

# Los Angeles Times

---

<http://www.latimes.com/business/la-fi-stimulus20-2009jul20,0,4371369.story>

*From the Los Angeles Times*

## Highway spending isn't the stimulus it was envisioned to be

Only a third of the 5,600 road projects approved by Washington under Obama's Recovery Act have been given the go-ahead for construction.

By Don Lee

July 20, 2009

Reporting from Washington — In February, when Congress approved President Obama's mammoth plan to stimulate the economy, transportation projects were supposed to be among the fastest-acting pieces of the \$787-billion package.

All 50 states moved quickly to qualify for their share of the money. But since then the pace has slowed considerably, particularly in California and Florida, where the effect of the economic crisis has been especially severe.

As of July 10, more than 3,600 of the 5,600 road projects approved by Washington -- including six of the 10 largest approved projects -- had not been given the green light to start construction.

"What we're seeing is a significant level of bidding activity," said Anne Lloyd, chief financial officer at Martin Marietta Materials, a nationwide supplier of stone, asphalt and other construction supplies. "But the big thing we're not seeing is work on the ground."

The reasons are many. One is the time needed to get heavy equipment and crews ready for jobs. Also, overburdened state officials have sometimes had trouble sustaining the early momentum.

Even where projects have begun, they haven't always brought with them as big a burst of hiring as might be expected.

In southern Louisiana, engineer Kevin Charrier is leading construction of a \$33-million, 160-foot-long bridge across Bayou Lafourche to replace a pontoon bridge long considered unsafe. The project, he said, is benefiting the entire local economy.

"It's definitely a blessing," Charrier said. "We're using the hardware store in the community. We're buying ice from the local icehouse. We're paying local truckers to haul off busted trees."

Yet Charrier hasn't yet hired any new people. Rather, he's brought on an initial crew of about a dozen veterans from another job nearby.

"If we have people who have experience, we would rather work them overtime," he said, "not that we don't want to train or hire new people."

The U.S. Department of Transportation estimates that stimulus-funded highway projects directly saved or created as many as 6,000 jobs through May, the latest month for which the department has data.

Federal and state officials expect the pace of construction -- and hiring -- to pick up substantially in coming months.

If they don't, that will only sharpen the howling from critics who, focusing on the soaring unemployment rate, say Obama's economic stimulus package isn't working.

The allocation for transportation projects is a tiny part of the stimulus bill's overall spending, but it's one of the most powerful in terms of potential economic impact per dollar. The White House calculates that every \$1 billion spent on highway work will create 11,000 jobs, directly or indirectly. Private estimates are as high as 35,000 jobs per \$1 billion.

And the progress of highway projects is seen as an important symbolic measure of whether Obama's American Recovery and Reinvestment Act is succeeding.

Lawrence H. Summers, the president's top economic advisor, said the program shouldn't be judged by short-term results.

"Given lags in spending and hiring," he said Friday, "the peak impact of the stimulus on jobs is expected not to be achieved until the end of 2010."

Contractors, especially in northern states, worry that if things don't move faster, they'll have to wait until next spring because of the onset of cold weather. For some, it's already too late.

On June 12, Vice President Joe Biden went to Michigan -- the state with the highest unemployment -- for a groundbreaking ceremony for a \$43-million project to rebuild part of Interstate 94.

"We are quite literally repaving the road to recovery right here in Kalamazoo," Biden was quoted as saying, with an unemployed construction worker near his side.

But construction won't really get going until next April. Jeff Stover, a project manager at Walter Toebe Construction, said he had to wait until 5 million pounds of steel were delivered.

"It has been a little frustrating," Stover said. "We would have liked to get right into this job, but . . . the schedule didn't allow it."

In many other cases, contractors are still waiting for officials to put approved works up for bids. States typically advertise projects for three weeks and then select the winning bid two weeks later.

On May 1, the Recovery Act's single largest highway project was awarded to California -- \$192 million to build a two-lane tunnel on State Route 24 in Oakland. Caltrans has been advertising for bids since May 18.

"This is a very complex and detailed project," Caltrans spokesman Benjamin DeLanty said.

Another big California project -- \$128 million for the addition of carpool lanes on Interstate 215 in San Bernardino County -- was approved on the same day as the Oakland tunnel. But DeLanty said that wouldn't be advertised for bids until Thursday.

Asked whether California's budget crisis had affected progress, he said, "In terms of hours that are available, we have been on an overall decrease."

California, which has implemented involuntary furloughs for public employees, isn't the only state cutting back on hours and jobs -- indirectly reducing the ability to move quickly on stimulus projects.

"Just at a time when you need more people familiar with getting contracts out and when you need to put designs in the pipeline, those personnel are missing," said Ken Simonson, chief economist at the Associated General Contractors of America in Arlington, Va.

Some states are lagging badly behind.

In Florida, not a single highway project had been given the go-ahead to start construction by July 10 -- even though the state, with an unemployment rate of 10.6%, had 272 projects valued at more than \$1 billion approved by the federal government.

Dave Lee, the administrator in the policy office of Florida's Department of Transportation, said four projects were approved after July 10.

Florida was actually one of the earliest states to submit highway projects for funding under the Recovery Act. Asked what happened after that, Lee paused for a long while before saying, "We're all trying to do the best we can."

[don.lee@latimes.com](mailto:don.lee@latimes.com)

---

If you want other stories on this topic, search the Archives at [latimes.com/archives](http://latimes.com/archives).

**TMSReprints**

Article licensing and reprint options

Copyright 2009 Los Angeles Times | [Privacy Policy](#) | [Terms of Service](#)  
[Home Delivery](#) | [Advertise](#) | [Archives](#) | [Contact](#) | [Site Map](#) | [Help](#)

partners:

