

# Government Watchdog, Congressional Leaders Outraged That Fed Program Gives Unfair Advantage to Traffic.com

*Bi-Partisan Concern About Lack of Competition*

The U.S. Department of Transportation (USDOT) has come under fire recently for allegedly allowing Traffic.com a monopoly on federal funds provided through the Transportation Technology Innovation and Demonstration (TTID) program.

Critics assert that Traffic.com has enjoyed political favoritism because of numerous and well-established political connections and the use of Washington lobbying firms to promote the company's agenda.

Scott Amey, general counsel of the Project On Government Oversight (POGO), sent a letter on October 15th to Secretary of Transportation Mary Peters, expressing concern about the unfair advantage given to Traffic.com in controlling traffic data information. POGO, an independent non-profit that investigates and exposes corruption in the federal government, highlighted these concerns and requested a formal investigation.

In the letter, POGO asserts that the TTID program not only is working against the greater public interest but may be working only in the interest of a single company. The letter claims that, as the program is now managed, it essentially provides a monopoly with federal subsidies to Traffic.com.

POGO's letter follows others written to USDOT officials earlier this year by Senator Orrin Hatch (R-UT) and

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Representative Anthony Weiner (D-NY), which also raised concerns about the lack of competition for federal funds through the program.

The purpose of the TTID program, enabled by SAFETEA-LU and managed by the USDOT, is to expand the intelligent

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## Caltrans Formulates Congestion Reduction Strategy in Response to Federal Requirements

*Includes Increased Enforcement, Improved Incident Management*

In response to a recent federal order to reduce congestion in High Occupancy Vehicle (HOV) lanes, Caltrans has issued a congestion reduction strategy that

focuses on addressing areas with the worst recurrent or daily congestion.

The Federal Highway Administration (FHWA) is currently working with five states—California, Arizona, New York, Virginia, and Florida—that are implementing hybrid/HOV lane programs to ensure they understand and implement the requirements established by the current highway law. According to the FHWA, "Giving states flexibility to relieve congestion is the intent of the provision in the current highway law that allows single-occupant driver hybrid vehicles to use HOV lanes. The provision is a way to maximize HOV capacity, reduce congestion, and give more drivers a reliable trip, provided the lanes remain free flowing. California confirmed that degradation exists in HOV lanes that allow use by hybrids. Based on that information, it received an official request from the FHWA to develop a plan to address the degradation."

The federal definition of "degraded" is very stringent, stating that HOV lanes are considered congested when vehicles fail to maintain a minimum average operating

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*Congested HOV lanes on I-405 in Los Angeles (top) and on I-5 in San Diego. (Photo: Courtesy of Caltrans)*

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## Government Watchdog and Congressional Leaders Outraged

transportation infrastructure to promote the use of real-time traffic information to assist motorists and relieve urban congestion. By merging commercial and government traffic data and gathering new traffic information through a network of sensors, the intention of the program is to make traffic information readily available to local planners and travelers.

In 1998, Congress passed the Transportation Equity Act for the 21st Century (TEA-21) to address the future of intelligent transportation systems (ITSs) in the U.S. Representative Bud Shuster (R-PA), now retired, was instrumental in helping Traffic.com, then a fledgling technology company based in Wayne, PA, to secure the first contract awarded through the program, which eventually grew to \$50 million.

In 2005, a multi-year transportation bill in Congress included a provision sponsored by Senator Hatch to ensure that other companies could compete for federal funds designated for traffic data collection. By making the competition for these funds open to all qualified companies, the aim of this "Part 2" provision was to put an end to the monopoly.

According to information provided by the TTID, "Part 1 of the program continues the current Intelligent Transportation Infrastructure Program (ITIP) contract with Traffic.com, adding 22 newly eligible congested areas and providing another opportunity for the 8 areas that opted out of the original program to participate. Part 2 of the TTID expands the program by awarding contracts on a competitive basis for the deployment of systems in eligible congested areas."

Because the details of the arrangement with Traffic.com were recently made public, critics have been calling for an investigation into the unfair practices of the program.

The text of POGO's letter to Secretary Peters cites specific concerns about the program:

"The TTID contract is problematic considering the recent rise in sole source contracts and earmarks. Even more troubling is the fact that, despite the language con-

tained in Public Law 109-59 and a bipartisan effort led by Senator Orrin Hatch (R-UT) and Representative Anthony Weiner (D-NY) to open up this program to competition, the USDOT has chosen to continue to sustain Traffic.com's stronghold on this program. For example, eleven TTID agreements signed since the passage of that bill have been for Traffic.com, and none of those eleven were the beneficiary of open competition. Additionally, the recent solicitation for the TTID program for Dallas/Ft. Worth appeared to be written for Traffic.com, which discourages genuine competition—competitors generally will not spend the time or money to submit a proposal if the work appears to be steered to one company.

"The USDOT's continued actions in recent years to steer contracts to Traffic.com is very troubling. Of particular concern is the fact that the normal 20 percent cash local agency match was waived from the local agency's perspective in all but three of the 27 TTID agreements, in direct contradiction to the department's own practices for earmarked ITS projects as expressed in its 'ITS Lessons-Learned Knowledge Resource.' By choosing to waive the normal local agency match, the USDOT has allowed 24 cities to work with Traffic.com when there is a likelihood that they would not have participated in the program absent the fee waiver.

"Additionally, the local agency partner cannot share with the public the most valuable real-time information about traffic conditions that is subsidized from federal and taxpayer funds. We know, for example, that the Department actively promotes the 511 'national traveler information number,' which we agree has great potential to help travelers find the quickest and safest routes to their destinations. However, key real-time data from the TTID program in most cases cannot be used by local agencies to provide travel times on their own 511 system without paying Traffic.com a fee. Therefore, restrictions exist that essentially benefit Traffic.com at the expense of the local agency partner, the taxpayer and, ultimately, the traveling public.

"The bottom line is that a program that was and is intended to increase the availability of real-time traffic information to travelers in many of our nation's most congested cities and to spur the commercial traveler information market in those cities is doing exactly the opposite. Yet, Traffic.com is in a great position to corner the real-time information market.

"Because of the Department's continued support for non-competitive contracts, POGO encourages the USDOT to request that the Inspector General conduct an investigation into the TTID program and the Department's efforts to abide by Section 5508(D) which requires that all Part II contracts be awarded 'on a competitive basis.' This investigation will be a necessary first-step toward providing widespread real-time traffic information to the public."

For more information, visit [www.ops.fhwa.dot.gov/travelinfo/ttidprogram/ttidprogram.htm](http://www.ops.fhwa.dot.gov/travelinfo/ttidprogram/ttidprogram.htm) or [www.pogo.org](http://www.pogo.org), or contact Scott H. Amey, POGO, tel. (202) 347-1122, e-mail: [scott@pogo.org](mailto:scott@pogo.org).

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**Publisher/Editor:** Daniel B. Rathbone, Ph.D., P.E.  
**Managing Editor:** Clarissa Reeves, M.Ed.  
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