

BULLET SUMMARY

TO: The Joint Transportation Oversight Committee

FROM: Michael J. Obuchowski, Commissioner of Buildings and General Services

SUBJECT: Public-Private Partnership for the establishment of a privately operated State sanctioned Visitor Center at Exit 4 off Interstate 89 in Randolph, Vermont

DATE: August 17, 2012

We have asked the members of the Joint Transportation Oversight Committee to convene to hear testimony and request your support for a proposal to establish a privately operated visitor center at Exit 4 off Interstate 89 in Randolph that the Administration believes has merit.

Purpose of Proposal/Concept

- Enhance visitor services
- Avoid public funding
- Provide employment
- Provide promotional opportunities to showcase Vermont products, attractions, etc.

Concept Origin/Reason/Process

- Service void identified
 - Result of closing Randolph Northbound in 2009
 - Distance between services exceeded federal (AASHTO) guidelines
- Discussions began two years ago during Douglas Administration
 - Developer was seeking permits for development at intersection of Route 66 and I-89
 - BGS asked if developer would consider hosting a visitor center
 - Developer proposed concept of VT Products Showcase co-located with a State-sanctioned visitor center
- Developer continued discussions with Shumlin Administration
 - Work group created in May
 - Secretary of Administration
 - Secretary of Transportation
 - Commissioner of Buildings & General Services
 - Secretary of Commerce & Community Development
 - Director of Government Business Services, BGS
 - Negotiated Term Sheet with developer to identify conditions for a State-sanctioned, privately-operated visitor center.

Why Exit 4 Location Works

- Randolph Southbound Information Center identified at the top of the list of facilities that would be replaced if public funding were available.
 - Popular, but deficient visitor center - need for adequate number of rest rooms
 - Built in 1970
 - High traffic volume
- Exit 4 would capture both the northbound and southbound traffic.
 - Including traffic entering I-89 northbound from Bethel.

Public-Private Partnerships

- State closed 4 visitor centers and reduced hours in 2009 due to budget constraints
- Strategy identified to address voids in service
 - Agreed to by Administration and Legislature
- Precluded need for State or federal funding
- Consistent with the recommendations contained in 2012 Report to Legislature "Future Diagram for Travel Information Services and Promotion of Vermont Businesses and Products to the Motoring Public) identifying the State's strategy for the operation of State rest areas moving forward.
 - **Recommendation #1: Define the inventory of visitor centers necessary to both serve the traveling public and promote Vermont's attractions and businesses**
 - Current total of 15 centers (and one center supported by a grant).
 - Current network conforms with the American Association of State Highway & Transportation Officials (AASHTO) standard for the spacing of visitor centers (approximately 60 miles apart). I
 - In those areas where the 60 mile standard is exceeded, there are signed services available to the traveling public at exits along the interstate.
 - The cost for providing these services by the State and its taxpayers is not insignificant (\$3.9 million in FY '12).
 - The Committee concurs with the legislative instructions it was given
 - *"To the extent possible, the secretaries and the commissioner shall explore means that do not utilize new structures."*—
 - Recommends the State impose a moratorium on new construction of rest area facilities along the interstate corridor and on any state or federally-assisted highways.
 - State consider limiting the number of visitor centers the State will support to 16 once the Bennington Welcome Center comes on line in 2013.
 - To allow for a program that is programmatically and fiscally more predictable and, as a result, perhaps more sustainable.
 - **Recommendation #2: Define the future blueprint for filling identified service voids along the interstate or State highways with the most economical approach**
 - Provide additional services through public-private partnerships (PPPs)
 - Encourage participation in State's Ambassador Program hosted by Department of Tourism.
 - No public funding
 - Signage as incentive to direct traffic to service provider(s)

- **Recommendation #3: Define the process for system preservation – Replacing Old Facilities with New Facilities or Public-Private Partnerships**
 - Both Randolph and Derby Line facilities are approaching the end of their viable life cycle.
 - Replacement should be considered in a 5- or 10-year systems preservation plan as required to use FHWA funds
 - Alternative to rebuilding at existing site
 - Locate new center(s) off the interstate to serve both north- and southbound traffic.
 - Interest has been expressed by various developers.
 - Would preclude need for public funding
 - Would allow the State to recapture the facility if developer were to abandon interest.

Additional Key Points

1. If the Randolph facility reaches a crisis point necessitating the closing of this facility:
 - a. New construction is estimated to cost between \$3-5 million dollars
 - i. Contingent on sewer and water needs.
 - b. Legacy costs for the operation of this facility have been estimated to average \$250,000 per year without factoring in inflation.
2. Terms agreed upon with the developer
 - a. Preclude any public funding but
 - b. Require we amend the State highway signage rules we have adopted governing signage on the interstate.
 - i. Providing signage is considered an essential element required of the State by the developer and again is consistent with our adopted strategy to create public-private partnerships to address service voids and to avoid the need to build State operated facilities.
3. Permit Process
 - a. The Administration is supportive of this concept
 - b. The permit process will ultimately decide development at Exit 4.
 - c. The State will not be a party to the permit process
 - d. Success of obtaining permits will be borne by the developer and subject to review processes required by the State and local jurisdictions that will ultimately grant or deny the construction of this project.