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Transportation and Telecommunications and Appropriations Committees  
November 05, 2010

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The Committees on Transportation and Telecommunications and Appropriations met at 1:30 p.m., Friday, November 5, 2010, in Room 1113 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a joint public hearing on Needs Assessment of the Department of Roads and NITC Briefing. Senators present: Deb Fischer, Chairperson; Arnie Stuthman, Vice Chairperson; Kathy Campbell; Galen Hadley; Charlie Janssen; Scott Lautenbaugh; and LeRoy Louden. Also present: Senators Lavon Heidemann; John Harms; Tony Fulton; Jeremy Nordquist; Heath Mello; John Nelson; John Wightman. Senators absent: Tim Gay; Scott Lautenbaugh; Danielle Conrad; and Tom Hansen.

SENATOR FISCHER: Good afternoon and welcome to the joint hearing of the Transportation and Telecommunications Committee and the Appropriations Committee. My name is Deb Fischer; I am the Chair of the Transportation and Telecommunications Committee and I represent the 43rd District in the Nebraska Unicameral. At this time I would like to introduce to you the members of my committee and we're going to have to have them raise their hands today. But on my right we have Senator Janssen from Fremont; Senator Campbell from Lincoln; the Vice Chair of the committee, Senator Stuthman, who is from Platte Center. On my immediate right is our legal counsel, Dusty Vaughan. On my immediate left is our committee clerk, Laurie Vollertsen. Next we have Senator LeRoy Louden who is from Ellsworth, Nebraska, and Senator Galen Hadley who is from Kearney. At this time I would like to introduce to you the Chair of the Appropriations Committee, and it is my pleasure to do so, Senator Lavon Heidemann who is from Elk Creek. And I would ask him to please introduce the members of his committee who are present today.

SENATOR HEIDEMANN: To my right and on the end, because Senator Fischer gets to decide where everybody gets to sit (laughter), is Senator John Nelson from Omaha; Senator Heath Mello from Omaha; and Senator Jeremy Nordquist from Omaha. And to

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my left we have Senator John Wightman from Lexington, and Senator Tony Fulton from Lincoln.

SENATOR FISCHER: Thank you, Senator Heidemann. A few housekeeping details, this is a hearing with really only one person who will come before the committee today and that is the Director of the Department of Roads, Monty Fredrickson. This is our Needs Assessment Hearing that is required by statute once a year. Director, if you do have any materials, the page will hand those out to you. I would ask that everyone please be courteous and turn off your cell phones. In this committee we have cell phones off and that means no texting. With that, I would welcome Director Monty Fredrickson with the Department of Roads and we look forward to hearing your presentation to the two committees today. Welcome, Director.

MONTY FREDRICKSON: (Exhibits 1 and 2) Thank you, Senator Fischer, and good afternoon, members of the Transportation and Telecommunications Committee and the Appropriations Committee. I assume you all have the two handouts. This is the actual Needs Assessment Report for 2010 and the testimony that I will be reading today. I am Monty Fredrickson, Director-State Engineer of the Department of Roads. I am honored to come before you today and proud to represent the department staff. I will do my best to present the state highway needs and answer your questions with assistance from our expert staff. Please take a look at page 1 of the 2010 State Highway Needs Assessment Report. As you can see in the table on the top of page 1, the total 2010 needs are \$9.2 billion compared to \$9.1 billion last year. The pie chart below shows the two major categories that comprise our 20-year needs with pavement preservation being almost 60 percent of our 20-year needs and Rural Geometric Improvements 31 percent. If you would turn to page 2, you will see our standard chart that shows with inflation applied over the next 20 years, the total cost of these \$9.2 billion worth of needs rises to \$13.2 billion. If we would presume an average construction program size of \$320 million for the next 20 years, we would be able to meet only \$6.4 billion of the \$13.2 billion needs. The department categorizes the needs of the state highway system

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into six categories: pavement preservation, rural geometrics, urban, railroad crossings, Missouri River bridges, and miscellaneous. After identifying the needs in each of these categories, they are reviewed and prioritized by our staff and placed into the highway construction program as funds permit. I will briefly go over each category. They are also explained within the book. Pavement preservation needs include the cost of maintaining the state highway system at a specified pavement condition level. Our system is evaluated each year using factors such as extent and severity of pavement deterioration and ride quality. The data gathered from these evaluations is used to calculate pavement condition indices. These indices, along with the annual pavement deterioration and a benefit cost analysis, are used to compile the pavement preservation needs. Next category is Rural Geometrics. These are identified using the criteria shown on page 5 of this report which are appropriately called The Needs Assessment Criteria. These are based on estimated future highway traffic volumes and divided into six categories ranging from a low of less than 750 vehicles per day to a high of 36,000 vehicles per day and greater. These criteria include such items as pavement width, shoulder width, and number of lanes. Once a segment of roadway is found not meeting these criteria, it is identified as deficient and a cost is assigned to that segment for correcting its deficiencies. Bridge needs are included in this category as well. The cost of additional capital improvements, such as new lanes of traffic outside of urban areas, are also in this category. The third category is urban needs. Those simply include the widening or reconstruction of state highways that extend through the corporate limits of cities with a population of 5,000 or greater. Next is railroad crossing needs. They include the cost of building new viaducts, thus resulting in closing of "at-grade" crossings. And also include the cost of upgrading or placing new railroad crossing signals on the state highway system. The Missouri River Bridge category includes the cost to repair our Missouri River bridges and to build new ones when they require replacement. The Miscellaneous category includes planning, research, lighting, and traffic signals. In conclusion, I would like to remind you how the Department of Roads prioritizes the distribution of our available funding. First come high-priority bridges; second is preservation of the existing highway system; third, completing the six-lane

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interstate between Lincoln and Omaha; and fourth, if resources remain, the addition of other capital improvements to the highway system throughout the state. The first two priorities, as you've heard us say before, consume the vast majority of our highway construction budget. The department believes this is still a wise strategy as it protects the multibillion dollar investment taxpayers have made in the existing state highway system. I would now answer any questions.

SENATOR FISCHER: Thank you, Director. At this time I would like to introduce Senator John Harms, member of the Appropriations Committee, and have his name entered into the record. Are there questions from either committee? Senator Stuthman.

SENATOR STUTHMAN: Thank you, Senator Fischer. Director, is there any thought or plan in the future if things don't improve that the state will abandon some roads?

MONTY FREDRICKSON: There's no specific plan. It is an idea that has been talked about a little bit. It's legal, I guess, if you'd say it that way, that the statutes provide for the department. There is a process to abandon highways if certain conditions are met. So it is probably a worst case scenario, but possible.

SENATOR STUTHMAN: And if that process does take place and you abandon some of the least traveled roads and those roads are still a need for the people in those areas, will that become a duty of the property owners to maintain that road in the local communities?

MONTY FREDRICKSON: I believe the way the statute reads, the county has first responsibility, but they can choose to totally abandon the road rather than accept the relinquishment of it from the state. So it could be turned back to the adjacent owner, but it...I don't think there would be any legal necessity to keep it as a road. It could be obliterated.

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SENATOR STUTHMAN: But if the state comes to the point where they decide to do that, it's going to increase property taxes in those rural areas. In my opinion, I think that is what will happen, because, you know, those roads aren't bad, but they are not traveled a lot. But yet those are mainly the only roads in those communities. So with that, thank you.

SENATOR FISCHER: Thank you, Senator Stuthman. Senator Campbell, did you have a follow-up on that?

SENATOR CAMPBELL: I did. Thank you, Senator Fischer. The counties, though, can designate a road as a minimum maintenance road, which means the road is still left open, but we don't...or we didn't, I'm speaking as if I'm a commissioner now, but we didn't maintain them. I mean, it was just the existing conditions. Would that not...that classification, could the county do that, do you think? Label those roads as a minimum maintenance and so not necessarily would they have to maintain them, but they could at least mark them that way and keep the road open. But at some point the county board would be tackled to probably do something more than signage of a minimum maintenance, would you think over a course of time?

MONTY FREDRICKSON: Yes, I think that would be an option for the county.

SENATOR CAMPBELL: Okay.

SENATOR FISCHER: Senator Hadley.

SENATOR HADLEY: Senator Fischer, thank you. Director Fredrickson, thank you for coming. I guess I have a quick question on page 2 of the executive summary you have the inflated needs that run out; I guess the question I have is, is that a realistic inflation factor? Is that a national inflation factor? Because I've heard so much about the 5, and 10 and 15 percent increases in road costs for inflation.

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MONTY FREDRICKSON: We have seen those kind of costs in the materials that we deal with over the last few years, but that's been an abnormal two or three years for us. So this is just our best guess from the finance people that we have at the Department of Roads and the research they do and what they follow on the Internet. This is their best estimate of a reasonable assumption given that trying to predict something for 20 years is not easy.

SENATOR HADLEY: And then just as a follow-up, if, basically, the revenues we have available for all of these needs does not increase by that amount, we basically have less to do...less money to deal with over the next 20 years.

MONTY FREDRICKSON: Yes.

SENATOR HADLEY: Our revenue has to grow at least this just to stay even.

MONTY FREDRICKSON: Well, just to stay even with that starting point. But we're already starting in a hole.

SENATOR HADLEY: That's right. Okay. Thank you.

SENATOR FISCHER: Senator Janssen.

SENATOR JANSSEN: Thank you, Chairman Fischer. Director, I had a question, a couple of parts to it, of course, you always know I'm interested in the Platte River Bridge and how that's coming and I'm not going to go through every road in my district for the benefit of everybody here, but if you could let me know how that process is going. And the reason I ask also is the question, if you could kind of go over how we ran into some difficulties with having to build a temporary bridge. And is that now going to become the precedent which is going to cost us more money, well, as long as you want to project

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out? Is that the new way that we're going to build bridges all across this state and all bridgeways? And are there any other factors outside of cost of construction that would raise, I guess, the cost of building roads, similar to what the bridges cost?

MONTY FREDRICKSON: First the good news, the Fremont South Bridge just went over to federal highway this morning with our recommendation to award the project to the low bidder. So hopefully by Monday they will concur and then we might have a contract in a week and then we'll see what schedule the contractor wants to work on. The temporary bridge was the requirement of the Corp. of Engineers. It may well be the wave of the future. I think a lot depends on how this project goes. There's another restriction on this project that there have been on several Platte River bridge projects and that is because of the protected species, the pallid sturgeon, the contractor will not be able to drive piling between February 1 and August 1. Well, that's sometimes the best season for a contractor to work in Nebraska. So that's a pretty severe restriction, and that's not a new one. If you have that species in the river and, of course, the Platte River has had some sightings of those. So there's two issues to deal with there. We'll see how this job goes and if the contractors can adapt to that methodology with reasonable cost, it will probably be the norm.

SENATOR JANSSEN: Do you have any projections on what the increased cost would be, as opposed to the way you built it in the past?

MONTY FREDRICKSON: We did have some in the beginning and as it turned out, the way the bids came in, bids came in a lot lower than we projected. So, let's now see what it really takes. Can the contractor do it for what he bid and in the time frame that we gave him? And then we'll have a good estimate of what is the additional cost to build a bridge off of a temporary bridge versus a sand causeway.

SENATOR JANSSEN: Thank you, Director. Thank you.

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SENATOR FISCHER: Thank you, Senator Janssen. Senator Fulton. Do you have questions?

SENATOR FULTON: Thank you, Madam Chair. Thank you, Director, for being here. This might be an esoteric question, but it's relevant and it's going to become more relevant for us. The Federal Reserve has made the decision to...I forget the name, like, quantitative easing, I think is what they're calling it. But the idea here is to purchase debt such that interest rates are pushed downward and long-term inflation rates are pushed upward. This has already occurred; it occurred this week. And that's the idea, at least that's the theory. That being said, that's going to have an effect on inflationary pressures that we experience in state government. It's also going to have an effect on the cost of money which may be necessary for contractors, what have you, to effectuate road construction. So has any thought been given to that? That's the decision that's been made whether we like it or not. Is there going to be any change in the way that your department goes forward with respect to trying to maintain roads? Or are we going to try and build new roads while money is cheap? Or are we going to try to construct roads more so now such that recognizing there's going to be an increase in inflation? And how (inaudible), can you comment on that?

MONTY FREDRICKSON: I would say if our budget remains static, we won't have much choice but to just maintain what we have. Building new roads will not be an option. If revenues were to increase, then we would certainly want to take advantage of the possibility of accelerated scheduling to take advantage of the lower interest rate, the borrowing, whatever mechanism would make sense.

SENATOR FISCHER: Senator Mello.

SENATOR MELLO: Thank you, Chairwoman Fischer. And thank you, Director Fredrickson. I have a question that's related to the stimulus funds that the department received, the \$232 million for highway construction. The Department of Administrative



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Services released their quarterly report, I think, October 20. It's the Section 1512 Report and it shows that the Department of Roads has expended a considerable amount of money and provided no jobs with some of these projects. And I don't want to go through all these projects, but I did a little investigation and looked on your Web site and you have much more extensive data it looks like on the Department of Roads Web site. Where one report I have here, the October 10 report to the U.S. House and Transportation and Infrastructure Committee, gave a little bit more information in regards to the total number of hours that were created by some of these projects. But yet, that report also doesn't list any of the number of jobs created. Is there any way that you can shed some light in regards to why both reports, both your department and the Department of Administrative Services doesn't provide any job information really on the \$232 million we spent?

MONTY FREDRICKSON: I don't have an answer for that. But have you checked the [recovery.com](http://recovery.com) Web site?

SENATOR MELLO: This is from [recovery.nebraska.gov](http://recovery.nebraska.gov), the 1512 Report. In your report, you actually...your agency provided monthly employment reports to August of 2009 and then for some reason stopped producing those reports on-line. So it appears that...I mean there's documentation there in regards to total job hours that were created with some projects. But it never really says, these are the number of jobs that were created with this amount of money. And I've noticed that there is some data that's concerning with other agencies, but since your agency received a bulk of the infrastructure money, I think it would be helpful, not just for the Appropriations Committee, but to the Legislature whole to find out how many jobs were actually created with that funding.

MONTY FREDRICKSON: Well, we'll find out for you. I thought we were reporting that to the federal reporting requirements, but I've got a guy that's an expert in that. And then, I don't know if you were at our Web site recently, but just in the last few days, we've really

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beefed up our status of ARRA project reporting and it was lacking before that and now much better. I didn't realize that it didn't have the jobs in there. But we'll find out and get some numbers to you.

SENATOR MELLO: I'd appreciate it. Thank you.

MONTY FREDRICKSON: You bet.

SENATOR FISCHER: If I could just follow up with Senator Mello's question, you would just have the...what was it, \$157 million, \$159 million, that the state had out of that total amount would be recorded. It wouldn't be what went to the cities or counties on your Web site though, would it? Or would it? I don't know.

MONTY FREDRICKSON: I'm not so sure that their reporting doesn't have to be done through us.

SENATOR FISCHER: Through you, okay.

MONTY FREDRICKSON: Because we...we actually...

SENATOR MELLO: It does actually. You had good reports. Actually, you had similar reports for the city of Omaha and Lincoln as well. Their data was missing...the job data was missing.

SENATOR FISCHER: Are they listed separately?

SENATOR MELLO: They are.

SENATOR FISCHER: Okay.

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MONTY FREDRICKSON: Because all of those ARRA projects were contracted through the Department of Roads. So we decided to keep track of all the numbers.

SENATOR FISCHER: Senator Nelson.

SENATOR NELSON: Thank you, Chairman Fischer. Thank you, Director. Looking at page 4, your report here, you wind up saying the first two priorities consume the vast majority of our highway construction budget and that would be high-priority bridges and preservation of the existing highway system. And I see in your needs assessment you talk about Missouri River bridges, but I don't see much about what consists of high-priority bridges around the state. What part of that...they're high priority and is that just a small part of the vast majority of your expenditure?

MONTY FREDRICKSON: Yes, it is a small part. High-priority bridges are those that are in critical need of repair or replacement. Senator Janssen's Fremont South Bridge is in that category. It's old, it's only got two girders, the deck is going bad, and I'm sure he can attest to that. We've put that in that category and said, we have to get this bridge replaced so we've elevated that cost to a high-priority bridge. One that we just completed earlier this year that was also in that category was the South Omaha Bridge. If you remember, we had to close that three times just to keep it open while we got the new one built. And there will be a smattering of smaller bridges that might fall into that category.

SENATOR NELSON: But those would fall under your rural geometrics site, I suppose then.

MONTY FREDRICKSON: Yes.

SENATOR NELSON: You got a slight percentage here for Missouri River bridges and the South Omaha Bridge is part of that, so okay.

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MONTY FREDRICKSON: Exactly.

SENATOR NELSON: Yeah, okay.

SENATOR FISCHER: Thank you, Senator Nelson. Senator Heidemann.

SENATOR HEIDEMANN: I want to follow up on Senator Janssen's comment about...as far as, what I call building a bridge to build another bridge. And if something frustrates me it's what we do with our money. We, and Senator Fischer is very involved in finding more funds for road building and I support that very much, but I think there is another part of this and it is what we have to do anymore to follow federal regulations to do what we do in road constructions. How much work is there done with our federal delegation as far as letting them know what we can't do because we spend so much money following what you tell us to do? If that makes any sense at all.

MONTY FREDRICKSON: Yes. I think they are well informed of the regulations that we have to deal with and they have pushed back on certain ones, whether we should elevate that to more of a critical point, I don't know. This Fremont job is going to be the first one in Nebraska that we've had to do this that's anywhere near a substantial bridge. And I don't know what is going to happen. It's going to be the test for us. There are certainly other states to the west, Oregon and Washington, that apparently have already decided they will build most of their bridges without ever touching the water. So it's off of some kind of false work. And of course they have a lot more environmental issues and protected species and waters of the United States than we do, but...so it does go on in the other part of the country. It does seem that for 30 or 40 years we built bridges by dredging the sand out of the river and walking a crane across it, a mechanical crane that is, and we didn't seem...(laughter) we didn't seem to have a whole lot of problem there. But environment...

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SENATOR HEIDEMANN: Is it the wisest use of taxpayer money to follow...in your opinion, to always follow the federal rules and regulations?

MONTY FREDRICKSON: That's a loaded question. (Laughter) I don't dare answer that.

SENATOR FISCHER: Thank you, Senator Heidemann. Senator Louden.

SENATOR LOUDEN: Yeah, thank you, Senator Fischer and welcome, Monty. We've been through this for several years now from time to time once a year. What is your budget now for this next year for the Department of Roads?

MONTY FREDRICKSON: Just for construction?

SENATOR LOUDEN: Well, yeah, your...you talk about the \$320 million or something like that. Is that...

MONTY FREDRICKSON: It's \$316 million.

SENATOR LOUDEN: \$316 million?

MONTY FREDRICKSON: Yes.

SENATOR LOUDEN: And that's down from some of the other years?

MONTY FREDRICKSON: Our high was \$390 million in 2006.

SENATOR LOUDEN: Yeah, when things were good.

MONTY FREDRICKSON: Yeah. And then like in 2000 we were probably about \$300 million, \$310 million. So between 2000 and 2006 we just had a gradual climb to the

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\$390 million and we thought things were really good. And since then it's started to drop off.

SENATOR LOUDEN: Now have you estimated your revenue what it will be at?

MONTY FREDRICKSON: Yeah, our revenue will be sufficient to produce the \$316 million program providing that our estimates are correct of federal funds and that the tax structure remains as it is to vary to meet our appropriation.

SENATOR LOUDEN: Yeah, and that's using the formula, the fuel tax formula the way it is at the present time.

MONTY FREDRICKSON: Yes.

SENATOR LOUDEN: Okay. In all of this, as I've gotten some reports from the Heartland Expressway out there, where are we at on that thing at the present time?

MONTY FREDRICKSON: We got two things going. Congressman Smith secured an earmark to update the corridor study that actually goes from Rapid City to Denver and so that...consultant has been hired and the scope of work has been established so I believe that consultant is started on the update of that corridor analysis. And the second thing that is going on is we also have a consultant started on the environmental document for the revised scope of work for four lanes between Alliance and L62A.

SENATOR LOUDEN: Okay. Now, in that part, have you...where has the negotiation come about for the logical termini or has there been anything from the Department of Roads indicated to the federal people that we'll try and get the funding for...to finish it? Or where we at on that part? Because that was kind of the holdup on that thing.

MONTY FREDRICKSON: Yep, the logical termini is Alliance to L62A. And Federal

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Highway is comfortable with that. The next phase, once we do the environmental document, the design, buy the right-of-way, when it comes to construction, if they stick to their previous commitment, they're going to say you need to build it all at once. So you need to find the money to build all of that at one time or at least consecutively in over a four-year period. So, in other words, what they're saying, Department of Roads, you need to have a financial plan that is believable to construct the entire segment to the limits of the environmental document.

SENATOR LOUDEN: Now do you have that financial plan or are you working on a financial plan?

MONTY FREDRICKSON: No, we do not have that.

SENATOR LOUDEN: Okay then, in other words, we're still in limbo about where we were. We got the \$20 million out there and nobody has made any effort to do any construction or anything. Would that be correct to say?

MONTY FREDRICKSON: That's correct. There's no efforts that I know of that would make up the missing funding.

SENATOR LOUDEN: Okay. And that was what, around \$60 million?

MONTY FREDRICKSON: Sixty or seventy.

SENATOR LOUDEN: And then there was \$20 million already of federal earmark money.

MONTY FREDRICKSON: Yes.

SENATOR LOUDEN: Okay. And as we get on to one of these other issues, here the

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other day we got a \$4.5 million grant in Chadron for short line railroads and the department is...you have...your office staff oversees...a railway council that oversees some of the short line railroads. This federal money being put out for that, what do they call that, TIGER, something like that, where it's transportation, there's a name for it, but I think they call it TIGER. Is there anyone in your office staff, or anybody, working with these short lines to see if they can acquire any of that money to improve these short lines? Because I mean, we saw what happens when the short lines go to pot, there last summer at Norfolk. I mean the truck traffic got pretty near out of hand, my understanding, through Norfolk. And I'm wondering if we are doing anything to try to improve the short lines in some of the areas there to save our highways a little bit?

MONTY FREDRICKSON: We do have a liaison group for the short lines to assist them with what we can. And, of course, the rail council may not have a job anymore because the money is going to be expended to fix the...the remaining funds are going to be expended to fix the Norfolk line. However, the short lines, as well as other railroads are eligible to apply for these TIGER grants and other grants that are offered periodically. So, yes, if they ask for assistance in writing the grant or providing information, we would be happy to do that. Actually, we didn't know anything about the Chadron grant. They did that on their own and that was the only project in Nebraska that got any TIGER II money.

SENATOR LOUDEN: Well yeah, there was a thousand applications and they landed one of them. And I'm wondering if there is somewhere along the line we need to pursue any of that funding out there? Because we do have that short line in southern part of Nebraska that if that thing goes down, why you're going to have a lot of grain hauled on rubber tires. And I'm wondering if, you know, if there is an issue there because already they said that if they can keep that one going in Chadron that's 400 trucks for every hundred-car train that hauls out of there. And of course, that don't take long to beat a road to pieces up. I'm wondering, you know, if we do have something going on that. Now as far as the short line, there is that railway council, that budget for them is only



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about \$2,500 is all that is ever set aside to serve that council, isn't it? The rest of that would just be your staff person that has to work with them whenever they do something.

MONTY FREDRICKSON: Yes. That is correct.

SENATOR LOUDEN: Is that a significant amount of time that your staff person has to spend with these people to do anything?

MONTY FREDRICKSON: No, I don't think so.

SENATOR LOUDEN: Because they only meet maybe once or twice a year, don't they at the present time?

MONTY FREDRICKSON: Right. I will remind our people to remind the short lines at the opportunities that they have, that they are certainly encouraged to apply for these grants, because it seems like many of these grants are shifting towards transit rail, high-speed rail activities, as opposed to highways.

SENATOR LOUDEN: Right. One other thing, also here the other day through the mail we got...or the EPA is wanting to put coal ashes as hazardous material. Do you use coal ash in construction of any of your roads?

MONTY FREDRICKSON: Yes, we mix it into certain mixes of our concrete.

SENATOR LOUDEN: Now, where do you...do you get that coal ash from generation plants in Nebraska or do you ship that in from some place?

MONTY FREDRICKSON: Nebraska? You can't talk...just tell me.

AUDIENCE: Some from Nebraska. (Inaudible) concrete from outside of Nebraska.

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(Inaudible)

MONTY FREDRICKSON: Sounds like the answer is both.

SENATOR LOUDEN: Okay. Because that is what I was wondering. I was told that they ship it in mostly from Texas and I'm wondering how come Texas' coal ashes is any better than what we have in Nebraska? Because I think that Gentleman plant alone generates about 330,000 ton of coal ash a year and my understanding is that there's only about 30 percent of that is used. The rest of it is thrown away or whatever is done. And I was just wondering if there's any kind of a savings there by using some of this stuff locally that we generate ourselves.

MONTY FREDRICKSON: Well, there would be. And we do use, I think, the maximum amount that we can. There's a certain type of ash that is not good in a concrete pavement. And we determined that with our research and I can't tell you what class they call it, but there's a good kind and a bad kind.

SENATOR LOUDEN: Well yeah, and there's Class A or something like that. I know that. That was one of the reasons, I guess, when they told me that the state was shipping it in from Texas I thought this would be the time to find out. If there was...to our meeting of the minds in Omaha last summer there, there was talk about bonding or something like that to get some highway work done. If something like that came about and you were...funds were available for the Department of Roads, what would your priorities be to spend that money? Would you use that for...to build economic development roads out in all over the state, or would you have one little spot that you wanted to build, or what would your priorities be if you were able to flow the bond and build some additional construction?

MONTY FREDRICKSON: Well as much study as we did over the past three or four years on what the priorities should be and reassessing how to evaluate those priorities

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and what role we play in the economy of Nebraska, I think we'd have to go back to the results of that study that said, take care of your bridges and pavements first. You've got to do that or your whole system starts falling apart. And then we would have to reassess how important is it to carry the six-lane interstate further west? That's a question. And you'd weigh that then against the highest priority expansion projects that we have on the books.

SENATOR LOUDEN: Then anything...in other words, you go back to your four priorities that you have listed over the last few years. Then if that's the case then, anything done for the expressway system, like from Norfolk or Alliance to Minatare or even to finish the four lanes from Schuyler to, wherever it is, going east there?

MONTY FREDRICKSON: Fremont.

SENATOR LOUDEN: None of that would be in your focus. Is that right? You would be more focused on building the six-lane interstate, pouring more concrete across the middle of Nebraska. Is that...

MONTY FREDRICKSON: No, I didn't say that. Some of those jobs you mentioned would compete with the six-lane interstate. And we would have to make a decision at that point. There are still some what I call highly visible pieces of the expressway system that need to be built. And so they would be tough competitors for those dollars that went into capital improvements.

SENATOR LOUDEN: Now would that...but then would you go back to your list that you have here. Well, it's on page 5 of your...Future Average Daily Traffic count. And where you had to have 10,000 vehicles or more in order to have four lanes or something like that. Where would...would some of that fit in on deciding your priorities? If there wasn't 10,000 vehicles, in other words, would it cut them clear out?

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MONTY FREDRICKSON: That chart would have an effect on the priorities. But I would think it would also depend on how this new found money came to us and whether there was any restrictions or instructions with that money. And how much was it? All those things would play into. Is that 10,000 ADT going to be taken literally or is it a guide? And we've always said it is a guide to help us prioritize projects.

SENATOR LOUDEN: Okay. Well, in other words, it depends on how long the teeth are in the alligator, I guess.

MONTY FREDRICKSON: There you go.

SENATOR LOUDEN: Thank you, Director Fredrickson.

SENATOR FISCHER: Thank you, Senator Louden. Senator Nordquist.

SENATOR NORDQUIST: Thank you, Chairwoman Fischer, Director. Looking at your \$316 million construction budget for next year, what assumptions does that make both for fuel consumption and the variable gas tax rate? Do you have those numbers? Does it hold steady or...

MONTY FREDRICKSON: I don't have the numbers, but that's what our finance people do is predict the usage and then they request the appropriation to meet that...or that that will produce and that becomes our program. And of course, you know we have the ability to adjust the variable every six months. And so even though we are always a little bit behind, if usage starts going down, it helps a whole lot. It's a lot better than not having it.

SENATOR NORDQUIST: Okay. So they would have the...your finance folks could get us some numbers on the assumptions that they have going forward with your utilization?

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MONTY FREDRICKSON: Yeah, are you talking like gallons used?

SENATOR NORDQUIST: Yeah, primarily.

MONTY FREDRICKSON: Primarily? Okay.

SENATOR NORDQUIST: What the projections are on that. And how that would impact the variable rate over the next two years.

MONTY FREDRICKSON: Okay.

SENATOR FISCHER: Thank you, Senator Nordquist. Senator Campbell.

SENATOR CAMPBELL: Thank you, Senator Fischer. Director, earlier in the summer I know that you were making visits to some of us on the Transportation Committee and we were kind of going through some things. And one of the things that you and I talked about was trying to look into the future in terms of what we thought the federal reauthorization would be and one of the things you talked about was maybe less federal dollars. Could you kind of amplify on that today because that was somewhat startling, I think?

MONTY FREDRICKSON: Yes, the federal funding picture is pretty murky right now. Our highway bill that funds transportation from the federal side expired a year ago, so we've been operating on continuing resolutions. Congress needs to take action by December 3 and by December 31, to provide the states with an appropriation, as well as the spending authority to use the appropriation. With the way things are going, some experts are predicting we might not have a highway bill until 2013. That's not all bad for Nebraska. That means that we would have to operate on a continuous resolution for that long. And actually there's some other talk about a 3-year continuing resolution to try

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to provide some stability to the funding source. And the reason I say the continuing resolution may not be all that bad for Nebraska is it would appear the new highway bill, and I say it would appear, because elections can change a lot of things, right now we'll be more focused on transit, rail and urban systems than it has in the past. And there's only so much money, so what has to be given up, it would appear, is core funding formulas and that's the ones that help states like Nebraska get along because we have lots of miles, but not many people. So that's why I say a new bill could potentially bring less money to Nebraska if the new formulas and the new way of distributing money goes to the large urban areas.

SENATOR CAMPBELL: I won't make it as a question, but it, obviously, is an add-on. Not only would we have the mandates, but if we had a new authorization, we may have less money to meet those.

MONTY FREDRICKSON: Yes, and that's another issue that we're facing nationally is the current gas tax structure, which has no variable like ours does, is fixed and now they're predicting somewhere in 2012 that the Federal Highway Trust Fund could go into the red. There would not be sufficient revenues coming in to sustain this 3-year continuing resolution. So that's not a good thing and that means somebody has to decide if they want to raise that tax or create another user fee instead of it. And I think we have all read the articles that the gas tax probably is not a long-term mechanism to fund transportation. It has worked for us for a lot of years and it will hang on for a few more, but a different type of user fee is needed.

SENATOR CAMPBELL: Thank you.

SENATOR FISCHER: Senator Stuthman.

SENATOR STUTHMAN: Thank you, Senator Fischer. Director, is there any interest in in the state accepting the idea of possibility of private money being invested in building

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road structure and bridges?

MONTY FREDRICKSON: If you're talking in the form of a loan, yes, we've certainly thought of it. We have talked to a few people that have been involved in projects like that. If you're going to get private money as a...such as a...you wanted to build a new tollway or a beltway with private money as a loan and then you'd pay it back with a toll on that road, then you need to have a certain volume of traffic and a rate of return or the investor is going to say, no, I can't wait 35 years to get my money back. So what we have found is we just don't have that much traffic in Nebraska to do that kind of a borrow, build, and toll roadway.

SENATOR STUTHMAN: Is there...are the regulations the same for a group of individuals to invest in a bridge as there would be the environmental issues as far as the state building the bridge?

MONTY FREDRICKSON: Some of the regulations would still be there. The state laws still have to be adhered to, whoever is building a bridge. There would be certain federal requirements that you would not have to do if you were...even if we were building it with just our own state funds, we wouldn't...

SENATOR STUTHMAN: What I'm referring to is if a group of individuals got together and decided they were going to build a bridge, would they have to adhere to the federal guidelines and not have any federal investment?

MONTY FREDRICKSON: Some of them, they would. For instance, they would have to get a 404 permit if they're going to build it in or over the waters of the United States.

SENATOR STUTHMAN: Okay. Thank you.

SENATOR FISCHER: Thank you, Senator Stuthman. Senator Wightman.

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SENATOR WIGHTMAN: Thank you, Senator Fischer. Thank you, Director Fredrickson. We've been in a downward mode as part of revenues at least from our gas tax, have we not, over the last, what, five years? How much have we lost say over the last five year on an annual basis, do you know?

MONTY FREDRICKSON: No, I couldn't tell you that. Obviously, probably local entities recently have lost more than the state because we have the advantage of the variable tax rate to meet the appropriation.

SENATOR WIGHTMAN: You mentioned one year that we had the high, I think, with \$393 million, is that right?

MONTY FREDRICKSON: Yes. And, of course, that's construction program size which is only a piece of our budget and it's actually what is left when we have to take out for all the snow removal operations and the maintenance operations that we do every year and pay for our lights, and water, and salaries, and equipment, and buildings. We get all the have-tos done and what's left is our construction budget. And then it depends on how much federal money comes into us that year and that can vary. So it's not always a reflection of the economy, is what I'm trying to say.

SENATOR WIGHTMAN: Thank you.

SENATOR FISCHER: Other questions? I have just a couple for you. On page 4, when you set out what the priorities are for the state and for the Department Roads and you have the high-priority bridges and number 2 is the preservation of the existing highway system, what is your estimate on what that preservation part is going to cost?

MONTY FREDRICKSON: Right today I would say \$350 million a year.



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SENATOR FISCHER: Three hundred fifty million dollars a year?

MONTY FREDRICKSON: Yes.

SENATOR FISCHER: And what is the program at right now?

MONTY FREDRICKSON: Three hundred sixteen million dollars.

SENATOR FISCHER: I think we're seeing problems right now in our pavement preservation, would you agree with that?

MONTY FREDRICKSON: Yes. We just ran the new numbers for our pavement condition that we do every year and we have a book of performance measures that is on our Web site that tracks the pavement condition and the condition of all pavements in Nebraska. Well, I'm going to use the noninterstate, that's a little more representative. Two years ago we had 81 percent of our pavements were in the good and very good category, and now 74 percent are in the good and very good. So in just two years we have dropped seven percentage points. And we've seen it. In all the districts there's one or two roads that we just haven't been able to get to and they're just not in a condition that we have been used to.

SENATOR FISCHER: The Riesen Foundation recently put out a study and Nebraska ranked really well in that. And when I attend meetings with colleagues in other states, I'm always very proud that I'm from Nebraska because I believe we spend our money well, as was shown in that Riesen Foundation study. We spend our money well that we have on roads. And our pavement has always had a high percentage and we've always ranked high on that. What do you think our ranking is going to be since we aren't, obviously, aren't appropriating money that needs to be there to even preserve what we have? What are we going to drop to now?

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MONTY FREDRICKSON: I don't know what number we'll drop to. We'll probably drop out of the top 10, unfortunately. And of course the Riesen Foundation Report was done on 2008 data. And so we're, obviously, two years ahead of them with what I told you today. And if they do another study two years from now, that will be the numbers that we submit. And we will drop. Part of our high ranking was because of low administrative cost and we do a lot of work trying to maintain the interstate in good condition because that is kind of our lifeline, if you will, through Nebraska. And if you dig deeper into the report, into the rural mileage, we didn't rank nearly number 5; although if you looked at the numbers, I think they said only .6 of a percent of our highways were in poor condition. That's pretty good. But there were a lot of other states that were in that same category.

SENATOR FISCHER: How many billions of dollars do we have invested in concrete in this state right now?

MONTY FREDRICKSON: I couldn't tell you concrete, but I think our total system...

SENATOR FISCHER: I'm just kind of joshing.

MONTY FREDRICKSON: Yeah.

SENATOR FISCHER: I mean for our total system.

MONTY FREDRICKSON: We're \$7.5 billion worth of assets. That's just the pavements and the bridges.

SENATOR FISCHER: And at the level that Roads' needs are funded currently, when do you think that the public will really notice all the potholes beyond where we are now that we hear about every year?

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MONTY FREDRICKSON: Well I hope we never get to that point.

SENATOR FISCHER: I hope so too.

MONTY FREDRICKSON: And that's our job and your job to predict the future based on the past and say here's how much money it takes to maintain this certain condition. And we can all argue a little bit about what should the optimum condition be. We've done a lot of study with that and ours is not so much seat of your pants what's the optimum, but financially from a long-term cost-benefit basis. If you let your average road condition get too low, then your whole system deteriorates faster. And then it costs you more in the long run. So, we've done some work on that and hopefully people will take the leap, if you will, and say, you know, we got to invest now so that we're not in a bad situation five or six years from now.

SENATOR FISCHER: When you talk about preservation, that includes work being done on the interstate system with how you define preservation, am I correct in that?

MONTY FREDRICKSON: Oh definitely.

SENATOR FISCHER: And if I could interrupt you just a minute. And when we talk about widening the interstate, many of us view that as new construction. But you think it's preservation, yes or no?

MONTY FREDRICKSON: No.

SENATOR FISCHER: No. Okay.

MONTY FREDRICKSON: That's the difference. The six-lane work that we're doing between Lincoln and Omaha, we call that expansion. That's capital improvement project, necessary as it is. Preservation on the interstate will be like the project between

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Roscoe and Paxton that will start next year. We have to tear out the entire pavement that was laid down there in the sixties and replace it. That's the most expensive type of system preservation is replacing your total pavement structure.

SENATOR FISCHER: And as you look at the interstate system where you are tearing that out and it is preservation, what are your estimates on the entire system for just the preservation part? Not the expansion for the six lanes west of Lincoln, but just the preservation part, what are your estimates for that?

MONTY FREDRICKSON: Over the next 20 years, \$2 billion out of the \$5.5 billion preservation needs, just to take care of the pavement, no additional lanes, no longer ramps on the interchanges.

SENATOR FISCHER: And how many more times can you just resurface? If the roadbed has been completely pulverized along the interstate, are there sections that can just be resurfaced now? Or are we, truly, at ripping it out for preservation?

MONTY FREDRICKSON: There's still some sections that we can overlay again and maybe again. What happens is, the time between your overlays gets shorter and shorter and shorter because the pavement underneath is just deteriorating. And I'm sure some of you that have driven between here and Kearney can feel some of those places where the old joint has deteriorated and then we've replaced that with a new joint and now we have two joints that are deteriorated so you get a couple of little bumps there. And our maintenance people are out there constantly. So when you get enough of those deteriorated joints in the underlying pavement, you're really wasting your money. Because your overlay is going to last two years instead of 12. So that's when you go in and tear it all up.

SENATOR FISCHER: So on the \$2 billion amount that you quoted to me, does that include some sections that you possibly are going to overlay before you do the tearing

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apart of the whole deal?

MONTY FREDRICKSON: Yes, that 20-year estimate would be the interim overlays and the necessary replacements when they need to be done. I'd also mention that, as we're talking about system preservation, our maintenance people have been spending more and more time and more and more money in materials on their efforts on pavement preservation. Every little bit helps and they've done a lot more armor coats and slurry seals and rut filling and fog seals, even though we get a few complaints about the armor coats every now and then with the gravel pits in the windshields. It is a good strategy for doing it at the right time.

SENATOR FISCHER: Okay. Thank you, Director. Other questions? Senator Mello.

SENATOR MELLO: Thank you, Chairwoman Fischer, and for the back and forth between the Director provided a little bit of insight and kind of, I guess, my question kind of, I guess, wraps up, I think, from what I gathered from Senator Fischer's point, which is, there, obviously, is an extensive need for just system preservation. And I would ask, on behalf of the department, or on behalf of the Governor, is there any proposals administrative or legislative-wise that you anticipate the department or the Governor bringing in to the Legislature to expand possible revenues and/or possible funding mechanisms for us to actually accomplish some of the needs assessment in the next 20 years?

MONTY FREDRICKSON: There aren't any from the department. But I've heard that Senator Fischer has some ideas, if she would care to elaborate. (Laughter)

SENATOR MELLO: But for the committee, for the legislative perspective, there's none...there's no proposals that you anticipate coming from the Department of Roads and/or from the Governor's office?

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MONTY FREDRICKSON: Not that I'm aware of.

SENATOR MELLO: Okay. Thank you.

SENATOR FISCHER: Senator Louden.

SENATOR LOUDEN: Yes, thank you, Senator Fischer. On the page of your statement here, the first page you talk about an average of \$320 million a year for the next 20 years. If that's the case, then how come you're asking for...figuring on \$316 million. How come you're not doing \$320 million then on your budget?

MONTY FREDRICKSON: The \$320 million was just an average number we used for a 20-year comparison. And we can't predict what our program is going to be until the last minute. And this year it turned out \$316 million. And, frankly, that will all depend on how much gas is purchased and how many times we have to adjust the variable tax. We could very well get to the end of the year and we have only generated \$302 million for construction. So that's why we look at our cash flow every day and predict...try to predict what projects we'll pay out. And if it looks like we're going to be short, then we can't do all the projects that we published in that book. We have to carry some of them over till next year.

SENATOR LOUDEN: If you put that at \$320 million, then you would have to raise your variable rate a little bit?

MONTY FREDRICKSON: Or the fixed. Yes.

SENATOR LOUDEN: Okay. But you've elected not to do that. In other words, the \$316 million is what you think you can get by with or you think that's what it takes? Now there's a difference.

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MONTY FREDRICKSON: The \$316 million is what we believe we can allocate to the construction program with the appropriation that we have for the next biennium and the estimated federal revenues that are going to come in.

SENATOR LOUDEN: Okay. Thank you.

SENATOR FISCHER: Other questions? Thank you, Director. I always appreciate you coming in. This committee was formed by statute many years ago, this joint committee. And it's up to the Appropriations Committee first of all and it's up to the members of the Transportation Committee to take this information that you've given us on what your needs are and it is our job as committee members and as members of this body then to appropriate the funds you need. Thank you very much.

MONTY FREDRICKSON: Thank you.

SENATOR FISCHER: Next we have a hearing on the NITC Briefing and I believe Brenda is here for us. We'll give it a minute for the room to clear. I hope you don't feel badly, Miss Decker, that they're all leaving the room right now. (Laughter)

BRENDA DECKER: We'll talk about virtual roads. (Laughter)

SENATOR FISCHER: If we could have you take your conversations outside now, I'd appreciate it. Good afternoon, Miss Decker. How are you?

BRENDA DECKER: (Exhibit 3) I am doing great, Senator. Good afternoon, Senator Fischer, Senator Heidemann, members of the Appropriations Committee and members of the Transportation and Telecommunications Committee. My name is Brenda Decker. I am the chief information officer for the state of Nebraska. And I want to thank you for giving us this opportunity to come in and give you an update on Nebraska Information and Technology Commission. I've handed out a sheet with some bullet points that I

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would like to just very quickly cover. And as you'll notice, most of the items on the list have a Web address next to them if you want to take a deeper look at any of these topics. The Nebraska Information Technology Commission is also known as the NITC. It was created by the Legislature in 1998 for the purpose of assuring the most cost-effective use of state appropriations for information technology by setting some specific primary functions for the NITC to perform. There are nine members of the NITC listed on the handout with one ex officio nonvoting legislative member. That current member is Senator Tony Fulton. Thank you, Senator. Last year Senator Fischer introduced legislation to officially create an ex officio member from the Legislature to serve on the NITC that will be appointed by the Executive Board and come from the Transportation and Telecommunications Committee of the Legislature. That initial appointment is slated to be made after January 5, 2011. Also outlined on the handout are the six advisory committees to the NITC that meet regularly to discuss the issues and create strategic direction for their specific areas of emphasis. Many of these advisory groups also have work groups that involve even a broader audience. I believe the sheet indicates that there are over 161 people in Nebraska state government then across the state that are involved in dealing with technology issues for the state of Nebraska. The current operational budget for the NITC is a General Fund appropriation of approximately \$394,000. The NITC is staffed and supported through the Office of the Chief Information Officer. And the Office of the Chief Information Officer is, actually, the operational arm of state government responsible for the effective and efficient deployment of technology to support the goals of the agencies and our citizens. Primary functions of the NITC, as outlined in statute, are also listed on the handout I provided. Again, many of the functions have a Web address where you can dig deeper into what they're doing in each of those areas. I want to point out two highlights. The NITC creates the Statewide Technology Strategic Plan each year that is sent to the Legislature and the Governor identifying the state's strategic initiatives and an action plan that has been put together by the advisory boards on carrying out those strategic initiatives. This is a living, breathing document that agencies use as they identify their budget issues and work to achieve their agency goals. A second function that I'd like to



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point out relates to the area of policy standards and guidelines. In order for the state to function more efficiently and effectively, various standards need to be established for all agencies to work at. This is a technical version of, in light of the last testimony, our rules for the road, as to how we're going to use technology in state government. It involves the participation of our advisory groups. We actually have public hearings on all of these standards and goals. And we ensure that we have a lot of opportunity to get input from a lot of the people that will be affected as we move these standards and guidelines forward. The NITC has eight strategic initiatives that are in the current statewide technology plan. As you can see on your handout, these initiatives tackle a wide range of projects that include providing access to telecommunications in our state; to keeping our citizens safe; to educating our citizens. Below the initiatives are the Enterprise Projects that have been identified by the agencies and the NITC that will meet these initiatives. For each of these projects, the NITC worked with the lead department to support the technical aspects of the project, monitoring to ensure the technical aspects of each initiative were sound and achievable within the established time frames and budget. I'd like to highlight a couple of projects on that list. In 2008, the University of Nebraska and the Nebraska state colleges both requested funding for a new student information system. As the requests were reviewed through the process, the two groups were brought together to examine the feasibility of collaborating on a single system. Ultimately, both entities decided to collaborate as a single system that would serve all state colleges and the university. And the Legislature funded this effort to provide the shared system. I'm happy to report that the collaboration proposed is now a working system that has provided efficiencies to all participants, as well as avoiding the duplicative costs of multiple systems and environments. The Public Safety Communication System project is a multiagency project to create a statewide, interoperable, public safety radio system for Nebraska state public safety entities. This project includes participation with Nebraska Public Power District, the federal government, local public safety entities, the State Patrol, the State Fire Marshal, and the Game and Parks Commission, as well as the Department of Roads. This project has been bid and awarded and installation is well on its way to meeting the goal of activating

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the final phase of the system by the end of December, 2010. Included in your handout is a map that shows the four phases of the project. The only phase left to go live is depicted in green on that map. Once completed, the state agencies will have the infrastructure in place to provide interoperability and the governance groups of the system will complete the task of identifying the rules of how the system will be used. The next piece that will complete interoperability in the state is also an enterprise project that the NITC has listed called the Public Safety Interoperable Project. This is the piece of the system that will allow the state and the NPPD system to interconnect with local governments in the event of an emergency. This project is being driven at the local level with state input. Finally, let me put some of this into perspective in terms of savings and efficiencies, the work the NITC and the Office of the CIO has been able to garner over the past year through these collaborative efforts. The first time the NITC reported to this joint committee was in 2006. At that time I remember purporting that we had an aggregated state agency Internet service and we aggregated it with the higher education institutions of this state. We lowered the cost of Internet from \$800 a meg to approximately \$500 a meg for Internet service. Our report last year indicated that this same Internet fee was now at \$15 a meg. Today we have, by aggregating with K-12 and with state purchases, and as we continue to bring other public entities into the state contract, I'm happy to tell you today we pay less than \$10 per meg for that same service. When three separate call centers were identified as needing replacement by state agencies, rather than purchasing three call centers, a new single, interactive, voice response unit was purposed as a replacement to bring all three agencies onto one system, again, with the ability to expand services as needed and reduce our costs of operation. The Office of the CIO is currently working with Douglas County, the city of Omaha Technology Commission, also known as .com, to provide disaster recovery capabilities for their mainframe system. This practice of working with other public entities to provide redundant services allows our systems to be more efficient and reliable. Aggregation of hardware and software purchases in the state provides price breaks that aren't available to any single agency. Each year the office of the CIO coordinates, for example, the purchases of just IBM software and hardware

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maintenance for state agencies, the city of Lincoln, Omaha/Douglas County and the University of Nebraska. Savings by just aggregating the purchases, buying the exact same thing, but just aggregating the purchases for fiscal year 2011 and 2012 will be approximately \$600,000. The industry trend is to continue to consolidate multiple, single-purpose servers and replace separate physical servers with ones that operate in a virtual environment. This strategy saves money in hardware, software, energy, and support costs. The Office of the CIO helps agencies analyze their environments and have moved several agencies to our state virtual environment. Along those same lines, several state agencies and many county governments own and operate IBM iSeries, formerly know as AS/400, a lot of you remember that term, in their computer centers. By aggregating we can avoid the duplication of hardware, software, and skilled technical resources and we have a current effort to centralize the manage of these systems and consolidate these servers. Over the past year, the states completed a statewide consolidation of e-mail systems across state agencies. The single e-mail system replaced 11 separate e-mail systems that were run on 33-plus servers across state government. In addition to creating economies relative to the equipment and support costs of owning multiple systems, the state has seen efficiencies in how we manage the potential cyber attacks that come through our e-mail system. To provide you with some perspective, in the past 30 days the state recorded 20,358,608 messages attempting inbound to our e-mail system. Of that number, over 18 million of those messages were identified as mail that needed to be blocked from coming into state government system. Of the 1.6 million messages that actively were identified as messages that should come into the system, through our additional filters we identified another 86,000 of those messages that are spam and were not allowed into the system. We also process approximately 6 million internal e-mails a month in the Nebraska state government system. As I hope you can see, the Office of the CIO and the Nebraska Information Technology Commission continually look for ways to increase efficiencies and attain cost-savings in the area of information technology. Thank you for the opportunity to testify and I'd be happy to try to answer any questions you may have.

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SENATOR FISCHER: Thank you, Miss Decker. Are there questions? Senator Janssen.

SENATOR JANSSEN: Thanks, Chairman Fischer. One question I have is do you reach out to the various communities? I've maybe even asked you this before, but reach out to the smaller towns and are they aware of all the services that you actually have available to them that could create a cost-savings?

BRENDA DECKER: We do some outreach to the communities. We are in every county office right now with our services that connect you to our state systems. We allow local governments, both county and...cities and counties, obviously, to purchase services through us as they look to expand. We actively seek partnerships with the smaller communities as we go into a community to look at a state agency that we're trying to serve. We'll also try to aggregate with those. But I can't tell you that I have a marketing department or anybody that goes out and actively looks for clients to come and work with us. So as we become aware of situations, we do work with entities and we're more than happy to help out where we can.

SENATOR JANSSEN: Thank you.

BRENDA DECKER: You're welcome.

SENATOR FISCHER: Thank you, Senator Janssen. Senator Harms.

SENATOR HARMS: Thank you, Senator Fischer. Brenda, have we received any money through the stimulus dollars for the study for mapping and connectivity?

BRENDA DECKER: Senator, we did receive dollars for mapping...broadband mapping. That was received at the Public Service Commission. They're the lead agency.

SENATOR HARMS: Do you know where we are with that project and what it has found?

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BRENDA DECKER: I have not seen the results of what it has found. I know they are in the process of doing some mapping at this point.

SENATOR HARMS: It hasn't been completed yet?

BRENDA DECKER: It is my understanding it has not. But I...like I said, I'm sorry, Senator, I'm not the lead on that project, so I can check and get back to you on that for sure.

SENATOR HARMS: Yeah, I think that for us, I think in rural Nebraska, this connectivity is a real important thing for us. And so I'm hoping that this mapping will show where our shortfalls are and so that maybe in the future we can start to address those issues.

BRENDA DECKER: I will get back to you.

SENATOR HARMS: Okay. Thank you.

SENATOR FISCHER: Senator Harms, that mapping should be rolled out pretty soon by the Public Service Commission and I will have Mr. Vaughan contact you when we get that information.

SENATOR HARMS: Okay. Thank you. Thank you.

SENATOR FISCHER: Thank you. Senator Hadley.

SENATOR HADLEY: Senator Fischer, thank you. Brenda, just a quick question. Just so I have the numbers right, you said about 18 million e-mails did not get through?

BRENDA DECKER: Yes.

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SENATOR HADLEY: What kind of e-mails are being blocked?

SENATOR FISCHER: Oh now, Senator Hadley, you just need to calm down.  
We...(laughter)

SENATOR HADLEY: Okay. Well I'm just curious...we're not blocking the e-mails that should get through should we?

BRENDA DECKER: Actually, Senator, what happens in the equipment that we use, there are actually e-mails that have been identified nationally and by cyber security, Homeland Cyber Security and those types of things as coming from countries that are literally trying to attack us, containing viruses, containing malware, those are the kinds of things that we go and actually blacklist them and block them from coming through. And that is how many we actually have to do that with.

SENATOR HADLEY: Okay. One other then quick question. [Hadleyg@unk.edu](mailto:Hadleyg@unk.edu) is not on that list, right?

BRENDA DECKER: Senator, I will have to check.

SENATOR HADLEY: Okay. Because I just want to be sure.

SENATOR FISCHER: Were you concerned they were getting blocked?

SENATOR HADLEY: I'm concerned. Yeah, my office doesn't ever do anything and I just wondered if my e-mails were getting through.

SENATOR JANSSEN: There's a campaign statement.

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SENATOR FISCHER: That's a postcard. Senator Campbell.

SENATOR CAMPBELL: Thank you, Senator Fischer. And I realize that there is going to be a lot of discussion on the issue of what happens with national healthcare. But I'm interested to know whether, Miss Decker, if there has been any discussion about federal funding. And Senator Nordquist is nodding his head, because he and I had this discussion last night, whether you know of discussion of pilot money or demonstration money that we could obtain in order to pay for some of the MMIS or information that has to be developed. And I'm particularly interested from Health and Human Services Committee because there is money in that budget and I'm trying to find other money for it.

BRENDA DECKER: Senator, I am not going to be able to sit here and tell you specifically where money is for that particular project. We're working very closely with our eHealth Council. We're working very closely with Health and Human Services. Actually the Department of Insurance has got a piece of that that is coming through, so we're working with them as well. And we are working with the private entities. If you...actually, and I can provide you a list. If you look at the eHealth Council, it is not just state agencies that are involved in eHealth, it is our physicians and our hospitals and our providers and our payers. Blue Cross Blue Shield is a very active member of that council. So we are trying to bring everyone together to say, what is the best way for the state of Nebraska to tackle this? How can we get this funded? How can we sustain it once it has been funded? That's another big thing. So that is really what we're trying to accomplish with the eHealth area. So I can see if I can work with Health and Human Services and see if we can get you some specific dollar things that are out there.

SENATOR CAMPBELL: That would be terrific. And Senator Nordquist may want to follow up.

SENATOR FISCHER: Did you have a follow-up on that?

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SENATOR NORDQUIST: No, I won't follow up on that issue.

SENATOR FISCHER: Okay. Thank you, Senator Campbell. Senator Nelson, did you have a question?

SENATOR NELSON: Thank you, Senator Fischer. Thank you, Brenda. I'm still overwhelmed by 18 million attacks so to speak. Are you sure advertising...is advertising being blocked and things of that sort? That seems like a high number.

BRENDA DECKER: No, Senator. Advertising would be blocked in those 86,000 that come in that are spam. And those are rules that we have established with agencies that are asking us to block that. But no, Senator, of that 18 million...

SENATOR NELSON: Eighteen million from foreign countries?

BRENDA DECKER: That is actually...the national average is approximately between 85 percent and 90 percent of all e-mail in the country is blocked because it is nothing but attacks or junk.

SENATOR NELSON: For security matters.

BRENDA DECKER: Yes, sir.

SENATOR NELSON: Wow.

SENATOR FISCHER: That is amazing.

SENATOR HADLEY: That is an amazing number.



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SENATOR FISCHER: That's terrible, yeah. That's amazing. Senator Fulton.

SENATOR FULTON: I have a follow-up on it, that this...when it is possible to write a program to generate malware and phishing attacks and whatnot and that is generally what happens, correct?

BRENDA DECKER: Yes. Yes, sir.

SENATOR FULTON: Is that there is a malicious programmer will commandeer a certain number of computers and utilize those computers to...and there are a number of different attacks, a number of different strategies by which this can occur. But that is where our federal government and in cooperation with the state governments, that's why we don't see a lot of these things. And the ones that do make it through get picked up by private...we work with private entities to...I do know Symantec and Norton and AVG and some of these others that tell you that this particular code is malicious and don't download it. So, it's a war out there, literally.

BRENDA DECKER: Yes, sir.

SENATOR FISCHER: Senator Heidemann.

SENATOR HEIDEMANN: Just out of curiosity, on this Nebraska State Radio Network map, there is these little marks on there. What are the marks for?

BRENDA DECKER: Those marks are towers, Senator.

SENATOR HEIDEMANN: Okay out of curiosity then, I thought that is what that would be. Why in Nuckolls County would we put a tower right next to the Kansas border? Why wouldn't we have put it a little bit further north?

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BRENDA DECKER: Senator, as we went through that, we actually did the radio frequency tower...or the radio frequency studies that talk about how much coverage there is. To get towers too close and they overlap they will actually create dead spots. So as we mapped out the state of Nebraska with the technical people that helped identify this, that was the most optimum to reach the most coverage in that corner of the state in that area.

SENATOR HEIDEMANN: And there will be absolute, positively no dead spots?

BRENDA DECKER: I am not going to say that there will be absolutely, positively no spots, Senator. What I am going to tell you is we will...we believe that we will have coverage in the state of Nebraska in every area that a trooper will travel.

SENATOR HEIDEMANN: How far will each tower, theoretically, reach then or does that vary?

BRENDA DECKER: That varies, Senator. We could get you some of those technical...I, actually, we have another map that I could provide you that actually draws the circles and shows you the coverage and that might be more helpful for you. And I can make sure we...

SENATOR HEIDEMANN: That would be interesting for me. Thank you.

BRENDA DECKER: Okay.

SENATOR FISCHER: Senator Heidemann, on this committee we see a lot of different maps like this and you see the coverage areas, especially with telecommunications, and I can speak with some certainty that the 43rd District there in the Nebraska Sandhills is usually referred to as the "dead zone," the "white spot." We don't get coverage. So my guess is there is not 100 percent coverage just because of the hills.

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SENATOR HEIDEMANN: Thank you, Senator Fischer, for that.

SENATOR FISCHER: I just always love to point it out, because I always hold up the map with the big white spot and go, my district. Senator Louden.

SENATOR LOUDEN: Yeah, thank you, Senator Fischer. As you just elaborated, I was just looking at 49th District.

SENATOR FISCHER: I'm sorry, I should have included some of yours in there too, my mistake.

SENATOR LOUDEN: There's four towers on the north side of it, and yeah, and as you go in to Cherry County and the whole thing there. Okay, I'm not that versed on all of this kind of technology. I mean, I'm still back in the days when we were out in the hay fields and we used hand signals to send our people where we wanted them. What are we doing with this? Now this is a radio network?

BRENDA DECKER: This is a statewide public safety radio network. This is going to replace what the...

SENATOR LOUDEN: The public safety radio network.

BRENDA DECKER: This is what the State Patrol, the Game and Parks Commission, the fire marshals when they're responding to an emergency. This is what they use in their cars.

SENATOR LOUDEN: Oh, okay. And now, how many of these towers included the ones that the State Patrol and some of them already had up?

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BRENDA DECKER: Senator, we actually used all of the resources that the state already has. We built, I believe, only four towers.

SENATOR LOUDEN: Built only four?

BRENDA DECKER: Yes.

SENATOR LOUDEN: These were already in place then?

BRENDA DECKER: These were existing towers that either needed some upgrading or may have been able to be used. We used Nebraska Educational Telecommunications towers; we used some for the Department of Roads. We used some that existed for NPPD, as well; they are a partner in this.

SENATOR LOUDEN: And there...a lot of our electrical systems out there have their own towers.

BRENDA DECKER: Yes, sir.

SENATOR LOUDEN: Because I was wondering, when I looked at this then in south end of Sheridan County and stuff, why...and Box Butte County we have towers. I can stand on...look out my house at night and I can see lights flashing all the way around. I can't use my cell phone, but I can see towers flashing all over the place. And I'm wondering, you don't have any of them marked off here. Why...

BRENDA DECKER: These are just the towers that we used for the system. They're not necessarily all of the towers that are out there. You are correct.

SENATOR LOUDEN: Okay. Now we have a fire truck at the ranch there and we have our fire district and everything, where are we supposed to pick it up then? Because

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there is nothing on this map that shows any towers down there. But yet we do have radio service.

BRENDA DECKER: Right. How the radio system went in is it is literally a system of systems. So if you go back to...think back to 2004 when homeland security dollars started coming into the state of Nebraska, we actual...I shouldn't say they started, they were coming into the state of Nebraska. This was probably the second round of them. The state of Nebraska made a very concentrated area to say that our homeland security dollars were going to be targeted to solve the public safety communication needs of all of the local government, because 80 percent of those funds went to local governments, 20 percent came to the state. So what the state did is we created with the locals a regional network system. We created eight regions across the state of Nebraska, literally divided the state up into eight different regions. Those regions then became systems of their own so that they can conduct daily business. The state of Nebraska through the money the Legislature gave us became the ninth region. So we have our system that is going across the entire state. The intention is for the next project which is the Interoperable Public Safety System that is on that list is...that is dollars that now says...for example in your area, your region can do their daily business. But if there is an event that happens, an ice storm, a major railroad accident, something, that requires the state and your regional communications people to operate, we'll all be able to join those networks together and communicate instead of having to worry about who is on what radio systems. But we're not creating something...we're not creating the multimillion dollar networks that a lot of states have created where they gave everybody the same radio, put them all on one system, and are now dealing with (a) they can't afford it, and (b) the networks are clashing every time they try to operate them because they are all trying to use the same frequencies.

SENATOR LOUDEN: Then everybody is still...the sheriff's office, the State Patrol, everybody is still on their own frequency like they always had?

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BRENDA DECKER: Yes.

SENATOR LOUDEN: But they are just using these towers as repeaters, is that what you're telling me?

BRENDA DECKER: Absolutely. And the system that we put in, actually, gives those radios a lot longer coverage.

SENATOR LOUDEN: Now what does this do for the ranchers sitting out there in the middle of the Sandhills?

BRENDA DECKER: As far as response for...

SENATOR LOUDEN: As far as this radio network. I mean, how can I use that where I am?

BRENDA DECKER: You as a private citizen probably will not use the network, Senator. But what will happen is if something would, God forbid, happen to you out on that network and we would need to have someone respond, they would actually have communications when they got to you instead of having to find a place where they've got communications. I mean our current...or our systems that we were on before, if you were in an area that wasn't covered, which there was a great deal of the state that wasn't covered, and they got to you and they had to then radio in for help, there were many times that those public safety officers had to get back in their vehicle and drive someplace so they could get coverage to call for some help and then drive back to wherever the scene was. This will solve that problem.

SENATOR LOUDEN: Okay. And you're telling me then that they don't have to do that when you get in the Sandhills or some of them areas in there.

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BRENDA DECKER: I'm telling you that they don't have to do that in 95 percent of the state. My fear is if that I sit here, Senator, and tell you I have got every inch of the state of Nebraska covered, I would not be telling you the truth.

SENATOR LOUDEN: Okay. Now these air medical helicopters, and that sort of stuff, this is what they use to call these in with, are these?

BRENDA DECKER: Yes, sir. Yes, sir.

SENATOR LOUDEN: And these towers then can give the GPS location and that sort of thing?

BRENDA DECKER: They will have the coordinates of where they are at, they will know...they will be able to actually use data devices to take pictures and actually send. They could actually send a picture to the helicopter as it is coming as to what condition you're in and know who to bring.

SENATOR LOUDEN: Okay. Now while we're talking about that. Is there anyway that this distance learning can tap into this system?

BRENDA DECKER: Not this system. But the distance learning is another one of those that we're...we're working with the local schools to get them connected. We have 97 percent of the schools connected together on a distance learning network that they are currently using and currently paying for.

SENATOR LOUDEN: Well they are on a phone line of some sort, but is there any way that they can go into this radio system?

BRENDA DECKER: The radio system is licensed and set up for public safety, so no. But they do share some of the long-haul facilities. For example, even though this is a

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radio system, when it hits that tower, it actually finds a landline, I mean, there is a landline connected to most of these towers and that communication crosses across the state on that landline. So, yes, that part of it, there are a lot of those that the state and the education community are sharing so that we can share the cost and share the abilities to keep those robust.

SENATOR LOUDEN: Okay, thank you.

BRENDA DECKER: You're welcome.

SENATOR FISCHER: Are there any other questions? I see none. Thank you, Brenda, very much for coming today. With that I will close the hearing for the day. Thank you.