Form R-590 (1/1/87) 214.3

Standard Title Page -- Report on State Project

Report No.	Report Date	No. Pages	Type Report:	Project No. :
VTRC 91-R27	May 1991	27	Final Report Period Covered:	9274-093-940 Contract No.:

Title and Subtitle	Key Words
Opportunities for the Privatization of Virginia's Rest Areas and Welcome Centers	rest areas, welcome centers, privatization, commercialization, motorist services, toll road plazas, vending machines
Author(s) Alice W. M. Phillips, Michael A. Perfater	
Performing Organization Name and Address Virginia Transportation Research Council Box 3817, University Station Charlottesville, Virginia 22903-0817	
Sponsoring Agencies' Names and Addresses Va. Dept. of Transportation, 1221 E. Broad Street, Richmond, Virginia 23219 University of Virginia, Charlottesville, Virginia 22903	

Supplementary Notes

Abstract

The report presents the findings of a study that investigated the opportunities for the future development, expansion, and operation of Virginia's rest areas and welcome centers through joint efforts of the Virginia Department of Transportation (VDOT), the Virginia Division of Tourism (VDT), and the private sector. The researchers examined rest facility operations from historical, financial, legal, state and motorist perspectives and considered the positive and negative components of privatizing these facilities. The report addresses the activity underway aimed at altering the federal prohibition of rest facility commercialization. Included is an overview of the recent AASHTO activities as well as those of other states.

The researchers concluded that when and if federal legislation is modified, privatization in the form of joint commercial ventures by the private and public sectors is a viable alternative for offsetting the costs to build and maintain rest areas and welcome centers. As a result of their finding that the climate for modifying federal legislation that prohibits rest area commercialization looks promising, the researchers offer several recommendations for VDOT's consideration.

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FINAL REPORT

OPPORTUNITIES FOR THE PRIVATIZATION OF VIRGINIA'S REST AREAS AND WELCOME CENTERS

Alice W. M. Phillips
Research Science Assistant

Michael A. Perfater
Research Scientist

(The opinions, findings, and conclusions expressed in this report are those of the authors and not necessarily those of the sponsoring agencies.)

Virginia Transportation Research Council
(A Cooperative Organization Sponsored Jointly by the Virginia Department of Transportation and the University of Virginia)

Charlottesville, Virginia

May 1991
VTRC 91-R27

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ABSTRACT

This report presents the findings of a study that investigated the opportunities for the future development, expansion, and operation of Virginia's rest areas and welcome centers through the joint efforts of the Virginia Department of Transportation (VDOT), the Virginia Division of Tourism (VDT), and the private sector. The study was prompted by the escalating cost of constructing, operating, and maintaining interstate rest facilities; deficit reduction measures that have limited the availability of federal and state funds for such facilities; growing interest at the federal and state levels in the privatization of public functions; and pleas from motorists for more roadside services. In order to generate a complete picture of this complex issue, the researchers examined rest facility operations from historical, financial, legal, state, and motorist perspectives and considered the positive and negative components of privatization. The literature was reviewed extensively, and numerous telephone interviews were conducted with transportation officials from various states and the Federal Highway Administration, as well as individuals from private sector companies, consultant groups, and the American Association of State Highway and Transportation Officials (AASHTO).

Since the interstate rest area program began in the 1950s, 1,200 full-service rest areas (28 in Virginia) and 200 welcome centers (12 in Virginia) have been built. In Virginia, the annual maintenance costs of rest facilities range from $5 million to $6 million. Although rest facility commercialization is currently prohibited by Title 23 of the U.S. Code, there is a great deal of activity underway aimed at altering the prohibition. This report includes a detailed description of AASHTO's policy position supporting rest area privatization and presents the findings of studies completed by AASHTO and other organizations that indicate interest by motorists and state DOTs in expanded rest area services. The researchers examined current rest area vending programs and toll road plaza operations throughout the country and found that most have been successful despite some difficulties. This report addresses private sector viewpoints regarding further rest facility commercialization as well as issues raised by various state DOT representatives. The components of a formula designed to determine the costs and benefits of privatization are also presented.

The researchers concluded that, if and when prohibitory federal legislation is modified, privatization in the form of joint commercial ventures by the private and public sectors is a viable alternative for offsetting the costs to build and maintain rest areas and welcome centers. These joint ventures could not only have favorable financial repercussions but could also benefit Virginia motorists by enhancing interstate comfort and safety. Since the climate for modifying the prohibitive federal legislation looks promising, the researchers offer three recommendations for VDOT's consideration: 1. In the near term, VDOT should be conservative in scheduling and funding rest area and welcome center refurbishment and construction in the event that legislative changes permit the private sector to bear these costs. 2. The Commonwealth Transportation Board should consider its position on rest area and welcome center privatization so that it can be prepared to act if modifications to federal law occur. 3. Appropriate state agencies and officials in Virginia should investigate the feasibility of offering commercial services at various locations once enabling legislation is passed.

FINAL REPORT

OPPORTUNITIES FOR THE PRIVATIZATION OF VIRGINIA'S REST AREAS AND WELCOME CENTERS

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INTRODUCTION AND RATIONALE

Federal, state, and local governments are showing renewed interest in the use of public/private partnership to provide goods and services. Deficit reduction measures at the federal level have not only reduced funding for federal projects but have also diminished the availability of financial aid to state and local agencies. Meanwhile, costs to build and maintain transportation facilities as well as other government goods and services have risen greatly in the last decade. Limited revenues and rising costs demand alternative financing options at all government levels. Privatization is one of these options.

In 1988, the President's Commission on Privatization, established to review "the appropriate division of responsibilities between the private sector and the federal government," identified many services currently administered at the federal level that could be more efficiently produced and delivered by the private sector.[1, p. xv] The Commission identified four forms of privatization currently in practice in the delivery of federal services: (1) deregulation; (2) the sale of government assets; (3) the use of vouchers, and (4) contracting. Deregulation is intended to encourage competition and increase the efficient delivery of goods and services. The move in 1979 to permit the use of private carriers in transporting urgent mail, for example, has proven to be one of the more successful attempts at deregulation. Although used extensively in other countries, the sale of government assets is not a prevalent strategy in the United States—the 1987 sale of Conrail being one of the few exceptions. The voucher system has been implemented by a number of federal agencies in the form of food stamps and housing for low-income families as well as educational vouchers for GIs. Finally, although many state and local governments contract a number of services, such as prison operation and road construction, the federal government has been involved with this strategy on only a limited basis. The Commission does favor the contract option, however, as stated in its report to the President:

> [Through contracting] although the absolute scope of government service responsibility may not decline, the actual size of government—the number of government employees and the extent of government-owned

resources will diminish. . . . Contracting has demonstrated impressive results in a number of jurisdictions where it has been employed, reducing the costs of service delivery and improving the quality of services.[1, p. 244]

Although often executed as a temporary arrangement between a public agency and a private organization, the contract option can also be implemented as a long-term private/public venture. In this case, a government agency enters into an elaborate agreement with a private agency in which the private agency has more responsibility and authority than in the traditional contract arrangement. This sort of contract may be defined as "a cooperative venture, between government entities and private interests, to provide public-purpose infrastructure, in which the private sector is responsible for more than two of the following: project initiation and planning, construction, operation, ownership, financing revenues."[2, p. 2]

Because some attempts at privatization in government settings have proven more successful than others, disagreement regarding the viability and appropriateness of public/private partnership exists. Supporters of this form of privatization believe that private firms have the potential to outperform government agencies. They argue that the incentive of competition combined with greater flexibility in capital investment decisions allows private firms to take more calculated risks in entrepreneurship and to attract more qualified personnel. On the other hand, opponents suggest that government entities have difficulty effectively overseeing and regulating a venture when the responsibility for service delivery is released to the private sector. They are further concerned that privatization leaves government unprotected from monopolistic contractors who can manipulate price. Opponents also point out that social considerations, such as environmental protection and equal employment opportunity, may not receive adequate commitment from private sector firms. Further, some opponents of privatization argue that government service entities should not join hands with private providers, simply because public services are the responsibility of public agencies.

Nevertheless, several national transportation agencies have joined the 1988 Presidential Commission in endorsing privatization at various government levels. In his report on transportation in the 21st century, U.S. Secretary of Transportation Samuel K. Skinner encouraged increased private sector involvement and advocated the repeal of federal laws that impede efficient transportation services.[3] The American Road and Transportation Builders Association (ARTBA) supports privatization as a solution to many of the nation's transportation problems.[4] The American Association of State Highway and Transportation Officials (AASHTO) has expressed interest in the privatization movement as well, specifically for the construction, operation, and maintenance of rest areas.[5]

Responding to the Presidential Commission and the Virginia Governor's Commission on Efficiency in Government, the 1988 Virginia General Assembly enacted the Virginia Highway Corporation Act. The Act states that the Commonwealth should employ private parties that can increase the speed and efficiency of road construction in order to promote public convenience, safety, and welfare.[6]

Prompted by this landmark legislation, the Toll Road Corporation of Virginia won approval from Virginia's Commonwealth Transportation Board to construct a toll road extension connecting the existing tollway between I-66 and Route 28 to the Leesburg bypass in Loudoun County. The developers hope to complete this roadway, which is the first authorized private toll road project in Virginia since 1816, by 1993. Privatization techniques are used in the delivery of other services by the Virginia Department of Transportation (VDOT) as well, including the contracting of rest area maintenance at the state level and a variety of public/private transit partnerships at the local level. Subsequent to the 1988 Act encouraging privatization of road construction, the 1989 General Assembly enacted House Joint Resolution 323, which states that all Virginia departments and agencies should investigate and "promote the concept of privatization of public functions."[7]

The escalating costs to construct, operate, and maintain interstate rest areas and welcome centers coupled with shrinking revenues have prompted VDOT to seek alternative revenue sources and financing mechanisms to operate these facilities. A number of states have privatized rest areas and welcome centers constructed on toll roads and on land adjacent to the interstate right of way. Several states are investigating these and other alternative funding measures with the expectation that the federal government will remove restrictions on the privatization of rest areas. These activities coupled with a national climate for financing innovations prompted this investigation of the privatization opportunities that may exist, both now and in the future, for private sector involvement in the construction, operation, and maintenance of Virginia's rest areas and welcome centers.

PURPOSE AND SCOPE

The purpose of this study was to investigate the opportunities that exist for the future development, expansion, and operation of Virginia's rest areas and welcome centers through the joint efforts of VDOT, the Virginia Division of Tourism (VDT), and the private sector. The investigation required the following objectives:

1. to present an overview of rest area/welcome center development
2. to explore what rest area/welcome center users desire in the way of expanded services
3. to ascertain whether there are any legal barriers to rest area/welcome center privatization at the federal and state level
4. to present the findings of the AASHTO Task Force on the Commercialization of Interstate Highway Rest Areas
5. to review the experiences of other states in vending operations, toll road service plazas, and privatized rest areas
6. to measure private sector interest in the development of rest areas/welcome centers

7. to consider the costs and benefits of rest area/welcome center privatization.

METHODOLOGY

The researchers employed a number of data-gathering techniques during the course of this study. An extensive review of the literature on rest area development and privatization, including the findings of the AASHTO Task Force on the Commercialization of Interstate Highway Rest Areas, was completed. Telephone interviews were conducted with selected transportation agencies and turnpike authorities that have rest area installations or commercial plazas on their interstate highways. These included California, Connecticut, Florida, Georgia, Illinois, Kentucky, Maryland, Massachusetts, and Ohio. These interviews and the subsequent mailings received from the interviewees yielded up-to-date information on vending operations, toll road plazas, and rest area commercialization. Interviews with private companies, consultants, and AASHTO members knowledgeable in rest area commercialization were also conducted.

FINDINGS

Overview of Rest Area Development

The Federal Highway Act of 1938 initiated the rest area program by providing federal funds for the construction and maintenance of facilities necessary for public comfort and safety. The Federal-Aid Highway Act of 1956 and the Highway Beautification Act of 1965 further guided funding and authority of the rest area program. Each state has a master plan for rest area development, the guidelines for which are addressed in Federal Highway Administration (FHWA) and AASHTO documents. The federal government has taken a flexible approach in regulating rest area design and engineering by establishing guidelines that allow for state preferences, needs, and limitations.

Title 23, Section 752.3, of the Code of Federal Regulations defines a rest area as "a roadside facility safely removed from the traveled way with parking and such facilities for the motorist deemed necessary for his rest, relaxation, comfort and information needs."[8, p. 378] Information centers are defined as safety rest areas that also provide information to travelers. Paragraph (b) of Section 752.5 permits "the placement of vending machines in existing or new rest areas" for any articles the State considers appropriate except petroleum products.[8, p. 379] This regulation requires state control of the machines in conjunction with an appropriate agency in accordance with the Randolph-Sheppard Act. (Typically, this is a nonprofit organization that hires the disabled.) Paragraph (g) specifies that the public may not be charged for any goods and services at rest areas except telephone and vending services. Section 752.7 of Title 23 permits the state to construct and operate the information centers or to lease these duties to private firms provided there is no violation of access regulations, the state owns the title, accessibility to advertising is equal for all vendors, and only advertisers with nondiscriminatory practices are permitted to use the information facilities.[8, p. 380]

In Virginia, VDOT currently maintains and operates 28 rest areas on interstate highways. VDOT and VDT coordinate the operation of the state's 10 welcome (tourist information) centers, all of which are located on a highway near a state border. Currently, 3 welcome centers and 6 rest areas have vending machines, although plans are underway to expand the vending program. The annual cost to operate and maintain the current rest facility system in Virginia is $5 million to $6 million, a figure that does not include the estimated costs to make necessary repairs and improvements on existing facilities or to build new facilities.

Across the United States, more than 1,200 full-service rest areas and 200 welcome centers exist on interstate highways. According to a 1988 AASHTO survey, maintenance costs for these facilities exceed $93 million.[5] An additional 207 roadside facilities remain earmarked for development in the 1988–92 state budgets, and replacement costs for existing rest areas are estimated at $2.4 billion.[5]

Rest Area Characteristics and Motorist Attitudes

A 1989 survey conducted by King[9] of KLD Associates for the Transportation Research Board presented an up-to-date picture of rest area usage and development nationwide as well as descriptive statistics on rest area users and the benefits they derive. With 42 states responding, the report showed that at least 70% of the nation's rest areas provide parking, trash disposal, drinking water, picnic tables, and restrooms. Between 50% and 70% offer sheltered picnic areas, cooking facilities, telephone service, tourist information, separate truck and car parking, and pet exercise areas. According to the report, highway users, not government agencies, are the primary beneficiaries of these roadside rest facilities. Among respondents, 86% believed that rest areas benefit the users by providing an opportunity to rest and stretch, and 60% mentioned convenience and the availability of the restroom as important user benefits. According to 86% of the states, state agency gains include the opportunity to promote tourism and enhance public relations. Slightly more than one third of the respondents reported that rest areas strengthen the state's economy. The study also revealed a wide disparity among states in facility operation and maintenance budgets. This disparity was generally attributed to variability in utility and labor costs, terrain, architecture and building size, and methods used for water access and sewage disposal. Forty-seven percent of the states reported that current funding levels are insufficient, 35% found them just adequate, and 19% were comfortable with them.

By conducting telephone interviews and on-site surveys, King[9] generated a profile of typical rest area users and their needs and preferences. This profile

Table 1

USER PREFERENCE FOR PRIVATE BUSINESS ACTIVITIES IN REST AREAS

	On-Site Interviews			Telephone Respondents		
Business Type	Yes	No	Uncertain	Yes	No	Uncertain
Restaurant—fast food	30.8	61.6	7.6	56.6	42.0	1.4
Restaurant—sit down	29.9	62.4	7.7	50.8	47.8	1.4
Gasoline & other auto services	30.1	61.4	7.8	67.8	31.0	1.2
Shopping—travel-related goods	28.0	63.9	8.1	47.5	50.1	2.4
Shopping—local handicrafts & souvenirs	27.4	64.8	7.8	41.4	57.5	1.4
Advance hotel reservations	29.3	62.7	8.0	57.3	39.5	3.2

suggested that an equal distribution of men and women visit rest areas and that 85% of all users stop to use the restroom. Although fewer than 5% of the users said they stopped to purchase food or drink, less than one-half of the rest areas in the survey provided vending machines. The interviewers also asked survey respondents to indicate what types of private business activities they would like to see instituted at rest areas and welcome centers. Their responses are summarized in Table 1.

A 1988 study conducted by the Virginia Transportation Research Council (VTRC) profiled rest area and welcome center users in Virginia.[10] The VTRC study revealed that 59% of Virginia's rest area visitors are male, 41% are female, and 82% stop to use the restroom. When asked what other amenities they desire at rest areas, 35% of the respondents wanted more vending machines; 15% desired gasoline, food, and hotel information; and 5% wanted a restaurant. When asked why they would choose to stop at a rest facility rather than exit the interstate, 69% of the respondents stated that rest areas are more convenient and save time.

Privatization: The Legal Issues

On June 29, 1956, President Eisenhower signed the Federal-Aid Highway Act, which authorized $25 billion in federal funds to construct more than 41,000 miles of interstate highway between 1957 and 1969. Among its many features and provisions, the Act prohibits private, commercial development on or within the interstate right of way "on the grounds that highway users should not be subject to monopoly and so that highway-oriented business [can] engage in free competition."[11, p. 472] The Act also requires state highway departments to provide the opportunity for a public hearing whenever potential highway construction is to occur near a town or city in order to consider the economic impact of the location. The 1956 Act does permit the development of toll roads within the interstate system but excludes the use of federal funds for their construction.

The 1956 Act is the only federal obstacle to privatized rest areas in Virginia. Although the federal statutes do permit the leasing of information center operations, they do not permit commercial development at welcome centers or rest areas. As previously mentioned, however, Secretary of Transportation Skinner advocates the repeal of federal legislation that blocks privatization on interstates, and forecasters predict that the prohibitive statutes will be modified in the near future. Virginia legislators are apparently interested in the privatization option, given recent legislative actions. No statutes that categorically bar rest area privatization exist in the Commonwealth. However, the Virginia Rules and Regulations for the Administration of Waysides and Rest Areas, as listed in the 1989 *Land Use Maintenance Manual*, do specify: "No person shall offer any article or thing for sale within this area except by permission of the Commonwealth Transportation Board."[12] Thus, in the absence of federal restrictions, rest area privatization could occur in Virginia with the approval of the Commonwealth Transportation Board.

AASHTO Activities

In January 1990, AASHTO published a report summarizing the findings of its Task Force on the Commercialization of Interstate Highway Rest Areas.[5] The Task Force surveyed all 50 states regarding rest area maintenance and operation costs and interest in commercializing the facilities. Based on this information, the Task Force considered how the prohibitive federal legislation might be modified to permit rest area commercialization and issued the following recommendations[5]:

> Recommendation #1—Legal Requirements
>
> Modify Title 23 USC, Section 111 to permit the state highway agency and the Secretary of Transportation to enter into an agreement to allow or permit rest area services, motorist information services, food services, and fuel services for serving motor vehicle users to be constructed or located on the right-of-way of the interstate system. Such agreements would permit the state highway agency to enter into a rest area joint development with private developers to develop and operate the Travel Services Rest Area (TSRA). The agreement would also permit the state highway agency to specify appropriate design standards, operational requirements, and fee and lease agreements.
>
> Recommendation #2—Vending Machine Program
>
> For states that have statutes and rules to accommodate a rest area vending machine program, appropriate accommodations with commercial development should be made.
>
> Recommendation #3—Services Provided
>
> A basic rest area joint development facility should include rest area services, motorist information services, food services, and fuel services.

Recommendation #4—Utilities

Utilities such as water, sewage, electrical power, gas, and communication services should be provided for in a TSRA.

Recommendation #5—Rest Area Maintenance

Appropriate language/guidelines should be included in the development of a TSRA contract to permit and encourage the lessee to continue the utilization of local-based sheltered workshops and similar organizations for routine maintenance of buildings and grounds.

Recommendation #6—Overnight Truck Parking

It is recommended that long-term parking for trucks and other large vehicles not be routinely provided at TSRAs. If states elect to provide parking facilities for the long-term parking of trucks, RVs, and other type large vehicles, appropriate separate facilities within the TSRA site should be designed to accommodate all physical needs.

Recommendation #7—Truck Inspection/Weighing

It is recommended that truck inspection and weighing facilities not be routinely provided at TSRAs. If a state should decide to accommodate these enforcement functions at a TSRA, appropriate and proper consideration should be given to the use of remote areas of the site for these purposes.

Recommendation #8—Local Involvement

The experience of those states that are presently exploring commercialization of rest areas indicates that the introduction of commercial activities into existing or new rest areas should be preceded by a well-organized public involvement process that addresses not only the establishment of the facility, but also the increased level of motorist services that will be offered, business opportunities that will be created, increased jobs and revenue for each area, and an overall reduction in costs to the public.

Recommendation #9—Financial Considerations

The states should provide, own, and hold rights to the land. To assure public acceptance of the TSRA establishment, initial and start up costs to the state should be held to a minimum. The states should be permitted to lease the land and rights to its operation to private developers for established rates of return and fee structures and guarantee a minimum utilization period.

Recommendation #10—State-Operated Welcome Center

Each state should be permitted to establish a tourism or welcome center operation within the TSRA.

Recommendation #11—Access Options

Access to the TSRA property should not be permitted through or over the access control limits.

Recommendation #12—Review of Other States' Privatization/ Commercialization Expenses

States who are proposing to develop a TSRA should contact other state highway agencies (Illinois, Florida, Ohio, or California) and utilize appropriate information from their experiences.

Recommendation #13—Determine Desirability

AASHTO leadership should be advised that there is sufficient state interest to proceed with a voluntary rest area commercialization action plan.

Recommendation #14—Action Plan

As a first step of our comprehensive action plan, the task force requests that the Standing Committee on Highways adopt a resolution enabling the states to voluntarily develop commercial rest areas within the limited access of interstate highways.

Table 2

PREFERENCES FOR COMMERCIALIZED REST AREAS BY STATE

Yes (12 states)	Maybe (24 states)	No (11 states)	No Opinion (3 states)
Alaska	Alabama	Connecticut	Hawaii
Florida	Arizona	Georgia	Kentucky
Idaho	Arkansas	Mississippi	Nebraska
Illinois	California	Missouri	
Massachusetts	Colorado	Montana	
Michigan	Delaware	Nevada	
New Mexico	Indiana	New Jersey	
New York	Iowa	Ohio	
Oklahoma	Kansas	Oregon	
Pennsylvania	Louisiana	South Dakota	
South Carolina	Maine	Wyoming	
Wisconsin	Maryland		
	Minnesota		
	New Hampshire		
	North Carolina		
	North Dakota		
	Rhode Island		
	Tennessee		
	Texas		
	Utah		
	Vermont		
	Virginia		
	Washington		
	West Virginia		

According to AASHTO's survey, interest among state departments of transportation in the commercialization of rest areas is strong. Table 2 indicates the response of state representatives when asked: "Does your state favor commercial development of rest areas/welcome centers?" Because information on who completed the survey form in each state is unavailable, there is no guarantee that these states will or will not pursue commercialization given the opportunity. Nonetheless, the majority of states are interested in commercialization. State representatives on the Task Force initially debated the complexities of the commercialization resolution and eventually agreed on a resolution to advocate rest area privatization (see the Appendix). By July of 1990, the resolution had passed through all of the necessary divisions of AASHTO, including the Standing Committee on Highways and the Policy Committee, thus becoming an official AASHTO policy position.

Privatization Efforts in Other States

Utilizing a variety of methods, several states have set the rest area privatization process in motion. Almost 50% of the states have instituted a vending machine program as a means of providing greater comfort and safety to the motoring public. Some states have allowed the construction of toll road service plazas that generate revenue for the toll authority and provide expanded services to the motorist. Still other state agencies have employed alternative financing mechanisms to improve the quality of rest stop service to motorists while reducing the financial burden on the state.

Vending

The 1978 Surface Transportation Act authorized demonstration vending programs in California, Massachusetts, Georgia, Connecticut, and Kentucky. The success of these programs led to the passage of mandates in the 1982 Surface Transportation Assistance Act permitting all states to construct and operate vending machines at interstate rest areas. Twenty-one states, including Virginia, instituted vending operations subsequent to the 1982 Act, and most contract with a Randolph-Sheppard agency to operate the facilities.

California

Initially, Caltrans offered newspaper vending but found that litter increased and overall sales were low. Since 1982, however, newspaper sales have risen and vandalism has been minimal except when the machines are not stocked with up-to-date papers. Within the past year, Caltrans has also maintained food and drink vending machines at three rest areas in the state. The state agency for the blind receives a percentage of gross sales in these operations. Caltrans officials reported that these machines are something of a nuisance due to increased refuse and maintenance requirements.

Georgia

During the demonstration period, Georgia officials reported minor vandalism but overall good sales and positive motorist responses. Although the Georgia DOT (GaDOT) continued to maintain a vending program for the next 8 years, officials reported that the machines failed to generate sufficient revenue to offset the cost of utilities and refuse disposal. GaDOT recently ran into difficulty when the state supreme court ruled that GaDOT had failed to contract with a Randolph-Sheppard agency and had to turn over operations to the state agency for the blind. Due to this decision, as well as the problems of the last decade, the status of the vending program in Georgia is uncertain at this time.

Massachusetts

Although officials were initially pleased that the majority of motorists stopping at rest areas seemed to use the vending machines, vending operations are no longer an integral part of motorist services in Massachusetts. Massachusetts now offers vending items at only two toll road service plazas run by Marriott Corporation that do not contain restaurants. Although these vending services do not present any severe problems for Marriott or the state transportation agency, officials report that they do receive more complaints at these two plazas than at others. They suggest, however, that the plazas with vending serve a different type of motorist than the other plazas and that they are successful ventures, considering their reduced traffic flow.

Kentucky

Officials at the state DOT reported that most motorists stopping at rest areas used the machines during the demonstration phase. Although some delays were experienced in constructing and operating vending facilities, largely due to problems in the bidding process, by 1985 all 27 rest areas in Kentucky had vending machines. The final agreement struck called for the Kentucky Department of the Blind to receive a 13% commission on gross sales through a subcontract relationship with the state Department of Finance. Officials reported that the vending program in Kentucky has engendered an overwhelmingly positive motorist response.

Connecticut

The Connecticut DOT also reported that the initial vending program was successful and led to the expansion of the program to all of the state's rest areas. Vending machines with cigarettes, snacks, and sodas are even located at all turnpike and interstate rest areas where McDonald's Corporation has built restaurants. The Board of Education Services for the Blind administers all of the vending buildings and receives a 13% commission from sales. Connecticut officials report positive motorist response and an almost complete absence of vandalism, attributable, they say, to 24-hour staffing at each site.

Virginia

In May 1987, VDOT constructed refreshment center buildings at six rest areas and three welcome centers. An assessment at these locations completed after

1 year of operation revealed that the public's response was overwhelmingly positive and that the addition of vending machines did not significantly alter the operation of the rest facility. Although minor problems with increased litter, sporadic vandalism, complaints about lost money, and the need for change did occur, these problems were deemed solvable. Vending machine profits, which are shared with the State Department for the Visually Handicapped, amortized the cost of the vending buildings within the first year of operation. The vendor provides a 13% commission on gross sales to the Department for the Visually Handicapped, which then splits these monies with VDOT. VDOT's portion of this revenue is placed in the state's general transportation fund. Because the vending program in Virginia continues to benefit both motorists and VDOT, plans to expand the vending machine program to 24 additional rest areas and welcome centers are currently underway. The active pursuit and success of vending operations in Virginia and other states demonstrate both government commitment and public interest in expanding rest area services.

Toll Road Service Plazas

Although the general success of the vending program suggests that there are benefits to expanding rest area services further, the achievements in rest area expansion on state toll roads around the United States further demonstrate that both the state and the motorist can profit from rest area privatization. Maryland, Ohio, Florida, Illinois, and other states have entered into agreements with large vendors to establish toll road service plazas that provide a variety of goods and services to travelers. Each operation has generated considerable revenue for the roadway authority while also serving the public's need for safety, nourishment, and comfort. Some state agency representatives interviewed suggest that these facilities promote their state's image and encourage tourism by enhancing the motorists' experiences. The successes at toll road service plazas signal that similar ventures between state DOTs and the private sector at nontoll interstate rest areas could be profitable and serviceable to both the states and the public.

Maryland

The segment of I-95 in Maryland between Baltimore and the New Jersey line, referred to as the Kennedy Highway, was originally planned and designed with federal funds in 1960. When it became apparent that completion would require a considerable period of time and that 60% of the traffic on the road would originate outside the state, Maryland and Delaware opted to establish the highway as a toll facility and returned federal construction funds. In November 1963, the highway opened to traffic, having been financed with state revenue bonds supported by future toll receipts. Odgen Food Services, a private firm, operated the original rest area service facilities in the form of a cafeteria and snack bar, and private, independent operators ran the gasoline stations.

In the early 1980s, the Maryland Transportation Authority entered into a long-term agreement with Marriott to rehabilitate the highway's service plazas. The development of the Maryland House on the southern section of the highway and the Chesapeake House on the northern end has proven very lucrative both to Marriott, which made a sizable initial investment, and to the toll authority. Each year at least 4 million patrons visit the Maryland House and 2 million visit the Chesapeake House, both of which accommodate two gasoline stations and a number of restaurants and shops. A farmer's market, which offers Maryland crafts and produce as part of the Governor's "Maryland with Pride" campaign, also complements the Maryland House plaza. Independent operators usually secure gasoline contracts at the plazas through a competitive bidding process. However, Marriott recently won one of these bids and is subcontracting with Exxon. Marriott is responsible for all operation and maintenance costs at both the Maryland House and the Chesapeake House except for some of the external groundwork and landscaping. The Transportation Authority receives a percentage of gross sales each year, adjusted according to the volume of sales, which amounts to about $5 million annually. The Authority also receives 8 to 9 cents per gallon of gasoline sold at the plaza stations. Toll authority representatives reported no real complaints about any of the plaza services either from motorists or nearby businesses. They suggested that, since the plazas have been operable for so long, they have simply become accepted members of the business community in the region.

Ohio

The Ohio Turnpike Commission also contracted with Marriott to operate 14 of its 16 toll plaza restaurants; restaurants at the remaining 2 plazas are run by Hardee's. BP America provides the gasoline services at all 16 plazas. Contract periods range from 2 to 5 years with optional extensions. Among the significant features of the contracts are the following: (1) neither gasoline stations nor restaurant vendors may sell alcoholic beverages; (2) neither operator may sell products more specific to the other (i.e., gasoline stations cannot sell food, and restaurants cannot sell oil); (3) the gasoline station operators must maintain shower facilities for truckers and utility hookups for RVs in addition to their regular services; (4) restaurant operators may sell lottery tickets, provide video games (the Commission receives 5% of revenues), and offer telephone services (the Commission receives 100% of any revenue generated). The Commission receives a guaranteed rent plus a percentage of restaurant sales as well as a specified cent-per-gallon share of gross gasoline sales. In 1989, the Commission earned $1.8 million from gasoline station sales and $4 million from restaurant sales.

Florida

Florida operates 13 toll roads covering 552 miles, or roughly 5% of the state's total highway mileage. The longest of these is the Florida Turnpike that runs north and south over much of the state. Marriott, which operates the eight turnpike plazas, completed a $28 million renovation of them in 1989. New plaza vendors include Roy Rogers, Mrs. Field's Cookies, Dunkin' Donuts, and Sbarro. Marriott operates one of the turnpike's gasoline stations through a subcontract with Exxon, and the others are managed by various oil corporations, including Texaco, Chevron, Amoco, and Shell. A station operator may not charge a price per gallon that exceeds the average of five nearby (off the tollway) stations by more than 2 cents. In addition, each operator must accept the credit card of any turnpike operator at no additional charge to the motorist.

In an apparently unusual arrangement, the Florida Turnpike Authority is strictly supervised by the Florida DOT (FDOT), which can subsidize bond payments when turnpike revenues are insufficient. In this way, the government guarantees payment on the bonds used to finance the construction of the roads. Nevertheless, Marriott has guaranteed FDOT at least $6 million annually in rent and a 14% to 18% gross sales commission. These newly renovated plazas are projected to yield the state $145 million in guaranteed rent and commissions over the next 20 years.

Illinois

The state of Illinois permits private firms to offer commercial services to motorists at seven large toll road service plazas it calls "oases." These plazas were opened in the 1950s and operated by Amoco and Howard Johnson's until the mid-1980s. In 1985, restaurant operations changed hands: Marriott now manages two locations, McDonald's three locations, and Wendy's two locations. Dissatisfied with the long-term Amoco contract, the Authority now negotiates short-term contracts with oil corporations, such as its current agreement with Mobil. This agreement includes price control features similar to those in Florida, whereby service station operators are required to adjust their prices weekly to correspond with the average of five nearby stations. The Authority closely monitors compliance with this regulation.

The restaurant vendors, each of which invested about $1 million per renovation, provide a 9% to 10% commission on all sales to the Illinois State Toll Highway Authority. The Authority nets approximately $5 million per year from combined food and gasoline sales, which it then reinvests in bond retirement and road maintenance. Prior to the vendor changeovers in 1985, net profit from the plazas amounted to $500,000 annually. According to Illinois officials, this small profit was attributable to unsatisfactory vendor performance and the sizable amount of maintenance performed by the Authority. All maintenance is now the responsibility of the vendors with the exception of some parking lot and roofing upkeep.

The Illinois DOT (IDOT) is currently reviewing a consultant study that evaluated the feasibility of privatized interstate rest areas in Illinois. Anticipating a change in the federal legislation, IDOT officials hope to be ready to exercise the privatization option when federal restrictions are relaxed. Illinois officials are currently seeking rest area privatization advocates in other states with whom they can join forces in lobbying for changes in the current legislation.

The consultant study pointed out that traffic counts, environmental topology, competing local businesses, and the political climate are important considerations should the state opt to privatize its 43 existing rest areas and 12 scheduled facilities. The study recommended that the state support federal changes in rest area legislation that would permit, on a state-by-state basis, an option to privatize similar to the current option for incorporating vending into rest area operations. The study also provided a model that predicts the potential revenues that could accrue to the state over the next 20 years given a variety of rest area scenarios. A portion of this model was based on data from a rest area survey conducted in Illinois that examined rest area user opinions and behaviors. This survey revealed that 80% of Illinois motorists favor commercialized services at rest areas.[13] The consultants warned that competition with nearby businesses is the most difficult issue a state must confront in its attempts to privatize. Their study suggested, however, that local businesses can actually benefit from rest area privatization through appropriate public relations efforts and innovative attempts to structure rest area development to enhance local businesses (such as the use of tourist information organizations and local maintenance subcontractors, craftsmen, and goods distributors).

Canada

The Ontario Ministry of Transportation (OMT) operates 23 service centers located at 50-mile intervals on its controlled access highways; at least 15 acres of land, including parking for 150 cars, trucks, and RVs, are available at each site. Public/private partnership is in place at these centers. OMT maintains the property, utilities, access roads, and signing, and the lessee provides drainage and paving, building construction and equipment, staffing and operation, and lighting. Contracts, awarded on a competitive bidding basis, extend over 10 years with two optional 5-year extensions. Rents and commission paid to the OMT range from 3% to 22.83% of the annual gross revenues, which translates roughly to a $250,000 annual average per facility.

Other Attempts

California

In 1985, the California State Legislature passed a bill authorizing Caltrans to construct and maintain six safety roadside rest areas through joint development demonstration projects with the private sector. This legislation was enacted to help offset the escalating costs of rest area operations and to provide future funding for rest area development in California. The original Caltrans rest area system was designed to include 104 units, only 90 of which were operational when the enabling legislation was passed. The new facilities (TSRAs) will be located on state-owned land just off the interstate right of way on rural, high-volume arterials where they will not compete with private establishments and will not violate California's commitment to environmental integrity.

Although the legislation permits the construction of six TSRAs, only two projects are currently underway. The first, the San Bernadino TSRA, will be located 30 miles north of San Bernadino at the junction of I-15 and Route 395. Though targeted for completion in 1990, it will not be opened until the spring of 1991. The developer consists of a coalition of local workers, called TSRA I of California. Caltrans officials estimated that it would have had to invest $5.3 million to develop this facility without any assistance from the private sector. The public/private venture will require an investment from Caltrans of only $500,000.[14] Currently, plans are progressing for a second TSRA to be built in Imperial County at the intersection of I-8 and Route 98, 28 miles from the Arizona border.

Michigan

Although Michigan was once a co-leader with California in the movement to privatize rest areas, supporters of privatization faced steep opposition from the private sector when they sought the expansion of state rest areas through joint public/private ventures. Motivated by the greater than $5 million annual expenditure required to operate and maintain these facilities, and by the high percentage of Michigan motorists who expressed interest in services similar to those offered at the nearby Ohio and Illinois turnpike plazas, the Michigan DOT (MDOT) began to assess the feasibility of developing rest areas on state-owned land adjacent to the federal right of way late in the 1980s. Proposals to expand the state's rest areas were attacked by a well-organized, strong coalition of opponents that included representatives from the petroleum industry, truckstop industry, local businesses, and state Chamber of Commerce. Coalition members were concerned that initial contracting vendors would have a monopoly on future rest area development, that local businesses would be adversely affected by the competition, and that competition between corporations and independent dealers would result in an unfairly competitive situation in the petroleum industry. Yielding to coalition pressures, the state legislature rejected enabling legislation on the public/private venture; privatization advocates have since tabled their efforts to privatize rest areas pending changes in the federal laws.[15]

Connecticut

Connecticut operates commercialized rest areas at a number of locations, several of which are adjacent to an interstate. However, it does not employ the California-style arrangement at these facilities. Because the 1956 Federal-Aid Highway Act mandates that interstate roads completed prior to 1960 are exempt from the restrictions expressed in the Act, the Connecticut portion of I-95, completed prior to 1960, legally does have commercialized rest areas on the federal right of way. In 1989, McDonald's, which operates the facilities, provided $4.3 million in rents and commissions to the state. The petroleum vendor, Mobil, provided $3.6 million to the state the same year. Officials at the Connecticut DOT reported no complaints or problems from nearby businesses, perhaps because, as in Maryland, the current facilities have been in existence long enough to be integrated into the regional economy.

Private Sector Activities

Although a wide variety of private companies, including McDonald's, Mobil, and Howard Johnson's, have played a role in privatization efforts, Marriot has led the way in rest area joint development. Marriott owns about 65% of the market share in toll plazas nationwide, operating service plazas in Florida, Illinois, Indiana, Maine, Maryland, Massachusetts, New Jersey, New York, Ohio, and Pennsylvania.[16] Officials at Marriott believe their company's success has arisen largely out of its commitment to the "branded" concept. According to them, offering recognized and successful brand name "fast foods" can increase perceived value and service. The current brand name vendors with which Marriott subcontracts include Pizza Hut, Mrs. Field's Cookies, Dunkin' Donuts, TCBY, Roy Rogers, Popeye's, and Burger King, all of which rank high in consumer satisfaction according to Marriott.[16] When a state contacts Marriott about commercialized rest area development, the corporation first conducts a feasibility study, considering such issues as location (25 acres of land are necessary for development) and volumes and types of traffic. By employing its understanding of what different types of traffic flow demand, its diverse array of brands, and its extensive experience in toll road plaza development, Marriott puts together a proposal. The proposal includes estimates of anticipated revenues, costs, architectural considerations, and timelines. The entire negotiation process usually takes about 2 years. Marriott officials have expressed considerable interest in continuing their commitment to commercial rest area development, particularly if and when the federal obstacles are removed.

McDonald's, which controls the second largest portion of the toll plaza market share, operates 35 service plazas on tollways in Illinois, Ohio, New Jersey, Pennsylvania, New York, Oklahoma, Kansas, and Connecticut. Despite its success at both toll plaza and private, off right-of-way, locations, McDonald's strongly opposes rest area commercialization. Representatives at McDonald's believe that rest area privatization creates an imbalance in competition on interstates by forcing a transfer of business from already existing franchises near the interstate right of way to the more readily accessible rest area location. They argue that, since the demand for food services on highways is limited, no new consumers are available to compensate for the loss of customers to the rest area site. Distinguishing commercialized interstate rest facilities from the tollway plazas, which they obviously support, McDonald's officials point out that the interstate environment differs from the toll road atmosphere in that tollways have more limited access that naturally restricts competition. The market on tollways is controlled, since the motorist must exit the throughway and pay to re-enter. According to McDonald's, toll plaza operations are less profitable than other McDonald's franchises due, in part, to the limited market on tollways.

McDonald's has joined forces with the Independent Gasoline Marketers Association (IGMA), which insists that only large oil corporations will benefit from rest area privatization. Both McDonald's and the IGMA believe that large corporations will have a distinct advantage over small, independent businesses in competing for rest area bids. In a recent letter to its franchise owners and some 200 business associates, McDonald's wrote that privatization of rest areas compromises safety by escalating "vehicle congestion entering and exiting the rest areas, increas[ing] prices to the motoring public and destroy[ing] businesses and communities which depend on the flow of business from interstate highways."[17] McDonald's and the IGMA are currently striving to persuade local communities and congressional representatives to oppose rest area privatization.

Cost-Benefit Considerations

In fiscal year 1989–90, VDOT and the VDT spent a combined $6,121,917 to operate and maintain the Commonwealth's 28 rest areas and 10 welcome centers—an average of $125,000 per year per site. Labor costs comprise the greatest percentage of these expenditures. Each rest area requires roughly 15 acres of land, with 1 acre required to park twelve 18-wheel trucks. Twenty-seven of Virginia's facilities have been operating for more than 10 years, 17 for more than 15 years, and 12 for more than 20 years. A 1988 VTRC report showed that most of the restrooms at these facilities are in need of rehabilitation or expansion.[10] VDOT plans to enlarge buildings and parking facilities, modernize restrooms, and construct new buildings and vending kiosks at 10 of these rest areas during the next 6 years. The cost of this revitalization program could exceed $52 million.[18]

Due to the serious shortfall in revenues in the Commonwealth, providing the funding required for ongoing operations and needed expansion will be a challenge. Already, the 1990–91 budget has been revised to designate fewer funds for rest area rehabilitation. During the summer of 1990, VDT requested that VDOT assume responsibility for the operation of the state's 10 welcome centers. Since that time, VDT and VDOT have begun to explore various options for operating and maintaining these centers, including privatization. Because federal law permits the leasing of information operation to private organizations, privatization of the centers could occur, although commercial development and expansion could not. With the threat of closure looming, VDT has cut back on staffing and some of the services offered at the centers until the Virginia General Assembly at its 1991 session decides how the centers will be funded.

A major question to which members of the General Assembly will likely seek an answer is whether these centers affect the state's economy. VDT officials have suggested that the welcome centers do not provide the same return on investment to the state as some of its other ventures. Consequently, as permitted by federal law, these officials have considered the participation of various private sector groups in welcome center operation, including the Virginia Travel Council, local chambers of commerce, and brochure distribution organizations. Although evidence suggests that welcome centers and rest areas do benefit travelers by providing information, rest, and relaxation, their monetary benefit to the state is less clear.

A 1987 study on Virginia's welcome centers conducted by the College of William and Mary shed some light on the value of welcome centers to the state economy.[19] It showed that vehicles stopping at the welcome centers contain an average of 2.7 persons, that 11% of these visitors stay in Virginia 1.5 extra nights as a result of the welcome center experience, and that these welcome center visitors spend an average of $48.03 per night per person. The William and Mary researchers estimated that these travelers contributed tax revenues of $974,400 to the state that year. The researchers also suggested that the welcome center visitors in 1987 "impl[ied] a total economic contribution to the state of $19,487,300."[19, pp. 17-19] These data indicate that welcome center visitors do offer some return to the state's economy and are valuable to the tourism industry, although tax revenues attributable to welcome center users do fall short of the maintenance and operation costs.

King[9, pp. 30-31] revealed that other states can quantify the impact of rest areas and welcome centers on their economy:

- *Kentucky*: "Travelers who stopped and registered at the four welcome centers were responsible for a $59.1 million infusion into the Kentucky economy. . . . Over $7.4 million of the expenditures were by tourists who stated that their decisions to travel in Kentucky were influenced by the information obtained at these information centers."
- *Michigan*: "Our 11 travel information centers counseled 1,800,000 people . . . and were successful in convincing 9% of travelers to stay an additional 4.02 days in Michigan; the direct economic impact to the state was $41,679,360. . . . We find that $6,083,519 was tax generated. . . . We have not been able to quantify the economic benefits of rest areas without manned travel information centers, but our feeling is they do have considerable positive impact on tourism in Michigan."
- *Vermont*: "We believe vital, active rest areas, appropriately staffed, would strengthen the state's image and provide additional assistance to travelers."
- *Louisiana*: "We cannot put a dollar value to the benefits of rest areas in Louisiana. However, conversely, if not properly maintained, the negative impact might be more significant. A state's 'image' is reflected by those aspects touched by the traveling public, and the rest areas are a very visible part of the traveling public's view."

These statements suggest that poorly maintained or understaffed rest areas and welcome centers may reflect poorly on a state's image and that well-operated, attractive, and comprehensive ones tend both to promote positive perceptions of the state and to generate revenue.

Beyond the debate on the benefits of rest areas and welcome centers to a state's economy and image, the more objective costs and benefits in a joint public/private venture should be considered. Meisner et al.[20] detailed both private and public costs and benefits in joint ventures and provided a mathematical formula for analyzing them. Among the public sector benefits that may apply to joint rest area projects are enhanced state image through increased comfort, safety, and services for motorists; potential time savings when private firms can provide accelerated construction; a potentially increased tax base provided by increases in taxable consumer expenditures; deferred cost savings through private sector assumption of costs; and rent and tax revenues on land developments that would otherwise not provide income. Recognizing the importance of the regional economic climate and environmental concerns, the investigators suggested that the "compatibility of the development served by the road improvements with the community's growth and planning objectives" must be considered in establishing public sector benefits.[20, p. 30]

As the report pointed out, public/private ventures do involve some cost borne by the public sector. These include the actual funding required for the project, costs of review and on-site monitoring and inspection, maintenance costs (depending on the contract agreement), possible changes in public image through the commercialization process, the cost of increased police patrols and safety services for the facilities, and the costs to increase access to the rest areas.

CONCLUSIONS

1. The need for budget innovations in the transportation arena is clearly acute—both nationally and among many states facing financial problems. If the revenues generated at toll road plazas are indicative of the success that can result from privatized rest areas and welcome centers, then commercial services at interstate facilities can potentially rescue a number of state budgets while enhancing the comfort and safety of motorists.

2. Although the success of the California-style rest area off the right of way (TSRA) has yet to be tested, this configuration may be viable, particularly along interstate segments where new rest areas are needed but the minimum 25 acres is not available. Even though the long-term financial benefits of the TSRA concept are unclear, the initial investment required by a state is substantially less than it is for a more traditional rest area project. However, a question that remains is whether a TSRA offers the convenience most motorists seek. Studies conducted in Virginia indicate that motorists prefer to stop at interstate rest areas rather than exit the interstate for food, beverages, or restrooms.

3. Increased traffic resulting from privatization at rest areas might negatively affect motorist convenience unless traffic lanes, parking spaces, and restroom facilities are adequate to meet the increased demand. The increased traffic might also affect private businesses at nearby interchanges by transferring business away from them to the rest facility. Local involvement appears to be the key, as witnessed in California where Caltrans is employing a local coalition of developers in constructing its first off-interstate TSRA. Regardless of whether local businesses are involved in these ventures, the need to inform them, convince them of the positive intentions and potential outcomes of such development, and provide them the opportunity to have input in the process is critical to the success of public/private ventures.

4. Meticulously negotiated and strictly supervised contract agreements between the government agency and the private vendor are crucial to the success of public/private ventures. The participants in feasibility studies of privatization at various locations must consider a number of issues in developing interstate plazas, including the volume and mix of traffic, the location of the facility both in terms of competing businesses and attainable right of way, and the environmental topology.

5. In Virginia, where legislators have already mandated that all state agencies explore privatization and that VDOT utilize the private sector in road construction, the $52 million needed to maintain, renovate, and construct rest areas is substantial enough to warrant consideration of privatizing some or all of the interstate rest facilities. The 3-year-old vending program in Virginia has summoned an excellent reception from motorists, who also appear to be interested in even more food, gasoline, and information services at interstate rest areas and welcome centers. Just as profits from the machines quickly amortized the construction costs associated with the vending program and continue to contribute revenue to the general fund, further commercialization of interstate rest facilities may also provide a financial benefit to the Commonwealth. The tourism industry could suffer if conditions at the welcome centers and rest areas are allowed to deteriorate from lack of funding. The revenues realized from joint ventures with the private sector could prevent this from happening. On the other hand, whether privatized rest areas will in fact create new revenue or simply force a transfer of existing revenue is unclear. Certainly, some tax revenues will simply be transferred from one site to another; however, the rent and commission monies originated at rest areas would provide new sources of revenue.

6. Privatization in the form of joint commercial ventures is a viable alternative for funding rest areas and welcome centers in Virginia if and when federal obstacles are removed. However, even with the major legal obstacles removed, private commercial ventures at rest areas will not occur without controversy and careful planning. Officials must consider the appropriateness of various locations in terms of proximity to urban areas or other businesses, proportion of local traffic flow, lack of adequate total traffic flow, environmental suitability, available right of way, and expandable utility services. Beyond these considerations, vending and toll plaza revenues collected in a number of states suggest that further commercialization of the interstate rest area system could not only meet motorist needs but also prove lucrative to the state. When innovative and responsible contracts between the public and private sector in a rest area/welcome center venture are forged, the privatization option can potentially provide alternative funding sources to the Commonwealth and enhance motorists' experiences on Virginia's interstates.

RECOMMENDATIONS

1. It may be prudent for VDOT to be very conservative with regard to rest area construction and refurbishment in the near term, as the federal ban on commercial services at interstate rest areas and welcome centers will likely be lifted in the next 2 years. Although there are no guarantees that the ban will be lifted, just as there are no guarantees that the Commonwealth agencies responsible for the operation of these facilities will be in a position to implement the privatization option, the revitalization cost could be borne by the private

sector if rest areas and welcome centers in Virginia were allowed to be privatized.

2. Since it will be up to the Commonwealth Transportation Board to approve state enactment of any new federal legislation allowing rest area/welcome center privatization, that body may wish to begin discussions of the issue and determine its position on the matter prior to changes in federal legislation.

3. Given the potential for the commercialization of rest areas and welcome centers to provide additional desirable services to motorists as well as significant revenue to the Commonwealth, Virginia should investigate the feasibility of offering such services at its interstate rest facilities once enabling federal legislation is passed. Such a feasibility study would necessarily have to include an analysis of traffic, demand, environmental impacts, topology, available land and utility services, aesthetics, and location relative to other private sector businesses that serve interstate motorists.

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APPENDIX

AASHTO Policy Resolution:

Commercialization of Interstate Rest Areas

2176

WHEREAS, the states have constructed over 1,400 Interstate rest areas with several hundred more to be constructed and reconstructed, and associated maintenance and operational costs are increasing ($2.4 billion have been expended to date for construction and over $100 million annually is spent for routine maintenance),

WHEREAS, the motoring public is demonstrating an increased reliance on services provided at Interstate rest areas (it has been verified that one in ten vehicles stop at each rest area, and motorists overwhelmingly support the desirability and need for increased services),

WHEREAS, tollway authorities in the United States and several provinces in Canada have already initiated successful, cost effective commercial rest areas,

WHEREAS, the demands being placed on the states' annual operational budget for their transportation systems are growing and relief is needed,

WHEREAS, the recently concluded Presidential Commission on Privatization has advocated that local, state and federal public agencies should consider utilizing the private sector in delivering the services traditionally performed by public employees,

WHEREAS, the U.S. Department of Transportation has published a new National Transportation Strategy that endorses and recommends the involvement of the private sector in the financing and operation of future transportation facilities and their operation,

WHEREAS, the AASHTO Task Force on the Commercialization of Rest Areas has recently concluded that the states should be given the opportunity to commercialize rest areas of their choice using criteria that would be mutually agreed upon by the Federal Highway Administration and the states because of the significant additional services that can be provided and the savings that can be realized,

NOW, THEREFORE, BE IT RESOLVED:

1. That the American Association of State Highway and Transportation Officials is of the position that the states should be permitted to commercialize Interstate Rest Areas, and

2. Recommends that the Federal Highway Administration be requested to assist the Association in drafting the necessary legislation and attending regulations that would enable the states to develop commercial rest areas at existing and/or new locations on Interstate right-of-way.

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