questions here from any of the senators. I don't see any. [LR313 LR318]

RICHARD ROBINSON: (Inaudible) one minute (inaudible). [LR313 LR318]

SENATOR SMITH: And I appreciate you showing the respect to Senator Scheer. [LR313 LR318]

RICHARD ROBINSON: (Inaudible) later. [LR313 LR318]

SENATOR SMITH: Welcome. [LR313 LR318]

J.D. ALEXANDER: You get those guys in a row and you better watch out (laughter). Good afternoon. I'm J.D. Alexander, J.D. A-l-e-x-a-n-d-e-r. I'm a third-generation cattle-feeder/farmer from Pilger, Nebraska. So our operation happens to sit and...on the corridor of 275. We farm and operate on both sides of the highway right at the intersection of Highway 15 where it goes to Wayne. So my life has been spent on the highway and we're close enough to see it. I've watched this over the years since I was a little boy. As I mentioned, I'm the third generation. My grandfather loved the idea and the thought of having an expressway. My father figured he'd see it--never did. I'm here today to hope we can encourage you so my next generation who has got the operation will have it. You know, the 275 is literally the lifeblood of our cattle-feeding/farming operation. Every product that we raise or grow or input goes up and down the highway. I've been fortunate to serve in many leadership positions in the cattle industry over several years from president of the Stanton County Cattlemen to the president of the Nebraska Cattlemen to the immediate past president of the National Cattlemen. And the reason I say this is the one thing that is known about the cattle industry around the nation is that Nebraska is the epicenter of the

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beef industry in the nation and if not the world, I might say. And if I may be so bold, if you go into northeast Nebraska, it is one of the most highly concentrated areas of livestock, not only beef but pork, etcetera, in the nation there is. So the thing that I'm trying to stress here is that we've got an expressway that is not finished. And I'm going to narrow it down to even more, that if you look at Cuming County, Cuming County is the most highly populated county in livestock. In Cuming County alone, there's about 400,000 head of cattle. Those are turned over 2.5 times a year. So that means you've got a million head of cattle in Cuming County alone and you have to bring those cattle in and out. So we're moving 2 million cattle in and out of Cuming County every year, and that equates to about 50,000 trucks. Now this is only Cuming County. That's not taking into account going north to Thurston and the other big producing counties. That's the entire...275 is not done in Cuming County. It is partially done in Stanton County and Dodge County is partially done as well. So what we're seeing is you've got the expressway of all these products that literally is not done at its...it is a safety issue and a choke hold really on our industry. Another fact it might have is in 275 there's about 912 head of cattle per highway mile versus 528 for the rest of the state. So it's very highly concentrated. Also on that 275 corridor that's not done there's about 6.8 farms per highway mile versus 4.7 for the rest of the state. So you can see that we're very highly concentrated and it's a very busy area. So safety is a big key. Now the other thing I might mention about production agriculture is about every bushel of corn and bushel of soybeans is going to also have to be moved on that highway. You've also got the other products that we utilize as far as hay, protein, ethanol by-products. So just because you send a bushel of corn down the road doesn't mean that it's not going to come back in an ethanol by-product. So I just want to stress to you, for production agriculture Highway 275 is the lifeblood. We thought we would see it how many years ago? We personally have altered plans in what we do to some of the land because it was going to...we had the plan laid out of where it was going to be. We've altered a lot of things that really have affected us for many years, and we need to do something about it and get it done. I'll also...I'll finish this by saying that this road is not going to get less used. It's going to get far more heavily usage than we see today, so. Thank you.

[LR313 LR318]

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SENATOR SMITH: Thank you, Mr. Alexander. Questions from the senators? Seeing none, thank you. [LR313 LR318]

J.D. ALEXANDER: Thank you. [LR313 LR318]

SENATOR SMITH: Welcome. [LR313 LR318]

NADINE HAGEDORN: Good afternoon, Senator Smith. Thank you for your committee, for coming here today. I'm very proud of the fact that you chose northeast Nebraska to begin your survey. I'm Nadine Hagedorn, N-a-d-i-n-e H-a-g-e-d-o-r-n. I'm the senior vice president of BankFirst, which is located here in Norfolk, and I am (inaudible) a production office in West Point, Nebraska. So 32 miles of the unfinished 275 I travel twice a day. So I grew up in Cuming County. Some of my history and where I come from is economic development and banking. I've been in lending for 40 years. I am a director on the NED board for the state of Nebraska and for this area, and I'm their past president. I've just been appointed by the Governor for NextGen, which is the beginning farmer program. And my focus is on keeping young people here in a safe environment and working together. Yes, I'm 61 years old. Now a lot of people would like to say, you know, I'm going marry up with a 21-year-old and give them their future. But the infrastructure in the state of Nebraska is important for our young people to be able to continue in their jobs in a safe manner. We want to give them the ability to travel safely to educational points, be it Norfolk, Lincoln, Milford, wherever that is in the state. And with completing the four lanes or the expressways within Nebraska, we can do that together. But together we also have to look for that solution and we want to be a part of that. I am part of 4 Lanes 4 Nebraska. My gentleman counterparts did a very fine job of expressing the economic impact. As a banker, I finance that. And it is important that we have ability to do the production that generates dollars within our state that helps pay for the infrastructure we need. And we do need it. Back in 1988, moving into 2000, I sat on the park board for the community of West Point. And there was a gentleman that was at one of the meetings, one of the hearings when we were talking about the four-lanes expressway going around West Point. He leaned over and he says, I won't see it in my lifetime and neither will you. I want to prove him wrong. He's gone, so he was right on his

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behalf. But let's see what we can do together. Northeast Community College, I sit on their foundation board. There are a lot of young people traveling to the school, and that keeps them here. If we could educate them here and get them into jobs and provide jobs such as the ones my counterparts talked about, we will have economic growth in Nebraska and in this part of the state. It's about the state of Nebraska. It's about doing what is right. We are a state that is very proud. And even our football team, if they lose, we're going to go ahead and support them. But I look to you for some leadership. I would ask you to look to us for information. We will gather that information. But let's take the good life of Nebraska to the great life of Nebraska--my comments. [LR313 LR318]

SENATOR SMITH: Thank you, Ms. Hagedorn, for your comments. Do we have questions from the senators? I see none. Thank you. As the next person comes forward--come on--I just want to kind of give you a preview. So we started kicking this off in Norfolk and then we are going to be heading to...our next stop will be Grand Island, from there Scottsbluff, Crete, Nebraska, Bellevue, Nebraska, and then we will conclude in Lincoln in December. And those dates are published and you'll hear more about those meetings. And each one of these meetings that we have is going to be a little bit unique for the community. For example, we're hearing a great deal about the expressways today. I imagine we will in Scottsbluff as well. Crete, Nebraska, had a lot of damage to their bridges, so we'll probably hear more about bridges in Crete, Nebraska. In Bellevue, Nebraska, we'll be close to the Omaha metro, so maybe a bit more on cities and their issues with infrastructure. So with that, welcome. [LR313 LR318]

DENNIS BAUMERT: Thank you. My name is Dennis Baumert, D-e-n-n-i-s B-a-u-m-e-r-t. Our family has owned Scribner Grains in Scribner for over 40 years. Since the railroads went out in the early '80s, we have millions of bushels of grain to ship by truck. It all has to go down Highway 275. We are also located next to Cuming County, which is the largest cattle-feeding and hog-raising county in Nebraska. The (inaudible) that Highway 275 counties higher in agriculture traffic than any other highway in the state of Nebraska. In fact, according to the Department of Agriculture, Nebraska ranks third among the (inaudible) states in livestock receipts. Only California, Texas, and Iowa out-produce Nebraska farmers. Consequently,

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Highway 275 carries heavy loads of truck traffic. On the average conversion from two lanes to four lanes reduces accidents from 40 to 60 percent. Development of the expressway would improve safety for truck drivers and motorists alike. The state of Nebraska owns all the ground around Scribner for the expressway. This ground was purchased by the state close to 30 years ago. It is a very large chunk of ground because that expressway is running down to Highway 91. As of now, with the state owning the ground, there are no taxes being collected on that ground. My estimation is that well over \$100,000 has been lost in revenue to our school district by the state owning the ground and we have nothing to show for it. I was mayor of Scribner at the time this initial discussion was being had. Farmers parted with their ground because they were promised that the expressway would be built. I think that promise was made 30 years ago and should be honored by the state today. Agriculture is the largest industry Nebraska has. We need good roads and solid infrastructure in order to have adequate access to markets. We have waited 30 years for the expressway to be built. It is not in the best interest of Nebraska to wait any longer. We need to modernize and become creative in the way we finance and build roads. I appreciate the time allowing us to be at this hearing today. We want to work with you to finish this job. Thank you. [LR313 LR318]

SENATOR SMITH: Thank you, Mr. Baumert. Questions from the senators? I see none. Thank you for being here today and for your testimony. [LR313 LR318]

DENNIS BAUMERT: Thank you. [LR313 LR318]

SENATOR SMITH: Welcome. [LR313 LR318]

DENNIS GRENNAN: Thank you. Chairman Smith and members of the committee, I really appreciate the opportunity just to provide a few comments to you. I'm going to keep it brief because a lot of good testimony has already been given. My name is Dennis Grennan, D-e-n-n-i-s. Last name is Grennan, G-r-e-n-n-a-n. And I'm here today as the chairman of the transportation committee for the city of Columbus Chamber of Commerce. And I would just pass on to you that I've been chairman of this committee for the last ten years and we have various projects that we

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certainly keep track of throughout the region and particularly around the city of Columbus. But for the last ten years the number-one project has been completion of the expressways, in particular, Highway 30 between Schuyler and Fremont. And I drive that piece of road twice a week into Omaha, so I know personally when people talk of safety it's a real issue. It's pretty much a real issue. And the traffic has increased over the last ten years, the number of trucks, the size, and so forth. So safety is a real issue besides the economic development impact, and those things have been mentioned. So that being said, I want to pass along the appreciation for the efforts that have been made, particularly with LB84 and recently with LB610, to address the funding issue because, again, the last ten years, as we discussed this issue, we all go, yes, it's needed, yes, it's a safety issue, yes, yes, yes, but how are we going to pay for it? And so the discussion kind of stops there. With passage of these two bills, at least, good progress is being made. We appreciate that. Hopefully we're going to see some construction on Highway 30 here in the next year or so. So believe me, there's plenty of naysayers, not just in Columbus but in the region, that says, I'll never see it in my lifetime. I think we just heard that. That also being said, now the rest of the system needs to be completed, this expressway, as has been said. And as we worked on particularly Highway 30, we worked with many of the folks here in Norfolk and in the region that say this is truly a regional issue. So 275 does need to be completed. We highly support that and we highly support the completion of Highway 81 between Columbus and York and the entire expressway. As we all know, it's connected and it doesn't do a lot of good to complete parts of it and then you come to the sign that says, squeeze together, we're going back to two-lane, good luck. So it needs to be completed. It is a system. Funding is still the big issue. I think a lot of good suggestions have been made here today. We really appreciate the efforts of our new Director Kyle Schneweis. He's been to Columbus. We had a great discussion there. All of those options need to be looked into. And again, as has been said many times, we can't afford to just keep doing what we have been doing, hoping that the money is going to come in from somewhere. I personally am much in favor of the bonding approach. I've worked in the power industry for over 40 years and any industry that's highly capital intensive makes money up-front in order to make the industry run. And I firmly believe that with our infrastructure system, and certainly including roads, that you've got to make...you've got to get the money to put it in place to get your return on your dollar. And I think there's plenty of return to be made, so. We'll assure

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you Columbus and our region will continue to work on this issue. We are members of 4 Lanes 4 Nebraska. We highly support that effort. And we will continue that. And we are certainly open to work with anybody on this issue to help in any way we can. So with that, I will stop and thank you very much for your time. [LR313 LR318]

SENATOR SMITH: Thank you, Mr. Grennan. Questions from the senators? I see none. Thank you. Welcome. [LR313 LR318]

JIM LANGE: (Exhibit 12) Good afternoon, Senators. My name is Jim Lange, J-i-m L-a-n-g-e, and I am currently the president of the Norfolk City Council. On behalf of the community of Norfolk, I would like to formally welcome you and thank you for coming here today in the absence of our mayor. I would like also to first thank you for passing LB610 last session which will eventually produce in excess of \$72 million for much-needed Nebraska roadways, bridge repair, and expansion. I would also like to thank Governor Ricketts for securing an additional \$3 billion for local work on bridges and on roadways. I have been a longstanding Norfolk community member and have served on either the planning commission or the city council, where I serve now, for over 20 years. I'm also a general contractor in the community, so I can tell you firsthand from my experiences that solid and expanding roads and bridges are the lifeblood of the economy. The ability for our local businesses, such as Affiliated Foods, Nucor, and Norfolk Iron and Metal, to move raw materials in and finished product out of the community on safe roads is a driving force to successful rural and urban development. I have witnessed Nebraska falling behind other states, especially states surrounding us, in building and maintaining our highway transportation infrastructure. We need to be wise with our dollars and invest in our roadways in a manner that will drive our economic engine. As a local elected official, I would encourage you to be...honestly evaluate what other states are doing to build roads and expand expressways. I understand the argument against bonding, but I wonder if there is a point, especially in this time of low interest rates, where we are seeing diminished returns on our conservative approach, while our neighbors have taken advantage of the low interest rates and have leaped ahead of us in economic development and the additional revenues it produces.

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Thank you again for passing LB610 and for your study of this vital issue. And I'd be happy to answer any questions you may have at this time. [LR313 LR318]

SENATOR SMITH: Thank you, Mr. Lange. Questions from the senators? I see none. Thank you for the hospitality in your city today and appreciate you being here and testifying. [LR313 LR318]

JIM LANGE: Welcome, and have safe trip back to your destination. [LR313 LR318]

SENATOR SMITH: Thank you. Welcome. [LR313 LR318]

LISA HURLEY: (Exhibit 13) Good afternoon, Senators. My name is Lisa Hurley with York County Development Corporation. It's L-i-s-a H-u-r-l-e-y. I'm the economic developer in York and York County. And I do have a few thoughts to share of my own, but I did bring in a letter from the York County Commissioners, none of who are able to attend today. But it's: Chairman Smith and members of the Transportation and Telecommunications Committee, on behalf of the York County Board of Commissioners, I would like to thank you for conducting a study on the state expressway system. As you know, reliable roads and a dependable transportation infrastructure are of vital importance, not only to commercial industry, but also to the agriculture industry that depends on the expressways to get their product to market. Nebraska was the first state to finish its portion of Interstate 80 when it was constructed decades ago. Today, we are the final state to complete its portion of Highway 81, an international highway that runs from Mexico to Canada, two of the country's largest trade partners. Since we feel the economic benefits, both locally and statewide, would be substantial, the York County Board has committed funds for an economic impact study to show how the construction of four lanes could impact our local and regional economies. Again, thank you for taking up LR313 and for your continued support of transportation needs, both local and across the state. Please feel free to contact us at any time if you have any questions. Sincerely, William Bamesberger, Chairman of the York County Commissioners. I would like to say as an economic developer part of my goal is marketing our county. And as that, it also includes the adjacent counties. Whenever we're

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looking at infrastructure, work force, any of that, it all comes into play. Site selectors I have talked to have a saying that it's not about site selection, it's about site elimination. It is a very competitive process. And sometimes people get upset and say, well, why did they eliminate us so quick? Well, we need to flip it around and say we should set ourselves up to market ourselves to convince these companies to invest millions of dollars into our communities because that's what it's about. It's not about them walking away from us. It's about us eliminating any competitive disadvantage that we have and being able to answer questions before they arise to convince these companies to invest and to work into our communities. And it's also on the work force side. If we're not making an attractive community, if we're not making it easy for them to get around, easy for them to get (inaudible) broadband, why are they going to come back to Nebraska? And that is questions I get asked all the time. I will say, four lanes, it is missing opportunities. I've had a site selector looking at our maps and tell me that it's a disadvantage, and I'm on the interstate. All of my sites are within five to ten miles of the interstate or the five miles around York. So when I get a proposal that a requirement is it's five miles or it's ten miles of a four-lane highway, I meet that criteria. But unfortunately for some manufacturers who are buying steel from Nucor or Norfolk Iron and Metal or some of my anchor businesses that are sending product up north or bringing product down, it is a disadvantage and trucking is a challenge. I don't really...I'm not going to say a whole lot--you've had a lot of testimony--but I wanted to bring the letter in and just share from an economic standpoint. And it's definitely a disadvantage. And I'm one of the lucky ones--I'm on the interstate. Do you have any questions? [LR313 LR318]

SENATOR SMITH: Thank you, Ms. Hurley. Questions from the senators? I see none. [LR313 LR318]

LISA HURLEY: Thank you very much. [LR313 LR318]

SENATOR SMITH: Thank you. Welcome. [LR313 LR318]

MATT KRUSE: (Exhibit 14) Good afternoon, Chairman Smith and members of the Transportation and Telecommunications Committee. My name is Matt Kruse, M-a-t-t K-r-u-s-e.

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I'm here today testifying on behalf of the Professional Engineers Coalition, or referred to as PEC. PEC is made up of the Nebraska Society of Professional Engineers, the Nebraska section of the American Society of Civil Engineers, Professional Surveyors Association of Nebraska, and the Structural Engineers Association of Nebraska. The American Society of Mechanical Engineers is an associate member of the coalition. First I want to thank you for the opportunity to speak today, providing LR318, an interim study of Nebraska's state and local roads system and funding mechanisms dedicated to state roads. My testimony today will focus on points (4), (5), and (6) of LR318. First, point (4), entitled "examination of the sustainability of current funding sources dedicated to state and local highways." The gas excise fee will likely continue to fall behind as a funding mechanism for a number of reasons. The bulk of the excise fee is not indexed to inflation, as mentioned earlier. But more importantly, as a gas...as a gallon-based fee, it is greatly affected by improved fuel efficiency, as well as an increased use of alternative fuel-sourced vehicles, such as liquefied natural gas, electric, and hybrid vehicles. As such, PEC believes that not only should we maintain the current fee, the Legislature should look at potential increases in this fee in the coming years. Second, regarding point (5), entitled, "examination of alternative or expanded highway funding sources and practices," PEC does not have a specific recommendation on alternative funding mechanisms. PEC supports user fees as a significant source of funding for roads and bridges. We also see value in having multiple revenue sources to create more broad-based foundation for highway construction and maintenance. Bonding may be appropriate on a limited basis, particularly to complete long-delayed projects, such as expressway system. However, any bonding program should be paired with a new and dedicated, perhaps temporary, revenue source to retire the bonds. Third, point (6) regarding existing maintenance structure and overall efficiency of the Department of Roads, PEC supports an objective and independent assessment of the performance of NDOR. Nebraska has a well-developed private engineering and construction administration industry with tremendous experience and expertise. Nebraska is a net exporter of engineering services. Private engineering firms may be an effective resource to the Department of Roads and could offer greater ability to adjust to periodic increases or decreases in the road and bridge construction. Before proceeding to close my remarks, I would like to touch upon point (2). PEC applauds the committee for taking steps to address the reality that we are not keeping up with needs of the road user. As a

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state, we have a dramatic decline in the condition of Nebraska's roads and bridges in the last 20 years. One could argue that the rate of deterioration will accelerate exponentially moving forward. The need for improved funding for road and bridges construction is growing acute. In closing, I would like to thank you again for the opportunity to testify today. I'll answer any questions if you have any. [LR313 LR318]

SENATOR SMITH: Thank you, Mr. Kruse. I see no questions from the senators. Thank you for your testimony. Welcome. [LR313 LR318]

GORDON ADAMS: And welcome, Committee, to Norfolk city. [LR313 LR318]

SENATOR SMITH: Good to be here. [LR313 LR318]

GORDON ADAMS: My name is Gordon Adams, G-o-r-d-o-n A-d-a-m-s. I served as mayor of Norfolk from 2000 to 2008. And a question was raised earlier as to whether we had any specific examples of economic development opportunities we may have missed and I wanted to bring up one. I go back to probably 2005 or in that range. I was serving on the Elkhorn Valley Economic Development Council which we had at that time. And we had identified a company in California that was interested in establishing a presence in the Midwest. They make big transformers, the transformers you see out in the substations out in the country and everywhere. And actually, three of us flew out to California and talked to the CEO of that company and he was interested in our facilities, our availability of Nucor Steel, various things. But when we started talking about roads, he got very less...much less interested when we told him, you know, we don't really have access to an interstate highway. And I could understand. He's talking about taking a big piece of equipment they manufactured, put it on a lowboy or something, and head out down Highway 275 or, alternatively, go to York to catch the Interstate 80. So I think that at least...maybe we wouldn't have gotten it anyway, but I think that the highway situation had a big effect on that particular individual. I wanted to bring that to the committee. And I welcome you and welcome your interest. [LR313 LR318]

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SENATOR SMITH: Thank you, Mr. Adams, for your testimony. Questions for Mr. Adams?
Seeing none, thank you. Welcome. [LR313 LR318]

COURTNEY DENTLINGER: Thank you. Good afternoon, Chairman Smith, members of the Transportation Committee, Senator Scheer. Thank you so much for coming to Norfolk today. My name is Courtney Dentlinger, C-o-u-r-t-n-e-y D-e-n-t-l-i-n-g-e-r. I'm the economic development director for Norfolk Area Economic Development Council. It's a collaboration between the city of Norfolk and Madison County trying to generate economic activity in this area of the state. I appreciate the opportunity to testify in front of you today and I appreciate your service to the state of Nebraska and what you're doing to try to solve this critical issue. You've heard a little bit about the Norfolk area today. I wanted to share a little bit more information. Clearly we have a lot of agriculture in this area and we've got a very diversified mix of manufacturing, small business, retail, and service. We have a world-class community college--you're sitting in one of their facilities today--providing amazing training to industries. What I want to focus my comments on is the primary industries that we have in this area. And by primary--it's an economic development term that we throw around--it means that we have businesses that are selling the majority of their goods outside the state of Nebraska. That's important because they're bringing new dollars back into the state. We're not just recirculating dollars in their local economy. That includes agriculture. A lot of our agriculture is exported outside the state, outside of the nation. The state Department of Economic Development's focus is on bringing in primary industries, and we work closely with them. What's key? What do we need in order to bring in primary industry? Infrastructure, and roads are a huge part of that infrastructure. It's all about time to market, it's all about cost, the ability to get their inputs in, and the ability to get their products out to their customers in a cost-effective manner and in a timely manner. Not having access to four-lane roads in this area of the state hinders us greatly. Senator Smith, you asked earlier if we have specific examples of projects that we've lost. There are numerous projects that we've never even been considered for. Ironically, as I was putting the final touches on my testimony last night I got an e-mail from Department of Economic Development. It was a request for information. They send these out periodically when they've got a site selector with a company interested in potentially locating in the state of Nebraska. They have a series of criteria.

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And if you meet all those criteria, you can submit some sites for consideration. As I ticked through each of their criteria, I realized we met every single one but road access. We had to be within ten miles of a four-lane divided highway to be considered. We don't meet that criteria. We're eliminated right off the bat. As my colleague Lisa Hurley from York mentioned, economic development is an incredibly competitive game. If we want to bring primary industry to the state of Nebraska, we have to be able to compete with our neighbors. We have to have the infrastructure in place so that we can refer these businesses here. If other states have it and we don't, we're going to miss out. I work with the Department of Economic Development frequently on these types of projects and I want to make sure that no one makes the erroneous assumption that this project necessarily will land somewhere else in Nebraska. Oftentimes we're losing out on projects because we don't have sites that meet all that criteria across the state. Let's not let roads be a barrier to that. We have other obstacles we've got to overcome, including work force, which we're working on. But I do believe having better access via roads to airports, to metropolitan areas, etcetera, is going to help us on the work force recruitment and retention side as well. In addition, just bringing in additional good jobs is going to help us retain our youth who we're losing to outmigration far too many times. It was understood when the expressway system was proposed many, many years ago that four-lane roads are critical for growth. I know this committee understands that. I hope the rest of the Legislature understands how critical four-lane access is. Thank you for considering funding opportunities, thinking outside the box, and looking at what other states have done to fund road infrastructure. We'll do anything that we can to partner with you to make this a reality, not just in northeast Nebraska but across the state. I do want to note, when you look at the unfinished miles that we have in the expressway system--there's approximately 170 that are unfinished--about 91 of those if completed--more than half--would serve northeast Nebraska. Norfolk is the only primary city in the state of Nebraska that's not connected to four lanes or the interstate system. We're an opportunity for growth for the state. Just completing 275 at an estimated cost of \$206 million would generate an additional \$145 million each year for the state's GDP, \$145 million. It has the opportunity to create 1,300 permanent jobs. That would be in addition to the 1,000 jobs that would be created for the construction period. I'm happy to answer any questions. Again, we truly appreciate the opportunity to speak to you about this issue that's near and dear to our hearts. Thank you for

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coming to Norfolk and thank you for all that you're doing to try to solve this problem. [LR313 LR318]

SENATOR SMITH: Thank you, Ms. Dentlinger. I appreciate your testimony. I have a quick question. So whenever you...the economic development that takes place and the questionnaire and the elimination process--I understand the access to four-lane roadways--is there ever a criteria for a business bypass around towns or is that...does that factor into it? [LR313 LR318]

COURTNEY DENTLINGER: I haven't seen that particular criteria. I don't know if site selectors are looking at it. If they are, I haven't seen it in an RFI. They do like to locate sort of outside of business that...outside of communities. They don't have to have truck traffic. Through communities' safety is typically an issue for them. But I haven't seen that in a request for information. [LR313 LR318]

SENATOR SMITH: Okay. Thank you. Any further questions from the senators? I see none. Thank you. [LR313 LR318]

COURTNEY DENTLINGER: Thank you. [LR313 LR318]

SENATOR SMITH: Welcome. [LR313 LR318]

MARK ZIMMERER: Thank you, Chairman Smith and fellow senators. I am Mark Zimmerer, president and CEO of the Norfolk Area Chamber of Commerce. My name is Mark Zimmerer, M-a-r-k Z-i-m-m-e-r-e-r. I'm here today representing our 680 business members. Our partnership with 4 Lanes 4 Nebraska has been a high priority since the inception of the group and it's currently located actually in the Chamber of Commerce here in Norfolk. We're excited about the opportunities that they're creating for us. Why are we involved as a chamber? We obviously see transportation infrastructure as a catalyst for economic growth, as mentioned by many of my colleagues and obviously pointed out by Ernie Goss in his study showing that it would create 1,000 construction jobs, 1,300 new jobs for expansions, and add about \$140 million annually to

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the GDP. Another reason is, when we look at attracting people to our city and our Norfolk area, is a quality of life. And obviously we've talked about the safety issues that come with travel on a two-lane. Norfolk is (inaudible) the largest city not connected to another large city, such as Omaha or Lincoln, by a four-lane highway. Expansion would help with work force recruitment. As of December, we have over 900 open jobs in the Norfolk area. I think, Senator Murante, you mentioned about where are they going to come from, you know. If we don't build it, to quote an earlier quote from Field of Dreams, if we don't build it, we'll never know if we can get them. We believe we can attract them here. We believe we will have great jobs. We believe we all have the other quality-of-life initiatives we need to be successful and to provide for the state. And so we're excited about our opportunities if it is developed. We want to grow Nebraska, obviously. We want to finish the expressway. And I thought it was...you know, to go back and think about...the quote from the movie Field of Dreams is stuck in my head. That's obviously and early 19...late 1980s movie, kind of like the promise that was made to us to complete this expressway. But guess what? We don't have a field of dreams. That is our field of dreams, that four-lane. That is going to bring opportunity to our area. And I don't remember Dyersville having a four-lane into that stadium, that new field that they built. But we don't have it either. So I'm asking you to complete the unkept promise. Let's honor the commitment that was made to Norfolk, and we look forward to working with all of you to help us get completed. So thank you very much.
[LR313 LR318]

SENATOR SMITH: Thank you, Mr. Zimmerer. Senator Davis. [LR313 LR318]

SENATOR DAVIS: Thank you, Senator Smith. Thank you, Mr. Zimmerer, for coming. A couple questions. You have 900 jobs today that are open. What kind of jobs are those in large part?
[LR313 LR318]

MARK ZIMMERER: Well, they're all across the board. We have some great businesses in town looking to hire great people. I think what hurts us is the attraction of youth. They want easy access to air and they want easy access to visit their families, and it makes it almost impossible.

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It's just one more hurdle that they have to cross for us to get young talent into our area. [LR313 LR318]

SENATOR DAVIS: So these 900 jobs are skill jobs or... [LR313 LR318]

MARK ZIMMERER: Absolutely, (inaudible), yes. [LR313 LR318]

SENATOR DAVIS: It's a lot of jobs. So if you have 900 open jobs and you want to recruit more industry, where are you going to get the people to fill those jobs? [LR313 LR318]

MARK ZIMMERER: Well, we believe that's where you can help out with this four-lane. You know, there are people looking for great opportunities outside of the Omaha and Lincoln area. There are people looking to move back to our area. But when they see some of the limitations that we have with the ability to get to air travel and so forth with safety and the stress it causes just to drive there, I believe that's a huge problem. It's a huge hurdle that we shouldn't have to fight. [LR313 LR318]

SENATOR DAVIS: Thank you. [LR313 LR318]

SENATOR SMITH: I see no further questions. Thank you, Mr. Zimmerer. [LR313 LR318]

MARK ZIMMERER: Thank you. [LR313 LR318]

SENATOR SMITH: Welcome. [LR313 LR318]

SHANE WEIDNER: (Exhibit 15) Thank you, Senator. And thank you all, Senators, for coming to Norfolk, and thank you for LB610. My name is Shane Weidner. I'm the city administrator here in Norfolk welcoming you to our community as well. I'm just here to confirm...prior of my appointment as city administrator I was the fire chief in this town for 15 years and I've been a firefighter and paramedic here for 25 total. And you've heard from our industrial partners and our

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leaders about the safety issue, and that's speaking from a perspective of trucks and traffic and moving cattle and grain and steel. I'm going directly about the public safety issue from a public safety provider's perspective. Speaking for all the safety providers that are up and down Highway 275 in particular, I can tell you, Highway 275 in my 25 years of being a medic is infamous for its fatality. It's infamous for its horrific car accidents and injuries and it's a real thing. I've personally witnessed that on numerous occasions, and my partners in the business have as well. So the public safety aspect of 275 is a real thing. It's more than just anecdotal. I can tell you it's significant when you have a fatality there and your public safety providers have to deliver that news to a family. So I've been there, I've done that, and it's real. So that's the end of my testimony. I just wanted to confirm that from public safety, and I'll be happy to try and answer any questions you may have on the committee. [LR313 LR318]

SENATOR SMITH: Thank you, Mr. Weidner, appreciate your testimony. Do we have questions from any of the senators here? Do you have just a general idea of the magnitude of the fatalities? [LR313 LR318]

SHANE WEIDNER: The number of fatalities? [LR313 LR318]

SENATOR SMITH: Yeah. [LR313 LR318]

SHANE WEIDNER: No, I don't. I don't have any of those, but I would get those...that data for you, Senator, if you'd like. All I can tell you is just my history of watching the news, my history of being an emergency responder, and my interaction with Highway 275 and other two-lane highways. The 275 in particular, if you go back in time and look at the history, and we can grab that data for you, you'll see the significance of the fatalities along (inaudible). It just seems like we have those type of car accidents more frequently than anywhere else. It's just...you know, it's my gut talking more than anything else, but I'm sure my gut is backed up by the data as well. [LR313 LR318]

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SENATOR SMITH: Appreciate your testimony. Thanks for being a first responder. [LR313 LR318]

SHANE WEIDNER: Thank you, sir. [LR313 LR318]

SENATOR SMITH: About how many--a show of hands--about how many more are seeking to testify today? Okay. All right. Thank you. Welcome. [LR313 LR318]

AL VACANTI: (Exhibit 16) Thank you, Senator Smith, members of the committee, for the opportunity to present a couple of comments. My name is Al Vacanti, A-l V-a-c-a-n-t-i. I currently serve the city of Wisner as its city administrator/clerk/treasurer. I would probably like to start by saying I'd like to incorporate all the previous comments received by reference because I see an awful lot of value in them. But what I'd also like to do is bring a little different perspective. The purpose of my comments is to hopefully provide some insight into the challenges that local governments face in trying to stretch limited resources to meet even the most basic of needs for its citizens. Those of you sitting in the Legislature who have served at a local government level prior to your current service will probably know what I'm about to say even before I say it. Obviously from today, most of us agree that Nebraska's rural communities are most in need of statewide upgrades to our transportation system, yet most of these communities are the least capable of providing financial resources towards making this happen. Wisner is an active community of just under 1,200 people that also sits on Highway 275 corridor between Omaha and Norfolk. While things have been decent in recent years, it remains vulnerable to the market fluctuations that affect our ag-based economy. With assessed valuation at under \$50 million and a Legislature-imposed tax levy of 45 cents per \$100 of valuation, we can generate just over \$200,000 in net property taxes. With equalization funds and homestead allocations we can approach closer to \$300,000. With that, we are charged with providing law enforcement, fire and rescue services, parks, a library, a cemetery, a swimming pool, as well as streets and street makers. As you might guess, it's a difficult task. It becomes more difficult when your county informs you that they intend to complete a project in your community that will include paving 700 feet that's inside your city limits. The county has been decent in also making

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the project happen and charging us back only what will be the cost of materials, yet we estimate that cost will be close to \$75,000 to \$100,000. It was not a project that we had planned for any of the next few years; therefore, other projects that may have had a priority will have to be pushed back for a year or two or three or four. I just have been finishing my budget this year. A request just for \$10,000, which may not seem like much, but \$10,000 would be for patchwork materials that will hold some of our streets together, just to extend them and maximize the life before other things have to be done. We have more projects, more street projects, more repairs that will need to be done throughout our community as well. Wisner voters passed a local sales tax approximately three years ago that is breathing some life into its general funds. Without it, some serious cuts in basic services would already have had to be made. For now, we can make reasonable efforts to continue providing quality services to our people. But continued rises in expense items such as labor, insurance, parts, materials, equipment, vehicles, and outside labor, to name just a few, will continue to challenge our abilities to provide the services that our citizens expect from their tax dollars. The funds that we hope to receive from LB610 and LB84 are viable to at least allow us to continue in the game. But this will not get any easier if any more is expected or required of us. Thank you for the opportunity to speak. And if you have a question, I'll be happy to try and answer it. [LR313 LR318]

SENATOR SMITH: Thank you. Do we have any questions from the senators? I see none. Thank you for your time. Welcome. [LR313 LR318]

DENNIS SMITH: (Exhibit 17) Welcome. Good afternoon, Senator Smith, Senator Scheer, and members of the Transportation and Telecommunications Committee. My name is Dennis J. Smith, D-e-n-n-i-s J. S-m-i-t-h. I'm public works director of the city of Norfolk. Before proceeding with testimony related to LR313 and LR318, I would like to thank you, Senator Smith, and the Legislature for passage of LB610, providing for much-needed additional funding for municipal, county, and state roads. I would also like to thank Governor Ricketts for providing a greater percentage of reimbursement to municipalities and counties from the federal funds purchase program. The city of Norfolk's need for street improvement dollars is continually greater than the revenues available to meet those needs. Elected officials and staff continually

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prioritize street improvements. The city highly values the funding received from the state of Nebraska for street maintenance, preservation, reconstruction, and expansion. We value the funding so much that we segregate the state funds we receive in a separately budgeted fund. With the exception of \$415,000, all of the state funding is used for street or roadway preservation, reconstruction, and expansion. The other \$415,000 is transferred to the street maintenance portion of the general fund to supplement sales and property tax to support ongoing street maintenance by Norfolk's street division. The amount transferred to the general fund has been \$415,000 or less over the last nine years. This results in any additional dollars received from the state of Nebraska being used for street preservation, reconstruction, and expansion. The city of Norfolk funds all street division inflationary increases from other revenue sources, such as sales tax or property tax. Sustainability of road and highway funding will continue to be a challenge as long as the funding source is tied to gasoline or diesel volumes. With continual mandated improvements in vehicle mileage standards and the development of alternative untaxed fuel sources, funding for road and highway needs will continue to decline. The sustainability of local sources of funding for road needs will potentially be impacted by what happens with property tax relief efforts. Finally, since bridges have an expected life of 50 years plus, the city of Norfolk supports the premise of LR313 that new and reconstructed bridges on designated expressways should be built to expressway standards. Thank you, and I would be happy to answer any questions. [LR313 LR318]

SENATOR SMITH: Thank you, Mr. Smith, for your testimony. Questions from the senators? I see none. Thank you for your time. [LR313 LR318]

DENNIS SMITH: You're welcome. [LR313 LR318]

SENATOR SMITH: Looks like we have competition for the last testifier of the day. [LR313 LR318]

_____: No, there's two more. [LR313 LR318]

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SENATOR SMITH: Oh, okay. [LR313 LR318]

_____ : I was fill in Charlie but I guess not. [LR313 LR318]

SENATOR SMITH: Welcome, Mr. Peetz. [LR313 LR318]

JACK PEETZ: (Exhibit 18) Senator...the opportunity to be here. Mr. Chair, members of the committee, for the record, my name is Jack Peetz, spelled J-a-c-k. Last name is Peetz, P-e-e-t-z. I'm of counsel with Peetz and Company, a lobbying firm in Lincoln, Nebraska, and I'm here today speaking as a private citizen versus for any client. Before I share some of my brief thoughts, I'd like to thank the committee, especially Chairman Smith, for your leadership and vision as you serve our state. The agenda you introduced and passed earlier this year involving the gas tax and our roads took courage. It was the right thing to do and I know I speak for many when I say thank you. And I think everybody understands it's not the complete answer, but it's part of the solution. I'm here today to ask the committee to consider the following as you look at Nebraska roads and prioritize limited funding: safety; borders--Nebraska and Highway 81 as it serves South Dakota, North Dakota, Canada--and the economic impact that that highway has; rural development, which means jobs, new economic activity and, of course, tax relief; work force retention and attraction; tourism; and Game and Parks. And I'm speaking specifically more towards Highway 81, which, by the weight of the testimony today, is a small part of what you people have been hearing. As you may know, I spent the last 27 years in the transportation industry, so I know firsthand that safety and good roads are important to the transportation industry. I spent a good deal of my life in Sidney, Nebraska, but it wasn't until I married a lady from northeast Nebraska that I discovered the beauty of the northeast part of the state. I have also gotten to know Highway 81 north to Yankton, South Dakota, well and will share with the committee that this stretch of highway has an unusual amount of truck traffic, along with boater and camper traffic. You don't want to be on that highway from noon Friday going north until sundown, nor from noon Sunday till sundown going south. We see safety issues as well as an opportunity to capture economic growth. Senators Larson, Scheer, and Bloomfield know well the beauty and the economic opportunity this part of our state can afford to all of Nebraska as you

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look for ways to protect and grow Nebraska's economy. Specifically, I wanted to ask that, as you prioritize and plan, you consider unique areas that meet certain criteria involving our ag economy, tourism, hunting, fishing, and boating, to name a few, areas like Lewis and Clark Lake that draw a large number of visitors from Iowa, South Dakota, and many other states; also recent developments such as the large, modern CVA fertilizer and grain processing facility at the intersection of Highway 81 and Highway 20 and the new golf course just opening off of Highway 12. It is unique in that just 50 miles north of here lies a beautiful cliff-lined lake that is over 16 miles long. It is not subject to the changes in water levels due to irrigation as other Nebraska lakes. It is a growing area and South Dakota is seizing the opportunities for growth by capturing a substantial amount of the money the travelers bring into this area. Better roads, better facilities, more advertising by South Dakota is what we see is happening. We drive through Columbus, Norfolk, and other communities almost every weekend. We get gas, buy groceries, and pay property taxes in northeast Nebraska. Most of our neighbors on the lake are from Iowa and the development of new areas is growing, yet Nebraska is not investing in this unique area. We need to develop more camping facilities, cabins, lodging, and boat docks. This investment will encourage more development, which, in turn, will bring more economic growth to some of the most rural parts of our state. Most importantly, this means more tax revenue, lower taxes, and more money for local schools. Crofton, Nebraska, a community of 900 people, and its school system has been a great beneficiary of the lake development. I'd like to invite you to come to tour the area north of Crofton by Gavins Point Dam. You can see for yourselves the potential of the dam all the way west to beautiful Niobrara State Park. Roads need to be a part of that vision and plan. I would encourage this committee to think about roads in terms of a larger opportunity involving unique areas in rural development that can bring new growth to our state. Should Highway 81 be reevaluated in terms of growth potential? Absolutely. Highway 81 is the main connection from Watertown, South Dakota, after you get off of the interstate there, through Nebraska and on into Wichita, Kansas, where you jump back on the interstate system. It carries a substantial volume of truck traffic, both Canadian and U.S. Many residents use it to commute to Norfolk to work and shop from all over the northeast section of Nebraska. The second largest lake sits in a prime location with respect to population--only 2.5 hours from Omaha; 3 hours from Lincoln; 1.5 hours from Sioux Falls; 1 hour from Norfolk and Sioux City. It draws

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thousands from Iowa and South Dakota. Give you one minute back (laughter). Thank you for your time. If you have any questions, I'd be happy to answer those. One of the things I would say in respect to a question that Senator Davis asked earlier about where do people come from if you increase the highway system, I would tell you that we're in the process of building a barn, the Sand Creek Post and Beam barn they just produced in Wayne, Nebraska, and it's a big barn, because that, in conjunction with a house, there were seven truckloads of beams and lumber that came from Wayne to the Crofton area for that, that and that house. But the gentleman that's building the barn for us has a wife that is involved in the health system here in Norfolk. She drives from Crofton every morning, gets up about 5:00 and drives every morning to Norfolk on 81 with that traffic and she faces that going home every day as well, just had a baby about a year ago. If you know anything about Yankton, Yankton is getting a little bit more robust medical program with Avera Hospital, nothing like what you have here in Norfolk. But someday she's going to have to make the decision: Do I go across the river and work in South Dakota or, if I have nice access roads to get to Norfolk, can I continue my career in Norfolk? So that is a perspective a little bit on 81 (inaudible) the access going east. But I think it's both areas need to have concern and be in your planning process. One of the things I would tell you about 81 is there's a lot of hills that go up and down that road. I think some of what Nebraska Department of Roads has done over the years with Highway 92 with some turnout lanes where you can get slower traffic that pulls off on some of those hills, would gradual...would greatly improve the safety and the movement of traffic north and south on 81--not a complete fix, but a pretty good fix if you have to devote the bulk of your money going east up Norfolk. Thank you. I did use (inaudible) minute. Sorry. [LR313 LR318]

SENATOR SMITH: And, Mr. Peetz, let me ask you, based on your past experience as an executive in the trucking industry, there's someone that had commented earlier that there may be a cost differential and a freight cost differential between a two-lane and a four-lane. Is that...would that be significant? [LR313 LR318]

JACK PEETZ: I think that it...yes, I think that there is, and I think you have to look at the type of traffic coming in and going out. Freight rates into an area like Norfolk are relatively cheap

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because you have some good trucking companies in the area, in the state of Nebraska, as well as in Iowa and in South Dakota, that have headquarters in this part of the state that like to get their trucks back to this area. So the inbound rates, because there's a desire to get home, are somewhat cheap. The outbound rates are what are the killer for a particular business in this area because you don't have a lot of, first of all, ease of access on roads. But you don't have a lot of huge population where you have a vast number of trucks that come into this area and, therefore, have a large quantity of trucking capacity to haul outbound products. So I think it's a tremendously difficult expense item for any industries in this area that have to get trucks to ship their products out of here. They have to get that truck in here in order to be able to load it. And so in that respect, in the flatbed industry where you have the volume of steel in this area, certainly flatbed is a totally different market than the grocery business and the dry goods business. But either way, the drivers that...and there's a shortage of drivers nationwide. Drivers just don't like two-lane roads. And the company I was with does a lot of two-lane out of a North Platte facility into this area, probably six trucks a day. [LR313 LR318]

SENATOR SMITH: So the independent bidding would be affected by that two-lane. [LR313 LR318]

JACK PEETZ: Yes. Yes. I think if you had great roads, you'd have drivers who'd have safety. There is nothing bad can come out of good roads with respect to transportation into and out of this northeast Nebraska area, and specifically Norfolk. [LR313 LR318]

SENATOR SMITH: Okay. All right. Any other questions from the senators? I see none. Thank you. And nice playing your testimony to get on the good side of your boss. [LR313 LR318]

JACK PEETZ: Okay. Thank you (laughter). [LR313 LR318]

SENATOR SMITH: All right. [LR313 LR318]

JACK PEETZ: She's watching (laughter). [LR313 LR318]

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SENATOR SMITH: That lady he was talking about in his testimony is his boss as well, so. Any further testimony today? Welcome. [LR313 LR318]

LORAN SCHMIT: Thank you, Senator Smith. My name is Loran Schmit. I testify here today on behalf of the Association of Nebraska Ethanol Producers. My written testimony, and I have testimony here. I guess I'll (inaudible) make it to the committee members and not identify myself as being the introducer of LB632. And we've heard all the accolades about the expressway system. [LR313 LR318]

SENATOR SMITH: Perhaps speak into the mike. They said they can't hear you in the back. [LR313 LR318]

LORAN SCHMIT: I've been hearing all the accolades about the expressway system. I can't help but take advantage, I guess, of that. I'm amazed that Senator Bromm could have defeated me so easily back in 1992 after having done such good work, but that's something which you might take into consideration as you do your own job here. And again, Senator Smith, you must not have many...have other political aspirations because you will simply be tabbed as a big spender having been involved with LB610. But I do appreciate what you did. [LR313 LR318]

SENATOR SMITH: Thanks a lot. [LR313 LR318]

LORAN SCHMIT: I just wanted to say that there's been a lot of good testimony here, and there has never been, I don't think, a lack of support for the expressway system from the people of Nebraska. When we originally began this process more than 30 years ago, we had 400 people gathered here in Norfolk on more than one occasion. Same thing happened in Columbus and in York, at Hebron, all the way across the state. And what was interesting was that the original idea was to make 81 a north-south freeway. It was evident to us...it didn't take very long to learn that the needs were greater than just Highway 81, that there are other areas of the state that needed to be represented. Nebraska was one of two states that did not have a north-south interstate, and so for that reason we decided that we would try to promote the expressway. I'm going to really stick

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to my testimony because I'll be more brief that way instead of by rambling on. Senator Smith and members of the Transportation and Telecommunications Committee, I'm testifying here today on behalf of the Nebraska Association of Ethanol Producers. We very much appreciate the introduction of LR318 and LR313. I am particularly interested in the language which addresses the completion of the expressway system. I might add that the system would (inaudible) bill never have been passed without the support of the League of Municipalities and the Nebraska Association of County Officials, plus many of the people who have testified here today. Associated Contractors, the engineers, all of those groups were very interested in and in support of the bill. It's kind of interesting that there was some opposition, mostly based upon cost. It was 1987 we began this process, and in '88 we did pass the bill. Nebraska Legislature recognized that without adequate access to the interstate system those areas of the state would be in a difficult financial position to compete with those groups who did locate on the interstate. It was the original intent of the Legislature to concentrate on Highway 81, and it soon became apparent that we had to address other areas. Therefore, we added improvements to Highway 81, Highway 2, Highway 71 in western Nebraska, and of course 275. One of the more contentious portions of the bill was the authority to issue bonds. And it's an amazing issue to me that we are one of two states that do not use bonds for construction. We have had precedent low interest rates these last few years. I'm not really certain anymore, but I believe the original cost of the system was proposed to be not much over \$200 million. And it was (inaudible)...it was supposed to have been completed by 2003. We've now spent, according to press reports, about \$600 million and we're about 60 percent, or maybe a little better, completed. My concern is that there has...I've been told that the Department of Roads never intends to complete certain portions of that system. I'm especially upset by the fact that Highway 81 has got the patchwork job (inaudible) we see today where we have a four-lane bridge from the entrance coming to a two-lane highway. Then we come to Norfolk. Then we have 46 or 40...yeah, 46 miles to Columbus, 7 miles south of Columbus, which just happens to be in my district, and then another 50 miles of two-lane road, and then a complete system on to Kansas. But as was indicated, no one likes to have that sort of patchwork highway construction. They're not going to use it. They're going to...the fact that Nucor handles 70,000 trucks is unbelievable. And in Columbus there are (inaudible) trucks dump corn there every day, plus (inaudible) store grains, plus the ethanol (inaudible). It's probably

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close to 100 trucks a day. And to expect them to go south on a two-lane highway is not going to work, same way towards Omaha. The cost overrun and completion (inaudible) shouldn't be a cause of concern for the Legislature. But an even greater concern that I want to express here today, and I do not like to throw cold water on what's been a very good meeting, but what I call (inaudible) serious concern is a lack of quality construction. If I hadn't been angry on the way up here this morning, I would have (inaudible) come that way. Right out of Columbus there's a large section of this new freeway, 15 years old, that had been torn out, 300 or 400 feet. In addition, large sections of the highway in there are single-lane traffic because of apparently some kind of construction. I, some time ago, counted between mile two and mile four out of Columbus 170 patches in that eastern system, eastern section of that highway. I didn't get them all because they came up faster than I could count. That's a disgrace. I do not know who's responsible. I don't know who is liable. But I think this committee would do a real public service if you'd call the Department of Roads and call in the contractors and find out why those roads are in that condition. Highway 2 from Nebraska City...from Lincoln to Nebraska City, multiple cracks, multiple patches. It's an embarrassment. It's something we ought to be ashamed of. I do not know if the Governor travels on those roads or not, but I imagine he would be upset if and when he does. The Governor has spoken many times about how do you make Nebraska grow. Nebraska Legislature created the expressway system. It's up to you, folks, to make sure that it is completed and completed not over 25 years. That's a disgrace. I don't know how much complaint we got because of Senator Smith's bill. But we have seen the price of gas leap nearly about \$1 a gallon in the course of the last year. Well, we kept filling up, didn't we? We kept driving. We kept (inaudible) to drive. If you need money for roads, then whether you use bonds or whether you raise the gas tax, do so. But be sure you get your money's worth. If there's a contractor who did a poor job on some sections of that freeway, be darn sure that contractor doesn't have another job and don't let him come back under a new name and pull this again because we ought to know better. You know, I mentioned before the increase in volume. We have created an ethanol industry in Nebraska. And in 1987, the corn crop was about half of the 1.6 billion bushels that are harvested (inaudible). That moves to the ethanol plant and the...most of that distiller grain moves out by truck, moves across Nebraska, a lot of it on two-lane roads. It's very difficult to be competitive when you move in that kind of a system. The ethanol industry is here to stay in

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Nebraska. The livestock industry is going to continue to grow, both cattle and swine, and the corn production will continue to increase. Those factors will increase the stress on our highway system. We're going to have to (inaudible) and address it. And if you don't do it now, it's going to get much worse. On the committee, this committee, under Senator Fischer's leadership, enacted legislation which gave us some money several years ago. (Inaudible) LB610 (inaudible). There is no way that the 2016 Legislature or any subsequent Legislature can provide sufficient funding for a road construction program that is in constant need of repair. I would like to know how many dollars have been spent repairing the freeway system since it's been built in these last few years. It would be an embarrassment. It would be...it might be a bit worse. It might be criminal. As I say that, I have a lot of respect for the Department of Roads. I've never missed and was never late to work in 24 years going to Lincoln. I always had good roads and open roads. But somewhere along the line something is not getting done. If I had a corn feedlot and had that kind of a breakup, there would have been hell to pay. And we need...it ought to be...somebody ought to be making the Roads Department find out who is responsible today. I will support any amount of a gas tax, Senator, that you would like to propose. I hope that you would make sure that we get something done about (inaudible) roads. I'll be glad to answer any questions and thank you for your work, appreciate it. [LR313 LR318]

SENATOR SMITH: Thank you, Mr. Schmit, for your comments today, and I think your comments are well taken and maybe in the future meetings we have we can hear from the Department of Roads on the construction quality. I also thank you for being an early champion of infrastructure and the expressway system with your support of LB632. [LR313 LR318]

LORAN SCHMIT: Well, thank you very much. [LR313 LR318]

SENATOR SMITH: Any further testimony today? Any others that are waiting? Welcome.
[LR313 LR318]

MIKE CHIPPS: Thank you, Senator Smith. Chair Smith and the Transportation Committee, I'm Mike Chipps, Dr. Mike Chipps. I'm the president of Northeast Community College. I've had an

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opportunity to testify in a variety of settings, but not the one on transportation. And it's M-i-k-e C-h-i-p-p-s for the clerk. And I want this opportunity to first of all thank you for allowing us to host you here at Northeast Community College. So I appreciate that very much. And especially, Nebraska Legislature comes out and hears the voice of its constituents, so that's very important to us and I just want to echo that and thank all of you for being here. When I was asked to testify, I was saying to myself, what would I have to testify about. You know, being an educator and not a specialist in roads and maybe not having a heavy industry background even though I've worked in various businesses and industries, I was trying to think through what do I have to share. And the more I listened, the more I thought about it, I think we have a lot to share from a community college vantage point. So I will make it short though, however, but I want to be pointed. First of all, I am a true-blue, (inaudible) Nebraskan and very proud of it. I'm from Grand Island. I grew up there. And I had an opportunity to live in Hastings, Lincoln, North Platte, and over here. I've actually lived in various communities but especially wanted to emphasize the rural communities at the forefront. I've had a chance to work for 35 years in Nebraska's community colleges. This is my third one out of six and sometimes I'm not too sure whether they know where to put me, but we'll assume that it's doing some good work along the way. The issue is at Central Community College, certainly, it was rural. We had 28,000 students in our credit/noncredit and served 25 counties. And then I moved after 23 years of being there in the area office and at various campuses. I moved over to North Platte where I ran...was the chief executive for Mid-Plains Community College of...they've had 18 counties and about 12,000 students. And then you came here with 23,000 students and 20 counties. So I've served 63 counties of the 93 and I've...let me tell you, have I traveled on those roads. I've worn them out like most of the people behind me and before me. Certainly you have all traveled these roads. It is kind of interesting though, I've got...if I rest on the corridor of Interstate 80...growing up in Grand Island, I've watched Interstate 80 come alive, and then going to Lincoln, to school, is as 80 was being built. Again, it really shrunk the exterior of those small towns and they just shrivel up and you know that. I want to say that as I come to Norfolk and to Northeast Community College, it's an interesting mix here at Northeast Community College or northeast Nebraska which is quite different than I've found in any other part of the state of which I've worked. First and foremost, as I go to every small community, there is a manufacturing plant, not quite, but we serve 60 schools and 101

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communities. A number of those are drying up and going away, as we know. So the board says, Mike, you got to really work on what we call rural revitalization. And certainly I could do that in the educational realm, but it certainly would help if we also did it with our roads. The issue is that we have 800 and some odd employees here going part time and I would say about 60 percent of them come from outside of Norfolk. And like the gentleman before me was saying, you know, really they travel...I know one travels up to 90 miles a day to be able to come back and forth to work. But none of us really complain about those two-lane roads. That's one thing that I'm interested with northeast Nebraskans is they're humble people generally. They don't say a lot until they really get their dander worked up about not being able to get this 275 done. And I don't blame them, you know, because the issue is just alone on safety. But I've got 23,000 students that come and go mostly to this campus, mostly on two-lane, worn-out roads. And you know, when you add all these people together, let's say about 80,000 students when you add all the faculty and staff of the three institutions I've been at that travel on roads that may not be the best but don't complain. But they need some type of corridor to be able to access metropolitan communities. Then you come to northeast Nebraska and you look at all the manufacturing plants that are in very small communities, and they are complaining that you have these 18-wheelers trying to do that, trying to move that product back to the market. You understand that, Senator Davis, from where you reside. You know, something needs to be done. You know, Josh tells me 171 miles of this is not complete and, unfortunately, northeast Nebraskans haven't spoken up early enough. And it's time to get this done. But again, I want to thank you for being here and thank you for the opportunity to serve you as a fellow Nebraskan. And we need to do something about these roads. Do you have any questions? [LR313 LR318]

SENATOR SMITH: Thank you for your time today. Again, thank you for opening up your campus to us. [LR313 LR318]

MIKE CHIPPS: (Inaudible) yes, sir. [LR313 LR318]

SENATOR SMITH: And I don't see any further testimony today. I just wanted to say again thank you to the citizens and the businesses of the Norfolk area for being here and for testifying and

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those listening, live streaming. And I wanted to just take a quick minute again to thank the senators that are here: Senator Garrett, Senator Scheer, Senator Davis, Senator Friesen, and Senator Murante. These are great senators, as demonstrated by their presence here today and their engagement on this issue. And with that, I wanted to let them have the last word if there's anything any of them would like to say to close the meeting. I see they're all going to waive (laughter). That's a good thing. So we've concluded the hearing today. Thank you very much.
[LR313 LR318]