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Cashing In on the Public Right of Way.

From parking meters to freeway lighting, governments are finding new ways to turn infrastructure liabilities into assets and improve services.

State and local governments can unlock substantial public value by discovering new ways to conceptualize their assets or operations. There is no better example than how more and more cities are now viewing their rights of ways as underdeveloped resources rather than as liabilities merely requiring costly maintenance.

This revolution in thinking began a few years ago in street parking, when cities such as Indianapolis and San Francisco sparked an entirely new way to manage it. Cities today are partnering with technology providers to replace coin-operated meters with systems that accommodate more cars, dynamic pricing, mobile payment platforms and solar-powered pay stations. Somewhat similarly, New York City is converting its obsolete streetside payphones into revenue-producing interactive kiosks, which will use advertising revenue to bring city residents gigabit-speed wireless Internet free of charge.

Now the state of Michigan has implemented a unique public-private partnership to save money on a smart lighting solution for state freeways in the Detroit metro area. The state government is responsible for maintaining the some 15,000 freeway lights that illuminate those roads. In the past, the vast majority of those lamps have been low-efficiency, high-maintenance sodium or metal-halide fixtures. Due to obstacles including fiscal constraints, chronic vandalism and copper theft, the lighting system was operating at only about 70 percent of its potential service level at this time last year. Poor lighting on freeways is associated with increased traffic accidents and diminished regional economic activity, so suboptimal performance of the lighting system was no small problem.

Brighter freeways are safer freeways, but Michigan found a way to make them cheaper freeways, too. With Gov. Rick Snyder pushing his procurement team to look closely at alternative delivery methods for infrastructure projects, the state chose to change its existing way of doing business. Rather than simply continuing to pay for maintenance activities, the Department of Transportation now purchases freeway lighting as a service from a private consortium of equity owners, designers, contractors and operations managers.

This new model — state officials say it is the first of its kind in the United States — no longer encourages contractors to replace bulbs unnecessarily but instead rewards energy efficiency and vigilant upkeep. The consortium is responsible for bringing the performance level of the lighting system up to 100 percent over the next two years by replacing inefficient bulbs with high-efficiency LED fixtures, and it also is required to monitor, maintain and repair the system. State officials estimate that the project will save \$18 million in energy costs over the course of the 15-year contract — money that, in turn, is helping to fund the project.

In essence, Michigan has pioneered a way to mitigate the liability the lighting system poses by shifting risk to the private sector, which is more agile than slow moving government procurement models in adapting to rapidly changing technology. But even this breakthrough is only the

beginning. Other jurisdictions are looking to rethink their lighting liabilities as powerful data gathering assets.

Earlier this year, for example, San Diego partnered with GE to outfit the city's lights with sensor-equipped LEDs that can collect ambient data. The pilot is testing the ways that the system could, in the future, enhance a host of municipal government functions, such as reducing traffic congestion, detecting open parking spaces and providing emergency responders with real-time views of an area before they arrive on the scene. Almis Udrys, San Diego's director of performance and analytics, said the purpose of the pilot is to explore the best hardware and software options for building a "strong analytic platform," one that also could provide information to the public in an open-data format.

We will continue to follow breakthroughs like these as governments find ways to convert liabilities into assets. What is already clear is that the staples of municipal infrastructure are beginning to emerge as connected platforms for producing broad safety and operational advantages for residents.

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