



STATE OF ARIZONA
OFFICE OF THE GOVERNOR

DOUGLAS A. DUCEY
GOVERNOR

EXECUTIVE OFFICE

November 6, 2017

The Honorable Elaine L. Chao
Secretary of Transportation
U.S. Department of Transportation
1200 New Jersey Ave, SE
Washington D.C. 20590

Dear Secretary Chao,

Here in the beautiful state of Arizona, we have 28 highway rest stops, and they are aging. Many of these were built in the 1960s and 70s and are now 40-plus years old. The annual cost to Arizona taxpayers to maintain these rest stops is close to \$4 million. Eventually, they will need to be rebuilt, costing many millions of dollars.

In contrast, several other states have successfully utilized public-private partnerships to provide better, safer, more modern rest stop facilities, while actually bringing revenue into their state budgets. One agreement in Connecticut is expected net more than \$100 million in state revenue.

But in Arizona, we face a major roadblock to these partnerships: An archaic and nonsensical federal prohibition that punishes younger states, especially in the West. Current law allows only states with existing partnerships, most dating back to the late 1950s, to have such activities at interstate rest areas, while the vast majority of states are denied that same benefit.

I've been impressed by your focus on innovation, so I am writing to request that you and the Administration work with Congress, and other key stakeholders, to eliminate the 23 USC 111 prohibitions on commercial activities at interstate rest areas. In addition, I would ask that the State of Arizona be granted a Special Experimental Project, as outlined in Section 502 SEP-15, to conduct a pilot project demonstrating the technology and innovation benefits of operating rest areas through a partnership with the private sector.

I'm grateful that as part of its Fiscal Year 2018 Budget submission, the Administration voiced its support for increasing private sector activities and investment in interstate rest areas. Modernizing current law fits well with your agency's efforts to encourage states to better leverage Federal highway funding by unleashing the power and potential of the private sector, thereby creating new revenue streams for better funded highway construction and maintenance projects. Allowing states to explore commercial opportunities within interstate rest areas is vital to that goal.

As you are aware, there is existing federal authority including Section 502 SEP-15 experimental authority, under which a public-private rest area pilot project could be permitted. I strongly request that you allow the State of Arizona to enact a pilot project along the interstate highways.

Arizona residents and visitors have long benefited from the positive relationship developed between our state's transportation department and the Federal Highway Administration. With your help, I believe we can move forward to a new era to better serve our citizens. Any support you can provide to assist in these efforts would be greatly appreciated.

Sincerely,

Douglas A. Ducey
Governor
State of Arizona