

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

[LR317 LR318]

The Committee on Transportation and Telecommunications met at 1:30 p.m. on Thursday, December 3, 2015, in Room 1113 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LR317 and LR318. Senators present: Jim Smith, Chairperson; Al Davis; Curt Friesen; Tommy Garrett; Beau McCoy; John Murante; and Les Seiler. Senators absent: Lydia Brasch, Vice Chairperson.

SENATOR SMITH: For those of you joining us, please grab a seat. We're going to get started. And we have a full amount of discussion to take place today on LR317 and LR318. Again, welcome to the interim hearing by the Transportation and Telecommunications Committee. I'm Jim Smith from Papillion. I'm Chair of the committee. And I'd like my colleagues that are with us to introduce themselves, and then we probably will be joined by maybe another one or two here shortly. So we'll start with Senator Davis that just joined us.

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

SENATOR SEILER: Les Seiler, District 33, that's all of Hall...or all of Adams and the west half and the south half of Hall.

SENATOR SMITH: Senator Davis, I'm glad that you now just say 13 counties rather than listing them off. (Laughter)

SENATOR MURANTE: John Murante, District 49, Gretna and northwest Sarpy County.

SENATOR SMITH: To my right is our legal counsel to the committee, Mike Hybl, and to my left is Paul Henderson, committee clerk. And Paul will be taking your green sheets. Oh, actually, we have a page with us today. We're going to begin the hearing with LR317, and I do not expect LR317 to go very long. And then we're going to move on to the comprehensive study of our state and local road system, LR318. We were just joined by Senator Curt Friesen, and Senator Curt Friesen is from Henderson.

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

SENATOR FRIESEN: District 34, Hamilton, Merrick, Nance County, part of Hall County.

SENATOR SMITH: All right. Those wishing to testify today should come to the front of the room and be ready to testify in order to keep it moving. We have quite a few folks here today and I think we're going to have a full slate. If you are testifying, please complete the green sign-in sheet so it's ready to hand to the page when you come up to the table. And when you come to the table, if you would please both state and spell your name so we can have that for the record. We do transcribe and we want to make certain we get that name spelled correctly. After LR317, just to kind of let you know the process we're going to follow, following LR317 we're going to go to invited testimony. We have, looks like, about six or seven groups that will be represented by individuals that will testify in the invited testimony portion. Once we complete that, then we're going to open it up to public testimony. And let's see, with that, let's go ahead and get started with LR317. And LR317 is a study to review the Nebraska Rules of the Road and provisions which establish maximum weight limits for equipment. Do we have anyone wishing to testify on LR317? Please come forward. Welcome. [LR317]

ROGER HOY: (Exhibit 1) Thank you, sir, Senator. Senator, my name is Roger Hoy, R-o-g-e-r, last name H-o-y, and I serve as the director of the Nebraska Tractor Test Laboratory out on East Campus here at the UNL. And I'm really here today maybe just to provide some information on tractor loading that may be useful. I don't know, I have some copies if they could be...are these distributable? [LR317]

SENATOR SMITH: Yes, the page can take care of those for you. [LR317]

ROGER HOY: In the interest of full disclosure, I've been at the University of Nebraska as the director of the lab for a little over nine years. Prior to that I was a design engineer with John Deere, and prior to that I worked for a heavy-duty trucking and equipment supplier called Jacobs that builds "Jake Brakes," so I know a little bit about tractors. I'm not going to profess a huge amount of knowledge of heavy trucks today. That's been 20 years. But I was actually informed of this hearing by the Association of Equipment Manufacturers that represents companies such as John Deere, Case-New Holland, and AGCO, and they asked if I might be willing to take a look at this and share some thoughts. And in the document that I just passed out to you, I didn't want

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

to overburden anyone with data so I looked at four tractors that we've recently tested, three John Deeres and one Case. The three John Deeres really span kind of the row cropping area with the 7000 Series tractor and an 8000. Those are probably most typical found on bean and soybean type fields, farming operations. The John Deere 9620 I put in here and that's the largest tractor that John Deere actually makes. In fact, this test information is not yet published. It only completed its testing in our lab a week and a half ago. And then finally I included a Case 370, which is a large row crop tractor that Case-New Holland makes. When they come for testing at Nebraska, we don't test on soil for drawbar pull. We test on concrete. So these are the actual tires that those tractors were equipped with and I chose to take the heaviest axle. Normally with the row crop tractors that's the rear axle, but with the four-wheel drive where the engine is that's typically the front axle. And I have reported in the next column the number of tires that are carried on that axle and then the column labeled "Heaviest Axle Load Ballasted" is the actual weight that is on that axle. And I think I should point out that all of these tractors were ballasted. But except perhaps for the Case 370, none of these tractors in an unballasted condition would have a heaviest axle load of less than 12,000 pounds. So the following column is the condition during our testing, and so that's the load carried by each tire that you see and I've also included the inflation pressures that were used. The next column over says the max tire load based on 145 pounds per horsepower, which is really the heaviest guideline given to farmers for what sort of ballast weight should be added to a tractor, and that lower end of that is typically about 110 pounds per horsepower. So you could see that these tractors could be a little bit heavier. The 9620 was not equipped with a PTO, so I didn't have a number to report there. The next two columns come from the tire manufacturer, in all these cases Goodyear, where they give the maximum tire load that's allowed and the maximum tire pressure that is allowed. Following this is a published column from Goodyear that talks about the flat-plate contact area of these tires, so in this case the tire is actually tested with the maximum load and maximum inflation pressure to see how much of the tire is actually touching a rigid steel plate which allows us to calculate the maximum contact pressure in the next column. So you can see these numbers range from maybe a low of about 17.94 up to a high of about 26.73 pounds per square inch. The last column comes from a source I found that's "Truck Tire Types and Road Contact Pressures" that was presented by a gentleman named Pedro Yap as an invited presentation at the second international symposium on heavy vehicle weights and dimensions. He is also from the Goodyear Tire and Rubber Company and this was presented in British Columbia in 1989. I'm not a truck expert.

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

Perhaps there's something more recent available. However, the lowest maximum truck tire contact pressure that he presents is 175, and for some tire configurations he comes up with a number that goes up over 200 psi. So what I wanted to call your attention to is the difference really in contact pressure between a tractor tire and a truck tire. And I know you probably are going to have some expert roadway design advice here in this committee, and I don't claim to be an expert in that either, but as a simple engineer it would seem to me that degradation of the surface is going to be more a function of the contact pressure that the pavement has to resist rather than the actual force that the axle happens to be carrying. The other criteria I have thought about, and again I think somebody else in this room probably could speak far more knowledgeably about it than me, is a flexural stress that might be acted on. In other words, when a tire is dragged across a pavement, for example, it's...there's not just a normal component but there's a component tangential to the surface of the pavement, and I believe this would most likely be a concern with rubber track tractors. What I can tell you about rubber track tractors is that I don't really have any contact pressure area to present to you but I do know that rubber track tractors are sold for lower ground pressure than wheel tractors. I also know that on concrete, when we've tested a rubber track version and a wheel track version of the same tractor, there's no more than several percent of difference in pulling ability and such for it. I do believe from some field work we've done that the rubber track tractors become far more advantageous in wet soil conditions. But when one of these tractors turns, they turn by changing the relative speed of the two tracks. And in fact, if you're stationary, you can even spin one track in reverse and the other in forward to essentially spin on a dime, which created flexural stress. I was involved when I first came to the university about nine years ago with replacing our concrete test track and I went back today and I actually dug out the specs. I only have one copy. If the committee would like this, I would be happy to leave it with them. But in this document, we were not concerned about the contact pressure or the normal strength of the concrete. I think it's specified somewhere in here at 3625 psi, which is common. But all that was really tested were test beams to check flexural strength of the concrete. And our concrete specification, fully cured concrete should be able to withstand 750 psi of flexural stress. Now this concrete is stiffer. One of the engineers at the time told me it was about 12 percent stronger than what's normally used in interstate highway construction, so it's not totally a fair comparison. But at the same time, the specification we gave the engineers that designed this track was we wanted to be able to test tractors that can pull with 100,000 pounds of force, which would be a tractor that doesn't exist yet, with a ground-engaging

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

implement in the ground, you know. So I think for road transport conditions, there would be far less load than that and it seems to me that this would be one indicator that perhaps the turning of track tractors is not terribly damaging on pavement. I also want to make no representation about bridge strength. I'm just a simple engineer and I'm sure the problem is more complex than this. I'm not a bridge designer either. But it would seem to me that a tractor that weighs a certain amount of weight compared to a truck that weighs a certain amount of weight would have a similar effect on a bridge. So it seems to me that the bridge limits that are placed in place for on-road, I can't find a compelling reason why they should be different for a tractor. Maybe there's a point load argument by the axles being heavier, but I think someone else could testify to that. That's my statement, sir. [LR317]

SENATOR SMITH: All right. Thank you very much, Mr. Hoy. [LR317]

ROGER HOY: Yes, sir. [LR317]

SENATOR SMITH: Do we have questions from other senators? Now I'm going to just kind of...in my summary of what you've said in the expert testimony you've provided is that from a...I think from a manufacturer's standpoint, you're here, available to answer any questions we have about axle weight. But in terms of...your industry is overall in support of an exemption for these maximum weight limits on these vehicles. [LR317]

ROGER HOY: Well, I'm not actually representing the industry and I don't want to be construed as doing that. [LR317]

SENATOR SMITH: Okay. [LR317]

ROGER HOY: I'm representing the University of Nebraska. [LR317]

SENATOR SMITH: All right. [LR317]

ROGER HOY: My intent here is to hopefully provide you relatively unbiased information about tractors. [LR317]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

SENATOR SMITH: Very good. Very good. Any further questions? Senator Friesen. [LR317]

SENATOR FRIESEN: Thank you, Chairman Smith. I guess when I look at this chart, what strikes me is that when we do look at any kind of farm implements we're going to have to look at tire sizes if we don't look at a blanket exemption, which it looks like for roads, strictly roads, I would say a blanket exemption would be not a problem because of the pounds per square inch, how small they are. Bridges is a whole nother topic. [LR317]

ROGER HOY: Absolutely. [LR317]

SENATOR FRIESEN: When we look at tire sizes and stuff, we're looking at how many pounds per square inch and the damage to a road is very negligible. [LR317]

ROGER HOY: I think that's accurate and I think bridges are a separate discussion from roads. [LR317]

SENATOR FRIESEN: Thank you. [LR317]

SENATOR SMITH: Very good. Further questions? I see none. Thank you, Mr. Hoy. [LR317]

ROGER HOY: Thank you, sir. [LR317]

SENATOR SMITH: Appreciate your testimony. Others wishing to testify on LR317, LR317. All right. I was somewhat expecting to see someone from the Farm Bureau here, but I do not see them. So we're going to move on now to LR318. I want to have just some opening comments on that. This is our sixth in a series of six meetings to talk about comprehensive road study, and I appreciate all of those that are in the audience, particularly Director Schneweis--I think he's been with us all along this path--and the members of the committee for participating in this interim study. We've heard a lot of discussion on this. As everyone knows, we have a lot of diversity in our state. We have three jurisdictions of highway responsibility--the cities, the counties, and the state--and all three have great needs. And we have a lot of diversity as well as to what those needs are. We have the ongoing maintenance requirements and that's extremely expensive. But

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

on top of that we had discussion this last session and we're going to hear more of it today about the bridge needs that we have in our counties. And the counties certainly need some relief to be able to get those deficient and obsolete bridges repaired or replaced. And then finally one of the more hot topics has been expressway systems and we have beginnings of a very good expressway system in Nebraska. We're about two-thirds finished and we have about a third yet to go on designated expressways that were introduced back in 1988 with LB632. I think what we've heard loud and clear to date has been that we need to step up the construction and completion of the expressway system, but the devils are in the detail as to how do we get that done. But I think all would agree that it's the lifeblood of our communities and it's a huge economic driver to our state. And so again, I appreciate the testimony today. And we had a needs study earlier today, this morning, and Director Schneweis was at the table and he laid out for us very well the needs study for Nebraska, and I will tell you that everything that I've heard from Director Schneweis I would have to say I'm in near complete alignment with where he thinks we need to go as a state and how we can address our needs. But we're going to finish out the hearings today and I'm looking forward to our committee working with the director and the Governor going forward to put together a good plan for moving our state forward with meeting our needs, completing those expressway systems, and repairing and replacing the needed bridges. So with that, we're going to change things up just a little bit. We have a special guest with us that is...needs to catch a flight and so we have three folks I'm going to introduce and they are representing the same testimony from the 4 Lanes 4 Nebraska group. We have Dirk Petersen from Nucor Steel, and Dirk is going to introduce that guest for us. And then I believe on the heels of that we will hear from Mike Ayars from Ayars and Ayars Construction who's working with Dirk Petersen and his special guest on a project. But the reason I'm asking them to go forward, we heard from Director Schneweis earlier today the impact on the economy of having a completed and effective expressway system. It's very important to our economies in our small communities and throughout Nebraska. And in some of these hearings it's been...the questions have been asked as to what type of an impact does a four-lane highway have on the location of a new business in one of our communities. And so that's what we're going to hear from in our first testifiers today. So I'm going to invite...I believe I'm going to start with Dirk Petersen from Nucor Steel that's going to make his introductions. And generally speaking, for the invited testimony, if we can hold it to roughly 10 minutes, I'm not going to call, you know, call anyone on it, but right in that

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

neighborhood, about 10 to 15 minutes on the invited testimony so we have plenty of time for the public testimony. Welcome. [LR317 LR318]

DIRK PETERSEN: Thank you, Chairman Smith. My name is Dirk A. Petersen, it's spelled D-i-r-k, middle initial A., Petersen, P-e-t-e-r-s-e-n, and I'm with Nucor Steel in Norfolk, Nebraska, and also with the 4 Lanes 4 Nebraska Coalition. And I appreciate the opportunity to testify today. You've heard from me before so I'm not going to go into a lot of details and repeat other things that I've already talked about, so I'm going to focus today on a new business that's coming into Norfolk and my function up here is to pretty much just introduce this. We, up at our steel mill in Norfolk, we have the ability to produce, through recent expansion, 1.2 million tons of steel. And actually, what our rolling mills needs from the melt shop is about 900,000 tons, so I've got extra capacity of 350,000 tons that I needed to have somebody use. So recently we were informed that there was a possibility of a seamless pipe mill locating in the state of Nebraska, so we got in contact with an individual by the name of Charley Havens and he is the primary owner of OCT Pipe and has been...he'll explain a little bit to you his background and such but...from the oil and gas industry. So the primary focus that I had was to sell 350,000 tons of billets to him. And so I invited him up to come to the steel mill in Norfolk and gave him a tour and went through all that process. But in the conversations, come to light that maybe we had a possibility of even locating his pipe mill in Norfolk as opposed to somewhere else in the state or maybe even in another state in the area, because he wanted somewhere in the Midwest. So what it boiled down to, and infrastructure was a very key component, of course, because with 350,000 tons of pipes, you've got to be able to ship them somewhere. So primarily he's going to ship pretty much around the country. But when we talked about it, obviously the steel mill was a huge reason why he wanted to locate in Norfolk. The community is also very business friendly. But the big...one of the bigger questions on the board was, hey, what have you got for infrastructure to move the material out of here? We can make it, yeah, we can get it done. We've got the raw materials to get it done. We can make the pipes. We've got the technology to get it done, but how are we going to move it? So that boiled down to rail, and we do have a great site up there, a rail siting, a piece of property with the rail there. And the other question he asked about was four lanes and getting the material out, it primarily coming down 275 to get to the east, 275, and through testimony you know that there's 47 miles that doesn't have four lanes getting to Omaha. And the other one would be going down Highway 81 to York and moving on down to the south.

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

And I told him that I was not quite 100 percent confident but very confident in the leadership in this state and our ability to get this done, that we're going to have these expressways done, especially those two roads that he needs. And that was I guess the last item that he needed to know. So he has committed to bring a business into Norfolk, Nebraska, into the state of Nebraska, and he's going to explain to you what that means to the state of Nebraska, what it means as far as the amount of employees, amount of dollars, amount of revenue, all that good stuff that we need. We need these, we need these and I think it's an extremely good example of why infrastructure, roads are so important to economic development in this state. And this example is probably as good as any example I could probably think of. So with that, I'd take any questions. [LR318]

SENATOR SMITH: Thank you, Mr. Petersen. Do we have questions from anyone on the panel? I see none. And would you like to introduce your guest to us and (inaudible)? [LR318]

DIRK PETERSEN: Yes, I would like to introduce my guest. This is Charley Havens from OCT Pipe in Texas. [LR318]

CHARLEY HAVENS: Thank you, sir. [LR318]

SENATOR SMITH: Welcome. And we're going to have you spell your name for us. [LR318]

CHARLEY HAVENS: Thank you, Senator, appreciate it. I'm Charley Havens with OCT Pipe. That's H-a-v-e-n-s. Dirk took a lot of my firepower here, so we'll make it short for you, Senator. We picked Norfolk because it had all of the options that we needed to build our plant. We've been to five, six other cities and we finally settled down in Norfolk and with the help of Dirk. And so the main reason that we did that was because of Dirk and we were very close to his as a supplier. One of the things that we need after we manufacture our product is we move it by rail, but we're going to have about 15 to 20 percent of the product which will be moved by truck. And we're not used to two-lane highways to put these 18-wheelers down and for the simple reasons that everybody else here is talking about, is safety and time. So we don't like that. But Dirk assured me that we would be there and we will probably have the plant built before he gets the 275 for me. But at least we got started. It's a big...it's going to be a big undertaking for us. The

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

building is going to be a little over a million square feet. We're going to put out roughly 300,000 megatons of steel pipe a year. We'll have 185 very good qualified labor people and which right now that's about \$13 million worth of payroll a year. So we think we're bringing a good product. We're proud to be there. Everybody has worked with us. And I think he has covered everything and I have read some of your previous hearings that you've had so I'm not going to beat you to death on that. But I think the one thing that I noticed, and it may be a touchy subject here, is projects that are this big, I think you're going to have to look at some bonding or some other way. We do that down in Texas a lot. We use a lot of bonding for larger projects. We can do some big funding but it's a necessity. And I don't see how you're going to get it done without it, okay? That's just my opinion. But anyway, that's all I've got and I won't waste any more of your time, Senator. I appreciate you guys giving me time. [LR318]

SENATOR SMITH: Thank you, Mr. Havens. Let me ask you real quickly, 15 to 20 percent of your product being moved by truck, how many trucks is that a day on the road do you think? [LR318]

CHARLEY HAVENS: I don't know. I really don't know. It's probably...probably will be three trucks, three, three trucks probably a day. [LR318]

SENATOR SMITH: Per day. [LR318]

CHARLEY HAVENS: Yeah, we're moving about 18 rail cars a day, so you could back into that, but it would be about three trucks. [LR318]

SENATOR SMITH: All right. And so if you had been told that there is no chance of that two-lane being expanded, probably with two or three trucks a day probably would not have completely influenced your decision but would have made an impact on your decision. [LR318]

CHARLEY HAVENS: Yes, it would. Yes, it would because there's some changes that come. If pricing changes or rail prices go up, then we're going to use 50 trucks. [LR318]

SENATOR SMITH: All right. [LR318]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

CHARLEY HAVENS: And so I would take that into consideration, yes, I would. Yes. [LR318]

SENATOR SMITH: Okay. Very good. Do we have questions from the other senators? I see none. We really appreciate you investing in Nebraska and selecting Nebraska to build your new plant. When is it...when do you expect it to be completed and on-line? [LR318]

CHARLEY HAVENS: We're shooting now for July of 2017. It's about an 18-month build. It's a big project. [LR318]

SENATOR SMITH: Okay. All right. Well, fantastic. Again, thank you for your investment and your interest in Nebraska. [LR318]

CHARLEY HAVENS: We're glad to be here. Thank you, Senator. [LR318]

SENATOR SMITH: All right. And we now move to Mike Ayars, Ayars and Ayars. Welcome. [LR318]

MIKE AYARS: (Exhibits 1 and 2) Welcome. Thank you for the opportunity be here. My name is Mike Ayars, spelled A-y-a-r-s. I have a couple handouts. It would probably be best just to wait just a second. [LR318]

SENATOR SMITH: Okay. [LR318]

MIKE AYARS: Senator Smith, I did a little math and if it's 15 percent of our volume moves out on trucks, that's roughly 12 trucks a day. [LR318]

SENATOR SMITH: Okay. [LR318]

MIKE AYARS: Okay? That was quick math from the back row. (Laugh) [LR318]

SENATOR SMITH: Okay. That's all right. [LR318]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

MIKE AYARS: Okay. [LR318]

SENATOR SMITH: And I know we've had testimony, previous testimony, about the other number of trucks from the cattle feeders to... [LR318]

MIKE AYARS: Sure. [LR318]

SENATOR SMITH: ...Nucor and others, and I think we're well into the hundreds of trucks on that road each day. [LR318]

MIKE AYARS: Okay. In front of you, Senators, I have a couple of handouts. The first one has a front...both have a front and a back, but I want to speak on the front, is the location. This is just a map of the city of Norfolk that locates in the upper-right corner the Nucor Steel mill facility and then just down the road, highlighted in the red is the OCT Pipe mill plant that we're fortunate to be working on with Charley, just to give you a little recognition of the physical nature of the facilities. We're locator connected by rail, and so really a fortunate scenario from OCT Pipe's standpoint is we'll receive a daily shipment of rail steel from the plant and then we're going to send out product east, west, north, and south from that location. If you flip over to the back of the picture, you'll see what Charley had addressed. Our site is a 107-acre site. It has rail access on the left-hand side of the page. That's on the west side. The building itself is a little over 1,200,000 square feet. I always describe that like this. Stand on the corner, look two blocks in one direction and six and a half blocks long, because that's how big we are. So it's a very large facility, handle a lot, a lot, a lot of material. So that quickly is the OCT Pipe facility. We are presently in the dirt-moving stage and we have 730,000 yards of dirt to move, so we're working hard. But construction, in that respect, has started. Okay? The second handout I have for you is a little bit about experience of a four-lane project that I had back in the '90s. I worked on the four-lane project from Beatrice to Lincoln, and I wanted to share with you the success of that project. Again, that project took generally two years to work through the Legislature, another four years for complete design and construction. But if we flip over, I want to talk about the success of that project. I'm involved in a development to relocate the community hospital in Beatrice. We did an extensive search of the community and elected to build the hospital on the north edge of Beatrice as it ties into Highway 77. The thought there was to create a health campus for the community

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

for southeast Nebraska. To date we've built the hospital, so it was built about five years ago, and then this last year there was an addition put on to the hospital to extend their space. And currently under construction will be a new dialysis facility for Beatrice. And again, the highway was really the driver to locate this new health facility in Beatrice. Okay. I'm open for questions. [LR318]

SENATOR SMITH: Questions for Mr. Ayars? [LR318]

MIKE AYARS: Thank you. [LR318]

SENATOR SMITH: I see none. Thank you very much for your testimony. And again, our purpose in hearing from the 4 Lanes folks was to kind of put things in perspective as to what the impact of infrastructure has on economic development for our state. We now would like to invite Pam Dingman, Lancaster County Engineer, and Ms. Dingman will be representing the Nebraska Association of County Officials. Welcome. [LR318]

PAM DINGMAN: Pam Dingman, Lancaster County Engineer, 444 Cherrycreek Drive (sic-- Road). My last name is spelled D-i-n-g-m-a-n. I would like to thank the senators for their time in researching our infrastructure needs. It takes leadership to boldly step forward and look for innovative solutions to difficult problems, problems such as infrastructure funding deficiencies that have historically existed and been documented in Lancaster County for nearly 100 years. As Lancaster County Engineer, I have the honor of serving a very diverse population, from the urban fringes of the city of Lincoln to the very rural areas with humble dirt roads. The needs across the county are very diverse, from the Saltillo Road corridor, that has nearly 8,000 cars a day, which has become the most deadly corridor in Lancaster County, to the closed bridge on West Pioneers with less than 100 cars a day that has caused school buses and farm equipment to have to use alternate routes. Lancaster County has approximately 270 miles of paved road of which 80 miles are in need of asphalt overlay. We have 26 miles of gravel road with traffic counts that justify paving. We have approximately 300 bridges of which 95 are older than 50 years, which I will boldly state makes them functionally obsolete when carrying the weight of today's modern farm equipment. Some of these bridges were purchased as surplus from the state. Some of them were built on spread footings from cut limestone from the Lancaster County

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

quarry with WPA labor. Some of them were constructed with timber, which has a very short life span. In fact, Lancaster County's last bridge constructed of timber in 1979 cost just \$500. But since then Lancaster County has spent nearly \$45,000 repairing and keeping this bridge open in order to give the city of Denton access to their well field. Prior to the flooding, we had nine bridges that were in need of replacement. Lancaster County has not constructed a new bridge in three years. This spring I plan to construct one. After the flooding, we have 28 bridges that are in critical need of repair and a total of 90 bridges that were damaged. This budget year the Lancaster County Commissioners courageously increased my maintenance budget by 50 percent or \$4 million. This was prior to the flooding. So prior to the flooding I had plans to get caught up on my maintenance overlay and my bridge maintenance. However, since the flooding which created more than...created approximately 1,800 locations of road damage and critically damaged 28 structures, with a total of 90 structures having scour damage, we have a cash flow problem in the county. And in fact, we don't expect to be reimbursed for FEMA for several years to come. Of the \$4 million in damage that I estimate I have, I've currently been approved for reimbursement of just \$16,000. Humbling. In order to meet our needs today, Lancaster County would have to raise property taxes by more than 10 mills. Needless to say, this is not an option. History over the last 100 years shows that every 20 years there's a surge of infrastructure improvements. However, it appears that we missed the last 20-year cycle. Our infrastructure did not get to the current state it is in, in a short period of time and it will not take a short period of time to fix this problem. It has been said that we are in need of an innovative solution. I believe we need Nebraska innovation. I believe that we need to look for efficiency in our government and our governmental organizations. We haven't talked about this before. But in order to do this, we must direct as much funding as possible to infrastructure. Through modernization and efficiency, I have reduced my staff 5 percent the last budget year at Lancaster County. This year I will reduce it an additional 5 percent. This will allow me to direct an additional \$1 million to the building of infrastructure and improvements of infrastructure. We need to incrementally increase funding to infrastructure while encouraging Nebraska-based companies to do Nebraska work. There are lessons to be learned from the implementation of large program-managed systems that bring in companies from out of state, draining the money from our state and creating a void in the skilled work force of our future in Nebraska. We need to come up with a system that keeps our money in Nebraska so it can be re-spent again and again in Nebraska. We need to understand that there is not a quick fix to our infrastructure problem. We did not get here overnight. Many of

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

our projects would take years just to permit through the federal government. And what I'd like to boldly state is that with this duration of time, many times it's difficult to compress these schedules. In essence, you can't have nine women make a baby in one month, right? I'm probably the only engineer in the room that could state that to you. (Laughter) But I just want to encourage us to move forward in a thoughtful way that, one, keeps our money in Nebraska and, two, I think we need to acknowledge that there is not a quick fix here. There is a process and a procedure so that we don't end up spending the money of our future. Thank you. [LR318]

SENATOR SMITH: Thank you, Ms. Dingman. And I applaud you for working to control your costs so you can put more money into the construction of roads and bridges directly. But you said your payroll reduction, about 5 percent. With all your other efficiency improvements, what do you think is a realistic figure as to how much you can fund...increase funding for roads and bridges through efficiency improvements? Is it between 5 and 10 percent? [LR318]

PAM DINGMAN: You know, it's humbling to state as engineers that we like to repeatedly do the same things time and time again, and I think the engineers of past generations could learn how to do something one time and continue to do it the same way for the rest of their career. The engineers of my generation and the future generations can no longer afford to do things that way. So with technology and technology improvements, you know, GPS and the computers and design improvements that have happened, I think that we can really look at our systems, and if we look in our own organizations we can find 20 to 25 percent efficiency. That's my goal for my term. [LR318]

SENATOR SMITH: Okay. Thank you very much. Questions? Senator Davis. [LR318]

SENATOR DAVIS: Just a couple, and we visited a little bit about this before. So with regard to the flooding this spring, you're talking the Memorial Day flood basically. And you have...have you submitted everything to NEMA that needs to be submitted to them? [LR318]

PAM DINGMAN: So we have repeatedly submitted our documents to FEMA. In fact, at Lancaster County what I really sought to be is the example for the state of Nebraska on how to efficiently submit data. So with nearly 1,800 points of damage, what we did, we have a very

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

intricate GIS system in Lancaster County and then, in addition to that, our supervisors in the field carry tablets with them so they're being tracked GPS-wise. So every time they took a photo of the damage in the field, we had a latitude and longitude of where that photo was. So we took before and after photo shots. And then in addition to that we associated our labor with that location as well as our materials, and we've submitted that to FEMA in a database. We since have been...we since have learned that the FEMA representatives that came to Nebraska, one, didn't come to Nebraska with any computer systems. So I made room for them on our work floor so that they could do their paperwork on our work floor, on Lancaster County computers. We then later determined that they did not have the ability or know how to use spreadsheets even for simple manipulation of spreadsheets. So we continue to work with FEMA to try to get them the data, but it has been very painful. [LR318]

SENATOR DAVIS: And do you have any idea...have they given you any type of schedule as to when you can expect payment? [LR318]

PAM DINGMAN: Well, so in September they promised me that our, what they refer to as, PWs would be complete by November 20. In November they promised us that they would be done by December 18. We still have just two of them that have been complete and those two cover merely the first 30 days of damage. So we continue to work with them. I have told them that I will not acquiesce, mainly because the taxpayers of my county cannot afford to pay for this damage. [LR318]

SENATOR DAVIS: So I'm going to say you're probably on the cutting edge in terms of the resources you've devoted to that as opposed to other counties who don't have the ability to do that. So they're probably a lot farther behind, although their needs are just as significant. Is there anything that the Legislature can do to help spur FEMA and NEMA to move the ball? [LR318]

PAM DINGMAN: You know, what I will have to say to you is, although I have struggled with FEMA, I will tell you that NEMA has been great to work with. They have assisted us. They have come to almost all of the meetings that we've had with FEMA in our office. In addition, they have a Hazard Mitigation Program which Lancaster County received grants to replace two of our structures with this year. So, you know, they have done a really good job at helping us and

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

guiding us. You know, my background is not an emergency management expert so I do appreciate that NEMA has been there to help me and answer any questions that I've had. They have done a good job. [LR318]

SENATOR DAVIS: I'm glad to hear that. I think if there's anything that we can do, please let us know. It's a very important issue. Without the funds, you can't fix what needs to be repaired. And without doing that quickly there's further deterioration that goes along with it. [LR318]

PAM DINGMAN: Senator Davis, it is definitely creating a cash flow problem for us because we cannot wait. I mean I will have 28 bridges down Salt Creek if we don't repair these bridges. I mean we are intending to do many emergency repairs this winter, which means that I will have to use money that I had anticipated using for our maintenance needs to repair flood damage, and push the maintenance needs further into the future. [LR318]

SENATOR DAVIS: Thank you. [LR318]

PAM DINGMAN: Yep. [LR318]

SENATOR SMITH: Additional questions for Ms. Dingman? I see none. Thank you for your testimony. Thanks for the work you do for our state. [LR318]

PAM DINGMAN: Thank you, Senator. [LR318]

SENATOR SMITH: We now invite Thomas Shafer, interim director of Lincoln Public Works Department. Mr. Shafer will be representing the League of Nebraska Municipalities. Welcome. [LR318]

THOMAS SHAFER: (Exhibit 3) Good afternoon, Chairman Smith and members of the Transportation Commission (sic). My name is Thomas Shafer, first name T-h-o-m-a-s, last name Shafer, S-h-a-f-e-r, and I am the interim director of Public Works and Utilities for the city of Lincoln. I'll be testifying on behalf of the city as well as Nebraska League of Municipalities and the Lincoln Chamber of Commerce as well. I want to begin by thanking the committee for your

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

interest in this vital component to the state's economic health. It is clear you believe what we at the city of Lincoln believe--that a safe transportation network is critical to the quality of life, livability, and economic viability of the state. And that's why it is our joint mission to deliver drivable roads and streets, walkable sidewalks, and efficient traffic systems, a mission requiring close relationship and a collaborative effort with our other partners in this economics, including the Lincoln Chamber of Commerce. I also want to thank the committee and the entire Legislature for their work on two recent and important road bills: LB84, the Build Nebraska Act, which was critical in prioritizing the South Beltway here in Lincoln; and LB610, last session's gas tax bill that when fully implemented will generate an additional \$25 million in annual roads funding for the state and \$50 million for the cities and counties. Please know how much your cities and counties across the state appreciate this new revenue. Please also be assured that these state funds, additional, will not be supplanting local investment in our transportation infrastructure, but these dollars will be used across the state to supplement those local funds in closing the gap between our local road needs and resources. Even with LB610 and LB84, the other state and federal road dollars, there is more work to be done in identifying long-term funding solutions. Here in Lincoln we dedicate significant local road dollars from property taxes, local sales tax, and other revenue sources to the improvement of streets, roads, bridges, and other elements of the transportation system. At this point, I'd like to take a few minutes to quickly review those funding sources which you'll see in the packet that I handed out and distributed. On page 2, the city of Lincoln receives about \$55 million in road revenues, which you'll see on that page 2 broken into our state, local, and federal sources. We have about \$16.7 million in wheel tax dollars. We have another \$23 million in federal...or in state gas tax. We have about \$4 million in impact fees, \$5.3 (million) in federal funds, and \$5.1 (million) in our general revenues from property and sales tax. With these revenues, the city of Lincoln, which is spread over 92.74 square miles and serves over 273,000 city residents, we maintain a transportation network that includes 2,760 lane miles, a distance that if stretched in a single lane would go from Lincoln to the Equator; 1,500 miles of sidewalks which equates a distance from Lincoln to Hollywood; 135 bridges and bridge-size culverts; 430 traffic signals; 37 roundabouts; and 45,000 traffic control signs. All of this information can be found in the last two pages of your packet, which is a copy of our "Streets" Web site. On the other side of the equation, you'll see where our expenses have generally fallen, and that's on page 3 of your packet. We spend 32 percent or \$18 million of that \$55 million on our major roadway projects of expansion. We spend \$9.1 million in street

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

rehabilitation or taking care of what we already have. We have another \$12 million for ongoing street maintenance. We have \$4.4 million set aside for our winter operations. We take \$5 million of that to pay off our previous bonding efforts and use another \$6.4 million in ongoing programs, such as traffic operations, our safety programs, our intersection improvements, development reviews, pursuit of economic opportunities and the like. Here in the city of Lincoln a long-range transportation plan seeks the citizen input in identifying the road projects and prioritizing this existing funding. This LRTP has led to strategic investments in our community as we seek to get the most bang for our limited road bucks. And although there is more work to be done, you will find when you're here in Lincoln that 94 percent of our arterial streets are rated in a fair to excellent condition. Lincolnites enjoy a 31 percent shorter commute than the national average and are 14 percent less likely to be in a crash when in our community compared to national. Our citizens enjoy auto insurance costs that are lower than the national average, and our sidewalks and school routes are more walkable and accessible than ever before. In short, our transportation network contributes to the overall economic prosperity, low unemployment, and high quality of life in our community. Again, even with LB84 and LB610, municipalities across the state struggle to keep pace with their infrastructure needs. Here in Lincoln we believe that we need another \$7 (million) to \$11 million. And with that we could improve on an annual basis 5 percent of our arterial roads, about 27 centerline miles, meaning a taxpayer would expect an arterial street to get major work about once every 20 years, with preventative maintenance on a more frequent basis. We would improve about 3 percent of our residential streets annually. That would be about 400 blocks, meaning a homeowner could expect his neighborhood street to get major work done about once every 33 years, and preventative maintenance on a more frequent basis. We could create new capacity to support the economic growth of the city, about 2.5 miles, meaning new residents and businesses could expect 2 to 3 miles of new construction each and every year, and repair 1 percent of our sidewalk network annually, about 400,000 square feet, meaning a pedestrian could expect some 3,000 locations to be repaired each and every year. So how have we done with that? I'd like to direct you to our page 4 here with those goals listed in red up at the top there, and you can see how we have done in the last few years and where we're projected to go there. I won't go through every line, but generally speaking we have made some great strides in meeting those goals. It is also important to recognize, however, the city has enjoyed several one-time sources to our road revenues in the past few years that help impact those results, including \$9.3 million of ARRA or federal stimulus dollars; \$5.3 million from the

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

Nebraska Department of Roads for use within the city for which, again, we thank the state for sharing with us; \$10 million in funds that we have identified to be paid back from Antelope Valley Partners at the completion of that project; and \$4 million of local debt issued in the form of certificates of participation, which was recently used to eliminate a sidewalk complaint backlog. These last two funding streams that total \$14 million are in large part what produced our 2015 summer of progress for the city. And you can still see this progress continuing as you travel Lincoln streets even today. The next packet in your chart, at the top of page 5, will demonstrate where we have been over the past ten years. In the case of local and state funds, we see that revenues are increasing, but those increases have simply not kept pace with the rising cost of wages, benefits, materials, and regulatory requirements. These costs have considerably increased more than it takes to build roads, fill potholes, crack seal the streets, maintain the signals than it ever did years ago, nor have these revenues necessarily kept pace with the city's growth. Since 1958, when our wheel tax was first enacted, the city has grown from more than 28.5 square miles to that 92.75 square miles--a 265 percent increase. Population served has more than doubled, as it went from 125,000 to 273,000, and that does not include the students, commuters, and visitors to Lincoln. The bottom line is our (inaudible) dollars today buy less than they did yesterday. The city of Lincoln, like much of the nation, experiences a 5 percent increase in the costs of projects each and every year. This data is at the end of your packet and you'll see that on the bottom of our chart our road revenue streams have just not kept up with where we need them to go. In breaking down those revenues, at the top of page 6, you can see how the federal, state, and local funding sources have increased relatively to their buying power and how it has been eroded. More specifically, you can see that the citizens of Lincoln have stepped up with their local funding streams to help close that gap. Going forward, LB610 will have a considerable impact on that chart. When fully implemented, we anticipate that LB610 will bring over \$3.8 million a year into the city's road coffers. This will assist in helping us with revenues that stay in front of inflation. As you can see on the bottom of page 6, our blue line actually crosses over where our 5 percent increase goes. So for the first time in a long time, we will have revenue that exceeds where the inflation has taken it. So we would recognize that new road dollars are one part, yes, a significant part of this equation. The city government also has a responsibility to its taxpayers to ensure that it is operating efficiently and effectively. In the Public Works and Utilities Department, we know we need to think out of the box and embrace innovation. We need to be constantly asking ourselves how can we make our limited resources

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

go farther. Here in Lincoln we have evaluated our design of our transportation facilities, including medians and sidewalks. We have recognized and reorganized at our department to ensure a right-sizing of our work force. We have relied on pavement management practices showing that \$1 invested now in preventative maintenance saves \$8 to \$15 down the road in future street repairs. We have embraced and invested in technology, including fiber and communication upgrades to our traffic signals and other management systems. We have increased the number of roundabouts which have the dual benefit of improving driver safety and reducing costs. We have adopted an access management policy that balances the interests of private development while protecting the efficient and safe flow of traffic. I understand the state is undergoing a similar review of its operations and I commend both Governor Ricketts and Director Kyle Schneweis for their efforts, including the appointment of the NDOR Innovation Task Force. As an aside, I can assure you they put the right person in charge of that, although the city of Lincoln will certainly miss Ms. Esposito. Finally, I want to mention a few things about federal aid. We are very excited about the highway authorization bill which, as I understand, Congress will be voting on very soon, and we want to thank the Nebraska delegation for its work on it. As you know, the stability of funding streams is particularly important when it comes to transportation planning. However, I do want to note that we continue to have concerns with the regulation strings that come with these federal road dollars. In fact, we at the city categorize our funding dollars much like you'd think about a traffic signal light: green, those dollars that we spend and collect at the local level that are appropriate and reasonable with their levels of restrictions and reporting; yellow, those that come with additional restrictions and additional reporting; and red, on the federal dollars. Yes, federal dollars quite simply are their category. At this point, I will give you page 7 which shows an excerpt from a 2014 U.S. Government Accountability Office report where local agency officials consistently told them that federal aid projects cost more and take longer than the comparable local or state funded project because of compliance with federal requirements. Officials in one local agency identified two projects that were comparable in scope. One was funded locally, the other through federal aid. The two projects had significant differences in both their duration and cost. While they were very similar, the project with federal aid funding took three times as long and more than double the cost of the locally funded project. Again, we appreciate the help of our federal delegation in addressing these regulatory strings, but I would ask the State Legislature and NDOR, when they work with municipalities and counties, to carefully consider the role of federal aid in the state and local

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

transportation funding solution. In conclusion, I'd like to emphasize again how much the city of Lincoln appreciates its partnership with the state of Nebraska in respect to road funding. LB84 and LB610 were both bold proposals that recognized the importance of investing in the economic future of our communities and the state as a whole. Municipalities also recognize that we cannot simply turn to the state or the federal government to fund our local needs. We, too, have to identify local solutions, as we have in Lincoln, while continuing to ensure our municipal governments work as efficiently and as effectively as possible. In short, there's more work to be done; there is always more work to be done. [LR318]

SENATOR SMITH: Thank you, Mr. Shafer. Of the \$55 million that you show here, the city of Lincoln transportation revenues, related revenues, that was like on page 2,... [LR318]

THOMAS SHAFER: Yes. [LR318]

SENATOR SMITH: ...how much of those revenues are going towards roads and bridges as opposed to...I know later in your presentation you talked about sidewalks. I assume there are sidewalks, there's bike trails, there's other uses of those funds. [LR318]

THOMAS SHAFER: Well, we have looked and we estimate that 2 percent of that funding is going towards sidewalk repairs and construction of some new sidewalks. Here in the city, most...a lot of our trail projects are actually funded outside of these revenues through special funds that federal provides in grants and also we have impact fees that are set aside for trails in particular. [LR318]

SENATOR SMITH: So you'd say only 2 percent of the \$55 million is going towards something other than bridges and roads for the city of Lincoln? [LR318]

THOMAS SHAFER: And then I'm including traffic signals and those sort of things as going towards roads, but, yeah, only 2 percent are going towards sidewalks, sidewalk repairs. [LR318]

SENATOR SMITH: Okay. And the reason I ask that, I know that we've been hearing a lot about expressway systems and bridges and that's obviously where the greatest need is in our state. But

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

I know in our urban areas, in our cities, there's a quality of life discussion as to how you retain a young work force and all these other things and how do you balance that against the critical needs that we have in our state for roads and bridges. So do you have any comments as to how you make those trade-offs in the city of Lincoln? [LR318]

THOMAS SHAFER: Well, here at the city we kind of view our transportation system in a holistic view and that just doesn't include the roads but we've got to talk about the sidewalks and our public transportation as well. You know, there's many things that we consider when we balance those needs across the community and its transportation funds. First, we view all sidewalks as being necessary for those who are too young to drive and use our streets and those who might not be able to drive and use our streets for their safe travel. The Americans with Disabilities Act requires that certain elements of our pedestrian facilities be brought up to standards when we're doing the work on the roads, so sometimes we have no choice but to address those when we're doing a project. The sidewalks and trails take pressure off of our street. There's a great picture out there, and I only brought one copy but I'd be happy to leave it with you, called moving 60 people, "Street Space for 60 People." And in here on this side it shows 60 people and how much 60 cars takes, and then it also shows how many...you can get 60 people in one bus or 60 people on a bike. And when we can encourage alternate forms of transportation in a city where we have that opportunity to do so, we take pressure off of our streets and we put them into other modes. And we make that space very cheaply, I might add, for other traffic growth. Fourthly, what does our community desire in input? The Lincoln Partnership for Economic Development recently, with a record level of input from its residents and businesses, laid out a vision for Lincoln to become a world-class, globally competitive city and, as you mentioned, keeping and attracting the best of the best, which is important to us. And having these facilities are what people already here and people who we want to attract here are saying is important to recruiting them to this city. [LR318]

SENATOR SMITH: Okay. Do we have other questions from the senators? I see none. Thank you for your testimony. [LR318]

THOMAS SHAFER: Thank you. [LR318]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

SENATOR SMITH: I'd like to now invite Director Kyle Schneweis, State Engineer with the Nebraska Department of Roads. Welcome, Director. [LR318]

KYLE SCHNEWEIS: (Exhibit 4) Thank you. Mr. Chairman and members of the committee, I'm Kyle Schneweis, S-c-h-n-e-w-e-i-s, director at the Department of Roads. I want to start by thanking the committee. I've been...I've very much enjoyed our tour across the state. As a newcomer to the state, it gave me a second opportunity to visit many of the communities and really helped getting me up to speed on some of the transportation issues of the state. And I'm encouraged by the work of the committee and the leadership you guys are showing, so thank you for that opportunity to join you. As a newcomer to the state, I have been impressed by the support for transportation in our state, not just here in the committee but in the communities. As I travel around it is on the top of mind. Many folks talk about the need for infrastructure and understand the impact that it has on our economic growth. I'm pleased to say that I found the system to be, at least for the state highway system, to be in sound condition. You know, I think there's room to grow, but many of my colleagues around the country would be envious of both the condition of our system and the fact that at least for the near future we have enough resources dedicated to continue to take care of it. I think if there's one...a couple observations I have just globally: The pressure seems to be that we want to deliver projects faster, we need to find ways to do things quicker and better, and I certainly agree with that. And from my perspective, that's a good problem to have. And then the other part is the partnership piece. I think the Department of Roads recognizes that in a modern society there's opportunities for us to continue to grow and partner with some of our stakeholders as we look to improve the system. I want to talk a little bit about capital improvement needs. So these are the big projects, the big economic impact projects that we hear so much about, things like adding lanes, adding new interchanges, new corridors. The list of these kinds of projects is long, but from my perspective there is some good news and that is that we do have the Build Nebraska Act in place to try and accomplish some of these projects. We have...it's a 20-year program and the first 10 years of which have been programmed already, and we have completed four projects, including the Wahoo Expressway nearby. We've got four more under construction and nine more scheduled to start, including the South Beltway here in Lincoln. And there's good news on the horizon that there are ten more years of unprogrammed funds available to try to address these projects. The time is now for us to start talking about what those projects need to be. I want you to be aware that at the Department of

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

Roads we have a long history of selecting projects using very technical process based on what I would describe as mostly engineering factors, things like traffic, things like safety. We're going to continue to consider those things, but we're also investigating new ways to make maybe more sound decisions, especially when it comes to these kinds of projects that are so critical for our economy. And so we are looking at economic impacts, how can we consider those, the impacts a project has to the economy as we try to select projects. We're also working with...to develop a public involvement process that will allow our stakeholders to weigh in a little bit. I think both of those things were lacking in the previous selection. I think the projects they selected were solid, they were good. Not here to criticize what was done in the past. I just think there are opportunities to modernize and improvement it. So the...but the challenge at hand and the thing I hear the most about is, okay, that's great, go pick the projects. But 2024, that's when the next ten years of Build Nebraska Act money becomes available and that is, frankly, too far away. So what can we do to deliver it sooner? And to me there's two parts to this equation. There's a money part; there's also a project development part. And we can talk about how to move the money forward and, you know, an idea that I'm fond of is the state infrastructure bank. We've talked a lot about that. I think if we could find a way to capitalize an infrastructure bank and find a way to support it ongoing, I think we can move some projects forward. I think it would be a great opportunity to not have to wait until 2024, at least from the funding perspective. The other piece of the pie, though, is the project development time and, unfortunately, we are not in a position currently at NDOR to be able to say here are the projects that we think we should do and here they are, already ready, designed and ready to build. So if we were able to move the money all the way to today, we still need time to develop those projects. And our traditional development time, unfortunately, is seven to ten years for these types of projects, and I think we can all agree that's too long and we need to find ways to shorten it. We need to look at every piece of that process and see if there's ways to make it go faster. And we're committed to doing that at the department. But many of the challenges are because of the way that we contract and here in Nebraska we do use a very traditional method. It's tried and true, been used all across the country forever and ever. It's a low bid process called design-bid-build, where one firm will design the project, will do the environmental work, design the highway, purchase the right of way, and then bundle it up into a bid where we then hire a contractor to build the project. And I think if you look around for over the past 20 years, other states are doing more innovative contracting mechanisms such as a process called design-build where you would take the consultant who

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

designs the project and the contractor, hire them in one contract and, therefore, allow...you can move a lot faster. Essentially, what happens is the design gets out in front, construction starts and follows right behind the design. And I think that's something we need to explore. There are other methods. CM/GC, the construction management/general contractor approach, we certainly want to explore that as well. I think so to sort of give you some examples, if we don't do anything, if we just don't move any money and we don't find a way to finance things faster, it's 2024 before we can turn dirt on any new expressway projects that aren't currently programmed. If we find a way to move the money forward and select the projects but use our traditional methods, we're looking at 2022 before we can start construction. So we gain a little bit of time but not as much as I think the folks who say 2024 is too far away would prefer. So the solution I think is if we want to move projects forward and we can find a way to find the financing for it, funding for it, I think we need to explore design-build, we need to explore CM/GC and see if we can...and do these things quicker. And by our estimation, if we had these tools we think we could turn dirt on some new expressways by 2019 or 2020. So then we start to get into some real time savings that I think are valuable. I want to talk just briefly about maintenance. We have a large system, as you know, over 10,000 miles of state highways. It's a lot of take care of. If you look at our pavement performance over the years, it was slowly declining year after year after year until about 2011 when we began to focus all of our resources on preservation, recognizing that if we don't take care of what we have it doesn't do any good to add capacity to it. And so the good news is that you can, if you see our pavement performance charts, they have leveled off. They're ticking up. We think we're going to see some...another uptick this year. I think all of our asset management practices, the use of technology, the use of smart preservation techniques is really paying off and we're seeing a benefit. On the bridge side, I do want to spend a little time on that, especially on the local side. So we do have 3,500 bridges that are state owned. About 70 percent of those are in good condition; 5 percent are in poor condition. For me, that's not quite where we want to be at 70 percent in good. I prefer to be up in the 80s. But I think that's something we can work towards and something we are trying to do. But it's more stark when you look at the local situation. So 11,000 local bridges owned by counties and cities, only 45 percent are in good condition and a full 12 percent are in poor condition. I know that about 40 percent of the local bridges were built over 50 years ago, and so you don't have to be an engineer to know that's getting up there in years and it's time to start thinking about how we maintain and take care of them. I think one of the challenges that we have with our local bridges that some states haven't...don't have is that we

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

have 93 jurisdictions in terms of the counties who are trying to address this challenge. And they're doing it the best they can, but they're all facing the challenge alone. And I do think there are some things we can learn from other states to try and find some strategic ways as a state to address this problem. I've talked a lot about Pennsylvania and Missouri. Those are a couple states, Oregon, who have done very large programs, letting 400 or 500 bridges under one contract and trying to really get aggressive to face their problem. I think one advantage those folks have is that they do own the bridges at the state level. But I don't think that we need that sort of solution here in Nebraska. But I think there are things we can take inspiration from in those project...those programs. In my conversations with the folks who are out there building these bridges today, fixing these bridges today, we think if we can find ways to just bundle three, four, five, six bridges in a contract that we can save money. And the challenge is that at the local level we aren't...many times we're only doing one or two bridges in a county per year, and so how do you bundle six, seven bridges in a contract if you're only doing one or two a year? And so we've got to look outside our boundaries to be able to take advantage of some of these ideas. And I think that's where maybe the state has a role to play. I think we can develop a framework, we can develop a way for counties to come together and pool their resources. I'm not opposed to exploring the use of state resources to pilot some of these initiatives. I think there is enough benefit. I think the problem is big enough that if we feel as a state that some of our state resources need to be allocated to try and pilot some things, that that would be a good use of our state resources. I do want to talk just briefly, Senator, about LR317 just to give you a quick perspective from the state. You know, there's two factors when it comes to maintaining a transportation system that matter. One is the snow and the ice, and the other is the weights and the heavy vehicles. And we need to account for both. And we can't do a lot about the weather but we do have some control over what kind of weights we put on our highway system. I also want to just say, you know, the Department of Roads, the administration, we are committed to supporting the agricultural economy of the state. We are not here to try and put undue pressure on the industry. We want to support it any way we can. We just want to make sure that we understand there is a balance between more weight and the costs of preservation. I've found that in Nebraska our weight limits are fairly consistent with our neighboring states. In some cases, we in fact allow a little bit more weight on our system. We have exemptions in place that allow certain products and certain industries to operate on our system in certain times of year and stay competitive. You know, I mentioned before that I was just in Chicago a couple of months ago

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

and ran into my colleague from Kansas, my counterpart. And he gave me a hard time, saying, don't run around changing your weight limits because I'm getting pressure to raise them up to your size, so if you take them higher then I'm going to get in more trouble. And I only say...mean to say that I think we can revisit these things. I think they're worthy of discussion. I just want to make sure we do it with the sense and an understanding of what the impacts might be and what the costs are. It's a complex issue. You know, when you look at limits on the road, they vary by load type, they vary by vehicle type. There's gross weight, axle weight. I heard a little bit about tire size earlier in this hearing. It's a very complicated thing. We have different registrations and permits. We have conditions we place on our drivers. There are exemptions and allowances. It's a complicated, complex thing and I think, if anything, what we probably need to do is work to clarify what our rules are, make sure that we're educating folks on what the rules are, both in terms of the people that are using the system but also those who are in charge of enforcing the rules. And I think Department of Roads is certainly committed to supporting those efforts. You know, we are here to again support the industry. We want to help any way we can. And I view our role as to provide information as we try to make these decisions. I just want to close again and thank you, Senator Smith, for your leadership on this issue. It's been a privilege to follow you around and get to know each of you. I've been so impressed by the committee and the intellectual curiosity that you have. Your questions are always wonderful and on point. It's just been a real pleasure to work with you and I mean it when I say that I feel lucky to be in Nebraska. So thank you again. And I was going to say I can't think of any better way to end today than...or to end our tour than for a double feature like we've had today, or at least from my perspective, so. (Laughter) [LR318 LR317]

SENATOR SMITH: There you go, yes. [LR318]

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

SENATOR SMITH: Yeah. [LR318]

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

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

SENATOR SMITH: All right. Thank you, Director. I probably have a few questions. Any questions from other senators? Let me go right to the weight limits,... [LR318]

KYLE SCHNEWEIS: Sure. [LR318]

SENATOR SMITH: ...since that was the last thing you talked about. And you heard from your...some of your counterparts in other states, nearby states, adjacent states. Were they referring to primarily truck weight limits or equipment, specialty equipment? [LR318]

KYLE SCHNEWEIS: I believe so. Usually when we talk about limits, that's what we're talking about. And it's not necessarily truck weights. It's more gross weight and axle weight. [LR318]

SENATOR SMITH: Yeah. [LR318]

KYLE SCHNEWEIS: But mostly, I think we are usually talking about trucks, so. [LR318]

SENATOR SMITH: Okay. Fantastic. I just wanted to get clarification on that. And then we've been...you've given us a little bit of a preview. We've had some conversations about infrastructure banks. And mostly what we've talked about thus far has been infrastructure bank for expressway systems,... [LR318]

KYLE SCHNEWEIS: Uh-huh. [LR318]

SENATOR SMITH: ...assisting with those systems that may be designated but not yet programmed. Can you envision, and we've had a little conversation on this, but can you envision an infrastructure bank for assisting with county bridges? [LR318]

KYLE SCHNEWEIS: I can. You know, I talked about project development time, and even if we were able to get some of the state-of-the-art tools we talked about in terms of design-build and other contracting mechanisms, we're still looking at 2019, 2020 before we turn dirt on a project. So in my mind, it might be the perfect opportunity to explore the use of the infrastructure bank to pilot some of the bridge concepts that we've talked about. I think, as we...if we're waiting, as

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

we're developing, designing those expressway projects and getting ready to go in 2019, 2020, we do have some time before that that could be utilized to pilot some of those things. So I think that would be an interesting approach. [LR318]

SENATOR SMITH: So not to lock you in too much here, but if we think in terms of the infrastructure bank for assisting with county bridges, how....could you see that being funded proportionately between counties and the state, or would you have the counties demonstrate their so-called skin in the game with... [LR318]

KYLE SCHNEWEIS: Sure. [LR318]

SENATOR SMITH: ...a matching formula? [LR318]

KYLE SCHNEWEIS: Sure. I would like to think we could partner both in terms of selecting the bridges and identifying opportunities for innovation but also on the resource side too. I think if the state is going to bring money to the table, we'd like to see it matched by the local side too. So that would be something I'd be interested in. [LR318]

SENATOR SMITH: And I appreciate your sensitivity to the local governance piece of it. I know that we... [LR318]

KYLE SCHNEWEIS: Sure. [LR318]

SENATOR SMITH: ...want to make certain that counties continue to have control and have any involvement in a packaging deal or a grouping deal of bridges to be on a voluntary basis. [LR318]

KYLE SCHNEWEIS: Uh-huh. [LR318]

SENATOR SMITH: And when we talk about the design-build, one other question, one of the concerns we've heard from some of the smaller of local contractors has been it would displace those companies. [LR318]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

KYLE SCHNEWEIS: Sure. [LR318]

SENATOR SMITH: They would not have a role to play in building bridges any longer if we went to a design-build. [LR318]

KYLE SCHNEWEIS: Sure. I think there's a couple distinctions here. One, I think when it comes to design-build explicitly, I think...I mentioned many states use it. It's not something that any state uses for large portions of its program. It's used in targeted places where you have specific need for it. And usually what you're trying to do is either get the design team and the construction team working together early so you can solve a complex problem that's very complicated, or you're trying to save time. And I think that's where we are with the expressway system and where design-build would be an important piece. In think in terms of the bridge program or an opportunity to address local bridges at the state level, I think we would be very careful before we would want to use design-build on that part of it. I would, again, like to...if we're going to use state resources, I would like to pilot as many kinds of things as we could to see what works. But I would expect that most of the projects we would try to do under a program like this would be a traditional design-bid-build and, therefore, would not impact our local contractors. I do think, just in general, when you talk about design-build, there is an impact to our community, our industry, because it's a change. And anytime there's a change I think it's important that you engage with that group, and we've been working hard to do that. We've been working hard at the department to understand what it will even mean to have the capacity to do design build and how would we staff it, how would...you know, what will we need to be able to do organizationally to be ready. Also, we're working very hard with the industry to find out how ready they are for it and how it might impact them so that when we...if we were to have the tool, would be able to use it in a way that was right for Nebraska. [LR318]

SENATOR SMITH: Okay. And then we heard from Ms. Dingman a little bit earlier and she's doing some great things in Lancaster County and she mentioned how she is seeing efficiency improvements that may reduce her cost and get money more directly to the construction of roads and bridges or repair almost in the neighborhood of 20-25 percent. [LR318]

KYLE SCHNEWEIS: Uh-huh. [LR318]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

SENATOR SMITH: Now maybe being a little bit more on the conservative side of that, is it unrealistic to say maybe 5 to 10 percent you should see? [LR318]

KYLE SCHNEWEIS: Sure. Well, I think we always need to be looking at our...the way we're organized, the way we're structured to look for opportunities. That's part of the reason that we've launched the task force, the Innovation Task Force. We want to be pushed. We want to be able to find ways to innovate the way we do things. And we have a lot of folks in our state who have done business in other places or who have an interest in a more efficient state government. That's why we've brought those folks together, to help push us and find ways to do just that. So we track several measures that try to keep track of our overhead rate and some of those things, and we're always trying to drive that down. You know, I'm five months, almost six months here. I've been impressed by the Department of Roads' staff. They're a very dedicated group. They're very hardworking. And I think there's also a recognition amongst staff that we can't be complacent. We can't be satisfied with the way we've always done things. And if we can find ways to do it faster and better and more efficient, then we should. Our goal should be to put as much money on to the road as we possibly can, and that's what we try to do. [LR318]

SENATOR SMITH: Have you ever looked at how you equate the gains in efficiency as a reduction of cost to complete a job, and equate that savings in a cent per gallon... [LR318]

KYLE SCHNEWEIS: Sure. [LR318]

SENATOR SMITH: ...equivalent, gas tax equivalent? [LR318]

KYLE SCHNEWEIS: Let's see, so let me tell you that the metric that we've been experimenting with that I'm very excited about, I've done a lot of performance measure work across the country. I would say as an industry, we're very good at measuring our system and talking about how good it's doing. We're not as good as an industry at measuring how effective we are in terms of efficient use of dollars. We track how on time and on budget our projects are. We're now tracking how long our projects take and trying to drive that number down as much as we can. The metric that we've been experimenting with that I'm excited about is one trying to analyze the cost per year of pavement life, so trying to understand that as we add life to our pavement, how much is it

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

costing us to do that. And I think if that's a metric that we can establish--it's not something that I've seen in other places but it's something our guys are working on--I think it would be a great way to track over time and try to drive that number down, because you'd be looking at not only our using technology to try and get more life. That would be a way to get more years for the same amount of money perhaps, or are you driving down your construction costs, your delivery time. All those things would be rolled up into that one metric. So that's the one we're excited about. [LR318]

SENATOR SMITH: Okay. Fantastic. I see no additional questions. Thank you, Director. [LR318]

KYLE SCHNEWEIS: Again, thank you so much. [LR318]

SENATOR SMITH: And our last invited testimony is Brett Niebur with the Associated General Contractors. Welcome. [LR318]

BRETT NIEBUR: Thank you. Chairman Smith and committee members, my name is Brett Niebur, and that's B-r-e-t-t N-i-e-b-u-r, and I am the president of Kerford Limestone Company. I'm here to testify for the Associated General Contractors, the Nebraska Chapter. For those of you not familiar with the AGC, Nebraska Chapter, we represent highway contractors, bridge contractors, utility contractors. Primarily, we focus on safety and training, work force development, and promoting infrastructure. I've been involved in the industry for 40 years; 21 of those years have been in Nebraska, 18 as a contractor and the last 3 have been as a material supplier. I served as president of AGC in 2012 and my current activities with AGC have been concentrated around work force development. And I'm going to step away for just a second and discuss that. I know that part of this transportation problem is going to revolve around work force, and obviously our work force is getting older. So AGC is doing a very active part in trying to promote work force and kids coming out of high school and kids coming from wherever to get into our industry. So we're being very proactive in that right now and hopefully that's going to come to fruition here shortly. The reason to me that infrastructure is so important in Nebraska is because I want to see Nebraska businesses succeed in the state, in the nation, and in the global economy. Many times in my career I've seen suppliers be unable to supply material even though

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

they were the low price, because for some reason a freight supplier decided they were unable to deliver the material, that it was too hard to get to their job. So they went to a place that may be 30-40 miles farther or even in another state. So it's important to all of us that we make sure that the infrastructure is there to take care of our businesses and to get people where they need to go. Today there's several items I want to discuss in this meeting. The first one is the importance of the Build Nebraska Act, LB84. I was heavily involved in the highway construction business before 2011 and we were all well aware that all we were doing is preserving what we had. And at best, we were preserving what we had. That all changed in 2011 with the Build Nebraska Act and LB84. The act, by directing a quarter of a cent of the 5.5 cents that the state collects, made it possible to complete some of the projects out there that need to be completed. AGC and I can't stress enough the importance of this act. The first dollars of LB84 have been spent; many more projects are already scheduled. We do not want to return to the preservation-only mode that we were in prior to 2011. I urge the Legislature to continue to support LB84. Also, AGC recognizes that you as policymakers have tough decisions to make regarding how to pay for these roads. AGC supports user taxes. AGC supported LB610. Nebraska is not the only state with this problem. They've been addressing this problem across the United States the past year and 24 states have enacted increased funding. They've increased it through fees, they've increased it through gas tax, they've increased it through bonding. There's been some other discussion here about other ways to do it. Design-build is obviously a possibility. We need to make sure that we discuss all these positions and decide what is the best route for us to go. I also heard today discussed the new highway funding hopefully is going through this week. It sounds like it's risen very quickly. We so far have enjoyed our relationship with Kyle Schneweis. We're very appreciative he's here. He conveyed to you today his picture of how things are going to go and we think he is leading the department in the right direction. We've always had a good relationship with the department but we think that we're going to even have a better one with Kyle in place. The other thing that I heard today was we're clearly aware of the bridge problem that is in Nebraska. Some of you went out and looked at the bridges firsthand this year. Many of them were built early, maybe as early as 1900s. They're not wide enough. They don't...won't carry the loads. It's a huge problem. But I think that if all of us get together, we can figure out a way to address this problem. The counties can't do it on their own. They, you know, they'll admit to all of us that they can't do it on their own. We all need to get together and do something here. In conclusion, I want to say that AGC wants to be a partner to all the solutions for funding. There

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

is a way to find things that will work for everyone and I think that we all are on the right track with meetings just like this. Thank you for your time. If you've got any questions, I'll be happy to try to answer them. [LR318]

SENATOR SMITH: Great. Thank you very much, Mr. Niebur, for your testimony. Do we have questions for Mr. Niebur? I see none. Thank you. [LR318]

BRETT NIEBUR: Thank you. [LR318]

SENATOR SMITH: That concludes the invited testimony portion of the hearing. And let me see a show of hands as to how many people are going to be testifying. All right. I'm going to ask you to hold it to roughly that five-minute time frame. If you go over a little bit I'm not going to be too concerned, but please don't go significantly over that five minutes. And we're going to forgo the light system. So with that, please come forward. Appreciate your patience in waiting, and welcome. And you moved fast. Welcome. [LR318]

RICHARD SCHMELING: (Exhibit 5) Mr. Chairman and members of committee, I don't have a written speech and I don't really think written speeches are really all that interesting. My background is as a trial attorney and I tried to write my final argument out my first case and I read about three pages and I looked up at the jury and they were going to sleep. I don't want you guys to go to sleep. I don't know too many of you on the committee, but back in the days when the dinosaurs roamed the plains of Nebraska, Senator Seiler and I were together in law school. And I must say, he's certainly looking very chipper considering how long ago that was. [LR318]

SENATOR SMITH: And please give us your name and spell it for us. [LR318]

RICHARD SCHMELING: Yes, sir. I am Richard L. Schmeling, Richard, common spelling, the last name is S-c-h-m-e-l-i-n-g. I'm here representing a couple of organizations. I am the first district director of a group called ProRail Nebraska that's concerned with improving rail passenger service in the state of Nebraska and in this area. I also serve as the president of Citizens for Improved Transit. Citizens for Improved Transit is a citizens' action group that is attempting to get better transit in the city of Lincoln, in other words, improve StarTran. I won't

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

bore you with my background and my qualifications. I understood that, you know, when I listened to all these people, I heard a lot of rhetoric and I heard a lot of numbers and a lot of stuff. But I'm just going to kind of talk to you about my impressions about what we're trying to do here. First of all, I think we need to recognize that we have a huge state geographically, a huge state that in many areas has more cows than it has people, and the cows don't pay taxes. We can't afford an expressway or four-lane system all over our state. Now as a trial attorney, I can testify in argument that we can run a four-lane expressway from Angus to Ong, Nebraska--those are real towns, they're down near where I grew up around Superior, Nebraska--but that isn't feasible. So I think we need to pick and we need to choose our priorities. Here are some statistics that I think you as the Transportation Committee need to be aware of. When we added that pair of lanes on the interstate between Lincoln and Omaha, how much capacity did we add? We say, well, 50 percent. No, 40 percent. If we add another pair of lanes so now we have four lanes, how much capacity are we going to add? Only 30 more additional percent. We add another pair of lanes, 20 percent. We're now at five lanes each direction. If we add another pair of lanes, do we get any increase in capacity? No. So just having big wide highways with lots of lanes doesn't necessarily help things. Why is this? Think of your design. Your design is basically that all your entrances and exits are on the right-hand side, right? So if I'm in one of those inner lanes and I'm getting ready to exit, I'm going to start moving over. That's going to interfere with the cars in the other lanes and then it's going to be a lot harder to exit. It's going to slow the other traffic. You wanted some practical ideas about how to get money to build roads. I've got some ideas. I think what we ought to do is I think we ought to use those nice orange traffic cones and I think we ought to cone off one lane between Lincoln and Omaha and maybe between Kearney and Grand Island on football Saturdays and we ought to charge each car that uses that special coned-off lane \$5 each time they use it. But here's another perhaps more serious and practical thought. We're talking about a huge amount of bucks building that south bypass around Lincoln and I don't think that's going to benefit the average Lincolnite that much. Who's it going to benefit? The truckers. So instead of spending public tax dollars to build that, why not build that as a toll highway and have the truckers pay the cost of building that roadway? I think there could be some other instances where that's done. A Transportation Committee, it seems to me, needs to be about something other than just roads. There are other parts of transportation. There's rail, for example. There's bus transit, public transit. There are all these little old vans out there in the rural counties that represent a lifeline for those citizens--the only way for them, if they don't drive, to get from

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

one place to another. And what I'd like to encourage you to do, as you think about this highway problem and as you deliberate as a Transportation Committee, is to consider that there's some money that needs to go someplace besides putting down pavement. I have for each of you an interesting article. It's from a nationally recognized magazine. Its title is, "Highways are collapsing; can railroads help?" I won't read it to you, but the fellow who wrote it is a columnist and he has written for The Washington Post. He's very well recognized. And he has some good ideas, ways that we can save money in terms of highway construction. Other than that, I thank you for your time. I hope that in trying to deal with this problem we can kind of think outside the box maybe and not just do the traditional thing. I got an opportunity to meet the new director of our Department of Roads and I like him. I think we've got a great selection there and, of course, his department has a very interesting and rich history. I think it used to be the department of ditches and bridges years ago and now it's the Department of Roads. And that's strange to me because, you know, the other 49 states don't have a Department of Roads. They have a Department of Transportation. And we perform all sorts of functions in our Department of Roads and a lot of them aren't related to roads. I don't know, very puzzling as to why we're the only state that still has that anachronism. That concludes my remarks and I'll open it up to questions. [LR318]

SENATOR SMITH: Thank you, Mr. Schmeling. Do we have questions from anyone on the panel? I see none. Thank you for your testimony. [LR318]

RICHARD SCHMELING: Thank you. [LR318]

SENATOR SMITH: And I wish I had a dollar for everyone that said they liked Director Schneweis. I think he's going to get (laughter)...I think he's going to get a lot of Christmas cards this year. [LR318]

RICHARD SCHMELING: He paid me a lot of money to say that. [LR318]

_____: Somebody said "so far," so I heard that. [LR318]

SENATOR SMITH: Well, (laugh) so far. Welcome. [LR318]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

ERNIE GOSS: Welcome. Thank you, Chairman Smith and members of the Transportation and Telecommunications Committee. I am Ernie Goss, E-r-n-i-e G-o-s-s. I'm here representing or at least on behalf of 4 Lanes 4 Nebraska. I completed one study on Highway 275, the impact. I'm working on Highway 81. I'll talk to you today about the impacts of that. Historically, Department of Roads in Nebraska--that's historically, not recently--had this philosophy of come and we will build it after you're here. In other words, show us the need and we'll do. That, I think, is not the way to do it. You also have come and we will build it and expand after you're here. Now thank goodness for Mr. Havens, but I think there are other approaches where you talk about building and they will come, meaning economic development. Now why should you do it right now and why should you move in terms of what I will recommend would be some sort of methodology of funding with bonds now? You're talking about saving on just these two pieces alone, 81 and 275, \$9 million a year, \$9 million savings for issuing bonds today as opposed to when interest rates rise back to their normal. Now when will that happen? I don't know, nor does any economist. I'm an economist but I can't tell you when that will happen. But that's a savings of \$9 million just on those two pieces. Now that's 90 miles of construction. And we forget...and that's about \$148-\$150 million of economic development per year for each. That's the Highway 275 and 81. Each of them, it would add to the Nebraska economy each year about \$148 (million) to \$150 million, according to my calculations. But we forget about other issues like reduced accidents. According to the Federal Highway Administration, going from four lanes is what we're talking about in both cases, to two lane...going from two lanes to four lanes would in fact cut accidents down from 40 to 50 to 60 percent, somewhere in that neighborhood. That's the Federal Highway Administration. So there's significant savings. On the 275 portion, my calculations say that's about \$25 million. Now that's over the course of 15 years though, not in one year. You've got diminished commute times. You've got that's, say, \$11 million over again. Now this is just the 275, not the 81, so you can almost double that because they're about...both are about 40 to 50 miles of widening from two lanes to four lanes. And...but the major part is enhanced economic development. We do have companies that...and not just companies, farmers, we're talking about two stretches of highway expanding from two to four lanes where there's significant manufactured goods and agricultural goods that are being slowed and the commute time is quite significant. And during the...and in terms of how my...I'm in strong opposition--now I'm not speaking here for 4 Lanes 4 Nebraska--for using General Funds to fund highways. I think there should be special...it should be user fees or, as the previous presenter talked about, even

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

something such as toll roads or tolls, maybe not toll roads. But nonetheless, I think you need to issue bonds. There needs to be issued bonds today and go ahead and begin those and take advantage of the economic development that would take place after that. Nebraska is 1 of only 17 states in the U.S. that does not take advantage of public-private partnerships in terms of developing these highways. So fast-tracking and again what I would like to see as a citizen of Nebraska, not just as a consultant for 4 Lanes 4 Nebraska, is what it would do to economic development between...down those two stretches of highway and what it would mean to those communities along the way and the entire state. So again, it's quite significant. And I do think the approach of waiting till the development happens and then build the highways to accommodate it is the wrong approach, and that historically was the approach of the Nebraska Department of Roads and stated explicitly. The former director, I heard him use those almost precise words. That's not the approach that should be taken. In other words, let's build it and then the development will in fact come behind that, in my judgment. So that's an overview of my findings. And again, I looked at two. I did 275 examination, impact assessment. I'm working on 81 now. I have not completed that one yet, so. [LR318]

SENATOR SMITH: Thank you, Dr. Goss. Do we have questions from anyone on the panel? I see now we're going to let you off easy today, not early but easy. [LR318]

ERNIE GOSS: Thank you, Senator Smith, and thank you, committee members. [LR318]

SENATOR SMITH: Thank you, Dr. Goss. Welcome. [LR318]

MARK MAINELLI: (Exhibit 6) Hello. Mark Mainelli, M-a-r-k M-a-i-n-e-l-l-i. I've got a prepared statement that's getting passed around, and I'll kind of go through that. I'll skip through some of the commentary and hit some of the things that I've heard from Tuesday, which was a good hearing, and today, and then from reading some of the testimony. One of the things I'd like to start with that's not in here, Dirk Petersen was here today with the new Texas firm that's coming into Norfolk. If you notice the map that they gave you, there is a new industrial highway that goes from Highway 81 to 35. That was the envisionment about 15 years ago from Stanton County, Madison County, city of Norfolk, Norfolk Iron and Metal, and Nucor Steel, and Dreyfus Ethanol. And by partnering with all those entities within about a five-year period, creative

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

financing, donations, etcetera, we have now built the facility across there, which is one of the reasons that company came to Norfolk. He now has access to 35 and 81, which keeps the trucks out of the city of Norfolk. And that city is now looking, with the county, for some other...I'm not supposed to use the term "bypass" but alternate truck routes in that community. So when we hear build it, they'll come, there's a perfect example of where it's actually happening right now, and that was done with all local funds, no federal funds, no state fund. I'd like to thank you in your efforts. I've been watching this committee for the last couple of years. Mainelli Wagner and Associates has 40 employees. We're an engineering firm. I started in the '80s, which makes me feel...getting old I guess. In 1990, started in the consulting business and primarily have worked in the county realm in the bridge and pavement and advising county boards. We work in quite a few counties, as many as 40 counties in the state, advising them in doing infrastructure projects. So we have some insight on the strife that the counties have had. And what I want to do today is, number one, I want to thank Kyle and the Governor for the extra 10 percent in the federal aid buyback money that we got this year. The counties are already planning for that money. I'd like to thank this committee and Senator Smith for your efforts in getting the gas tax passed last year. That was a huge stride. But I want to take a look at the past for a second. When I started my career, the federal aid program was pretty popular and it was pretty efficient. We could close a bridge and 12 months later, literally, we could have it under construction. Because of the changes in state and federal relationships or whatever, that's not for today, that time frame has just kind of bogged down, which you've all heard that story; hence, the buyback. What I saw in that period of time was is when local governments would have a structure that was to the point to where it needed to be replaced, the county board would say, is it eligible for any funds? Yes, it's eligible for federal funds programming. We may not get it for a while. Don't care, fund it, because if I pay for it with local funds I'll get hung. So when the slowdown in the federal aid system occurred, my fear working with these people trying to get their infrastructure going was everything would come to a grinding halt, and that's exactly what didn't happen. I was stuck in the same paradigm as everybody else. Those county boards realized that they were holding the ball. They had to look at their funding sources and the amount of money that we were getting from the federal aid buyback, the money that they get through the transportation funding that they get, their mill levy, and sat down and said we need to do some planning. If you look at the front page and then back in the packet I gave you, I just picked five of our clients out and...to demonstrate the type of projects they've done. And this is in the last five years when really the

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

federal aid system kind of...the paradigm started to change. Colfax County: large corrugated metal pipe, 34 structures; 17 box culverts; 10 bridges. Now when I say bridges I'm talking about an historical bridge. If you go home and you say, kids, draw me a bridge, pipes...three pipes of the right size are a bridge. So in this case it's what we think of what a bridge is. Total greater than 20 (feet) built in this five-year period, 43. Now those are the ones that are on that list that we keep hearing everybody standing up, talking about how we're number seven or eight in the nation for bad bridges. These are those bridges. Less than 20 (feet), which you've heard me testify last year, most counties have two to three times as many less than 20 (feet) as they have 20 (feet). So in their case, they replaced 18 of those structures. If you look at Gage, Otoe, Stanton, and Wayne, you can see the numbers of what they've done. They by no means have been sitting on their hands and doing nothing, waiting for somebody to take care of the problem. The maps in the back show the distribution of the projects and the one and six numbers that they have, and the totals in the back to give you an idea how those commissioners are spreading that around their infrastructure. And they're starting with some of the smaller structures because you can't drive over a small crappy bridge any better than a big crappy bridge. So they're starting small, getting people around, and they're working their way up. So I wanted to illustrate the fact that these counties are moving forward and it isn't just these five counties. How do you pick the bridges that you do? We've developed an 11-point prioritization program that takes statistical data, ADT, detour links, scour critical, fracture critical, bus routes, emergency routes, etcetera, etcetera, etcetera, and we give that to the counties so that we can do planning. I've heard things like why don't you close bridges. We've got a three-ton bridge; let's close it, get it off the list. Three-ton, five-ton, ten-ton bridges have their place. If I can drive two miles over and get my farm to market, I can go check my cows on a three-ton bridge, I can go to church, I can go to the grocery store. Is it optimal? No. Will I get to it? Eventually. But do I want to close it just because it's three tons? Not necessarily. When the day comes when it closes, then we make the decision, do we need to replace it, and we look at the overall process. Efficiencies: If you go to the second page, we have developed over the years a standardized headwall system and we have four suppliers of corrugated metal pipes in the state of Nebraska. And by doing hydraulic analysis, looking at stream systems, working with the locals, we decide by engineering standards where these type of bridges can be replaced with culverts. They're cheap, efficient, and county forces can put them in. Twin pipes like this may cost \$30,000 with county forces to put in to replace that bridge. And they can do it in about three days. If I go to a traditional type of a construction,

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

it would be three, four times that. So the life span of these are, without a doubt, at least 50 years if not more unless you put it downstream in hot soils of a hog confinement or something like that, and then we don't look at that type. But we worked with all four suppliers to standardize the headwalls and the details so that when our packages go out, they're all bidding the same thing and they're all...all their dies are the same. The Department of Roads had developed box culvert shapes. It's the second picture down there. That was done many, many years ago. The contractors in the state developed forms that can utilize those to build those box culverts and they don't have to reinvent the wheel. If a culvert is...the corrugated metal pipes aren't big enough, we can go to the box culverts. We have many contractors in the state that will build those standard box culverts and that's a standardized process. When you get to the bridge sizes, if we get to 120-foot, 140-foot, you're going to replace 80-85 percent of the bridges in the state of Nebraska. This is a Nemaha County bridge. There's the before and after. These are precast panels that were fabricated by the contractor, in his yard, based on our design and inspected by us for materials and conformity. There's three or four fabricators that also make these deck slabs and there's hundreds of these type of bridges out there. This particular bridge was built last year for \$99 a square foot. Now I wouldn't anticipate getting that again, but typically that contractor is building bridges at around \$125 a square foot. From conception to construction, county board gave us authorization in this time, and in the summertime it was under construction and it took five weeks to build. The University of Nebraska has gotten a grant from the Department of Roads. With Kyle's people, I sit on a committee and the bridge engineer, Mark Traynowicz who was here, and the committee voted on giving some research money to the university to optimize precast sections, to push them as far as we can and keep it simple so the contractors themselves can make these if they so wish or the fabricators can and there's nothing super special about them. So the Department of Roads, Kyle's people again, are working with the locals to come up with good solutions. Low water crossings are tools we use but not very often because of the degradation issues that we have in the state in the Loess soils where the channels are degrading, but in cases they do. The Board of Classifications and Standards are in the process. I sat on a committee. There's a hearing in a week or two to look at new standards which will help the counties and the cities rehab, do safety improvements on paved roads and bridges without having to rebuild to new standard. That will create safety...or savings in the system. Economic development from a county standpoint, when we look at a bridge, depending where it's at, we look at what resources we have. Do I have a concrete supplier? Do I have a pipe guy? Do I have

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

a bridge guy? Do I have a steel fabricating guy there? Well, who do I have around here? And then we try to tailor the work to keep the locals busy, not at the expense of a more expensive job. But if I can get money into a county and keep that money in that county, that's what we try to do. Competitive: There's many counties that bundle projects. I hear a lot about bundling. Wayne County bundled six major bridges, bonded it, sent it out. One contractor got it; has been in the county for two and a half years building those bridges. Did we get savings? We had some savings but I don't think we got the savings that we were hoping for mainly because the way we bid projects is we go out there and say I'd like it done by October but you tell me when you're going to have it done. They fit it in their schedule. And by doing that, you might get five guys that can get in there and within the next year fit those in your schedules. That's the kind of innovative, nondictating stuff we try to do with our contractors. Then we get the better prices. It's not necessarily the number of bridges as it is working with them and their schedule so they can fit it in, and the counties are actively doing it. Funding: One of the questions I was asked Tuesday was how do we reward counties that have done very little with their infrastructure, apparently, with new funds, and it not be fair or be not fair to those that have done a lot of work. Well, when the federal aid system was around, that's where a lot of those counties got their foot up. But there was a 20 percent match or a 15 percent match the locals had to do and there was a system called the soft match. If the counties went out, picked the bridge off of the eligible list, followed the set of rules that were developed by Department of Roads that were very reasonable--engineer, hydraulics, right of way, follow state law, follow the constitution, no takings, don't pond water on people--they would give you credit for that money to put toward that local match. So if you want to know how, if you have discretionary funds or additional funding and you want counties to buy into a program, keep building bridges. Keep the funds they have now. Give them the guidelines and the list that if you replace this bridge, four foot...square foot of deficient bridge, we'll give you credit for one down here. Goes down and as soon as they got enough to do one of their bridges, Kyle can bundle it, do whatever he wants to do in his program. I really doubt that you'll get any heartburn from the counties because they're going to go like hell to get that and then let Kyle take it and run with it in any way that it sets forth. But if we go to these counties that have been planning, saving to build a program, and then go in and say, we want your money back so that we can go do that, I think we're going to have a big problem because they are moving forward with their projects. If you look at their one and six, as you can see the planning, I'm not the only consultant in the room. I hope they get up and tell you

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

the same thing with their consultants. But the counties are taking ownership of this problem and the big issue here is funding, which you guys have heard. From the counties' perspective, the help that has come has been a godsend and we have put it to good use. And I'm proud of the committee and I've been listening for years and I'm really impressed how you guys have moved forward. Additional funding sources... [LR318]

SENATOR SMITH: And, Mr. Mainelli, I'm going to ask you to try to conclude your remarks here shortly. [LR318]

MARK MAINELLI: I'm going to wind it up. I know the counties have the authority to do sales tax by a vote of the people. I'm not going to be very popular about saying this but one of the other complaints I've heard is: I live in Lincoln, why in the heck do I have to pay for a bridge in the middle...50 miles north of Hyannis? It's a hard thing to answer. If the user...we need to come up with some user fees that are out there so there's skin in the game for the people that are needing those infrastructures. Maybe taking some of the exceptions, tax exemptions off the table and giving them to those counties in which they're used, and that's spelled out in there. So with that, you've got my report, my maps. And I'll take any questions that you have. [LR318]

SENATOR SMITH: Thank you, Mr. Mainelli. Do we have questions? I see none. Thank you. [LR318]

MARK MAINELLI: Thank you. [LR318]

SENATOR SMITH: Appreciate your time. Next person wishing to testify on LR318. Welcome. [LR318]

HARVEY KEIM: Good afternoon and thank you. My name is Harvey Keim, H-a-r-v-e-y K-e-i-m. I'm the York County Highway Superintendent. I'm also the current president for the Nebraska Association of Highway Superintendents, Surveyors, and Engineers. I just had a...well, I'm following Mark. Mark pretty well went over everything I was going to talk to you guys about. The deal that we have as counties, we need the funding. We can produce the bridges, we can produce the box culvert. We just need to get the money into the locals' hands so they can make

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

the decision and go forward. We appreciate all you did with LB610. All the monies that we're getting have been greatly appreciated. But funding is our major problem. I think you're going to continue to hear the same thing over and over from here on out. York County has 157 bridges over 20 feet. We have 92 bridges less than 20 feet. Of those 92 bridges, 62 are in good shape, 22 are in fair shape, 8 is in poor condition. But we also have 298 culverts. They range from 5 feet to 19.5 feet. These culverts are: 101 concrete box culverts; 42 of them are 5- to 10-foot spans, 30 of them are 10- to 15-foot spans, 29 are from 15 to 19.5 foot. They are mostly in good condition, some are in fair, a few are in poor--only nine on that one. But in with them box culverts we also have 197 corrugated metal pipes that range from 5 to 15 feet in diameter. Once again, the biggest majority...there are 11 in the fair condition, there are 2 in the poor condition. The point of this is, as you're looking at these bridges, don't forget the small bridges. Everybody is looking at 20 (feet) and above because, just like Mark was saying, that's what you're getting the reports on. It's just as hard to get around that section when the small bridge is out as it is with the large one. So we got to consider these smaller projects, too, and be able to get the money and the funding to replace those. And that's about all I had for you. [LR318]

SENATOR SMITH: Thank you for your testimony. Senator Friesen. [LR318]

SENATOR FRIESEN: Thank you, Chairman Smith. You know, everybody, we all are short of funds. We realize that. Some counties have done a really good job of maintaining their country roads and bridges. They're in fairly good shape, what they would say. And so the discrepancy across the state though, you have a wide range of what shape the counties are in. So other than funding, is there anything that you would suggest that the state could help with if you just look past the funding issue now? And are there...you know, we've talked a lot about bundling and things like that. What are the other things that we could help with that might facilitate getting some of these counties up to speed or in your case in your county? [LR318]

HARVEY KEIM: Well, I have a unique perspective on this because I've been a highway superintendent in the Panhandle. I've been a highway superintendent in the southeast part of this state. I'm now in east-central. So I have seen a lot of the different terrains, what they have done in the past that are affecting their structures now. Southeast corner, they went in and they straightened rivers and creeks out. That increased the flow of the creek. You got head cuts

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

coming back in. There's culverts down there that, well, box culverts this is, that were built in the '80s that now come out and drop five feet down to the creek level because things are "degradating" down that far trying to get back to their natural flow of the waters. It's going to be a huge problem in the southeast corner. Well, basically all the way along the Missouri River in them breaks coming down that's going to be a huge problem. How can we get them caught up? I don't know. I don't have that answer. [LR318]

SENATOR FRIESEN: Thank you. [LR318]

SENATOR SMITH: Others? I see no others. Thank you for your testimony. Appreciate it. [LR318]

HARVEY KEIM: Yeah. Thank you. [LR318]

SENATOR SMITH: Welcome. [LR318]

KEITH BORER: Good afternoon, Chairman Smith and members of the committee. My name is Keith Borer. I work and represent Central Valley Ag Cooperative, who operates in the eastern part of the state. [LR318]

SENATOR SMITH: Spell the name for us, please. [LR318]

KEITH BORER: Keith, K-e-i-t-h, Borer, B-o-r-e-r. I'm here to speak in support of completion of the Nebraska expressway system, especially the Highway 30 project, Highway 81, Highway 275. You guys have covered today and it sounds like other days much of what I was going to talk about with efficiencies, safety, time savings, things like that. But I just want to speak on Central Valley Ag Cooperative. Many of you probably are aware but, you know, cooperatives are member owned so producers direct how we operate. Central Valley Ag has over 10,000 member owners which are farmers in the state of Nebraska, so in the eastern half of the state. We use all major grain processing markets in the state for selling our grain, purchasing feed ingredients for our feed mills, fuel, and for fertilizer. You know, our fleet, we have over 100 semis, 200 tender trucks for delivering fertilizer to the fields. And just our over-the-road fleet, which is about 70

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

trucks, which is what I manage, the department that I manage, we travel over 400,000 miles monthly in the state of Nebraska and many over these highways that I discussed earlier. Just to talk about ag retailers like Central Valley Ag and for producers that we work with, improving market access with building out these two lanes to four lanes would lead to better margins for producers who are the taxpayers in the state of Nebraska and for ag retailers like ourselves. And then ag retailers and cooperatives like Central Valley Ag are reinvesting all their profits by giving patronage dividends back to producers as well as by investing in new assets. Central Valley Ag last year spent upwards of \$30 million in new assets in the state of Nebraska, and that's projected to be over \$30 million in new assets in this upcoming fiscal year as well. So efficiencies that we can gain in transportation with these three highways is something that over time will go back into new assets, more tax, economic development for the state. Our headquarters are in York, Nebraska, and with a recent merger we do a lot between Columbus and York with different locations, lots of transfers of products. And that is something that a year ago maybe we wouldn't be here, sit here to say that that was something Central Valley Ag cared about. I don't want to say that but not as much. Well, it's a big deal now, that Highway 81 stretch. So the main things would be safety, access to markets for both ag retailers like us and for producers throughout the state. And a couple closing comments, you guys have heard a lot of this, but I do believe it affects more than just the counties that these highways are located in. You know, we...I see this affecting producers, counties. You know, several grain and fertilizer travel a long ways in this state with the geography that we have. So I see the economic benefits spreading out across the state. And I feel that the time line, I can't talk about funding or anything like that but, you know, 2024 is a long ways away, so anything you guys can do to push that closer. There's going to be lots of decisions that are made on economic development, new assets, new facilities in the next two to ten years, you know. So the sooner that some of those things are decided on your part, the better that will be. So just wanted to speak in support of completion of the Nebraska expressways on behalf of Central Valley Ag today. [LR318]

SENATOR SMITH: Thank you, Mr. Borer. [LR318]

KEITH BORER: Any questions? [LR318]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

SENATOR SMITH: Thank you, Mr. Borer. Any questions? I see none. Thank you for your testimony. [LR318]

KEITH BORER: All right. Thank you, guys. [LR318]

SENATOR SMITH: Welcome. [LR318]

PAT GUBBELS: Good afternoon. My name is Pat Gubbels, G-u-b-b-e-l-s, president of Theisen Construction, a small contractor that you graciously mentioned before, and I thank you for that. I'm just here to say that the counties are finally beginning to feel that the gas tax is coming through. They're finally going to get some funding. Presently, I have a small company. I have two crews. We can build 18 to 20 bridges a year. Usually a 90-footer will take us three, three and a half weeks. I've worked with Mainelli Wagner, JEO, Speece-Lewis, which they're helping the counties. They're keeping the funds down. I think our projects are very economical. When I bid the projects and if there's dirt involved, I go into the counties and I hire their local contractors, which in turn keeps some of the money back into the counties. I see that the counties are really starting to bid. I've bid six projects so far. I have six more on my desk. So I think the gas tax is really helping. I know that when the soft match went dead it really hurt the counties and they felt like, you know, they were really offended or they couldn't trust anybody. I hope as a board this gas tax can continue. I am not in favor of the big bundling because right now as we bid bridges there's usually five or six bidders and I think the costs are very economical. And along with the engineers coming in with the precasts, we can build...I will bid...I will bid anything from like 180-foot on down. And that's basically what I say, what I wanted to tell you. You know, I think the counties are really coming alive now and I think they're going to build many more bridges. And that's all I have to say. [LR318]

SENATOR SMITH: Thank you, Mr. Gubbels. Questions? I see none. Thank you for being here today. [LR318]

PAT GUBBELS: Thank you very much. [LR318]

SENATOR SMITH: And thank you for your testimony. [LR318]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

PAT GUBBELS: You bet. [LR318]

SENATOR SMITH: Good luck with your small business. [LR318]

PAT GUBBELS: Thank you. [LR318]

SENATOR SMITH: Welcome. [LR318]

CHRIS LANE: Good afternoon. Chris Lane, C-h-r-i-s L-a-n-e, vice president, owner of Speece-Lewis Engineers. I guess I'm the other consultant in the (inaudible). Okay. All right. Speece-Lewis has been around since 1974. They've been building...designing--I shouldn't say building--designing counties and helping counties and municipalities out since all this time. You know, before this morning, I come here, I thought, well, you know, I'm just going to look on our network and just see how many projects we've been involved with in the last five years just on the construction side of things. And in the past five years, we've had 164 projects that we've been involved with in the construction phase. Only 17 of those have been federal aid. So I'm just trying to paint the picture that the counties, they know what they're doing when it comes to getting their stuff done. If we can get them the funding, they will get the stuff built and very efficiently. There's things that the Department of Roads have done in the past couple years here that have helped out with the buyback. That's been good. But in my opinion, it sometimes spreads it too thin. We need more money in that pot to spread it out. I mean I think Lancaster County might get \$80,000 a year from that bridge buyback fund. It's nice and it's great, but it's kind of hard to do anything substantial with. They also, the NDOR, started with the significant bridge fund for the on-system bridges. That's worked out. We got the first one of the bridge in that system to design. And from the time we got the notice to proceed in March, we had a letting the following January or February and we were in construction a month or two later. So that...it was a \$1.6 or \$1.8 million bridge, so it was a good system to get going. We just need to add to these dollars. And there's lots more bridges out there like that we could get accomplished if we just had the funding. Bundling, I'm not a huge fan of the design-build thing. We bundle bridges all the time, whenever we have letting. Just this last month, last month in November, we let 11 projects, 5 of which were tied or the contractor had the option to tie. If he wanted to say I want all of them, he'd put a lump sum...not a lump sum price but a total package price on the five

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

projects. This month we'll have five more projects let, two of which will have...the contractor will have the option to tie. In January we'll have four projects to bid, two bridges and two box culverts. On both those the contractor will have the option to tie. Now we always put the option to tie in there, but I would say that maybe only 10 percent of the time does a contractor actually tie. They're usually local contractors that don't want to take on the liability of, oh my gosh, I got four bridges I got to get done this year or in two years or whatever the time frame may be. So we're not seeing a huge demand on contractors trying to grab large numbers of projects. Again, just from what we see at the county level and how they get their structures done, the 164 bridges that we've been involved with, that, you know, we're not even scratching the surface of what each of these counties are doing on their own, their own bridge crews that they may have installing their own pipes or their own, you know...Mark explained on the counties that he was talking about. They're always constantly replacing culverts and less-than-20 (feet) bridges with pipes or box culverts. So the bigger picture is not everything...the structures that are under 20 (feet) you will start seeing come to light here with the funding, needing money for. That's what people just really are not...there's a whole nother side. When we look at the bridge problem, the 15,000 bridges, we see the on-system bridges, the bridges that are on the system. Nobody has been taking much on the funding for the less-than-20 (feet) bridges and it's a huge cost to the counties that we don't see come to light. So with that, I'd offer up any questions. [LR318]

SENATOR SMITH: Okay. Thank you, Mr. Lane, for your testimony. I see no questions. Thank you for being here today. Welcome. [LR318]

STEVE RIEHLE: Thank you. Good afternoon. My name is Steve Riehle, R-i-e-h-l-e. I'm the county engineer for Hall County, also an officer in the County Highway Superintendents Association--very impressed with that association, very impressed with county highway superintendents across the state with their desire, the heart they have to take care of their roads and bridges--also involved in the legislative committee in that association and also part of the 3R committee. Probably spent 20 hours a week for almost a straight month going over the 3R standards that the Department of Roads is working on, and I'm really excited to see they're going to have a hearing on those in two weeks. I think there's a couple really good things about those. One is that we get the ability as a county or a city to do 3R projects, and then they're going to better align the standards and try to take some of the confusion out of there. Unfortunately, when

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

you try to better align standards and take confusion out, it doesn't get simpler. It didn't get shorter. It actually got longer. But it's simpler for us as the county highway superintendent or county engineer. We no longer have to consider resurfacing an asphalt road and then in the middle of that asphalt road we find out we have to widen a bridge and spend a half a million dollars. And the bridge doesn't have a crash history. It's not a substandard bridge. It's just two foot or four foot narrower. And the new rules will allow us to do that, which is a great thing for us. And so we're glad the Department of Roads and the Board of Roads Classifications and Standards is doing that. I thank the committee for their interest in roads. I thank the previous Legislatures for the Build Nebraska Act. With that, one of the nine projects that Kyle Schneeweis mentioned is going forward, and that's Highway 30 west of Grand Island. It's one of the nine projects he mentioned that we're working on. We've got a great relationship with the Department of Roads as local stakeholders, both from the city standpoint and the county standpoint, trying to figure out what does that road look like and where does it fit, because Grand Island, whether it's the district engineer at the Department of Roads or the county engineer or the city, has a real good comfort level with how that road impacts the road users, both from the highway perspective and the local road perspective. And it's going to happen because of the Build Nebraska Act. We're using LB610 dollars or the gas tax dollars for our county. We're going to do a bunch of 20-foot bridges with that, under 20-foot bridges with that, as well as the bigger bridges. We also appreciate the Department of Roads changing the Federal Funds Purchase Program from 90 percent to...or from 80 percent to 90 percent. Chris said it's not a lot of money and that's true, but that can do a culvert or two a year for us. For Hall County, with a population of almost 65,000, we get \$40,000 a year. When I take a look at that number, I kind of wonder why is Hall County's number so low. And maybe it's because the board in Hall County has been pretty progressive in doing soft match projects and putting their own money towards bridges, so then the bridges aren't in really bad shape. So when the Federal Funds Purchase Program came out, we didn't get that many dollars because we took care of our infrastructure. So the dollars are going where they need to. But as Kyle said this morning, there's never enough dollars. So we're working to see what we can do to get our dollars going. One of the things we do is try to economize our bridge projects. We had a bridge that we started surveying on in September. We opened bids on it on January 12. We'll start on that bridge probably in March and we'll wrap it up in June, less than a year, nine months from the start of the design through construction. It's 83-feet long. Materials will only be around \$70 a square foot is what we estimate. We don't think there's a delivery

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

problem for that bridge. And we can do two or three of those a year. We could do one or two ourselves. We already do one a year. We think we can step up to two a year with ourselves and then hire a contractor to do the third one a year. I mentioned our bridges and how our Federal Funds Purchase Program, or the buyback dollars, are not a really big dollar to us. We have been stepping up, though, in Hall County towards our asphalt roads as well. It's not just bridges. It's asphalt. My boss, Casey Sherlock, spoke when you were in the meeting in October, the hearing in Grand Island. I was unable to be there. He talked about our asphalt roads. We have roughly 180 miles of asphalt roads. If we were to redo those every 18 years, which is a long time between roads, we'd have to do ten miles a year. We used to only do about five miles a year and the county stepped it up. We're almost at ten miles a year. And just last year they added another \$222,000 to our asphalt resurfacing budget so that we can try to do more projects. I credit that \$222,000 with coming in there partially because the county stepped up but partially because of the Build Nebraska Act and the Federal Funds Purchase Program dollars. I do want to say it's not just numbers. You know, there's a lot of numbers that float out there so I encourage the committee to make sure and talk to the experts. It's not just pounds per square foot loading on a road. It's also axle load as well. It's not just percentage of accidents on a four-lane roadway. Dr. Goss talked about a 40 to 60 percent reduction in safety or improvement in safety if you take a two-lane road, make it to a four-lane road. That's not always applicable to all four-lane roads. You've got to have a road that's already too busy. And then if you take that road and take care of the congestion problem, then you see the 40 to 60 percent. So careful, careful with the numbers. And we try to be careful with our numbers as an engineer as well. Thinking about numbers, I want to close with I think the best way for us to address the problem is continued solid sources of funding for our roads. We've got some of that, we think, through LB610 and LB84, and we're doing some of those things in Hall County. Thank you for your time, and I invite you for questions if you've got any. [LR318]

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

SENATOR FRIESEN: Thank you, Chairman Smith. I guess one of the questions, I'll just ask you, too, is, are there other things that the state could do to help you with any of your projects? Other than funding, which is, you know, everybody's obvious issue, are there things down the road that the state could, permitting processes, you name it? Think of the big picture and if

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

there's things that the state could help facilitate and lower costs, so to speak, and overall in terms of projects. Is there something we could do? [LR318]

STEVE RIEHLE: I'm impressed with the partnerships--and "partnerships" can be sometimes an overused word--but I think I'm impressed with the partnerships that are back into place that used to be in place. The partnership they're using for the significant county bridges that Chris Lane talked about where they started in March and then in the following January opened up bids, I believe is the numbers he quoted, I think that system falls back to sort of what the system used to be with federal aid projects. Anything they can do like that definitely streamlines it. And I think the reason they were able to do that is because they turned a lot of the design work straight over to a consultant into the county, and then they produced the plans, and the department said, okay, let's go out for bids. So partnerships like that are what helps them. The other part where the Department of Roads could help us probably is the permitting processes, to help push it through that process as well. [LR318]

SENATOR FRIESEN: Okay. Thank you. [LR318]

SENATOR DAVIS: Any other questions? Thank you, Mr. Riehle. [LR318]

STEVE RIEHLE: Thank you. [LR318]

SENATOR DAVIS: Senator Smith will be back in a minute. Next testifier. [LR318]

WALT RADCLIFFE: Senator Davis and members of the committee, my name is Walt Radcliffe, R-a-d-c-l-i-f-f-e. I am here today as a registered lobbyist on behalf of a coalition of local political subdivisions known as NEED, the Nebraska Expressways for Economic Development. I have spared you testimony the entire interim and (laughter), unfortunately, you get to hear from me today because I was waiting to see what everybody said during the whole interim. When you look back, and this won't be a long history lesson, I mean both LB84 and LB610 really put money into the roads system. And I think the Legislature has probably done as much as it can politically or any other way to enhancing the available resources out there, enhancing the money that's out there. And I think that the testimony you've heard these last several months has

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

acknowledged that in that it seems to me that what you're looking at doing is figuring out some ways to maximize the use of those dollars you already have, infrastructure bank being probably the foremost idea that's come in front of you. We'd certainly be supportive of that. Bonding is something we've always supported but I don't know which I've worked on more, bonding or gambling, unsuccessfully. So maybe we should do a bonding-gambling initiative. But I mean, you know, that just isn't going to be there politically, so let's move on. You know, as you say, drop that bone; let's go on to something else. An infrastructure bank really seems to be the thing. I think there's probably also some other lesser things that the Legislature could do in listening to ideas that have come up during the interim to enhance the usage of those funds, to enhance and expedite their expenditure. But really, I would urge you to concentrate and have your mission be how can we best use what we have and what tools can we put in place to do that, infrastructure bank being first and foremost. If you have any questions, I'll be happy to try to answer them, Senator Smith. [LR318]

SENATOR SMITH: Thank you, Mr. Radcliffe, for your testimony. I'm sorry I took a quick break when you introduced yourself, but had I known you were going to be at the table I would have probably taken a longer break. [LR318]

WALT RADCLIFFE: I'll have a video. (Laughter) I'll have a video for you, Senator. [LR318]

SENATOR SMITH: Any questions for Mr. Radcliffe? I appreciate you being here today. Thanks for your testimony. [LR318]

WALT RADCLIFFE: And I appreciate you appreciating that, Senator. Thank you. (Laughter) [LR318]

SENATOR SMITH: Welcome. [LR318]

LYNN REX: Thank you. Senator Smith, members of the committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. First of all, I want to thank you very much for the great work you did in passing LB610 and the leadership and the political courage it took to do that, because that's extremely important. As important as that is and we

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

didn't realize how much more important it was going to be when we found out that basically due to the wholesale price of gas and the implications that will have for municipalities and counties, that will help offset our loss. So LB610 is a huge...what was, we thought, going to be added dollars, which...vitaly important dollars, now vitaly important dollars to maintain what we even had. And we're hoping at some point this committee would be willing to look at a hold harmless for municipalities and counties. Right now there's a 1-cent differential in that adjustment that can be made up and down, and certainly on the downside I mean we...municipalities and counties lost \$14.7 million the first year when LB846 took effect as in July of 2009. LB846 passed in 2008. And frankly, in deference to all that were involved in that effort, certainly no one could have predicted what was going to happen with the wholesale price of gas, including the League of Nebraska Municipalities, because we supported LB846 and so did the counties and others. So that being said, LB610, critically important, more important than we ever thought. Secondly, LB84, obviously in 2011 when that passed we were involved in that effort with a large coalition, extremely important. But as you've heard from every municipality that's testified before your committee in all of your hearings this fall, notwithstanding LB610 as anticipated dollars, LB84, hopefully some federal money along the way, they still have a gap in terms of their need to take care of not just things they would like to do on the local level but things they need to do in transportation infrastructure on the local level. And in municipality after municipality, you also heard that across the state municipalities and counties, too, are putting in significant local dollars. It's not just what the state and the feds are giving them at all. So we appreciate obviously the state buyback issue. That's helped too. But certainly to us what is the most critically important thing in the last few years has been LB610 and we can't thank you enough for that. I do want to underscore that I think it's important that the committee know that the League of Nebraska Municipalities stands in strong support of the concept of an infrastructure bank. As you look at how you're going to structure that, we hope that at some point I know you want to focus on expressways, which we strongly support, and also I know you're going to want to look at county bridges based on the dialogue that we've been hearing. But also, please take into consideration the need to at least allow or enable an option there for municipalities as well so you don't have to come back in or we don't have to come back in, in future years, to try to say that infrastructure banks could also be used to facilitate that. In terms of the infrastructure bank as a concept, that's been used in state after state. In talking to my colleagues across the country, very positive. It works all across the state. We of course strongly support bonding as well.

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

Municipalities, counties, schools, everybody bonds. We understand it. We know how to do it. We know the state of Nebraska certainly would be capable of doing that too. But as Mr. Radcliffe indicated, if there's not political support for that, we understand that. But I just want you to know we would certainly support that effort as well. We think it's very important that the Department of Roads is now looking at economic development as a factor. We think that is long overdue. And I think as Kyle has underscored, it's not to supplant any issues on safety. I think this morning when he spoke with you, and I listened to that entire presentation and your comments, I think he said about 70 percent should be on the safety and the other kinds of elements, with 30 percent looking at economic development. He just suggested that was a possibility. But looking at economic development as an important and a critical component of where these roads dollars should be I think is extremely important. And also the equity of where it is across the state, whether it's the Heartland Expressway, whether it's 81, whether it's some other projects, but I think that's important. The transparency that he's mentioned to you is extremely important and having stakeholder involvement. I think the Innovation...Governor's Innovation Task Force, of which I know you're a member and Mike served in your behalf at the last meeting, I think that's extremely important to ask people what they think and how this could work. But I'd just like to close my testimony by, first and foremost, thanking you for making the effort to go all the way across the state of Nebraska, in municipality after municipality, and ask for...ask what people think, because it's extremely important. It was very informative to me as well. And I just appreciate the tremendous effort that you all made to make that happen. And again, just we want you to know how much we appreciate anything and everything you can do to expedite expressways which we think, in addition to all the other transportation projects that have been mentioned, will have the greatest economic impact in the state of Nebraska more than anything else that can be done. With that, I'm happy to respond to any questions you might have. [LR318]

SENATOR SMITH: Thank you, Ms. Rex. Any questions? I see none. And thank you, to you and to the League, for helping to host the committee as we traveled across the state. We appreciate that. [LR318]

LYNN REX: Oh, you're most welcome. Thank you again. [LR318]

SENATOR SMITH: Welcome. [LR318]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

JASON KRUEGER: Thank you. Jason Krueger, J-a-s-o-n K-r-u-e-g-e-r. I'm the operations manager for Northern Agri-Services in Henderson. And I'm kind of an oddity here. I don't have a suit on. I don't have anything prepared. And I'm not...was not in favor of LB610 only because I put four tanks of gas in my truck every week going back and forth to Henderson to work, but that's a whole nother thing. I'm actually here today to visit a little bit. I grew up in Hebron, worked in Norfolk for three years. (Highway) 81 is kind of near and dear to my heart just because I've been in that area of the state most of my life. I've seen some of the areas like Hebron and Geneva where they've done the four-lane and what it's done to help improve some of the businesses or add businesses. Like you say, if you build it they will come, and I believe that's true. And being a business not too far off of 81 up in Henderson, we've also experienced some of the problems of the truckers complaining about 81 north where it's still two lane, having to deal with that and safety issues and that kind of thing too. So I'd really like to see that to get done sooner than later, as was mentioned before, to help with the safety but also with some of the smaller businesses, like ourselves, that manufacture things that do go not only throughout the state but to other states also. So that's really all I had for you. I know you guys are anxious to get out of here. [LR318]

SENATOR SMITH: Thank you for your testimony, Mr. Krueger. So your testimony is along the lines that you see the need for those roads to be improved for that travel. [LR318]

JASON KRUEGER: Right. Uh-huh. [LR318]

SENATOR SMITH: Any further questions from the committee? Let me ask you this. I know you're not in favor of LB610. And as a small business owner that has a lot of trucks on the road myself, I understand that. I'm not certain as to where else we go to find the funding to make those needed improvements. Any particular thoughts you have? [LR318]

JASON KRUEGER: No. I understand the necessity of it. But like I said, you know, I live here in Lincoln, drive to Henderson, and we do have a lot of trucks on the road too. So it's...sometimes it's hard to bite that bullet and, you know, you start looking at that and how much that adds up to. Even just, like I said, for my commute compared to somebody that just lives here in Lincoln, works here in Lincoln, it's not, you know, not as big a deal to them as it is to me. But, no, I

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Rough Draft

Transportation and Telecommunications Committee
December 03, 2015

understand. It's tough to come up with that kind of stuff from anywhere. I mean there's not anybody that's just going to come and write a check so it will get done. I mean I don't think Warren Buffett has probably called you and offered that, so. [LR318]

SENATOR SMITH: No, and the federal government wants to write smaller and smaller checks. [LR318]

JASON KRUEGER: Smaller checks and more control. [LR318]

SENATOR SMITH: Yes. Well, we appreciate your testimony and I certainly understand what you're saying. Thank you. [LR318]

JASON KRUEGER: Thank you. [LR318]

SENATOR SMITH: Any remaining testimony? Very good. Thank you everyone for your patience and staying here with us. That concludes our hearings today. [LR318]