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TRANSPORTATION AND TELECOMMUNICATIONS COMMITTEE AND APPROPRIATIONS  
COMMITTEE  
November 13, 2012

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The Committee on Transportation and Telecommunications and the Committee on Appropriations met at 1:30 p.m. on Tuesday, November 13, 2012, for the purpose of a briefing on the Roads Needs Study. Transportation and Telecommunications Committee senators present: Galen Hadley, Vice Chairperson; Annette Dubas; Kathy Campbell; LeRoy Loudon; Scott Price; and Charlie Janssen. Senators absent: Deb Fischer, Chairperson; and Scott Lautenbaugh. Appropriations Committee members present: Lavon Heidemann, Chairperson; Tom Hansen; John Nelson; and Tony Fulton. Senators absent: John Harms, Vice Chairperson; Danielle Conrad; Heath Mello; Jeremy Nordquist; and John Wightman.

SENATOR HADLEY: It's pretty evident I am not Chairperson Fischer. She is off running the federal government now for a while. Thank you. My name is Galen Hadley, and I represent the 37th District and I'm Vice Chair of the Transportation Committee. I appreciate your being here for the joint meeting between the Appropriations and Transportation, Telecommunications Committee on the Needs Study. By statute, we must meet once a year. I appreciate your coming here. We will have the...Senator Heidemann isn't here yet. We will start...I think we'll...Charlie, if you want to introduce yourself, and we'll go around and introduce the members.

SENATOR JANSSEN: Charlie Janssen, District 15, which is Fremont and all of Dodge County.

SENATOR FULTON: Tony Fulton, District 29, which is south part of Lincoln.

SENATOR PRICE: Senator Price, District 3, Sarpy County: Bellevue and Papillion.

SENATOR HADLEY: Congratulations,...

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SENATOR PRICE: The Lavon Heidemann.

SENATOR HADLEY: ...Regent Heidemann. You want to introduce yourself?

SENATOR HEIDEMANN: State Senator Lavon Heidemann, District 1, southeast Nebraska.

SENATOR HADLEY: He promises not to throw popcorn from the skybox next year at the peons below him. (Laughter)

SENATOR HANSEN: Tom Hansen, District 42, all of Lincoln County.

SENATOR DUBAS: Annette Dubas, District 34, Nance, Merrick, Hamilton, and a portion of Hall County.

SENATOR CAMPBELL: Kathy Campbell, District 25, east Lincoln and Lancaster County.

SENATOR LOUDEN: LeRoy Louden, District 49, which is parts of Nebraska. (Laughter)

SENATOR PRICE: Well played.

SENATOR NELSON: Mostly in the eastern part. I'm in the eastern part as well, District 66; that's central Omaha. My name is John Nelson.

SENATOR HADLEY: Thank you. And we're...Laurie Vollertsen is the clerk for the Transportation and Telecommunications Committee, and Dusty Vaughan is the legal counsel. With that, we'll get started. I would ask Mr. Peters to come forward and we appreciate your coming and that this is your maiden voyage.

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RANDY PETERS: That's correct.

SENATOR HADLEY: What, you took over September...October 1, is that right, or...?

RANDY PETERS: October...or August 4.

SENATOR HADLEY: August 4. So, Mr. Peters, we appreciate your coming and visiting with us about the needs of the state as far as highways are concerned. Thank you, sir.

RANDY PETERS: (Exhibits 1, 2, and 3) Thank you. Good afternoon, Chairman Heidemann, Vice Chairman Hadley, and members of the two committees. I am Randy Peters, director/state engineer of the Nebraska Department of Roads. I am honored to come before you today, and I am proud to represent the Nebraska Department of Roads. Today I will present the state highway needs and answer your questions, with assistance from my expert staff. Please take a look at page 1 of the 2012 State Highway Needs Assessment report that you have in front of you. That would be this document. As you can see in the table at the top of page 1, the 20-year needs are \$9.9 billion, compared to \$9.6 billion last year. The pie chart shows that pavement restoration comprises 64 percent of the 20-year needs. Rural geometrics and bridges account for almost 29 percent. The Nebraska Department of Roads categorizes the needs of the state highway system into five categories, which I will discuss more in-depth shortly. I believe it is important to first discuss how the Department of Roads prioritizes the needs. Simply stated, NDOR's highway construction program has four priorities. Number 1 is high-priority bridges; number 2, preservation of the existing highway system; number 3, completing the six-lane interstate between Lincoln and Omaha; and number 4, the addition of other capital improvements to the highway system throughout the state. The first three priorities currently consume the vast majority of our highway construction budget. Beginning in fiscal 2014, the Build Nebraska Act will provide a new source of revenue to address capital improvement needs. The Department of Roads places the needs of the state highway system into the following five categories: number

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1, pavement restoration; number 2, rural geometrics and bridges; number 3, urban geometrics and bridges; number 4, railroad crossings; and number 5, miscellaneous. After identifying the needs in each category, they are reviewed and prioritized by NDOR staff, with input from the State Highway Commission and the public, and then placed into the highway construction program. I will briefly go over each category. These are listed on page 3 of your Needs report. Pavement restoration needs include the cost of maintaining the state highway system at a specified pavement condition level. Here, maintaining includes removing and replacing existing pavements and shoulders as they wear out. The system is evaluated each year using factors such as the extent and severity of pavement deterioration and ride quality. The data gathered from the pavement evaluations is used to calculate pavement condition indices. These indices, along with the predicted annual rate of pavement deterioration and a benefit-cost analysis, are used to compile the pavement restoration needs. The second category is rural geometrics and bridges. The geometric needs are identified using the criteria shown on page 5 of the Needs Assessment report. These criteria are based on estimated future highway traffic volumes and are divided into six categories ranging from a low of less than 750 vehicles a day to a high of 36,000 vehicles per day and greater. These criteria include such items as pavement width, shoulder width, and the 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 the segment for correcting its deficiencies. Bridge needs are also included in the rural geometrics category. The costs of major highway improvements such as new lanes of traffic outside of urban areas are also included in this category. The 2012 20-year needs includes the widening of Interstate 80 from Lincoln to Grand Island to six lanes. The third category of needs are the urban geometrics and bridges. Urban needs include the widening or reconstruction of state highways that extend through the corporate limits of cities with a population of 5,000 or greater. Railroad crossings: Railroad crossing needs include the cost of building new viaducts, resulting in closing at-grade crossings. These needs also include the costs of upgrading or placing new railroad crossing signals on the state highway system. And, lastly, the miscellaneous category includes such items as planning,

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research, lighting, and traffic signals. I would now be happy to take any questions that you might have about the 20-year needs.

SENATOR HADLEY: Thank you, Mr. Peters. Are there questions for Mr. Peters?  
Senator Hansen.

SENATOR HANSEN: Thank you, Mr. Temporary Chairman. Randy, it's good to have you here.

RANDY PETERS: Thank you.

SENATOR HANSEN: Do you know how many railroad crossings there still are in the state? It seems like every time we have a viaduct, the railroad likes to close two of those railroad crossings. And it's been an issue in my district at Hershey where they, you know, have a railroad crossing now and still have some transportation issues there. How many...do you have any idea how many railroad crossings have disappeared, especially on Union...

RANDY PETERS: I don't know the exact count. But I know it's on the order of 3,000. Am I correct there?

SENATOR HANSEN: They've closed 3,000?

RANDY PETERS: No, that remain as...

SENATOR HANSEN: Okay. Do you have any idea how many have closed then?

RANDY PETERS: I do not, but I can...

SENATOR HANSEN: Okay.

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RANDY PETERS: Over what period of time are you interested, sir?

SENATOR HANSEN: Well, since they have...I don't know if that's a highway...I assume it's more of a railroad matter rather than the highway, but I think you have to do that in cooperation with them. But to build one viaduct, they close two railroad crossings. So I don't know how many have been closed, but...and I understand that it's good for safety and it's good for the railroad and...

RANDY PETERS: There are 3,112 public crossings, so my 3,000 number was pretty close. And there are 2,677 private crossings that cross a private driveway or commercial driveways. We've actually closed 163 crossings since 2002.

SENATOR HANSEN: Okay, thank you.

SENATOR HADLEY: Senator Fulton.

SENATOR FULTON: Thank you, Mr. Vice Chairman. The south beltway, while I still have breath for District 29, can you give us an update on the south beltway in Lincoln?

RANDY PETERS: The south beltway is a Build Nebraska Act project. It's been identified as the years 2020-2023 of the Build Nebraska Act program of projects. That would replace the existing Highway 2 from about 120th Street to the U.S. 77 on the south side of Lincoln. That project is currently under development, in the design stage. Since it has some federal earmark money in it, we are reevaluating the environmental decision document well ahead of time in order to be able to deliver it for those years of the Build Nebraska Act.

SENATOR FULTON: 2020.

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RANDY PETERS: 2020.

SENATOR FULTON: Okay. Thank you, sir.

SENATOR HADLEY: Senator Hansen (sic).

SENATOR NELSON: Thank you, Mr. Vice Chairman. And let me refer to, on this page 1 there, your Summary of Needs. Your pavement restoration, rural geometrics, that must account for at least 90 percent of your budget, just looking at that there. Then is the increase--I'm just trying to do the math in my head here--is that about a 5 percent increase from 2011 to 2012?

RANDY PETERS: It's a little under 3 percent.

SENATOR NELSON: How much?

RANDY PETERS: A little under 3 percent.

SENATOR NELSON: A little under 3 percent.

RANDY PETERS: 2.75 percent.

SENATOR NELSON: Okay. And then you look at the chart on the next page, number 2; I see a 5 percent inflation figure there. Can you explain that a little bit? Is your increase here, from 2011 to 2012, just basically inflation across, would you say?

RANDY PETERS: The 2.75 percent increase in the needs is comprised of both the rate at which we replaced some of the needs from the year before, the deterioration rates, and newly identified needs that come through our annual review process. The chart on page 2 is more of a discounting of money to bring...a discount rate to bring a 20-year

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needs plan into net present value. And 5 percent is what the authoritative sources in our financial department tell us to use for the first two years.

SENATOR NELSON: That starts at 2014 at 5 percent. The second question I have, sir, is, completing the six-lane interstate between Lincoln and Omaha, once that's finished, that will help out as far as some of these other needs, right? I'm wondering, what's the expected date of completion of that, all the way from Omaha down to Lincoln?

RANDY PETERS: The segment that's currently under construction to 56th Street in Lincoln is slated to be open to traffic and complete next year, in the fall of 2013.

SENATOR NELSON: Fall of 2013.

RANDY PETERS: That leaves one remaining segment to complete, on the east (sic) side of Lincoln, Northwest 48th Street to the west bypass. And that's programmed for the first tier of the LB84 projects. I'm sorry, that's the second tier: 2016 to 2019. If you look at page 47 of the program book that was opened to the LB84 needs, you see it listed into Tier 1, Tier 2, and Tier 3. And you see the fourth project down, I-80, Northwest 56th Street to Highway 77 in Lincoln. That's the last piece of the Omaha-to-Lincoln six-lane.

SENATOR NELSON: All right.

RANDY PETERS: And that represents...

SENATOR NELSON: Sorry, I didn't spot this before, so thank you very much; that sets it out, yeah.

SENATOR HADLEY: Senator Campbell.



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SENATOR CAMPBELL: Thank you, Vice Chairman Hadley. Mr. Peters, I'm going to follow up from Senator Fulton's question on the south bypass, and it was the question that we talked a little bit about last year. Should the city of Lincoln decide to put money into the project or add additional money, would that move the west bypass up a tier?

RANDY PETERS: The schedule of the west bypass is influenced partially by the fact that it is a...it has federal earmarks still devoted to it. So we need to follow the federal process with the environmental decision making and the project development. And then the plans are not completely ready to put out to bid at the present time, either. So there is some project development time that would prevent it being built in the next two or three years. And there's one more aspect that enters into our decision making to that. That is a \$170 million corridor, and the Build Nebraska Act generates \$60 million a year. So you need to be pretty confident about where you are before you start building that project that you can see it through.

SENATOR CAMPBELL: And I would hasten to add that I don't think that the city of Lincoln has made any definitive plans, but certainly that was one of the issues discussed on the floor of the Legislature, by the Lincoln delegation at least, in terms of the half-cent sales tax. And so I think we all continue to monitor that and await Mayor Beutler's, you know, plans. And so far there's not been any. But I always ask the question because I want to have some idea of the possibility of moving it up if local dollars were infused. So thank you.

RANDY PETERS: You're welcome.

SENATOR HADLEY: Senator Janssen.

SENATOR JANSSEN: Thank you, Vice Chair Hadley. And, Mr. Peters, first off, I'll start off by saying a couple compliments, because the bridge project in Fremont over the Platte River is going great, and the bridge being let north of Hooper also is great, so

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some very happy people in District 15 right now. And as I hear, kind of following up with Senator Fulton's and Senator Campbell's questions, talking about capital improvements moving forward, and I'm looking at that on page 47 with the Build Nebraska Act that you'd laid out, and seeing projects, which is the south beltway; Highway 30, Schuyler to Fremont; and Blair to Omaha. Those are three different phases; I just picked them out randomly. If Build Nebraska Act were to go away, what, in your estimation, would be the impact on those capital improvements?

RANDY PETERS: Well, if you look at page 2 and the 20-year needs, the way we've portrayed them and accounted for them are \$14 billion over 20 years--that's the inflated needs--you just divide that by 20; that's \$700 million a year. And the Build Nebraska Act first 10 years are in there. And even though the second 10 years are unidentified, they're mostly in there; they're just yet to be pulled out and identified as projects. So that says \$700 million a year, you need to complete that. Our current program published in the book in front of you is \$372 million. So there's a shortfall--you can do the arithmetic there--between \$700 million and the \$372 million. We would follow our priorities that we listed in the first part of my presentation: high-priority bridges, then take care of the pavements that are existing, first. And if you don't have a shortfall, then you never get to those kind of capital improvement projects that we're able to do with the Build Nebraska Act.

SENATOR JANSSEN: So, basically, defunding that would pretty much stop in the tracks most of these projects?

RANDY PETERS: That's correct.

SENATOR JANSSEN: Thank you.

SENATOR HADLEY: Senator Heidemann.

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SENATOR HEIDEMANN: Construction inflation, has it slowed down, stayed steady?

RANDY PETERS: Some of the big commodities continue to grow. The price of asphalt is higher than it certainly was in 1993, the last time the revenue increased significantly. Our bids...we're still getting very good bids from the contracting community. So I guess the short answer is, when we checked the last two years to see whether 5 percent was a good inflation rate, 5 percent is about the growth that we saw in the last two years.

SENATOR HEIDEMANN: Per year.

RANDY PETERS: Um-hum, year over year.

SENATOR HEIDEMANN: So it's still actually going over the regular inflation rate then.

RANDY PETERS: I'm not that conversant with the regular inflation rate.

SENATOR HEIDEMANN: Okay. I think it's a little higher. But that's...

RANDY PETERS: Okay.

SENATOR HEIDEMANN: ...okay.

SENATOR HADLEY: Mr. Peters, just to follow up on Senator Janssen's question, just so it's absolutely clear, if I remember from last year, Director Fredrickson made the comment, I believe, that under current funding, if we did not have the Build Nebraska Act, we would be hard-pressed to keep up with pavement restoration and bridges. Is that a correct statement?

RANDY PETERS: That's a correct statement. That's a correct...

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SENATOR HADLEY: So if we don't...if the Build Nebraska Act goes away, basically all the projects that you're...on page 47 would go away also at that point in time and we would be struggling to do the pavement restoration and bridges.

RANDY PETERS: Yeah, the...yes. The projects you see on page 47 are mostly expansion projects; they are not the restoration projects.

SENATOR HADLEY: Okay.

RANDY PETERS: They would go away, definitely. And you would still be facing a shortfall in what it takes to do enough bridge and pavement restoration to keep the current system in the state of repair that it is right now.

SENATOR HADLEY: I think that's just an important point, because we brought it up last year, and I think it certainly hasn't changed from last year, in looking at that. Senator Dubas.

SENATOR DUBAS: Thank you, Senator Hadley. Thank you, Director. How many projects received federal stimulus dollars?

RANDY PETERS: Well, the ARRA Act...it was \$137 million in 2010?

\_\_\_\_\_: One hundred fifty-seven on the state; two hundred thirty-five (inaudible).

RANDY PETERS: A \$157 million on the state side and \$235 million including city, county, and state projects. But they've run their course. That was a 2009-2010 phenomenon.

SENATOR DUBAS: So those projects have all been taken care of then?

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RANDY PETERS: Correct.

SENATOR DUBAS: I thought so, I just wanted to make sure. And then you had referenced in your opening comments the planning process. And I've had this explained to me before, but I'd just like a refresher on how much time does it really take you to take a project from "this is where we're going to go" to "this is where we're going to drive on it right now"? So, you know, the planning process, I understand, is very lengthy and detailed.

RANDY PETERS: Um-hum. Well, it depends on the scope of the project, but an expansion project like one of these on page 47 can take six to ten years in the planning cycle. It's in the planning stage a number of years before it gets published in our one- and five-year roadway plan.

SENATOR DUBAS: Okay.

RANDY PETERS: And during that time we let people know that it's under development and we take public input on that. And then at such time as it moves into the one- and five-year plan, we go around to a series of program meetings and take inputs on the projects that we've selected to enter into the program. But the short answer is, it can take six to ten years to develop a capital improvement project, a big capital improvement project.

SENATOR DUBAS: What's the most...is there one particular item that takes the most amount of time in the planning process?

RANDY PETERS: Well, you need to develop enough alternatives to make sure you're making the least environmentally damaging choice. And then you need a lot of time to inform the public and acquire right of way, because a lot of times you have hundreds of

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parcels of land to acquire.

SENATOR DUBAS: Thank you so much.

SENATOR HADLEY: Senator Louden.

SENATOR LOUDEN: Yeah, thank you, Senator Hadley. So, Director Peters, I'll kind of go over some of these remarks, your printed remarks here. And you're talking about completing this six-lane interstate between Lincoln and Omaha, and I think you mentioned to Senator Nelson that you have some segments that are going to be finished up. Having said that and having noticed in here that you intend to, as some of your priorities, is continue the six-lane interstate from Lincoln to Grand Island, then are you going to immediately start on that segment, from Lincoln to Grand Island, after you get this finished from Lincoln to Omaha?

RANDY PETERS: That's a great question. That segment, Lincoln to Grand Island, we're monitoring very closely, and we're watching two things. The traffic growth between Lincoln and Grand Island, which has been relatively flat since gas went to \$4 a gallon in 2006 and then with the recession...caused reduced travel, it hasn't been...the traffic hasn't been growing year over year the way it had been previously. So we're watching the traffic growth; that's one of the key things. The other thing is the pavement performance that's out there. We want to get the most life out of the existing overlays that we have on the roads. So we're in the planning phase there, but we definitely incorporate it as a need within the next 20, and we're within a year or two of making commitments to start programming those and moving them up into the one- and six-year plan. Currently they're not.

SENATOR LOUDEN: Because I was going to say if you start on that next, we'll never have any money to do anything else; we'll be building a six-lane interstate on beyond, because at one time the plan was to go clear to the Minden exchange, and I don't know

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where that ever went. But if that's the case, then...because you're building a six-lane interstate,...

RANDY PETERS: Right. Right.

SENATOR LOUDEN: ...because you've got to tear down all the bridges you come to, them you go under and them you go over,...

RANDY PETERS: Right. Right.

SENATOR LOUDEN: ...and so it's quite expensive. And I'm wondering if we would ever have enough money to do work on any of these other projects that...to help transportation and commercial work around the rest of the state of Nebraska. One of the other questions I would have here is, you talk about the shoulder width. Now, at the present time, a lot of Highway 2, which I travel quite a little, has some, what are they, 8-foot shoulders or something like that, 8- or 10-foot shoulders on them.

RANDY PETERS: Um-hum.

SENATOR LOUDEN: And here this last summer you redid a segment there by Seneca and you didn't put any shoulder to amount to anything on there. Now, is that the way that's going to be now, is we're going to have that segment in there without any wider shoulders on it? Or what's the plan on something like that, when you do that?

RANDY PETERS: When you look at the standards on page 5, there is a...it correlates with the amount of traffic on the highway. And so if the traffic on a piece of Highway 2 is between 2,000 and 4,000, it would get a 6-foot shoulder. And if it was greater than 4,000, it would get an 8-foot shoulder. In the past, we didn't always adhere strictly to that; sometimes in the past we had the luxury of building 8-foot shoulders, no matter what. So under the current standards we look very closely at the traffic and we place the

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shoulders with what the projected traffic indicates.

SENATOR LOUDEN: In other words, that 2-foot shoulder is what there's going to be there? You have a standard that's, coming down from Alliance for probably 140-150 miles, that's got 6-foot, then you've got this 20-mile piece in there that's narrow again, and then you go back to the wide shoulders again from there on to Broken Bow. And that's what you think is good enough for those people out there?

RANDY PETERS: Well, it was part of an adjustment we made in 2008 when we set the threshold for four lanes from 6,000 to 10,000 and we set the threshold for shoulder-width standards, too, based on traffic. It was a nod to the fact that there are more needs than there are revenues coming in and you need to make some adjustments to take care of the existing network.

SENATOR LOUDEN: And that's when we were trying to build this six-lane interstate across a third of Nebraska. Is that part of the reason we can't take care of those needs now, is because we're spending our resources other places?

RANDY PETERS: I'd say that the...of the current \$9.9 billion uninflated needs, that piece of the interstate...six-laning that we've proposed is \$835 million of the \$9.9 billion. There's also \$1 billion of pavement replacement needs from Grand Island to the Wyoming line that doesn't six-lane it, but it's just going to be needed because that pavement is wearing out completely down to the base, and we're going to need to replace those segments of Interstate 80. And that's certainly...from Grand Island to the Wyoming line is part of Nebraska too.

SENATOR LOUDEN: And how much are you asking for this year for your needs? I didn't see it in here anywhere.

RANDY PETERS: Well, the first bar of the 20-year needs, for 2014, is \$519 million. Our



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program that we've published for this year is \$372 million.

SENATOR LOUDEN: \$372 million. And that's up from last year?

RANDY PETERS: Correct.

SENATOR LOUDEN: Yeah. And then one of the other...when they...they were talking about this bypass around Lincoln. Why are they building a bypass around the south side of Lincoln?

RANDY PETERS: It's basically projecting the level of service on the existing Highway 2 will become so congested, it'll be stop-and-go traffic if you don't...

SENATOR LOUDEN: Through the town.

RANDY PETERS: ...if you don't provide some relief.

SENATOR LOUDEN: Now, can you build a bypass, then, from Highway 2 over to Interstate 80, say about the Waverly interchange or someplace like that, and would alleviate some of that traffic...truck congestion through there?

RANDY PETERS: Well, if you're talking about...that's basically the east bypass of Lincoln concept, if you're talking...from, say, 120th Street up to the Waverly interchange. But I think that a lot of the destination of that traffic is coming off I-29 on Highway 2 to go to points west. And I just don't know if that would be a solution, to take them up to Waverly.

SENATOR LOUDEN: Yeah, it could still come across there, and someplace you'd have to turn on 77. That's what you're telling me, that that traffic off I-29 ends up on...going south on 77? Or does a lot of that traffic just end up on 2 going through Lincoln and over

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on to I-80?

RANDY PETERS: Highway 2 is the second-biggest freight corridor outside of Interstate 80, in Nebraska. And I guess the point I'm making is that a lot of that freight is coming off I-29 and destined to go west and, therefore, wants to kind of go on the south beltway route.

SENATOR LOUDEN: Well, I agree that Highway 2 is quite a trade corridor, even clear up through the Sandhills. And that's the reason I was questioning how come we're back down to these 2-foot shoulders on that area through the Sandhills when the rest of it is all wider-lane traffic through there. One other thing I was wondering, on Highway 27 up there here a year or so ago they went in there with a different process: ground the highway up and then tried to lay it back down with a motor grader. And it didn't turn out very well. And then they went in there with a machine to grind it off smooth. And it still...well, if you have a cattle pod, the highway goes like that, and it gets those cattle pods to moving sideways. And I talked, I think, when your predecessor was in there, I asked him if they intend to change that, and he said no. So are we stuck with that for 20 years or until it breaks down again?

RANDY PETERS: The...I'm not real familiar with the technique we used on Highway 27 to resurface that roadway. It sounds to me like you're describing a cold-mix maintenance forces project, but I'm not sure of that. I'll have to check into what strategy we used on Highway 27.

SENATOR LOUDEN: Okay, it was some outfit out of Kansas or someplace came in there and ground it all up and added some oil and then laid it back down with a motor grader. And they didn't lay it down smooth. And that's what I'm wondering about on some of that. So, in other words, you're telling me then we're probably pretty well stuck with these narrow roads now, even on Highway 2 that has quite a transportation corridor for trucks? There's a lot of trucks running down that thing. And that's where we're going

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to be with this new part of this road through that deal there with that 2-foot shoulder, and that's where it's at then.

RANDY PETERS: We adhere very closely to those standards that we have on page 5.

SENATOR LOUDEN: Well, yeah, I recall the standards.

RANDY PETERS: On page 5.

SENATOR LOUDEN: I know that; I questioned them at the time. If the standards were lowered out there, then are the standards lowered on other roads around the state? Are your standards lowered on your interstate...six-lane interstate? Perhaps they don't have to have as wide a shoulder as it would; use a little bit of that material in other places, I guess. And that was kind of my concern.

RANDY PETERS: Sure.

SENATOR LOUDEN: But my concern is that we have these highways across rural Nebraska that aren't as good as they could be or as good as what we had been building. And that's the commercial part of those areas. I mean, if we're going to do business out there, you've got to have transportation. And if we have a little narrower roads, then it's hard to get people to bring businesses out to those areas if they have to deliver them anyplace. Okay, thank you.

SENATOR HADLEY: Senator Price.

SENATOR PRICE: Thank you, Senator Hadley. Thank you, Mr. Peters. The question I have for you deals with the federal buyback program, the LB98 process. Can you give an update on how that's progressing?

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RANDY PETERS: Yeah, the...all 26 eligible cities and the 93 counties have signed an agreement intending to participate in the federal buyback program. And so that begins to kick in, in fiscal '13 for the counties and at the end of fiscal '14 for the first-class cities, which we will buy their federal eligibility for 80 cents on the dollar. The Department of Roads will develop the federal projects because it's a more strenuous process and be able to use the federal monies on the state highway system. And in exchange, we will write a check proportionate to the population and roads of the first-class cities and the counties, using state funds.

SENATOR PRICE: So we're moving further; the other agents have agreed to engage, and we're moving forward.

RANDY PETERS: That...it is being implemented as we speak, yes.

SENATOR PRICE: Thank you.

SENATOR HADLEY: Mr. Peters, since you are new and such as that, do you see any change in the way this process is going to work in the future, since you're the new director?

RANDY PETERS: The...are you referring to the buyback process or...?

SENATOR HADLEY: No, the whole needs assessment and the way you come up with projects and such as that, the rank-ordering of them and such as that.

RANDY PETERS: I think the current system is what I foresee. I mean, it's a statutory requirement for us to come before the joint Appropriations and Transportation Committee and present the needs. And then, in terms of the department's prioritization and selection, we've been very open about that and transparent. And I think our priorities will stay the same, modified by a new source of revenue, like the Build

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Nebraska Act, that enables us to go beyond what we would have done without it.

SENATOR HADLEY: Okay. Thank you. Senator Campbell.

SENATOR CAMPBELL: Thank you. The President has talked a lot about the priority in the last week or so, and he mentions infrastructure. Do we have any idea what steps the Congress may take or what plans may be afoot in terms of that infrastructure enhancement?

RANDY PETERS: Well, speaking for Roads, we are relieved, delighted and relieved to have a two-year federal transportation bill, called MAP-21, that was enacted in July and carries us through the end of federal fiscal '14. That gives us a two-year planning horizon and some certainty, where our worst fear was we would have the Build Nebraska Act on the state side, and then on the federal side it would be a corresponding drop-off; and there we would be with the higher expectations. In terms of two years is not a long time when you're talking about projects that take six to ten years of development, it's still not a long planning horizon for us to have. So it's already time to start, folks at the federal level, start focusing on the next reauthorization. But I...from my perspective, it's a very important investment to make; the investment in infrastructure is well justified.

SENATOR CAMPBELL: Thank you.

SENATOR HADLEY: Senator Dubas.

SENATOR DUBAS: Thank you, Senator Hadley. I'd like to pick up a little bit where Senator Loudon left off. When you're looking at this average daily traffic, is that simply how many vehicles go on a day, or, you know, are you looking at the difference between cars versus semis versus the different types of traffic? Or is it just simply the traffic load?

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RANDY PETERS: Well, we do have the number of trucks, and we do have the number of passenger cars. This number adds them both together.

SENATOR DUBAS: Okay.

RANDY PETERS: So it's a hybrid of both trucks and cars on a particular segment of...

SENATOR DUBAS: So if there is a higher number as far as heavy-truck traffic, does that go into the determination of...I mean, those are definitely harder and wear on the surface much more than a car does.

RANDY PETERS: Very definitely. It's built into it. And I say, when you go to make an investment in a highway, you want it to last 12 to 30 years, depending on the pavement type. So you're also projecting the growth in traffic too. So it's not the number of cars we count today, but it's the number of cars we expect there to be 20 years from when we're going to build that project, is the number we compare against these standards.

SENATOR DUBAS: Okay. So let's say, especially if we get out into the more rural areas, where perhaps the traffic load isn't going to necessarily pick up, but what that traffic is carrying, you know, if we're looking at farm semitrucks that are carrying grain and livestock and the value of what they're transporting, does that come into play at all?

RANDY PETERS: It enters into our decision making more so in terms of the pavement determination. If the number of trucks is projected to be greater, the pavement has to be stronger in order to do it. And so with the same number of cars and trucks, if it was 4,000 but if the percentage of trucks was heavier, you might wind up with a 10-inch pavement instead of a 9-inch pavement. That's how that's factored into it.

SENATOR DUBAS: Okay. And then, along the same lines with the shoulder width, if

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you're having a larger volume of heavy truck traffic, isn't it safer to have a wider shoulder?

RANDY PETERS: Very definitely. Shoulder width provides a safe haven for disabled vehicles or slower-moving vehicles, no question about it.

SENATOR DUBAS: So looking at these traffic counts that are lesser, you are going to a smaller shoulder width. But yet if the traffic volume is a lot of the bigger, heavier trucks, wouldn't we want to make that shoulder width wider rather than narrower?

RANDY PETERS: That would be desirable. Again, all these decisions are made in a context of you have more needs than revenue, so you need to have a cost-benefit for the next marginal improvement that you make: what are the benefits versus the costs? And that's how we developed this graduated scale.

SENATOR DUBAS: Thank you.

SENATOR HADLEY: Senator Nelson.

SENATOR NELSON: Thank you, Senator Hadley. Director Peters, I'm from Omaha, and I'm looking at your five-year program, and are you familiar with the proposal to put an additional lane from 96th to 126th Street? That's on page 15.

RANDY PETERS: Yes.

SENATOR NELSON: And also, I guess, from 480 west to 60th Street there's going to be an additional lane. You've got the cost here, for instance, \$11 million, but Nebraska just pays part of that. The federal funds pay for some of that as well or a good part of that on the interstate, like, for putting in the additional lane?

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RANDY PETERS: Well, those two projects that you indicated are...you'll see they're listed on page 47.

SENATOR NELSON: Yes, I saw that.

RANDY PETERS: So they are...

SENATOR NELSON: Right.

RANDY PETERS: ...Build Nebraska Act and...

SENATOR NELSON: So we're going to pay for that entirely out of Build Nebraska Act?

RANDY PETERS: Right.

SENATOR NELSON: Okay.

RANDY PETERS: Right.

SENATOR NELSON: And coming off 480 going west, that's pretty hazardous. I mean, is that why the additional lane is being put in? As you come from the north and try to blend in...or are you familiar with that design at all?

RANDY PETERS: It's an expansion project that's needed just for capacity as well as to be compatible with what Iowa is building, to come...

SENATOR NELSON: Now from 96th to 126th Street as well. So there will be...I don't know what side it's going to be on, north side or south side...

RANDY PETERS: North side. North side.



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SENATOR NELSON: North side?

RANDY PETERS: Yes.

SENATOR NELSON: Okay. Building a little bit on what Senator Dubas said, do you count the number of trucks going across Nebraska, on any given day, on I-80?

RANDY PETERS: Yes...

SENATOR NELSON: Has it increased over the years?

RANDY PETERS: Yes, it's grown steadily.

SENATOR NELSON: We drove from Des Moines to Omaha yesterday on I-80. And, I think, for every two cars there was one truck, on an average, which...I'm amazed. So this is going to factor into the wear and tear on the highways and the additional costs for resurfacing and keeping up I-80, even across the state, right?

RANDY PETERS: Absolutely.

SENATOR NELSON: Yeah.

RANDY PETERS: Absolutely. I-80 is a freight corridor of national importance. It attracts a lot of truck traffic.

SENATOR NELSON: Do you recall a figure, the number of trucks, on the average, that go across Nebraska?

RANDY PETERS: I don't have that number right on the...

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SENATOR NELSON: Okay, thank you.

SENATOR HADLEY: Senator Price.

SENATOR PRICE: Senator Hadley, thank you. Mr. Peters, thank you. Just to go on with what Senator Dubas and Senator Nelson said, I'm not going to ask about Sarpy County, but I'm going to ask about the idea of what we see is we're actually talking about the ratios, you know, where we have a certain amount of criteria based on a number, versus a ratio. If we see those ratios change then do the criteria get changed? So we're saying, basically, a traffic count equates to a shoulder equates to a prediction that you said earlier in your testimony would predict the annual rate of deterioration. Well, what we're actually seeing is a ratio change of those entities that may cause more wear and tear. So are...the question...the first part is, are those ratios taken into consideration versus the actuals? And second, in your model for prediction, do you go back and fine-tune it with actuals? So if you make a prediction for five years or three years and then you go back and, for whatever reason, then we see a pattern shift, is there a time when you go back and you re-baseline off actuals?

RANDY PETERS: We have a pretty mature and sophisticated system of counting traffic. And it's done by permanent counting stations together with going out statistically, not just getting the number of times an axle goes over and trips the mechanical counter, but we have people go out and classify it into different categories of trucks and different categories of cars that were in there, so we can modify our statistics. So that's kept current, and it's pretty sophisticated. The way it enters into these standards is it gets into our business another level or two deep. But I'll go there since you're asking. The ratios don't matter so much, cars and trucks combined, until it starts to affect the number of lanes that you need. All right? So if the cars and trucks have enough capacity on the basic two-lane roads, the composition of cars and trucks...we're just looking at that number. If it's 4,000 combined, a two-lane road will handle it. Then we're fine there, but

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it does matter on the pavement depth, because the more trucks, the more pounding on the pavement. So you...if the truck ratio is higher, a two-lane road still might do it, but you might need an 11-inch pavement instead of a 9-inch pavement. So that's how it enters in there. Then, if you're getting close to needing another lane, like you're up into the 10,000 cars and trucks combined, then we have to hand it over to our traffic engineers who say how much capacity does a truck use up, because it goes a little slower going up the hills, it takes a little longer to make the corners. So one truck might take up the capacity of two-and-a-half passenger cars. And they have a whole science for doing that, when we get to that point.

SENATOR PRICE: So the bottom line is, capacity is a different animal than road depth, strength, whatever you want to talk to there, and that those things are factored in and given consideration based on that ratio of traffic.

RANDY PETERS: Yes.

SENATOR PRICE: All right. Thanks.

SENATOR HADLEY: Mr. Peters, I'd like to quote Monty Fredrickson. I believe it was a meeting we had in Omaha on, oh, a couple of years ago, and I believe he made the comment that if all we had was basically cars and SUVs, that the only deterioration of roads would come from weather; it's basically the trucks that cause the...the pounding of the trucks cause the primary deterioration. Is that a correct statement?

RANDY PETERS: There's...yeah. There's no question that trucks have concentrated weight, and they use up a lot of the pavement capacity.

SENATOR HADLEY: Okay. Senator Louden.

SENATOR LOUDEN: Yes, thank you, Senator Hadley. Well, as we're talking about this

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weight ratio and your truck traffic and as you talk about these transportation corridors, Highway 2 is a huge transportation corridor. A lot of cattle are hauled down Highway 2 and a lot of grain. And that's the reason I'm wondering, when you redid this road out here, we have this segment with this 2-foot shoulder, again. And I can't believe that the Department of Roads went ahead and did that on a road such as Highway 2 that hauls so much commercial weight over that road. Anybody that ever has done any roadwork knows the narrower you build your road, the more traffic there is in the one spot; the wider you build the road, the more traffic is be apt to dissipate over a wider area. So I'm wondering, as long as you have this criteria and as long as there aren't any more people out in western Nebraska than there is, there's no way that we'll ever see any 6- or 8-foot shoulders again. Would that be a correct statement?

RANDY PETERS: Well, I will say that a lot of Highway 2 is already built to 8-foot...

SENATOR LOUDEN: Well, yeah, other than this 20...

RANDY PETERS: ...shoulders. And so the investment...the public investment has already been made, and we'll commit to keeping those pavements in a state of good repair. So it's only those segments that didn't have the good fortune of having the 8-foot built already when we had to adjust our standards to live within our means that are in the boat that you're talking about by Whitman.

SENATOR LOUDEN: Well, yeah, and, of course, when you talk about living within your means, it depends on whether you're from eastern Nebraska or western Nebraska, because those of us out west can't quite understand why you have to have six-lane interstates all the way, especially...Senator Nelson said he drove back from Des Moines and that's all two-lane interstate, and Iowa seems to be getting by. But when you get to Nebraska, you've got to have six lanes. As I used to say when they first started that, the six-lane interstate from Omaha to Lincoln, was the only reason they were building a six-lane interstate was to come to Lincoln on Saturdays and watch a mediocre football

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team play football. (Laugh) And at that time, when Callahan was the coach, the answer that I got from that always surprised me, because the first thing they always said, well, that wasn't a mediocre football team. So anyway, and I still feel that we're probably spending a little bit too much money on six-lane interstate and worrying about that instead of improving our transportation corridors in the other part of the state of Nebraska, such as your Heartland Expressway, all of those things like they are, transportation corridors. In fact, Highway 2 now is...there's quite a lot of pipe hauled down Highway 2 going into North Dakota, and some heavier loads. So I question and I know when they came about with this...these criteria they put up, and that was to save their carcass when they were...got bid in to this six-lane interstate and a lot of their revenue dropped off from the sale of fuel. So I'm wondering, somewhere along the line do you have to ask for a little bit more money in your needs in order to build these shoulders on some of these main corridor roads?

RANDY PETERS: I think the two are related. I don't think it's a direct correlation about whether we would come in saying we could change the standards if our revenues were X amount higher. But it's...they are related. They're...the standards are what they were set at in 2007 based on making adjustments to our revenue situation.

SENATOR LOUDEN: Well, yeah, I mean, that was just some numbers that some people got together and decided they could live with. And it depends on...there has to be those that are the "haves" and those that are "have-nots," when you come up with those numbers, because that's when you changed the four-lane expressway numbers down, and that pretty near put all four-lane expressways off the table. Thank you for your testimony.

SENATOR HADLEY: Senator Janssen.

SENATOR JANSSEN: Thank you, Vice Chair Hadley. Mr. Peters, while I certainly think Highway 2 is very important, and after four years with Senator Louden on this

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committee, I felt like I've been driving it every day as well with you. (Laughter) My question is not about Highway 2, however. In looking at some of the projects...it's more local, but it applies to all of us. When you look at...I'll just use Highway 30, which is outside of my district and inside of it. When you come in and create a new highway like that, can you go through the process? I've had some angst from our county supervisors in both counties of the existing highway which is turned back to the county. Is part of the funding when you put it forward, the new project, also account for resurfacing or putting that road back into a good shape before you return it back to the county or local municipality?

RANDY PETERS: Yes, we sign a contract with the county or the city before we hand a road back over, and say we'll fix it to a predetermined standard before we turn it over. So...and it becomes part of the project cost.

SENATOR JANSSEN: And there won't be a 2-foot shoulder on that. (Laughter)

RANDY PETERS: No. No.

SENATOR HADLEY: Okay, are there any further questions? Seeing none, thank you, Mr. Peters. With that, I will close the hearing and accept your report. Thank you, sir.

RANDY PETERS: Thank you, Vice Chairman.