

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

Transportation and Telecommunications Committee
November 06, 2009

[CONFIRMATION]

The Committee on Transportation and Telecommunications met at 8:30 a.m. on Friday, November 6, 2009, in Room 1113 of the State Capitol, Lincoln, Nebraska for the purpose of conducting a public hearing on gubernatorial appointments. Senators present: Deb Fischer, Chairperson; Arnie Stuthman, Vice Chairperson; Kathy Campbell; Tim Gay; Galen Hadley; Charlie Janssen; Scott Lautenbaugh; and LeRoy Louden. Senators absent: None. []

SENATOR FISCHER: (RECORDER MALFUNCTION) ...from Valentine, and I am Chair of the committee. I would like to introduce to you the members of the committee at this time. On my far right is Senator Kathy Campbell from Lincoln. Next we have Senator Arnie Stuthman. He is the Vice Chair 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 Scott Lautenbaugh from Omaha. Next is Senator Galen Hadley from Kearney and Senator LeRoy Louden of Ellsworth. The hearing today is for confirmations. We do have three confirmations this morning, and we will take them in the order that they're listed on the agenda. And with that, I would welcome Director Fredrickson to come forward, please. Good morning. [CONFIRMATION]

MONTY FREDRICKSON: Good morning, Senator Fischer. []

SENATOR FISCHER: I would like to welcome you again. You're just seeing us all the time. []

MONTY FREDRICKSON: Yeah, this is a much better chair than we had Wednesday. Good morning, Senators and members of the Transportation Committee. I am Monty Fredrickson, here today to request your confirmation of my appointment by the Governor as Director-State Engineer of the Department of Roads. I graduated with a bachelor's degree in civil engineering in 1969 from the University of Nebraska-Lincoln, then worked two years for Shell Oil Company in New Orleans, Louisiana, before joining the Department of Roads as an Engineer I in the Omaha Construction Office. I then worked 17 years in the Roadway Design Division in Lincoln, four years back in Omaha as the District Engineer and, most recently, 17 years as Deputy of Engineering in the Lincoln office. Our priorities at the Department of Roads, which you have recently heard, are preservation of our existing highway system of bridges and pavements, completing the six-lane interstate from Lincoln to Omaha, followed by expansion projects when funds are available. Our future vision for the department is to provide a safe, reliable, and environmentally compatible transportation system that contributes to keeping Nebraska's economy strong. It would be an honor and a privilege to serve as Director-State Engineer for the Department of Roads, and I would be happy to answer any questions. []

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SENATOR FISCHER: Thank you, Director. For the record, I would make note that we've been joined by Senator Charlie Janssen from Fremont, Nebraska. Are there any questions for the Director? Senator Stuthman. []

SENATOR STUTHMAN: Thank you, Senator Fischer. Director, I'm very pleased to the fact that you have roots from the rural area, from Stromsburg, a community that I'm very familiar with, and I think this will do nothing but be positive for you in the future, coming from the rural background... []

MONTY FREDRICKSON: I appreciate that. Thank you very much. []

SENATOR STUTHMAN: ...and I appreciate it. You bet. []

MONTY FREDRICKSON: It was a great place to grow up. []

SENATOR STUTHMAN: Yeah. []

SENATOR FISCHER: Other questions? Senator Campbell. []

SENATOR CAMPBELL: Thank you, Senator Fischer. Mine is not a question. I just want to tell you that I thought you did a great job the other day. I thought it was very enlightening to cover a lot of topics in the report. Sometimes we get mired down in a couple, but I just thought you did a great job. []

MONTY FREDRICKSON: Thank you very much. []

SENATOR CAMPBELL: And thank you for serving. []

MONTY FREDRICKSON: Very good questions. []

SENATOR CAMPBELL: Not an easy job. Not an easy job. []

MONTY FREDRICKSON: Thank you. []

SENATOR FISCHER: Other comments or questions?. I, too, would like to compliment you. I heard from this committee and from the Appropriations Committee. They were very impressed with your knowledge, with your honesty, in answering questions, your professionalism. I am thrilled that you are the Director of the Department of Roads, especially during this difficult time. So thank you very much. []

MONTY FREDRICKSON: Thank you very much. []

SENATOR FISCHER: Other questions? Thank you. I would like to note for the record

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that we have been joined by Senator Tim Gay from Papillion, Nebraska. At this time I need to ask if there is anyone here to speak as a proponent for the confirmation. Any opponents? Anyone in the neutral capacity? With that, I will close the hearing for the Director of Department of Roads and open it for the State Highway Commission and ask Commissioner Wanitschke to step forward please. Welcome. It is so nice to see you. []

DONNA WANITSCHKE: Well, thank you, Senator Fischer. Senator Fischer and fellow members and senators of the Transportation Council, I am pleased to be here today. I am Donna Wanitschke, District 4 Highway Commissioner. I was raised in Loup City, and I went to high school. I didn't have any college education. I've gone to a lot of banking schools, because we were in banking for 35, 40 years. So, anyway. But I was appointed 20 years ago by Senator Fischer's...well, by Governor Orr...but Senator Fischer's dad was our state Director-Engineer...and, really...have enjoyed working with the Department. They have been very cooperative through the different engineers. He liked rural Nebraska...Jerry Strobel did, as I do. So we worked together really well, and now we've had some good fellow district engineers, and I was thrilled when Monty became our new one just recently. I am a liaison for the Department of Roads. People call, and if I refer someone to the department, they have always taken care of it for me. I've had really good response. And I'm just doing a two-year term to get the rotation back in sync, because when I went on, I completed a term for Babette Prostok. But I've enjoyed my term with the department, and I enjoy working with them. []

SENATOR FISCHER: Thank you, Commissioner. Are there questions? Senator Campbell. []

SENATOR CAMPBELL: Thank you, Senator Fischer. Thank you for serving for those years. What do you think has been the greatest change you've seen while you've been on the Highway Commission? []

DONNA WANITSCHKE: Really, the financing, trying to rob Peter to pay Paul to get projects completed. But we've done some great things, especially in my district. I've had some good projects going. And I do think the financing is our biggest challenge. []

SENATOR CAMPBELL: Thank you. []

SENATOR FISCHER: Other questions. Senator Louden. []

SENATOR LOUDEN: Yes, thank you, Senator Fischer. Well, thank you for serving this long, Mrs. Wanitschke. What I'm wondering...Grand Island is your area there, and as I drive off the Locust interchange there, why, you drive down there, and there's bridges built for four lanes and the whole bit. As a highway commissioner, have you questioned why that hasn't been finished, either why the county hasn't finished it or the state or why

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did somebody spend that bunch of money for building bridges and everything, and it's never been finished? []

DONNA WANITSCHKE: Well, they're hoping to finish that next year before the State Fair comes to Grand Island. Now, the city has taken over that, I believe, and they will build the rest of the roadway. The county put in the bridges, now the city is going to build the roadway to the...they were supposed to annex that area and finish it. And if I'm...my knowledge is right, they're going to do that next year. []

SENATOR LOUDEN: Okay, but that's been like that for, what, 10 or 15 years? []

DONNA WANITSCHKE: Probably only about five. []

SENATOR LOUDEN: No, it's longer than that, because I've been down here seven years. []

DONNA WANITSCHKE: Okay. []

SENATOR LOUDEN: To tell the truth...longer than that. []

DONNA WANITSCHKE: Well, it could be, the way time goes. I'm not certain. []

SENATOR LOUDEN: Yeah. There's one other question. In there, south of St. Paul and stuff, that was some...that's in your district too? []

DONNA WANITSCHKE: That is so disheartening. You know, they have really been wishing for that to be completed four-lane all the way, and the traffic isn't there. I don't like the way we merge from the two lanes back to the single roadway, or four to two. But we've tried everything, and there just isn't money and traffic to complete that project. []

SENATOR LOUDEN: There was quite a little money spent on that, that you might say just laying out there underneath that road grass, isn't there? []

DONNA WANITSCHKE: Buying the right of way? Yes. []

SENATOR LOUDEN: Yeah. And is that ever brought up at any of your Highway Commission meetings, why we're spending money on something and don't finish a project? I mean that's been like that for a long time, too, hasn't it? []

DONNA WANITSCHKE: Yes. We discuss that very often, but there just isn't the traffic count and the demand for it. We have so many other demands that are more important than that one that it gets put on the back burner. []

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SENATOR LOUDEN: Well, at the time...yeah, somebody must have thought it was a good idea at the time, and I'm wondering why they didn't follow through on it, I guess. I hate to see projects started and then walk off and leave that money laying on the ground, literally speaking. I'm wondering what the...how the Highway Commission views something like that. []

DONNA WANITSCHKE: Well, St. Paul never stopped pressuring us, and we do continually talk about it. But, like you said, there just hasn't been the funds to complete it. I hope someday we can, because they have been such a great community to work with us, but --. []

SENATOR LOUDEN: But you went ahead and voted to do some type of improvements or something on other highways, or build six-lane interstate or something. You've evidently voted to do that, and put that on the back burner, where that was a project that probably could have been finished in a summer, is that correct? []

DONNA WANITSCHKE: Yes, you would be right. []

SENATOR LOUDEN: And probably could have been finished... []

DONNA WANITSCHKE: It was more of a...there was more priority over that one. []

SENATOR LOUDEN: Yeah, but it could have been finished for, what, the cost of one interchange on the interstate? []

DONNA WANITSCHKE: Probably, at the time we got started with it. But today, you know, the way that costs have gone up, I can't tell you exactly what it would cost, but it would be expensive. I don't know if it's the cost of an interchange. []

SENATOR LOUDEN: Okay, thank you. []

DONNA WANITSCHKE: You're welcome. []

SENATOR FISCHER: Senator Hadley. []

SENATOR HADLEY: Thank you, Senator Fischer. I appreciate your being here, and I appreciate all the work you do for the state of Nebraska and your district. I noticed on the appointment...where the Governor says, "Greetings to all those who shall see these presents," and I kind of laughed as I see the dates are September 30, 2009, to September 13, 2011. So I would like to personally invite you to the groundbreaking for the exit...for the Kearney exit, because I hope, in the next two years, that it's done and you can...at least the groundbreaking, I'm not talking about it being done, I'd just like to have a shovel in the ground. So I'd like to personally invite you to the groundbreaking

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sometime in the two-year term that you're going to have. []

DONNA WANITSCHKE: Well, thank you. I hope I am there, because I've attended a lot of your meetings promoting that. []

SENATOR HADLEY: Okay. Thank you. []

SENATOR FISCHER: Other questions? I would just like to thank you for driving in today, Commissioner, to do this, and I also appreciate your willingness to serve two more years on the commission. I believe you're the longest-serving commissioner on the current commission. Is that correct? []

DONNA WANITSCHKE: That's right. []

SENATOR FISCHER: And I thank you for your service. In your comments to Senator Loudon, I think you showed that you have deep concerns for your district, but you're also able to look across the state...and at the needs across the state. So I do appreciate that. []

DONNA WANITSCHKE: Thank you. []

SENATOR FISCHER: Other questions? I see none. Thank you very much. Is there anyone here who...Is there anyone who is here to speak in favor of this appointment? Anyone in opposition? Anyone in the neutral capacity? I see none. With that, thank you, Commissioner. And I will close the hearing for the State Highway Commission, open the hearing for the appointment to the Motor Vehicle Industry Licensing Board. And Mr. Scherer, welcome. []

JEFFREY SCHERER: Thank you, Senator Fischer and other members of the committee. Again, my name is Jeffrey Scherer. I'm the chief financial officer for Smeal Fire Apparatus in Snyder and Neligh, Nebraska. I came down here during the last session to testify against a bill and became quite interested in the process, later learned that there was an opening on this Motor Vehicle Licensing Board, and threw my name in the hat to see if I could obtain a position on that board and am here now to ask for your confirmation for that position. []

SENATOR FISCHER: Thank you. Could you give us just a little of your background. []

JEFFREY SCHERER: I'm a CPA, spent about five years in public accounting. I've been with the Smeal companies for over 17 years. And as a chief financial officer, one of my many duties is to keep us legal and out of trouble with the many states that we do business in. And that includes, besides tax work, filing all the various paperwork with the motor vehicle licensing boards in other states. So I've had an opportunity to learn the

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good, the bad, and the ugly. None are the same. Some are very good and nice to deal with, and there's some states that are very difficult to deal with. I also have had an opportunity to learn how that motor vehicle licensing--manufacturers' license, converters' license, whatever the case is--also in many cases ties with the Department of Revenue. And I know why you are all here, besides the hearings--the main reason because of the special session. And hopefully I can bring something to the table that may in some way help the state of Nebraska. I've been involved with a number of different organizations and boards throughout my lifetime, on a local and regional level in northeast Nebraska, and I was interested in this to serve on a statewide level. []

SENATOR FISCHER: Great. Thank you very much. Are there questions? Senator Stuthman. []

SENATOR STUTHMAN: Thank you, Senator Fischer. Mr. Scherer, I want to personally thank you for wanting to get involved in this licensing board. And the reason I say that is because I've always been a person that thinks that people that are out in the trenches working should be serving on some of these boards, because what happens as far as the boards do the regulations they do, you know, you can bring your knowledge from your business--the building of fire trucks--and I remember the hearing that we had, the overwidth, the overlength, the overweight, and everything like that, you know, as to...you can travel through one state, and another state you can't go through. And I just feel that, you know, your knowledge on this board, you know, will speak volumes when it comes to any type of legislation that is needed or legislation that needs to be changed, so that we'll work for your manufacturing of fire equipment. So I really appreciate that. So thank you for submitting your name and being appointed. []

JEFFREY SCHERER: Thank you, Senator. []

SENATOR FISCHER: Senator Janssen. []

SENATOR JANSSEN: Thank you, Senator Fischer. Mr. Scherer, I echo the words that Senator Stuthman just said, and I appreciate you coming forward for this, because it will be very beneficial. Although you don't live in my district, I know you work in the district as well, with Smeal Fire Apparatus. So, my office is always open, as you know. But one question is, I had the privilege of serving under Mr. Scherer on the Northeast Nebraska Development Board. And as I look through your record here...how does your wife put up with all the boards and commissions you're on? []

JEFFREY SCHERER: You know, you'd have to ask her that, Senator. I think she thinks I'm a little bit crazy, to be honest. You know, I spent, between our blended family, about 15 years on bleachers at football games, basketball games, volleyball games, baseball. There are some years where we had four kids playing four different baseball games in four different cities. And the last few years, since my youngest son graduated from high

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school, I wanted something to occupy my time, and I felt I've had a good life, made a good living in the state of Nebraska. I'm a fifth-generation Nebraskan. And this is my way of trying to give something back to the state. So in answer to your question, yeah, she might kind of enjoy me being gone once in a while also. []

SENATOR JANSSEN: That's what I was going to say. []

JEFFREY SCHERER: I knew that's what you were getting at, Senator. Thank you. []

SENATOR JANSSEN: Thanks, Jeff. []

SENATOR FISCHER: Other questions? Senator Gay. []

SENATOR GAY: I have one. Jeff, I just want to ask...this Smeal...I've heard a lot of great things about the company. How many states are you selling in? []

JEFFREY SCHERER: We've got 29 dealers, I believe, as of today, throughout the United States and Canada. If you look at our distribution map, there are a few states in the Southwest where we have no representation, although we will sell through a house account if there's a sale available. And in the southeastern part of the United States, we've never had a very large presence there. Of course, with the slow economy, things have slowed down for us, as they have for many businesses, so we've got our nose to the ground trying to pick up some new dealers in those areas. []

SENATOR GAY: You do it through a representative, kind of? []

JEFFREY SCHERER: We have independent dealers throughout the United States and Canada. They're all independent contractors. They're not an agent of Smeal Fire Apparatus nor an employee of Smeal Fire Apparatus. We have our own in-house sales staff that help the dealer network, provide them with the information and the tools they need to sell our product. Basically, Senator, we price our product to the dealer, and the dealer determines what he can get by with in terms of commission at the bid table, because they need to stay competitive. So if greed overtakes their good judgment, they don't get the sale, they don't make anything. So they try to make sure that they come in at a good price, reasonable price, and something that, you know, they can do to augment their business. Most of these other fire truck dealers also sell loose equipment, carry other lines, noncompeting lines, other than ours. So they may sell ambulances for a company. SVI in Colorado, for example...they may sell the smaller pumper trucks and the brushy trucks that one of our dealers builds, Danko, also in Snyder, Nebraska. So they...we allow them to carry varying lines of equipment as long as they're not in competition with the products that we build. []

SENATOR GAY: I've always wondered. I've always heard good things about the

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company...being for a small community...how it's a unique business, basically. []

JEFFREY SCHERER: Very unique business. And thank you for those comments. The business was started over 50 years ago by my late father-in-law, Don Smeal, and he was definitely a individual that you would look at as part of that Greatest Generation--served his country in World War II, had grown up through the Depression on a farm, with practically nothing, a self-taught engineer, and had a few successful products early on, a bulk feed body that you used to see all over the countryside. And, of course, farms have gotten bigger, and not as many people relying on the feed from the co-ops. They've got their own feed mills now. But the hydraulics and some of the things that he used on that feed truck led him to develop another product, a water well derrick, which is a truck-mounted hydraulic boom device used to pull a pump from a well, and that had a little more hydraulics involved with that. So he had furthered his knowledge and education with that product line. And in 1962 or '63--I wasn't involved with the company back then--he and several of his men were all volunteer firemen. And the city...village of Snyder had a truck that had a pump that didn't work once in a while and a tank that leaked. And they went to the rural board, asked them to purchase a new chassis and felt that they could build a reasonably good fire truck on that chassis with the wherewithal they had--the equipment, the manpower, and the materials. Halfway through that process he went back to the rural board, told them for, I believe, \$2,100 he could build them a two-section, 40-foot aerial ladder, and they went along with that. And that was the first fire truck produced by, at that time, Smeal Manufacturing Company. And that truck was very much ahead of its time; it's what's known as a Quint today in the fire truck industry. It had an enclosed crew cab, a pump, a water tank, ground ladders, and an aerial ladder. And so the enclosed crew cab was a big thing. They used to have open cabs. Once in a while, somebody would turn a corner too sharp, they'd lose a fireman. But we got into the business in that manner. I think it was West Point or Crete, from what I've been told, that they thought that if a town the size of Snyder could have an aerial ladder, they ought to have one. And that's just kind of spread from there. And today we've got...this past year, June 30 fiscal year end, we built 239 trucks that went all over North America. []

SENATOR FISCHER: Other questions? Senator Campbell. []

SENATOR CAMPBELL: Thank you, Senator Fischer. As you...you know, you're working in a lot of different states, and given the recession that we're in, do you think that we're going to see changes in how dealers operate in states? Do we need to be aware of some potential changes? []

JEFFREY SCHERER: I think the biggest changes, Senator, that I've seen the last few years deal with the emissions standards more than anything. And we had...2007, I believe, emissions standards that changed the industry and limited the type of diesel engines that would be available on the products we build, and now we're facing another

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change in 2010. And there's been a kind of a grab for the older engines by the chassis manufacturers. We don't build the chassis. We buy a chassis with a cab, engine, transmission, and frame rails, and then we build the rest of the fire truck up from there. That's been a big issue because the newer engines, to meet the standards, are going to be wider and bigger, and there's not much room left. You know, on a semi tractor, it's a little different. There's a lot of room out in front. But most of these are tilt-cab chassis, and the chassis manufacturers have not quite figured out how they're going to be able to put that bigger engine in that same-size package. And the way it looks now, it's not going to be the same-size package. So, as far as the dealers, I don't see that changing a lot. The other thing...biggest change besides the emissions standards is that it's no secret there's not a city in the state or the country that isn't facing some kind of fiscal crisis. And, of course, our business relies on tax dollars. And this recession being as severe and deep as it has been I think has been very harmful for municipalities, more so than most because they've seen a reduction in real estate values and real estate taxes, with foreclosures, and they've also seen a severe reduction in sales tax revenues. So, money's very tight, but as far as how the trucks are sold, I don't see that changing. That's been well ingrained in the industry for a number of years. []

SENATOR CAMPBELL: I just want to compliment Mr. Scherer. He and I had a chance to talk ahead of time. You all may not remember, but Mr. Scherer's testimony just buried a bill that I had last year, and his testimony was so good that I voted against my own bill. (Laughter) So, this is a very qualified gentleman. []

JEFFREY SCHERER: Thank you, Senator. []

SENATOR CAMPBELL: Thank you. []

SENATOR FISCHER: Thank you, Senator Campbell. Are there other questions? I see none. Thank you, Mr. Scherer for coming in today. And I remember your testimony, and it was quite effective. And I look forward to having you continue to serve this state. Thank you. []

JEFFREY SCHERER: Thank you very much. []

SENATOR FISCHER: Is there anyone here to speak in favor of the nomination?
Morning. []

LOY TODD: Good morning, Senator Fischer, members of the committee. For the record, my name is Loy Todd, L-o-y T-o-d-d. I'm the president and legal counsel to the Nebraska New Car and Truck Dealers Association. I will be very brief. We just are, like everyone else, really grateful that someone like Jeff is willing to come in and serve. Our licensing board works because it has a variety of different people on it--manufacturers' representatives, dealer representatives, citizens, government, and statutorily that's the

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make-up. Sometimes it's difficult to get a manufacturer to allow their employees to serve on the board. The Big Three always resisted participating, and so...and to have a Nebraskan and a Nebraska manufacturer who operates exactly the same way as all my other dealers, and through the dealer representation, is just terrific for us, and we really look forward to his input. I would just tell you one other thing. Our system in Nebraska is truly the envy of many other states. And I've been working with the state of South Dakota this year. They're going to switch over to a board that's mirrored on ours--away from an administrative law judge and an agency status. Kansas is also looking at that. Texas went away from a board like ours and went back to it. And so I'm just really excited to get this kind of expertise. Thank you. []

SENATOR FISCHER: Thank you, Mr. Todd. While I certainly appreciate your comments, I was hopeful--and I know my members join me in this sentiment--that we would not see you this special session. But it's always a pleasure. Any questions? []

LOY TODD: Yeah, well, we're not begging for money, Senator. Thank you. []

SENATOR FISCHER: Thank you very much. Anyone else to speak in favor of the nomination? Anyone opposed? Anyone in the neutral capacity? With that, I will close the hearing on the Motor Vehicle Industry Licensing Board, and close the hearing for the day. Thank you very much. []

Chairperson

Committee Clerk