

Date of Hearing: April 18, 2016

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

AB 1814 (Travis Allen) – As Amended April 11, 2016

SUBJECT: State highways: roadside rests

SUMMARY: Authorizes the California Department of Transportation (Caltrans) to enter into agreements for the operation of roadside rest areas by private entities, as prescribed.

Specifically, **this bill:**

- 1) Authorizes Caltrans to enter into agreements for the operation of safety roadside rest areas by private entities in conjunction with the development of a retail establishment, under the following terms:
 - a) The state shall continue to own the affected property but may lease the property to the private entity;
 - b) The private entity must be responsible for maintaining the affected rest area; and,
 - c) The private entity must ensure a daily minimum of 18 hours of public access and must provide restrooms, security, and limited vehicle parking.
- 2) Authorizes agreements to provide for payment to the state of a fixed percentage of all gross sales generated either through direct or online sales, with payments to be deposited into the State Highway Account and used to maintain or create new roadside rest areas.
- 3) Requires the retail establishment to be consistent with the state-defined footprint and height standards and to comply with all American with Disabilities Act standards and meet or exceed California's green building standards.
- 4) Provides that an authorized retail establishment may sell a range of products for and to the traveling public, per the agreement.
- 5) Requires Caltrans to seek any federal waivers that might be necessary to implement these provisions.

EXISTING LAW:

- 1) Directs Caltrans and the California Transportation Commission to plan, design, and construct a system of rest areas on the state highway system; directs Caltrans to maintain the rest areas.
- 2) Directs Caltrans to design only those rest areas that are reasonably economical and that will provide the motorist a place where he or she may stop for a short time during daytime and nighttime hours.

- 3) Directs Caltrans to allow the placement of vending facilities in rest areas, unless prohibited by federal law; requires Caltrans to give priority for vending facilities to blind vendors operating within the Business Enterprises Program.
- 4) Grants Caltrans authority to contract with public and private non-profit organizations for the operation of traveler service information facilities and rest area maintenance, so long as doing so does not cause displacement of civil service employees.
- 5) Prohibits any person from displaying, selling, or otherwise vending merchandise, foodstuff, or services within a rest area.
- 6) Authorizes Caltrans to develop up to six new rest areas as joint economic development demonstration projects. Contracts for construction, operation, and maintenance of the demonstration projects are required to be awarded based on competitive bidding. Under this authority, the department is authorized to permit commercial operations if the operations are traveler-related.

FISCAL EFFECT: Unknown

COMMENTS: Rest areas provide opportunities for travelers to safely stop, stretch, take a nap, use the restroom, get water, check maps, place telephone calls, switch drivers, check vehicles and loads, and exercise pets. Rest areas reduce drowsy and distracted driving and provide a safe and convenient alternative to unsafe parking along the roadside. A typical rest area includes parking places for vehicles, picnic tables, sanitary facilities, telephones, water, landscaping, tourist information panels, traveler service information facilities, and facilities for the distribution of current news. The state's 87-unit rest area system was constructed between 1958 and 1984 and includes and serves more than 100 million visitors annually.

Commercialization of rest areas on the Interstate has been prohibited since 1956 when the federal legislation that authorized the Interstate was enacted. Limited exceptions to this prohibition are granted to Interstates built prior to 1960 and to vending activities, priority for which is granted by federal and state law to blind vendors.

Perhaps the closest Congress has come to actually allowing commercial activity along the Interstate is the federal "Interstate Oasis" program, enacted in 2005. That program authorizes states to designate and provide signing to facilities near, but not within, the Interstate right of way. To be included in the program, the facilities have to offer products and services to the public, 24-hours access to restrooms, and parking for automobiles and heavy trucks. States are empowered to designate an "Interstate Oasis" if the facility meets all the following criteria:

- 1) Is located within 3 miles of an interchange;
- 2) Is safely and conveniently accessible, as determined by an engineering study;
- 3) Can physically accommodate all vehicles safely, including heavy trucks;
- 4) Provides a public telephone, food and fuel, oil, and water for vehicles; and,

- 5) Provides restrooms available to the public at all times (24 hours per day, 365 days per year) and drinking water at no charge or obligation.

To date, the federal Interstate Oasis program has not had much success--there are no designated facilities in any state.

Caltrans has had an equal lack of success in its efforts to privatize rest stops: first, in obtaining federal authority to permit commercial activities in the rest areas; and, second, to solicit viable joint development proposals even for its non-Interstate freeways. State law enacted in 1985 [SB 1380 (Ellis), Chapter 1139, Statutes of 1984], authorized a joint economic development demonstration program and provided for up to 6 new road roadside rests. To date, however, no projects have been built under this authority, due in large part to: 1) the federal prohibition against commercial activities on the Interstate; and, 2) the fact that heavily traveled areas outside of the Interstate tend to already have commercial developments (e.g., food, gas, and lodging) that cater to motorists. Less traveled areas that remain undeveloped would probably not generate enough business to sustain commercial activities within or outside of the right of way.

Previous legislative attempts to nudge California into the federal Interstate Oasis program have also been unsuccessful. For example, AB 2485 (Hueso) of 2012, which was nearly identical to this bill, attempted to "expand business, create jobs, save the state money due to lower maintenance costs, and generate additional revenue to fund other transportation projects" by authorizing Caltrans to enter into agreements for the operation of roadside rest areas by private entities. At the time, supporters estimated that the public-private partnerships envisioned in AB 2485 had the potential to bring in \$3 million annually in lease revenue to the State Highway Account and \$7.5 million annually in new sales tax revenue and save the state as much as \$15 million annually in deferred maintenance costs. Evidence from other states—which have Interstates that were built prior to 1960 and are, therefore, authorized to operate commercialized rest areas—supports these estimates, at least in concept. For example, rest stops in Delaware, financed entirely with private funds, reportedly generate \$1.6 million annually for the state.

Opponents to AB 2485 asserted that the long-standing ban on commercial activities within the Interstate right of way has been successful in encouraging commercial developments at the exits along the Interstates. They cited as evidence of this success statistics indicating that California has 1,378 gas stations, over 8,000 highway-oriented food services locations, 90 truck services sites, 260 fuel stops, and 61 truck stops located within a quarter-mile of the Interstate. The opponents argued that allowing rest areas commercialization will not create new demand for food and fuel but simply siphon business away from these exit-businesses. AB 2485 failed passage in this committee.

AB 1814 attempts to reinvigorate the discussion regarding public-private partnerships for rest areas. Specifically, AB 1814 authorizes Caltrans to enter into any number of privatized roadside rest areas in conjunction with retail operations, despite the federal prohibition against commercialization of rest areas that remains in place.

Committee concerns:

- 1) California's most heavily traveled highways are its Interstate highways, upon which federal law prohibits commercial activities. It is highly unlikely that the federal government will waive its long-standing ban on commercial activities within Interstate rights of way, making it doubtful that this bill could be implemented.
- 2) State Route 99, which runs north to south through the Central Valley, would be a prime location for public-private partnership developments within the rights of way were it not for the commercial businesses that have already been developed near the freeway exists. These businesses would likely be harmed by joint development within the State Route 99 rights of way.
- 3) Any developments that may be authorized within the rights of way should be required to provide a minimum level of services, including:
 - a) Access to rest rooms and to drinking water 24 hours per day, 365 days per year at no charge or obligation to motorists; and,
 - b) Parking facilities for large trucks.

Previous legislation: AB 2485 (Hueso) of 2012 was nearly identical to this bill. AB 2485 failed passage in this committee.

AB 1566 (Niello) of 2007 would have required Caltrans and the California Transportation Commission to identify and prioritize one or more candidate projects for a joint economic development rest area. AB 1566 was returned to the Chief Clerk pursuant to Joint Rule 56.

SB 468 (Campbell) of 2005 would have expanded from 6 to 15 the number of roadside rest areas that Caltrans would have been allowed to construct, maintain, and operate as joint public-private economic developments. SB 468 failed passage on the Senate floor.

REGISTERED SUPPORT / OPPOSITION:**Support**

None on file

Opposition

None on file

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