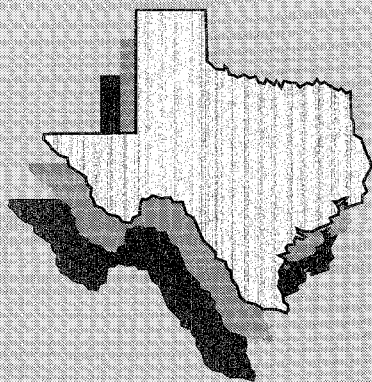
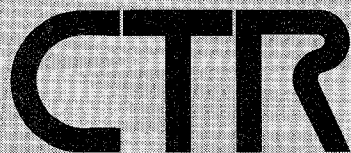




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in cooperation with
Texas Department of Transportation
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Summary Report

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FEASIBILITY OF SAFETY REST AREA COMMERCIALIZATION IN TEXAS

PROBLEM STATEMENT

Since constructing its first roadside picnic area in 1936, the Texas Department of Transportation (TxDOT) has committed itself to providing state highway travelers with quality rest stops. So far it has worked very well: Most travelers report that these facilities provide much-needed services and conveniences, chief of which are restroom facilities, picnic tables, vending operations, motorist information, and the opportunity to simply "get out and stretch." Through the years, these Texas rest area facilities have become welcome and familiar fixtures on our highway's landscape.

At the same time, however, costs for construction, maintenance, and rehabilitation have increased for these facilities. Presently, TxDOT spends over \$9 million annually to maintain its 111 rest areas located at 67 sites on the Texas highway system (mostly on interstate highways). Over the next ten years, another 36 will be constructed at a cost of nearly \$52.8 million. This planned construction amounts to nearly \$1.5 million per site, with such costs perhaps going higher because of new design implementation. Rehabilitation is another problem: Existing facilities nearing the end of their service lives are requiring major reconstruction, at costs ranging from \$250,000 to \$600,000, depending on the size of the facility. And routine maintenance alone for these rest stops has been averaging about \$50,000 annually per facility.

Another concern is that the number of rest area sites has not kept pace with rising traffic volumes. In the last decade, for example, the number of trucks on Texas highways has increased by 24 percent, and annual vehicle miles of travel for trucks has increased by 27 percent.

Thus, TxDOT finds itself struggling once again with the issue of increased costs and increased demand. The central problem is that budget deficits and fiscal belt-tightening at both the federal and state levels have drastically limited the funds needed for the construction and maintenance of state rest areas (even though the traveling public is demanding more services of this type). In response, transportation planners and economists have begun to ask whether private enterprise could construct and maintain these facilities more efficiently than the state. This question was examined in a recent Center for Transportation Research report prepared by Mark A. Euritt, Robert Harrison, and Susan Grant, all of The University of Texas at Austin.

OBJECTIVES

The report, "Feasibility of Safety Rest Area Commercialization in Texas," documents the findings of Project 1269, conducted by the Center for Transportation Research (CTR) of The University of Texas at Austin for the Texas Department of Transportation (TxDOT) and the Federal Highway Administration (FHWA). The objective of the research was to determine whether commercialization of rest areas could assist TxDOT in providing quality rest areas at a lower cost.

FINDINGS

The researchers evaluated the feasibility of Texas rest area commercialization in two stages. In the first stage, the CTR team examined the issue from a policy-development perspective, looking in particular at key concepts and legal/institutional questions. A preliminary literature review on commercialization revealed that very little

objective research has been published on the subject. This lack of research documentation—reflecting the fact that the subject is relatively new—was an early indication that the findings of others regarding the effectiveness of commercialization in eliminating budget shortfalls are far from conclusive.

Continuing with their conceptual stage of the analysis, the CTR team then reviewed the definition of and reasons for commercialization, outlining at the same time the arguments for and against such a system. The researchers conclude this portion of the study by noting that commercialization “can be a viable strategy for providing traditionally public-sector services. On economic grounds, market strategies promote more efficient solutions and better allocation of public resources.”

Regarding the legal/institutional aspects of commercialization, the CTR team found that changes in current law—specifically the lifting of the ban on commercial development on federal right-of-way—are required if commercialization is to be introduced on Texas interstates. Because this prohibition does not apply to state-owned highways, the researchers see an opportunity for TxDOT to experiment with commercialization on these networks. Looking ahead, the report predicts that the federal prohibition of commercialization will be lifted some time during the next few years.

The second stage of the analysis focused on (1) rest area facilities and property, (2) financial/economic aspects, and (3) public attitudes. The analysis of rest area facilities and property examined the history, geometry, construction, implementation, and traffic of Texas rest areas. Here, the report authors conclude that, because of the restrictions on federal highway commercialization, the number of opportunities for rest-area commercialization in Texas are limited to 31 feasible, state-owned sites (many of which have, unfortunately, low average daily traffic counts). In their financial/economic analysis, the researchers looked specifically at Texas rest area costs; here they estimated potential revenues and

costs from commercialized operations, and then compared those estimates with current TxDOT rest area costs. Based on their analysis of costs and possible revenues (using a 28-year life-cycle scenario), the researchers concluded that commercialization of existing and future rest areas in Texas will have a dramatic impact on costs. Thus, as the CTR team has formulated it, the \$17 million that the state will spend over the next 10 years could in fact be transformed into a \$28 million revenue surplus for the state (that is, if it were legal to commercialize the interstate system rest areas).

Finally, in the final part of the second stage of the analysis, a survey of rest area users was conducted at five rest area sites that included four interstate locations (Kerr, Noland, Colorado, and Williamson Counties) and one U.S. highway location (Polk County). Survey results showed that 70 percent of the respondents favored commercialization of rest areas. However, the researchers also note that small businesses in nearby communities may oppose rest area commercialization, seeing such development as a threat to their economic livelihood.

CONCLUSIONS

Both the conceptual and the economic analyses suggested that commercialization could be a feasible solution to funding problems. “There is,” the researchers assert, “a real opportunity to change the provision of rest area services from a cost item to a source of new revenue to the State Highway Fund.” Moreover, the public attitude survey found strong support (70 percent) for commercial rest area services.

Not everyone, however, favors commercialization. Community retailers dependent on highway traffic tend to oppose commercialization of rest areas, not only because of the competition they would represent, but also because the rest area would be operating “unfairly” on public-owned right-of-way.

To gain support for privatization implementation, the CTR team urges that every effort be made to include affected communities in the planning and review process. In addition, they found that the

use of name-brand goods and services assured a high degree of success for the commercialization program. “Travel consumers do not want surprises. With name brand goods and services, they know what they are getting.”

The study team also recommends that TxDOT develop a pilot commercialization program on high-traffic U.S. highways (since federal highways are restricted from such commercialization). This program could be based on models used successfully in California and in Illinois, with potential Texas sites including areas in Clay County (U.S. 287), Concho County (U.S. 87), Nacodoches County and Victoria County (U.S. 59), Refugio County and Kenedy County (U.S. 77), and Brooks County (U.S. 281). The knowledge gained from these site experiments could, the researchers say, be later applied to the larger-scaled commercialization programs to be implemented on the interstate system.

Current federal restrictions do, however, represent an obstacle to such programs. On this score, the CTR team recommends that TxDOT coordinate their efforts with other states to change federal policy restricting commercial operations on interstate right-of-way.

Finally, the researchers observe that “In light of limited resources for funding transportation improvements and the growing cost of these improvements, privatization efforts can assist TxDOT in achieving its mission.”

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The information provided in this summary is reported in detail in Research Report 1269-1F, “Feasibility of Safety Rest Area Commercialization in Texas,” by Mark A. Euritt, Robert Harrison, and Susan Grant (November 1992). The contents of the summary report do not necessarily reflect the official views of the FHWA or TxDOT.