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Transportation and Telecommunications Committee
October 01, 2015

[LR317 LR318]

The Committee on Transportation and Telecommunications met at 1:30 p.m. on Thursday, October 1, 2015, at Kneale Administration Building, Grand Island Public Schools, Grand Island, Nebraska, for the purpose of conducting a public hearing on LR318 and LR317. Senators present: Jim Smith, Chairperson; Lydia Brasch, Vice Chairperson; Al Davis; Curt Friesen, and Les Seiler, also Mike Gloor.

SENATOR SMITH: Good afternoon and welcome to this interim hearing of the Transportation and Telecommunications Committee. We're very happy to be here in Grand Island. We appreciate the hospitality, and what a beautiful city, and it's great to be here with you. And thank you very much to Grand Island Public Schools for accommodating us in this facility. Our first hearing in Norfolk, we were much closer to the audience, so there's a lot of distance between us and you. I'm using a...I know we have access to the microphones up here. If for any reason we're not using a microphone and you cannot hear us, would you please let us know and we can turn our microphones on. I just want to go through a few housekeeping items with you. I am Jim Smith and I represent the Papillion area of Sarpy County. I'm the Chair of the committee and I'd like to have the other members of the committee introduce themselves, and then I'm going to come back and introduce, again, Senator Mike Gloor, your hometown senator. And he's going to make some opening remarks. But let me start with having Senator Les Seiler begin and introduce themselves.

SENATOR SEILER: Les Seiler, and I represent District 33 which is all of Adams County and the west half and the south half of Hall County.

SENATOR BRASCH: I'm Lydia Brasch, Vice Chair of this committee. I represent District 16; it is all of Washington County, Burt County, and Cuming County.

SENATOR FRIESEN: I'm Curt Friesen from Henderson; District 34 which is Hamilton, Merrick, Nance and then a doughnut around the city of Grand Island so that Senator Gloor can't leave. (Laughter)

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SENATOR DAVIS: I'm Senator Al Davis from Hyannis; I represent 13 counties in western and north central Nebraska.

SENATOR SMITH: And, of course, you know Senator Mike Gloor, and, again, as I mentioned, we'll get back to some remarks from him in just a moment. Other members of the committee...or staff on the committee, we have Mike Hybl, the legal counsel, he's sitting here to my right. And then Paul Henderson is the committee clerk. And whenever you bring your paperwork up, if you're going to testify, you would give that to Paul and he will take care of that for you. We will be hearing testimony on two of our interim studies today. We will hear...we will begin with LR318, and LR318 is an interim study to conduct a comprehensive study of Nebraska's state and local road system. And this is the second in a series of hearings where we will be covering this particular study. We started out in Norfolk a couple of weeks ago, and so Grand Island is our second stop. And we expect, probably, Grand Island to probably take on a much more broad range of discussion on the issues of roads and bridges. And then after LR318, we're going to take...after we finish the testimony on that, we're going to take a brief break and then come back and have a hearing on LR317. And LR317 is an interim study to review the Nebraska Rules of the Road and provisions which establish maximum weight limits. So that particular discussion point will be on agricultural exemptions on weight limits and the impact on our road systems. Those wishing to testify today, on either one of these, and you're welcome to testify on both if you like, should come to the front of the room and be ready to testify on that particular topic. If you are testifying, please complete the green sign-in sheet that's just outside the door as you came into the building and hand that, again, that sheet to Paul and he will process that for you. When you come to the table, if you would, in addition to introducing yourself, if you could spell...state your name and spell your name so we can get that processed as well. And that's Senator Davis' Droid. (Laughter) Let me start by, again, thanking Grand Island for hosting us today, it's great to be here. And Senator Mike Gloor has been a fantastic ally on the issue of infrastructure--roads and bridges; making certain that we meet our needs in our state. And I appreciate his support, even though he does not sit on the Transportation and Telecommunications Committee, he is a friend to transportation and I've invited him to join us on the panel today. So I'd like to start with some opening remarks from Senator Mike Gloor.

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SENATOR GLOOR: Thank you, Senator Smith. And as the good senator has pointed out, there's always courtesy offered to senators when there's a hearing within their district to participate in this process, and it's nice, especially for those in the south state, not to have to drive into Lincoln or Omaha for hearings. And so we're very appreciative of the fact that this would be held outstate, specifically held in Grand Island. Although, as Senator Friesen has pointed out, you're just barely in my district. Were you to go a block to the west on the other side of (Highway) 281, you would be in Senator Friesen's district. His predecessor, Senator Dubas, was less kind than he is and would say--Senator Gloor, I have you surrounded. And that's pretty much the way Senator Friesen's district, District 34, is laid out. My thanks to all the committee members for your willingness to come out and have this meeting. Senator Seiler also has a portion of Hall County, a good portion, probably geographically more square acres than the two of us put together, I think, in terms of coverage. But, you know, these folks have come from a ways and very appreciative of them coming out here. This is the second hearing we've had in Grand Island, District 35. The Agriculture Committee was out here and had hearings in conjunction with the State Fair. But, of course, they had the enticement that when they adjourned, they got to go out and ride the rides and eat pork chop on a stick and deep-fried Twinkies and there was no enticement to get this group to come out here like that. And so appreciate the effort that this committee and Senator Smith and staff have made to hold a hearing out here and in Grand Island. Thank you, again. [LR318]

SENATOR SMITH: Thank you, Senator Gloor. And the way for LR318, and this worked pretty well in Norfolk at our hearing there, we're going to start out with invited testimony, and I'm going to go through the list of invited testimony today, and then we're going to open up to public testimony. When we get to...so on the invited testimony, probably in that range of about 10 minutes, or whatever is needed, we have a much smaller group today than we had in Norfolk, so I think we're going to have plenty of time for these hearings. When we get to public testimony, we're not going to do a light system or we're not going to hold up any cards to say the amount of time. We just ask that try to keep it around five minutes, and we're not going to keep time on you. We're going to start our hearing today, we're going to hear from the Honorable Jeremy Jensen, Mayor of Grand Island; appreciate him being here today and giving us some remarks from his city. He will be followed by John Collins, a Grand Island Public Works superintendent. We will then hear from Nebraska Association of County Officials, Casey Sherlock, Hall County

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Supervisor. And Jim Ostgren, Phelps County Commissioner. After that, we will hear from the Nebraska Department of Roads Director, Kyle Schneweis; we appreciate Kyle being here with us. He was with us in Norfolk, and I'm hopeful that he will be able to be with us for the remainder of our hearings across the state. The Professional Engineers Coalition, Dan Thiele is here with us. I appreciate you being here, Dan. Associated General Contractors, and forgive me, I'm going to try and pronounce this correctly, Tyler Chicoine, from Garcia Chicoine Sewer; I hope that was correct. And we appreciate you being here today. And then we will have a representative from the 4 Lanes 4 Nebraska Advocacy Group. I believe that's Josh Moenning that will be here with us today. And then we will...from there we will go into the public testimony. So with that, I welcome Mayor Jensen to come and give us his remarks. Welcome. [LR318]

JEREMY JENSEN: (Exhibit 1) Go ahead, you want me to spell my name? Okay, Jeremy Jensen, J-e-r-e-m-y, last name Jensen, J-e-n-s-e-n. And I'm the mayor of the city of Grand Island. First thing, good afternoon, Chairman and members of the committee, welcome to Grand Island. My name is Jeremy Jensen, I am the mayor here in our fantastic city and we are pleased to have you guys here with us and it is an honor for me to have this opportunity to briefly visit with you here today. I certainly won't take an entire ten minutes, but it's truly an honor. I would like to thank Senator Smith and the other senators who were instrumental in the passage of LB610 during the 2015 legislative session that increases the much needed funding for municipal, county, and state roads and bridges. I also applaud Governor Ricketts' work in helping to provide a greater percentage of reimbursement to municipalities from the federal government's FFP program. As you know, transportation is the lifeline for economic development in outstate Nebraska, and our community is very fortunate to have such a vast network of roadways, rail, and air access to help us continue our growth. Five major highways converge within our city; and we also have two Class 1 railroads--the Union Pacific, as well as the Burlington Northern Santa Fe. And while all of these create opportunity to benefit our economy, they also create safety problems, congestion, and, certainly, vast upkeep to maintain. It is also important to point out that Grand Island now exceeds 50,000 residents and our population now becomes the state's newest Metropolitan Planning Organization. We are nearing the completion of our first long-range transportation plan. And early indications project that our needs will far exceed our available resources. A Metropolitan Planning Organization, or MPO, is a federal requirement for urbanized areas of populations of 50,000 or more. It is responsible for transportation-related planning and also

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policymaking. Grand Island's MPO will soon complete, as I said, our first long-range transportation plan, and we certainly expect to validate the needs that are included in the city's capital improvement projects, but also identify additional needs. As the Mayor of Grand Island, my personal focus, truly though, centers on safety. And we have identified locations within our city that quite honestly I try to avoid while navigating through my own town. Several of these locations are not far from where we are today. And when you leave this afternoon to return home, you will most likely experience at least one of those on your way out of town and it is certainly a major area of concern. Directly west of here, about a driver and a nine iron away, is Highway 281 and Old Potash. And the geometrics of this high-volume intersection are incredibly poor. When the original design was configured, I don't think anybody could forecast the experience of growth that our community has had the good fortune of having and with that, certainly, comes some growing pains. The geometrics of this result in, quite frequently, high-speed accidents, whether it's from rear-end collisions from turning lanes that are incredibly short or not off-set. It also, too oftentimes, exposes people to dangerous left-hand turns with oncoming traffic. I share this with you because one of the things we look at from the budgetary process and trying to figure out how to balance all this, certainly these safety concerns definitely come to light. We're also looking at many other things which also include reconfiguration of many school zones here. With the advancement of our community and some new schools being built, they also are currently located on some very high-traffic locations here in town and it causes many, many issues. And I know there's a lot of concern from our constituents about what it looks like as we relocate some of our schools in some of these places. Then also the amount of railroad crossings that we have that literally go directly through our town. We are fortunate that one of the railroads we have elevated and raised, but we also have another one that goes directly through town. So we have issues coming up on the horizon for things such as the underpasses and other safety considerations. Here shortly, I'll turn things over to my Public Works Director, Mr. John Collins, and he will share with you our future prioritized project list. Mr. Collins has done a vast amount of work to put together a very easily visible and followable flow chart that shows what's on the horizon for Grand Island, including project costs, reimbursements, and those types of things. The data is quite lengthy, and the financial models that you will see don't necessarily include all the projects that we certainly feel are a necessity, including the reference that I just made not too long ago to Highway 281 and Old Potash. Because of that, working with the Department of Roads and the other entities, it's not easy for us to calculate exactly how all

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that would work. The team that I have with me can illustrate the tremendous need that the city of Grand Island has on the outside funding. And we maintain to...and also enhance our vast transportation network. As you will see on the project spreadsheet, we have many projects that have already been deleted due to prioritization and funding. The need for this funding is immense, and we hope to clearly illustrate that our city has a tremendous need for your continued support. Once again, thank you all and it's greatly appreciated for me to have this opportunity to be here with you all today. And at this point in time, I think I'll yield the rest of my time to my Public Works Director, Mr. Collins. Thank you. [LR318]

SENATOR SMITH: Thank you, Mayor. Hold on just a moment to see any questions that we have from the senators that are up here. I see none. Again, Mayor, thank you for being with us today. And I understand you're about ten months on the job now, so this is all fairly new to you. [LR318]

JEREMY JENSEN: Yeah. [LR318]

SENATOR SMITH: Just kind of...and that's probably a good perspective to have. So coming from the outside into this new role that you have as mayor, and as you look at infrastructure, any particular surprises you had in terms of funding or needs that we have in infrastructure in your city? [LR318]

JEREMY JENSEN: Yeah, absolutely, the dollar signs that are attached to it. You know, I think oftentimes, as a constituent or a regular citizen, if you will, the expectation is, is that it's pretty easy to repave, put asphalt on something, fix a bridge. But until you get into the nuts and bolts of the economics of it, it can become quite daunting when you see the price tags, and understanding how all of it has to fit together to make sure it works within the budget process. And as I said, when you see the list of projects that we put together, already we've been forced to prioritize and figure out ways that...because we understand that there's not going to be enough money to do everything that we deem...that we want...it's a matter of wants and needs. And so I think we're trying to focus primarily on the needs at this point in time. And even that "need list" becomes pretty daunting. [LR318]

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SENATOR SMITH: Thank you, again... [LR318]

JEREMY JENSEN: You bet. [LR318]

SENATOR SMITH: ...for your service. [LR318]

JEREMY JENSEN: Thank you, appreciate it. Anything else? Senator Gloor, Senator Friesen, thank you, guys, for all you do (inaudible). [LR318]

SENATOR SMITH: We now invite John Collins, Grand Island Public Works Superintendent. Welcome. [LR318]

JOHN COLLINS: (Exhibit 2) My name is John Collins. I'm the city engineer, Public Works Director for the city of Grand Island. It's J-o-h-n C-o-l-l-i-n-s. This is two documents: The top sheet was prepared for this meeting, primarily; the data came from our finance director. The blue line is the gas tax money that the city has received since 2011. And the start of this chart is 2011 and goes through 2016. The red line is the city's expenditures on streets. This is a combination of the streets department, staff, equipment, materials, that sort of thing, plus the capital improvement projects. As you can see, the city decided there was a need...or rather our infrastructure decided that they were old enough that they would tell us it had a need and so the city started spending more on this. The city spends about twice what we receive in gas tax. We add about twice as much into it for 2016. Two thousand fifteen is based on year-to-date expenditures; that will be a final number in a week or two, so it's really close. Two thousand sixteen is what's budgeted for this year. All the other numbers is what we actually spent. And the red line is just the gas-tax-eligible projects. The list of projects which...well, the next two sheets, this is an internal document, this is our actual capital improvement program. This does have projects that would not be eligible for gas tax in it, although they are the minority of the projects, where the first sheet only included the state revenues and what is eligible for gas taxes. The top part of this sheet is what we have budget for. Those are projects that are ongoing right now that we're expending funds on. The far right column shows totals and future projects. As you can see, it's about \$60 million of projects that are needed. The majority of these are to correct problems with aging infrastructure such as our two underpasses. We have bridges, underpasses. If I could

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repair the bridges in the next two or three years, it will cost me about \$1.5 million to redeck them and do some other work to them. If we wait a few years beyond that, you're looking at a reconstruction which will be substantially more expensive. The other type of projects on here are safety projects. The most unusual of which are the number of intersections, as the Mayor mentioned, with bad geometrics. The legs of the roads don't line up going across the lanes. The absence of a turn lane or insufficient length leads to a high number of collisions. And then the head-to-head left turn lanes actually...at least on (Highway) 281 encourage some severe collisions because of the high speed. The head-to-head on Webb Road are not quite as bad because of much lower speed limits. [LR318]

SENATOR SMITH: Do we have questions for Mr. Collins? Senator Friesen. [LR318]

SENATOR FRIESEN: Mr. Collins...thank you, Chairman Smith...when I look at cities, they also have revenue that comes in from the federal government, right? [LR318]

JOHN COLLINS: Correct. [LR318]

SENATOR FRIESEN: How has the...I guess for lack of a federal road program, has that affected you at all yet or is that something down the road that you're unsure of? [LR318]

JOHN COLLINS: Well, we appreciate the revenue from the buy-back program that we'll be getting soon. The actual federal dollars though, the city was using it quite well. In fact, Capital Avenue is impassable at this moment because we're going from a two-lane to a five-lane section and that is a federal project. [LR318]

SENATOR FRIESEN: So when you run into a safety issue and those kind of crop up because of, maybe, a factory coming in or a development happening, do you...I know you do a lot of planning out into the future, but do you guys set aside an amount of money for safety issues that might crop up that you can address them sooner than later or how do you approach that? [LR318]

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JOHN COLLINS: We would like to, but right now the projects that we're obligated to do, some of which are state projects such as (Highway) 281 or Highway 30 where we have a portion. The dollars involved with that are such that we don't have any money to set aside for developments, or at least nothing substantial. Next year, I believe, we have \$100,000 to realign a road slightly to meet with a drive at Five Points, but there's just not enough revenue to set aside a million, two million, which is what we would need in a city this size. [LR318]

SENATOR FRIESEN: How long have you been the utilities superintendent? [LR318]

JOHN COLLINS: I've been in the city since 2011. [LR318]

SENATOR FRIESEN: Okay. Do you feel enough resources have been always committed to the roads in the city budgets? [LR318]

JOHN COLLINS: As a rule, things would be easier for me had there been more projects done before I got here. There was some older infrastructure, particularly the drainage infrastructure, which is underground, kind of out of sight. But if you're not taking care of it, the standing water on the road actually makes the pavement crumble. It would have been nice had more been done there, as well as on some of the roads; the underpasses I mentioned probably should have been done earlier. So, no, there wasn't enough funding going through for that. The issue...as you can see from the chart, the first two years, there wasn't that much over the gas tax money coming in. The city has done that without reorganizing staff to actually give us a big bang for our effort, not to spend too much extra. And we're continuing with that. We're doing things. We're installing an asset management program right now. We're setting the assets up. That will give us a proper life cycle for all of the assets so we do the right maintenance at the right time, minimize costs and maximize the effect of the projects we do. [LR318]

SENATOR FRIESEN: Okay, thank you. [LR318]

SENATOR SMITH: Senator Brasch. [LR318]

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SENATOR BRASCH: Thank you. Thank you for your testimony today. And perhaps when you...a utilities manager, you oversee...is it roads specifically, or you're talking about the infrastructure around a road? [LR318]

JOHN COLLINS: Well, I oversee the roads, the right-of-way, the wastewater plant, the drainage, the infrastructure that makes the city. A lot of what I do is underground so you can't see it, but the roads are... [LR318]

SENATOR BRASCH: The roads are primary. And my second question is, I was trying to look for...you know, you have gas tax on here, but what about the funds from LB84 towards the roads? Are those built in here somewhere else or am I not looking right? [LR318]

JOHN COLLINS: I hurriedly put this together for today without a lot of notice. So, what I understood was the gas tax and so forth. The LB84, is that the new one that's coming out? [LR318]

SENATOR BRASCH: That's the quarter...that's what Senator...State Senator Deb Fischer introduced that came into effect about a year ago October where a quarter of a cent of the sales tax revenues now go towards roads as well. And several counties that I represent are talking about the dollars coming in from that might just... [LR318]

JOHN COLLINS: We're planning to work them into the program. Those are not reflected in now because we don't...we have estimated dollar amounts for the future income, but as we go we want to work it in. [LR318]

SENATOR BRASCH: I believe...you've received income from that, correct? [LR318]

JOHN COLLINS: I believe so. [LR318]

SENATOR BRASCH: I believe you have. I believe it has occurred. [LR318]

JOHN COLLINS: I don't have a dollar amount for it. And it's much appreciated. [LR318]

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SENATOR BRASCH: And that's good. But that's just not shown on this chart, correct? [LR318]

JOHN COLLINS: I did not have that...like I said, I quickly put this together just to give an idea of what we're doing in the city. And mostly, this was internal use; so separating the funds out was only done in the finance area after (inaudible). [LR318]

SENATOR BRASH: Okay, no, I just thought maybe it was built in here somewhere that I'm not aware of. [LR318]

JOHN COLLINS: That would probably be above the blue line and part of the red line. I apologize for that. That was the best I could do on short notice. [LR318]

SENATOR BRASCH: Okay. Just a question on...so there are additional revenues, other than what you're showing here for roads? [LR318]

JOHN COLLINS: Other than gas tax, correct. [LR318]

SENATOR BRASCH: Right. Other than gas tax. [LR318]

JOHN COLLINS: In fact, the city is putting in a lot in other areas, too, as is the federal government in a lot of cases. [LR318]

SENATOR BRASCH: Okay. All right, very good. Thank you for your testimony. [LR318]

JOHN COLLINS: Thank you. [LR318]

SENATOR SMITH: Mike, would you like to provide any clarification? [LR318]

MIKE HYBL: I'd like...just from looking at what the face you have...on the face of what you have here under...when you say "gas tax", is that the revenue that you're receiving as your portion of the highway allocation fund that the state distributes to you? [LR318]

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JOHN COLLINS: Correct. [LR318]

MIKE HYBL: Okay. Then the (LB)84 dollars are flowed through. [LR318]

SENATOR BRASCH: Are built into... [LR318]

MIKE HYBL: So, yeah, I would think those would start showing up in '15 or...should be showing in... [LR318]

SENATOR BRASCH: I thought October...last year they were showing up. [LR318]

MIKE HYBL: So I think that...it should be coming through as part of their allocation...highway allocation fund. [LR318]

SENATOR BRASCH: But they put it into gas tax, even though it's sales tax. [LR318]

MIKE HYBL: Yeah. It all flows through the same fund back to the city's account. [LR318]

SENATOR SMITH: The title...maybe it should have said "highway fund" or "state highway fund"... [LR318]

SENATOR BRASCH: "Highway fund" rather than "gas fund". [LR318]

JOHN COLLINS: Probably our budget book says "gas tax," and everything we get that I can spend on a road is stuffed into that budget (inaudible). [LR318]

SENATOR SMITH: Yeah. Sure. Yeah. [LR318]

SENATOR BRASCH: Okay. [LR318]

SENATOR SMITH: We appreciate that information. [LR318]

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SENATOR BRASCH: Thank you. [LR318]

SENATOR SMITH: Senator Davis. [LR318]

SENATOR DAVIS: So looking at your chart, and you've got the gas tax versus your expenditures, your expenditures are almost triple what they were five years ago. Is there an explanation for why that is? Was there deferred maintenance prior to this that resulted in... [LR318]

JOHN COLLINS: Sure. We had quite a bit of deferred maintenance. The infrastructure is at the point now where...in some cases you have to choose...you're either going to keep...do something and keep it or you're just going to let it go. The city decided not to let any of the infrastructure go. And we ramped up staffing in the engineering division, specifically, to handle the number of projects that we knew were upcoming. And we're building them now. You drive around town you'll see some nice orange cones. [LR318]

SENATOR DAVIS: So, because there's quite a gap between the gas tax and the expenditures, can I assume that's being made up by property taxes primarily? [LR318]

JOHN COLLINS: That's being made up by Keno and several funding sources. I'd have to have the finance director explain that part to you. [LR318]

SENATOR DAVIS: It might be worthwhile if we had a handle on that. [LR318]

JOHN COLLINS: I will get that information. [LR318]

SENATOR DAVIS: Thank you. [LR318]

SENATOR SMITH: Thank you, Senator Davis. Any other questions from the senators? I see none. Just a real quick question for you, and I just want to...for those that are listening, just to make certain that there's a good understanding of the exchange of questions. So the LB84 quarter cent sales tax, 75 percent of that goes into the Build Nebraska Fund. And then 25 percent of that

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goes into the Highway Allocation Fund for cities and counties. So that 25 percent that's allocated to cities and counties is what the discussion was about here that's captured here. Okay. Appreciate your testimony. Thank you very much for the information. [LR318]

JOHN COLLINS: Thank you. [LR318]

SENATOR SMITH: Okay, we now would like to hear from Casey Sherlock, the Hall County Supervisor representing Nebraska Association of County Officials. Welcome. [LR318]

CASEY SHERLOCK: Thank you. Good afternoon, Senator Smith and members of the committee. For the record, my name is Casey Sherlock, C-a-s-e-y S-h-e-r-l-o-c-k. I'm the elected county surveyor; I also serve as county highway superintendent, GIS Director, and Public Works Director for Hall County here in Grand Island, Nebraska. I also represent the position of the County Highway Superintendents of Nebraska on the NACO Board of Directors. I'm past-president of the Nebraska Association of County Highway Superintendents, Surveyors, and Engineers; and I currently sit on the legislative committee for the association. I appreciate the efforts of Senator Smith and the Transportation and Telecommunications Committee in searching for a financially viable solution for the sustained maintenance and construction of transportation infrastructure throughout Nebraska. I'm confident that information gathered from these hearings across the state will provide you with guidance as you search for a solution to these difficult issues. The County Highway Superintendents of Nebraska appreciate your efforts in passing LB610, the gas tax increase; we know it wasn't an easy process, but we are certainly appreciative of that. We also like to say thank you to Governor Ricketts for the \$3 million counties will receive through the changes in the federal funds buy-back program. Counties have been using and will continue to use the buy-back funds to rebuild and rehabilitate deteriorating bridges and county roads rather than spending money on federal oversight 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 county 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 and structurally deficient. Bridges under 20 feet are not considered or included in the federal bridge classification or inspection process. Therefore, those bridges are unintentionally left out of the discussions about county bridges. However, I would estimate that statewide they far

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outnumber the over-20-foot bridges. For example, in Hall County alone, we have 173 bridges over 20 feet, and we have...that we routinely inspect and maintain and replace. But Hall County also has 194 bridges that are under 20 feet that we also routinely inspect, maintain, and replace when funding allows. Most of these structures are older, timber bridges that are still of the bridge-type construction, they're just under the 20-foot definition of a bridge by the National Bridge Inspection Standards. So based upon Hall County's example, you could take the number of county bridges over 20 feet being in the neighborhood of 12,000 in the state, double it or triple it and then you would have an idea of what we're up against for total bridges both over and under 20 feet within the state, just counties alone. In Hall County, we have 630 miles of gravel road, 185 miles of asphalt road, 194 bridges under 20 feet, 180 bridges over 20 feet. And of those bridges over 20 feet, Hall County has 13 that are structurally deficient or functionally obsolete and they are weight restricted. They're the narrow bridges that aren't wide enough for the agricultural equipment we see in Hall County. Because Hall County is primarily agricultural, farmers and ranchers sometimes have to travel several miles out of their way to get their commodities to market. We have a Hall County bridge crew that replaces one of these structurally deficient or functionally obsolete bridges every year. We have a long history of replacing those with our own crew and our own resources. With the additional funding that we will receive through LB610 and through the Federal Funds Purchase Program, we're going to try to step that up and replace two bridges a year with our own crews. Hopefully, if there is some other funding that comes available through these hearings and through this discussion, we could hire contractors to replace a third or fourth bridge and get these bridges up to standard very quickly. I know that I'm not telling you something that you haven't heard before, and I know that you could probably walk into any county highway superintendent's office in this state and have a discussion with that superintendent and you'll get similar statistics, possibly worse, in a lot of counties much worse. We're also here...we're all here to work together to help find a solution to funding and the replacement of Nebraska's crumbling infrastructure. With respect to Sections 4 and 5 of this study resolution, as an alternative to increasing property taxes to help pay for roads and bridges, an option that's been considered is extending motor vehicle taxes on older vehicles. Last year, Senator Kathy Campbell introduced LB626 that offered a number of alternatives to generate funds including extending motor vehicle tax on vehicles older than 14 years old. Senator McCollister and several other senators have expressed interest in examining the motor vehicle tax. Section 5 also mentions the study of the design-build process idea and my testimony

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is already on the record with this committee from last winter. And I, you know, in the interest of saving you time today, I don't care to reiterate my testimony. My position has not changed on the issue. In my opinion, I believe the state leaders need to have a very real and difficult discussion about sales tax. I'm a supporter of sales tax that would offset property tax and income tax. And I know Nebraska places a lot of tax responsibility on property owners and income earners. When I think of sales tax, affects a greater majority of Nebraskans at a smaller rate. I feel that Senator Fischer was on the right track with the Build Nebraska Act, LB84, as you mentioned earlier. And I think we need to look at taking that a step further in increasing the portion of sales tax that goes to the Build Nebraska Act and begin a process of property tax reduction to balance it out over maybe a period of five years. I also support the idea of a sales tax because everyone, not just property owners, including nonresidents of this state, are contributing to the infrastructure that they undoubtedly used to get here in the first place. One final subject I feel would be worth your time to research is the State Aid Bridge Fund. The Nebraska Revised Statutes 39-846, 847, and 847.01; I feel that counties could better utilize the State Aid Bridge Fund that's already in place. The money generated by the fund is managed by the Nebraska Department of Roads. And in discussions with them, I don't believe a bridge has been replaced in the procedures set out in that statute in more than 20 years. I'm not saying that the funds aren't being used to replace bridges, it's just being replaced in a method that's different than what I believe the statute says. And I feel that possibly this committee could look into that and see if there is something there we could do different. That fund generates \$768,000 a year at a rate of \$64,000 per month; 50 percent of the money comes from the county's Highway Allocation Fund and 50 percent of the money comes from the state's Highway Allocation Fund. So the name, State Aid Bridge Fund, is somewhat (inaudible) because it's not totally a state aid bridge fund. It's a 50-50 between the county and state. Again, I'd like to thank the committee, Senator Smith, for your time, for your efforts in coming to Grand Island to see that all of my senators are here that represent Grand Island; it's nice to see you all. And I am from western Nebraska, so, Senator Davis, I do appreciate seeing you and I appreciate your vote on LB610. That was the game changer for us. Thank you very much. And I'd answer any questions...I'll try. [LR318]

SENATOR SMITH: Thank you, Mr. Sherlock. Do we have questions? Senator Davis. [LR318]

SENATOR DAVIS: Alliance, by chance? [LR318]

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CASEY SHERLOCK: Alliance, yes, sir. [LR318]

SENATOR DAVIS: Tell me a little bit about this statute that you were talking about earlier, the county... [LR318]

CASEY SHERLOCK: The State Aid Bridge Fund? [LR318]

SENATOR DAVIS: Yeah. [LR318]

CASEY SHERLOCK: The State Aid Bridge Fund was set up to replace county bridges where...you know, the money, as I said before, 50 percent of it comes from the county highway allocation, 50 percent from state highway allocation. And the counties are to apply to the board of classifications and standards to replace a bridge and then they would approve the project. The project would then be built using partial funds. And I didn't bring the statutes with me, but I think it's something like a 50-50 share. Fifty percent of the fund would pay for the bridge and the other 50 percent of the fund would come from local resources. So then basically you get a two for one on whatever projects you would build. [LR318]

SENATOR DAVIS: But you say it hasn't been used for 20 years. [LR318]

CASEY SHERLOCK: It hasn't been used in the way that I read the statute. I'm not an attorney so I can't say that my opinion matters legally. I just think it's worthy of researching to see if it's being utilized to its full capacity right now. I know that it's being used to build projects towards...I believe the state uses it towards federal aid project and some of the counties match toward state/federal aid projects. But with the evolution of the Federal Funds Purchase Program and things are changing, we're moving more towards building things locally without federal funds, at least at the county side. I think it's worthy of a discussion to look into that. [LR318]

SENATOR DAVIS: And just based on the statistics that you gave us earlier, you have over 300-some bridges...360-some bridges probably. [LR318]

CASEY SHERLOCK: Right. [LR318]

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SENATOR DAVIS: So if you're doing one a year, it will take you... [LR318]

CASEY SHERLOCK: And I should clarify that a little bit for you. We do one bridge over 20 feet per year, and we try to knock off three or four of the smaller bridges that we can each year. Some years it's one, some years it's three or four. But, yeah, I would say of the total list, 360...we try to get 4, 5 of those bridges a year. [LR318]

SENATOR DAVIS: How many of the smaller under 20-foot bridges are you able to replace with culverts? [LR318]

CASEY SHERLOCK: Well, that's another great resource that we use is the replacement of those with culverts. A lot of these bridges we found are built with lumber that the counties had in stockpile. There's a lot of 16-footers out there. And there are a lot of them that were built as livestock crossings under roads, so they're 8-foot, straight up and down, wood back walls where livestock could get back and forth across. Well, most of that land has transitioned into irrigated farmland. So a lot of that isn't necessary anymore. And we can go with culverts, you know, large culverts with head walls and use the corrugated metal pipes. And we certainly do that. I think it was two years ago we placed a lot of emphasis on those small bridges and we replaced 16 in one year. Now, we didn't replace any the couple years prior to that, so it was a lot of catch-up at that point. But the things we run into in Hall County, Hall County typically drops about 5 feet per mile in a northeasterly direction. So when you have a landscape that is that flat, it's hard to get large culverts to handle large amounts of water underneath the roads without building a mound over the culvert. So we definitely do use those as much as possible. [LR318]

SENATOR DAVIS: Thank you. [LR318]

CASEY SHERLOCK: You're welcome. [LR318]

SENATOR SMITH: I think we'll go Senator Friesen and then Senator Gloor. [LR318]

SENATOR FRIESEN: Mr. Sherlock, I heard you mention a couple of different things that I'm going to ask questions about, but one that comes to mind is we talk a lot about regulations and

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the restrictions that federal highway funds have and since we do the buy-back program it helps you out greatly. [LR318]

CASEY SHERLOCK: Absolutely. [LR318]

SENATOR FRIESEN: Are there some other regulations on the state level that could be eased? You know, you deal with a lot of rural roads with low traffic counts, but there's a lot of commodities that are transported across them so we still need good infrastructure. But is there some regulations out there that would cheapen up the process of replacing some of these bridges that you have to deal with? [LR318]

CASEY SHERLOCK: Well, it's interesting that you would ask that. In some of my thought process in presenting information to you today was an example that's occurring right now with Hall County. I just...to replace this large bridge every year, I hire an engineering firm to create...to draft a design for us for a bridge. And part of that process we also have to acquire U.S. Army Corps of Engineers 404 permit to replace the bridge. And the process of obtaining just the permit to replace the bridge, even though we're going to disturb less than a tenth of an acre in replacing that bridge where there's already an existing bridge and existing road over an existing stream, just to...for the...to have the engineer conduct the environmental study and the wetlands delineation and determination increase the price of the engineering fees by 30 percent. It's small...it's only \$5,000, but if you multiply that by however many bridges we replace in the state, the process to obtain a permit is going to take three to six months and cost us 30 percent more on our engineering fees. And that's just us on this one small project. And with the Department of Environmental Quality, DEQ, definition of the Waters of the U.S., if that definition changes the way they want, we could have to get a 404 permit to clean out a ditch...just...any ditch in the county to drain water. And as most any farmer in this county will tell you with it being so flat, if they don't have drainage when we get this rainwater, it's catastrophic to their crops. [LR318]

SENATOR FRIESEN: Another comment you made...thank you on that, that was a good point. You mentioned GIS data that you work with that quite a bit. [LR318]

CASEY SHERLOCK: Yes. [LR318]

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SENATOR FRIESEN: So do the different organizations share their GIS data? I mean, I know the NRDs do a lot of work; the roads department does its share. Does everybody work together or does everybody do their own thing? [LR318]

CASEY SHERLOCK: We absolutely do. We coordinate with data sharing. I have coordinated data sharing from everybody from the U.S. Census Bureau all the way to the local NRDs, Farm Service, FSA; we've shared data with the University of Nebraska, State of Nebraska Department of Roads to try to...they...we're building a parcel database. That's our main, primary function right now, and I'm also the county surveyor, so we're building our parcel database based on actual section governmental corners, section and quarter corners, so our parcels will be very accurate, sub-foot accuracy. So our acreages that will be...property tax will be as close as humanly possibly to get. And most of the people outside of us want that data, want that data there, our parcel layer and our tax record data. But yeah, we do... [LR318]

SENATOR FRIESEN: So does everybody share really well, I mean, you don't have any complaint? [LR318]

CASEY SHERLOCK: Yep, absolutely. We don't...we haven't had any issues whatsoever. It's public information so, obviously, the county level it's information that's available to anyone free of charge. [LR318]

SENATOR FRIESEN: Okay. Thank you. [LR318]

CASEY SHERLOCK: You're welcome. [LR318]

SENATOR SMITH: Senator Gloor. [LR318]

SENATOR GLOOR: Casey, thanks for your testimony. And by the way, I was born in Alliance. [LR318]

CASEY SHERLOCK: You were? [LR318]

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SENATOR GLOOR: It was a long time ago. And Senator Davis says--long enough ago that I don't get any credit for any western Nebraska roots. [LR318]

CASEY SHERLOCK: Okay. I feel like it's been a long time ago for me. [LR318]

SENATOR GLOOR: Imagine how I feel. [LR318]

CASEY SHERLOCK: Well, (laughter). [LR318]

SENATOR DAVIS: Three of us that were born in Alliance then. [LR318]

SENATOR GLOOR: That's right. Well, it's... [LR318]

CASEY SHERLOCK: I'm among good company. [LR318]

SENATOR GLOOR: Yeah, it's a great little town. I know some time ago, not a long time ago, but as Hall County was considering some of its road expenses, there was a discussion about converting hard top roads to gravel roads. [LR318]

CASEY SHERLOCK: Yes. [LR318]

SENATOR GLOOR: Realistically, and I've heard this talked about as maybe a cost savings across the state, considering the conversion cost and the maintenance of one versus the other, is that really a reasonable cost savings? [LR318]

CASEY SHERLOCK: It's an excellent question and the answer is not easy because you have to look at the use of the road. And the roads that we were discussing in Hall County were the roads in the ordnance plant. This was once an area that held thousands of workers for the Army and those vehicles coming in and out of the ordnance plant, those roads needed to be paved. When the Department of the Army turned those roads over to the county, they were in bad disrepair. And now all of that land is being turned over into irrigated farm ground. And farmers hauling grain carts up and down the road don't need asphalt roads with huge holes in them breaking axles

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on things. So our situation was unique where we needed to turn back...the best situation for Hall County was to turn those roads back to gravel. We were looking at total reconstruction, total replacement. Whereas typically an asphalt road you can place an inch or two-inch overlay on that road and sustain or extend its life. These roads were too far gone for that maintenance. So the way I looked at it was, if these roads needed to be asphalt again, we would need to take the process we've already done in grinding them up, stabilizing the base, and then placing a new asphalt road on top. So really what we've done is step 1 towards if it was a large development that happened in that area. Now that type of situation in other states...back when that started, I've been in Hall County ten years, it's actually in two days I'll have been here ten years, that was, I think, in 2006 that we started that discussion and that's when things were really tough on county road budgets. And I looked into this and it just kind of blew up and ballooned from there. I was even on the front page of the USA Today. I got a call from a reporter that caught this story out of Grand Island Independent and did an interview and I remember that article because that was the day that Hillary had conceded to Obama. So they were top story, I was on the bottom. (Laughter) But that was really when that thought process sort of started to take form because everybody was seeing the same problems that we were. It wasn't just Hall County, it wasn't just Nebraska, it was nationwide. Budgets were in bad shape. Roads were in bad shape. And everybody was looking for any alternative to keep roads open so that they could get their commodities to market and not spend the \$100,000, \$200,000 a mile to keep them open. So, a lengthy answer, but... [LR318]

SENATOR GLOOR: It's a good education though, a good education for us. [LR318]

CASEY SHERLOCK: Yeah. Yep, absolutely. [LR318]

SENATOR GLOOR: Thank you. [LR318]

SENATOR SMITH: Senator Brasch. [LR318]

SENATOR BRASCH: Thank you, Chairman Smith. You have some very excellent testimony. And a couple of statements you made reminded me of a couple meetings in the past I've attended. And that reminds me that as a senator you attend a lot of meetings in the past. [LR318]

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CASEY SHERLOCK: I'm sure you do. [LR318]

SENATOR BRASCH: One of them was with some other states and they were talking about...when you're talking about all the permitting. [LR318]

CASEY SHERLOCK: Yes. [LR318]

SENATOR BRASCH: Okay. Do you do the permitting to get federal funds? Is that the reason for the permitting or do you have to do the permitting regardless? [LR318]

CASEY SHERLOCK: There's more permitting, there's more regulations for the federal funds. [LR318]

SENATOR BRASCH: And that's what the cost is. And some states have decided to decline, and there's just a couple, I think, because I talked to the roads department about this and there's a name degrading or going away from federal funding where they're just not doing the permitting. They're building the roads, they're paying a little bit more, but they did a 10-year calculation on it and decided they'd end up with the roads and dollars ahead. [LR318]

CASEY SHERLOCK: Yeah. [LR318]

SENATOR BRASCH: Is that true? Would that be the case in Nebraska that if you decided you didn't want the federal funds, can you bypass much of that permitting? That's just a hypothetical question. [LR318]

CASEY SHERLOCK: And I think you're probably...because of the Federal Funds Purchase Program, the counties aren't having to deal with that and that was our way out and the state would have to look at that same...and I'm sure the people from Department of Roads would have a better answer for you. But it would be the same sort of thing with the state. They'd have to weigh the consequences of losing the funding and to see if they can build projects without those...that (inaudible) those permitting. [LR318]

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SENATOR BRASCH: There are some roads that there are no options because states must connect to another state. But within a county and within...as long as you're not connecting to an interstate highway, that...that was just a session I went to that talked about that. [LR318]

CASEY SHERLOCK: Okay. Okay. And that will...the Federal Funds Purchase Program change we were...counties were receiving 80 cents on the dollar buyback from the state and the state graciously changed that to 90 percent. And the reason for the 10 percent retention is the added headache of using those federal funds. So at some point you have to decide if it's worth that 10 percent or whatever. On the case of the counties, it was well worth it. And as an example, you could...a federal project could cost a million dollars and you could end up spending 20 percent on a...\$200,000 of local money on a million-dollar project, where I could maybe build that bridge with my own forces for \$200,000 or somewhere in that neighborhood and not have all of that federal regulation. [LR318]

SENATOR BRASCH: Very good. And then the second question that I had went back to Senator Friesen's question about the GIS. Two or three years ago, NACO had a meeting in Schuyler and one of the presenters was a GIS company. Do all the counties share the same GIS...I think it kind of vendored through NACO. Are we talking about the same...? [LR318]

CASEY SHERLOCK: There are...it's the same technology. It's just that some counties that don't staff their own GIS department farm that out through a contractor. It would be similar to hiring an engineer or an architect, you would hire a GIS professional. [LR318]

SENATOR BRASCH: So the counties have an option to use a co-oped GIS or... [LR318]

CASEY SHERLOCK: Yep. And there's companies, I don't really care to go on the record saying any particular company's name, but there are companies that counties do contract with for their GIS services. In the case of Hall County, I'm the director. I have a GIS coordinator and a GIS analyst that work for me in another office, and we are building our own GIS database and have been doing that for over ten years without the aid of an outside provider. Now we do have...we do also coordinate with the city of Grand Island, our GIS departments work very closely together. We work hand in hand with them. We share data amongst the city and the county. And

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we built the GIS database and a GIS Web site that's one of the best in the state. It rivals any GIS system in the state. And we do have a provider that hosts our data on-line, but other than that it's all generated between the city and county. [LR318]

SENATOR BRASCH: Here, homegrown. [LR318]

CASEY SHERLOCK: Homegrown, absolutely. [LR318]

SENATOR BRASCH: Congratulations. [LR318]

CASEY SHERLOCK: Thank you. [LR318]

SENATOR BRASCH: I have no other questions. Thank you. [LR318]

CASEY SHERLOCK: You're welcome. [LR318]

SENATOR SMITH: I see no additional questions. Thank you, Mr. Sherlock, excellent testimony. [LR318]

CASEY SHERLOCK: Thank you. You're welcome. [LR318]

SENATOR SMITH: We now invite Jim Ostgren from Phelps County, a Phelps County Commissioner. Welcome. Good to see you today. [LR318]

JIM OSTGREN: Good afternoon. This is a pleasure to be here. I won't take up a lot of your time. I have to get back to Holdrege, Nebraska, to my 60th class reunion this evening. Thank you very much for you letting us testify, Chairman Smith, we appreciate it, all of you, and appreciate what you've been doing. You've heard the figures that you know better than I do. And, Senator Smith, his Transportation and Telecommunication Committee, I'm sure has gone to a lot of work for this and we do appreciate it. LB610 is this gas tax thing. We're anxious to start this thing and get it going. We relied on...and I want to thank Governor Ricketts, too, for this \$3 million county thing. We definitely need it. I'm going to start out by talking about our Phelps County roads and

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I'm going to probably go into bridges and weights because I think we'll leave a little bit early, that would be LR317. Phelps County has our Livestock Friendly, we just became a livestock friendly county. We have a lot of feedlots and that has a lot to do with our roads. We have cattle in...feeder cattle in, fat cattle out, corn in, hay in, gluten in, and manure out. And I think probably all the counties are probably as familiar as I am with this. I've been on the commission for Phelps County for nine years; I'm chairman of the board and I'm chairman of the road committee. Road work is kind of my specialty. I've been in the earth-moving business for 50 years, so I've built some of these roads in Phelps County. And I want to talk a little bit about that. A lot of these roads were built and graveled and they were drove on for 20 or 30 years and people said, oh, that's...we just as well pave that, that's packed good enough because we have 200-bushel corn trucks driving on them. Well, that's well and good, and then they probably paved them again. So we've got like six inches of pavement. Now we've got trucks on them that weigh 86,000 pounds and now we give them a 15 percent overweight for farmers from field-to-market-type things. That's 98,900 pounds. I don't even think the state highways were built for that, but we didn't use any engineering particularly and we didn't use any weight inspection or compaction inspection or even proctor which tells you what kind of dirt you should use and how much moisture it would take. So anyhow, that's a problem that we have and our roads just aren't taking it, and I think this is probably just the beginning of that. We're not getting any lighter trucks and we're not getting any...you can't tear off pavement and do it the right way, compact them from the ground up and start there. It just isn't practical to do that. So we have to work with them the way they are. And it's quite a burden. I was real disappointed when they came out with the stimulus of, I think, \$750 billion, am I right about that? And I thought at that time, I thought they should spend every bit of that on roads and infrastructure. Well, they didn't. I think you all know it better than I what it was spent on. We got some of it. And that was fine, but I know that senators, and I keep hearing about them taking away our inheritance tax and I just as soon it was taken away, too, if you would come up with something that would replace it because of the...we took out a \$3 million bond to fix our roads and build our roads. And because we had an inheritance tax fund, it was a good size, we got a low-interest-type loan to do that, to build our roads. And we've been very fortunate. Phelps County is a fairly wealthy county and we realize that, but we do need that inheritance fund and we fought for it and we kept it. Like my recommendation would be if I were a senator to adjust the rates of it, however, but anyhow this thing concerns me because I know this isn't just the beginning of our road problems and our bridge problems. It's going to get

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worse, it's bound to especially if we keep letting the trucking business or the trucking people use what they've got. And I don't see any way of stopping them. We have a situation even that...Dawson County has a trucking firm, a businessman there, he comes into Phelps County and hauls gluten from KAAPA alcohol plant to the feedlots there. And that's fine. He's probably got eight or ten trucks hauling. He makes his living that way. But I called him; they've had a few spills and I called him about that. And I said, you're nothing but an expense to Phelps County. We don't even get any revenue. And I said, can you license some of your trucks in Phelps County? He said, no, I license them through the state. Perhaps you can tell me how that works. Can anybody tell me if you license them through the state, I assume that Dawson County might get some revenue, but Phelps County certainly doesn't because he's not from Phelps County. But that's one of the issues that we face. And I'm pretty up on these kind of things and I'll tell you why. Holdrege now on (Highway) 6 and (Highway) 34 has closed the road going into Holdrege from the east, so there's a detour that goes right by my house; I count traffic. And that road also was built for light traffic. And the state says, well, we'll put the...they measured it all and they said we'll put this back into the same...as good or better condition as it was when this detour started. We appreciate that. They've been good to get along with, I got no complaints there. But the truckers have figured out a way to go the south route around Holdrege to get to (Highway) 183 and we're already fixing on that today. We won't get compensated from the state for that, I'm certain, and I don't even know if it's worthwhile to ask. But there are things that I wanted to bring up to you, and I appreciate the opportunity to do that. I don't have any facts, figures, or that kind of thing as far as our bridges. I do know about them. And that's a big issue, we have funded a lot of bridges. I think 77 measurable bridges over 20 feet that are inspected. But we would surely appreciate the revenue from this gas tax hoping that it will help us out considerably. A lot of these roads were built with federal aid, even maintained with federal aid. And, of course, we do know what's happened to that; that's no longer there. So is there any questions? I'd be glad to try to answer them if there is. [LR318]

SENATOR SMITH: Thank you, Mr. Ostgren. Senator Friesen. [LR318]

SENATOR FRIESEN: I guess, want to...when you were talking about weight limits for your blacktop roads in the county, in Hamilton County, at least the county has got it posted 80,000 pound weight limit on their blacktop. [LR318]

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JIM OSTGREN: I see. [LR318]

SENATOR FRIESEN: And the harvest exemption, the 15 percent over, does not apply to a county road, that's state roads only. So I don't know if you are familiar being able to post your own roads to weight limits, but that exemption is only available on a state highway system, not on the interstate and it's not available for county roads. [LR318]

JIM OSTGREN: Well, thank you. I appreciate knowing that. I wasn't aware of that. We have certain amount of miles, not very many, that has a poor base; it's built out of hydric-type soil and we paved it. And it isn't holding up good at all. So we put a limit on that that they, in fact, can't use it during the frost thaw, you know, in the spring. [LR318]

SENATOR FRIESEN: So when you resurface a blacktop road, I mean, do you use engineering services then to try to bring the road up to standards where it would be 80,000 pounds? [LR318]

JIM OSTGREN: Yeah, absolutely. Absolutely, we do. And we have a company, Miller Engineering out of Kearney, and they do a very good job, we're real pleased with them. And we're, in fact, going to do nine and a half miles now. But you know, it used to be when these roads were built, I don't remember at all what it cost per mile to put a 3-inch overlay, the roads were...we built them with 66 foot of right-of-way and we'd go in there with scrapers and fix them up and build them up nice. And then they bladed them for probably ten years and that got them up to a width of 30 feet; standard is 28. But that gives you a 22-foot wide paving area and then 4-foot shoulders on each side, good, you know. But like I said before, no compaction standards, they just did it. And you can't afford to go tear all the pavement off and say let's start over. However, we've got a mile that we may have to do that. But we do a lot of experimenting. We try to do a cheaper way and to do it the right way, do milling and a 3-inch overlay and shouldering you're talking about \$210,000 a mile. And I suspect when the roads were paved the first time, it was probably less than \$100,000 a mile, I don't know. But it's gotten to a point where we've even tried micro-surfacing, we've tried everything we can and we've got our roads in a pretty good shape. And it's my goal before I get off the board to get all of our major farm-to-market roads in decent shape so they can say, gosh, when he left they were good, you know, something to remember me by. [LR318]

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SENATOR FRIESEN: So we've talked a lot about bridges being obsolete and, I guess, sometimes they're just not...they're functionally obsolete; they don't carry the weight that we have today. So is that the way you characterize some of your blacktop roads is they're functionally obsolete, they've not been engineered for what they're carrying? [LR318]

JIM OSTGREN: Most of these...in 1956, the Phelps County Board of Supervisors at that time took over what we...we have what we call a Tri-County, it's Central Nebraska Public Power and Irrigation. I'm sure you're familiar with them. And I don't know what the reason was, I've always questioned that, we took over all of their bridges. So they're not bridges that are for canyons and draws and that kind of thing, they're irrigation bridges. And we've kept them up. We've got one that we're going to do this year that's...we try to replace them hoping that we can replace them with culverts, large culverts, that's the cheapest way out. But the next one is box culvert, concrete box culvert, and that's what this one will be. But with the big canal, we have large...you know, it's pretty large and we have some cement bridges and they're expensive. But as far as Phelps County being in an area where it's a lot of canyons and trees and draws and that kind of thing, we're pretty much a flat-land community. [LR318]

SENATOR FRIESEN: Thank you. [LR318]

JIM OSTGREN: Yep. Thank you. [LR318]

SENATOR SMITH: Senator Davis. [LR318]

SENATOR DAVIS: A lot of the farm counties, the road structure was built for a different time. So are you abandoning some roads and triaging some roads? [LR318]

JIM OSTGREN: No. Some counties, I understand, have taken up their pavement and went back to gravel, but no. We have abandoned a few miles of road that weren't...they were built...one bridge was built, I want to say, in the '30s, you know, and it was kind of...I don't even know what you call it, it was...some of them wanted to leave that bridge there and it is still there as for something to go out and look at. But it's not something that we've ever intended. We closed the whole road and that kind of thing. Bridges aren't as big of an expense and concern to us as they

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are in a lot of counties. But they are expensive for sure. And we're not a big county. We've got 9,600 people. We have a valuation of like \$2.4 billion and we're getting along. But like I say, I'm thinking more in the future, we're going to need revenue and I know you're all aware of that, what's happened in the last 30 years, 40 years, isn't going to just stop. And I'm concerned at how will we pay for it and people are so tired of tax. And, you know, if I was going to campaign, the first thing I'd do is get in there and tell I'm going to lower your property tax. But I guess it isn't...you know, if you get in the political world, it's not a sin to lie. But it's a good thought and I think a lot of them are serious about it, but when they get there they say, now what did I say and how am I going to do this? [LR318]

SENATOR DAVIS: I think you'll find that's probably true of everybody sitting up here. [LR318]

JIM OSTGREN: We've got \$10,000-an-acre ground and I'm sure you do in your counties here and what are we going to do about it? [LR318]

SENATOR DAVIS: I guess what I'm trying to ask, you know, at one time there was one farm per 160 acres. Well, that's just not true anymore, but a lot of the roads were built for that sort of... [LR318]

JIM OSTGREN: Yeah, exactly. [LR318]

SENATOR DAVIS: So are you still trying to keep all those roads up or have you abandoned some of those old gravel roads that went into those places? [LR318]

JIM OSTGREN: No, we're still keeping them up. And we encourage farmers to use the gravel roads. Our bridges are pretty good. And we tell them...I tell them, anyhow, to...when you haul from farm to market or to your storage area, we'd like to have you use the gravel, we can fix that. That's not a big deal, you know, unless it's really muddy or something like that. But we'd much rather they did that than abuse our paved roads. [LR318]

SENATOR DAVIS: And do you have good results with that campaign? [LR318]

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JIM OSTGREN: No. (Laughter) It's good to say, good to talk about. [LR318]

SENATOR DAVIS: Yeah, and so, you know, not trying to manage anybody, but everybody needs to know there's a direct connection between road deterioration and property taxes, plain and simple. Maybe that's the approach you have to sell to these guys. [LR318]

JIM OSTGREN: Yeah, absolutely. And, you know, and we've been fortunate. I'm very proud, we have a very good board, very good. We have a seven-member board and we've lowered the mill levy 4 cents last year and 3-plus this year. And we try to save face by doing that. I mean, it makes us feel good and it's good to talk about in the coffee shop. But it's still, you know, I've got some land and I have a sister that has quite a little land, and when you get down and talk serious about it, you know, when you talk about \$11,000 taxes on a quarter of ground, it's just not coffee shop talk anymore, it's serious. And I don't know how we'll ever change that, because we need the money. But because it's available doesn't mean we got to use it either. So, okay, any more questions? [LR318]

SENATOR SMITH: Commissioner Ostgren, thank you very much for being here and thanks for your service to your county. And we're going to continue the discussion on weight limits later on this afternoon as well, so we'll be hearing from I think other folks from the counties, as well as the League of Municipalities...I mean, I'm sorry, as well as the Farm Bureau. So, again thank you very much for your testimony. [LR318]

JIM OSTGREN: Okay, thank you for listening, I appreciate it. Thank you. [LR318]

SENATOR SMITH: All right, now we invite Director Kyle Schneweis from the Nebraska Department of Roads. Welcome. Welcome, Director. [LR318]

KYLE SCHNEWEIS: (Exhibits 3, 4, and 5) Thank you for the opportunity, Mr. Chairman, members of the committee. Senator Gloor, it's an honor to be before you today. I'm Kyle Schneweis, K-y-l-e S-c-h-n-e-w-e-i-s, and I'm the Director of the Department of Roads. I'd be remiss if I didn't mention that with me today are our highway commissioner from the district, Jim Kindig; our district engineer, Wes Wahlgren, is here. I'm joined by the state bridge engineer,

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Mark Traynowicz; and our government affairs manager, who stepped out, Erich Strack. So I'm about three months, almost four, into my tenure or time as a Nebraskan, and I'm still getting used to saying that. I'll tell you, I spent the first few months really trying to learn about the state and I've traveled a couple thousand miles, I've been to every district. I've talked to hundreds of employees and many stakeholders: cities, counties, officials, mayors, contractors, consultants, as many people that we do business with as I could find. And I want to share a couple of observations with you. The first I think is that we have a large state--you're not unfamiliar with that--and the transportation needs are vast. It's a very large system. And we've got this challenge of trying to maintain that system and at the same time plan for future growth. And those two things sometimes are in conflict with each other and we have to sort of try and balance out those needs. And there's not a better way for supporting economic growth in many ways than in infrastructure support and so we've got those needs. But today I want to focus a little bit more on the maintenance side. Five years ago, the Department of Roads, when looking at its pavement performance, the number of...the percent of pavement had been going down, down, down, year after year. And it was finally sort of an all-hands-on-deck moment and a realization that we had to start committing as much resources to that as we could. And so we really got focused. And if you look at that chart, it has leveled off. And we expect it to even tick up a little bit in the next year. So that's a good thing. And I'm excited about that. But we still got room to get to where our targets are. And I think, even though we've leveled off and we're starting to go up, we can't lose the focus that maintenance of that system is so critical. And then as you've heard today on some of the previous testimony, bridges are a particular challenge for us. There are some stats in one of the handouts: 15,000 bridges over 20 feet in our state, that's the 16th most of any state in the country. Just over 3,500 of those are on the state system and just over 11,000 are in the county system; 400 are city owned. We inspect those bridges as a state, not just Department of Roads, but counties and cities inspect their bridges every two years. So we have a pretty good handle on the condition that they're in. And on the state system, of those 3,500, 69 percent are in good condition; 26 (percent) are in fair; and 5 percent are in poor. I think we're doing pretty good there. I wouldn't say it's great; I'd say it's pretty good. On the county system, 45 percent are in good condition; 43 percent are in fair; and 12 percent are in poor. Again, I think those numbers are in your handout. I should mention there are 185 bridges over 20 feet that are currently closed owned by the counties. This information is also available on our Web site; that's a new feature on the NDOR Web site. It's such a popular subject. We've got an easy-to-find resource there. That

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link is in your handout as well. It's not just the...how we rate these in terms of percent, good, fair, and poor. I think it's a pretty easy way to think about it. But another interesting just sort of stat on the local...on the county bridge side, 41 percent of the bridges are over 50 years old and many of them, especially those ones that are that old, are too narrow to handle the equipment and that's been alluded to a few times today. Now I don't want to say that we don't need to focus on our state system and our state bridges because we do and we are focusing on those at NDOR, those are the bridges that are under our jurisdiction. I do think, however, there is a role for the state in this county bridge problem as well. And all of these bridges are part of the state transportation system; they all connect to each other, they all connect to the system to itself. And if we aren't getting those goods to market on the local system, we're not getting them to the state system where they need to go. So we've got to think about it strategically and we've got to think about it statewide. I think it's important to know this is not a unique to Nebraska challenge. This is a United States of America challenge. Every state is facing this challenge. And other states have taken some interesting approaches to it, and I think we should take a look around and see what we can perhaps learn. And so I want to tell you about a couple of those today. So Pennsylvania, they just started a public/private partnership; 558 bridges they're going to replace in just three years. They're bundling all 558 under one contract and letting it under one general contractor who then has 11 subcontractors that are all Pennsylvania-based that are helping them do the work. It's a design-build and maintain contract; so this contractor is designing them and building them and maintaining them for a period of 25 years. The state maintains ownership, the contractor doesn't own those bridges, the state still does, but they are contracted to maintain them. Their approach is to try and tackle many small bridges through this program. And so by doing so, they've got standard sizes, they've got streamlined designs; they're prefabricating the components; and they're able to do them fast. That's how you do 558 bridges in three years. You can get them done real quick. And they're saving money. The average cost of those bridges, if they were to do them the traditional way, would be about \$2 million each; and they're doing it for \$1.6 (million) on average. So they're seeing savings. Just as Pennsylvania has just started, Oregon has just recently finished a program. It was an 11-year program at a cost of \$1.3 billion and it was the largest infrastructure investment in 50 years in their state. So they made a big push. They replaced 149 bridges and repaired 122. I think it's safe to say they were going at it...some of the bigger bridges in Oregon. They employed many tools to reduce costs and ensure efficiencies. They had accelerated construction schedules; they focused on time. They had

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alternate contracting, like design-build. They bundled just like Pennsylvania did, but they did it in several small bundles that allowed Oregon companies to bid on these smaller bundles. There was talk about permitting earlier. They did a programmatic permitting approach with their 11 regulatory agencies that allowed them to get programmatic permits rather than permits for every single bridge. And that saved them some time. They said they saved \$73 million through that approach and the whole program came in \$45 million under budget. So again, these are just a couple of things that a couple of states are doing. I think there are some other innovative funding ideas out there that I think are worth exploring. Twenty-three states currently have statewide infrastructure banks. I think that's something we should look into. It would allow us to advance projects and get them done sooner. Infrastructure bank essentially a revolving loan program that allows you to get to projects quicker. And many states design them to encourage innovation, that's where they focus their pilot programs and things like that to get at projects like this. I think these sorts of things, and we can learn from what other states are doing, and...innovations are happening around the country and it's time for us to study those, I think. I'm not saying we should take the Pennsylvania approach and I'm not saying we should take the Oregon approach. I'm saying there are components of those that we can probably right size for here in Nebraska and we should really look into it. And I'm not saying that the Department of Roads needs to lead this effort. I think this has to be a partnership. These sorts of things have impacts on our industry, on our contracting community, our design community, on our local officials and how they have gone about doing and maintaining their systems so well for so long. They're doing great work and we need to bring that experience in and help us figure out how to take a statewide approach. So, Mr. Chairman, Senators, I thank you for the opportunity. It really is an honor to come before you today. I've enjoyed hearing the testimony so far, I'm looking forward to the rest of it. And I would happily try to answer any questions you have. [LR318]

SENATOR SMITH: Thank you, Mr. Schneweis. May I have a couple of questions? Senator Davis. [LR318]

SENATOR DAVIS: Thank you. So I'm a little bit intrigued with this Pennsylvania program and just really I think have one question on it. You said it...the maintenance part of it was 25 years. So that would be 25 years' worth of no cost for the state? [LR318]

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KYLE SCHNEWEIS: It's built into the contract. So when the project was bid, the contractors included a cost for maintenance. So the state's... [LR318]

SENATOR DAVIS: And is that cost for maintenance paid out each year or is that an up-front cost? [LR318]

KYLE SCHNEWEIS: I believe, and I'd have to check, I believe they are paying out over those 25 years. Those sorts of public/private partnerships are sort of a buffet of options and you can kind of work the deal that works for you and try and structure it in a way that works for the contractor. [LR318]

SENATOR DAVIS: So the way you see that working is in a partnership with the counties and the cities? [LR318]

KYLE SCHNEWEIS: Correct. I would...before we would want to implore any option like this, I would want to make sure we were really partnering with the local municipalities and the counties to make sure that the program is going to support what they're trying to do, too. You know, the challenge we have is that we have...in Pennsylvania, if I'm not mistaken, they own the bridges, the state owns the bridges so it's a little bit easier of a challenge in terms of navigating it jurisdictionally. Here with 93 counties, it's harder; it's harder to get a statewide vision. I don't know what the role for the state is there. I think there is one to play in terms of trying to bring people together and talk about a solution. And from our perspective, we can reach out to our sister state agencies and try to learn from them. [LR318]

SENATOR DAVIS: And then you said that on the county level, I believe, 12 percent were in poor condition and 185 bridges over 20 feet were closed. [LR318]

KYLE SCHNEWEIS: That's correct. [LR318]

SENATOR DAVIS: So were those 125 not in that statistic? [LR318]

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KYLE SCHNEWEIS: I had 185 as closed. Perhaps I said it wrong or maybe I wrote it wrong.
[LR318]

SENATOR DAVIS: No, that's what you said. [LR318]

KYLE SCHNEWEIS: And I assume those are counted in our total. So a closed bridge still counts as a bridge, yes. [LR318]

SENATOR DAVIS: So those would be counted as poor bridges then? Is that what I would...
[LR318]

KYLE SCHNEWEIS: They would be counted as closed. So, not...poor would mean still open to traffic, still safe, but in poor condition. [LR318]

SENATOR DAVIS: Okay. So that would be another percentage then that we would need to figure out. [LR318]

KYLE SCHNEWEIS: Correct. I guess it would be less than one. [LR318]

SENATOR DAVIS: Thank you. [LR318]

SENATOR SMITH: Senator Brasch and then Senator Friesen. [LR318]

SENATOR BRASCH: Thank you, Chairman, and thank you, Director. [LR318]

KYLE SCHNEWEIS: Sure. [LR318]

SENATOR BRASCH: You've hit the ground running very well. I'm hearing a lot of good things. Your Pennsylvania one contractor being the manager is interesting but a little concerning at the same time. You have...133 is in my district, Highway 133. There was a mistake made along the way, a piece is torn...I mean it's...contractors are almost perfect but not perfect. [LR318]

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KYLE SCHNEWEIS: Right. [LR318]

SENATOR BRASCH: On Highway 77 and (Highway) 32, that's one year behind. And as you know, I stay in communication with your supervisors regularly. [LR318]

KYLE SCHNEWEIS: I do, yes. They enjoy your visits. [LR318]

SENATOR BRASCH: I'm sure they do, (laughter) especially when the detours are under construction. I found that interesting. They send you another road that you can't pass on. But that's because the contractor is a year behind. So my concern of giving a contractor all the power, there is a lot of error... [LR318]

KYLE SCHNEWEIS: I think that...okay... [LR318]

SENATOR BRASCH: ...or some error. [LR318]

KYLE SCHNEWEIS: A couple of comments. [LR318]

SENATOR BRASCH: Okay. [LR318]

KYLE SCHNEWEIS: So I think it's important to note that we would have to work with the contract industry before we would ever try something like this. And I think when the Pennsylvania experience is one contractor but many subs. You don't do 558 bridges with one company. So it's almost a way to manage the program, the project in a sense. [LR318]

SENATOR BRASCH: But the contractor would be quasi-governmental. They're basically an administrator of a... [LR318]

KYLE SCHNEWEIS: In this sense, on those 25 bridges, that's correct, that's correct. [LR318]

SENATOR BRASCH: Okay. [LR318]

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KYLE SCHNEWEIS: So that would be one thing. On the poor performing concrete that you mentioned, so I...you know, I think that is something we're always trying to work with our contracting industry to improve on. One...those who I have talked to who have implored these sorts of partnerships that include a maintenance component have found that generally the product is as good or oftentimes better because now the way...the risk of maintenance is placed on the contractor as well. So that is one of the...when proponents talk about public/private partnerships, that's what they talk about. So an interesting, I guess, side note based on, you know, good question. [LR318]

SENATOR BRASCH: And you have good road supervisors, I'm not saying, but it's just that how complicated it could be to have one entity and especially a 25-year period. What assurances are built into that ... [LR318]

KYLE SCHNEWEIS: Sure. The legal contract is intense. [LR318]

SENATOR BRASCH: I'm sure of it. Thank you very much. [LR318]

KYLE SCHNEWEIS: Yeah, thank you. [LR318]

SENATOR SMITH: Senator Friesen. [LR318]

SENATOR FRIESEN: Thank you, Chairman Smith. Director, would you say that state, county, and local governments, one of their main core functions is infrastructure like roads? [LR318]

KYLE SCHNEWEIS: I would. [LR318]

SENATOR FRIESEN: So when we talk a lot, I mean, other states have done it, it's like you were saying, there's a lot of innovative ideas out there and you can talk public/private partnerships, bonding, creative financing and all this. And is all that doing is it just creating political cover for us so we don't have to raise the funds immediately to take care of the problem that we're supposed to be taking care of? I mean,...I can handle a blunt answer. (Laughter) [LR318]

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KYLE SCHNEWEIS: From my perspective, absolutely, fundamentally one of the charges of government is infrastructure. I also think that in today's times with higher expectations from the customer and the public, with the need for more innovation because dollars just aren't stretching as far as they used to that we have to explore some other options. So I think trying to partner, trying to innovate are absolutely the right approach. And if we keep our head down and just try to keep doing what we've been doing, I think we will have a hard time. [LR318]

SENATOR FRIESEN: I agree with the innovative methods and how we approach it. I guess when I'm looking at funding, it doesn't cost less to bond a project because you obviously have bond costs and those types of things. So I mean, the cheapest cost is to just raise the taxes, do the project, and get it done. We have trouble getting it done. And in the past, I agree, there's...I was on a city council. There was lack of maintenance, lack of effort to maintain that infrastructure until it falls apart. And then suddenly there comes a time when someone is forced to do it. I understand that. But, I mean, I guess what I'm getting at, the public/private partnerships I'm having a little trouble with because that's our responsibility to do. And we can get creative in financing, I agree, but we're just pushing it off until someone else has to deal with it. That's what bothers me. [LR318]

KYLE SCHNEWEIS: And I understand your concerns. And I think a couple, I guess, caveats, so I'm not a finance expert, so I think when it comes to financing and trying to figure out the ways to make it as cheap as possible I rely on folks with that expertise. In terms of public/private partnerships, there are many states that are using them and I think with success. Now, some will tell you they've had some mistakes along the way. And what I'm advocating for is researching where the successes have occurred and seeing if any of those pieces are worthy of implementation here. And not in a way that's irresponsible, and not in a way that is lacking in partnership and coordination with all of the affected parties. So I just think in today's time if you're not looking around and trying to figure out what's working in other places and seeing what's relevant for you then we might be leaving something on the table that could help us. [LR318]

SENATOR FRIESEN: Thank you. I look forward to working with you. I think you've got some great ideas. [LR318]

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KYLE SCHNEWEIS: I appreciate it. Thank you. [LR318]

SENATOR SMITH: Director, let me ask you, going back to the Pennsylvania model that you were describing, can you...do you know what the jurisdictional structure is of infrastructure in Pennsylvania? [LR318]

KYLE SCHNEWEIS: I don't, Senator, and I apologize for not...I am excited the project manager for that project is coming to the Department of Roads in a couple weeks to brief us on his experience. So I'll know a lot more in a couple of weeks. [LR318]

SENATOR SMITH: Yeah, and my train of thought on that is that, you know, we don't want to stifle all potential solutions being on the table. In Nebraska, we have this three-jurisdictional model, right? We have municipalities, we have counties, and we have the state. And sometimes it's easier to bundle, to do the lump sum, to do the design-build and such, whenever, there's one jurisdiction controlling everything. In this particular case, you know, it's going to be interesting to see that and we need to find how to adapt such a model to the structure we have in Nebraska, or are you suggesting that we change the model that we have in Nebraska? [LR318]

KYLE SCHNEWEIS: So, I'm not suggesting that at all. I think we need to explore what's happening and see what we can apply here. And I just want to say, as I've traveled around, I've sat in the office of several highway county superintendents, county public works folks, and these folks know what they're doing. They are doing the job as best they can, they're saving money on their engineering, they're saving money on construction. And I don't want to preclude that, because we need their expertise, we need it to continue. What I'm advocating for is figuring out if there's a way that makes sense for us to try to pool and bundle some of these projects together. And I don't think we want to take the...jump head first into Pennsylvania, I wouldn't suspect a new billion-dollar bridge program. I would suspect we might want to pilot something, work with some folks who are interested in exploring the ideas. I mean, if we can save 20 to 30 percent on every bridge, we should take a look and see what we can get out of it. [LR318]

SENATOR SMITH: Thank you. I appreciate that. You know, I really do thank you for participating in these hearings because, you know, infrastructure, be it, bridge repair, keeping our

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roads safe, making certain that our roads are functional for the farm-to-market traffic, whatever that is, and especially, and we're probably going to hear here shortly about expressways. Our roadways and our bridges are the lifeblood of our economy and our state. It's really important that we, you know, reduce this backlog we have of the obsolete and deficient bridges, get on top of the maintenance backlog that we have and get these expressways completed. And we have to have a sense of urgency to get that done. And I think I heard...maybe that was some of the frustration I'd heard coming from Senator Friesen. So I appreciate having everything on the table. And some people had to ask, well, why are we talking about bonding; why are we talking about infrastructure banks? I think the best way to find solutions is to put everything on the table and then to be able to sort through those and find what's the best solutions for...which are the best solutions for Nebraska? So, thanks for participating (inaudible). [LR318]

KYLE SCHNEWEIS: Well, thank you, and we at the Department of Roads look forward to partner. [LR318]

SENATOR SMITH: Senator Seiler, please. [LR318]

SENATOR SEILER: When you meet with Pennsylvania, I'd be real curious about whether they require a performance bond in that contracting, something to hold their feet to the fire. Otherwise, they take a bankruptcy and walk away from the shell corporation and you got all kinds of nightmares. [LR318]

KYLE SCHNEWEIS: Sure. We'll be asking a lot of these...well, my Attorney General friends will be asking a lot of questions from the Pennsylvania folks and so. The contracts are always complex and there's a lot of risk over 25 years. And so there's risk on the state and there's risk on the contractor and trying to find that balance is what you need an experienced negotiator to help you find it. [LR318]

SENATOR SEILER: Thank you. [LR318]

SENATOR SMITH: Senator Brasch, did you have more? [LR318]

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SENATOR BRASCH: Senator Davis. [LR318]

SENATOR SMITH: Okay, Senator Davis. [LR318]

SENATOR DAVIS: I just keep asking questions. [LR318]

KYLE SCHNEWEIS: Sure, sure. [LR318]

SENATOR DAVIS: LB84 designated a certain amount of funds for expressway completion, and what percentage of the total was that, do you remember? [LR318]

KYLE SCHNEWEIS: I believe it was 85 (percent), but...came to the state. Is that right?
[LR318]

SENATOR SMITH: It's 85 percent. I misspoke earlier, 85 percent. [LR318]

KYLE SCHNEWEIS: To... [LR318]

ERICH STRACK: Eighty-five total to the state; 25 percent to the expressway is right. [LR318]

KYLE SCHNEWEIS: Oh, I'm sorry, Erich. [LR318]

ERICH STRACK: Eight-five total comes to the state, 15 percent goes to the local. Eighty-five percent comes to the state and 25 percent of that is dedicated to the expressway (inaudible).
[LR318]

SENATOR DAVIS: So, in light of that question then, this chart that you handed out, is that based on those percentages? [LR318]

KYLE SCHNEWEIS: Sure. Yes. No. That...so, as I understand, those projects are advertised in our...are listed in our annual program book. Those are the same projects that have been in the program book for a few years. I would classify those as projects that we hear a lot about and that

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our constituents are interested in. And I wouldn't necessarily classify them as specific to that 25 percent. [LR318]

SENATOR DAVIS: So this order is in random order? [LR318]

KYLE SCHNEWEIS: I believe so. I believe so. I...yes. [LR318]

ERICH STRACK: It's order by (inaudible) highway, I think. [LR318]

SENATOR DAVIS: It looks like it might be from east to west. You'll be getting these questions in Scottsbluff when you get there. [LR318]

KYLE SCHNEWEIS: Sure. Well, and I appreciate that. You know, we have not done anything to try and prioritize projects after the first page. So I'm sure we are engineers at the Department of Roads, I'm sure there is an order to this. I cannot tell you what it is. But I'll be prepared in Scottsbluff. [LR318]

SENATOR DAVIS: Be prepared in Scottsbluff because you will definitely have that question. [LR318]

KYLE SCHNEWEIS: Thank you, Senator. [LR318]

SENATOR SMITH: Senator Friesen. [LR318]

SENATOR FRIESEN: Director, just a quick question. I asked earlier on a thing that was on the cities, do you guys...I know you have your projects all lined up years out. So if a project comes up that needs to be done, safety, for instance, an issue, a turn lane, something like that, do you guys have a pot of money set aside for doing the safety issues or how do you do that? [LR318]

KYLE SCHNEWEIS: Sure, sure, sure. Two answers to that, first is if we have a safety problem that's...if we have a road that's fallen in disrepair, washed out, bridges are washed out, we'll find ways to reprioritize to get those sorts of things done. We are always trying to analyze where our

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safety challenges are and try to program those projects in and we work with our local communities to identify those. There are other projects that I would characterize as opportunistic that come along that you can't predict, but I don't know that we always have the ability to get to. For me, those are the economic opportunity kinds of projects, trying to bring...whether it's recruit businesses or retain businesses. In most states that I've worked in, there is a set-aside program for economic development opportunities. And we don't have that here in Nebraska now. I've been told if you need a turning lane for a business and we can...if we can recognize that it has regional or statewide importance, we can try to work it into our program as soon as we can. The problem we get into is that sometimes what you need to recruit a business is not on the state highway system. It might be a rail spur into an industrial park, it might be on a county road or on a city road. And as I understand, and as the statutes have been explained to me in my time, we don't have the flexibility to try and put state resources to those kinds of projects. And I think that's where other states maybe have it right in terms of a set aside program. And it doesn't have to be a lot of money. Sometimes it's \$10 million a year that you set aside to try and help recruit and retain businesses; and if you don't need it, you don't use it on that. I've seen a lot of programs that are...I've been...I've helped set them up in a couple of states where you arrange it so that you can get to three-party agreements between the local jurisdiction, the state, and the business owner and you try to work out a deal in terms of who pays for what and don't worry so much about where it is if it's important to the region and important to the state. And so I think those are interesting models and things we should look into here. And I'm not sure if that's what you were asking me about, but I wanted to take a chance. [LR318]

SENATOR SEILER: (Inaudible) on that. [LR318]

KYLE SCHNEWEIS: Okay. [LR318]

SENATOR SEILER: Thank you. [LR318]

KYLE SCHNEWEIS: Yep. [LR318]

SENATOR SMITH: I see no further questions. Thank you, Director. [LR318]

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KYLE SCHNEWEIS: Thank you again. [LR318]

SENATOR SMITH: We now would like to hear from Dan Thiele from the Professional Engineers Coalition. Welcome. [LR318]

DAN THIELE: (Exhibit 6) Thank you. Good afternoon, Chairman Smith, and members of the committee. My name is Dan Thiele, D-a-n, last name, T-h-i-e-l-e. I'm here today in my capacity as president of the Professional Engineers Coalition or PEC. PEC is made up of the Nebraska Society of Professional Engineers, the Nebraska section of the American Society of Civil Engineers, the 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. Before beginning my testimony, I would like to...on behalf of the Professional Engineers Coalition thank you, Senator Smith, for all of your efforts on LB610 last session. Also, many thanks to Senator Friesen for prioritizing that bill. Because of that legislation, we are able to have these conversations about where we should go next, so I thank you both for your leadership. I want to thank you for the opportunity to speak today regarding LR318, the interim study on Nebraska's state and local roads system and funding mechanisms dedicated to state roads. In Norfolk, you heard from my colleague, Matt Kruse, fellow PEC board member. As you may recall, Matt's testimony focused on points 4, 5, and 6 of LR318. I'll try not to repeat Matt's testimony today. Rather, I would like to take a few minutes to focus on a couple of issues raised at the Norfolk hearing. One of the topics raised in Norfolk was design-build. Design-build is a very common project delivery method in the private sector and when properly implemented can result in modest cost savings and expedited delivery. There may be some instances where design-build is an appropriate delivery method for a specific public projects or groups of public projects. From PEC's perspective, it is important that the design-build process not overlook the importance of the design component. Quality engineering has been proven to lower life cycle costs to the project owners, in this case, the citizens of Nebraska. For this reason, all successful public design-build programs nationwide have utilized a qualifications-based selection process to select the design-build team. Of course, despite some advantages in specific circumstances, design-build should not be viewed as a panacea for the current condition of our roads and bridges in Nebraska. The funding gap is still large, and modest improvements in efficiency cannot close the gap. In order to complete more projects to

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improve our transportation infrastructure, the state, counties, and cities need more resources. On the topic of resources, I would like to address another issue raised at the Norfolk hearing which is bonding. We previously testified that bonding may be appropriate on a limited basis, particularly to complete long-delayed projects such as our expressway system. However, any bonding program should be paired with a new and dedicated, perhaps temporary, revenue source to retire the bonds. PEC fundamentally believes that the resources needed to pay off the bonds should be identified and not taken from existing funding. Without a separate and dedicated revenue source to pay off the bonds, a severe reduction in funding will occur once the bond proceeds are fully allocated and existing revenues are diverted to cover the bond payments. In fact, with the added maintenance from capital projects completed using the bond funds, the funding gap may, in fact, be worse than currently experienced. One other issue raised in Norfolk as well was an infrastructure bank. Much like our comments on bonding, PEC believes that new and dedicated resources would need to be used to initially fund the bank and to continue funding it. In the end, both bonding and infrastructure banks will require identified revenue streams that continue to fund these projects into the future. That said, an infrastructure bank may be an effective way for some cities and counties to leverage their funds to accelerate certain capital projects. Before closing, I would like to express the general position of PEC that current road funding is inadequate to maintain or let alone improve our transportation infrastructure at the state or local level. Furthermore, any changes or additional funding should be sustainable for the future and not a short-term fix. In this context, broader sources of funding that adjust with or are indexed to inflation are important. While the current fuel excise tax is effective as a user fee and likely will retain a significant role in infrastructure funding, it will continue to be eroded by inflation and by improved fuel efficiency, as well as the increasing use of alternate fuel vehicles. PEC applauds this committee for taking steps to address the reality that we are not keeping up with the needs of the road user. As a state, we have seen dramatic decline in the condition of Nebraska's roads and bridges over the last 20 years. And we would argue that the rate of deterioration will accelerate geometrically moving forward. So the need for improved funding for road and bridge construction is growing acute. So in closing, I would like to again thank you for the opportunity to testify today, and I will try to answer any questions that the committee might have. [LR318]

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

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SENATOR FRIESEN: Mr. Thiele, you just, at the end here, you mentioned alternate fuel vehicles. I do think they do pay a road tax that's probably proportional to a gas tax. So I was just curious if you had seen anything else that I had not...that I had missed in that? Do you think they do not pay a use tax? [LR318]

DAN THIELE: I don't know exactly what the use tax they pay is. I don't...I shouldn't comment beyond that because I don't know the absolute answer to your question. [LR318]

SENATOR FRIESEN: Okay. When you talk about engineering services, I guess, and when I think of efficiencies in our road system, first thing that comes to my mind is either you run heavier or longer trucks. I mean, freight in Nebraska being an ag state, there's a lot of freight that gets transported. So are we looking at...in the engineering end of it, do we design our bridges for a little heavier vehicles these days, or what are we looking at weight limits? Are we going to stay at the 80,000 pounds do you feel? Or is there something we should be looking at as far as the engineering end of it when we start designing roads and bridges that we have to take into account, and when you said efficiencies, is that heavier or longer vehicles? [LR318]

DAN THIELE: Well, we certainly know how to engineer a bridge or pavement for heavier vehicles. A lot of what we have has not been designed for a lot heavier vehicles, but...you know, the decision on how heavy...how heavy we should allow vehicles to get or do we put more axles under them, what do we do? I guess we don't have a specific position on that. But of course, we do know if a decision is made to use...put more axles and put heavier vehicles under it, we know how to design for that, we can do it, just got to tell us what you want to do. [LR318]

SENATOR FRIESEN: Costs dollars, right? Thank you. [LR318]

DAN THIELE: Yes, sir. [LR318]

SENATOR SMITH: Senator Brasch. [LR318]

SENATOR BRASCH: Since Senator Friesen went ahead and asked a question I thought I'll go ahead, otherwise I was...now, the Department of Roads also has engineers, correct? They're state-

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employed engineers working. How does your organization complement or work with the state? Are you with the contractors then? Where do you fit in here when you're here testifying for more roads? [LR318]

DAN THIELE: Thank you, Senator. We...PEC is a coalition of these various engineering groups. Each of these engineering groups represents individual engineers. The members are individual engineers. We do not represent engineering firms. Our members work for many private engineering firms, many public utilities, and for Department of Roads. So we don't have a dog in this fight, if you will, in terms of should you spend more on engineering. Obviously, we are engineers, sure. We... [LR318]

SENATOR BRASCH: Absolutely, yeah. [LR318]

DAN THIELE: But our engineers are all through these organizations and we're not advocating anything specific for that. But we have expertise in infrastructure. We drive on these roads; we live in Nebraska; we pay taxes in Nebraska; we have expertise on roads and it is our attempt to come here and share our knowledge with you on this important public policy issue. [LR318]

SENATOR BRASCH: And then when you had mentioned that a 20-year lag of roads funding, there is a 10-year period in there when the state was in a recession. I don't know if you recall that or not. [LR318]

DAN THIELE: Vividly. [LR318]

SENATOR BRASCH: Vividly. So we're looking at a period of time where roads were probably one of the things that we had to just endure because there wasn't any cash flow. So now we're looking at here and now and saying it's urgent. [LR318]

DAN THIELE: Yes, Senator, that's correct. And regardless of how we got here, I mean, it's not my intention to criticize any decisions of the past. But where we're at today and where we're headed in the future, today we're not keeping up with the...I don't want to say we're not keeping up with maintenance and imply we're not trying, we're not doing a good job, but the roads are

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deteriorating faster than we can keep up today. Our trajectory is the wrong direction still.
[LR318]

SENATOR BRASCH: Okay. No, I was just...great testimony, just trying to fit the pieces together on... [LR318]

DAN THIELE: And I'm just trying to explain what I mean by that. [LR318]

SENATOR BRASCH: Okay. All right, thank you so much. [LR318]

SENATOR SMITH: Thank you, Mr. Thiele. I think your points are well taken. And another factor, I think, is the continued increase in material costs of doing the repairs and the replacements. So, indeed, we have fuel efficiencies are improving and we have alternative-use vehicles, fuel vehicles out on the road. But we also have these increasing costs of making the repairs and building the roads and building the bridges. And that's where we're...that's also adding to our falling behind. [LR318]

DAN THIELE: Senator, I agree. The inflation in construction costs has been well documented and is very real. I would only caution that we need to be careful of any short-term adjustments. If you want to see real inflation, do a short-term program that everybody knows is going to end, that actually doesn't help the inflation curve at all. So sustainable changes are more the order of the day. [LR318]

SENATOR SMITH: Very good. Thank you for your testimony. [LR318]

DAN THIELE: Thank you. [LR318]

SENATOR SMITH: All right, we would like to invite Tyler Chicoine from the Associated General Contractors, representing Associated General Contractors. And again, I hope I didn't mess that name up too badly. Welcome. [LR318]

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TYLER CHICOINE: (Exhibits 7 and 8) Chairman Smith and members of the committee, I appreciate the opportunity to speak with you here today. I am here on behalf of the Associated General Contractors, Nebraska Chapter. My firm's name is Garcia Chicoine Enterprises.

[LR318]

SENATOR SMITH: I was way off, I'm sorry. (Laughter) And it was my legal counsel that advised me on the pronunciation. [LR318]

TYLER CHICOINE: Tyler, T-y-l-e-r, Chicoine, C-h-i-c-o-i-n-e. I'm here on behalf, really, of the AGC. The AGC is an association of Nebraska contractors who perform highway bridge and municipality utility infrastructure work. The primary focus of the association members include the promotion of safety and training, developing the industry workforce, and encouraging adequate investment in Nebraska's infrastructure. Specifically today, I want to visit about LB84, the county bridge situation that we have today, and also our funding issues. Nebraska highways and our county roads and bridges are the backbone of our economy and the quality of our life here. Infrastructure provides mobility and connectivity for all Nebraskans. Roads and bridges are the link from home to school, ranch to packing house, the manufacturing plant to the warehouse to the storeroom, and from our fields to the elevator. Importance of I-80 and our expressway system in Nebraska cannot be overstated, but we should also remember that while our more rural farm-to-market transportation system may not handle the high volume of people and vehicles, it does carry billions of dollars of agriculture products. Like to visit real quick about my opinion, what's very important and that is Build Nebraska Act, LB84. I was president of the AGC in 2011, right about the same time this bill was introduced, and then also supported by the Legislature. Leading up to 2011, the state of Nebraska revenues for roads is flattening. There was only enough money available to simply maintain our maintenance program, and we were lacking really at that. If you would look at our needs assessment, we are shortfall compared to what our needs assessment and we do that every year. There are no funds available for any new capital construction; no funds availability to build additional lanes, to take care of some of our crowdedness or even our potential hazards to our rural constituents. The expressway system was promised long ago to be completed and it's still not quite to that point today. Two thousand eleven, the Legislature passed LB84 and adopted Build Nebraska Act. Beginning in July of 2013, the act directed one-quarter of a cent of the state's existing 5.5 cent sales tax towards new

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construction, new capital improvements. The act is effective for 20 years and it is expected to generate approximately \$65 million a year. We've talked about the revenue where it goes from the Build Nebraska Act, that 60 percent is for high-priority capital improvement projects; 25 percent for expressways and federally designated high-priority corridors, and 15 percent for city and county transportation projects. Senator Smith, I can't stress to you enough the importance of Build Nebraska Act. These projects, they may get built; they may not get built, but with LB84, they will get built. You do have a handout in front of you that shows the tiers: Tier 1, Tier 2, Tier 3 over the next 20 years. When Senator Fischer first introduced the bill, I listened to testimony; it was the first time I ever listened, came into the Capitol and listened to the hearings and the discussion on the floor, and not that we missed an opportunity but originally the first part of the Build Nebraska Act was for a larger percentage. Looking back where we were in 2011, where we are today, take a look at where our price at the pump is today compared to what it was a number of years ago, we have the ability...we have the ability to make additional monies for our department and for our constituents for our roadways, we do. Whether it's in the traditional funding measures with the user fee and what we call gas tax, or whether it be with additional sales tax usage with LB84, those areas are there. One thing that we have to be concerned with though is what has happened in some other states, specifically neighbors to our south where those dollar amounts that the department or that the transportation departments have been promised or that they have been given are then taken away from them and leaves their program in shambles...these are their savings channels. So we need to make sure that we protect those dollar amounts that we're given for those construction projects--very important. One other thing that we really wanted to discuss is AGC recognizes that the policymakers, obviously, have tough choices to make about how Nebraska will pay for the roads. We support user fees; we supported LB610 as it steps towards raising the gas tax. It's important to keep all of our options open in the future. Across the country, states are making tough choices, legislators are making those tough decisions. Earlier this year, 24 states have either enacted or some form of transportation increases, whether it be gas taxes, whether it be bonds or other fee increases. Finally, myself and our AGC would like to convey the support for our new Department of Roads Director, Kyle Schneweis. We believe in support, his review of the department and to make needed changes to move the department forward. We look forward to continuing working with our department and helping them move into the next century. Wanted to visit just briefly about our county bridge program. Everybody that has come up here has talked about funding and bridges and it is a big

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problem in our state. Much of Nebraska's infrastructure is old. It was built mainly prior to the 1950s. Add in environmental factors like channel deepening and erosion, it's easy to see why the bridges are where they're at today. There's additional contributing factor and that's modern vehicles, agriculture equipment, tractor trailers, school buses, etcetera, everything is heavier than what it used to be. And we have some widening issues on those bridges as well. So I stress that we would like to take...have that be considered as a review and what we need to do in those areas. In conclusion, I thank you, Senator, for your support and this committee for the support, maintaining and preserving the infrastructure that we as Nebraskans have built and made the investment into and we look forward to helping you in your decision. Thank you. [LR318]

SENATOR SMITH: Questions from the senators? Mr. Chicoine, thank you very much for your testimony; and I do very much appreciate the private sector, the members of the Associated General Contractors for your role in building Nebraska. [LR318]

TYLER CHICOINE: Thank you. [LR318]

SENATOR SMITH: Couldn't do it without you so thank you. I think Mr. Chicoine's comments about the expressway system is a good lead into our last invited testimony from Josh Moenning, representing the advocacy group, 4 Lanes 4 Nebraska. So welcome, Mr. Moenning. [LR318]

JOSH MOENNING: (Exhibits 9 and 10) Thank you. Chairman Smith, Senator Gloor, members of the committee, thank you for this opportunity to be here before you again today. We greatly appreciated the chance for dialogue about two weeks ago in Norfolk. I think we had a good discussion. Senator Smith, thank you for sponsoring the interim studies that made this hearing possible. My name is Josh Moenning, J-o-s-h M-o-e-n-n-i-n-g. I am executive director of the group 4 Lanes 4 Nebraska. We are a business and industry association promoting the modernization of Nebraska's transportation infrastructure. And you met several of our board members two weeks ago in Norfolk. We have recently expanded our board to include Tony Raimondo, Jr, vice-chairman of the Behlen Group in Columbus; Carl Dickinson, president and CEO of Central Valley Ag in York; and Deb Cottier, director of the Nebraska Northwest Development Corporation in Chadron and a member of the board of the Heartland Expressway Association. I hope to introduce just briefly a new wrinkle in this discussion here today and that's

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the Nebraska Expressway System. Our organization's sole focus is finishing the 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 with 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 before you, 433 miles have either been completed or let for contract. Nearly 170 miles are left unfinished and unprioritized. Significant portions left undone are critical corridors including 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 the entire system was supposed to be finalized by 2003. Finishing the expressway system would not only fulfill a long overdue state obligation, 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. In a nutshell, just for that project alone, it is estimated that 1,300 new jobs would be created, \$145 million would be added annually to the state's GDP, and accidents would be reduced by 40 to 60 percent. We are excited to announce that York, Polk, and Platte Counties have recently joined us in commissioning an additional study with Dr. Goss on the economic and safety impacts of completing Highway 81. Under our current funding framework for roads, critical projects like Highway 275 and Highway 81 would wait another 10 years just for prioritization. Projects like the Lincoln Beltway and the Highway 30 and (Highway) 281 bypass here in Grand Island, even within the Build Nebraska Act, would wait another five years before any dirt is moved. Frankly, our state's transportation policies are as outdated as some of our oldest infrastructure. Other states have adopted innovative approaches to getting large projects done. We think these are worthy of exploring. For comparison's sake, a majority of states, 33 of them, use basic forms of public/private partnerships, like design-build agreements, like the one in Pennsylvania that we just heard about, to help more efficiently build roads. A majority of states, 34 of them, use creative finance mechanisms, like state infrastructure banks, as Director Schneweis mentioned, to fund large road projects. And a majority of states, 48 of them, allow the use of bonding to finance roads. We also just recently heard that Phelps County used bonding to build roads. Our cities, counties, and schools use bonding regularly to improve infrastructure. But Nebraska uses none of these strategies. If we are, in fact, serious when we talk about growing Nebraska, we need to be serious about investing in growth

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opportunities. None are more tangible than building out well-laid plans for transportation infrastructure. Finishing the expressway and Build Nebraska Act projects in a timely manner 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. As an organization, we have had many meetings and conversations over the last year and a half about innovative ways to complete the expressway system. We want to find solutions. We want to be partners. We look forward to continue working with you in exploring creative, responsible policy options for finishing the job on the expressway system. Thank you. [LR318]

SENATOR SMITH: Thank you, Mr. Moenning. Questions for Mr. Moenning? Senator Davis. [LR318]

SENATOR DAVIS: Thank you, Senator Smith. Thank you for coming. I appreciate you reaching out to the heartland; to update our map. [LR318]

JOSH MOENNING: Sure. Sure. [LR318]

SENATOR DAVIS: So you heard the professional engineer say if we're going to do bonding or an infrastructure bank, we need another revenue source to fill that hole. Do you have any suggestions on that? [LR318]

JOSH MOENNING: First, I guess I'd just say, kind of echoing Senator Smith's comments earlier that we think all options need to be on the table in terms of how we get this work done, so in terms of bonding, we think there are models out there. A bill introduced in 2014, yes, would have used part of the LB84 money, a portion of LB84 funds to pay off bonds. I think also part of that discussion...another part of that discussion could be looking at using the state portion of LB610 money to pay off bonds. [LR318]

SENATOR DAVIS: Have you visited at all or thought about any local funding sources? [LR318]

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JOSH MOENNING: Again, our group's focus is the expressway system. And of the opinion that was a statewide system put in place a long time ago and it was a promise made to Nebraska taxpayers that it would be finished by 2003. And we do see this as a state responsibility to get the job done. [LR318]

SENATOR DAVIS: And I respect you and I understand and agree with you, however, it may come down to is there going to be some locally input into it. And I just would urge you to consider it. [LR318]

JOSH MOENNING: Again, we think all options need to be on the table. And if that means a mechanism in which local governments agree to put some skin in the game, then that's another option, yeah. [LR318]

SENATOR DAVIS: Thank you. [LR318]

SENATOR SMITH: Mr. Moenning, I'm going to put you on the spot a little bit and ask you for your comments. I know we all heard some unfortunate news this morning that we're losing ConAgra corporate headquarters to Chicago. And I know we all want to protect jobs and increase jobs in our state and grow our economy. But put that in perspective with what we're asking to do with the completion of the expressway system and what that means for job creation and job protection in our state. And should we have the same level of focus on our expressway system and finishing that out and our local economies as we had with that unfortunate situation that we had earlier...that was announced earlier today? [LR318]

JOSH MOENNING: Yeah, I think in terms of economic development, one of the most tangible investments you can make in helping grow your state is in infrastructure and particularly when you have a 30-year old highway program that's unfinished. And there are several critical corridors of particularly high economic activity in which the work remains undone. So when you're talking about tangible ways of growing the state, adding opportunity, adding jobs, we firmly believe that finishing the expressway system fits the bill. [LR318]

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SENATOR SMITH: Thank you. Further questions? I see none. Thank you for your testimony.
[LR318]

JOSH MOENNING: Thank you. [LR318]

SENATOR SMITH: I look forward to seeing you at the next hearing. Just a quick process check here, we've been going about two hours now and there's been some great questions taking place up here with the senators and I appreciate that level of engagement. We're going to cut over now to the public portion of testimony on LR318. And I'm going to ask the committee clerk to...he's going to...whenever you get...let's try to hold the testimony to about five minutes just because we want to get through as many people testifying as possible. And when we get to the last minute of the five minutes, he'll probably hold up a little note over there that says "one minute." So if you could try to wrap up your testimony about...during that period of time, that would be greatly appreciated. We don't want to cut you off; we do want to hear from you, but that would help us to get through the remainder of the testimony. So I appreciate your patience with us on that process check. With that we're going to open up LR318 to any public testimony on this issue, and we would welcome you to come and provide us your testimony. Welcome. [LR318]

ARNIE OTTEN: Good afternoon... [LR318]

SENATOR SMITH: Good afternoon. [LR318]

ARNIE OTTEN: (Exhibit 11) ...Senator Smith and other senators. My name is Arnie Otten, A-r-n-i-e O-t-t-e-n and I'm from York, Nebraska. I'm a retired banker of 34 years. I'm here particularly to talk about finishing the expressway system. I've been working on this project for about 37 years now. I'm probably one of the remaining members of the Pan American Highway Association which is probably the oldest highway association in Nebraska. It was founded in 1911. It took in the states of Kansas, Nebraska, and South Dakota. And as of about 2010, would have been our hundredth year, but it kind of died in 2009 because at that time the state changed the requirements on traffic count on Highway 81 and they moved it up to 10,000 cars per day, I think is what it was. Anyway, at that time we got the bypass around York finished, but then it came to a halt because the state said the traffic count has to be 10,000 or more. So at that time,

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the organization kind of died because we thought it was hopeless. But today, I think we need to bring it back to life. The segments that remain undone is between York and Columbus, and also between Norfolk and Yankton. The history of U.S. 81 goes back to 1911 as I said. U.S. 81 was called the Meridian Highway and then was organized as the main street of North America. And that was designated clear back in 1911. At that time, Highway 81 was still gravel. And this which runs from north to south from Canada to Mexico, it also runs to the tip of South America. That's 14,700 miles from Winnipeg to Buenos Aires. And on the north in Canada connects to the Alton Highway that runs to Alaska. The four lane is completed from Winnipeg to Laredo, Texas, except for the two segments in Nebraska; 40-plus miles between York and Columbus and 40-plus miles from Norfolk to Yankton. It's time to make that priority and get it done. Nebraska doesn't realize how much potential business we are losing by not having (Highway) 81 expressway completed. Nebraska is the only state in the Union that does not have a north/south either interstate or expressway. So the traffic from the north to south on Highway 81 bypasses Nebraska on I-29. And the traffic that's coming from like the north or from the south and when you have travelers that are not familiar with the area, truckers or tourists, in today's technology we look at the GPS system or our navigation system on our car and what does the navigation systems all do? They take the fastest route which is always all four-lane highways. So that leaves Nebraska out when it comes to north/south. So if I can draw you a little picture of Highway 81 which starts at Winnipeg, Canada, and comes south; when you get to Watertown, South Dakota, it connects up with...well, actually it's I-29 down to Watertown and then (Highway) 81 would connect with (I-)29 at Watertown. But if you look at the map, I-29 gradually works to the southeast and it gets to Sioux City, Council Bluffs, St. Joseph, Missouri, and Kansas City, and then I-29 ends at Kansas City connects up with I-35; I-35 runs to Wichita, Kansas. Well, if you take a straight line from Watertown, South Dakota, to Wichita, Kansas, how many miles do you think would be saved instead of going I-29? Can any of you answer that question? It amounts to 151 miles difference. And if you're a trucker and you're driving a semi that gets five to six miles a gallon, can you imagine how many gallons of fuel he can save? So if that highway was completed across Nebraska, many of those travelers would come through Nebraska. And the revenue that would be generated from the gas tax and whatever and other economic development along the way would be similar to what has happened on I-80. So I-80 has proved to us that if you build the highway, the economic development does occur. So I would highly suggest that we should try and get this expressway complete. I'm also very interested in 275 and the other areas

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of the state which includes the expressway. Just a week ago, I went to Alliance, and there are a couple of guys here from Alliance, I intended to stay in Alliance, but there was not a motel room available in Alliance. And I asked the gal behind the desk, I said what's going on in Alliance? And she said, well, Alliance is growing and we have a lot of activity around here and we're usually booked up. So I went to Chadron and I was able to get a room there. But the interesting part, and I feel sorry for the people in western Nebraska that want to get the...oh, what is it called, Nebraska Heartland Express, I can see where that need is there. I was going to Rapid City, South Dakota, and when I hit the South Dakota border, there was a nice four lane running all the way to Rapid City. So I understand the need is there, as well as there is for many other parts of the state. But I really think Highway 81 which was designated many years ago to be finished should have been finished 13 years ago. And I travel that road probably twice a week because I grew up in Pilger, Nebraska, which is my hometown, which got blown away in a tornado a year ago, and I was a banker in Deshler, Nebraska, for 21 years. And when I moved there in 1977 is when I first got on the Pan American Highway Association, and I've been trying to promote this ever since. So I'm now 75 years old and I don't know if I'll see it finished in my lifetime. So I just want to encourage you to put this back on the priority list. I know it's going to be probably ten years or more before I see it finished, if it would be done by that time. And another area I'd like to talk about is this bonding of infrastructure projects. Being a banker for 34 years, I invested in many, many municipal bonds. They're a very good investment. There's plenty of money in the banks across the state that is looking for good investments. It's a tax-free investment. If you use good common sense, I see no reason why we can't bond. If you look at all the other municipalities, you have hospitals, schools, cities, airports, housing developments, sanitary improvement districts. Omaha wouldn't be developed if it wouldn't be for sanitary improvement districts. The Pinnacle Arena, I think they used bonds to finance that. So what would this country look like if we didn't use bonding? So I would just encourage you to do so. And I thank you very much for your time. And if you have any questions, I'd be glad to answer them. I left you with some history and information on Highway 81. And I would be glad to talk to any of you about that and thank you very much. [LR318]

SENATOR SMITH: Thank you for your testimony, Mr. Otten, appreciate it very much. Any questions from the senators? I see none. Thank you again. Next person wishing to testify on LR318. Any further testimony on LR318? All right, with that let's take a ten-minute break and

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then we're going to come back and we're going to continue on testimony on LR317. Thank you.
[LR318]

BREAK

SENATOR SMITH: Okay, we're going to resume the hearing on LR317. And just a refresher for everyone, LR317 is an interim study to review the Nebraska Rules of the Road and provisions which establish maximum weight limits. So with that, we will invite public testimony on LR317. Anyone...okay, we have someone coming here. Please come up and join us...sit down there. And just state and spell your name for the record [LR317]

JOHN SCHROEDER: Sure. [LR317]

SENATOR SMITH: And again, welcome. [LR317]

JOHN SCHROEDER: (Exhibit 1) Thank you. Good afternoon, Chairman Smith, and members of the Transportation and Telecommunications Committee. My name is John Schroeder, J-o-h-n S-c-h-r-o-e-d-e-r and I am here today representing myself and the Nebraska Cattlemen. Highway infrastructure is essential to the economic viability for business whether it is moving product to market, hauling manure to fertilize crops, harvesting feed and fiber, or feeding livestock, transporting goods occurs many times a day, 365 days a year for Nebraska's agricultural producers. We appreciate the committee discussing these resolutions at hearings statewide. After hearing from a number of members regarding concerns of overweight vehicles and confusion in the statutes outlining requirements for licensing and registration of certain vehicles, particularly those classified as implements of husbandry, Nebraska Cattlemen convened a task force in the fall of 2014. This task force was made up of producers, members from across the state that have significant experience in trucking and running that equipment. Much of the task force time was spent discussing that today's machinery is larger and constructed to carry heavier weights than are currently allowed on interstates as well as state highways and county roads and bridges. Many feed trucks, for example, are already overweight before they are loaded for feeding cattle. I'll reference the handout. So the base start on legal weights for Nebraska vehicles with a single wheel has got a 10,000 pound maximum; single axle load is 20,000 pounds; and a maximum

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tandem load is 34,000 pounds. And so if you go to that second slide, there's a MMI feed truck that's, in this particular one, a single axle. It's actual weight was 94,080 on the front axle. That factory is, you see, is 12,000, what it's GVW is and legally it's...you can only handle 10,000. We could put 12,000-, 14,000-, 16,000-pound GVW front axles on things, but it doesn't make any difference. It's 10,000 is all that can be utilized here in Nebraska. The rear axle on that feed truck is 23,300. The factory is 23,000 pounds from a GVW and legal is at 20,000. So the gross GVW on that...so that vehicle empty weighs 32,940 pounds empty. It's licensed...you know, it's GVW at the factory is 35,000, but it's legal at 30,000. So, you know, it's...this is an empty load and this truck is 2,940 pounds over empty for a gross vehicle weight. And this truck is 3,300 pounds over on its empty rear axle. And on a typical 16,000-pound load that we'd run, two times a day, 365 days a year, inside of our yard, they would be about 18,940 pounds over if you're going to be out on a county road. So that's a typical run now. The second example would be some of the trucks that...I utilize. It's a...there's a Rotomix there. That's another feed truck that you typically see in yards in Nebraska and cow/calf producers that have to feed their livestock through winter months. And that one you can see those front, rear and gross vehicle weights along with the factory settings and what the legal restriction would be. So again, this one is 1,320 pounds over on its gross vehicle weight empty. And it's 1,420 pounds over on its rear axle empty. So these are some of the concerns we run into. If you look at what it looks like on the next page loaded, this is a 17,500-pound load of feed that, again, is often fed inside the yard. You can see that we're 19,060 pounds over on gross vehicle weight every day and I've never broke an axle on a feed truck in the nine years I've been in the yard I am in today. And these have been used for many years before that, these 620s. So then you look at the last one, look at what a tractor and wagon is. And because I've got some of my guys in the yard that really like John Deere and some that like red, I didn't put what kind of tractor we had in the front there. But, you know, you can see that the front tractor on the actual weight is 9,060 pounds on the front axle of that tractor. The rear of that tractor was 27,460 pounds and the axle on that wagon was 34,000 pounds. So we had a gross vehicle weight of 61,420 and we were running with a tractor and wagon. And this was a 17,120-pound load of feed that's typically fed inside our yard. You can see by today's standards and, you know, 10,000 front axle, 10,000 rear axle...or 20,000 of the rear axle of the tractor, that would be with the two wheels, that would be a dual type situation. And the wagon, I would set there, would be 10,000; you only got a 40,000 pound GVW to work with. And so you look at those kind of issues, that's what the business we do every day. We've always been working with

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vehicles of animal husbandry in the past. But when we plant crops for fields and we harvest coming out of those fields, we're working with the vehicles of animal husbandry and implements and we're starting to see some of these be picked up. We've got a neighbor that got two \$2,800 fines for being overweight feeding his cattle just a quarter of a mile down the road, of which he owns both sides of the road and pays taxes on, on both sides of the road. I find that extremely offensive and against what we're trying to do. We've got taxpayers that got to have an opportunity to pay...to make wages to produce agricultural products in order to make that work. I guess just kind of work back through that, the other area of confusion that's conflicting is some different definitions of application, those definitions of certain ag vehicles. Specifically, these feed trucks and manure trucks being Rules of the Road is how they're defined under Nebraska law as implements of husbandry and not as motor vehicles. So these types of trucks are used primarily off highway, but may be used in a limited short durations to travel to and from satellite feeding areas or different fields for land application. Local officials treat these trucks as implements of husbandry and routinely dismiss tickets that come through their offices treating them not as motor vehicles is consistent with states surrounding Nebraska. There's definitely complexity amongst that. And it's also in its discussion, Nebraska Cattlemen transportation task force discussed policy additions in 2014. First was supporting standardized truck lengths and weights for vehicles used on federal, state, and county roads in Nebraska to allow increased gross weights in line with neighboring states. Secondly, support additional axles for livestock semi trailers to increase braking power and improve weight distribution to increase public and livestock safety while reducing stress on the roads. Third, we encourage an alternative regulatory structure for the permitting of feed trucks and other vehicles used for animal husbandry. And last, Nebraska Cattlemen opposes the policy of State Patrol and DOT of extended layovers of livestock and demand service extensions to allow cattle to get to a facility to receive proper care and feed and water during those times. In considering this alternative structure, Nebraska Cattlemen recognizes that heavier weights in trucks can cause some stress to roads. Nebraska Cattlemen members are willing to obtain additional permits if they were available to match the actual hauling capacity of vehicles. Other things that might be considered are allowing these vehicles to operate on any road in Nebraska. We want to talk about operating...using dyed diesel fuel, and claim exemptions under the MAP-21 provisions adopted in Nebraska in 2014. Nebraska Cattlemen are committed to working with legislation, appropriate regulatory bodies to make necessary changes to continue to keep agricultural products moving in the safest manner

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for those transporting the goods and for Nebraska's roads. We look forward to working with this committee in the future. Thank you. Any questions? [LR317]

SENATOR SMITH: Thank you, Mr. Schroeder. Senator Davis. [LR317]

SENATOR DAVIS: Thank you, Senator Smith. Thank you, Mr. Schroeder. Can you elaborate a little bit on the statement you made with regard to the State Patrol and extended layovers of livestock. Just give me the scenario so I know what we're talking about. [LR317]

JOHN SCHROEDER: So we've seen times where maybe cattle are coming out of state and get into some tough weather and they get to their hours of service and get stopped and they have to wait the additional ten hours before they can start back up again, and that time frame livestock are still on that truck, I just find that terribly...a terrible way to handle livestock. And we really would push that an additional hour to get someplace to where those cattle can be properly cared for is very appropriate. [LR317]

SENATOR DAVIS: And those are state decisions or are those federal decisions? [LR317]

JOHN SCHROEDER: You tell me. I think it's...there would definitely be some federal involvement in some of that, but I think it definitely takes support from state to work with that. [LR317]

SENATOR DAVIS: I completely, 100 percent behind you with that. But you know, you don't want to leave livestock on a truck. [LR317]

JOHN SCHROEDER: No. You wouldn't want to have people on a bus. [LR317]

SENATOR DAVIS: Right. Or on an airplane, which we've known that's happened. Thank you. [LR317]

SENATOR SMITH: Thank you, again, for your testimony; we appreciate it very much. [LR317]

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JOHN SCHROEDER: Thank you. [LR317]

SENATOR SMITH: Next person wishing to testify on LR317. Any further testimony on LR317?
Welcome. [LR317]

CHARLES NEUMANN: Thank you. Senators, my name is Charles Neumann, I go by Chuck. I'm a member of the Adams County Board of Supervisors. I'm a veterinarian in my past life and I'm also a livestock producer. Speaking now mainly as a member of the Adams County Board of Supervisors on these weight limits and how they affect the county roads, the gentleman before me mentioned getting additional permits, but that does not cover the county roads. We have a hard enough time maintaining our bridges that we discussed earlier and these heavier weights are not good for county roads. Now if the state or the livestock industry...I'm also a livestock producer, cow/calf herd, we feed some cattle. We like the...we don't like the prices right now, but it's really feeding America, feeding the world is a good deal. But I just...it kind of rubs me raw that we're trying to increase these weight limits on the roads when the roads weren't designed for this. And unless the state wants to come down and help us with our county roads and bridges a little more, which we would really appreciate, I could kind of go along with that. The former...I would agree with the former speaker on...I don't like leaving cattle or any kind of livestock on a trailer for an extended period of time. But I also don't like the fact that sometimes we'll ship cattle from, say, Florida to the Midwest and we don't calculate the time it takes and so we kind of fudge on them. But a long haul on cattle, and I think the other guy will kind of agree, is pretty stressful on them. I mean, it...past five or six hours, those cattle...12 hours is kind of the maximum, is getting to the point where it's inhumane to leave those cattle on a truck. But anyway, getting back to the weight limit thing, I just hope you in your wisdom help the counties a little bit. What you have on state roads that's up to you, but I'm concerned about our county roads and having people with this heavy equipment and heavy loads traveling on them. That's all I got. [LR317]

SENATOR SMITH: Thank you, Mr. Neumann. Senator Friesen. [LR317]

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SENATOR FRIESEN: Mr. Neumann, just a curious kind of...over the years, have you changed the engineering of any of your roads and bridges to take into account heavier equipment? What are you looking at in the future? Do you... [LR317]

CHARLES NEUMANN: You know, I'm not an engineer, Senator, but I...and I think we have a great highway superintendent and we try to follow the rules and regulations. And I guess if we're going to change the rules now and say, okay, we're going to go to 100,000 pounds or whatever, we better start designing our roads and our bridges now for it, right now. You heard the one gentleman from the highway department say how many bridges are poor or closed. That's a whole different thing. We got one that got wiped out in the flood and we're waiting on this Army Corps of Engineers deal...just open the dang...you know, put in a new bridge. The superintendent has all the materials, but we're waiting on the Corps of Engineers to put the dang thing in. But anyway, getting back...no, we have not, that I know of, redesigned the roads or the bridges. When somebody higher up the food chain than I am says, you guys better start designing bridges to carry 100,000 pounds or whatever it's going to be, let us know and then we'll start doing that. [LR317]

SENATOR FRIESEN: I'm just curious, because in the past I'm sure there are different specifications we're using as equipment has gotten bigger, I'm sure you've changed some of your thought processes on bridges. [LR317]

CHARLES NEUMANN: Sure, yeah, yeah. And I'm all for efficiency. I kind of liked the comment that was made earlier is, you know, if we got, in Adams County, if you got a bunch of 20-foot bridges, why didn't...we just say, well, here's a standard design for a 20-foot bridge. Why do we have to reinvent the wheel or reinvent the bridge every time we got to cross a little gully? Now if we're going to cross the Missouri River, probably have to redesign it. But going across a little gully or small creek, let's get a little more efficiency in here. And I know with heavier weights, that's probably an efficiency thing in one way. But in another way, it's inefficient when it tears the hell out of our roads and bridges. We had a...before I was on the board, we had a bridge there in Adams County and it was posted and it wasn't posted for as much weight as the guy was carrying, because it was a concrete cement truck and he got about halfway across and it went "quish" (phonetic). And they ended up paying for the bridge. But, gosh, let's...another

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thing, because I got the chair here for a minute, please, in your wisdom don't pass any more things down to the counties that we've got to pay for. And the Governor or you folks can say, you know, we're going to save you money...we're going to save the taxpayer money, but it's just an expense that gets passed down to the counties. And gosh, (inaudible). Anyway, that's all I got. Anything else? [LR317]

SENATOR SMITH: Senator Davis. [LR317]

SENATOR DAVIS: Thank you, Mr. Neumann, I completely appreciate your comments about livestock, and when I was in the livestock business and sold cows to California, I insisted they have a stop somewhere where they can get off the truck and feed and water them, which is the only way it should be done. You heard Mr. Schroeder talk about some of the changes that they would like to make and you are opposed to those because of the additional wear and tear on the county and no revenue for the damage. Is that correct? [LR317]

CHARLES NEUMANN: Sure. [LR317]

SENATOR DAVIS: So do you think it would be appropriate for the state to give counties some authority to assess a fee for overweight vehicles of that nature? [LR317]

CHARLES NEUMANN: You know, I'd have to think about that, Senator. But I...we have two pretty good size feedyards in Adams County. One is right over in Clay County, R Lazy K; and we've got...Gottsch's have one and then there's another 5,000-head feedyard. And I think overall we have a pretty good working relationship with the feedyards around. Like in the spring, the superintendent posts weight limits and they're all pretty obliging until the frost goes out of the ground. And I'm sure they would all love higher weight limits, but there's been not a...there hasn't been a big complaint when she posted the weight limits on the roads. But if they're going to do it, and if the Nebraska Cattlemen are saying this is a good deal, then maybe the Nebraska Cattlemen or the larger feedyards, I don't think you see it too much with the cow/calf guys, but you do see it with the large feedyards. And if they want that, then I think they should kind of chip in and help the counties pay for it. [LR317]

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SENATOR DAVIS: And that's kind of what I'm asking you. [LR317]

CHARLES NEUMANN: Yeah, I mean if they say, you know, if you've got a 50,000-head feedyard, can we assess you \$2 per head per year or whatever we come up with for putting a 100,000-pound trucks on our roads? But let's let them have a little skin in the game in fixing our roads. [LR317]

SENATOR DAVIS: And I guess the way I would envision that would be an optional thing If they wanted to do that. [LR317]

CHARLES NEUMANN: Sure. [LR317]

SENATOR DAVIS: But I wouldn't do it on the assessed valuation. I would say, if you're going to have this overweight vehicle and you're going to have it on the road, you're going to have to pay the county X amount of dollars, which you would have to determine. [LR317]

CHARLES NEUMANN: Sure. That would be my thing. I got six other board members, see what they think. [LR317]

SENATOR DAVIS: Sure. [LR317]

CHARLES NEUMANN: If the people want to run heavier...you know, if the state thinks it's okay for their highways and roadways and the federal government thinks it's okay, just as long as we get a little help maintaining these roadways that we're responsible for, that would be all right. [LR317]

SENATOR DAVIS: Thank you. [LR317]

CHARLES NEUMANN: Right now, I don't think there's anything with the permits that he talked about that the county gets any income from. [LR317]

SENATOR DAVIS: Thank you. [LR317]

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CHARLES NEUMANN: Thank you, sir. And I'd just like to thank all you gentlemen for serving in the Legislature. You don't get paid enough. [LR317]

SENATOR DAVIS: I was going to say we do it for the money, don't we? (Laughter) [LR317]

CHARLES NEUMANN: Your hours are long. [LR317]

SENATOR SMITH: Mr. Neumann, real quick question for you, and thanks for your testimony. So hearing the testimony before you and you heard some of the problems explained and some of the things they would like to have as changes to the current weight restrictions, from your...putting your commissioner hat on, is there any room for movement that you can see that can...any accommodations that can be made for the cattlemen, the farmers on some of these weight restrictions? [LR317]

CHARLES NEUMANN: None that I know of right now. We just finished this last summer or the summer before, I forget, time flies when you're having fun, but it was...put in a nice...we redid about two or three miles...two miles, I think, of asphalt to one of the feedyards. It was getting kind of tore up. But it...they did do their entryway, they put in a concrete entryway, so it would help maintain the life of the asphalt roadway and they've been very cooperative on their weights and everything as far as I know of. But I...you know, Senator, without having an engineer help me out and say, hey, this is what you could do or couldn't or this is what your roads are designed for, just off the top of my head I'd say, you know, we could sure come up with something, but I sure need an engineer...an engineer's help to say, okay, this would be the compromise or that type of thing there. [LR317]

SENATOR SMITH: So it comes...for you it comes down to the maintenance repair cost, the burden that's on the counties. [LR317]

CHARLES NEUMANN: Um-hum. [LR317]

SENATOR SMITH: And you believe there is a direct result of the weight limits or the exceeding of the weight limits and its impact on the conditions of the roads. [LR317]

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CHARLES NEUMANN: I do, I mean, I'm not an engineer, but the heavier the truck, I think, the more damage you're going to incur...wear and tear that the road is going to experience. Someone told me an 18-wheeler going down a highway is the same wear and tear as like 20 cars going down the highway. I don't know if that's true or false, but made sense to me. [LR317]

SENATOR SMITH: Thank you again for your testimony. [LR317]

CHARLES NEUMANN: Thank you. That it? [LR317]

SENATOR SMITH: Yes. [LR317]

CHARLES NEUMANN: Good. Thanks. [LR317]

SENATOR SMITH: Further testimony on LR317? Welcome. [LR317]

CASEY SHERLOCK: For the record, my name is Casey Sherlock, C-a-s-e-y S-h-e-r-l-o-c-k, elected county surveyor of Hall County, Highway Superintendent, GIS Director and Public Works Director. I represent the County Highway Superintendents of Nebraska on the board of directors for NACO and I'm also past-president of the Highway Superintendents and serve on the legislative committee. Thought you were going to get out of here without hearing from me again, but I do have a little bit I'd like to weigh in on. I had more things I wanted to talk about, but I don't believe anybody in this room would argue that placing more weight on roads and bridges would cause less damage. It obviously is going to increase damage. You asked the previous gentleman from Adams County of any suggestions or ideas on what we could do to help accommodate. One thing comes to mind is a little bit more length on some of the vehicles, more length, more axles, without increasing weight. There's three things that we battle with infrastructure and that's time, pressure, and elements. And while we can't do anything about time or the elements, we can do things about pressure. In this discussion, pressure is the continuous physical force exerted on our roads and bridges. And more weight, more pressure, more damage, and there will be consequences of that and it comes at a price. So I don't have a solution. I know that we live in an agricultural state. I know that it's very difficult to get your commodities to market; and as prices of those commodities fluctuates, lower prices, you have to haul more at

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once to make a profit and survive. So, maybe length, maybe that's the answer--length and axles. But I've seen this catastrophic type damage in Hall County. Back in 2011, we had manure haulers basically destroy a mile of county road. The estimate we had at the time was \$50,000 in damage. After we were done repairing the road and overlaying it, we were more in the \$150,000 to repair the road. One of the trucks was fined for overweight, it was a tandem axle manure spreader truck. The rear axles of the truck are...the maximum weight is 34,000 pounds. The rear axle weight set weighed 51,200. So he was 17,200 pounds overweight on those axles and was fined \$2,500 by the State Patrol. Obviously, those fines go to the school system. Counties don't get any of those fines. And if you were to divert those fines to counties, then you create a whole other problem and you're taking funding away from schools that they probably depend on. So no matter what, it's a no-win situation and it's not a difficult decision to make on any side. So I'd come up with an estimate based on if we increased weight limits by 10 percent, a study out of South Dakota indicates a 10 percent increase in weight limits would equate to a 46 percent increase in damage on roads and bridges. And I think the Department of Roads had come out with their preliminary estimate of something like \$48 million or \$49 million just by a 10 percent increase in the weight limit. And I don't know if the Department of Roads study included counties and cities or if that was just on the Department of Roads' system. But I threw some quick numbers together and I came up with in Nebraska counties \$42.7 million by a 10 percent increase in axle weights. And so it obviously increases damage, but we'd have to also figure out how to fund that. And right now I feel like we're moving at a backwards rate already. We're having a hard time keeping up with the way legal limits are right now. So adding to that is just going to put us further behind. Somehow we got to get caught up and then somehow we got to learn how...figure out how to move forward. Because, obviously, since the beginning of our infrastructure system in this country, vehicles and trucks and things have increased in weight and size. So, obviously, the engineering and design of those roads and bridges has also increased in weight and size. So we're probably at a pivotal point here, but we have to balance that somehow. And I think that that's probably all I have. Do you have questions? I'll try to answer them.

[LR317]

SENATOR SMITH: I'm going to start with Senator Friesen and come around this way. [LR317]

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SENATOR FRIESEN: I just...when we're talking about adding a 10 percent weight limit, and I'm not...I'm kind of...I mean, I run a semi, we run 80,000 pounds and I'm happy with that. But when they do these studies, do they take into account, like, in the ag sector, at least, I mean if you're going to go 10 percent over there would also be less trips? Is that taken into account or do you just looking at the 10 percent over on weight or...because I'd make fewer trips to town, it would be more efficient for me, but I realize there is more damage. But do the two balance out at all? Are you taking into account that there would be less trips across that bridge? [LR317]

CASEY SHERLOCK: I would bet the way a study would work is depending on how the person doing the study is evaluating how it should come out, or looking how it should come out. Obviously, you have a very great point there that less trips means less damage. And when you're typically looking at axle loadings and damage, it is the number trips, it is the number of trucks. And I'm trying to think from memory here, something like five empty trucks...five cars equals one empty truck or something. There's a tradeoff there; or one full truck at legal limit is something like 50 cars or something. So it's a number of passes and the weight together. So you should definitely analyze that in your study and I can't...in the studies I've read, I can't see that they have that in there in their study. But I do see that...they're analyzing, okay, this truck at 10 percent more weight at this time exactly on this one trip is 46 percent in the one study. [LR317]

SENATOR FRIESEN: How would the engineering on roads...like up in North Dakota when I was up there, I noticed that there were semis pulling the 42-foot doubles which makes for a really long truck. But as far as the damage to a road or bridges, how does that...does that...a big factor or is that...how do you look at that? [LR317]

CASEY SHERLOCK: If you're spreading the load out more, it's about pounds per square inch, so you're getting that load spread out more and causing less pounds per square inch on...in that specific loading area. And definitely helps on bridges where, you know, your...if you've got a relatively long bridge, you still have piers or abutments and piers and vents in between that's going to help distribute that load. So you wouldn't have the entire load in the same span at the same time. So by spreading that out, you're definitely reducing the amount of load on the bridge. But at some point, I don't know how much you could increase the weight and increase the length and still balance that to where you're equal to what it is today. [LR317]

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SENATOR FRIESEN: Okay. Thank you. [LR317]

SENATOR SMITH: Senator Davis. [LR317]

SENATOR DAVIS: Can you talk a little about gravel roads in terms of damage and overweight vehicles? [LR317]

CASEY SHERLOCK: Most of the damage I see with overweight vehicles on gravel roads, and obviously fixing a gravel road is much easier than fixing an asphalt road, but most of the time the damage I'll see is the subgrade and the base of that road will just go away. Have you ever seen a frost boil in the spring? It's similar to what happens with a frost boil. Frost comes out, turns to mush, it just turns to nothing and then you're back...you get so deep below the subgrade and then you're just to virgin soil with no compaction; because a lot of these county roads when they were built were built with elevating graders that you're just plowing through a field and they just took the sod and threw it on top of the sod and you built a road. So we've seen that a lot where you've got a thick layer of top soil and then you've got what was under the top soil in the ditch for your road top. And they didn't...when we build a road today, we strip the topsoil out, we go down before we start to come up; we go down and start compacting and build it up from there. Well, on these old county roads, there's very thin crust underneath the gravel...you would...maybe six to eight inches. Well, once you blow through that, it's over, there's nothing else there. [LR317]

SENATOR DAVIS: So with the new construction techniques, are they able to handle more of a weight load? [LR317]

CASEY SHERLOCK: The roads that we've been building the last ten years, yes, they are. They're the gravel ones. [LR317]

SENATOR DAVIS: So then when you have an overweight vehicle that goes across that, what's the impact on that? [LR317]

CASEY SHERLOCK: Of the ones we've been rebuilding recently? There is little impact. One thing you see with gravel roads and the reason for maintenance is you're basically bringing the

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material back to the middle of the road. The more traffic, the heavier traffic it beats that gravel out to the side and beats the road down and (inaudible) lose your crown. If you have a road that's...and we change that depending on what road it is, how much traffic, how much heavy traffic, you change how much crown you try to keep in a road. Just the other day, I was having a discussion with our engineer about a...Monitor Road, over here south of the Grand Island transfer station, we're going to rebuild the road. It sees a lot of truck traffic from the Grand Island solid waste transfer station moving product to the landfill. And that road is constantly beat down. And our standard county road cross slope is 4 percent. On that road, we're going to build it at 5 percent and hope to keep it close to 4 percent just because of how much the heavy trucks do beat that down. So while we...the road will be able to sustain it without completely going away, we do see an impact and an added maintenance of heavier vehicles. [LR317]

SENATOR DAVIS: So this was a paved road that had the \$150,000 cost? [LR317]

CASEY SHERLOCK: Yes, it was. [LR317]

SENATOR DAVIS: Was that posted? [LR317]

CASEY SHERLOCK: No, it was not. [LR317]

SENATOR DAVIS: So have you done that since? [LR317]

CASEY SHERLOCK: Well, we typically post roads in the spring when there is a spring thaw and we see problems coming. This was in February; it was prior to the spring thaw. And it's a road that goes to a cemetery; it's a mile and a half road just to a cemetery. Hall County passed a resolution some years ago to pave all roads to cemeteries, which is nice. It isn't built as heavy as, say, a Husker Highway or an Airport Road in Hall County. It was built to get vehicles to and from the cemetery. Well, they decided to use this road this one particular time...and I'm not faulting the local farmers and the local people for it, it was an out-of-town, out-of-county contractor that was hired to haul the manure. And most of the local people know what those roads are built to handle and they'll go around on the gravel. Well, this one, it didn't. And it wasn't weight restricted because we didn't see any signs that it needed to be at the time. [LR317]

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SENATOR DAVIS: A pretty heavy hit though for the taxpayers. [LR317]

CASEY SHERLOCK: It was, definitely. [LR317]

SENATOR DAVIS: Thank you. [LR317]

SENATOR FRIESEN: Senator Gloor. [LR317]

SENATOR GLOOR: Thank you, again, Casey, for your testimony. You may not have an answer to this, maybe someone in the audience can tell me when we adjourn, but I'm just curious about the vehicles that are described in here. They're obviously not sold just for the state of Nebraska. They're sold to be used across the United States, probably North America, probably worldwide, if there's enough demand for them. So are there other states that can handle that kind of a load...I mean, they're building them. Either when they build them they expect them to be used in yards, off-road, or there are enough states that can handle that kind of axle weight, wheel weight, do you know? [LR317]

CASEY SHERLOCK: Generally I wouldn't...I wouldn't have a very good answer to that. I do know they can build equipment to handle the weight; they can build it to...they can far exceed our road...the current condition of our roads. I believe our gravel roads can handle more weight, but there's also bridges on gravel roads that cannot handle the weight. So it's a very good question. [LR317]

SENATOR GLOOR: Sure. Just curious. [LR317]

SENATOR SMITH: Senator Seiler. [LR317]

SENATOR SEILER: It appears to me that what we're talking about here in all this, in both hearings, is that we build our bridges in the '60s on back and our farming has changed. Within the last seven years, I've noticed that you don't see a single tandem axle out in the field; you see two semis sitting out there. And that's changed, but our roads haven't. So now we're playing catch up. [LR317]

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CASEY SHERLOCK: Exactly, that's exactly it. [LR317]

SENATOR SMITH: Very good. Thank you, Mr. Sherlock, for your testimony. [LR317]

CASEY SHERLOCK: You're welcome. [LR317]

SENATOR SMITH: Further testimony on LR317. Any additional testimony on LR317? I see...we have one more, okay. Welcome. [LR317]

ANDREW GOODMAN: Thank you. Thank you for the opportunity. My name is Andrew Goodman, A-n-d-r-e-w G-o-o-d-m-a-n. And I represent the Iowa...I'm CEO of the Iowa-Nebraska Equipment Dealers Association which includes all of the farm, construction, industrial equipment dealers in the state. So as you know, we're dealing with the issue of transporting equipment of all sizes. I really have to go back and look at 150 years ago when the Land Grant College Act was passed in 1862. And from that period on, we had the most advanced agriculture in the world. The research, the study that we've done and the advances have just outpaced anywhere else in the world, in Nebraska and the United States. And up until about ten years ago, there was a period of 10 years to 50 years ago where there was tremendous increase in the size of equipment. As you know, over the last 10 years, what we've seen is tremendous advances in technology that affect how equipment operates, how seed is developed, how seed is planted, use, so many other things. And we're seeing these advances continue into the future. Part of the reason that we've been so successful in agriculture and producing food for the world is the United States is so far ahead of the rest of the world in infrastructure, in being able to transport not only the machinery but also the grain itself. But we can see where our infrastructure has come to a point where we need to do more building of that. Much of the infrastructure is old, as has been discussed earlier here. So we've really got a situation that we need to come at from several different directions. We know we need improvement in infrastructure. We also know that we need improvement in equipment and how we handle the transporting to make it effective and useful on the roads. Now, it was asked if any states have done anything in this regard. I think a good example to look at might be Iowa. And about 15 years ago, the Iowa Legislature passed a bill that does deal with some of these issues. And some of the items that were discussed in that bill and that it relates to specifically...the statutes now relate to specifically have to do with things

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like grain carts and large tank wagons and fence-line feeders, those particular types of things. So there is some structure that is available for you to look at. I think it is important to have all parties involved in this discussion, and I know that that's what you're trying to do. We'd like to be a part of that discussion. We also worked together with the Associated Equipment Manufacturers which is the major manufacturers that manufacture the equipment and they have offered some engineering resources available. And so there are things that we would like to help with as you work along with this issue. So I would be glad to take any questions you might have. I know the hour is getting late. [LR317]

SENATOR SMITH: Thank you, Mr. Goodman. Questions? Senator Davis. [LR317]

SENATOR DAVIS: I just have one, I think. Mr. Schroeder handed out this document, which you haven't seen, but it has a lot of feed trucks and things that are used primarily in feedlots. But my question is just...are these designed with dual axles...any of these? [LR317]

ANDREW GOODMAN: There are different designs of those. There are a variety of different manufacturers and that's where the engineering can come in, perhaps, to work with some of those issues. [LR317]

SENATOR DAVIS: Thank you. [LR317]

SENATOR SMITH: Any more questions for Mr. Goodman? I see none. Thank you for your testimony. [LR317]

ANDREW GOODMAN: Thank you, Senators. [LR317]

SENATOR SMITH: Well, I think...what I'm reading here we don't have any further testimony. I do want to just conclude by saying what we're experiencing in our state is not uncommon. A lot of states are experiencing this. The needs are great, the funding sources are few. And a lot of states are looking for solutions and there's no single...there's not a silver bullet, there's not a single solution to these types of needs, whether it's expressways or obsolete, deficient bridges or just a maintenance backlog that's occurring. And even with these weight restrictions and how do

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we balance the (inaudible), the need to keep our ag economy strong, but also protect our roads and not to see them eroded beyond what is needed for the normal traffic. So we've had a lot of great testimony. I appreciate everyone's participation. And I think it's through your participation in this process that we'll be able to come up with the smaller steps towards that larger solution. And again, appreciate the...Kyle Schneweis, the Director of the Department of Roads, as a participant in this process. So with that I think the hearings are adjourned for the day. I thank you very much for your time. [LR317]