

Virginia Statewide Directional Signing Advisory Committee

Meeting Minutes Template

October 20, 2021

Meeting time: 9:30 a.m.

Conference Call

1. Introductions

Rick Burgess served as Chair in place of Ray Khoury.

Committee Members Present:

Name	Organization
Karen King	Federal Highway Administration (FHWA)
Michael J. O'Connor	Virginia Petroleum & Convenience Marketers Association (VPCMA)
Val Guffy	Virginia Tourism Corporation (VTC)
Ray Khoury	VDOT Traffic Engineering Division
Beck Stanley	Virginia Agribusiness Council
Robert Melvin	Virginia Restaurant, Lodging and Travel Association (VRLTA)

Committee Members Not In Attendance:

Name	Organization
Shepherd Cronemeyer	Virginia Agribusiness Council
Kristan Havard	Virginia Hospitality and Travel Association (VHTA)
Martha Mitchell Meade	American Automobile Association (AAA)
Dale Bennett	Virginia Trucking Association (VTA)
Leighton Powell	Scenic Virginia

VDOT Support Staff:

Keith Wandtke	VDOT - Policy Planning Division
Vanloan Nguyen	VDOT - Traffic Engineering Division
Rick Burgess	VDOT - Traffic Engineering Division
Dee Audet	VDOT - Traffic Engineering Division
Al Bryan	VDOT - Traffic Engineering Division
Mark Herman	Kimley-Horn and Associates, Inc.
Lewis Bridgforth	Spy Pond Partners, LLC.
David Alley	Spy Pond Partners, LLC.
Brad Beardslee	Spy Pond Partners, LLC.

Directional Signing Program (DSP) Staff:

Curtis Ford	Directional Signing Program
Tyler Starr	Directional Signing Program
Trevor Hershey	Directional Signing Program
Todd Pitcher	Directional Signing Program
Misty Proffitt	Directional Signing Program

Guests:

Christopher R. Nolen
Tracy Baynard

McGuire Woods
McGuire Woods

2. Previous Meeting Minutes: May 5, 2021

Copies of the previous meeting's minutes were distributed for review and discussion prior to the meeting. Meeting minutes have been reviewed and approved by the committee members.

3. IDSP

a. Status of Participation (Logo, TODS, SGS and GMSS): DSP – (Trevor Hershey)

Logo Program - Trevor provided an overview of each program beginning with the Logo program. Currently there are almost 5,000 customers under contract on 1,851 mainline structures with a total of 12,252 plates. Participation was slightly down due to Covid-19, but the value of the program has been mostly maintained. There have been over 100 applications over the last six months.

TODS & SGS Programs – There have been over 800 mainlines for the TODS program and have had 42 new installations and only a fraction have been removed. DSP is continuing to receive requests for signs and this is attributing to the growth of the program.

GMSS & Historical Markers – There has been little development with the GMSS program; however, the historical marker program is growing with 33 new installs. Also, a significant number of markers have received maintenance.

b. IDSP Annual Report on Revenue/Expenses FY21: - (Dee Audet)

Fiscal Year Summary: FY21 ended on June 30th and we have 15.1% of revenue over expenses. This was due to fluctuations in revenue and we expect some of that to be related to COVID. In FY22, we expect to have the program at a more normal percentage. The program is progressing as we anticipate as it has been in the past as both Rick and Trevor have reported from an activity stand point.

Review of FY21 Actuals: There was a project in the eastern region that wrapped up and \$39,416 was returned to the IDSP. There was a very small calculation error in COVID reporting resulting in \$750, but considering that we were tracking over \$1.5M in COVID relief, this very, very small. Kudos to Misty and her team at DSP for managing contractor expenses and COVID relief. This was a phenomenal amount of work for them and well received by sign participants. We had lower spending than we originally anticipated. This was why we ended the year with 15.1% of revenue over expenses because we were actually projecting to be at a lower percentage for this year. The various challenges related to COVID responses and limitations with staffing hampered the program. As Trevor and Rick indicated we are expecting business to pick back up and normalize as we go forward.

Question from Michael O'Connor:

I have to approach this by saying that the Department and the agency that is administrating this certainly has to be given a lot of credit for the COVID Relief that was provided to our folks and others. I thought at this time last year that the projection was that after the relief was provided the balance was going to be closer to zero than we are seeing today. Dee

commented that we were anticipating being closer to zero, but there were a multitude of improvement programs that were anticipated, but because of the limitations the Department was under in responding to the COVID protocol, this caused ripple effects and impacted what we spent in general. This is a one-time thing and we are expecting it to rebound to a more normal spending in this fiscal year.

FY22 Projections: SGS Safety Improvement project is a six year program that may be of interest. This will return great results of improving our signage. We expect to incur this year of contributions to ongoing projects where IDSP signs are affected. This is a standard line item for us to cover some of the costs associated with IDSP signs in the district projects. We are working to identify the specific amounts that these projects will need. Overall, we will dip into our special reserve fund, a small portion, that's ok b/c we are at a healthy balance right now. This will bring us to a healthy 9.6% of revenue over expenses. Rick, hopes that everything will go well with our supply chain so that we are able to complete the items that we have on our list. We have a multitude of safety improvement projects that are occurring across the state that were put on hold awaiting funding and transfer of the contract itself. We hate that this situation occurred with the pandemic, not only affecting our program, but the world as whole and the global economy we have felt it all the way down to this level as well.

c. HB 1740 Work Group Study Information: VDOT, KHA and DSP

This meeting is our normal meeting; however, one of the key elements is the working group study that we're pulling together and we need your input to help us finalize this report. With the information that KHA has conducted in regards to a nationwide review of other states policies and information related to rotation of Logo customers at saturated interchanges, KHA has been able to obtain sufficient information to provide an informed report and provide that information to you all. Rick mentioned that he had distributed the information earlier in the week so that you would have an opportunity to review and absorb it. House Bill 1740 was introduced by delegate Mark Cole during the 2021 regular session of the General Assembly. The house bill didn't become any law because it was tabled by the House Transportation Committee.

Rick read House Bill 1740 text, "When there is a waiting list of eligible entities to be included on any Class 1 sign or notice pertaining to the availability of food, lodging, or vehicle service, the Department shall establish and enforce a system to rotate every three years the entities included on such sign or notice among all eligible entities."

Rick proceeded to explain that this didn't pertain or was not put into to code section of the IDSP, but is related to outdoor advertising.

Rick reviewed the delivery schedule for the HB 1740.

Rick presented the issues with the proposed legislature.

- HB 1740 proposed to amend and reenact 33.2-1217 of the Code of Virginia, which covers outdoor advertising signs and not Specific Service (Logo) signs
- Outdoor advertising signs are not permitted within VDOT right-of-way

- Logo signs are not intended as an advertising medium but are considered traffic control devices by the MUTCD established to serve the traveling motorist by guiding them safely and conveniently to essential services

Rick presented the Basis for the IDSP Logo Program Policies.

MUTCD

- “The development of a signing system for freeways and expressways is based on the premise that the signing is primarily for the benefit and direction of road users who are not familiar with the route or area.” (MUTCD Section 2E.01)
- Establishes guidance for states to follow regarding a business’s eligibility to participate in a Logo program, but allows state to modify guidance or establish its own criteria
- Does not provide guidance regarding prioritization of businesses when there are more eligible businesses than spaces

Rick read the current IDSP Bumping policy and the history behind the current bumping policy.

- Bumping: the removal of a business from the program for another business of the same service
- Current policy adopted in 2004 and revised most recently in 2018
 - Prioritizes availability of service and distance to the interchange
 - A new applicant can bump a participating business from a Logo panel if any of the following criteria are met:
 - The applying business is in a higher category (e.g., longer operating hours at a gas or food business, more rooms for rent at a lodging business) than a participating business
 - The applying business is more than ½ mile closer to the interchange than a participating business of the same category and the participating business is located at least one mile from the interchange

Mark Herman’s presentation of the National Practice Research on Bumping Policies

Kimley-Horn and Associates, Inc. (KHA) performed research about code references or criteria published online and conducted some phone and email outreach. The most popular policy related to bumping is that there are fifteen states follow first come, first serve policy where there is no bumping or rotation. The next most common thing considered from a bumping practice was distance. There are eleven states that prioritize distance and allowed a new applicant to bump and existing customer if they were located closer to the interchange. Eleven states that specifically considered distance and another four that are shown under that multiple criteria column where distance was one of two criteria that were considered. Virginia falls under this list because Virginia considers the availability of service with category I and category II businesses as well as the distance. There are 15 in total if you count the 11 (distance-based bumping) and 4 from the multiple criteria that do consider distance. There were a few other bumping policies. South Carolina has a system where they

released bids every year for spots on the logo sign for the next year. New York has a criteria that considers the amount of services provided and prioritizes those businesses that provide more services over those that provide over one. Colorado was identified with a rotation policy. This will be discussed later in the presentation. There were 15 states that KHA wasn't able to track down information, didn't respond to the outreach or doesn't have information that is publically available online. Colorado has had a rotation policy in place where they rotate logos every year and they will rotate at interchanges where they have at least one business on the waitlist and will rotate up to six logo plates on the program if there are six on the waitlist at an interchange. To understand the Colorado plan, VDOT wants to understand the scale, rotation, work created and how does it compare with Virginia's plan. The Colorado logo program is much smaller in scale than the IDSP program in Virginia. There are 148 total interchanges compared to the 399 in Virginia. There are approximately 1/3 of the number of the total mainline logo structures. Colorado has 53 interchanges with a waitlist for their Logo program and Virginia has 178. There 233 waitlisted businesses in Colorado for the logo program, Virginia has over 1,200. When considering one cycle of rotation, Colorado had informed us that their next rotation cycle involves 103 mainline panels and Virginia's would require 1,424 panels to be rotated. Rick interjected that our program is 3.5 times larger than Colorado's.

The impact of the rotation policy that was proposed by HB1740. The impact of program to motorists, program logistics, and businesses interested in participating, and also to program financials. The goal of the IDSP is to be an essential service to motorists.

Impact of program to Motorists:

One major thing that this rotation policy would do is that it would change motorist expectations for Logo signs at interchanges where rotations would take place. This is because with some of our interchanges that have very long waitlists up to 6 logo panels could be rotated off at one interchange at one time. This would really change the driving experience at that interchange. The rotation policy conflicts with the current bumping policy. This considers both the availability of service with the Category I & II businesses and also the distance to the interchange. As written, the rotation policy proposed in HB1740 would allow businesses under Category II that provide that lower level of service to participate in place of businesses providing that higher level of service. This deviates from the intent of IDSP to be that essential service to motorists.

Impact Assessment -Program Logistics:

This would require an update to the IDSP policies and manuals, revision to all existing contracts with logo businesses, and may require a contract revision between DSP and VDOT. This would require a look into the timeliness requirements that VDOT has set aside for DSP to complete construction within 30 days of the receipt of materials. This rotation policy is likely to create a large amount of work that needs to be completed in a short timeframe to accomplish the rotation. Part of VDOT's effort will be to renegotiate that contract to determine if those timeliness requirements are still feasible for DSP. The IDSP Management System is the system that DSP has created to track information related to asset and customers on the program and there's quite a lot of work that would need to be done on the technology side in the IDSP Management system to update it so that it can accommodate and track the rotation policy if it were to be implemented. Also, DSP may require an additional fabricator for Logo plates due the

large number of logo businesses and then plates would need to be created for that rotation to happen in a short time frame. Additional VDOT staff would be required for oversight of the program.

Impact Assessment – Businesses

If a rotation policy were to be implemented one of the biggest pro's is that businesses on the waitlist now have a path to have their Logo displayed without needing a cancellation from a participating business. The benefit to those businesses is that past case studies have shown that participation in the Logo program can increase revenue for businesses that are participating; however, the VDOT staff and DSP both expect backlash from some longstanding customers that have made strategic investments to be able to participate in the IDSP. Those strategic investments could be their selection of a location close to an interchange when first opening a business or in determining the quantity of service provided. There has been some outreach to long standing customers that have expressed displeasure with the policy that has been proposed.

Impact Assessment – Program Finances

Lastly on the financial side, we have tried to project the increase in expenses and potential decrease in revenue that would be expected if such a policy were to be implemented. We've broken the cost projections out into two columns. The first are cost projections expected during year 1, this would be any costs to stand up this program for rotation and the 2nd column are the cost projections that would be over the next three year cycle where the rotation would actually take place. Cost projections for the three year cycle would also apply to subsequent three year periods. There is a caveat that these are the minimum cost projections based on the size of the current waitlist and they don't count for escalation related to cost of materials or staff resources. It is possible that the waitlist will grow if the rotation policy was adopted. The general understanding is that some businesses may not be choosing to apply to the program at interchanges where the waitlist is too long knowing that they don't have a foreseeable path onto the program.

There is a slight decrease in revenue for each three year cycle is related to the turnover period during the rotation. Once a contract ends with an existing Logo customer and DSP not being allowed to then charge a customer that will be rotated on in their place until that sign is actually put, there is essentially a down time where the original Logo business is being displayed but we are not collecting revenue because their contract has expired. This is related to how long it will take to rotate 1400 mainline plates for each cycle in a fairly short period. There would be some downtime where those new contracts aren't initiated.

Robert Melvin: It's going to cost more to potentially do this and it brings in less revenue. It will increase the expenses. There is a slight decrease in revenue related to that turnover period. The change in revenue is not as significant as we will see with the increase in our expenses.

Dee Audet: the reduction of revenue is really the period between trying to go out there and go through the rotation of bringing the businesses on within the next group of three year rotations.

Todd Pitcher: The business stops paying February 1st and there is no way for DSP to install every business on February 1st. For every day that DSP goes beyond that date the new participants will not make payment until they are installed and they are billed and pro-rated from the install date.

Trevor Hershey: The proposed policy would not increase revenue.

Rick Burgess: This is due to the fact that these are already saturated interchanges and we are taking care of foundational customers as you rotate them there will be gaps that we won't be able to recover.

Mark Herman: Breakdown of operation cost projection on slide 21 – this breakdown has been included for the review from the advisory committee, but it was not included in that draft report to the house committee on transportation.

Any questions or comments? You may have noticed that in the draft version of the report that Rick sent out, that our executive summary and our recommendation are blank, that's because we want the input from the advisory committee and want to open up for any question or comment.

Val Guffy asked if the slides will be shared with the committee.

Rick Burgess: The slides are all based upon the information that we have provided in the report itself and will provide the slides to you after the meeting.

Rick Burgess: How does the committee feel about this? Are you in support of this? I would like to have some type of formal discussion or some insight of the direction you think we should be going.

Robert Melvin: As currently proposed, all of this is problematic. We are not supportive of making a change based off of the issues that you have outlined that it is going to cost more, it's a marginal reduction of revenues, and it's still a reduction of revenues. I think that when you have those outlays that are going to be increasing and the amount of money isn't increasing, my concern is that over the long term it could become unsustainable especially with potentially more participants trying to get into the pipeline for this to get onto these signs as you alluded to earlier.

Rick Burgess: The information has indicated that this would cause a disruption to the core of our program.

Val Guffy: The businesses may not recoup their investment over a short period because the Logo plates will not be used for the entire life cycle.

Rick Burgess: The logo plates generally cost around \$200-\$250 per individual plate that is part of the investment to each participant. We feel if this rotation policy was put into place, we would have to return the plates to the individual businesses because of the investment they put into it. The plates generally last about 10 years and the plate would only be used for a partial lifecycle.

Michael O'Connor: They testified against this bill in the House Transportation Committee back when it was considered in January. Ray and I are the last two standing from some of the debates that occurred in the early 2000's about tire gauges, parking, seats, definition of breakfast, provision of water cups or no water cups; if we want to start down that slippery slope again, we'll support that legislation because it is a bad idea if this is even considered again. I appreciate the thoroughness that the Department and the contractor went into identifying these issues.

Rick Burgess: We certainly understand where you are coming from and the respect with your association and the impact that would be felt across the state with those businesses.

We really appreciate your comments. We would appreciate your comments in writing so that they can be incorporated. As a consensus for the committee, it sounds like you do not support this legislation related to HB1740. Do you have any proposed legislation that would modify this or anything that we would need to provide the House Transportation Committee that would take this to a different light and would be helpful to them. Should we maintain our policies as we currently have them established and continue to move forward with our program. This is related to our current bumping policies.

We look forward to receiving your comments by the close of business on October 29th, 2021. We appreciate your support as we move forward. Is there any further discussion at HB1740 before we move forward?

Open Discussion:

One of the items previously discussed are the upcoming changes related to the MUTCD. Karen King: Federal Highway is going through the comment review process and extremely big endeavor for them. After these reviews the document moves to the next phase.

Next Meeting Agenda Items

- HB1740 – current status and how it proceeded and how it was received by the House Transportation Committee
- Normal agenda items (status of participation of IDSP program)
- Potential marijuana bills

Michael O'Connor – How are you seeing the legalization of marijuana impacting the program? I hadn't heard that previously.

Rick Burgess – We talked about it in our last meeting. We had several bills that were related to the legalization of marijuana which has taken place. We are seeing signing for dispensaries. This is related to outside advertising. We have been addressing that accordingly and I'm anticipating that these businesses will continue to use every means possible to promote their businesses. We don't provide signing facilities like tobacco shops or businesses that are not open to the general public. Most of these establishments require the customer to be 21 years or older to enter the premises and would not qualify for signing on the program.

Michael O'Connor commented that Rick could see the possibility of legislation that would provide for preferences for marijuana stores on the signs as opposed to other existing businesses. Rick responded that he knows that they are doing all they can to promote their new businesses and we have to be

prepared for any type of legislation that may come our way and that's our position.

Dee Audet commented that other states that they make an effort to type to participate as an agribusiness, much like a berry farm or pumpkin farm or some of those other tourist type business and relate to the signage that way. Another way that we've seen them try to participate on highway signage to get any line of sight to their business, they have done sponsorship for litter cleanup. They are being very creative by trying to navigate the current existing criteria that is established in various states and in some of those states that are further advanced along than Virginia. In Colorado and other states have seen these businesses try to tap into this in a very creative way. Some of those signs are not in our Traffic Engineering purview. The roadside cleanup signs are in the purview of the Maintenance Division. We have alerted them of this. As far as the IDSP program these businesses try to enter through the agribusiness.

Rick Burgess, we need to be prepared. These businesses are going after outdoor advertising. Rick asked DSP if there is any type of legislation that the committee needs to be aware. Mr. Noland indicated that there is none at this time.

Next Meetings (May 4, 2022 and November 2, 2022)

Rick asked Val to schedule the boardroom at the Virginia Tourism Corporation in the hopes that we will be meet in person.

- Potential marijuana bills

Adjourn