

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Transportation and Telecommunications Committee and Appropriations  
Committee December 3, 2020  
Rough Draft

**FRIESEN:** OK, I'd like to welcome everybody to the joint meeting between the Transportation and Appropriations Committees. I'm Curt Friesen from Henderson. I'm chairman of the Transportation Committee, representing District 34. And then we'll just start with members introducing themselves, starting with Chairman Stinner from the Appropriations Committee, to my right.

**STINNER:** John Stinner, District 48: all of Scotts Bluff County.

**GEIST:** Suzanne Geist, District 25, which is the east side of Lincoln and Lancaster County.

**CLEMENTS:** Rob Clements from Elmwood, District 2, which is Cass County and parts of Sarpy and Otoe.

**DORN:** Myron Dorn, which-- from District 30, which is Gage County and southeastern Lancaster.

**HUGHES:** Dan Hughes, District 44: ten counties in southwest Nebraska.

**ERDMAN:** Steve Erdman, District 47: ten counties in the Panhandle.

**BOSTELMAN:** Bruce Bostelman, District 23: Saunders, Butler, Colfax Counties.

**HILGERS:** Mike Hilgers, District 21: northwest Lincoln and Lancaster County.

**ALBRECHT:** Joni Albrecht, northeast Nebraska: Wayne, Thurston, and Dakota in District 17.

**FRIESEN:** And then we have a couple of senators who'll be joining us over the phone, I think Senator Hilkemann, Senator McDonnell, and Senator DeBoer. There are some others who may join. I'm not sure who might show up yet. So we'll-- Sally Schultz is the committee clerk, Tip O'Neill, the committee legal counsel from Transportation. We'll be hearing only invited testimony this afternoon. Our first order of business will be the presentation from the Department of Transportation interim director, Moe Jamshidi-- I hope I pronounced that anywhere close to right. But a yearly report of the needs of the Nebraska state highway system is due December 1, and historically, this building is-- this hearing is held in conjunction with the Transportation and Appropriations Committees. Upon the conclusion of

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the highway needs meeting, we will recess until 2:30, and then the Transportation Committee will hold its second interim hearing of the day, a briefing by the Nebraska Public Service Commission on Next Generation 911. Appropriations Committee members are invited to stay, if they want, to attend this hearing. I'd ask everyone to silence their cell phones. And with that, I will call the interim director, Jamshidi, to the podium to give us his report. Welcome.

**MOE JAMSHIDI:** Thank you, Senator. Good afternoon, Chairman Friesen, members of the Transportation and Telecommunications Committee, Chairman Stinner and Appropriations Committee members. You may know that Kyle Schneweis decided to go back to the private sector last month. And I just want to say thank you to him for his five and a half years of services for the department. And I am Moe Jamshidi, spelled M-o-e J-a-m-s-h-i-d-i. I'm the deputy director for operations and currently the acting director for the Nebraska Department of Transportation. I'm sure we all agree that our transportation system is the backbone of the state's economic engine. Agriculture, for example, is one of our most important industries, and the farm-to-market roads in the state are therefore crucial to the state's economy. So how we build, maintain, and operate the transportation system today and years into the future is the key to the state's success. Today I would like to talk about how we, at the Department of Transportation, with our transportation industry partners, help provide the best possible statewide transportation system for the movement of people and goods. We have completed our 2020 needs assessment, and I plan to present it to you today. But before we talk about the future, I would like to update you on the progress we've made in restoring the transportation system after the 2019 floods. NDOT oversees 10,000 miles of roads and over 3,500 bridges. And despite the current challenges, our employees have provided the needed services to keep Nebraska moving forward. In early 2019, we faced unprecedented damages to the roads and bridges throughout--

**AUTOMATED PHONE MESSAGE:** The caller has joined the conference.

**MOE JAMSHIDI:** --much of the state due to the widespread flooding. We sustained about \$150 million damage to approximately 200 miles of roads and 27 bridges. Working alongside the industry, we designed, repaired, or rebuilt all the damaged roads and bridges. This accomplishment is a tribute to the Nebraska Department of Transportation employees who worked tirelessly to make it happen. In fact, on October 22 of this year, we celebrated the opening of the

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Highway 281 bridge south of Spencer, marking the opening of the last damaged highway from the March of 2019 floods. We continue to work with our federal partners to get reimbursed for the flood expenses, but we estimate about \$40 million of our flood recovery expenses to be nonreimbursable. Last but not least, I want to thank all the first responders, including our own employees, who continue to put their lives on the line in time of emergencies, like floods and the COVID pandemic that we're dealing with now. Well, enough about the past, and we're here to talk a little bit about the future. In front of you, you have two handouts, and I will address the content of the title "2020 Needs Assessment" first. When you open to the page 1, you'll see the executive summary, which shows the state's highway needs to be \$13.6 billion over the next 20 years. This is calculated on today's dollars. We break the needs in three separate categories: asset preservation, system modernization, and capital improvement. I will explain these categories individually. The first category of the needs assessment is asset preservation. This is the department's top priority, as required by the law, as the preservation encompasses many activities, including: repair, concrete and asphalt pavement, and maintaining bridges, as well as other assets. Using sophisticated equipment, each mile of pavement is evaluated annually and assigned-- and designated various condition ratings. Using those condition ratings, the department performs further analysis to make sure we're doing the right work at the right time to reduce the long-term cost of owning these assets. As you can see in the-- on the chart on page 2, we meet or exceed our goals for the pavement conditions. We expect the 20-year cost of pavement preservation to be approximately \$7.4 billion. Maintenance of state bridges is another asset preservation item. We expect the bridge preservation needs for the next 20 years to be about \$761 million. While the Nebraska Department of Transportation is responsible for inspecting the state-owned bridges, we work in partnership with the counties and municipalities to coordinate the inspection of all Nebraska bridges. Whether under NDOT or local government jurisdiction, each bridge gets inspected on a biannual basis. One challenge related to asset preservation that the department currently faces are trucks with heavier loads traveling on state highways. For various reasons, including changes in the state and federal laws, heavier loads are being allowed to be used-- to use the highway system, which causes increasing damage to the roadways. This-- this reduces the expected life span of the pavement and bridges, necessitating more frequent maintenance and replacement, which of course requires the department to spend additional dollars sooner than

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planned. The second category is system modernization, with a 20-year needs estimated at just about \$1.8 billion. This category includes upgrading certain aspects of the roadway or bridge to meet safety standards that don't necessarily add lanes or capacity. Widening lanes and adding shoulders are a good example of this kind of work. System modernization projects consider many safety standard factors, including: the documented crash history, roadway deficiencies, and traffic volumes. This category also includes upgrades on rail crossings and investment in rural transit. As you'll see on page 7, the Nebraska Department of Transportation recently completed two feasibility studies regarding inter-city bus services. These studies identified the need for additional transit options between Lincoln and Omaha, as well as within the tri-city area of Grand Island, Hastings, and Kearney. The five-- the final needs category is capital improvement. This encompasses projects that include new construction for additional roadway capacity, such as: expanding the inner-- extending the interstate six-lane between Lincoln and Grand Island, constructing the Lincoln South Beltway, and Fremont South Bypass [SIC] as examples. Plus, it includes a-- other roadway expansions, including: interchanges, additional lanes, upgrading freeways, and finishing the expressway system. Many of these capital improvements are made possible by the Build Nebraska Act-- the BNA-- and the Transportation Innovation Act-- TIA, which I will address later in my testimony. The projected cost over the next 20 years for the capital improvement is approximately \$3.3 billion. On page 6 in the highlighted sections, you can read how the Department of Transportation is employing various technological resources to improve traffic operation and safety. One example includes NDOT's use of a statewide camera network to assess and manage system operations during traffic incidents, crashes, and severe weather conditions. Technology within the transportation industry is quickly evolving. We must continue to modernize the transportation system by investing in new devices that help reduce crashes and improve mobility and system reliability. Other highlights from the report include the department's long-range transportation plan, the first report since 2012. We gathered stakeholders and transportation experts from around the state to discuss and plan the state's transportation system over the next 20 years. While not quite ready for publication, this report considered a roadmap for future needs, and we expect the report to be available next year. Also, the department's Aeronautics Division recently began work on a two-year study to identify Nebraska's airport infrastructure needs. A study of this type hasn't been done since 2002, and this will

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help the department identify projects for inclusion into the capital project planning. Future NDOT needs assessment reports will include aeronautics needs, once identified. Wrapping up the discussion on needs, I would like to mention that the Department of Transportation has seen an atypical increase in materials and labor costs on construction projects over the last two years. While there is no single factor causing the spike in the construction costs, it is important to note that the department must adjust its program to account for it. This year's report shows an 8 percent cost increase in the overall 20-year infrastructure needs over the last year's report. This increase is caused in part by normal year-to-year inflation, as well as recent jump in construction costs. OK, let's move to the second handout titled "Build Nebraska Act and Transportation Innovation Act"-- this one. The Build Nebraska Act, BNA, passed in 2011 and enacted in 2013. It dedicated one quarter of one cent of sales tax to the state's infrastructure needs, with a focus on investing in the state's expressway system and other high-priority corridors. Eighty-five percent of the revenue is deposited into the State Highway Capital Improvement Funds, while the remaining 15 percent gets distributed between the cities and counties. This important legislation will sunset in 2033. The Transportation Innovation Act, TIA, passed in 2016, basically redirected NDOT's portion of the LB610 revenue to accelerate capital improvement projects and establish programs promoting innovation and economic growth. In 2011, the department selected 17 project locations for funding with the first 10 years of BNA revenues. You'll note on page 1, that 14 of the 17 projects are completed or under construction. We're working on developing the other three project locations and, pending funding, these will also be constructed. In 2016, we selected the second round of project locations, which you can find on page 4. Some of these projects are already under construction. We also continue to make meaningful progress towards the completion of the-- of all 600 miles of the expressway system. We have completed approximately 70 percent of the system and continue to work on the rest. One of the programs authorized by Transportation Innovation Act is County Bridge Match Program, which was designed in partnership with local county officials. Here are-- here's how the program works. Counties may apply individually or in partnership with other counties and may even bundle multiple bridges together in their applications. Applications are reviewed by a panel of experts who select proposal based on innovation and need. The four-- the fourth round of selection, in just last January, awarded \$4 million to Nebraska

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counties. To date, the County Bridge Match Program has awarded \$16.1 million in grants to 58 Nebraska counties for assisting in repair or replacement of 254 bridges, generating a total of 300-- \$34.3 million in construction investment. The TIA also created the Economic Opportunity Program. This program was designed to help encourage economic investment through a grant application process. Whether an expansion by an existing Nebraska company or relocation of a new company to Nebraska, sometimes a little investment in the multimodal asset can go a long ways. As you read on page 9, the city of Plattsmouth and Vireo Resources successfully applied for and won a \$323,000 grant to support the construction of additional roads which will serve the industrial park where Vireo is located. This company committed to an \$11 million investment, which is expected to add 75 new jobs. You'll find details of this program over on page 8. In total, the Economic Opportunity Program has awarded 13 grants, which are projected to create 747 full-time jobs and a six-year economic benefit of almost \$6 billion in the state of Nebraska. In closing, as you review the reports we've handed out, you'll see that the Nebraska Department of Transportation plans to preserve and modernize the current assets, build additional capacity, and provide an opportunity for the state's economic growth. We are also looking forward, intending to be as flexible as possible to adapt to the technological advancements that could rapidly alter the future of transportation. An increase in electric vehicle ownership and expected adoption of connected vehicle technology, for example, make the future very exciting, but also less predictable. Lastly, I want to thank all of you for your continued commitment to the state's transportation needs. And I'll be happy to answer any questions you might have.

**FRIESEN:** Thank you, Mr. Jamshidi. In the meantime, Senator Vargas and Senator Wishart have joined us, so with that, any questions? And Senator Stinner and--

**STINNER:** Yeah, thank you very much, Chairman Friesen. I'm referring to page number 1 on the first report that you put together, and it has to do with costs. And really, first of all, do you have anything that deals with revenue that's coming in, projected to come in, so we can compare and contrast cost to the revenue side?

**MOE JAMSHIDI:** Well, Senator, good question. I-- every year we come here when we present the needs. We basically run the needs based on what we think the department is going to need in the long run to meet certain standards that we have to follow. Now, the needs have always

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historically, when we report it, in more than what the actual revenues that we have, we have gotten. But we just want to identify the needs as they are. We don't really connect the revenues coming in with the actual needs. We will do the best we can with the funding that comes to us,

**STINNER:** Whether the revenue is adequate to cover what you anticipate-- and I'm just going to hone in on the preservation of the roads.

**MOE JAMSHIDI:** Yeah.

**STINNER:** We start at 500 and we go to about 675 to \$700 million just for preserving what we have today. My concern is, is that with electronic vehicles, with better gas mileage, with what we're seeing trends as it relates to revenue, are we even going to be able to preserve what we have today, based on your cost estimate?

**MOE JAMSHIDI:** Oh.

**STINNER:** And that's, that's a question I don't--

**MOE JAMSHIDI:** Right.

**STINNER:** --expect you to be able to answer right now, but it's certainly a concern relative to the, I think, this Legislature and how we tax and what we tax, and what we preserve and maybe what we can't preserve.

**MOE JAMSHIDI:** Yes. I want to take you back to 2008. Back then, we realized the fact that we really-- all we could do with the revenues we were getting back then was barely preserve what we had. So we basically-- back then, we decided not to spend any more money on building new things until we have enough money to actually take care of what we already have. At that time the L-- the BNA was passed, we, we ended up getting more revenue to build some of the expressways and what have you. Today is really-- it's about priorities. So when we say maintaining what we already have is our first priority, we really mean that. We will do the best we can with the funding that we have. And even within the asset preservation, we provide-- it, it's, it's, it's, it's, it's a total estimate. But when it comes down to selecting projects, we constantly decide what-- how can we get the biggest bang for our buck. So in, in-- to answer your question is, lately we've been able to keep the, the, the existing system going. If you look at

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our performance measures, you see the pavements are in good shape. Generally, the bridges are in good shape. But future, as you said, as the revenues through the electric cars and other things get impacted, I think all of you would have to look at that and see, is that going to generate enough funding for the DOT to continue doing what we're doing? And we report what the needs are. And basically, we'll do the best we can with every dollar that you provide to us.

**STINNER:** I-- yeah, thank you very much for that. Where's the variable rate? Is it at the top right now?

**MOE JAMSHIDI:** The variable-- right now, I believe the tax at the pump is 33.2 cents and the variable is around 7 cents or so. We just-- as you recall, we just raised that because of the COVID impact--

**STINNER:** Right.

**MOE JAMSHIDI:** --to the revenue coming in. Yes.

**STINNER:** Did you raise it to the maximum amount allowed?

**MOE JAMSHIDI:** There is no maximum amount. With the way the law works, of course, is that we have certain revenue we expect, based on our appropriation.

**STINNER:** Right.

**MOE JAMSHIDI:** And then we project what the income is going to be. And then we set the gas accordingly. In fact, I can tell you that since July 1, the projections that we had are-- were lower than we're seeing, where the, the, the, the cars and trucks have come back online a lot quicker than we thought. So, so we're doing really well as far as the revenues coming in, compared to what projection is. But then again, the law will kick back in again on January 1. We'll reset everything accordingly.

**STINNER:** OK, thank you.

**MOE JAMSHIDI:** Yes.

**FRIESEN:** Thank you, Chairman Stinner. Senator Geist.

**GEIST:** Thank you. And thank you for the information that you've put together for us. I have a simple question that maybe I should know,



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but I don't. On page-- on the second-- third page, you talk about asset preservation. And you said-- talked about the challenge of having the heavier trucks on the state roads. Can you tell me what a typical lifespan of the pavement of a state road is?

**MOE JAMSHIDI:** Sure. Basically, the pave-- let's just, let's just deal with the pavement,--

**GEIST:** OK.

**MOE JAMSHIDI:** --not so much the bridges. A pavement is either made out of concrete or asphalt--

**GEIST:** Um-hum.

**MOE JAMSHIDI:** --or sometimes a combination of the two, so we have a composite and asphalt over, over concrete. When we overlay a project, depending on the location and the number of trucks that we anticipate going over that, that, that highway and the life span of it, it could be anywhere from a preventive maintenance-type strategy that could last five or six years because we just want to maintain what we have and increase its lifespan, so that's a, that's a small cost activity, or to a full resurfacing that could last 20 years-- 15 to 20 years. On our concrete pavement, we expect 50 years before we, we have to overlay it with, with, with asphalt. Now, when we design these pavements, there's a lot of projection going what--

**GEIST:** Sure.

**MOE JAMSHIDI:** --the truck volume is going to be, what the weights are going to be. And then we keep adjusting as we go.

**GEIST:** OK. So as you see the heavier trucks you're having to project, I'm assuming, you want-- it's going to cost more. That's what I'm trying to say.

**MOE JAMSHIDI:** It's, it's just basically-- think of it this way. When you're designing a pavement, your-- our pavement designer is sitting there and says: In the next 20 years, how many trucks are going to go over this? Cars we don't worry about; they never bother any, any highways. How many trucks are they going to go over this thing? And then how much is each axle, is going to weigh, right? So the more trucks,--

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**GEIST:** The shorter life span.

**MOE JAMSHIDI:** --the more damage sooner.

**GEIST:** Sure. OK, thank you.

**MOE JAMSHIDI:** You bet.

**FRIESEN:** Senator Geist. Senator Erdman.

**ERDMAN:** Thank you, Senator Friesen. Thank you for coming today, Mr. Jamshidi; appreciate that. For the sake of the others on the committee, I will preface what I say here about what I'm talking about, talking about the Heartland Expressway. You and I had a conversation yesterday-- or I believe it was--

**MOE JAMSHIDI:** Yeah.

**ERDMAN:** --about the starting of that project. The conversation that we had yesterday was, we're going to delay the start of the project because you don't have all of the funds to complete the project now. And the federal government has contributed \$18 million to the project. I think the total was-- the bid was like \$33 or \$34 million. Is that correct? The dirt work is how much?

**MOE JAMSHIDI:** I really can't tell you that, that-- the breakup, how much the dirt work and the bridge and the pavement is right now. But I can get all that information to you.

**ERDMAN:** Someone said it's about \$5.5 to \$6 million.

**MOE JAMSHIDI:** That would-- that would-- given the size of the project, that wouldn't surprise me.

**ERDMAN:** OK. Let's say, let's say it's \$6 million, and you have \$18 million from the federal government to do the project. And your comment was: We have to make sure we have all the money to finish the project before we start. It's a three-year project, I understand, and so at the end of three years, you have to have that much money available

**MOE JAMSHIDI:** Yeah.

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**ERDMAN:** Is that correct? So if you have \$18 million to start, that will more than pay for the dirt work. It doesn't make any sense to me-- and maybe you can explain this. My question: Why would we wait until July 1, when in fact we can't get the ground cover to keep it from blowing in the wintertime, which would be starting March 1. We have the \$18 million to pay the dirt work. Why do we have to wait till we get more money before we start?

**MOE JAMSHIDI:** Senator Erdman, you actually bring a very good, very, very good issue in light, because that kind of points to the challenges we've been having lately in the way of juggling a whole lot of projects and making sure we have enough money in the bank to pay the contractor as they get the projects done. On our conversation, I, I, I, I said that, you know, I've been in construction for 35 years. I know you want to let these projects in the spring; that's ideal. You want to build as much as you can, get the grading done, get as much covered with pavement, and open as much as you can before the snow flies; that's ideal. And your point is well taken. So what we-- what-- if you recall, the-- we couldn't get the project ready because all of the federal funding that comes in has a state match going with it. So our accountants, when they are analyzing their-- ten different projects all at the same time, that they are going to use the same cash flow analysis to make sure we can pay all the bills. They, at the time, advise us that we need to get an extension on that federal funding expenditure because we have to obligate everything by the last September. And we knew we couldn't. And we asked for, and we were granted, an extension to obligate this later. Now, we're doing everything we can to keep looking at the bank, keep looking to see how much money we have, as far as the state match of the federal funds it is. And trust me, if I can get those contractors to start early, and if we can convince ourselves that we can pay the bills, we will advance that project to start this spring. And I've challenged our controller and others who are a little bit conservative at times to look at every dime we have to make sure we get this thing expedited as much as possible. I will report back to you on how, how successful we're going to be at that. But again, the contractor also has to be willing to start early. So it's going to take some, some communication. But thank you for that question.

**ERDMAN:** So a follow-up question on that then: If it's a state match, the whole project is \$33 million for that area and we've gotten \$18 million from the federal government, so our match is about 50/50. Is that correct?

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**MOE JAMSHIDI:** I believe in this case it's 80/20.

**ERDMAN:** 80/20?

**MOE JAMSHIDI:** I'm going to look back around.

\_\_\_\_\_ : The federal policy is 80/20 [INAUDIBLE].

**MOE JAMSHIDI:** Yes, so --

**ERDMAN:** But with the [INAUDIBLE].

**MOE JAMSHIDI:** I'm sorry, between the federal total of the cost of the project, between the federal and state is about 50/50, but the federal fund, that 18 percent that comes to us, we have to match that with 20 percent of the state cash.

**ERDMAN:** OK. So on a \$5 million dirt project, 'cause I would assume that you're not going to do any overlay or any, any highway work this year. The work is going to be dirt work this year and next year you'll start on the overlay of making the highway wider. That doesn't make any sense that we would hold off starting here with the dirt work that's only \$5.5 million. Waiting until we get all the money for the whole project doesn't make any sense.

**MOE JAMSHIDI:** And those are the calculations that I've asked to be reviewed and, and, and looked into. And I'll get, I'll get all the data and you and I will have a discussion offline when I have it.

**ERDMAN:** Thank you.

**STINNER:** And if you could copy me on that. I would appreciate it, too, because--

**MOE JAMSHIDI:** Absolutely.

**STINNER:** --Senator Erdman and I have had the Heartland going through both of our districts.

**MOE JAMSHIDI:** You bet. You bet.

**FRIESEN:** Thank you, Senator Erdman. Any other questions from the committee? Senator Dorn.

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**DORN:** It's Dorn. Thank you. Thank you. Senator Fresen. My, mine-- I believe you said in here, the projections this year are an 8 percent increase in-- I call it construction cost-- if I remember about right. What, what has that normally been? Where are we? I understand why it would be higher, but where we-- relate a little bit of the numbers of where-- what have we been around?

**MOE JAMSHIDI:** Good question. Actually, what I said was that our needs analysis this year, if you look at last year, there's an 8 percent increase in total needs of the 20 year. Our construction index price, we did a study. We hired a consultant, did a study on the cost of just normal doing business about three, four months ago. And this is price of steel, price of concrete, price of labor, everything else. In fact, in a lot of the cases, the prices we're experiencing is about 20 percent more. We don't expect that to be prolonged forever. We just think the fact that-- we're always speculating what caused that, that, that uptick. But if you recall, during the flooding, the contractors were just, were just inundated with projects and everything. And so we, we hope that things will slow down and go down a little bit. And I-- we're seeing some really good sign of that for the last couple or three lettings. But I'm just saying, generally speaking, we have bumped our cost in the long run a little bit to account for that. The difference between the two years was 8 percent.

**DORN:** In relation to that then, have some of-- I don't know which projects you've bid, but some of the late, the latest bids you put out there, have they come in line more with what you're projecting then?

**MOE JAMSHIDI:** Yes. In fact, in the last letting, it, it, it just goes up and down and depending on the nature of the project, right? So if, if we have a letting with a, with ten asphalt overlay projects, for example, we don't get as much competition, the price is a little bit higher. We get a letting that it has three projects or something, what have you, there's more competition; the price will go lower. In our very last letting, our prices came at or below our estimates. So that's what gives me hope that things are settling down a little bit.

**DORN:** Thank you.

**FRIESEN:** Thank you, Senator Dorn. Senator Albrecht.

**ALBRECHT:** I know that Senator Clements has had his hand up all four times, and somebody's been there. So it's up to you.

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**FRIESEN:** Go ahead.

**ALBRECHT:** OK, thank you,--

**FRIESEN:** He'll be next.

**ALBRECHT:** --Chairman Friesen. Thank you for being here. Thank you for these reports. I still think you guys did a remarkable job with the floods, getting everything finished as quickly as you did. And it's just amazing. But on page 2 of your report, when you, you said that there's estimated about \$40 million of the flood recovery expenses are not reimbursable, so do you have a little slush fund that you're going to dig into there? Or do we need to go to Appropriations and cover that?

**MOE JAMSHIDI:** So there is no such thing that-- I wish--

**ALBRECHT:** I didn't think so.

**MOE JAMSHIDI:** --there was one. But so this is-- so this is, this is the, this is the thing that we manage all the time. So we know there are some uncertainties in the future. We don't-- it-- we don't set aside a ton of money just in case we have floods like 2019. That's just not good business. We want to put as much money out as possible to get the roads and bridges built, with a, with a reasonable amount in there to pay the payroll in case something happens and what have you. Now this \$40 million that is not reimbursable, it, it's simply-- it's a 80/20 match, what they, what we call the ER funds. Anything that is not taken care of within a certain period of time right after the incident, by federal law is, is, is not 100 percent reimbursable. Some of it is. We calculate from 150. Some damages that were like less than \$5,000, if we had to go do some cleanup or what have you, they're not reimbursable. And then when you built the Highway 12 Bridge and \$40-some million, there's only 80 percent of that that's reimbursable. So we have to pay cash out of the state, so between that \$40 million that we basically lost, I say lost, but, but if you look at the numbers, we have 200 new miles of new highways we built that we renewed. We had 27 bridges that improved the assets. So they're going to last us a long time. But between that \$40 million-- and we lost about \$20 million due to COVID on the first half of the fiscal year, as well. And then we talked about experiencing higher inflation. So one of the reasons we were really nervous about letting projects like the Heartland and others, and waiting, telling the contractors start

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later to make sure we can pay the bills was because of these unknowns that they came. Just to report to you, as up from the \$150 million, we've only got like \$30 million of it back, right? \$40 million of it we don't get back. And then we're still working to get another 70 to \$80 million more. We've done all of our part. We've turned everything over to the Corps of Engineers and looking for permits. Once those permits are issued, then we get that cash, we're counting on it to build all the other projects that we promised.

**ALBRECHT:** And I know these are state roads and bridges, but you also walked in and helped on city and county projects. Were there a lot of cities and counties not able to meet their demands, but they still needed to have the road fixed? Is that part of the \$40,000-- or \$40 million?

**MOE JAMSHIDI:** No, the \$40,000 and the \$150 million that I talked about are only state system damages.

**ALBRECHT:** State only.

**MOE JAMSHIDI:** Total was about \$200 million with about \$50 million of it to the counties and, and cities. And we've been working really close, helping them through the federal red tape, if you will, to get their reimbursements, as well.

**ALBRECHT:** OK.

**MOE JAMSHIDI:** So we're still working on it. They-- there's some reimbursement coming in on, on that end, but as, as we keep saying, it seems like it takes a lot shorter time to build the project than to do the paperwork sometimes.

**ALBRECHT:** OK, so last question. So that \$40 million, do you just-- you don't just write it off. I mean, do you have to go to Appropriations and get that back into the coffers of the Transportation Department?

**MOE JAMSHIDI:** Well, the \$40 million that we don't get back, it just goes back to reprioritizing, right? So we--

**ALBRECHT:** The projects get pulled back because you can't, you don't have that money to use.

**MOE JAMSHIDI:** We don't have that money to use on the projects that we had planned to, to spend money on. So we're just going to have to

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reprioritize like we do all the time. Can we let it, resurfacing go an extra year and things like that.

**ALBRECHT:** Thank you.

**FRIESEN:** Thank you, Senator Albrecht. Senator Clements.

**CLEMENTS:** Thank you, Mr. Chairman. Mr. Jamshidi, on page 1, the 20-year needs of \$13.6 billion, I'm just curious if that's the state money or is that com, combination of federal and state?

**MOE JAMSHIDI:** That's a combination of all the fundings that we, we would get. It, it, it's-- again, it's not really tied to revenue. It's tied to what do we need to rebuild to construct the, the system. And it's just the cost of the, the assets that we have to maintain and build, and new highways to build. So whether it's federal funding coming in or state funding, that's the money we need.

**CLEMENTS:** But what I want to know is what portion of it is state funds-- the percentage?

**MOE JAMSHIDI:** I would say-- I'd like to say maybe half and half. We've been kind of on a construction program that, that pays for these things. We have been half and half lately, maybe 60/40, 60 being the state, 40 federal. And, and that varies depending on the federal bills; some years are better than others.

**CLEMENTS:** In the-- you already talked about the materials spike. The reason for the materials spike increase was just because of demand with flood repairs? Or is there-- do you think it's more permanent with supplies?

**MOE JAMSHIDI:** As I said, we're speculating, but there are some-- we're doing a deep-dive study into it, as well. I'm constantly talking to the contractors and their industry. They have a lot of challenges, just like we do. Hiring people to go work on highways is not really a thing that it's-- it used to be back when I started my career with the department. The, the kids these days all want to go develop apps. They don't want to go build highways and be doing the asphalt work. So it takes a lot of time and effort on the contractors and suppliers to attract people to the jobs. So I think wages has been an issue. Retention has been an issue. They, they-- we're working hand in hand with our contractors to, to pinpoint what it is and what we can do to help. But I think it's a multiple of issues that's, that's causing it.



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**CLEMENTS:** Thank you. Thank you, Mr. Chairman.

**FRIESEN:** Thank you, Senator Clements. Senator Stinner.

**STINNER:** I just like to clarify on the Appropriations side. If you remember, the Governor made a request for \$55 million to help reimburse the shortfall; \$46 million was the state, \$9 million or thereabouts-- I think it was \$9.4 million-- went actually out of to five counties that had severe damage that couldn't cover the cost.

**ALBRECHT:** OK.

**STINNER:** That was a budget modification the last time. It was put into the Governor's Emergency Fund and then reimbursed in that fashion. So--

**ALBRECHT:** Perfect. Thank you.

**FRIESEN:** Thank you, Senator Stinner. Senator Bostelman.

**BOSTELMAN:** Thank you. I'll ask you a question and we can follow up later on the question; that's fine. And I don't expect you to, maybe, have a total answer on. Page 3: I'm talking specifically about US 30 construction. The portion that's been completed is actually in my district, goes from Schuyler to North Bend, but then the road ends. So we've got a road going to nowhere. And what I'm hearing from Schuyler, from the economic development folks and the Chamber and that, is that there's no funding and the rest of the road is not going to get built. They don't know when. Do you have any-- at some point, whether you know now or you can give me an update later, what's going to happen on the to-be-funded portion, number 3, from North Bend to Fremont? Because now we still have a significant traffic problem between North Bend and Fremont, but now we have a road, four-lane highway that goes and just ends.

**MOE JAMSHIDI:** Yes, yes.

**BOSTELMAN:** So if you have anything for me now--

**MOE JAMSHIDI:** I'm going to put a disclaimer right now before I answer that question. You bring a really interesting question, because that whole corridor on 30, Schuyler to Fremont, actually, it's, it's competing with the 275, as you know, because on our plan, we want to get them all done. And because of the challenges we've talked about as

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far as the revenues is concerned, we're going to have to do a little bit, sharpening our pencil to see what we can do. If all goes as, as planned, we hope to at least let the contract, the grading portion between Fremont-- west-- so we'll have everything done. Hopefully, we'll get that done this February and hope, depending on how well we can get that 70, \$80 million of reimbursement that we have coming to us from the feds, depending how fast we get that and, and what the cost estimates of the 275 or the first portion of the grading is, we'll hope to come right back with the paving and bridge project. And once the grading is done, we finish it all, altogether. So I'm hopeful-- keeping my fingers crossed that, if we can get, get it done as it's scheduled, we, we plan. But the risks are the federal fund reimbursement, the cost of doing business. If we sell-- if, if we, if we have a project for \$30 million and the bid, the low bid comes at 35-40, we need to make that adjustment. And it could go the other way around. But right now, my best guesstimate for you would be that we will let the grading for the Highway 30 in February. We'll get that started, while the contractor is putting the dirt up and getting settlements out of the way, we'll come right back with the paving and bridge so that we can have, from Columbus to Omaha, four lane once and for all.

**BOSTELMAN:** Yeah. I mean, if, if-- you know, if 275 hasn't been started and 30 is halfway done, why are we going to start a new project when we're not finished with the old project, one?. So it's a, it's a, it's a big concern for my district just for the travel. I mean the, the portion that's unfinished is in Dodge County. It's out of my district, but it affects us completely, as well as, I know, there's concern in North Bend of having the semi traffic routed up through the middle of town. Now, that's, is some talk as, as being-- talked about a lot, I think, on 79 going north of the-- to go up through and then it goes right up through the middle of town. And to have that type of traffic going through town is-- I think it's problematic, but I--

**MOE JAMSHIDI:** Well, your point is well taken. In fact, remember, 275 was let once. We have, we have all the permits and everything. We, we were going to do a design-build project for that entire corridor. And so we have some time-sensitive permits and things that we have to finish up or we have to start all over on 275; and we don't want to do that. It-- but, but our intention is to really get the 30 done. I, I see your point. Right now we have a-- if, if we don't finish it, we have a segment of the road that won't see any, any cars on it until we

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finish it. But that, that's our intent. Again, you just-- we just have to see how the, how that, how it all plays out.

**BOSTELMAN:** Thank you.

**MOE JAMSHIDI:** You're welcome.

**FRIESEN:** Thank you, Senator Bostelman. Any other questions? Thank you, Senator Cavanaugh, for joining us. Any other questions from the committees? Seeing none, I just have one that I want to touch on a little bit, and I know me and Director Schneeweis have had some conversations on this and, and-- how many dollars' worth of fiber, in a year or in a project, do you install? Is that something on every project or is that-- again, I guess I'm looking at how much fiber is out there on the DOT's system and how much you probably spend on that each year.

**MOE JAMSHIDI:** So when it comes to fiber, we really look at our immediate need on feeding the-- what we call the, the TSMO elements, if you will, the cameras and the-- all the variable message signs, and all the speed sensors and, and [INAUDIBLE]. So we have a lot of these elements that are deployed all over the state. And we currently-- most of them, are we communicating with them wirelessly, which is really not a very efficient way of doing it. So we have started, we built the fiber from Platte River all the way to Lincoln. We're doing-- we did the Platte-- North Platte segment to connect all of our devices together, if you will, with fiber. And it's a closed system. It's not one that is available for others that can come in and, and use part of it. You probably know that there's part of the law that, that only allows us to build fiber for internal use only. We're not supposed to compete with it, with that. But, but we, we build them just as we need them. In the next 10 years, we will probably build additional corridors. We have two, three corridors in the Omaha area coming up. But you bring in a really good point, because in my, my testimony, I said technology is changing the face of the transportation so rapidly with the, with the connected vehicles that come in. They're all going to need broadband. They're all going to need connectivity. We're going to do everything we can to make sure the system is ready for the new technology. We're already putting the striping down so the cars and cameras can see the road better. But when it comes to future and how all of these connected vehicles are going to be talking to one another, talking to the devices and everything, we're going to need a much more robust fiber network across the state to make that happen. I

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personally don't see that as a DOT thing. What we-- but we certainly got to be having a seat on the table because we have opportunities and a right-of-way and other places to accommodate, to work with the private and other government agencies to make this happen. So our, our goal currently, Senator, is to feed our own needs as we need it for the elements that we have to help better operate the system, put fiber where we need it. But as a network for the state in the future, that has to be really a major effort by a lot of people. It's just not the DOT.

**FRIESEN:** That's where I was, I was concerned that, you know, maybe there was opportunity now already for some public-private partnerships and, and getting some private capital investment in some of these networks as you build them. And I know you need to have a secure network where you work on, but those can be done, also, in different ways. So I, I want to encourage you, I guess, to look for those public-private partnerships where we might expand fiber into the public realm, so to speak, and through those private partnerships at a cost savings, maybe, to the state. But--

**MOE JAMSHIDI:** Thank you; we will.

**FRIESEN:** --be, be looking at those, and so. With that, I'm not seeing any other questions. I thank you for coming to the Transportation and Appropriations Committee hearing. And, and we do appreciate how fast the flood work did get done and the effort that was required to do it. And I, I think overall, the citizens of the state have been very happy with how fast the recovery has gone on, on our roads. So--

**MOE JAMSHIDI:** Thank you.

**FRIESEN:** --that will close the hearing.