

HCR

34

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HCR 34
PUBLISH DATE: HOUSE 2/10/88

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
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REVENUE	0	0	24.0	24.0	24.0	24.0
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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. Outesen, Director
Division: Engineering and Operations Standards

Phone: 465-2951
Date: February 5, 1988

Approved by Commissioner: *[Signature]*
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)

7. 11/11. Attachment

February 5, 1988

Department of Transportation and Public Facilities

Page 2 of 2

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.



*Please note: following pages will
be numbered 9-13.*

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
Minimum

Description

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:

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

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 that underlie them. 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 in 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							Aggregate
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							Aggregate	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?

Alaska State Legislature



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Representative Ronald L. Larson
District 16B

To: Senator Lloyd Jones, Chair
Senate Transportation Committee

From: Representative Ronald L. Larson *R.L.*

Re: HCR 34, Tourist Oriented Directional Signage

Date: April 18, 1988

Your committee has HCR 34 scheduled for Thursday, April 21.

This resolution expresses the support of the Legislature for the Tourist Oriented Directional Sign Program (TODS). The TODS Program allows for standardized signs--citing business name, type of business, and distance to the service. This will assist tourist oriented businesses which are not readily visible from the roadside. Size and color of tourist oriented signs will be determined through a public process.

I would appreciate your committee's suggestions and support.

STEVE COWPER, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

OFFICE OF THE COMMISSIONER

P O BOX 2
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.

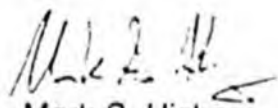
In the October teleconference, Jeff Ottesen mentioned a budget of \$15 to \$20 thousand to prepare the regulations associated with a program of this sort. Our current proposal is for more than this (\$27,000), and I believe it deserves clarification. Upon review, I felt it desirable to use a "task force" 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.

*Compliments of
Representative
Ron Larson*

The 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 roads¹ 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. (Attachment 1)

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.

There are at least three relevant regulatory or statutory areas and at least six documentary authorities regarding signs:

Regulatory Areas:

1. Traffic Control Devices (TCD's)
2. Outdoor Advertising
3. Right-of-Way (ROW) Encroachments

Authority References:

- A. Code of Federal Regulations (CFR)
(backed by enabling legislation.)
- B. Alaska Statutes (AS)
- C. Alaska Administrative Code (AAC)
- D. DOT & PF Policy and Procedures (P&P)

- E. Alaska Traffic Manual (ATM)
- F. Local Laws and Ordinances (not treated here)

Attachment 2 shows which authorities pertain to various roadway classes.

1. TCD's

A. 23CFR655-Subpart F establishes the Manual on Uniform Traffic Control Devices (MUTCD) as the standard on streets, highways, and bicycle trails open to public travel. (Attachment 3)

It allows States to have their own manual or supplements in substantial conformance to the national MUTCD and with the FHWA Regional Administrator's approval of the manual or supplements. The Alaska Traffic Manual (ATM) exercises this option by consisting of the MUTCD with a federally approved "Alaska Supplement".

B. AS28.01.010 requires municipalities to conform as close as practicable to the DOT&PF's ATM. (Attachment 4)

AS19.10.040 requires DOT&PF to conform as far as possible to the national MUTCD. (Attachment 5)

D. P&P 70-7000 defines the ATM as the MUTCD with an Alaska Supplement and establishes the policy that it is the official State manual. (Attachment 6)

E. The MUTCD portion of the ATM (section 1A-3.1) requires that no TCD or its support shall bear any advertising or commercial message, or other message not necessary to traffic control. Furthermore, it requires any unofficial and non-essential signs to be removed as a public nuisance. (Attachment 7)

The ATM allows the State to establish a federally approved program of Specific Services ("Logo") Signs for food, gas, lodging and camping.

[NOTE: It is also likely that a system of Tourist Oriented Directional Signs (TODS) will soon be allowed by the national manual, and would likely be approved under the present statutes and regulations based on precedent in other States. See Attachment 8 for details.]

2. Outdoor Advertising (outside of ROW)

A. 23CFR750 generally prohibits advertising within 660 feet of FA Interstate or Primary routes where visible from the roadway, or

beyond that and intended for visibility from the roadway, except for "on-premise" signs advertising activities on the property or advertising the property for sale. Only the 660 foot border applies in urban areas. Signs consistent with the regulations and authorized by state law which are designed to give information in the specific interest of the traveling public may be permitted in protected areas. Also, signs in bonafide "zoned and unzoned commercial areas" are permissible. (Attachment 9)

B. AS19.25.080-180 is parallel to the federal requirements except it includes the Secondary road system. It also authorizes the DOT&PF to enter into agreements with the U. S. Secretary of Transportation as provided in 23 USC relating to outdoor advertising. (Attachment 10. The original state-federal agreement is Attachment 11.)

3. ROW Encroachments

A. 23CFR1.23 prohibits encroachments or property in the ROW of FA routes except those devoted exclusively to public highway purposes. (Attachment 12)

B. AS19.25.200-250 prohibits encroachments except as permitted by DOT&PF regulations. (Attachment 13)

C. 17AAC20.010-.040 prohibits outdoor advertising signs within the ROW of any highway and forbids the permitting of such. (Attachment 14)

D. P&P 10-0020 requires that in the interest of safety, convenience and pleasure of highway users, encroachments will not be allowed except by permit. (Attachment 15)

E. ATM Section 1A-3.1 prohibits signs in the ROW except for official TCD's. (Attachment 7)

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).

<u>Aspect</u>	<u>Alternatives</u>		
	<u>Logos</u>	<u>TODS</u>	<u>Encroachments</u>
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

<u>Expenses Item</u>	<u>Units</u>	<u>Cost</u>	<u>Funding Needs</u>	<u>Funding Available</u>
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	<u>\$4,000</u>	
Totals			<u>\$27,000*</u>	\$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
Minimum

Description

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:

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

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 in 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							Aggregate		
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							Aggregate		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?

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

³The 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 Alaska 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.

ATTACHMENTS

1. FHWA TOD Proposal
2. Laws and Regs. on Signing
3. 23 CFR655-F
4. AS 28.01.010
5. AS 19.10.040
6. P&P 70-7000
7. MUTCD Section 1A-3.1
8. TODS Report (Iowa)
9. 23CFR750
10. AS19.25.080-.180
11. State-federal agreement on control of outdoor advertising
12. 23CFR 1.23
13. AS19.25.200-.250
14. 17AAC20.010-.040
15. P&P 10-0020

COMMITTEE ON STATE HIGHWAY
TRANSPORTATION OFFICIALS



FRANCIS B. FRANCOIS
Executive Director

PC-87-33
May 20, 1987

To the Chief Administrative Officers
of the Member Departments of the
American Association of State
Highway and Transportation Officials

BALLOT ENCLOSED
REPLY REQUESTED BY
JUNE 12, 1987

Dear Members:

Enclosed are recommendations made by the several technical committees of the National Committee on Uniform Traffic Control Devices on thirteen requested changes to the Manual. Also enclosed is a ballot on which it is requested that you indicate your position on each recommendation.

We are unfortunately a little late with this ballot this time and the due date of June 12 allows somewhat less time than usual for your response. The deadline is fixed by the date of the meeting of the National Committee later in June, and your efforts to adhere to the June 12 deadline will be especially appreciated.

Note that one of the options for each recommendation is "concur in part." In such a case, it is requested that you attach a brief explanation as to which of the elements of the recommendation you find acceptable and with which you are not in agreement.

The results of this ballot will be forwarded directly to the National Committee and will also be provided to the AASHTO delegation to that Committee for their guidance in the voting which will take place at their meeting this January.

Very truly yours,

Francis B. Francois
Executive Director

RECEIVED
MAY 26 1987

DOT & PF
Plans, Programs and Budget

RECEIVED
MAY 27 1987

REF:DJH:sh

Enclosure