HCR
34

(11)

HOUSE COMMITTEE REPORT

Date referred: 2/10/88

FURTHER REFERRALS:

DATE: 2/24/88

The Finance Committee has considered HCR 34

Relating to tourist-oriented directional signs.

RECOMMENDS:

[ ] replace with ______________ [ ] the same title [ ] a new title

[ ] attached amendment(s)

[✓] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] additional referral to the ______________ Committee

ADOPTS: [ ] __________ letter of intent

ATTACHES NEW FISCAL NOTE(s):

[ ] fiscal impact

[ ] zero fiscal note

[ ] zero with analysis

[X] same as previous fiscal note published 2/10/88

[ ] same as previous zero fiscal note published ______________

SIGNING DO PASS:

ADAMS Albert Adams

POURCHOT

LARSON Ronald J. Larson

GOLL Peter Goll

SWACKHAMMER

BOYER Mark Boyer

RIEGER

FRANK

WALLIS Kay Wallis

DAVIS Mike Davis

SIGNING OTHER RECOMMENDATIONS:

Albert P. Adams

Chairman's signature

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HCR034A
PUBLISH DATE:

REQUEST:

FISCAL NOTE

Revision Date:
Title: House Concurrent Resolution No. 34

Agency Affected: DOT&PF
BRU: Engineering & Operations Standards

Sponsor: Larson, Menard, Ellis, Brown, Gruenberg and Donley
Requestor: Cato

Components:

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	0	24.0	24.0	24.0	24.0
TRAVEL	0	12.0	0	0	0	0
CONTRACTURAL	0	7.0	0	0	0	0
SUPPLIES	0	2.0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	6.0	0	0	0	0
TOTAL OPERATING	0	27.0	24.0	24.0	24.0	24.0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	24.0	24.0	24.0	24.0

FUNDING: (THOUSANDS OF DOLLARS)

GENERAL FUND	0	27.0*	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	24.0	24.0	24.0	24.0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0.5	0.5	0.5	0.5
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

* The department has prepared a detailed position paper which identifies a number of policy options and sub-options. In brief, this fiscal note identifies an initial cost of $49.0 to establish the TODS signing program of which $27.0 can not be covered by existing budgets. The $22.0 not shown above is covered by existing budgeted staff (personal services).

Continued on page 2.

Prepared by: Jeffery C. Ottesen, Director
Division: Engineering and Operations Standards

Phone: 465-2951
Date: February 5, 1988

Approved by Commissioner:
Agency: Department of Transportation and Public Facilities

Date: 2/5/88

Distribution (by preparer):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

continued from page 1:

Thereafter, the fiscal impact to the state would reflect the policy option selected. Depicted in this fiscal note is the minimum state investment option wherein the cost of establishing the program would be borne by the state but businesses interested in having signs erected would bear all direct and indirect costs of the program. At minimum, this would be a 1/2 time position to monitor and keep records on the program which is reflected in the above analysis.

Higher fiscal impacts and staffing may be required if other policy options are adopted. For example, if the department were to perform all sign erection, removal and maintenance, staffing additions and associated costs would raise the fiscal impact. In principal, we envision a program that utilizes the private sector to the greatest extent possible, and that policy alternative is reflected in this fiscal note.

For additional detail, pp. 9–13 of the department's position paper is attached which describes the fiscal implications of three policy alternatives.

Phase II - Start Up and Continuation (Indefinite)

This phase involves the physical placement of sign standards and business informational signs following the process and methods selected in the regulations and from legislative intent. It is likely that minor adjustments to the program would be pursued based upon the feedback of field experience. The cost to the state during this phase would vary according the policy option selected regarding the degree to which business enterprises should pay for the program. Following is a range of policy options that better define the possible cost ramifications of various policy options.

State Investment Policy	Description
Minimum	State develops program; businesses pay all other costs including staff support for application processing, sign manufacturing, installation, liability insurance, repairs, replacement and removal, as necessary. This approach would require both an application fee and annual administrative fee to support state costs.
Shared	State develops program; businesses pay application cost, and pay for sign manufacturing, installation and on-going maintenance. State covers personal services cost associated with program administration.
Maximum	State develops program; state supplies signs, sign supports, and pays for installation, repair, replacement and removal, as necessary. Businesses pay a portion of these costs through fixed application and annual maintenance fees. (Estimated at $500 for installation and $250 for annual M&O and administrative costs).

The total cost of this phase will be affected by the number of participating businesses. The number of participating businesses, will, in part, be determined by the cost burden they must assume. It is likely that with greater state participation in program costs the more businesses that will participate.

Sign Cost

The signs will cost about $150 to $200 per panel, plus $150 to $200 for breakaway bases and supports (installed). There can be 1 or 2 sign panels per location for an average cost of $350 per location if one panel is installed and $525 per location if two sign panels are installed ($262 per business). In a typical application each business would have two signs installed, one facing each traffic direction prior to the intersection leading to the business establishment.

We have assumed that the number of one-sign panel and two-sign panel installations will be about equal, thus the average cost per business will be:

$$\frac{(\$350 + \$525)}{2} * 2 \text{ signs per business} = \$875 \text{ per business average}$$

Number of Businesses

For the purpose of an estimate the following assumptions have been made concerning the number of participating businesses: 1) The number of businesses which elect to participate will vary with the degree of state investment. 2) The ultimate number will not be realized in the first 1 or 2 years, but will gradually increase over a 5 year period; thereafter growth will generally follow state economic trends.

Table 1 indicates the estimated number of participating businesses over a 6 year period, for each of the three policy options previously described.

M&O Cost for Signs

Upkeep, repair, replacement and insurance are estimated to cost 25% of the signs installed value annually. While this may appear as a high figure considering that the signs should have a life of 10 to 12 years from the effects of weathering, it is anticipated they will actually experience a much shorter life due to accidents and vandalism (average life of 4 to 6 years is estimated). Some form of insurance coverage is considered a probable requirement.

DOT&PF Administrative Costs

The department will be required to maintain an inventory and status of the business signing program. While this workload will in fact vary in part with the overall size of the program, for the purposes of this estimate it is considered a fixed cost. It is estimated it will require a 1/2 time position to coordinate the program, serve as center for statewide data collection, and remain current with the progress of the program so that policy adjustments, if necessary, may be pursued.

The administrative staff position would require funding in the range of $24,000 per year (6 mo. @$4,000). Funding for this cost is covered by participating businesses in the *minimum* policy option; it is covered by the state in the other policy options.

This position is over and above the staff support required to process individual applications for signs at the regional level. The regional utility staffs are considered adequate to undertake this role (with necessary coordination with traffic safety staff), though a fee is proposed, as these staffs are funded entirely from program receipts. A $200 application fee is contemplated under all of the policy options. This is the cost for evaluating each sign request and processing it through decision (approve or deny) and is estimated to be $200 (8 hours @ $25/hr.).

State and Business Costs

From the above data it is possible to derive some general estimates of what costs would be incurred to either the state or an individual business relative to the three policy options.

The *minimum* state investment policy option results in the fewest number of businesses participating with the highest cost per business served. An average initial sign installation cost is estimated at $1,075, with an annual cost of $819 in FY 90 (M&O and administrative fee) and a general lowering of the annual cost to $379 in FY 94 as the total number of businesses increases providing a larger base of firms to share the fixed administrative cost. This option results in a one-time expense to the

state of $49,000 for program start-up with all other costs borne by participating businesses.

The *shared* state investment policy option would again cost each business the $1,075 for sign installation. The annual M&O cost to each business is estimated at $219 with the state assuming the fixed administrative cost. This would result in an on-going expense to the state of $24,000 annually, with a total state investment of $169,000.

The *maximum* state investment policy option results in the greatest number of participating businesses as the cost to each is the lowest. Each business is assumed to pay a $500 initial installation fee which partially covers the cost of the sign and application processing. Thereafter, there would be an annual fee of $250 covering administration and sign M&O costs. This option results in a very large investment by the state over the 6 year projection; estimated at $322,000.

Tables 2 - 6 depict the costs for the three policy options and are broken down for the 6 year horizon - FY 89 through FY 94. To reiterate key assumptions used in the analysis they are repeated below:

Number of Businesses per Year:	Varies by option and year, estimated in Table 1
Sign Installation Cost:	$875 average - 2 signs per business
Application Cost:	$200
Annual Sign M&O Cost	$219 average (25% of sign cost)
DOT&PF Administration Cost	$24,000 annually
Business fees under Maximum Policy	$500 for sign installation, and $250 for annual renewal

It is acknowledged that the estimates described herein are just that -- estimates. They are only as good as the assumptions they are built on. The estimates assist in understanding the implications of various policy options and they provide approximate representations of state and private costs that would be associated with the program. The number of participating businesses and the annual sign M&O cost are probably the weakest "links" in the estimates as there are few data upon which to base them. The M&O cost is an average and, unless "pooled" in some fashion, could cost individual businesses much more than this if their signs are vandalized repeatedly. Likewise installation costs may vary greatly by distance from service centers. In summary, while these estimates are quite useful at this stage of investigation, they must be used with caution given the many judgements incorporated into them.

Private Sector Participation

Though mentioned earlier is this paper, the means by which the private sector could assist in program implementation has not been described during the previous discussion on costs. It has been intentionally omitted because there are myriad methods by which the private sector could be involved, and analysis of each, given the many variables already involved, would make the estimates far more complex.

Sign Cost Calculation

Table 1 - Estimated Number of Businesses Participating							Total Business
Policy Option	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	Years Served
Minimum	0	40	100	125	140	150	555
Shared	0	60	120	150	175	200	705
Maximum	0	75	150	225	300	325	1075

Table 2 - Estimated State Startup and M&O Costs							Aggregate
Policy Option	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	Cost To State
Minimum	$49,000	$0	$0	$0	$0	$0	$49,000
Shared	$49,000	$24,000	$24,000	$24,000	$24,000	$24,000	$169,000
Maximum	$49,000	$21,675	$19,350	$17,025	$14,700	$13,925	$135,675

Table 3 - Estimated Cost To Business for Annual M&O						
Policy Option	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
Minimum	$0	$819	$459	$411	$390	$379
Shared	$0	$219	$219	$219	$219	$219
Maximum	$0	$250	$250	$250	$250	$250

Table 4 - Estimated Cost to State for Sign Installation							Aggregrate
Policy Option	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	Cost To State
Minimum	$0	$0	$0	$0	$0	$0	$0
Shared	$0	$0	$0	$0	$0	$0	$0
Maximum	$0	$43,125	$43,125	$43,125	$43,125	$14,375	$186,875

Table 5 - Estimated State Funding Requirements - Annual M&O and Sign Installation							Aggregrate	Cost per Business/
Policy Option	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	Cost To State	Year Served
Minimum	$49,000	$0	$0	$0	$0	$0	$49,000	$88
Shared	$49,000	$24,000	$24,000	$24,000	$24,000	$24,000	$169,000	$240
Maximum	$49,000	$64,800	$62,475	$60,150	$57,825	$28,300	$322,550	$300

Table 6 - Estimated Cost To Business for Sign Pair Installed in FY 90							Aggregate Cost	Average
Policy Option	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	To Business	Cost per Year
Minimum	$0	$1,894	$459	$411	$390	$379	$3,533	$707
Shared	$0	$1,294	$219	$219	$219	$219	$2,170	$434
Maximum	$0	$750	$250	$250	$250	$250	$1,750	$350

This should not suggest the department is disinterested in this approach. Three general options are presented below for consideration. Detailed evaluation is suggested for the task force in analyzing the merits of each option and better defining a course of action.

1. Franchise - Under this concept the program would be almost entirely run by a private firm or firms in franchise fashion. Final decision concerning sign installation and program policies would remain in departmental hands; otherwise individual businesses would make application to the firm(s). The firms would be sanctioned by the department to perform this service and would be responsible for all steps including application processing, sign manufacturing, installation, maintenance, and inventory and status reporting.

2. Installation and M&O Only - Under this concept the state would process each application through decision. The business applicant would have the signs manufactured, installed and maintained to state standards by a firm of their choice.

3. Manufacturing Only -Similar to Option #2, except state highway maintenance crews would install and maintain the signs after they were manufactured for the business and delivered to the appropriate maintenance station. This option allows for greater control of exactly how and where the signs are installed within the ROW and may be less costly to the business when the signs are installed in remote locations.

Technical Issues to be Resolved:

As part of the developmental phase (and with an adjustment period as experience is gained) some technical issues will need to be resolved in more detail than is possible here. Some of these are:

User fee structure	- subsidy from state, equal to cost, or revenue generating.
Insurance requirements or liability potential	- individual policy or pooled coverage.
Conditions of eligibility	- types of businesses, minimum services necessary to qualify, minimum hours of operation, distance from highway.
Allowable number and locations	- sight distance, spacing, etc.
Physical specifications	- size, shape, materials, colors, logos, supports, locations, etc.
Prioritization where demand exceeds available space	- first come, first served? - lottery on a periodic basis? - public necessity?

Introduced: 1/22/88
Referred: Transportation
and Finance

5-1654A

IN THE HOUSE

BY LARSON, MENARD, ELLIS, BROWN, GRUENBERG AND DONLEY

HOUSE CONCURRENT RESOLUTION NO. 34

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

Relating to tourist-oriented directional signs.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS tourism is a major source of economic growth and stability in the state; and

WHEREAS large numbers of tourists travel to and around the state by automobile, motor home, or bus; and

WHEREAS the Department of Transportation and Public Facilities is considering a proposal to implement a Tourist-Oriented Directional Sign (TODS) program in order to install uniform, federally approved informational signs on roads and highways to direct tourists to roadside businesses that provide services to tourists; and

WHEREAS the TODS program will provide directional signs to many tourist-oriented businesses that, due to current federal regulations, may not place signs on roads or highways, such as gift shops, lodges, guide services, and gold-panning operations; and

WHEREAS the TODS program will greatly assist tourist-oriented businesses that are not readily visible from the roadside; and

WHEREAS the Federal Highway Administration is expected to approve to TODS program so that tourist-oriented directional signs may be installed on the right-of-way of federal aid highways in the state;

BE IT RESOLVED that the Alaska State Legislature expresses its support for the Tourist-Oriented Directional Sign program; and be it

FURTHER RESOLVED that the Alaska State Legislature respectfully requests the Governor to direct the Department of Transportation and Public

Facilities to implement the Tourist-Oriented Directional Sign program as soon as possible after the program is approved by the Federal Highway Administration.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HCR034A
PUBLISH DATE:

REQUEST:

FISCAL NOTE

Revision Date:
Title: House Concurrent Resolution No. 34

Agency Affected: DOT&PF
BRU: Engineering & Operations Standards

Sponsor: Larson, Menard, Ellis, Brown, Gruenberg and Donley
Requestor: Cato

Components:

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	0	24.0	24.0	24.0	24.0
TRAVEL	0	12.0	0	0	0	0
CONTRACTURAL	0	7.0	0	0	0	0
SUPPLIES	0	2.0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	6.0	0	0	0	0
TOTAL OPERATING	0	27.0	24.0	24.0	24.0	24.0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	24.0	24.0	24.0	24.0

FUNDING: (THOUSANDS OF DOLLARS)

GENERAL FUND	0	27.0*	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	24.0	24.0	24.0	24.0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0.5	0.5	0.5	0.5
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

* The department has prepared a detailed position paper which identifies a number of policy options and sub-options. In brief, this fiscal note identifies an initial cost of $49.0 to establish the TODS signing program <u>of which $27.0 can not be covered by existing budgets</u>. The $22.0 not shown above is covered by existing budgeted staff (personal services).

Continued on page 2.

Prepared by: Jeffery C. Ottesen, Director
Division: Engineering and Operations Standards

Phone: 465-2951
Date: February 5, 1988

Approved by Commissioner:
Agency: Department of Transportation and Public Facilities

Date: 2/5/88

Distribution (by preparer):
- Legislative Finance
- Legislative Sponsor
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hcr 34

continued from page 1:

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For additional detail, pp. 9–13 of the department's position paper is attached which describes the fiscal implications of three policy alternatives.

Phase II - Start Up and Continuation (Indefinite)

This phase involves the physical placement of sign standards and business informational signs following the process and methods selected in the regulations and from legislative intent. It is likely that minor adjustments to the program would be pursued based upon the feedback of field experience. The cost to the state during this phase would vary according the policy option selected regarding the degree to which business enterprises should pay for the program. Following is a range of policy options that better define the possible cost ramifications of various policy options.

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The total cost of this phase will be affected by the number of participating businesses. The number of participating businesses, will, in part, be determined by the cost burden they must assume. It is likely that with greater state participation in program costs the more businesses that will participate.

Sign Cost

The signs will cost about $150 to $200 per panel, plus $150 to $200 for breakaway bases and supports (installed). There can be 1 or 2 sign panels per location for an average cost of $350 per location if one panel is installed and $525 per location if two sign panels are installed ($262 per business). In a typical application each business would have two signs installed, one facing each traffic direction prior to the intersection leading to the business establishment.

We have assumed that the number of one-sign panel and two-sign panel installations will be about equal, thus the average cost per business will be:

$$\frac{(\$350 + \$525)}{2} * 2 \text{ signs per business} = \$875 \text{ per business average}$$

Number of Businesses

For the purpose of an estimate the following assumptions have been made concerning the number of participating businesses: 1) The number of businesses which elect to participate will vary with the degree of state investment. 2) The ultimate number will not be realized in the first 1 or 2 years, but will gradually increase over a 5 year period; thereafter growth will generally follow state economic trends.

Table 1 indicates the estimated number of participating businesses over a 6 year period, for each of the three policy options previously described.

M&O Cost for Signs

Upkeep, repair, replacement and insurance are estimated to cost 25% of the signs installed value annually. While this may appear as a high figure considering that the signs should have a life of 10 to 12 years from the effects of weathering, it is anticipated they will actually experience a much shorter life due to accidents and vandalism (average life of 4 to 6 years is estimated). Some form of insurance coverage is considered a probable requirement.

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state of $49,000 for program start-up with all other costs borne by participating businesses.

The *shared* state investment policy option would again cost each business the $1,075 for sign installation. The annual M&O cost to each business is estimated at $219 with the state assuming the fixed administrative cost. This would result in an on-going expense to the state of $24,000 annually, with a total state investment of $169,000.

The *maximum* state investment policy option results in the greatest number of participating businesses as the cost to each is the lowest. Each business is assumed to pay a $500 initial installation fee which partially covers the cost of the sign and application processing. Thereafter, there would be an annual fee of $250 covering administration and sign M&O costs. This option results in a very large investment by the state over the 6 year projection; estimated at $322,000.

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It is acknowledged that the estimates described herein are just that -- estimates. They are only as good as the assumptions they are built on. The estimates assist in understanding the implications of various policy options and they provide approximate representations of state and private costs that would be associated with the program. The number of participating businesses and the annual sign M&O cost are probably the weakest "links" in the estimates as there are few data upon which to base them. The M&O cost is an average and, unless "pooled" in some fashion, could cost individual businesses much more than this if their signs are vandalized repeatedly. Likewise installation costs may vary greatly by distance from service centers. In summary, while these estimates are quite useful at this stage of investigation, they must be used with caution given the many judgements incorporated into them.

Private Sector Participation

Though mentioned earlier is this paper, the means by which the private sector could assist in program implementation has not been described during the previous discussion on costs. It has been intentionally omitted because there are myriad methods by which the private sector could be involved, and analysis of each, given the many variables already involved, would make the estimates far more complex.

Sign Cost Calculation

Table 1 - Estimated Number of Businesses Participating

Policy Option	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	Total Business Years Served
Minimum	0	40	100	125	140	150	555
Shared	0	60	120	150	175	200	705
Maximum	0	75	150	225	300	325	1075

Table 2 - Estimated State Startup and M&O Costs

Policy Option	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	Aggregrate Cost To State
Minimum	$49,000	$0	$0	$0	$0	$0	$49,000
Shared	$49,000	$24,000	$24,000	$24,000	$24,000	$24,000	$169,000
Maximum	$49,000	$21,675	$19,350	$17,025	$14,700	$13,925	$135,675

Table 3 - Estimated Cost To Business for Annual M&O

Policy Option	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
Minimum	$0	$819	$459	$411	$390	$379
Shared	$0	$219	$219	$219	$219	$219
Maximum	$0	$250	$250	$250	$250	$250

Table 4 - Estimated Cost to State for Sign Installation

Policy Option	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	Aggregrate Cost To State
Minimum	$0	$0	$0	$0	$0	$0	$0
Shared	$0	$0	$0	$0	$0	$0	$0
Maximum	$0	$43,125	$43,125	$43,125	$43,125	$14,375	$186,875

Table 5 - Estimated State Funding Requirements - Annual M&O and Sign Installation

Policy Option	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	Aggregrate Cost To State	Cost per Business/ Year Served
Minimum	$49,000	$0	$0	$0	$0	$0	$49,000	$88
Shared	$49,000	$24,000	$24,000	$24,000	$24,000	$24,000	$169,000	$240
Maximum	$49,000	$64,800	$62,475	$60,150	$57,825	$28,300	$322,550	$300

Table 6 - Estimated Cost To Business for Sign Pair Installed In FY 90

Policy Option	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94	Aggregate Cost To Business	Average Cost per Year
Minimum	$0	$1,894	$459	$411	$390	$379	$3,533	$707
Shared	$0	$1,294	$219	$219	$219	$219	$2,170	$434
Maximum	$0	$750	$250	$250	$250	$250	$1,750	$350

This should not suggest the department is disinterested in this approach. Three general options are presented below for consideration. Detailed evaluation is suggested for the task force in analyzing the merits of each option and better defining a course of action.

1. Franchise - Under this concept the program would be almost entirely run by a private firm or firms in franchise fashion. Final decision concerning sign installation and program policies would remain in departmental hands; otherwise individual businesses would make application to the firm(s). The firms would be sanctioned by the department to perform this service and would be responsible for all steps including application processing, sign manufacturing, installation, maintenance, and inventory and status reporting.

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Technical Issues to be Resolved:

As part of the developmental phase (and with an adjustment period as experience is gained) some technical issues will need to be resolved in more detail than is possible here. Some of these are:

User fee structure	- subsidy from state, equal to cost, or revenue generating.
Insurance requirements or liability potential	- individual policy or pooled coverage.
Conditions of eligibility	- types of businesses, minimum services necessary to qualify, minimum hours of operation, distance from highway.
Allowable number and locations	- sight distance, spacing, etc.
Physical specifications	- size, shape, materials, colors, logos, supports, locations, etc.
Prioritization where demand exceeds available space	- first come, first served? - lottery on a periodic basis? - public necessity?

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

OFFICE OF THE COMMISSIONER

P.O. BOX Z
JUNEAU, ALASKA 99811-2500
PHONE: (907) 465-3900

January 15, 1988

The Honorable Ron Larson
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Larson:

Enclosed is a draft policy paper concerning options for providing for signing of commercial interests within state rights-of-way (R-O-W). In brief, this proposal advocates adoption of a new option that we believe will soon be allowed by the Federal Highway Administration. This new option, termed TODS, provides for tourist-oriented directional signs within the ROW.

The TODS option, while beneficial to many categories of businesses, does not open the door to advertising of all forms within state rights-of-way. The signs are relatively small, allow little more than business name identification, and would not be available to businesses not generally used by tourists. Hopefully, this limitation will negate any concern from those interested in preserving scenic resources. In fact, like most good solutions, TODS is a compromise. It would address the need for provision of information to visitors about various businesses not readily visible from the roadside. We believe it would go a long way toward assisting a large number of businesses that rely upon tourists in whole or in part at a cost acceptable to state government.

In the October teleconference, Jeff Ottesen mentioned a budget of $15 to $20 thousand to prepare the regulations associated with a program of this sort. Our current proposal is for more than this ($27,000), and I believe it deserves clarification. Upon review, I felt it desirable to use a "task force" to establish the rules by which the TODS program would be governed and to increase the number of public hearing locations (see p. 7 of the position paper). We could lower this cost by $10,000 by eliminating the task force approach and reducing the number of public hearing locations from 5 to 3 . However, I think that because of the many complicated questions posed by the adoption of a TODS program for Alaska, and the need for businesses and the public throughout the state to participate in the drafting of the related regulations, the additional money is an appropriate expenditure.

25A-T1LH

he Honorable Ron Larson
Page Two
January 15, 1988

Your patience in awaiting this draft policy is appreciated. We are circulating this policy within the department concurrent with your review. If you would like more information or clarification please let me know.

Sincerely,

Mark S. Hickey
Commissioner

enclosure

cc: Susan Fleischhauer, Legislative Liaison
Barry F. Morehead, Division Administrator, FHWA
Jeff Ottesen, Director, E&OS
Ray Price, Jr., Special Staff Assistant, Office of the Governor

DRAFT

POSITION PAPER:

INFORMATIONAL AND DIRECTIONAL SIGNING FOR COMMERCIAL ESTABLISHMENTS

Introduction

The Highway Beautification Act of 1965 severely restricted advertising signs apart from on-premises signs. Many States were even more restrictive to protect the aesthetics of their roadways. In 1969, to provide directional information to motorists on limited-access roadways (Interstates and similar), a system of Specific Service Signs ("Logos") in the right-of-way (ROW) at interchanges was allowed for food, gas, lodging and camping when such enterprises were not visible from the limited-access routes. This program was extended in late 1986 to be eligible on conventional roads[1] with federal approval.

However, the Logo sign program leaves many desirable if not necessary businesses with little or no means to inform motorists of their service and location.

Most states have resisted efforts to institute other signing programs because the demonstrated need from the motorist standpoint was not equal to the costs and public safety consequences. (It is generally held that proliferation of roadside signs causes motorists to tend to ignore them, including necessary traffic control devices, dilutes their attention from the vital driving task, and presents another series of roadside obstacles in collisions.)

However, with the rise in tourism and a lagging economy in some areas, the need for better directional signing for business enterprises was perceived. The Federal Highway Administration is proposing to add a section to the federal Manual on Uniform Traffic Control Devices (MUTCD) to provide for an official system of Tourist Oriented Directional Signs ("TODS") to meet this need.

There has been a growing demand for such directional signing in Alaska. During a recent teleconference including representatives from the Federal Highway Administration (FHWA), the Department of Transportation and Public Facilities (DOT&PF), the Legislature, other State departments, local agencies and the public, it was agreed that Alaska needs to systematically and cooperatively address this growing need.

Purpose:

The purpose of this discussion is to provide information on pertinent aspects of programs to enhance motorist directional signing such as the various public policy issues involved (business enhancement, public safety, cost to public agencies, and

[1] Including all federally funded highways, not just controlled-access expressways and freeways.

roadside beautification), and to recommend a course of action meeting the cooperative needs of all concerned within the limits of our resources.

While aspects related to advertising outside the right-of-way are discussed, the main thrust is what the DOT&PF can do to enhance directional signing within the right-of-way of state-maintained roads, and in this manner meet the needs of more businesses and motorists.

Review of Statutes, Regulations and Policies on Signing:

FHWA has informed the Department that the "Interstate" routes in Alaska, which were so designated for funding purposes, are not considered as "Interstates" for the purposes of federal statutes and regulations on highway signing. This is of little impact because most of the restrictive federal regulations apply to both Interstate and Primary routes, and Alaska's "Interstates" are Federal Aid Primary routes.

The only areas where we have flexibility absent changes in federal statutes and regulations are outdoor advertising adjacent to state and local roads and secondary Federal Aid routes, and Traffic Control Devices on most roads.

Conventional outdoor advertising possibilities (billboards) are generally limited to locations outside the ROW on Federal Aid Secondary roads, and a proposal is being considered to liberalize the State regulations there to be no more restrictive than the federal regulations.

As explained previously, the most promising avenue for widespread private enterprise identification in the right-of-way is an experimental program (TODS), and this paper will be directed at this more feasible alternative of "official" directional and informational signing.

Alternative R.O.W. Programs:

Specific Service Signs (LOGO Signs) -

As discussed in the Introduction, Logo signs for the specific categories of food, gas, lodging and camping are allowed on conventional roads under the Alaska Traffic Manual (The National MUTCD with an Alaska Supplement) provided the State develops a program acceptable to FHWA. These are described in Section 2G-5 of the MUTCD.

These signs are usually placed at interchanges, have rather restrictive applications, and the installation is relatively massive and costly.

Tourist Oriented Directional Signs (TODS) -

This program which is currently experimental in selected states excluding Alaska is expected to be included in the Federal Manual in the near future, and precedents have been set which leads us to believe it can be implemented with minimal statutory or regulatory action.

These signs extend the directional information to more types of business to be determined by the State, and allow for more widespread use.

The signs must follow a prescribed format (white letters and borders on a blue background in keeping with the nationally established system for motorist information signs) and cannot convey an advertising message or other information except the business name and/or logo and directions thereto. It does allow businesses some distance from the highway to be identified, subject to state rulemaking.

Encroachments -

This would consist of allowing certain signs meeting established criteria to be erected within the R.O.W. under a formal permit and agreement. They would require Federal approval on Federal Aid routes and would be expected to have to pass stringent tests as to devotion to "public highway purposes". For example, we are currently requesting approval of state park logo signs to use this approach for approval.

This alternative is not felt to be as satisfactory as the other alternatives, and is probably only feasible on secondary routes and local roads which are outside of DOT&PF's jurisdiction. In many of those cases outdoor advertising adjacent to the R.O.W. is permissible or possible.

Required Changes in Statutes, Regulations, and Polices:

Logo Signs - Little or no need for changes except to establish regulations for permits or fees. The State would have to develop a policy in the Alaska Traffic Manual (ATM) acceptable to the FHWA. (Absent significant state funding subsidies this would be very expensive for most businesses.)

TODS - Similarly, no changes expected except regulations establishing fee structure in the AAC and developing program policy in the ATM acceptable to the FHWA.[2]

Encroachments - Most encroachments of this nature would probably be difficult or impossible for business utilization on the FA Primary system. Otherwise a change

[2] While Federal approval of the TODS concept as a nation-wide program rather than experimental has not taken place, we have been informed by the Divisional office of FHWA that Alaska could adopt it as an official addition to the Alaska Traffic Manual.

in the State statute prohibiting outdoor advertising on secondary routes, a change in the AAC which prohibits advertising in the R.O.W., and an AAC revision establishing a fee structure would be required.

Comparison of Pertinent Features:

The following is a subjective comparison of various aspects of the three envisioned alternatives. The most desirable (or least burdensome) alternative is rated 1 with relative rankings of 2 and 3 (except for equals).

Aspect	Alternatives		
	Logos	TODS	Encroachments
Cost of Signs	3	1	2
Cost to Administer	2	1	1
Cost to Businesses	2	1	2
Availability to Business Types	3	2	1
Availability to Businesses remote from the Through Route	2	1	1
Allowable Roadways	2	1	3
Aesthetics	2	1	3
Impact on Safety	3	1	2
TOTALS	19	9	15

Resources Required:

If the Department's recommendations are accepted, the following phases are envisaged. (see estimate details in following section)

1. Program development phase (estimated at 12 months).

2. Start-up and continuation phase (indefinite).

The costs may be broken down into developmental costs (technical personnel, hearings, AG's assistance on regulations), physical costs (signs, supports, installation), and administrative costs (evaluating requests, issuing "permits", record keeping, maintenance activities). These costs, as a policy matter, may be absorbed completely by the State, completely by the users, or anywhere in between. Because the cost of start-up and proper signing is not low, and because Alaskan businesses will receive tangible benefits , it is suggested that the State participate by subsidizing the setup costs of the program, while the on-going costs be borne by the benefiting businesses.

The total costs after the developmental phase will depend to a great extent on the number of requests for signs and their locations. A subjective estimate is used for planning purposes, but the cost figures for the second phase can be revised later based on the level of response by businesses to the public notices during the developmental phase.

It should be noted that start-up funds alone will not provide the necessary on-going resources in the absence of funding for personnel to conduct this program unless other services are sacrificed (e.g. traffic safety studies, M&O activities).

It is envisaged that sign installation could be done through contractors from the private sector, and this along with the fabrication of signs by Alaskan firms will be a further benefit to the economy. The form of the physical maintenance function, and removal of signs for businesses that close will need further consideration.

Phase I - Developmental (1 Year)

In this phase the Department, through a 7 member Commissioner-appointed task force, would develop proposed policies, procedures and regulations which, after appropriate public hearings, would be implemented to meet the requirements of businesses, motorists, the FHWA, and the department. The task force is proposed to provide a range of opinion, including federal, state, and business toward the job of establishing policy. Task force composition is suggested to include:

DOTPF	1	Commissioner or designee
Legislature	1	To be determined
DOT&PF Regions:	1	Director, Maintenance & Operations
	1	Director, Design & Construction
DC&ED	1	Director, Division of Tourism
AVA	1	Director, Alaska Visitors Association
Business Rep.	1	Appointed by Commissioner, from list of names submitted by State Chamber of Commerce

The task force would meet for a total of three times. Initially to recommend general policy guidelines and help guide draft regulation language. Following the public hearing phase on the regulations the task force would meet again to assist in policy formulation on the final regulation language. Key staff members from the E&OS division would serve as a resource to this task force. A broad brush outline of the task force's involvement in the process is shown as follows:

1. E&OS Staff prepare initial information package and discussion on range of policy options.
2. Commissioner's Task Force Meeting #1: Start-up meeting to assess policy options; output of meeting is a selection of a limited number of policy options to evaluate in more detail.
3. E&OS Staff prepare second information package and discussion of selected policy options.

4. Commissioner's Task Force Meeting #2: Policy definition session. Commissioner's Task Force would be asked to make recommendation to Commissioner on preferred method of providing for outdoor advertising within and along ROW, including basic ground rules, responsibility assignments and means of implementation.
5. E&OS Staff prepare draft regulations from guidance of Commissioner and Task force. Public Notice provided in accordance with AAC requirements.
6. Public Hearings held in five locations: Juneau, Kenai Peninsula Borough, Anchorage, Mat-Su Borough, and Fairbanks.
7. Commissioner's Task Force Meeting #3: Final meeting to evaluate the public hearing testimony and make policy adjustment recommendations.
8. Finalize regulations and publish.
9. Prepare and publish a handbook describing the program and method of securing off-premise advertising along state maintained roads.

Developmental Expenses

Expenses Item	Units	Cost	Funding Needs	Funding Available
E&OS Staff				
Professional Staff	4 mo.	$5,000		$20,000
Clerical Staff	1 mo.	$2,000		$2,000
Legal Staff	60 hrs.	$100	*$6,000*	
Task Force Travel	16	$500	*$8,000*	
Public Hear. Travel	All	$4,000	*$4,000*	
Public Hear. Transcrip.	5	$600	*$3,000*	
Advertising, Commun.	All	$2,000	*$2,000*	
Graphics & Printing	All	$4,000	*$4,000*	
Totals			***$27,000****	$22,000
Total Program Development Cost			**$49,000**	

(* Note: Only $27,000 would require legislative appropriation. The personal services required for this effort would be provided for from existing budgets.)

Timing

The time necessary to accomplish program preparation is estimated at one year. This reflects, in part, a desire to schedule the public hearing phase in the winter months in order to avoid conflicts with the very "public" being served by the proposed program -- tourist oriented businesses.

Phase II - Start Up and Continuation (Indefinite)

This phase involves the physical placement of sign standards and business informational signs following the process and methods selected in the regulations and from legislative intent. It is likely that minor adjustments to the program would be pursued based upon the feedback of field experience. The cost to the state during this phase would vary according the policy option selected regarding the degree to which business enterprises should pay for the program. Following is a range of policy options that better define the possible cost ramifications of various policy options.

State Investment Policy	Description
Minimum	State develops program; businesses pay all other costs including staff support for application processing, sign manufacturing, installation, liability insurance, repairs, replacement and removal, as necessary. This approach would require both an application fee and annual administrative fee to support state costs.
Shared	State develops program; businesses pay application cost, and pay for sign manufacturing, installation and on-going maintenance. State covers personal services cost associated with program administration.
Maximum	State develops program; state supplies signs, sign supports, and pays for installation, repair, replacement and removal, as necessary. Businesses pay a portion of these costs through fixed application and annual maintenance fees. (Estimated at $500 for installation and $250 for annual M&O and administrative costs).

The total cost of this phase will be affected by the number of participating businesses. The number of participating businesses, will, in part, be determined by the cost burden they must assume. It is likely that with greater state participation in program costs the more businesses that will participate.

Sign Cost

The signs will cost about $150 to $200 per panel, plus $150 to $200 for breakaway bases and supports (installed). There can be 1 or 2 sign panels per location for an average cost of $350 per location if one panel is installed and $525 per location if two sign panels are installed ($262 per business). In a typical application each business would have two signs installed, one facing each traffic direction prior to the intersection leading to the business establishment.

We have assumed that the number of one-sign panel and two-sign panel installations will be about equal, thus the average cost per business will be:

$$\frac{\frac{(\$350 + \$525)}{2}}{\text{Number of Businesses}} * 2 \text{ signs per business} = \$875 \text{ per business average}$$

For the purpose of an estimate the following assumptions have been made concerning the number of participating businesses: 1) The number of businesses which elect to participate will vary with the degree of state investment. 2) The ultimate number will not be realized in the first 1 or 2 years, but will gradually increase over a 5 year period; thereafter growth will generally follow state economic trends.

Table 1 indicates the estimated number of participating businesses over a 6 year period, for each of the three policy options previously described.

M&O Cost for Signs

Upkeep, repair, replacement and insurance are estimated to cost 25% of the signs installed value annually. While this may appear as a high figure considering that the signs should have a life of 10 to 12 years from the effects of weathering, it is anticipated they will actually experience a much shorter life due to accidents and vandalism (average life of 4 to 6 years is estimated). Some form of insurance coverage is considered a probable requirement.

DOT&PF Administrative Costs

The department will be required to maintain an inventory and status of the business signing program. While this workload will in fact vary in part with the overall size of the program, for the purposes of this estimate it is considered a fixed cost. It is estimated it will require a 1/2 time position to coordinate the program, serve as center for statewide data collection, and remain current with the progress of the program so that policy adjustments, if necessary, may be pursued.

The administrative staff position would require funding in the range of $24,000 per year (6 mo. @$4,000). Funding for this cost is covered by participating businesses in the *minimum* policy option; it is covered by the state in the other policy options.

This position is over and above the staff support required to process individual applications for signs at the regional level. The regional utility staffs are considered adequate to undertake this role (with necessary coordination with traffic safety staff), though a fee is proposed, as these staffs are funded entirely from program receipts. A $200 application fee is contemplated under all of the policy options. This is the cost for evaluating each sign request and processing it through decision (approve or deny) and is estimated to be $200 (8 hours @ $25/hr.).

State and Business Costs

From the above data it is possible to derive some general estimates of what costs would be incurred to either the state or an individual business relative to the three policy options.

The *minimum* state investment policy option results in the fewest number of businesses participating with the highest cost per business served. An average initial sign installation cost is estimated at $1,075, with an annual cost of $819 in FY 90 (M&O and administrative fee) and a general lowering of the annual cost to $379 in FY 94 as the total number of businesses increases providing a larger base of firms to share the fixed administrative cost. This option results in a one-time expense to the

state of $49,000 for program start-up with all other costs borne by participating businesses.

The *shared* state investment policy option would again cost each business the $1,075 for sign installation. The annual M&O cost to each business is estimated at $219 with the state assuming the fixed administrative cost. This would result in an on-going expense to the state of $24,000 annually, with a total state investment of $169,000.

The *maximum* state investment policy option results in the greatest number of participating businesses as the cost to each is the lowest. Each business is assumed to pay a $500 initial installation fee which partially covers the cost of the sign and application processing. Thereafter, there would be an annual fee of $250 covering administration and sign M&O costs. This option results in a very large investment by the state over the 6 year projection; estimated at $322,000.

Tables 2 - 6 depict the costs for the three policy options and are broken down for the 6 year horizon - FY 89 through FY 94. To reiterate key assumptions used in the analysis they are repeated below:

Number of Businesses per Year:	Varies by option and year, estimated in Table 1
Sign Installation Cost:	$875 average - 2 signs per business
Application Cost:	$200
Annual Sign M&O Cost	$219 average (25% of sign cost)
DOT&PF Administration Cost	$24,000 annually
Business fees under Maximum Policy	$500 for sign installation, and $250 for annual renewal

It is acknowledged that the estimates described herein are just that -- estimates. They are only as good as the assumptions they are built on. The estimates assist in understanding the implications of various policy options and they provide approximate representations of state and private costs that would be associated with the program. The number of participating businesses and the annual sign M&O cost are probably the weakest "links" in the estimates as there are few data upon which to base them. The M&O cost is an average and, unless "pooled" in some fashion, could cost individual businesses much more than this if their signs are vandalized repeatedly. Likewise installation costs may vary greatly by distance from service centers. In summary, while these estimates are quite useful at this stage of investigation, they must be used with caution given the many judgements incorporated into them.

Private Sector Participation

Though mentioned earlier is this paper, the means by which the private sector could assist in program implementation has not been described during the previous discussion on costs. It has been intentionally omitted because there are myriad methods by which the private sector could be involved, and analysis of each, given the many variables already involved, would make the estimates far more complex.

Sign Cost Calculation

Table 1 - Estimated Number of Businesses Participating							*Total Business*	
Policy Option	*FY 89*	*FY 90*	*FY 91*	*FY 92*	*FY 93*	*FY 94*	*Years Served*	
Minimum	0	40	100	125	140	150	555	
Shared	0	60	120	150	175	200	705	
Maximum	0	75	150	225	300	325	1075	
Table 2 - Estimated State Startup and M&O Costs							*Aggregrate*	
Policy Option	*FY 89*	*FY 90*	*FY 91*	*FY 92*	*FY 93*	*FY 94*	*Cost To State*	
Minimum	$49,000	$0	$0	$0	$0	$0	$49,000	
Shared	$49,000	$24,000	$24,000	$24,000	$24,000	$24,000	$169,000	
Maximum	$49,000	$21,675	$19,350	$17,025	$14,700	$13,925	$135,675	
Table 3 - Estimated Cost To Business for Annual M&O								
Policy Option	*FY 89*	*FY 90*	*FY 91*	*FY 92*	*FY 93*	*FY 94*		
Minimum	$0	$819	$459	$411	$390	$379		
Shared	$0	$219	$219	$219	$219	$219		
Maximum	$0	$250	$250	$250	$250	$250		
Table 4 - Estimated Cost to State for Sign Installation							*Aggregrate*	
Policy Option	*FY 89*	*FY 90*	*FY 91*	*FY 92*	*FY 93*	*FY 94*	*Cost To State*	
Minimum	$0	$0	$0	$0	$0	$0	$0	
Shared	$0	$0	$0	$0	$0	$0	$0	
Maximum	$0	$43,125	$43,125	$43,125	$43,125	$14,375	$186,875	
Table 5 - Estimated State Funding Requirements - Annual M&O and Sign Installation							*Aggregrate*	*Cost per Business/*
Policy Option	*FY 89*	*FY 90*	*FY 91*	*FY 92*	*FY 93*	*FY 94*	*Cost To State*	*Year Served*
Minimum	$49,000	$0	$0	$0	$0	$0	$49,000	$88
Shared	$49,000	$24,000	$24,000	$24,000	$24,000	$24,000	$169,000	$240
Maximum	$49,000	$64,800	$62,475	$60,150	$57,825	$28,300	$322,550	$300
Table 6 - Estimated Cost To Business for Sign Pair Installed in FY 90							*Aggregate Cost*	*Average*
Policy Option	*FY 89*	*FY 90*	*FY 91*	*FY 92*	*FY 93*	*FY 94*	*To Business*	*Cost per Year*
Minimum	$0	$1,894	$459	$411	$390	$379	$3,533	$707
Shared	$0	$1,294	$219	$219	$219	$219	$2,170	$434
Maximum	$0	$750	$250	$250	$250	$250	$1,750	$350

This should not suggest the department is disinterested in this approach. Three general options are presented below for consideration. Detailed evaluation is suggested for the task force in analyzing the merits of each option and better defining a course of action.

1. Franchise - Under this concept the program would be almost entirely run by a private firm or firms in franchise fashion. Final decision concerning sign installation and program policies would remain in departmental hands; otherwise individual businesses would make application to the firm(s). The firms would be sanctioned by the department to perform this service and would be responsible for all steps including application processing, sign manufacturing, installation, maintenance, and inventory and status reporting.

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3. Manufacturing Only -Similar to Option #2, except state highway maintenance crews would install and maintain the signs after they were manufactured for the business and delivered to the appropriate maintenance station. This option allows for greater control of exactly how and where the signs are installed within the ROW and may be less costly to the business when the signs are installed in remote locations.

Technical Issues to be Resolved:

As part of the developmental phase (and with an adjustment period as experience is gained) some technical issues will need to be resolved in more detail than is possible here. Some of these are:

User fee structure	- subsidy from state, equal to cost, or revenue generating.
Insurance requirements or liability potential	- individual policy or pooled coverage.
Conditions of eligibility	- types of businesses, minimum services necessary to qualify, minimum hours of operation, distance from highway.
Allowable number and locations	- sight distance, spacing, etc.
Physical specifications	- size, shape, materials, colors, logos, supports, locations, etc.
Prioritization where demand exceeds available space	- first come, first served? - lottery on a periodic basis? - public necessity?

Maintenance requirements	- seasonal removal and installation if business costs during part of year.
	- cost of vandalism and accident repair
	- whom is responsible?
	- removal if business becomes ineligible or closes.

Recommendations:

A signing system based on the Tourist Oriented Directional Signing program is recommended for Alaska to meet the identified needs of motorists and businesses catering to motorists for the following reasons:

1. Little or no need for changes to existing Federal and State statutes and regulations is created, and Federal acceptance seems likely for all roadway classes.

2. A broad range of businesses (such as gift shops, gold panning, lodges, guide services, etc.) can be accommodated which cannot with other programs of official highway signing.

3. Costs would be no greater, and sometimes less, than other feasible alternatives.

4. Motorists nationwide expect blue signs with white lettering to contain information in their interest, such signs convey an image of "official signing", and a neat and orderly appearance of our roadside signing can be maintained.

5. The integrity of sound traffic engineering principles can be maintained and the required relationship of the Alaska Traffic Manual to the Federal Manual on Uniform Traffic Control Devices can remain intact.

6. A wealth of solid experience has been gained in other States that we can learn from in developing a program to suit our own particular needs.

It is recommended that signs of other State agencies that seem to be in the best interests of the State (but which do not meet the engineering technical requirements of traffic control devices, and which only extend or replace devices already in official manuals) be accepted on a case by case basis as encroachments in the public interest.[3]

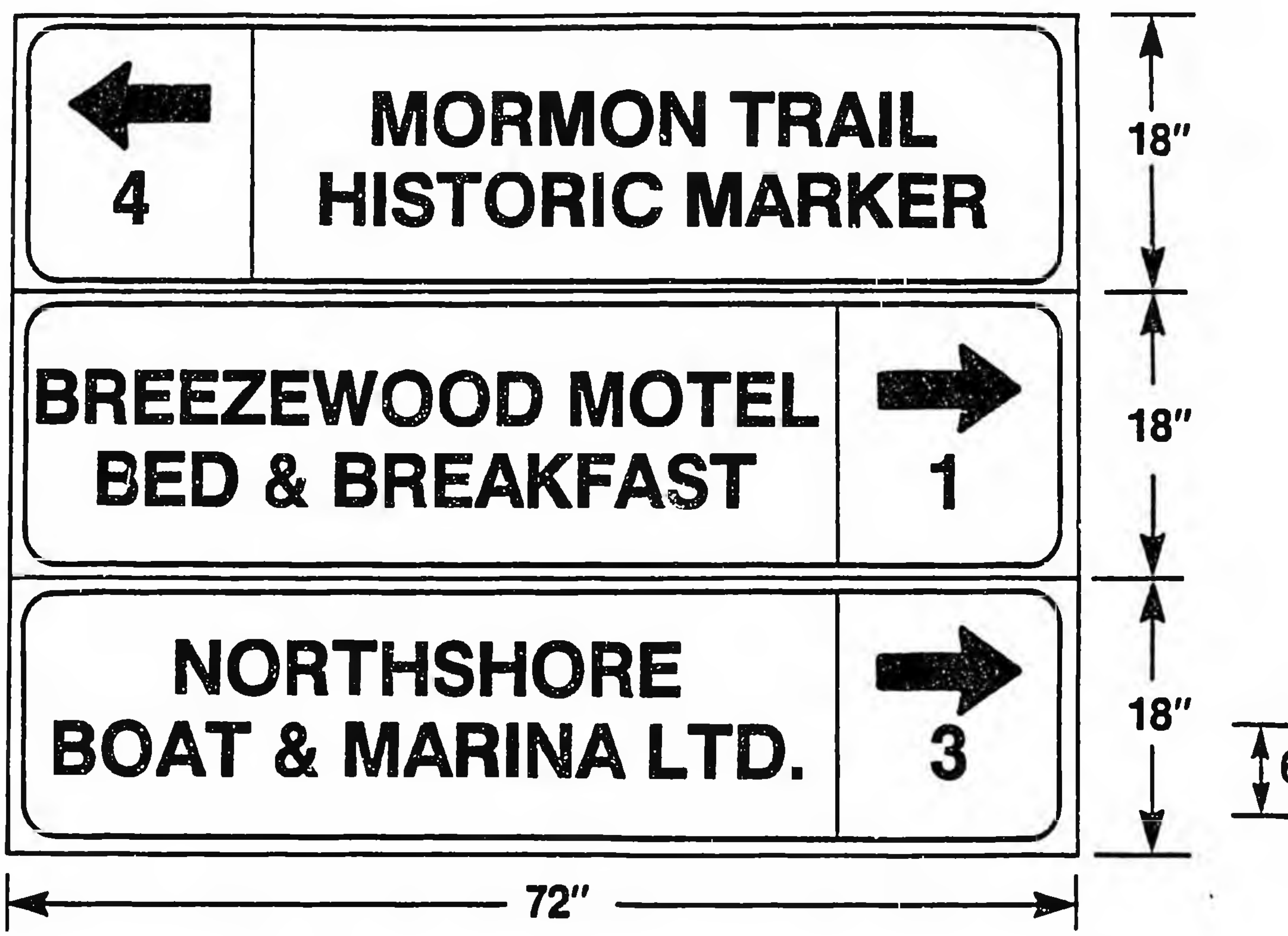
[3]The divisional FHWA office has recently informed us of their intent to disallow the Eagle logo sign now being used by the State Division of Parks on some routes. Their decision will require further thought as to how best provide for the special signage requirements of the Alaksa Division of Parks.

Conclusion:

The Department believes that the needs of motorist-oriented businesses can be met through a cooperative program of Tourist Oriented Directional Signing complying with Federal standards for use on all roadways which preserves the integrity of sound traffic engineering principles and has minimal impact on Alaska's renowned roadside aesthetics.

FORMAT PROPOSED BY THE STATE OF IOWA
for

Tourist Oriented Directional Signing



Reflectorized Panels & Legend
Colors Blue Background
White Legend

COMBINATION SIGN PANEL

Figure No. 3

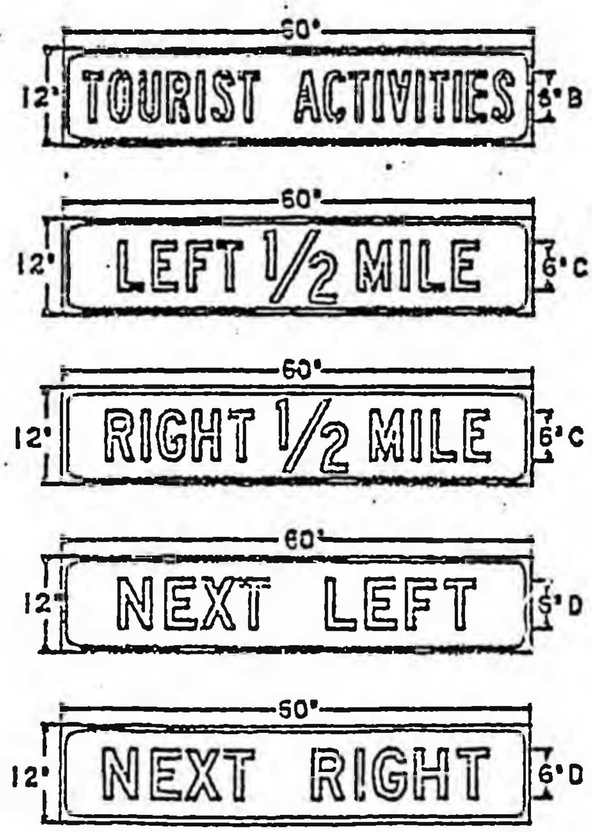
TYPICAL TOURIST ORIENTED DIRECTIONAL SIGNS

FIGURE 1

ADVANCE SIGN PANEL

INTERSECTION SIGN PANEL

※ SERIES OF LETTERING DEPENDS UPON LENGTH OF LEGEND. (MAXIMUM LENGTH OF BUSINESS NAME PER LINE IS 54"). REFLECTORIZED WHITE LEGEND ON REFLECTORIZED BLUE BACKGROUND.

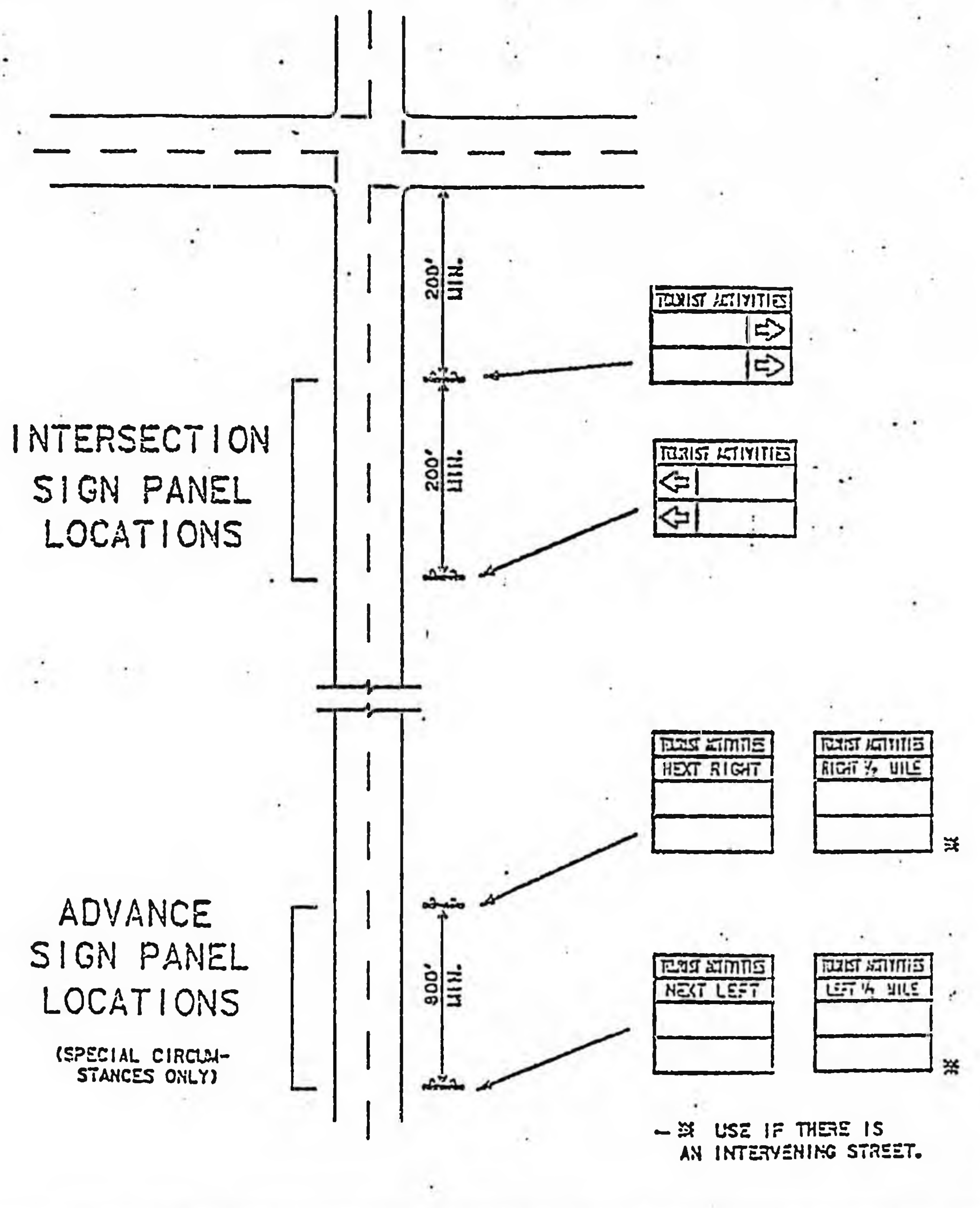


ALTERNATE SIGNS FOR ADVANCE SIGN PANELS

COMBINED SIGN PANEL

TYPICAL SIGNING FOR TOURIST ORIENTED SERVICES

FIGURE 2



Task Force Report On
Tourist Oriented Directional Signs (TODS)
II-110(Chng) NCUTCD

Task Force members are Jim Pline, Andy Ramisch, Gerald Holmberg, Art Dinitz, Wayne Gruen and Dick Oliver, Chairman.

We recommend the following response to FHWA Docket No. 85-27, in which the FHWA proposed to add a new section 2I to the MUTCD to incorporate standards for tourist oriented directional signs.

We recognize that motorists in rural areas, on highways other than freeways and expressways, may have a need for additional business directional information when the facilities are not visible from the highway and if the installations are voluntary. If a state elects to use TOD signs, the cost should be paid by the business on a permit basis.

The FHWA, in its publication of this request in the Federal Register, solicited answers to four questions.

1. What types of business, service, and activity should be considered or eligible for signing with Tourist Oriented Directional Signs?

2. Should businesses producing or offering certain products be prohibited from eligibility for Tourist Oriented Directional Signs? An example might be those businesses whose principal product is producing promoting, or selling alcoholic beverages which appears contradictory to State and National concerns about alcohol and driving.

3. Should businesses, services, and activities be open to the general public a minimum number of hours a day, and a minimum number of days per week, to qualify for Tourist Oriented Directional Signs?

4. Should Specific Services Information (LOGO) Signing [1] and Tourist Oriented Directional Signs be allowed to be installed at the same intersection? If yes, what is the number of sign panels, and the number of businesses, services, and activities allowed on each panel on a specific intersection approach?

The FHWA's questions are answered as follows:

1. The types of business, service and activity which should be considered eligible for TOD signing, are those whose major portion of income or visitors are derived during the normal business season from motorists not residing in the immediate area of the business or activity.

2. Three categories of business activity should be excluded as eligible from TOD signing.

   a. Those which are illegal under federal, state or local law.

   b. Those which qualify for and have specific services information (logo) signing installed.

   c. Those which are retail or service outlets for goods and services commonly available at a number of locations (as contrasted with goods and/or services targeted to tourists).

3. Facilities should be open a minimum of eight hours per day and six days per week including Saturday and/or Sunday. The facilities shall be open to the general public.

4. Specific services (LOGO) signing and tourist oriented directional signs (TODS) should not be installed at the same intersection. The state should select one type of signing (LOGO or TODS) for a particular highway or system.

The Task Force proposes adding a new section 2I to the MUTCD which reads:

FHWA Proposal

I. Tourist Oriented Directional Signs

2I-1 Purpose and Application

Tourist oriented directional signs (TODS) provide the business identification and directional information for tourist related businesses, services, and activities, the major portion of whose income or visitors are derived during the normal business season from motorists not residing in the immediate area of the business or activity. A TOD sign gives the name, direction and distance to the tourist business. A TOD sign panel is made up of one or more TOD signs.

They are intended for use on rural conventional roads where the facilities are not visible from the highway and shall not be used at interchanges on expressways or freeways. They may be used in conjunction with motorist service signs. A state should select one type of signing (LOGO or TODS) for a particular highway or system.

Each State that elects to use tourist oriented directional signs should have a State policy for use as indicated in Section 2I-7, State Policy.

2I-2 Design

Tourist oriented directional signs shall be rectangular in shape and shall have a white legend and border on a blue background. Standard General Motorist Service signs of Section 2G-6 of the MUTCD and Recreational and Cultural Interest Area signs of Section 2H of the

MUTCD may be used to indicate a general class of business, service, or activity. Logos for specific businesses, services, and activities may also be used. When used, symbols and logos shall be reduced to an appropriate size. Logos resembling official traffic control devices shall not be permitted.

Each sign should have not more than two lines of legend including not more than one symbol or logo, a separate directional arrow, and the distance to the facility shown beneath the arrow. The content of the legend shall be limited to the identification of the business, service, or activity, and the directional information (fig.1). Under special conditions, the hours of operation may be added. Legends shall not include promotional advertising.

Legends, arrows, borders, symbols, and logos shall be reflectorized. Arrows should be as provided in Section 2D-8 of the MUTCD and as provided in the detailed drawings in the "Standard Highway Signs" book.2/ Arrows pointing to the right should be at the extreme right of the sign and arrows pointing to the left should be at the extreme left of the sign. Symbols, when used, should be to the left of the word legend or logo.

2/ Available from GPO, see page 11.

The panel on which these signs are mounted may have the legend TOURIST ACTIVITIES.

2I-3 Style and Size of Lettering

The standard lettering for tourist oriented directional signs should be uppercase letters of the type provided in the "Standard Alphabets for Highway Signs and Pavement Markings" book.3/ The legend on signs used on major routes in rural districts should be in letters and numerals at least 6 inches in height. On less important rural roads the legend should be in letters and numerals at least 4 inches high.

2I-4 Arrangement and Size of Intersection Signs

Signs for right turns and left turns should be arranged vertically on separate sign panels located so that the right turn signs are closer to the intersection. A maximum of four businesses may be signed per intersection approach. When not more than three signs are to be installed on an approach to an intersection, the signs may be combined on the same panel with the left turn signs above the right turn signs. Not more than three signs should be installed on any sign panel and not more than two sign panels (one for left, and one for right) should be installed on an intersection approach. (Fig.2)

The signs should not exceed the size necessary to accommodate two lines of legend without crowding. Symbols and logos should not exceed the height of two lines of word legends. All signs on the same

3/ Available from the Federal Highway Administration, (HTO-20) Washington, D.C. 20590 sign panel should be the same width which should not exceed 6 feet.

2I-5 Advance Signing

Advance signing may be installed in special circumstances if permitted by State policy. However, it should be limited to those situations where sight distance, intersection vehicle maneuvers or other vehicle operating characteristics require advance notification of the service to reduce vehicle conflicts and improve highway safety.

The arrangement of the tourist oriented directional signs on the advance sign panel should be identical to the arrangement on the intersection approach sign panel with a maximum of two sign panels; however, the directional arrows and distances should be omitted. The appropriate legend NEXT RIGHT or NEXT LEFT in letters of the same height as the sign legends, should be placed on the panels above the signs. The legend RIGHT 1/2 MILE or LEFT 1/2 MILE may be used when there are intervening minor streets.

2I-6 Sign Locations

The intersection approach sign panels should be located at least 200 feet from the intersection; and shall not obstruct the driver's critial viewing of other traffic control devices. The sign panels may be located laterally outside the normal longitudinal alignment of other traffic control signs, but within the right-of-way. The location of other traffic control devices shall at all times take precedence over the location of tourist oriented directional signs. Sign panels should be spaced at least 200 feet apart and at least 200 feet from other traffic control devices.

When used, Advance Sign panels should be located approximately 1/2 mile from the intersection with 800 feet between the panels. In the direction of traffic, the order of advance signing should be for facilities to the left and then the right.

Position, height, and lateral clearance of panels should be governed by Section 2A and 2D of the MUTCD except as permitted above.

21-7 State Policy

Each State that elects to use tourist oriented directional signs should adopt a policy that complies with the provision contained above. The policy should include:

1. A definition of tourist oriented businesses, services, and activities. (The inclusion of the wording - the major portion of whose income or visitors are derived during the normal business season from motorists not residing in the immediate area of the activity - is recommended.)

2. Criteria for eligibility for signing.

3. Provision for covering signs during off-seasons for businesses, services, and activities operated on a seasonal basis.

4. Provisions for trailblazing to facilities that are not on the crossroad if the State elects to sign for such facilities.

5. Maximum distances to eligible facilities (A maximum distance of five miles is recommended).

6. Provision for information centers (plazas) when the number of eligible sign applicants exceeds the maximum permissible number of sign panel installations.

7. Provision for limiting the number of signs when there are more applicants than maximum number of signs permitted.

8. Provision for controlling or excluding those businesses which have conforming or non-conforming illegal signs as defined by the Highway Beautification Act of 1965 (23 U.S.C. 131).

9. Provision for states to charge fees to cover the cost of signing through a permit system.

10. A definition of the conditions under which the time of operation is shown.

11. Provisions for determining if advance signing will be permitted.

Introduced: 1/22/88
Referred: Transportation
and Finance

5-1654A

IN THE HOUSE

BY LARSON, MENARD, ELLIS,
BROWN, GRUENBERG AND DONLEY

HOUSE CONCURRENT RESOLUTION NO. 34

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

Relating to tourist-oriented directional signs.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS tourism is a major source of economic growth and stability in the state; and

WHEREAS large numbers of tourists travel to and around the state by automobile, motor home, or bus; and

WHEREAS the Department of Transportation and Public Facilities is considering a proposal to implement a Tourist-Oriented Directional Sign (TODS) program in order to install uniform, federally approved informational signs on roads and highways to direct tourists to roadside businesses that provide services to tourists; and

WHEREAS the TODS program will provide directional signs to many tourist-oriented businesses that, due to current federal regulations, may not place signs on roads or highways, such as gift shops, lodges, guide services, and gold-panning operations; and

WHEREAS the TODS program will greatly assist tourist-oriented businesses that are not readily visible from the roadside; and

WHEREAS the Federal Highway Administration is expected to approve to TODS program so that tourist-oriented directional signs may be installed on the right-of-way of federal aid highways in the state;

BE IT RESOLVED that the Alaska State Legislature expresses its support for the Tourist-Oriented Directional Sign program; and be it

FURTHER RESOLVED that the Alaska State Legislature respectfully requests the Governor to direct the Department of Transportation and Public

Facilities to implement the Tourist-Oriented Directional Sign program as soon as possible after the program is approved by the Federal Highway Administration.