



## BUSINESS & LOBBYING

### 'Monopoly' continues for Pa. company, says Hatch

By Kevin Bogardus  
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Sen. Orrin Hatch (R-Utah) is taking the Department of Transportation (DoT) to task on why it has allowed Traffic.com to continue operating as a de facto monopoly despite congressional language mandating more competition.

In a [May 10 letter](#), the Utah senator asked Transportation Secretary Mary Peters "why the monopoly for Traffic.com has largely continued" even though Hatch and others passed a provision designed to open up the market on traffic data to other companies. The letter was part of a longer series of correspondence obtained by The Hill.

Based in Wayne, Pa., Traffic.com collects traffic data from its roadside sensors. The company then provides real-time traffic information through news organizations and the Internet. Traffic.com is also known by the name of its government services division, Mobility Technologies.

Through a provision in the Transportation Equity Act for the 21st Century (TEA-21) of 1998, former Rep. Bud Shuster (R-Pa.) created pilot programs with \$8 million in federal money to set up traffic data collection units in Pittsburgh and Philadelphia.

DoT then awarded the contract to Traffic.com under its prior name, Argus Networks, after several members of Congress urged the department to use the federal procurement process. By 2001, Shuster and Sen. Arlen Specter (R-Pa.) had

earmarked an additional \$50 million to encourage expansion into 40 other cities.

Complaints by the company's competitors subsequently prodded Hatch and others into action. By inserting language in 2005 transportation legislation, the Republican created a second phase to the traffic data collection program, known as Part II, that would open up competition for other companies. Part I would remain under Traffic.com's purview.

But almost two years later, the company's dominance in the market continues.

Responding to an inquiry by Hatch sent in January, Peters [wrote](#) in March that \$56.1 million is committed to Traffic.com's contract, leaving only \$5.5 million left over for Part II contracts, which covers just two cities. In addition, 11 new cities are negotiating or have signed up under Part I, while none have committed to Part II.

That data led to Hatch's harsh letter last month. "By continuing its clear bias towards Traffic.com, I believe DoT is stifling competition and ultimately harming businesses, consumers, and taxpayers," wrote the senator.

Hatch is also concerned over how one unnamed state agency chose Part I after "it was arranged that the state agency would not need to contribute any of its own funds to participate in the program," possibly contrary to the requirement that state or private sources contribute some matching funds.

DoT then faxed a response to Hatch's office last Friday, saying that the department was following the contract, according to a Hatch aide.

According to a DoT spokesman, the 2005 language “specifically directs the Department to complete the terms of [the Traffic.com] contract for traffic information that was awarded in 2002.”

When asked by The Hill, Traffic.com did not comment directly on Hatch’s letter, but said it would continue to work with DoT on the contract.

On the other side of the debate is Rep. Don Young (R-Alaska), a strong supporter of Traffic.com.

In 2005, during consideration of the transportation bill, Young insisted that the intent of the bill’s conferees was that “all of the existing \$54 million that has been provided for the current contracting team would be used to carry out the existing contract to deploy the current highway congestion information system under Part I.”

“Any funds appropriated for Part II would be recycled within Part II,” he added.

A Hatch aide now disputes that statement.

“Of course that was not the conferees’ intent,” said the aide. “It makes no sense for any conferee — or any member of Congress — to advocate for funds to go to Part I where Traffic.com is the only company that is allowed to get the funds.”

Young has advocated for Traffic.com in the past. In March 2001, he wrote to then-Transportation Secretary Norman Mineta after he learned that some DoT officials thought that the Traffic.com contract’s funds should go to other “intelligent” transportation system projects. Young called the move “directly contrary to the language and intent” of prior legislation.

Mineta wrote back in February 2002, saying he would expand the program “through a sole source expansion” of Traffic.com’s contract, thanks to language by Specter and Shuster that was added to the 2002 defense appropriations bill.

Executives for Traffic.com and Mobility Technologies have contributed a total of \$4,000 to Young over the years. The firm also has a substantial lobbying presence in Washington. Since 2000, the company, under its different names, has spent more than \$900,000 on lobbying fees with at least 10 firms, according to Senate disclosure forms.

Traffic.com’s new owner, Navteq, says it understands the importance of the DoT contract. According to its latest quarterly filing with the Securities Exchange Commission, Traffic.com’s expansion into other cities “would be harmed” if the federal government terminated the contract.

If competition remains limited, Hatch might move beyond his letter. “If it becomes necessary to offer new legislation to fix this problem, he’ll do it,” said the Hatch aide.

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