



Safety Rest Area and Welcome Center Program SAVE

Sponsorship, Advertising & Vending Enhancement

October 17, 2013
Maintenance Division

Sponsorship, Advertising & Vending Enhancement

Presentation Outline

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Sponsorship, Advertising & Vending Enhancement

Background

- Governor Robert F. McDonnell directed the Virginia Department of Transportation (VDOT) to identify and implement long-term strategies to offset a portion of operating costs for Virginia's safety rest areas and welcome centers. A strategy is the Sponsorship, Advertising, and Vending Enhancement Program (SAVE Program).
- The SAVE Program, the first of its kind among state transportation agencies, is a unique opportunity for the innovative management commercial advertising, sponsorship, and vending opportunities at Virginia's safety rest areas and welcome centers.
- VDOT's desired outcome for the SAVE program are increased levels of commercial advertising, sponsorship, and vending opportunities at the Safety Rest Areas (SRAs) and Welcome Centers (WCs) that enhance the customer or guest experience, while fostering a predominant and overwhelming visitor experience of being welcomed into the Commonwealth.



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Currently, three revenue sources operate within the Safety Rest Area and Welcome Center (SRA/WC) program:

- Interstate Sponsorship Recognition Signage.
- Interior SRA/WC commercial advertising – Previously Managed by Virginia Tourism Corporation (VTC).
- Exclusive vending rights – Previously Managed by Virginia Department for the Blind and Vision Impaired (DBVI).

With approval and support by sponsoring agencies, these services were bundled under a single SAVE Contract to optimize potential revenue opportunities.



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Actions accomplished to deliver this concept:

- Office of the Governor issued press release and requested full cooperation in program development/implementation from Secretariats.
- VDOT, Office of the Attorney General (OAG), and Federal Highway Administration (FHWA) worked cooperatively to identify any issues with the concepts of the program approach.
- VDOT and Department for the Blind and Vision Impaired (DBVI) updated an existing memorandum of agreement to allow inclusion of vending in SAVE request for proposal (RFP).
- VDOT and the Virginia Tourism Corporation (VTC) updated an existing memorandum of agreement to allow inclusion of Welcome Center advertising programs in the SAVE RFP.
- The Commonwealth Transportation Board (CTB) provided approval to VDOT for new vending merchandise (compliant with USDOT regulations).
- FHWA approved SRA/WC sponsorship signing concept.



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Contract Background

- SAVE RFP issued on March 16, 2011. Contract awarded to CRH Catering.
- Contract start date September 1, 2011 with a 3-year term and four 1-year renewal options.
- CRH will provide VDOT with an Annual Rights Fee of just over \$2,000,000.
- CRH will also provide payment to VDOT on a sliding scale based upon its annual gross revenue throughout a 12-month period.



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VDOT's Contract with CRH represents a partnership between companies recognized as leaders in the services sought by the SAVE program.

- Vending: CRH Catering, Connellsville, PA, with offices in Richmond and Norfolk VA, previously provided vending services at more than 30 of Virginia's Safety Rest Areas.
- Advertising: Highway Information Media LLC (HI Media), Ashland, VA, which specializes in traveler-focused marketing and advertising. Currently manages a pilot project which places touch screen kiosks at four Welcome Centers along Virginia's interstates.
- ATM: Strong Point Capital LLC (SPC), Woodstock VA, is a full-service ATM company. SPC manages a portfolio of nearly 150 ATMs in five states along the east coast.
- Sponsorship: Travelers Marketing, Wellesley, MA, is a strategic marketing company operating sponsorship programs in eight other states.



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Program Start-up Accomplishments

Milestones	Responsibility	Actual Completion Date
SAVE Contract Start	VDOT SAVE Contractor	09/01/2011
Transition to new vending equipment (replace existing vending)	SAVE Contractor	09/30/2011
Transition to new SAVE Contractor managed advertising and sponsorship program.	SAVE Contractor	01/01/2012
Establish a SAVE sponsor	SAVE Contractor	09/01/2012



Sponsorship, Advertising & Vending Enhancement Revenue Comparisons, Year 1 and 2

Year 1

Gross Revenue **\$3,186,118**

(Virginia income by Partner)

VDOT income = **\$789,566**

DBVI income = **\$771,978**

VTC income = **\$387,711**

Total: \$1,949,255

Year 2

Gross Revenue **\$4,917,874**

(Virginia income by Partner)

VDOT income = **\$849,742**

DBVI income = **\$772,639**

VTC income = **\$400,000**

Total: \$2,022,381

Revenues evaluated annually – October time frame

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This new program also adds value beyond revenue

- Encourages entrepreneurial development
- Opens program participation to a wider audience of potential commercial and tourism related advertising partners
- Fosters continued cooperation and communication between VDOT, VTC, and DBVI
- Provides recognition for Virginia as an innovative leader in program development
- Marquee value of a national business actively partnering as a sponsor

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Sponsorship

- GEICO pays CRH approximately \$410,000 annually for sponsorship rights as part of the program
- Sponsorship dollars are pooled with gross revenue from other SAVE program sources (advertising and vending).
- GEICO has as two-year contract with CRH (August 2012 to August 2014)
- When GEICO's agreement expires, it is possible VDOT may have a new rest area sponsor
- CRH is responsible for all infrastructure costs (to include sign install, changes and/or removal)



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Advertising Programs

- Approximately 903 advertisers participate in the program (to include brochures and other on site media).
- 688 brochures are enrolled in the 2013 Welcome Center network versus 656 in 2012. (+32).
- 65 brochures are enrolled in the 2013 Rest Area network versus 52 in 2012. (+13) .
- Enrollment continues to grow through focusing on local business and regional tourism accounts.



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Vending

Enhanced Vending Includes;

- Machines equipped with credit card readers for cashless transactions
- Fresh food items, such as fruit and sandwiches, added at 8 SRA/WC locations
- ATM Machines added at 8 SRA/WC locations
- Machines that vend convenience items for travelers. Merchandise Vending includes;
 - Virginia Tourism Branded Merchandise
 - Convenience items such as toothbrushes, toothpaste, and other over the counter health care items





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2014 Initiatives

- Sponsorship
 - Advance Safe Phone Zone message through on-site “Safety Breaks”, public service messages, social media, and free traveler Wi-Fi.
- Advertising
 - Continue out-reach to new markets such as truck service stations and regional tourism destinations in proximity to safety rest areas.
 - Continue to encourage local participation by small, local, businesses in proximity to safety rest areas.
- Vending
 - Add new Virginia Lottery vending machines.
 - Continue to expand choices of vending items.
 - Deployment of automated sales tracking/inventory technology for vending machines



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2nd and 3rd Year Milestones

Milestones	Responsibility	Targeted Completion Date
Evaluate and Deploy Free Wi-fi access, active Fredericksburg Rest Area/Welcome Center	SAVE Contractor	04/2013
Deploy Automated Tracking of Vending Sales	SAVE Contractor	10/2013
Evaluate the feasibility of Lottery machines	VDOT/VTC/DBVI SAVE Contractor	2014
Evaluate SAVE contract for renewal – Complete Prior to April 2014, and annually thereafter 120 days prior to renewal.	VDOT/VTC/DBVI SAVE Contractor	2014



SAVE

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