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HALLORAN: Good morning. Welcome to the Government, Military and Veterans Affairs Committee. I'm Senator Steve Halloran. I'm from Hastings, Nebraska, and I represent the 33rd Legislative District. Chairman Brewer has asked me to be the temporary Vice Chair. He had a medical emergency last night and could not be here this morning. For the safety of our committee members, staff, pages, and the public, we ask those attending our hearings to abide by the following procedures. Due to social-distancing requirements, seating in the hearing room is limited. We ask that you only enter the hearing room when it's necessary for you to attend the bill hearing in progress. The bills will be taken up in the order posted outside the hearing room. The list will be updated after each hearing to identify which bills is currently being heard. The committee will pause between each bill to allow time for the public to move in and out of the hearing room. We request that everyone utilize the identified entrance and exit doors clearly marked coming and going from the hearing room. Please note the exit door is on the far side. We request that you wear a face covering while in the hearing room. Testifiers may remove their face covering during testimony to assist committee members and transcribers in clearly hearing and understanding the testimony. Committee members, I will leave it to their discretion to wear a face mask covering because we are adequately protected by the plexiglass dividers and we have adequate social distancing from both testifiers and the public audience. I'm choosing not to wear face coverings so that the transcribers can clearly hear my statements. Pages will sanitize the front table and chair between testifiers. Public hearings for which attendance reaches seating capacity or near capacity, which is not an issue today, so I'll forgo that. We ask that you please limit or eliminate handouts. The committee will take up the bills in the order posted on the agenda. Our hearing today is your public part of the legislative process. This is your opportunity to express your position on the proposed legislation before us today. Committee members might come and go during the hearing. This is just part of the process, as we may have bills to introduce in other committees. I ask that you abide by the following procedures to better facilitate today's proceedings. Please silence or turn off your cell phones. Please move to the reserved chairs when you are ready to testify. These are the first two chairs on either side of the aisle where available. Introducers will make initial statements followed by proponents, opponents, and neutral testimony. Closing remarks are reserved for the

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introducing senator only. If you're planning to testify, please pick up a green sign-in sheet that is on the table just outside the hearing room. Please fill out the green sign-in sheet before you testify. Please print and it's important to complete the form in its entirety. When it is your turn to testify, give the sign-in sheet to the page or committee clerk. This will help us to make a more accurate public record. If you have handouts, please make sure that you have 12 copies and give them to the page when you come up to testify. They will be distributed to those members of the committee. If you do not have enough copies, pages will make sufficient copies for you. When you come up to testify, please speak clearly into the microphone. Tell us your name-- and this is important-- please spell your first and last name to ensure that we get accurate records. We will be using the light system for all testifiers. You will have five minutes to make your initial remarks to the committee. When you see the yellow light come on, that means that you have one minute remaining and the red light indicates that your time has ended. Questions from the committee may follow. No displays of support or opposition to the bill, vocal or otherwise, are allowed at the public hearings. The committee members with us today will introduce themselves, starting with Senator McCollister.

McCOLLISTER: John McCollister, District 20, central Omaha.

SANDERS: Rita Sanders, District 45, the Bellevue-Offutt community.

LOWE: John Lowe, District 37.

HUNT: I'm Megan Hunt. I represent District 8 in midtown Omaha.

HALLORAN: OK and we have to-- in the middle of the room, we have Dick Clark, who is the legal counsel for the committee. We have pages today with us and I don't have their bio, but all that you need to know is they are fine students at the University of Nebraska. We have Ryan Koch and Jonathan Laska. OK, so we will proceed. The first bill before us today is LB414. Welcome, Senator Wishart. Good morning.

WISHART: Good morning. Thank you, Senator and Chairperson Halloran for the day and members of the Government, Military and Veteran Affairs Committee. My name is Anna Wishart, A-n-n-a W-i-s-h-a-r-t, and I represent District 27 here in Lincoln. Today I am introducing LB414, a bill to improve the timeliness and cost of certain infrastructure

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projects in our community. I am taking the baton on this bill from Senator Hilgers, who remains supportive, but I believe he's a little busy this year being Speaker. This bill marks the latest step in a multiyear effort to continue providing the option of design-build for certain public entities in the state of Nebraska. As you likely know from the hearing last year, design-build is a method of project delivery in which one entity, the design-build team, works under a single contract with the project owner to provide design and construction services. One entity, one contract, one unified flow of work from initial concept through completion. The goal is to save money and time through a more efficient process. In a design, then build-- excuse me, in a design, then bid, then build process, you have essentially three steps. You know, each step has to be done sequentially, sequentially and because they're sequential, it takes time to complete each one and makes for a longer, more costly project. In a design-build system, some of these steps are done in parallel and so you have time and a larger project can save a significant amount of money in doing design-build. As I said, this is the latest step in an effort to expand efficiency and cost savings. There has actually been a pretty significant history of this type of concept being approved by the Legislature over the last five years. The purpose of LB414 is to expand the design-build tool to allow political subdivisions other than Omaha, who already has that authority, to use this tool in the construction for water, wastewater, utility, or sewer systems. It is another tool, again, in the toolbox for a small number of projects that will qualify for design-build. And the projects that do qualify are ones that will save money by reducing the time to completion, reduce the construction inflation costs, and get these projects done faster. And I brought this bill because this is very important for the district I represent. I represent an area of Lincoln that was significantly flooded when we had the 100-year flood. We sit alongside an area that gets easily saturated and so it is important that we have strong water infrastructure to serve my constituents, but the growing community that we have in Lincoln. So this again will help with water infrastructure projects. It will help with flood prevention, any overhaul of wealth fields, and it will help for preparation of a new water source for Lincoln should we need to move forward on that in the future as we continue to grow. LB414 is very similar to LB890 that was introduced and championed last year by Speaker Hilgers. It advanced from this committee. If you want to look at the committee statement, there were-- it advanced without any opposition votes from the

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committee and it was incorporated into another committee bill that ended up not passing on the floor last year, not because of this issue, but because of another issue that was incorporated into that bill. As you'll notice when you look at the committee statement for LB890, which was introduced last year, again, there was one set of opposition. I will say that the bill that is before you, Speaker Hilgers spent significant work with that opposition and incorporated a compromise amendment that is in this bill with those stakeholders to make sure that there are certain procedures and protections in place related to design-build. I also believe that a letter of support was submitted by the Nebraska Chapter of ACG, which signifies that these compromise amendments are in place. Lastly, I want to mention that MUD has reached out to me. They would like to be included in this bill. I am grateful for their support and I would be happy to include them in this bill, but obviously that will be up to the decision of the committee through a committee amendment since when they reached out to me, I did not have time to get that through. There is at least one testifier behind me from the city of Lincoln who can answer really specific questions when it comes to design-build and can talk about the work done by Speaker Hilgers. I will stay through this hearing, so I would be happy to answer any follow-up questions in closing should that be needed.

HALLORAN: OK, thank you, Senator Wishart. Any questions from the committee? Senator McCollister.

McCOLLISTER: Yeah, thank you, Senator Halloran. I'm sympathetic to the MUD inclusion. Do the public, public power districts have-- currently have the authority for design-build?

WISHART: I do not know that. In researching this, I was just looking through water projects, but the person after me will be able to testify to that.

McCOLLISTER: Thank you.

HALLORAN: Any additional questions from the committee? OK, seeing none, you will be-- you will stay for close, Senator? OK, thank you. All right, now we will hear from proponents for LB414. Good morning. Welcome to--

CHRISTY ABRAHAM: Good morning.

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HALLORAN: --the Government, Military and, and Veterans Affairs Committee.

CHRISTY ABRAHAM: Thank you, Senator Halloran. My name is Christy Abraham, C-h-r-i-s-t-y A-b-r-a-h-a-m. I'm here representing the League of Nebraska Municipalities and I just want to thank the committee for hearing this bill today. The league is very supportive of this bill. We were also very supportive of LB890 last year that Senator Wishart told you about, that Senator Hilgers introduced. Design-build has been something that's really been growing and expanding in Nebraska. On a very personal note, I was legal counsel of this committee in 2002 when the first design-build bill came through and that was only for schools. We started there and in 2008, Senator Flood expanded it to allow counties and cities and community colleges to use design-build, so we were very grateful for that. And as Senator Wishart mentioned, it's been expanded. Now the Department of Transportation uses it. So it's really a concept that's growing in popularity and the league just wanted to stress that although Senator Wishart talked about all the great ways that Lincoln will be able to use this, we have had communities reach out to us, sort of the more sophisticated first-class cities that say they are also very interested in this and would like to use it for wastewater, water, and other utility construction. So I just wanted to let you know this is sort of a statewide issue. And Senator McCollister, if I could be so bold as to try to answer your question, as I read-- it's on page 3 of the bill, line 6. Political subdivision, as defined in this act, means cities, villages, counties, school districts, community colleges, or state colleges. This bill adds NRDs and I'm guessing we would just add MUD to that list of political subdivisions.

McCOLLISTER: How about the power districts?

CHRISTY ABRAHAM: Excuse me?

McCOLLISTER: Public power districts?

CHRISTY ABRAHAM: Public power districts don't seem to be listed currently.

McCOLLISTER: Interesting.

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CHRISTY ABRAHAM: So that's all I know at that point, but this committee obviously could, could add, I would assume, any political subdivision they would like, so thank you for your time today.

HALLORAN: Thank you, Ms. Abraham, for your testimony. Any further questions? Senator McCollister.

McCOLLISTER: Yeah, with design-build, you still incorporate a bidding process, do you not?

CHRISTY ABRAHAM: Yes, that's correct. And Senator Wishart did a great job and I, and I know your next testifier will go into more detail, but as I understand it, you know, the current sort of typical process is design, bid, build. And this is design-build, so you're kind of taking out a step and so you bid it at the beginning and then that person designs and builds and does the whole project.

McCOLLISTER: And it's open, competitive bidding?

CHRISTY ABRAHAM: Yes, yes, absolutely it is. And in fact, this Political Subdivisions Construction Alternatives Act-- quite a mouthful there-- it has very specific procedures that political subdivisions need to go through in order to have these types of contracts.

McCOLLISTER: Thank you for your testimony.

CHRISTY ABRAHAM: You're welcome.

HALLORAN: Thank you, Senator McCollister. Any further questions from the committee? Seeing none, thanks for your testimony.

CHRISTY ABRAHAM: Thank you so much.

HALLORAN: Additional proponents for LB414? Good morning. Welcome to the Government Committee.

ELIZABETH ELLIOTT: Good morning. Thank you for having me here today. Thank you to the members of the committee. My name is Elizabeth Elliott, E-l-i-z-a-b-e-t-h E-l-l-i-o-t-t, and I am testifying on behalf of the city of Lincoln in support of LB414. I am the director of Lincoln Transportation and Utilities Department. First, I would like to thank Senator Wishart for bringing forth this bill. LB414

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broadens the use of our design-build and construction manager at risk or CMR methods of project delivery to include water, wastewater, utility, and sewer construction projects. Current law excludes these types of projects from those where design-build and CMR contracts may be employed. We believe that this flexibility will be helpful to us and certain projects of this type, as it has been in other construction projects. Design-build is a process that allows a single contractor to bid and, if selected, execute both the design and construction phases of the project. Basically, they take the project from beginning to end. This is contrasted to the design, bid, build process in which a design contract is procured, often through a qualification-based process, followed by a second bid and selection process for the construction of that same project. The use of design-build procurement has accelerated in the United States because of the potential cost and time savings that we would recognize from this process. Essentially, what it does is it shortens the procurement and project calendar. It efficiently allows us to phase projects and it encourages value engineering. We have used design-build and CMR projects for many building projects in Lincoln, most recently with the five new fire stations here in town. And we hope to have this option for consideration with other projects for our water and wastewater construction. The Legislature did previously enact the Transportation Innovation Act, which authorizes design-build and CMR for our street construction projects. We would like to have the same option for our utilities. We believe this option will help us provide our customers with the best service at the lowest rates possible. Thank you and I'd be willing to answer any questions.

HALLORAN: All right, thanks for your testimony, Ms. Elliott. Senator Blood, would you-- if-- we've been joined by Senator Blood. Would you like to introduce yourself?

BLOOD: Absolutely. Good morning. My name is Carol Blood, Senator Carol Blood. I represent District 3, which is western Bellevue and southeastern Papillion, Nebraska.

HALLORAN: Thank you, Senator Blood. Are there questions from the committee? You've been very thorough.

ELIZABETH ELLIOTT: All right, well, thank you very much.

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HALLORAN: Are there additional proponents for LB414? Additional proponents? Before we move on to opponents, for the record, we have, we have position papers, three proponents: Jean Petsch with the Associated General Contractors, Nebraska Building Chapter; Rick Kubat, Metropolitan Utilities District; Dean Edson, Nebraska Association of Resources District. And we also have-- excuse me, we also have written testimony, Jon Cannon as a proponent with NACO. OK, we're moving on to those with opposing testimony for LB414. Opposing testimony? Seeing none, we will move on to those in the neutral capacity. Anyone want to venture into being neutral? OK. All right, with that, Senator Wishart, if you'd like to close?

WISHART: I don't need to be in the chair. Do you have any questions for me?

HALLORAN: Any questions? You're going to save some sanitizing solution?

WISHART: Yes. Thank you.

HALLORAN: All right, change the sign. We will be moving on to LB242, LB242. Good morning, Senator Brandt. Again, it's your pleasure, Senator.

BRANDT: Good morning, Chairman Halloran and members of the Government, Military and Veterans Affairs Committee. My name is Tom Brandt, T-o-m B-r-a-n-d-t. I represent District 32: Fillmore, Thayer, Jefferson, Saline, and southwestern Lancaster Counties. Today I'm introducing LB242. LB242 is introduced at the request of the Lancaster County Board of Commissioners with input and support from the Nebraska Association of County Officials, NACO. I am offering to the committee AM63, which has just been handed out to you, which I filed last Friday with the Clerk, and I would ask the committee adopt that amendment, which replaces the bill. We listened to the concerns of the Nebraska Department of Transportation and worked hard to make revisions to the bill based on their input. And by striking two provisions, we have a better bill. LB242 is a bill to allow political subdivisions such as cities and counties to pass a resolution to allow payment for a bridge project over a longer period of time. This means that a county could start work on a bridge now and pay for it over the years after project completion. Under current law, a county must set aside funds for the bridge project before the start of the project, often delaying bridge

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replacement for years. What is envisioned is the ability of the county or city to hold the same power as the Nebraska Department of Transportation when it contracted for the South Beltway in Lincoln. LB242 also seeks to provide counties and cities with clarity on how they may utilize design-build under the Political Subdivisions Construction Alternatives Act in the cases of construction of bridges. The bill limits this power to resolutions that empower counties and cities to repair, retrofit, reconstruct, or replace any bridge. I wanted to introduce LB242 because we have a bridge-funding problem in this state, especially for our rural counties. This bill is another tool in the toolbox for cash-strapped rural counties. Counties and cities could commit dollars in current budgets and work with contractors to take advantage of prices now in the short term, but to pay for them over a longer period to avoid inflation on bridge construction, currently 8 percent the last two years for price increases. According to information provided by NACO-- and this is on the other handout that you received-- there are 11,118 county bridges in the state of Nebraska that are open and 216 that are closed. That's almost 2 percent. This means residents lose significant time to detours and money for gas, as well as wear and tear on roads that might not be built for excess detour traffic. Those of us who were here last year can recall an extensive debate last session on the floor on a bill that would have allowed counties to access a pre-existing 5.3 cent levy to fix their bridges. That bill did not pass. At that point, Lancaster County listened to what was said and went back to the drawing board and came up with the concepts that are now embedded in LB242. This is a bill that does not increase property taxes, nor give any additional spending authority to counties or cities other than the ability to pay for these bridges over a period of years after construction. This is a reasonable approach and I'm happy to sponsor. LB242 does not have a fiscal impact to the state and has 21 co-sponsors. Following me in testimony today will be Lancaster County Board Chair Rick Vest and NACO Executive Director Jon Cannon. I would be happy to answer any questions the committee has for me. Thank you.

HALLORAN: Thank you, Senator Brandt, for your opening. Are there questions from the committee members?

BRANDT: OK.

HALLORAN: Seeing none, you'll stay for close?

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BRANDT: Yes.

HALLORAN: OK, thank you. We'll now proceed with proponents, LB242.
Good morning.

RICK VEST: Good morning.

HALLORAN: Welcome to the Government Committee.

RICK VEST: Good morning. Good morning, Senator Halloran and members of the Government, Military and Veterans Affairs Committee. My name is Rick Vest, spelled R-i-c-k V-e-s-t. I'm appearing before the committee in my capacity as the chairman of the Lancaster County Board of Commissioners and here to testify on behalf of Lancaster County Board in support of LB242. In 2018, the Lancaster County Board convened a significant citizens task force to review the existing conditions in Lancaster County's infrastructure. The findings of the task force found an annual shortfall of \$15 million per year for county infrastructure, \$9 million in bridges and \$6 million in roads. LB242 provides an innovative solution to our infrastructure needs that does not increase property taxes. Instead, LB242 mirrors legislation adopted within the context of the construction of the South Beltway, namely LB583 and LB616 from 2019. To clarify, LB583 extended the authority in the Transportation Innovation Act to political subdivisions. In that view, LB242 clarifies that political subdivisions may utilize design-build contracts for bridge repair, retrofitting, reconstruction, or replacement pursuant to the Political Subdivisions Construction Alternatives Act. In addition, LB16-- LB616 authorized the Department of Transportation to contract for longer payment terms on its construction contracts. Again, LB242 authorizes political subdivisions to pay for design-build projects, including, including bridge repair projects, over a period that extends beyond the completion of the project. Ultimately, allowing for a longer payment period on these type of projects will allow us to take advantage of current prices to repair closed and damaged bridges immediately. LB242 does not entail additional bonding or taxing authority, only flexibility with budgeted funds. The authority we are seeking through LB242 would provide us with one more tool to help meet the goal of providing safe and responsible transportation for Lancaster County. The authority in LB242 would be helpful immediately, but would prove especially valuable during emergency situations like the flooding of 2019, when Lancaster County faced the challenge of

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repairing multiple bridges damaged due to an emergency. Lancaster County Board is created-- is committed to creating a sustainable infrastructure program that will enable, enable our engineer to keep our road network open and functioning. LB242 gives us one more tool towards achieving that goal. Thank you for the opportunity to testify. I would be happy to answer any questions.

HALLORAN: Thank you, Mr. Vest, for your testimony. Any questions from the committee? Senator McCollister.

McCOLLISTER: Thank you, Senator Halloran. If I'm not mistaken, the state constitution prohibits any kind of bond financing by the state itself, is that correct?

RICK VEST: The constitution prohibits bond financing by the state?

McCOLLISTER: By the state.

RICK VEST: I have to say, I, I don't know, Senator. I'm not familiar with that.

McCOLLISTER: Well maybe the testifiers that come after you can correct me if I'm mistaken about that.

RICK VEST: I could-- if you would like, I would-- could check on that. I know really smart people that might know that answer. I, I just don't.

McCOLLISTER: I don't know enough of--

RICK VEST: They're hid.

McCOLLISTER: Yeah, I, I think this is an innovative way to go and-- but the money initially comes from the State Highway Department, correct?

RICK VEST: Well, in this case, we would be-- for us specifically, Lancaster County, we would be using county funds, just allocating them out over a period of time instead of having to have them all at hand when we start a bridge construction or repair project.

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McCOLLISTER: You don't actually pay in arrears. I mean, when the work is completed for highways or roads or bridges, you pay for it immediately, correct?

RICK VEST: That is correct. Under the current method of operations, we have to have the money available when we let the contract go. We have to know that we have the money. This modification, this change would say we will pay out a certain percentage of the cost of the project over a period of years, so we wouldn't have to have it all in our hand at the time the, the contract was left.

McCOLLISTER: OK, thank you very much.

RICK VEST: OK.

McCOLLISTER: Thank you.

RICK VEST: I would just follow up, Senator, we're-- our goal is to-- I think it's been well documented that through a lot of events, we fell behind. We had a number of bridges close and this creates a hardship for our citizens. They come to us and talk about the ramifications of having to go around to take their children to school, to take their crops to the market. This would, this would allow us to move those repairs up to a more timely fashion without raising taxes.

McCOLLISTER: As I read the bill, though, the source of the money is the State Highway Fund, is that correct?

RICK VEST: I'm going to let-- there will be follow-- I think--

McCOLLISTER: OK.

RICK VEST: I'll follow up on that.

McCOLLISTER: OK, thank you.

RICK VEST: --would better address that question.

HALLORAN: OK, thank you, Senator McCollister. Any further questions from the committee? Seeing none, thanks for your testimony.

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RICK VEST: Thank you all and my, my mother would want me to say thank you for all that you do for the good people of the state of Nebraska. So thank you and blessings from Bonnie [PHONETIC] Vest.

HALLORAN: Thank you so much. All right, additional proponents for LB242? Good morning. Welcome to the Government Committee.

JON CANNON: Good morning, Senator Halloran. Let's see, members of the Government, Military and Veterans Affairs Committee, my name is Jon Cannon. I am the executive director of the Nebraska Association of County Officials, otherwise known as NACO. I'm here to testify in support of LB242. First and foremost, I'd like to thank Senator Brandt for bringing this. This is a really good bill and in, in the near term will certainly benefit Lancaster County, but, but also in the long term, will benefit all 93 of our, of our counties across Nebraska. And one of the things that I've always appreciated about working for the counties directly in my position with NACO is the fact that the, the sorts of things that counties do are, are really the bread-and-butter sorts of things that we expect from our government. We do roads, we do bridges, we do law enforcement, courts and jails. We do elections. Those are pretty much our primary responsibilities and I, I think our folks in the county-- at the county level do an excellent job of all that. What this does is it provides a bit more flexibility for us to take care of the bridges aspect. Counties do not do anything more than is authorized or required by our statutes and this is one more way for us to have a little bit more flexibility and a little bit more quickness, as far as getting these sorts of bridge projects done. You've probably all heard that we've got a problem with a number of bridges in the county. I think Senator Brandt had talked about roughly 2 percent of the bridges-- of county bridges across the state are closed and just-- the handout that I gave you, it shows you the allocation that the Department of Transportation receives from the Feds that are, that are further allocated to the counties. Just by way of comparison, the average county bridge, the short ones will be about 40 foot long, they'll be about 28-foot wide, and will be \$200 per square foot for construction costs. And so for the shorter bridges, that, that it comes up to about a quarter-million dollars, \$225,000 if my math is correct. For longer bridges, which are typically about 140 feet long, that would be about \$780,000 dollars. So when you look at the allocations that we're receiving, you know, it just doesn't come up to-- in most cases, you wouldn't be able to do one bridge, let alone multiple bridges and I think you've got the information about

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the number of bridges across the state. There's also a hidden cost. Every time there's a closed bridge, you've got a person that has to travel further. They have to take the detour to get, you know, a farm to market, to get to their jobs or whatever. And, you know, and I asked the question of, of a friend of mine at, at Department of Transportation, you know, what exactly are those costs? And the answer was, well, it depends on, on the driver and it depends on the road that they're taking. So I wish I could say it, it costs, you know, down to the cent, this much when we close our bridges, but suffice to say, it's just going to depend on where you are. If you're a farmer out in rural Nebraska and you have to take a detour of about nine miles to get your, your product to market, it's going to be a pretty expensive proposition for you when, when that bridge is closed. Again, I, I want to reiterate this will help our bridges be repaired, retrofitted, refurbished, and constructed in, in a much quicker time than we, than we currently have. This is an important bill for county government. I would urge you to pass this on to the floor and I'd be happy to take any questions you might have.

HALLORAN: OK, thank you for your testimony. I may have missed it, but for the sake of the transcribers and the committee members, would you give us your name and spell it for us?

JON CANNON: I apologize. I've, I've-- you'd think I've been doing this long enough. It's Jon Cannon, J-o-n C-a-n-n-o-n.

HALLORAN: All right, Jon, thank you for your testimony. Any questions from this committee? Yes, Senator McCollister.

McCOLLISTER: Yeah, thank you, Senator Halloran. Does the state prohibit bond-- financing by bond in the constitution?

JON CANNON: Senator McCollister, I, I dearly wish I had-- I knew the answer to that and I, I don't. I think if there's anyone here from DOT or, or off, off the mike, someone from DOT is probably a much better position to answer that than I am. I, I apologize, sir.

McCOLLISTER: Yeah, but as I read the bill, the initial funding of, what, \$40 million comes from the State Highway Department, is that correct?

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JON CANNON: There's an allocation that comes from the highway department, but it's, it's-- that's not, that's not what this, what this bill is for. This, this bill was-- is for the ability to start that project more quickly, but have the, the payment for it stretch out over time and that's, that's really what we're trying to get at here.

McCOLLISTER: Thank you, sir.

JON CANNON: Yes, sir, thank you.

HALLORAN: Any additional questions? Senator Lowe.

LOWE: Thank you, temporary Vice Chair. Mr. Cannon, you would think we would already know you, so you don't need to spell your name, but--

JON CANNON: I will never--

LOWE: --transcribers aren't in the room.

JON CANNON: I should never presume, sir, so my apologies.

LOWE: So who will finance this-- the, the bridges? Will it be the county itself somehow or the contractor just take payments over time or--

JON CANNON: So the initial financing will be with the contractor, but the payments will ultimately be made by the county over a longer period of time.

LOWE: OK, and so how-- where does-- so the contractor will just wait for payments or does the county borrow the money from a bank?

JON CANNON: No, sir.

LOWE: OK, so the county doesn't go into debt--

JON CANNON: No, sir, they do not.

LOWE: --but yet they owe the contractor?

JON CANNON: They will owe the contractor over a greater period of time, but they'll get the project done more quickly.

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LOWE: Which should save money?

JON CANNON: Yes, sir.

LOWE: But aren't they in debt to the contractor then?

JON CANNON: Yes, sir.

LOWE: OK, thank you.

JON CANNON: Yes, sir.

HALLORAN: Thank you, Senator Lowe. Any further questions from the committee? Functionally in layman's terms, this is an installment plan--

JON CANNON: I, I think that's--

HALLORAN: --financed by the contractor.

JON CANNON: I, I think that's a fair way of putting it, sir.

HALLORAN: OK, all right. Thanks for your testimony.

JON CANNON: Thank you, sir.

HALLORAN: Are there any additional proponents for LB242? Good morning. Welcome to the Government Committee.

TODD WILTGEN: Good morning, Senator Halloran and members of the committee. My name is Todd Wiltgen, spelled T-o-d-d W-i-l-t-g-e-n, and I'm here testifying in support of LB242 on behalf of the Lincoln Chamber of Commerce and Industry. I'm also a former Lancaster County Commissioner, having served as chair of the board, and I would like to thank Senator Brandt for introducing this legislation. Counties manage important farm-to-market routes that provide access for the agricultural industry. Keeping bridges open is-- keeping bridges open to facilitate the access continues to be an important component of our support for economic development. These transportation routes facilitate movement for citizens between home and work or school. During my term on the board, the Lancaster County Engineer's budget had been consistently interrupted by the need to address emergency repairs for bridges throughout the county. Those emergencies disrupted

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the transportation routes for our citizens. Counties and other political subdivisions need the flexibility to protect the public health, safety, and welfare of their citizens. As indicated by previous testimony, expanding the bill finance option used for the South Beltway to local governments would have the same effect on the repair, retrofit, reconstruct, and replacement of bridges. These infrastructure projects would be completed in a shorter time period, thereby reducing potential disruptions caused by emergencies and improving safety while also reducing costs. As we all know, construction costs do not decrease with the passage of time. Build finance would enable local governments to fund needed infrastructure needs now and counteract the ever-increasing construction cost escalation of 5 to 6 percent within this industry every year. And generally the importance of, of maintaining what counties and cities have in good repair is critical to the continued growth and development of rural Nebraska. I would be happy to answer any questions you may have.

HALLORAN: Thank you, Mr. Wiltgen. And any questions from the committee? I, I assume-- and maybe I misphrased it before, but-- saying that it's an installment plan financed by the contractor, basically. I assume-- I would assume that the contractors would logically build in some interest.

TODD WILTGEN: Yeah, essentially-- to answer your question, Senator, this is a fairly common practice throughout the country. It's widely used in a lot of growing states. A lot of communities, especially in Texas, use this. And so essentially, yes, it is a contract between a political subdivision, whether it be a state, county, or a city with a willing contractor who essentially will finance the construction and what happens is that you actually-- the cost savings comes from a, a place where you actually-- instead of the taxpayers financing those escalation costs, it's-- the contractor is actually capitalizing their, I guess, their bonding ability instead of the government having to do it.

HALLORAN: OK, thanks for your testimony, appreciate it.

McCOLLISTER: One more.

HALLORAN: Oh, one more question. Senator McCollister.

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McCOLLISTER: But the contractor goes through a bidding process, does he not? So it's an open, competitive bid process.

TODD WILTGEN: Correct, it's-- the build finance is similar to the design-build. It's just another part of the continuum of construction. But, yes, it's an open bidding process, just like any other contract that the county or any political subdivision would enter into and those costs would be-- those finance costs would, would be included in, in those contracts.

McCOLLISTER: Who does the bidding, is it the county or the state?

TODD WILTGEN: Well, it just depends on what project you're talking about, but in the case of a county bridge, it would be the county.

McCOLLISTER: OK, thank you. Thank you, Senator Halloran.

HALLORAN: Thank you, Senator McCollister. Thanks for your testimony-- oh, excuse me, Senator Lowe.

LOWE: Sorry. Thanks, Todd, for being here and so will this-- are there very many con-- bridge contractors in the state?

TODD WILTGEN: I-- there are fewer and fewer every day. I mean, what happens is that there are only a handful of companies that could actually bid on these projects. I would say that your, your state projects, there are, are only a handful. At your county and city, you'll have more just because county bridges is somewhat-- I don't want to call it-- it's not as complex as some of your larger projects that the state would finance.

LOWE: Will this inhibit a smaller contractor from being able to bid because he may not be able to finance the bridge?

TODD WILTGEN: I don't believe so because in order for contractors to actually do construction, they, they have to go out and get a bond. Anybody-- and that's to protect the taxpayers because, you know, they have to be willing. So that, that is a barrier for construction companies is whether or not they can get those bonds because in reality, you know, they're on the line for the project, you know, depending on the terms. You know, they may have to come back and make fixes to the, to the, the structure if there is something defective with the structure. So it's not like anybody can just go out and build

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a bridge. That actually has to have somebody that has the financial resources to not only construct a bridge, but also guarantee its quality over a period of time. That is determined by the contract.

LOWE: Yeah, I was thinking more of just the cash flow of the, the smaller business.

TODD WILTGEN: Yeah.

LOWE: Every penny counts, where a larger business may have reserves that--

TODD WILTGEN: Yeah, but, but those costs would be-- eventually the taxpayer would pay it--

LOWE: Um-hum.

TODD WILTGEN: --but like I said, it would be at a-- you basically would be paying the, the cost for that contractor to, to, to borrow the money or bond for the project themselves.

LOWE: Thank you very much.

HALLORAN: Thank you, Senator Lowe. Thanks for your testimony today.

TODD WILTGEN: Thank you.

HALLORAN: Any additional proponents for LB242? Good morning. Welcome to the Government Committee.

MATTHEW MANNING: I'll get my mask off here. Good morning and thank you all for letting me be here. I'm kind of the impromptu citizen industry, I guess, input person and we just kind of caught wind of this bill in, in-- about a week ago, so it's, it's been something that me and my partner, who is at the back of the room, have felt like is an important vote.

HALLORAN: Can you--

MATTHEW MANNING: Sorry, my name's Matt Manning, Matthew, M-a-t-t-h-e-w, Manning, M-a-n-n-i-n-g, and I provided a handout kind of outlining what I'm going to talk about here today and then you all are welcome to answer or ask me questions once we're done. I'll give

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kind of a brief overview of what we're here-- where we came from and what we're here for and it's not going to take long. I've got less than a page here, so bear with me. Our company is called Midwest Infrastructure Inc. It is a relatively small Nebraska-based construction company that has been involved in the construction of a wide range of public and private infrastructure projects over the past 20 years. Having worked on both the engineering side and the construction side of the project delivery, the two owners of the company are generally in support of LB242, which would allow political subdivisions to utilize a design-build for the repair, retrofit, reconstruction, and replacement of bridges. We firmly believe that many political subdivisions, counties in particular, would benefit from the proposed legislative changes for several reasons, including meaningful cost savings through the use of alternate structure types or repair methods specifically tailored for each site and the needs of the area served. Two, significant overall project delivery time reductions, with the design-build process relative to the traditional design-bid-build process. And I think some of the previous speakers have kind of echoed the same things. And finally, a more team-oriented approach by all stakeholders to reach the common goal of getting as much bang for the buck while maintaining accepted environmental design and safety standards as a positive-- as a positive for all citizens. In our opinion, the most beneficial use of alternate delivery processes could be at the local level with smaller packages, say, for instance, less than 20 structures at a time, possibly through collaborative efforts between multiple towns, counties, or agencies. A final comment would recommend possibly placing time and size limits on any provisions for payment that would extend beyond the completion of construction. And one last thought that I thought about when I was sitting in the back of the room, I think most people are familiar with the design-build process because it's been talked about in the Legislature and infrastructure projects more and more. But an analogy that I have that people can relate to, especially toward the speed that things can happen that's been a problem, is the COVID vaccine development. In my mind, that was kind of-- instead of the traditional way that they developed that product, which was way different than bridges, but the processes were done simultaneously, so it was essentially a design-build process that pushed it out way faster than you would normally see something come out like that. So anyway, that's kind of our-- I guess, our two cents worth on LB242 and we'd take any questions that you might have.

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HALLORAN: Thank you, Mr. Manning. Senator McCollister.

McCOLLISTER: Yeah, thank you, Senator Halloran. It's been portrayed by the previous testifiers that the contractors finance this construction. With the cash flow that you have in your business, are you financing the state in effect?

MATTHEW MANNING: I would say indirectly that there's kind of a few components to this that's going to probably come into play when you get into a design-build situation, depending on the particulars. But more often than not, you're going to have a design firm, like an engineering firm involved, as well as a contractor that's going to provide this ultimate product. And you'll probably bring the resources of both of those two entities together. The, the reason that we mention maybe limiting the size and the length of time is simply to recognize that I'm-- they throw numbers out that aren't scientific, but they kind of answer-- go to some of the questions that were asked. I would say that there are 20 or 30 bridge contractors that actively work in the state of Nebraska. Some come in from surrounding states, but not typically from more than a few hundred miles away. A good percentage of those contractors could support-- at least some or through the help of their banks, they could finance this for a time period to help in the short term. You know, as a citizen, I guess we have concerns if you're-- if it's open-ended that you get into a 30-year deal or a \$500 million deal that nobody can see the future and then you might limit it to only huge, huge companies that really may not have Nebraska's best interest at heart.

McCOLLISTER: So you and your company then take a contract that you receive to build a bridge to the bank. You get financing to cover the cost of that during construction. Is that, is that the way it works?

MATTHEW MANNING: No, typically during construction, we finance the, we finance the construction, you depend on the public agency to make timely payments and then-- you know, that's kind of how it works.

McCOLLISTER: So you don't need to go to the bank to, to cover the costs long term.

MATTHEW MANNING: Typically, no, no and I don't know if you would on one of these projects. It would depend on how much-- how big it was and how much money you were going to be financing over it past the

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completion of construction. It's kind of, you know, open-ended right now.

McCOLLISTER: But the virtue of this system is it's, it's a continuous kind of process, yet your work doesn't seem to vary much over a long period of time. Would you say that's correct?

MATTHEW MANNING: You-- basically, you count on a continuous stream of income to--

McCOLLISTER: Gotcha.

MATTHEW MANNING: --fund your operations.

McCOLLISTER: Thank you for your testimony.

HALLORAN: Thank you, Senator McCollister. Any further questions?
Senator Lowe.

LOWE: Potentially, will this be good for your business because you're not waiting now for the county to do one bridge every four years or five years whenever they can get enough money to fund it, but now they could potentially do maybe two bridges a year and catch up and maybe this would be good for your business?

MATTHEW MANNING: Yeah, yeah, it would-- I mean, we hope that it would be good for our business. We don't know that it's going to generate any more than before, but we-- and we feel like we can offer the service to these counties that would speed up the process and, and hopefully cut out on some of their-- there is some redundant costs in there that come into play where you string these out over a, a number of years. And, you know, it's easy for me to say that we're going to get it done faster than everybody else, which I think we would or, or design-build teams, whoever they might be. They're still the obstacles that are always going to be there: funding, environmental, permitting, and stuff like that-- I'd love to tell you a firm answer on that, but, but, but we would hope that in the long run, it would help the counties by being able to give them the opportunity to get some of the structures that are critical to their area done faster and, and more economically.

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LOWE: Unfortunately for COVID, construction costs are high at this time, but normally it's-- construction today is much cheaper than waiting four or five years down the road.

MATTHEW MANNING: Yeah and I think that some of the people I've talked about, that, that inflation has really hindered construction and how much you can get done for the same \$1 million as you could-- it's, it's the result of a number of factors: material, prices, inflation type of deals. The flooding that we saw a few years ago really put a strain on the labor market and quite frankly, the labor market supply and demand for good help is not quite as good a situation as maybe it used to be and I think everybody kind of knows that in every industry. So that's, I think, contributing to some of the cost.

LOWE: All right, thank you very much.

MATTHEW MANNING: Yep, thank you.

HALLORAN: Thanks, Senator Lowe. Any further questions from the committee? Seeing none, thank you, Mr. Manning, for your testimony.

MATTHEW MANNING: Thank you very much.

HALLORAN: Additional proponents for LB242? Proponents? [INAUDIBLE] Additional proponents for LB242? Seeing none and we have, we have one proponent position letter for the record, Nebraska Cooperative Counsel, and we have one proponent written testimony from Mick Mines representing Nebraska Corn Growers Association. Now we'll move to opposition. Anyone who wishes to testify in opposition to LB242? Seeing none, anyone in the neutral capacity for LB242? Good morning.

DALLAS JONES: Good morning.

HALLORAN: Welcome to the Government Committee.

DALLAS JONES: Thank you. Good morning. My name is Dallas Jones, D-a-l-l-a-s J-o-n-e-s, and I'm the policy and research coordinator for the Lincoln Independent Business Association. LIBA represents over 1,000 businesses and we are primarily, primarily located in Lincoln and Lancaster County. And a significant part of our mission is to communicate the concerns of the business community to elected and appointed officials at all levels of local government. Senator Halloran and members of the committee, thank you for your time today.

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I'm here on behalf of LIBA in the neutral position on LB242. The intent of LB242 appears to be focused on expediting the construction of roads and bridges. I'd like to also touch on possible unintended consequences of this bill. LIBA has long been an advocate of, of investment in infrastructure, specifically county roads and bridges in Lancaster County. Recently, during one of our committee meetings, the estimate for Lancaster County alone for bridges and roads totaled \$300 million. What has caused this number to escalate in Lancaster County? Well, it's been decades after decades of neglect that has put us in this position. Addressing county roads and bridges are an essential to ensuring the future of our communities. So what unintended consequences could possibly happen by passing LB242? First and foremost, by allowing private financing of these projects with the vote of the board of the political subdivision, LB242 is essentially allowing political subdivisions to bond without a vote of the people. Next, let's talk about the financing mechanism difference. Current highway allocation bonds are at about a 1.15 percent interest rate, where I've been told by contractors the interest would be at least 4 percent on the amount of project. Will there be a cap to the amount of political subdivision combined? Let's go back to that Lancaster County example. If you allow the, the county to enter into a \$300 million construction project by using this statute, it would cost the taxpayers of Lancaster County tens of millions of dollars in property taxes because of the interest increase without a vote on the body. I come before this committee to make a suggestion that we do not give political subdivisions an end-around on the voice of the taxpayers by allowing for bonding. Also, we must be cautious on the potential costs to the taxpayer by allowing for these projects to be funded like this in this manner. LIBA believes to help grow business, we must invest in infrastructure, which helps grows communities. Our county roads and bridges need serious attention across the state and especially in Lancaster County. We encourage creative solutions to fund our current and future needs of our roads and bridges and-- but we also want to encourage the committee and Legislature to ensure that the funding mechanisms allowed for roads and bridges in this bill aren't circumventing the voice of the taxpayer and also costing communities more in the long run. So thank you for your service to Nebraska and I'm happy to answer any questions on LIBA's neutral position on LB242.

HALLORAN: Thank you, Mr. Jones. Any questions? Senator Blood.

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BLOOD: Thank you, Senator Halloran and thank you for your testimony. And, and Senator Sanders might want to speak more on this because she was mayor of Bellevue, so she's got a lot of experience in bonding because we did a lot when I was on the council in Bellevue. And it's always been done for big projects because it-- and I'm leading to a question. That's why I'm walking you through this-- because it also gave us the ability to save taxpayer dollars in the fact that we could go back and rebond, get better rates, unlike one big loan, which you can't always necessarily do that with. And so bonds, for this municipal level, was to actually save taxpayer dollars. So the question that I have for you, since you represent LIBA-- and I have this question for you guys pretty much every time that you come and testify-- is if indeed you represent businesses and businesses need, we'll say in this example, roads and bridges, especially when we're talking about our rural Nebraskans, because what's good for-- and I see Senator Friesen here. I'm going to quote you-- what's good for rural Nebraska is good for urban Nebraska and vice versa, so I'm puzzled. Can you explain to me, please, why somebody who represents businesses wouldn't want us to utilize another tool in our toolbox that actually saves taxpayer dollars to continue to move Nebraska's infrastructure forward?

DALLAS JONES: Yeah, of course. Well, you know, LIBA represents businesses. We also have individual taxpayers as members as well. So we want to make sure that in this bill-- we're in a neutral position. Of course, we support infrastructure projects because obviously that helps both businesses and, and taxpayers, but we want to make sure that the taxpayers and businesses still have a voice and that we're not bonding without a vote of the people. And we also want to make sure that we haven't seen a cost benefit analysis of this yet, which is why we're also in the neutral position in that that, that, that hike in, in interest rate as opposed to the regular bonds that are, that are interest at a lower rate-- other than a, you know, a private interest rate, which would be a little bit higher, we want to make sure that, you know, we aren't spending money, you know, that we could have otherwise saved. I understand that previous testimony showed that, you know, inflation rates could, you know, could cost the taxpayers more if we have to wait to get the money. But paying higher interest rates could also cost taxpayers money, so we would just like to see maybe some cost benefit analysis on that as well.

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BLOOD: But wouldn't we see that on a project-by-project basis? I think that it's unrealistic-- wouldn't you say that it's unrealistic to do when this is so comprehensive and more of an educated guess than a project-by-project number?

DALLAS JONES: Potentially, which is why we kind of have some concerns with this bill. You know, previous legislation has focused on individual projects, which is easier to do that analysis on. But we want to make sure that if this statute were to go into effect, it would essentially allow this for a number of projects. So we, we would just like to see that, you know, we-- we're saving taxpayers money, businesses money, but, you know, we, we want to make sure that this is done in the right way.

BLOOD: So you referred to taxpayers. Don't taxpayers utilize their voice on projects and how their money is spent when they go to the polls?

DALLAS JONES: Yes, they do. In addition, they also can speak their mind on various bond projects as well.

BLOOD: Yeah, absolutely, public comment and--

DALLAS JONES: Um-hum.

BLOOD: Sorry, I'm always puzzled when LIBA comes and talks against or in neutral-- projects like this because in our neck of the woods, our businesses are always thrilled on, on legislation like this because it means more jobs, more business, better roads, better bridges. Those are all things that, that stimulate economic development, so I'm always a little puzzled. So I appreciate you entertaining my questions. I'm still trying to get my head wrapped around why LIBA always comes out against stuff like this.

DALLAS JONES: Well, again, we're not against it. We're in, we're in a neutral--

BLOOD: Neutral this time, yes.

DALLAS JONES: So we would, we would just like to have a little bit more conversation about it and then make sure that a couple of our concerns would be, would be answered.

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BLOOD: Fair enough. Thank you.

HALLORAN: Thank you, Mr. Jones. Any further questions from the committee? Seeing none, appreciate your testimony.

DALLAS JONES: Thank you.

HALLORAN: Are there additional testifiers in opposition-- or neutral, excuse me, neutral for LB242? OK, seeing none, Senator Brandt, you're welcome to close.

BRANDT: One word describes this bill and that is timeliness. This is not just a Lancaster County bill, but this is for all 93 of our counties. As Mr. Manning said, counties could do multiple bridges at one time. Nobody really talked about that. But a lot of our counties, maybe they need 40-foot bridges or 80-foot bridges and so real savings to this would be if they could do two or three at one time in that one county. We discussed that in NACO and with some of the other ones here. You heard Commissioner Vest that this will help with flooding emergencies. You heard Jon Cannon from NACO. This more quickly helps our constituents. So, Senator McCollister, I think some of your questions about the state of Nebraska, the amendment is the bill now. So in the original bill, Sections 3 and 4 were removed and that referenced the bridge fund program with the state of Nebraska. That is all gone. And Senator Lowe, I think you have a pretty good idea of, of how this bridge financing works. So somebody came up here and described, like, an \$800,000 bridge. Today in one of my small counties-- and I'll use my county, Jefferson County, as an example-- they probably couldn't do \$800,000 to replace that bridge. They would have to set that money aside over four years, so \$200,000. In the meantime, construction and appreciation is about 8 percent, so at the end of that four years, they almost have to make another payment. So what happens is my constituents would have to wait four to five years and then build the bridge. In the meantime, all the traffic is going around whatever service area that bridge serves. Under this scenario, you build the bridge and then you pay the \$200,000 a year over four years to pay that bridge off. The bridge is built as, as fast as humanly possible. And so maybe the constituents are, like, inconvenienced for one year versus five years. The cost is probably going to be about the same, you know, because that, that financing authority is going to cost more on a design-build than it would on something else. But if you're-- if you've got increasing inflation

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costs of 8 percent on bridges, you know, it's-- it, it actually could save you money using this. I'm not, I'm not selling it as such. And Mr. Jones, this does encourage creative solutions. I think this is a creative solution. One thing that Mr. Cannon did not talk about, in the 93 counties, a board has levying authority up to \$50 million. The average in Nebraska is \$36 million. We only have six counties currently at or above \$45 million authority and this is where this money is coming from. It's coming from their existing mill authority. So there's a lot of room in a lot of counties to do something like this. So if there are any questions, I'd be happy to answer them.

HALLORAN: Senator Blood-- thank you, Senator Brandt. Senator Blood.

BLOOD: Thank you, Senator Halloran. I just have one question. Yesterday, we had a roomful of engineers and architects and I'm curious-- we're talking about design-build right now--

BRANDT: Um-hum.

BLOOD: --and traditionally they're against it because they, they prefer the QBS-- I wrote it out so I wouldn't forget what it's called-- qualification-based selection. Can you tell me in your own words why you think design-build is better than QBS?

BRANDT: Well, I'm not familiar with QBS--

BLOOD: OK.

BRANDT: --but either system requires a certified engineer to stamp this or an architect to draw this, whichever system that you use, so I don't-- I would think the amount of work would be the same. And if anything, maybe the amount of work short term would go up underneath this scenario because we have so many deficient bridges out there now in these counties that maybe this would give them a, a, an avenue to catch up on some of those deficient bridges.

BLOOD: I, I think one of the main differences on QBS is about-- more about qualifications, so I was just curious if you had anything that you wanted to say.

BRANDT: I would, I-- not being a bridge engineer, I would assume everything has to be stamped and approved. I mean, you would have to

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be a registered bridge engineer that-- and those would all have to be approved prior to bidding.

BLOOD: And I-- yeah, I think it's in reference-- part of the contract that they feel that when-- contract procurement, procurement system is more efficient and transparent than the other, but-- and I, I don't take a side on either. I was curious what you had to say about it.

BRANDT: Yeah.

BLOOD: So I appreciate your time. Thank you.

BRANDT: OK.

HALLORAN: Thank you, Senator Blood. Any further questions from the committee? Seeing none, appreciate it, Senator--

BRANDT: Thank you.

HALLORAN: --Brandt. All right, we will clear the room in preparation for LB105. Good morning, Senator Friesen.

FRIESEN: Thank you--

HALLORAN: You have a bill for us today.

FRIESEN: --Chairman Halloran. So if you pay close attention, this is a highly technical bill.

HALLORAN: We all know who you are, but the transcribers--

FRIESEN: Curt Friesen, District 34, C-u-r-t F-r-i-e-s-e-n. So simply put, LB11-- LB105 fixes on oversight from a bill that was adopted here last year. In 2020, I introduced LB1407, which once amended into LB781 changed the publication requirements when county treasurers publish their semiannual statements. These statements reflect where the funds were collected and dispersed by the county treasurer over a six-month period. After the adoption and approval of the Governor, it was brought to our attention that while LB781 amended Nebraska Revised Statute 23-1605, we neglected to also amend 23-1302, which referenced filing dates of semiannual statements. This piece of legislation before you today just simply announced 12-1302 so that the dates that the county treasurer is required to file the semiannual statements are

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the same as they are in 23-1605. So a representative of NACO, I think, are here to answer any questions that you might have. But it's pretty simple bill and it kind of just corrects something that was missed last year.

HALLORAN: OK, thank you, Senator Friesen. Any questions from the committee? Seeing none, thank you, sir. Are there proponents for LB105? Good morning. Welcome back to Government Committee.

JON CANNON: Good morning. Thank you, sir. Chairman-- temporary Chair Halloran, distinguished members of the Government, Military and Veterans Affairs Committee, my name is Jon Cannon, J-o-n C-a-n-n-o-n. I am the executive director of the Nebraska Association of County Officials, which you'll sometimes hear referred to as NACO, here to testify today in support of LB105. First, I, I, I do want to mention that a couple of days ago when Larry retired, Larry Dix retired, he had said, well, make sure when you testify, you get your title correct and that threw me completely off. So if I have forgotten-- if I forgot to spell my name on the last bill, I'll, I'll-- I'm going to blame Larry for that. And I'm sure he's watching, so we'll probably have a conversation when I get back to the office. I'd also like to thank Senator Friesen for bringing this bill. This is one of those things when, when I, I noticed that there had been something that hadn't been caught, I fretted and I said, oh, my gosh, I, I, I can't believe I'm going to have to go to Senator Friesen and say, well, you know, you carried this bill for this last year, could you please, you know, make this correction? And I, and I was certain he's going to say, well, why didn't you get it right the first time? And he was way more gracious about it. His, his LA said, yeah, sure, no problem. I'll put it right in. So thanks very much for your graciousness, Senator. I really do appreciate that. As Senator Friesen said, this really is a technical fix from last year. When we moved the date for semiannual statements, we just didn't correct it in the statute that you have in this bill. Really, it just harmonizes those dates to make sure that we're reporting all the information at the same time. I'd like to thank the committee for its consideration of this and I'd, I'd ask you to please advance this out of committee. I'd be happy to take any questions that you might have. Thank you.

HALLORAN: Thank you, Mr. Cannon. Any questions from the committee? Senator Lowe.

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LOWE: Thank you very much, temporary Chair. Jon--

JON CANNON: Yes, sir.

LOWE: --why didn't Larry get it right the first time? And happy retirement, Larry. No, no need to answer.

JON CANNON: Thank you, that probably helps me out in the long run.

HALLORAN: All right, any additional real questions from the committee? Seeing none, thanks for your testimony.

JON CANNON: Yep, thanks very much.

HALLORAN: Well, the room is empty, so I'm going to assume there's no one in opposition and neutral. So, Senator Friesen-- he's waving a friendly gesture of passing on closing. All right, that concludes our hearings today for the Government, Military and Veterans Affairs Committee. Thank you all.

[BREAK]

HALLORAN: Good afternoon. Welcome to the Government, Military and Veterans Affairs Committee. I am Senator Steve Halloran. I am from Hastings, Nebraska and represent the 33rd Legislative District. I've been asked by Chairman Brewer to act as temporary, and I emphasize temporary, Vice Chair. For the safety of our committee members, staff, pages, and public, we ask those attending our hearings to abide by the following procedures. Due to social distancing requirements, seating in the hearing room is limited, which is not an issue at the moment. We ask that you only enter the hearing room from when it's necessary for you to attend the bill hearing in progress. The bills will be taken in the order posted outside the hearing room. The list will be updated after each hearing to identify which bill is currently being heard. The committee will pause between each bill to allow time for the public to move in and out of the hearing room. We request that everyone utilize the identified entrance and exit doors to the hearing room. Please note the exit doors on the side of the hearing room, which [INAUDIBLE]-- or excuse me, on the far right. It's, it's clearly indicated. We request that you wear a face covering while in the hearing room. Testifiers may remove their face covering during

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testimony to assist committee members and transcribers in clearly hearing and understanding the testimony. For committee members, I will leave it to your discretion to wear face coverings because we are adequately protected by Plexiglas dividers and we have adequate social distance from the testifiers and the public audience. I'm choosing not to wear a face covering so that the transcribers can clearly hear my statements. Pages will sanitize the front table and chair between testifiers. Public hearings for which attendance, attendance reaches seating capacity or near capacity, the entrance door will be monitored by the Sergeant at Arms who will allow people to enter the hearing room based upon seating availability. Persons waiting to enter a hearing room are asked to observe social distancing and wear a face covering while waiting in the hallway or outside the building. We ask that you please limit or eliminate handouts. The committee will take up the bills in the order posted on the agenda. Our hearing today is your public part of the legislative process. This is your opportunity, opportunity to express your position on the proposed legislation before us today. The committee members might come and go during the hearing. This is just part of the process as we have bills to introduce to other committees. I ask that you abide by the following procedures to better facilitate today's proceedings. Please silence or turn off your cell phones. Please move to the reserved chairs when you are ready to testify. These are the first two chairs or the first available chairs towards the front of the room. Introducers will make initial statements, followed by proponents, opponents, and neutral testimony. Closing remarks are reserved for the introducing senator only. If you are planning to testify, please pick up a green sign-in sheet that is on the table at the outside of the room. Please fill out the green sign-in sheet before you testify. Please print. And it is important to complete the form in its entirety. When it is your turn to testify, give the sign-in sheet to the page or the committee clerk. This will help make us a more accurate public record. If you have handouts, please make sure you have 12 copies and give them to the page when you come up to testify and they will distribute those to the members of the committee. If you do not have enough copies, the pages will make sufficient copies for you. When you come up to testify, please speak clearly into the microphone. Tell us your name and please, and this is important, spell your first and last name to ensure we get an accurate record. We will be using the light system for all testifiers. You will have five minutes to make your initial remarks to the committee. When you see

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the yellow light come on, that means you have one minute remaining and the red light indicates that your time has ended. Questions from the committee may follow. No displays of support or opposition to the bill, vocal or otherwise, are allowed at the public hearing. Committee members with us today will introduce themselves starting on the far side with Carol Blood.

BLOOD: Good afternoon. My name is Senator Carol Blood and I represent District 3, which is western Bellevue and southeastern Papillion, Nebraska.

McCOLLISTER: John McCollister, District 20, central Omaha.

SANDERS: Rita Sanders, District 44-- 45, the Bellevue Offutt community.

LOWE: John Lowe, District 37.

HALLORAN: And we also have with us our legal counsel, Dick Clark; and our clerk, Julie Condon. We also have with us two of the most important people in the room, that's Caroline Hilgert, hope I pronounced that right, a junior at-- of UNL; and Peyton Larson, a sophomore at UNL. And with that, we shall start with LB41. Greetings. Welcome to the Government Committee.

DORN: Greetings. Wel-- thank you, thank you for having the hearing this afternoon. Good afternoon, Senator Halloran and members of the Government, Military and Veterans Affairs Committee. My name is Senator Myron Dorn, M-y-r-o-n D-o-r-n, from District 30. LB41 is a straightforward bill. Under existing statute, 23-1601, the county treasurer on/or before the 15th day of each, each month pays to each city, village, school district, ESU, county agricultural society, and rural suburban fire protection districts located within the county the funds collected for their respective political subdivisions. This bill simply adds townships to this list. In Nebraska, there are 22 counties with townships. A year ago, this issue was brought to my attention that townships had to submit a paper warrant every time they wanted money transferred from the county to the township. These funds are township funds, but only townships had to submit the warrants and request the funds. It is more streamlined to give them their monthly allotment like the other entities listed in the state. Just a little side note. I think today we all got our Unicameral pay sheet or

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whatever. Never noticed it before, but on the very bottom it says warrant date, 2-4 or whatever, and it says this will be deposited in your warrant-- in your account on the warrant date. This is what a warrant is. And right now, the townships all have to come into the county treasurer's office to collect those funds. The county treasurer cannot mail them out or whatever. There is no fiscal impact to the state and very minimal cost to the county. I would also like to thank the Nebraska Association of County Officials for working with me on this bill. The same issue was brought to this committee last year in LB763, and the committee advanced the bill a General File. Last year, though, we did not have a consent calendar. This was a bill that we visited quite often with Nick [PHONETIC] and other people about trying to get it on another bill. It did not work. A consent calendar of this bill, hopefully is a perfect fit for that. I would ask that you do the same with LB41 this year and advance this onto the floor. Thank you. And I'd be glad to answer any questions.

HALLORAN: Thank you, Senator Dorn. Are there any questions from the committee? Senator Blood.

BLOOD: Thank you, Senator Halloran. Senator Dorn, I don't remember this question being answered last year. Why hadn't they been doing it that way? Besides state statute, what was the issue? Why is it [INAUDIBLE] this way?

DORN: When they did this approximately 15 years ago, for some reason, townships were not included. They just were forgotten or whatever.

BLOOD: OK.

DORN: All this is doing is bringing them in with the rest of it. Like I said, there's only 22 counties and Elaine back here with the county officials might know a more up-to-date number. There's like 22 counties that have townships. It only affects 22 counties.

BLOOD: Right.

DORN: And unless you're a township it really doesn't affect you that often either. I know in Gage County which has townships was visited by several of the township board members for some of them, they have other jobs also. So it's quite a, a task sometimes to go in and you have to go into the treasurer's office, you can't mail it in. You have

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to go into the treasurer's office and fill out those forms. And then it's a period of time before the money comes back to you. All the other government entities now, county treasurers are allowed to-- that was property taxes that are collected and so on, automatically deposit those in their account. So that's what this bill is doing, is just adding the townships to that.

BLOOD: Right. It's just so bizarre, I thought maybe there was a story behind it, so. Sorry. It's so bizarre, I thought maybe there was a story behind it. It just doesn't make any sense that it wasn't included.

DORN: Just-- it just-- I don't know, maybe when they did it way back when it was just one of those that just didn't get added. And that's all we're trying to do is add this to it.

BLOOD: Maybe they were bored and wanted to go into town. Who knew, right? Thank you.

HALLORAN: Thank you, Senator Blood. Senator McCollister.

McCOLLISTER: Yeah, thank you, Senator Dorn. What's the approximate population range of a township?

DORN: In, in Gage County, we have 24 townships in Gage County, so there's about a thousand. Well, I'll take that back, there's 12,000 people in the city Beatrice. Some of the townships do not have that great of population. It goes by a six by six square mile area in Gage County. That's how the townships are made up in Gage County. I do not know if all of the, of the counties have the same make up of township. They have their own, I call it board. They have a three-member board and they use it to-- they have a certain amount of the roads that are called township roads instead of county roads. They are responsible for the grading and maintenance of those roads. The, the county-- in Gage County, the county pays for the gravel that goes on those roads. But the township is responsible for grading those roads. They each have their own grader and then hiring the manpower to do it.

McCOLLISTER: So a township consists of how many people, typically?

DORN: You know, anywhere from probably a low of 200, up to probably a couple thousand. It just depends on the population of that township. Where I live in my township, Adams Township, also includes the village

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of Adams. And so there's approximately 600 people there. So and then we have more-- since we're closer to Lincoln, we have more, I call it acreages out in there and stuff. But if you get to the southern part of Gage County, if you have 150 or 200 or 250 people in some of those, that would be all there is there.

McCOLLISTER: Thank you.

HALLORAN: All right, thank you, Senator McCollister. Any further questions from the committee? Senator Hansen joined us. Would you like to introduce yourself, Senator Hansen?

M. HANSEN: Sure. Thank you. Matt Hansen, District 26.

HALLORAN: OK. Any further questions for Senator Dorn? Seeing none, thanks for the opening. Going to stick around for the close?

DORN: Yeah, I'll stick around.

HALLORAN: OK. Would like to invite anyone who's a proponent of LB41. Good afternoon.

BETH BAZYN FERRELL: Good afternoon.

HALLORAN: Welcome to the Government Committee.

BETH BAZYN FERRELL: Thank you. Senator Halloran, members of the committee, for the record, my name is Beth, B-e-t-h, Bazyn, B-a-z-y-n, Ferrell, F-e-r-r-e-l-l. I'm with the Nebraska Association of County Officials and I'm testifying in support of LB41. We'd like to thank Senator Dorn for carrying this bill this year and last year. We really see this as streamlining the processes that go on in the county treasurer's office. Not having to bring in a warrant and then have the treasurer go through and actually work from that physical process, it just makes sense to be able to distribute these funds like they would be distributed to cities and schools and fire districts and ag societies and so on. With respect to your question, Senator Blood, about why this wasn't-- why townships weren't added to the list, I don't know the answer to that. I, I can look at some history and see if I can find out. But I, I don't know the answer.

BLOOD: Just curious.

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BETH BAZYN FERRELL: And Senator McCollister, you had asked about the population, likewise with that, I don't know the answer. I think Senator Dorn explained it pretty well that it varies. I can see if there's any information available. And if there is, I would be happy to share it with you.

McCOLLISTER: I think I'm satisfied with Senator Dorn's answer. So no need to do that. Thank you.

BETH BAZYN FERRELL: Thank you.

HALLORAN: OK. Are there any questions from the committee? Seeing none, thanks for your testimony.

BETH BAZYN FERRELL: Thank you.

HALLORAN: Are there any additional proponents for LB41? Are there any opponents to LB41? Anyone in the neutral capacity? Seeing none, Senator Dorn, if you'd like to close. You're waiving close. OK, thank you. All right, we will advance to LB267, Senator McCollister. Good afternoon and welcome to your committee, Senator McCollister.

McCOLLISTER: Thank you, Senator Halloran and members of the committee. My name is John McCollister, J-o-h-n M-c-C-o-l-l-i-s-t-e-r, and I represent the 20th Legislative District in Omaha. Like to begin by noting it's my intent for this bill to be a conversation starter. And accordingly, I would ask the committee to wait until 2022 to Exec on this bill, if then. Moreover, the election of Omaha this spring would be a distraction to a full and proper consideration of the bill. With uninterrupted input from the Omaha and Douglas County officials and with other stakeholders, we can work over the interim to produce a possible Omaha and Douglas County combination and perhaps create a framework for additional governmental consolidations in the future. The topic of merger of Omaha and Douglas County has been around for a long time. LB267 came about in response to the distribution of federal CARES Act money. Because Omaha's population's under the 500,000 threshold for cities to receive CARES Act funding directly, an obligation was placed on the state and Douglas County to provide the funding to Omaha. If the voters of Omaha and the voters of Douglas County were to choose to consolidate their governments, more federal funding would have ended up directly in the combined entity to help fight this pandemic. Several serious efforts to consolidate the

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governments of Omaha and Douglas County have been considered over the years. In 2003, a joint committee to study city-county mergers was established by the mayor of Omaha, the Omaha City Council, and the Douglas County Board of Commissioners. This committee's final report stated the conclusion that the governments of Omaha and Douglas County should be consolidated. LB392 from 2007 and LB344 from 2011 would have facilitated the voting in accomplishing what this bill, LB267, of 2021 is trying to accomplish. As recently as 2015, a proposed consolidation of the Omaha Police Department and the Douglas County Sheriff's Department received support from Mayor Jean Stothert and at least some members of the Omaha City Council and the Douglas County Board. Throughout history, there have been many attempts to consolidate governments to create a municipal county. According to the National League of Cities, over the last 40 years there have been nearly 100 attempts at city-county consolidations. The number includes the city and county of Denver, the city and county of San Francisco, the unified government of Wyandotte County in Kansas City, Lewisville, Jefferson County, Philadelphia, Philadelphia County, the city and county of Honolulu. City-county consolidations offers several key advantages. Through consolidation, efforts do not necessarily have an immediate fiscal impact early in the process, but long-term budgetary savings inevitably accrue as the combined entities become more streamlined. Another inherent advantage of city-county consolidation is the single municipal county has greater critical mass than multiple governmental jurisdictions. Finally, consolidation-- consolidated city-county governments can enhance planning, prevent service fragmentation, and improve accountability. Efforts to consolidate Omaha and Douglas County governments will increasingly make more sense as Omaha expands. Omaha's annexation of Douglas and of Elkhorn in 2007 has only strengthened the case for creating a municipal county. The percent of Douglas County population within Omaha is over 85 percent, while the percent of Douglas County surface area within Omaha's jurisdiction is slightly over 60 percent. The disparity in the percentages is due to the ridgeline that abuts the Elkhorn River, making construction of a viable sewer system difficult. But in time, these problems will be resolved and an expansion of Omaha west of Elkhorn River will occur. Two specific opportunities to come to mind that would benefit from consolidation of Omaha and Douglas County governments. First, if you look closely at the geography of the Omaha Police Department and Douglas County Sheriff precincts, there are areas where both entities essentially cover the same ground in western

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Douglas County. Moreover, both entities have facilities in close proximity to each other. Another example, both city and Douglas County have public works departments that could be rationalized to provide better service at lower cost. This bill adds language to existing statute to further define how a municipal county should be created when dealing with cities of the metropolitan class. It also adds provisions to the Metropolitan Utilities District shall not increase or decrease their geographic territory as part of the city-county consolidation and the boundaries of school districts will be unaffected. Yes, current Nebraska statutes authorize voter creation of a municipal county by city-county consolidation. But it's time to update this procedure to facilitate metropolitan city class voters and their surrounding county voters using that legitimately granted authority. Please note that Lincoln will soon reach the 300,000-person requirement to be designated as a metropolitan class city. If Lincoln would like to adjust their-- that threshold so it remains only a primary class city and/or if Lincoln and Lancaster County would like to have approximate statutory provisions added to facilitate their voters in creating their municipal county of the primary class, then I would support that desire. Omaha and Douglas County will ultimately merge. Yes, it's a matter of time, in my view. The case for merger was compelling in 2003 and becomes even more compelling as Omaha continues to grow to the west. Are there problems? Are the problems are immense? Absolutely. Yes, of course. But it's not insurmountable. So in time between today and the next session, I will work to resolve the obstacles to merger. With the combined growth of Omaha and the 2007 annexation of Elkhorn, now is the time to move forward with this initiative. Thank you, Senator.

HALLORAN: Thank you, Senator McCollister. Are there questions from the committee? OK. Well, that was quite a conversation starter.

McCOLLISTER: Sorry it was so long.

HALLORAN: No, that's fine.

McCOLLISTER: OK.

HALLORAN: All right.

McCOLLISTER: Thank you, sir.

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HALLORAN: Thank you. So are there proponents for LB267 to advance the conversation, as Senator McCollister suggested? Are there any opponents to LB267? Any in the natural capacity? Good afternoon. Welcome to Government Committee.

SEAN KELLEY: Good afternoon, Senator Halloran, members of the Government, Military and Veterans Affairs Committee. My name is Sean Kelley, S-e-a-n K-e-l-l-e-y, appearing today in a neutral capacity on behalf of the Douglas County Board of Commissioners. Senator McCollister laid this issue out perfectly in his opening. It's been around for some time. Douglas County Board appreciates his willingness to study this issue further in the interim. And we're happy to be part of the conversation. Happy to answer any questions.

HALLORAN: OK. Any questions from the committee? That was nearly a, a nearly perfect neutral testimony.

SEAN KELLEY: Thank you. I appreciate that. Thanks.

HALLORAN: All right. Thank you so much. For the record, we have position papers. We have one proponent, Ricky Fulton.

LOWE: Another neutral.

HALLORAN: I'm sorry.

LOWE: Another neutral.

HALLORAN: Oh, I'm sorry. I beg your pardon. I did not-- forgive me.

JENNIFER CREAGER: No problem.

HALLORAN: This is coming from a person that's easy to overlook himself, so. Welcome to the committee.

JENNIFER CREAGER: Thank you, Vice Chair Halloran and members of the Government Committee. For the record, I'm Jennifer Creager, J-e-n-n-i-f-e-r C-r-e-a-g-e-r, senior director of public policy with the Greater Omaha Chamber. Today, I'm expressing our neutral stance on LB267. I have to say, I've been in front of Government more than I've been in front of Revenue this session, which is an odd place for me to be. And I probably should emulate Mr. Kelley's perfect neutral testimony. But I did have a, a bunch of history that I would like to

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share with you. So forgive me for reading some of it. Thank you, Senator McCollister, for bringing to the committee this bill for discussion and consideration. The Omaha Chamber has long been involved in the discussions on how and when a city-county merger should occur. We supported the constitutional amendment adopted by the voters in 1998 that authorized the Legislature to facilitate this. The Legislature adopted authorizing legislation in 2001 after three years of lengthy debate. And then we worked with the Omaha Douglas County Joint Committee to study city-county merger that was formed to further advance the issue. We participated in a visit to Louisville, Kentucky, to discuss how the city-county merger there operates and how it was accomplished. We looked at examples such as Columbus, Georgia, where the consolidated government was established after a long but ultimately successful effort. We visited with a delegation from just south of here who traveled from Wyandotte County, Kansas City, Kansas. Members of the Douglas County Omaha Joint Study Committee undertook similar efforts discussing the issue with area municipalities, MAPA, other successful mergers around the country, national experts on the issue, and the general public. The committee looked at a number of local government entities, structures, and services provided to the public. This included in-depth looks at functions such as legal parks, road facilities and vehicle maintenance, law enforcement, fire protection, and so on. The committee's final conclusion was that Omaha and Douglas County should embark on a structural merger. The committee recommended functional consolidations of various department operations, but only as a short-term solution. So that was 2003. Some things have changed. Some have not. Questions remain that were raised by the merger committee. One thing that perhaps has not changed is the basic issue of public support. What the chamber and committee heard in communities that have taken this route is that the public, the voters, need to know that consolidation merger, call it what you want, does not mean loss of services or a lessening of their role in the community. This summer or more, more likely fall, we will get the updated census numbers that will present us again with the data to make us ask, does it make any sense to have multiple layers of govern-- governing bodies that oversee overlapping populations? Though neutral on the specifics of LB267, we support continued efforts to enable more efficiency and delivery of government services. Municipal counties can make that a reality. This is not necessarily a matter of taxation, but more of one-- more one of government efficiency. If taxpayer expenditures are reduced in such an undertaking, then all the

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better. Most of all, we want you to know that from all that we have learned, this can be accomplished. And I will just say it's been a long time with the change-- within the chamber that we've had this internal discussion. We do have a history of supporting it. But because we have a different looking board than in the past, we want to take this to our internal process before we officially take a position of support. But I wanted you to know our historic support for the issue and that we would appreciate being part of the conversation as it goes forward. That's all.

HALLORAN: OK. Well, thank you for the history. History's always good. And I would say that's a close tie for perfect for me.

JENNIFER CREAGER: OK.

HALLORAN: Are there questions from the committee? Seeing none,--

JENNIFER CREAGER: Thank you.

HALLORAN: --thank you so much. Is there anyone else in the neutral capacity for LB267? Seeing none, we will for the record, we had one proponent. It was a position letter from Ricky Fulton from Omaha. All right, we will proceed with LB345. Senator Friesen, welcome back. Good to see you again, Senator.

FRIESEN: Thank you, temporary Chairman Halloran.

HALLORAN: It's a temporary title.

FRIESEN: Temporary title. So I do like bringing you these highly technical bills, again, that are really complicated so listen closely. My name's Curt Friesen, C-u-r-t F-r-i-e-s-e-n. I represent the Legislative 34th District, and I'm here to introduce LB345. LB345 exempts restricted funds pledged to retire debt associated with direct borrowing from the budget lid. Municipalities were authorized to use this method of borrowing with the adoption of LB152 in 2015. However, that bill did not amend Section 15-- 13-520, which deals with the exemptions to limitations for restricted funds. Cities want to be sure they're operating within the law before they begin taking advantage of the cost savings for their taxpayers by direct borrowing instead of the costly and time consuming method of issuing bonds. I brought this bill at the request of the League of Nebraska Municipalities, who is here today to answer any questions you may have about these changes or

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about the direct borrowing process and I'd be happy to answer any questions. Part of the background of this is back when I was serving on the city council, a lot of the smaller cities are up against their budget lids, obviously, and we had to make a purchase on an ambulance. And so back before I think it was legal, we did go to our banks and we leveraged two banks against each other. And we, we borrowed enough money so we could pay it off in three years. And if we would have had to go through the bonding process, the cost of bonds, obviously, to just do that for that short amount of time would have been excessive. And yet we had to make this purchase, it fit outside the lid. It fit all the other criteria, but we didn't know that it wasn't possible to do that. So anyhow, long story short, I think it does save cities money in some cases. So I think it has to be used judiciously and it's not a way to really to get around lids and things like that. But I think it does help them make-- save a little money when they have to make some of these purchases that it just doesn't make sense to bond, so. I'd be glad to answer any questions if you have any.

HALLORAN: Any questions for Senator Friesen? No. Very thorough. You going to stick around for close? All right, thank you. Proponents for LB345. Good afternoon. Welcome to the Government Committee.

CHRISTY ABRAHAM: Hello. Thank you, Senator Halloran and members of the Government Committee, it's good to see you this afternoon. My name is Christy Abraham, C-h-r-i-s-t-y A-b-r-a-h-a-m. I'm here representing the League of Nebraska Municipalities. And we want to start by thanking Senator Friesen for introducing this bill for us. And it's very hard to go after Senator Friesen because he's so charming and he has basically said everything I wanted to tell you. This has been a League priority bill for the last couple of years. And as Senator Friesen mentioned, it is viewed by our League legislative committee and our attorney subcommittee as really a cost-saving measure. As Senator Friesen mentioned, sometimes bonding is not the cheapest alternative. And so in 2015, we did put this in statute to allow municipalities to do direct borrowing. A lot of municipalities have taken advantage of it. There are a lot of parameters in statutes about when you can direct borrow. So it's not appropriate in every circumstance. But when you need a new ambulance, sometimes that is the best cost-saving measure to do this. And so what we would like to do, because bonding is already outside the, and I never say this right, the lid on restricted funds, it's already outside that limitation. We would just like to add direct borrowing to that as well. Just so

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municipalities really have a true choice that if direct borrowing is the cheaper option, that they can take that on and know that that will be an expense that's outside the restricted lid. So I'm happy to answer any questions you might have.

HALLORAN: OK. Any questions from the committee? Seeing none,--

CHRISTY ABRAHAM: Thank you so much.

HALLORAN: --thank you, Ms. Abraham. Are there any additional proponents for LB345? Is there anyone that wishes to speak in opposition of LB345? Anyone in the neutral capacity? Senator Friesen. He's giving us a friendly waive. So thank you, Senator Friesen.

FRIESEN: Good to be here.

HALLORAN: Thanks. OK, moving right along, we will entertain LB303. Senator Matt Hansen. Good afternoon, Senator.

M. HANSEN: Thank you, Senator Halloran, and good afternoon, fellow members of the Government, Military and Veterans Affairs Committee. For the record, my name is Matt Hansen, M-a-t-t H-a-n-s-e-n, and I represent District 26 in northeast Lincoln. Today, I am introducing a bill that is vital to Nebraska communities with significant public safety needs and obligations. We've already had a bit of explanation, I should say, this is the exact same section that Senator Friesen was proposing or amending, so. But current law provides that the amount of revenues that cities can generate from certain funds. These restricted funds are limited to 2.5 percent growth each year. But there are certain exemptions of expenditures that cities don't have to include that 2.5 percent growth limit. These include capital improvements, replacement of tangible personal property, bonded indebtedness, intergovernmental agreements, funds to pay for a natural disaster, judgments against the city, and expenditures for groundwater management activities. LB303 would allow governmental units to add law enforcement and fire protection and emergency services expenses to this list of budget expenses that could be exempted from the growth limit giving them more flexibility to adjust these expenses based on current needs. The bill in front of you focuses on public safety. Public safety services must expand existing territories in order to respond to emergencies in a timely manner. In fact, Lincoln is currently in the process of addressing response times in the growing

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areas of east and south Lincoln by adding police and fire stations. But these buildings can't sit empty. Police and firefighters are needed to staff these stations as well. There's some behind me who will speak directly to how this will be helpful to cities based on the current budget restraints and how this will work in practice. I just want my community to have the ability to flexibly adjust to public safety needs with population increase. With that, I'd be happy to close and take any questions from the committee.

HALLORAN: All right, thank you, Senator Hansen. Any questions from the committee? Senator Blood.

BLOOD: Thank you, Senator Halloran. Senator Hansen, can you kind of walk me through where this idea came from?

M. HANSEN: Sure. It's been a priority of the city of Lincoln for a while, and they asked me to carry it. As you see, the city of Lincoln is a city that is growing and has to continually provide emergency response services, police and fire, to larger and larger territory. And so trying to manage to do that while meeting the current restricted levy has been a-- something they've been worried and, and managing to do for a while.

BLOOD: Thank you.

M. HANSEN: Of course.

HALLORAN: OK, thank you, Senator Blood. Any further questions from the committee? OK, seeing none, thank you, Senator.

M. HANSEN: Thank you, Senator Halloran.

HALLORAN: Would like to welcome anyone proponent for LB303. Good afternoon. Welcome to the Government Committee.

ERIC GERRARD: Thank you. Good afternoon, Senator Halloran and members of the committee. My name is Eric Gerrard, that's E-r-i-c G-e-r-r-a-r-d, and I represent the city of Lincoln in front of the Nebraska Legislature. As I walked through the hallway, I thought finally we'd reach that critical mass where people were interested in restricted lid in the same way that I was. I'm wrong based on the, the amount of people in this room, so. I'm here to testify in support of LB303, which would allow governmental units to exempt law enforcement,

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fire protection, and emergency services from the restricted funds limitation. Thank you to Senator Hansen for continuing to work on this and for introducing the bill on behalf of the city of Lincoln and other political subdivisions. Current law limits our core revenues to 2.5 percent growth per year. These restricted revenues make up 75 percent of our taxing funds here in Lincoln. That includes highly important revenues like sales tax and property tax. That's the majority of our General Fund. These revenue sources fund services like police and fire, street maintenance, parks and recreation, and public libraries. The restricted funds law allows for exemptions, but those exemptions only amount to about 23 percent of our budget here in Lincoln. The majority of the budget is funded by these restricted funds. The exemptions are fairly minimal. Over 66 percent of the budget here in Lincoln is for personnel costs, including staff to provide that public safety, parks, library, and health services. These staffing costs are determined largely by the Nebraska CIR, the Court of Industrial Relations. Public Safety comprises over 50-- 57 percent of the tax funded budgets for the city of Lincoln. Property tax valuations have grown about 4.8 percent over the last five years, and sales tax has grown about 3.9 percent over the last five years. Those numbers represent a growing community. We have a strong local economy and we're, we're happy about that. We're proud. The growth in revenue is necessary to provide for services for our local citizens, especially for public safety. As Lincoln grows, there are additional streets, streetlights, and sidewalks to maintain. Additional-- and then, of course, additional public safety employees are necessary to maintain response times over a large geographic area that's growing. Lincoln has one of the lowest tax rates of the first class cities and above, including primary and metro that we heard about earlier today. The city of Lincoln only represents about 16 percent of the total tax bill for those who live inside the city of Lincoln. Over the last 15 years, the city has eliminated bus routes, reduced senior center hours, reduced library hours, closed pools, and reduced park maintenance to maintain a balanced budget and remain fiscally sound. Public safety services are strained by the growth in the community. Restricted funds laws limit core revenues that the city can receive to fund public safety. To adequately address public safety needs, an exemption should be made for public safety and expenditures in this lot. This is important to growing communities like the city of Lincoln and I'm sure many others. Without exemptions like this, Lincoln will struggle moving forward just to balance the budget and also address

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the community growth issues. There was an article in the Lincoln Journal Star just yesterday that pointed out the difficulty in hiring and retaining many of the public safety personnel right now. There are many internal conversations going on right now, I'm sure, about how to solve that issue. But we don't expect the costs to go down in public safety when we're looking for solutions on that front. Lastly, I should point out that this is the fourth bill that the city of Lincoln has sought introduction on in the area in the last few years. So it's certainly a priority and something we're, we're trying to find some sort of solution on. I would say that if the committee doesn't think that this is the solution or that this is the perfect solution, we would be open to working with the committee, obviously, Senator Hansen, the introducer of the bill, and your distinguished legal counsel to find some sort of solution for a growing community like Lincoln. I thank the committee for your time and I urge your support of LB303. And with that, I'd answer any questions that you may have. Thank you.

HALLORAN: All right, thanks for your testimony. Buttering up the legal counsel is a good idea.

ERIC GERRARD: Yeah, he didn't, he didn't tell me to do that.

HALLORAN: Senator McCollister.

McCOLLISTER: Yeah, thank you for being here. Thanks for your testimony. Does this have a sunset date or is this-- would this be a permanent statutory arrangement for the city of Lincoln?

ERIC GERRARD: It's a good question and it's not specific to the city of Lincoln, but there is not a sunset date in LB303. I think that's something that we're open to. And if I can expand slightly, one of the reasons that it's been more of a problem in the city of Lincoln is a number of other cities and political subdivisions, I'm thinking probably Bellevue traditionally votes for the additional 1 percent, you're, you're allowed to vote for an additional 1 percent. In Lincoln, our city council has only voted for that, I think, four out of the last ten years. So that presents-- creates a whole, whole other issue. And in some ways, is why it's more specific to the city of Lincoln. So long-winded answer, there's not a sunset. We're, we're open to that if that's something the, the committee would like to pursue.

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McCOLLISTER: Thank you.

HALLORAN: Thank you, Senator McCollister. Any other questions from the committee? Seeing none,--

ERIC GERRARD: Thank you.

HALLORAN: --thank you for your testimony. Are there additional proponents for LB303? Welcome back.

CHRISTY ABRAHAM: Thank you. Thank you, Senator Halloran. My name is Christy Abraham, C-h-r-i-s-t-y A-b-r-a-h-a-m. I'm here representing the League of Nebraska Municipalities. I also want to thank Senator Hansen for introducing this. I understand that this is an issue in Lincoln, but the League just wants to report to you that this is actually a statewide issue as well. We have a lot of growing communities out there so happily growing and they're struggling with paying for police officers and firefighters. And this bill would give them a little bit more flexibility in their budget to be able to do that. I don't want to say that this bill will necessarily create a tax increase or necessarily even create more money spent on public safety, but it gives those communities the flexibility to do so. That if they're a growing community and they need to add a police officer or a firefighter, that they will have that flexibility in the budget, that it may make it possible for them to do so. As Mr. Gerrard mentioned, you know, cities are limited to a 2.5 percent budget increase every year and then an extra 1 percent with the supermajority vote. So that's not a lot of growth in their budget each year. So if they are allowed to take some of these public safety issues outside of that lid, that may be helpful. So I'm happy to answer any questions you might have.

HALLORAN: OK, thank you. Any questions from the committee? Yes, Senator Blood.

BLOOD: Thank you, Senator Halloran. So if I hear you correctly, would, would it be your expectation that we would see this expand?

CHRISTY ABRAHAM: I think that's, that's a good question. I'm, I'm thinking of one community in particular in my mind who really needs to add a police officer and they're, they're really struggling in their budget with only a 2.5 percent increase. How to fit that into their

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budget without, you know, potentially cutting a lot of other programs that they think are important to them. So I do think and I don't want to say every, you know, community in, in Nebraska that has a police force is, is going to add an extra police officer with this bill. I don't want to give you that impression at all. But there are some communities that I'm thinking about that are just sort of on that verge of they're growing enough that their public safety needs are increasing and they just need maybe one more officer. And I think this bill would really help them do that.

BLOOD: Fair enough. I was just kind of curious because I kind of heard you going in that direction.

CHRISTY ABRAHAM: Yeah, yeah, I mean, Kearney, for example, there's a lot of communities out there that are, that are growing and we're so, so pleased about that.

BLOOD: Right.

HALLORAN: Senator McCollister.

McCOLLISTER: Yeah, thank you, Senator Halloran. Are cities under budget lids now?

CHRISTY ABRAHAM: Yes, that's that 2.5 percent. That's our-- what we're allowed to grow each year in our budget is 2.5 percent.

McCOLLISTER: So this particular bill would allow cities to forevermore increase their, their budget to accommodate for public safety?

CHRISTY ABRAHAM: What this allows, as I understand it, Senator McCollister, is there is a-- there's a certain amount of expenses that are-- that aren't included in that 2.5 percent. They're outside of it. So like bonding, for example, or capital improvements. So this would just add to that list. So expenses for public safety are going to be outside the 2.5 percent restricted increase that they're allowed to have.

McCOLLISTER: With this statute,--

CHRISTY ABRAHAM: Right.

McCOLLISTER: --with this bill?

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CHRISTY ABRAHAM: Yes. Yes.

McCOLLISTER: How do we-- if a constitutional amendment would be established for a 3 percent max, how, how do these-- that proposal and, and this particular bill [INAUDIBLE]-- how do we rationalize those two?

CHRISTY ABRAHAM: You are asking great questions. I unfortunately testified-- not unfortunately, I testified in opposition to that bill that put a 3 percent cap on property tax increase for this very reason. So what you would have is you would have your levy limits and then you would have your budget lid. And then on top of all of that, you would have a 3 percent cap on property tax increase. And I think the League's argument was that, that really limits flexibility for communities because every community is different. And if a community needs a new ambulance or they need a police officer, it would be helpful to allow them to have that flexibility to meet those needs.

McCOLLISTER: Thank you.

CHRISTY ABRAHAM: You're welcome. Thank you, Senator. Good question.

HALLORAN: Thank you, Senator McCollister. Any other questions from the committee? OK, seeing none, thank you so much, Ms. Abraham.

CHRISTY ABRAHAM: Thank you. And can I just say that I'm happy to work with this committee and your excellent legal counsel. Thank you, Senator Halloran.

HALLORAN: There's a-- there's a lot of debt to be repaid here.

DICK CLARK: My birthday is not until April, so [INAUDIBLE].

HALLORAN: All right, are there additional proponents for LB303? Welcome back.

BETH BAZYN FERRELL: Thank you. Good afternoon, Senator Halloran, members of the committee. For the record, my name is Beth, B-e-t-h, Bazyn, B-a-z-y-n, Ferrell, F-e-r-r-e-l-l. I'm with the Nebraska Association of County Officials and I'm testifying in support of LB303. We would really echo the comments of Mr. Gerrard and Ms. Abraham about the need for this exemption from restricted funds for public safety. We'd also like to mention there are bills pending in

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other committees in the Judiciary Committee that would require additional training for law enforcement. It would about double the hours that county sheriffs have to and their staff have to have each year. This would be very helpful to help pay for that. Sheriffs aren't necessarily in as quite the same situation as cities with adding an additional police officer due to growth. But there are other aspects for law enforcement that this could be applied to, so. Be happy to answer questions.

HALLORAN: OK. Any questions from the committee? Seeing none, you must be very thorough. Thank you. All right. Any additional proponents for LB303? Seeing none, is there anyone that wishes to testify in opposition to LB303? Anyone in neutral capacity? Senator Hansen.

M. HANSEN: Thank you, Senator Halloran, and thank you to all of our testifiers here today. And I'll start off by saying I, too, would be happy to work with our excellent committee counsel. With that being said, so this is the second time I've introduced this bill or substantially similar to this bill. And over this past interim, obviously, we examined a lot about law enforcement, including I had one of the interim studies in front of Judiciary Committee. And one of the things I heard was repeatedly, as, as the testifier from NACO said, lots of law enforcement, sheriffs, and agencies had things that they thought could greatly improve accountability, transparency, public safety. Kind of be win-win-win solutions. But they're just kind of expensive. And, and you see the situation that as the city of Lincoln testified, we're already having a situation that because of this arbitrary number we picked, we're kind of putting bus lines versus police versus firefighters all competing for the same amount of money. This would provide that measure of flexibility to ensure that a city that is growing, especially a city like Lincoln that is growing by a considerable percentage, is able to kind of keep up with that. That's something that's, you know, personal to my district of we have this, you know, a lot of growth in our growing eastward. We're getting a new fire station. But as I understand it, we're not necessarily getting new firefighters. We're getting firefighters that were previously at a different fire station. And that's something that works for now, but is ultimately something we're going to have to address as a city, and this would be one tool that would allow just a little bit of flexibility. In my mind, it's pretty narrow and tailored to public safety, which is something that is usually pretty universal

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is seen as a requirement. So with that, happy to work with the committee and happy to take any questions.

HALLORAN: OK, any questions from the committee? Just, just a quick observation, and it's oftentimes government is, is accused of issuing unfunded mandates.

M. HANSEN: Um-hum.

HALLORAN: And you mentioned some bills in front of Judiciary that might, in effect, do that on local law enforcement. So this, I guess, is a means of funding those unfunded mandates. But it's still locally, though, it's not, it's, it's the state is not facilitating funding those unfunded mandates.

M. HANSEN: Sure. I should-- I'll specify that I don't believe I'm introducing any of those bills. So this is a problem I'm trying to solve on behalf of the cities that-- but, yes, everything kind of ties together.

HALLORAN: OK, that was a good caveat. [INAUDIBLE]. OK. All right, thank you, Senator.

M. HANSEN: Thank you.

HALLORAN: We have one position paper proponent, Sandra Lewis, Nebraska Emergency Medical Services Association for the record. That concludes our hearing for today in almost record time.