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Monday 7 December 2009

Act of faith

Pete Goldin reports on the public sector perspective in this second article exploring the impact of the US economic stimulus programme on the domestic ITS industry

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The American Recovery and Reinvestment Act (ARRA) was enacted in February 2009 to help stimulate the US economy in the face of global recession. Of measures worth a nominal total of $787 billion, the US Department of Transportation (USDOT) received just over $48 billion with which to promote short-term economic recovery and an additional $1.5 billion in discretionary grants to generate long-term economic benefits. However, the question which the ITS industry is asking is: How much of this money is going toward ITS projects? Despite the significant value-added benefits which investment in ITS can bring about, a straw poll of public sector bodies shows that the majority of ARRA-related funding allocations have gone into old-fashioned bricks and mortar-type projects.
"Most of the activities we are seeing funded through ARRA are nuts-and-bolts bridge repairs, highways re-paving and rail projects," says John Horsley, Executive Director of AASHTO.
"It appears nearly all states have focused ARRA on construction," concurs Brian Steele, Chicago DOT.
In fact, Missouri, Tennessee and Wisconsin exemplify most states, which have not spent any ARRA funds on ITS.
Sally Oxenhandler, Community Relations Manager, MoDOT: "When applying the rules and regulations of the Recovery Act, as well as the Missouri Highways and Transportation Commission's funding distribution requirements, the projects MoDOT identified to create jobs quickly are mostly construction projects."
Similarly, notes Pete Hiett, ITS Coordinator for the Tennessee Department of Transportation, his organisation did not allocate any of its ARRA funds towards ITS projects. "The department had a large backlog of shovel-ready bridge repair projects which consumed most of the state's share of the funding," he says.
In Wisconsin, yet again, the situation is similar. According to Peg Schmitt from the state DOT's Office of Public Affairs, Wisconsin had a large number of highway and bridge projects that were ready to go.
"The states were asked by ARRA to invest in projects that will quickly create jobs," Horsley explains. "The unemployment rate in the construction industry is over 21 per cent, so I think states looked at what they had on the shelf in terms of ready-to-go projects, and then they moved out as fast as they could to fund projects to create jobs. I don't think that they thought ITS investments aren't important, but I don't think there was sense that ITS was an appropriate use for the ARRA funds."
Horsley adds that both **AASHTO** and the FHWA made sure that states, cities and counties knew that ITS projects were eligible for ARRA funding.
However, there is also an awareness at the state level of the effects of lobbying on behalf of specific projects and the greater influence of the road building and construction lobbyists when compared to those from the ITS community.

Shovel-ready ITS?

It appears that many state DOTs chose road construction and maintenance over ITS for ARRA funding because of a perception that the former were more shovel-ready and

therefore conformed better to ARRA guidelines. In addition, the very real timing requirements of ARRA may have been one of the most significant factors that discouraged states from spending more ARRA funds on ITS projects, simply because they felt the planning could not be completed in the timeframe allowed.

"One of the challenges is the amount of time it takes to design ITS projects," explains Greg Larsen from the Caltrans Division of Research and Innovation, "and I think that was one of the reasons most of the ARRA projects ended up being pavement rehabs, because those designs could be turned around relatively quickly."

"Any time we invest in information technology projects, we have to go through a fairly rigorous feasibility study," adds John Wolf, Assistant Division Chief for Traffic Operations at Caltrans, "and that alone would have taken more time than was available on the first round of the stimulus funding."

According to Kevin Lacy, State Traffic Engineer, NCDOT if, because of the need to meet build-out requirements by a certain date, a large ITS project was not already planned and designed it would be difficult to get the project scoped, designed and work under way in the timeframe required by ARRA.

"From an ARRA perspective, the requirement to have the project cashed out probably forced states into more traditional asphalt and concrete projects, because these are projects that have long histories and well-developed industries to deliver," Lacy says. "The ITS industry is not as developed, still growing and often perceived as a little higher risk. So having strict time periods on cashing out has likely reduced opportunities for ITS projects using ARRA."

"I don't think when DOTs are programming dollars to create jobs, they think in terms of investing in technology," adds Horsley. "They think in terms of shovel-ready. That means moving some shovels rather than getting some pliers out and connecting a diode to something."

Horsley clarifies that he personally believes that ITS projects can be defined as shovel-ready, however, because they can move forward quickly.

Greg Krueger of Michigan DOT agrees, "Shovel-ready means being able to start spending the money in 120 days. That was ARRA's objective and ITS meets that objective because it is very easy to deploy quickly."

"Most ITS projects can be considered shovel-ready projects since they take less time to be developed and designed," adds Egua Igbinosun of Maryland DOT.

Clearly there are contradicting viewpoints on the shovel-ready issue, and it is no coincidence that the DOT representatives supporting the shovel-readiness of ITS are from states like Michigan and Maryland that are spending ARRA funds on ITS projects.

Making goals

The actual ARRA legislation states that the goals are "to preserve and create jobs and promote economic recovery" and "to invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits". Again, the public sector has mixed feelings about how well ITS can support the first goal.

Horsley believes the question "How do we get construction workers back to work?" was foremost in the minds of the states. "It was a rare state DOT that thought of ITS as doing that," he says.

"ITS projects are normally not as complicated in terms of manpower," Wolf of Caltrans elaborates. "They are not projects that are going to put people to work for some period of time."

On the other hand, Krueger of Michigan DOT disagrees, stating, "ITS obviously has the short-term effect of producing jobs to build equipment, and procure it and deploy hardware."

"In terms of putting people to work, I look at ITS like any other construction project that might come out of the public works arena - something that would put people to work immediately," adds Ken Jacobs, Signal Operations Manager, Pinellas County, Florida.

"On an ITS project as strong as the ones we have planned in the Philadelphia region it means hiring people that have to fabricate and erect structures, develop the computer equipment and many other tasks," Rich Kirkpatrick, Press Secretary for PennDOT, referring to three major ITS projects in Philadelphia totaling $54.1 million dollars in ARRA funds.

"We tried to have a cross-section of projects that would utilize various trades, including ITS contractors, over the next few years," adds Eugene Blaum, Assistant Press Secretary, Penn DOT.

While there is some debate over the impact ITS can have on job growth, most DOTs agree that ITS investments obviously support the second goal of ARRA, which targets long-term economic growth and specifically mentions transportation.

"Without ITS, we cannot deliver mobility to California," says Wolf. "I think the ITS investment is absolutely critical to our long-term economic future."

"Certainly from the long-term side where we are trying to be more energy efficient and reduce our reliance on oil, ITS can do that," adds Jacobs. "I believe ITS does have the kind of long-term benefit that was the impetus behind the ARRA money."

Funding ITS

The strongest argument for the position that ITS projects can be considered shovel-ready, meet the ARRA timeframe, and support ARRA's objectives is that fact that several states are funding major ITS projects with ARRA funds.

The Pennsylvania Department of Transportation, for example, has made major commitments to ITS projects funded by ARRA. According to Rich Kirkpatrick, PennDOT received a total of $1.026 billion and has allocated $79 million for ITS projects across the state. For example, the Philadelphia projects, referred to earlier, involve installation of CCTV, dynamic message signs, vehicle detectors and travel time readers on Interstate 95 and other major highways.

Michigan is spending $14 million on ITS projects, including a project to modernise existing infrastructure in the Detroit area with a major upgrade of signs, cameras, detectors and communications; a weather information system in northern Michigan; fibre installation in Grand Rapids on the M-6; and expansion of the Brighton Traveler Information System.

In addition, Arizona, California, Colorado, Maryland and North Carolina are also currently funding ITS projects with ARRA funds. The bottom line is that, while ITS projects are only a small fraction of the ARRA-funded transportation projects, ARRA is definitely making an impact on the ITS industry.

TIGER funding - another option?

Some DOTs are holding out hope for ITS projects to be funded by TIGER grants. The challenge is that there are many more applications for TIGER grants than money to go around, so the chance of any particular project being funded could be considered a long shot.

MoDOT has submitted a TIGER grant application for reconstructing up to 30 miles of I-70 using a dedicated truck lanes concept, and Pinellas County, Florida, has applied for a grant to fund ITS improvements on arterial roadways.

"We have not used any ARRA funds for ITS so far," says Pinellas County's Jacobs. "I viewed TIGER as a better way to fund ITS because it is competitive. When I look at how ITS projects stack up against the TIGER criteria, I think they should rank highly. I certainly hold out hope that our project would be at least partially funded."

Horsley from AASHTO offers a sobering outlook, however: "I bet when the dust clears there will be $200 billion or more in applications for the $1.5 billion in TIGER funds. It is going to be intensely competitive.

"I would be hopeful that technology could compete and get some of the dollars that are dispersed because there is such a high payoff cost benefit ratio for ITS projects."

Other than TIGER grants, there doesn't seem to be much chance of additional ITS projects being funded by ARRA, if they are not in the state DOT queues already. While ARRA may have pushed several shovel-ready projects to construction in the short-term, the big picture is that state DOTs still need to contend with long-term funding challenges to ensure the expansion of much-needed ITS deployments.

Published in ITS International November/December 2009 (ITS NA Edition)

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