

TRANSPORTATION DEPARTMENT[761]

Regulatory Analysis

Notice of Intended Action to be published: Iowa Administrative Code 761—Chapter 118
“Logo Signing”

Iowa Code section(s) or chapter(s) authorizing rulemaking: 306C.11
State or federal law(s) implemented by the rulemaking: Iowa Code chapter 306C

Public Hearing

A public hearing at which persons may present their views orally will be held as follows:

May 21, 2024
2 to 2:30 p.m.

[Microsoft Teams Link](#)
Or dial: 515.817.6093
Conference ID: 338 217 220

Public Comment

Any interested person may submit comments concerning this Regulatory Analysis. Written or oral comments in response to this Regulatory Analysis must be received by the Department of Transportation no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

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Purpose and Summary

The purpose of proposed Chapter 118 is to establish standards and conditions for the placement of logo signs along the interstate system in Iowa, implementing Iowa Code section 306C.11. The design of these signs and the qualifying standards for businesses must conform to the Manual on Uniform Traffic Control Devices as adopted pursuant to Iowa Code section 321.252.

The proposed repromulgated chapter omits unnecessarily restrictive language and redundancies and is less than three-fifths of the volume of the former chapter, yet retains the essential elements needed for delivering a successful program to the traveling public and participating businesses.

There are no significant changes to the standards for the program. A few minor changes are made, including the following:

1. The limit of two trailblazer signs (the smaller wayfinding types that help direct motorists when the service is not located on the roadway that intersects with the interstate highway) is eliminated, leaving no limit in place. In addition, a local jurisdiction will be given the opportunity to review whether the placement of a trailblazer sign, if on the local jurisdiction's system, is appropriate and conforms to the local jurisdiction's ordinances.
2. The system of issuing exceptions for distance and 24-hour card-operated fueling centers is eliminated. The Department can simply approve such applications when space is available on the service signs for more logos, rather than adding red tape to track which logo is on by exception or by creating complicated two-tiered lottery drawings.
3. The condition that sites of attraction must be “of significant interest to the traveling public” is eliminated due to the subjectivity in making such a decision. The list of the types of attractions that can be approved is retained, but the requirement that applications for attractions be reviewed by the tourist signing committee is eliminated to shorten the approval process by up to 30 days. Applications for attractions are rare, averaging only about three per year.

Analysis of Impact

1. Persons affected by the proposed rulemaking:
 - Classes of persons that will bear the costs of the proposed rulemaking:

Business owner participation in the logo signing program is voluntary, but a cost is associated with participation. The participating business owners are responsible for the fabrication of their signs that will be attached to the Department blue

background panels. The cost varies, but a standard 36- by 60-inch logo sign can be sourced, for example, from Interstate Logos LLC for about \$400. The cost for participation in the Department’s program is \$230 per sign, per year, a figure lower than the national average for participation in a logo signing program. The Department has held fees at this level since 1996, aiming to keep the program affordable for small businesses in Iowa.

The fees are deposited into the Highway Beautification Fund in accordance with Iowa Code section 306C.11. This fund has historically covered the program costs, with the program not drawing from other highway funding mechanisms.

- Classes of persons that will benefit from the proposed rulemaking:

This program provides essential motorist service information along the interstate system. Both business owners and the traveling public benefit from this program. The business owners report boosts in gross sales figures due to the public exposure they receive along the highway where tens of thousands of vehicles pass on a daily basis, while motorists are informed about service-oriented businesses available at the next interchange. The program enjoys a 97 percent retention rate with business owners without being actively marketed by the Department.

2. Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:

- Quantitative description of impact:

Business owner participation in the logo signing program is voluntary, but a cost is associated with participation. The participating business owners are responsible for the fabrication of their signs that will be attached to the Department blue background panels. The cost varies, but a standard 36- by 60-inch logo sign can be sourced, for example, from Interstate Logos LLC for about \$400. The annual cost for participation in the Department’s program is \$920 (for a set of four signs), a figure much lower than the \$1,880 national average. The Department has held fees at this level since 1996, aiming to keep the program affordable for small businesses in Iowa.

Business owners report that the signs boost overall gross sales as compared to not having the signs in place. Too many factors exist to calculate a precise expectation, including brand recognition, message legibility, color contrast, service type, competition on the sign, and distance from the interchange. The food service has been the most popular type of service, with some owners reporting a ten-point boost in sales.

- Qualitative description of impact:

Motorists across the nation rely on the system of logo signs installed in advance of interchanges to inform them of available gas, food, lodging and other necessary services. Without this system, motorists would be relying on billboards, on-site signs, and the Internet. Billboards along the interstate and freeway systems are heavily restricted by federal, state, and local laws. On-site signs are only effective if the business has adequate highway frontage. Relying on mobile data may be the preferred choice for most drivers, but not all drivers are connected nor want to be while performing the driving task. The logo signs remain an important tool for drivers to have when making exiting decisions for necessary motorist services.

3. Costs to the State:

- Implementation and enforcement costs borne by the agency or any other agency:

The logo signing program is already in place, so there are no new implementation costs with the repromulgation of this chapter. The Advertising Management Section of the Department monitors the fund balance of the Highway Beautification Fund. This fund was established by the Iowa legislature in the early 1970s so that the program could be self-sustaining, rather than drawing from other general highway funding sources. The participation fees along with other permit fees from sign programs managed by the Section have been generally sufficient to cover the costs of administering the logo signing program. The fund balance, as of April 1, 2023, was \$2,034,491. Program costs for 2022 were determined as follows:

2022 Logo Program (Estimation)

Program Administrator (2,080 hours: \$60/hour*)	\$124,800
Supervisor (52 hours: \$75/hour*)	3,900
Billing Agent (520 hours: \$45/hour*)	23,400
Six Traffic Engineering Staff (700 hours: \$75/hour*)	52,500
Design Engineering Consultant (110 hours: \$54/hour*)	6,000

Service work; district equipment and labor: 101 requests x \$636	64,200
Sign Contractor; labor and materials	654,700
Program administrator vehicle expense	3,200
IDOT Sign Shop Staff (36 hours: \$26/hour*)	900
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Total Costs	\$933,600
Revenue: 3,662 signs: \$230/year	\$842,300

*Includes benefits package

- Anticipated effect on state revenues:

This program operates in an intended net-neutral fashion with the handling of revenue and expenses. There is no anticipated effect on state revenues outside of the Highway Beautification Fund.

4. Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:

This program is a win-win-win because the business owners want this medium for advertising, the motorists use it for informational purposes while traveling, and the Department uses the revenue to cover the expenses associated with administering the program, as well as billboard control in general. Without this program, and with the continued statutory restrictions on the placement of advertising signs on private property (due to federal laws), motorists would be left with inadequate information about available services in remote areas and businesses that do not enjoy highway frontage would have few alternatives for capturing the attention of the traveling public.

5. Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:

The program is patterned after the established and federally approved criteria found in the Manual on Uniform Traffic Control Devices. These criteria should be followed so that the Department does not risk any reduction in federal highway funding. The existing and repromulgated versions of the chapter have essentially the same basic standards since the existing version was about as liberal as the Manual permitted.

Privatizing the program would require amending Iowa Code section 306C.11 and would introduce a question of how to fund the advertising control programs, which are supported by the revenue from the program as intended by the Iowa legislature. As evidenced in other states, the bid-winning firm would presumably hike the participation fees to make the return-on-investment more attractive, leading to less local independent variety represented on the signs and more national chains with robust marketing budgets. Keeping the program state-run has benefits; for example, following Governor Reynolds' Disaster Proclamation Order in early 2020, the Department quickly partnered with the Travel Federation of Iowa to get a fee-waiver issued for all participating businesses. This was greatly appreciated by small businesses and the hospitality industry in particular during the early days of the pandemic with public health restrictions in effect and very little travel occurring.

6. Alternative methods considered by the agency:

- Description of any alternative methods that were seriously considered by the agency:

No viable alternatives for the provision of a system of service-oriented signs along the interstate system are known.

- Reasons why alternative methods were rejected in favor of the proposed rulemaking:

There are no other known alternatives to logo signing. States may not develop alternatives that do not comply with the federally approved Manual on Uniform Traffic Control Devices unless they want to forfeit some portion of federal highway funding.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.

- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking’s compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

There is no anticipated negative effect on small business. This repromulgation will continue a popular program that small business owners rely on to increase exposure to highway traffic. The Department operates the program in a low-cost, self-sustaining or near self-sustaining manner to benefit small business, as well as the traveling public.

Text of Proposed Rulemaking

ITEM 1. Rescind 761—Chapter 118 and adopt the following **new** chapter in lieu thereof:

CHAPTER 118 LOGO SIGNING

761—118.1(306C) Introduction. Logo signing consists of individual business signs attached to specific service signs erected by the department within the right-of-way of interstate and freeway-primary highways. The purpose of logo signing is to provide specific motorist service information of interest to the traveling public in accordance with the “Manual on Uniform Traffic Control Devices,” (MUTCD) as adopted in rule 761—130.1(321). The department will perform all installation, maintenance, removal and replacement services for business signs within the right-of-way. The business signs are provided by the applicants.

761—118.2(306C) Definitions.

“*Business*” means an entity that provides a gas, food, lodging, or camping service or that is an attraction site.

“*Business sign*” means a separate sign attached to a specific service sign; the business sign shows the name, symbol or trademark of a business that provides the type of motorist service identified on the specific service sign.

“*General service sign*” means an official guide sign that identifies general road user services, such as gas, food, lodging and camping. This sign does not provide for the placement of business signs.

“*Main line*” means the main-traveled way of an interstate or a freeway-primary highway.

“*Meal*” means the service of food entrees and beverages between the hours of 8 a.m. to 10 a.m., 11 a.m. to 1 p.m., or 5 p.m. to 7 p.m.

“*Motorist service*” means one of the following five types of services: gas, food, lodging, camping or attraction.

“*Ramp*” means the exit lane that carries decelerating traffic away from the main line of an interstate or a freeway-primary highway.

“*Specific service sign*” means an official guide sign that identifies one or more types of motorist services, provides directional information, and has spaces for the attachment of business signs to identify businesses providing those services.

“*Trailblazing sign*” means a specific service sign erected on the road network accessed from an interchange that has logo signing; the sign directs motorists to a particular business signed on the main line and has spaces for the attachment of business signs.

“*Visible*” means able to be identified or comprehended by a person of visual acuity sufficient to be issued an Iowa driver’s license.

761—118.3(306C) Erection and location of specific service signs and placement of business signs.

118.3(1) General.

a. The department may erect specific service signs at rural interchanges if the requirements of this chapter are met and sufficient space is available. The department may also erect specific service signs at urban or nonrural interchanges if the requirements of this chapter are met and sufficient space is available. If sufficient space is not available for more than one specific service sign, the department may install a general service sign in lieu of a specific service sign.

b. Specific service signs may be erected at an interchange only when the motorist can conveniently reenter the interstate or freeway-primary highway and continue in the same direction of travel.

118.3(2) Main line specific service signs and placement of business signs. Following are the requirements for main line specific service signs erected in advance of an interchange, in a single direction of travel, and limitations regarding the number and types of business signs attached to these service signs:

a. A maximum of four main line specific service signs may be erected in advance of an interchange from which motorist services are available.

b. On the main line, the minimum spacing between specific service signs and between specific service signs and other official guide or destination signs is 800 feet.

c. If spacing limitations exist, preference may be given to available gas, food, lodging, camping or attraction services, in that order.

d. If services are displayed, the order of display of services in the direction of travel on successive main line specific service signs is as follows: attraction, camping, lodging, food, and gas.

e. Depending upon factors such as limited space for the placement of signs, limited interest from businesses, or limited availability of businesses, the department may combine up to three service types on one sign as provided in the MUTCD.

f. A maximum of six business signs may be displayed on a specific service sign, regardless of whether it displays a single service type or multiple service types.

118.3(3) Specific service signs erected along interchange ramps.

a. The department may erect specific service signs along interchange ramps to accommodate the placement of business signs similar to but smaller than the business signs used along the main lines, along with arrows and mileage indicators. Specific service signs along interchange ramps are available for the participating businesses that are not visible or that are only marginally visible from the traveled portion of the interchange area.

b. The department may opt to erect general service signs in lieu of specific service signs along interchange ramps, or not erect any service signs at all in cases where insufficient spacing exists for signs or where the ramps are directional with no turning decision to be made at a terminal.

118.3(4) Trailblazing signs.

a. Businesses that are not visible from the intersecting roadway will need to provide additional smaller versions of their business signs for installation on trailblazer service signs erected in advance of intersections where turns would be necessary.

b. If the proposed placement of a trailblazer service sign is not on the primary road system, the appropriate local jurisdiction will be provided with an opportunity to review the placement before the department proceeds with any specific service signing for the business. If the placement is approved, the department will route the appropriate signs to the local authority for installation.

c. If a trailblazer service sign is necessary, but the location is not conducive for placement or the local ordinance prevents such placement, an official traffic control device from another sign program or a lawfully placed outdoor advertising device may be used as a substitute, provided the sign is positioned to be effective at the intersection where it is needed.

d. If signing at the intersections where turns are necessary cannot be accomplished, the business does not qualify for participation in the logo program.

761—118.4(306C) Eligibility for placement of business signs on specific service signs. Participation in the logo program is limited to businesses that meet the following conditions:

118.4(1) The business is open to the general public; does not restrict entrance based on age; and conforms to all applicable laws concerning discrimination based on age, race, creed, color, sex, sexual orientation, gender identity, national origin, religion, and disability.

118.4(2) The business is located within three driving miles of the beginning of the exit ramp for the interchange. In commercially developed areas, the department may reduce the qualifying distance to one mile. In areas where services are limited, the department may increase the qualifying distance to 15 miles.

118.4(3) Service types. The business provides one of the following types of services in accordance with the associated criteria:

a. *Gas.* Provision for the sale of gasoline, oil, and potable water; the use of restroom facilities; and access to a public telephone or a cell phone. The business' operating times should be at least 16 hours per day, seven days per week. For 24-hour fuel dispensers, operable with the use of a widely accepted credit card, the provision of gas or alternative fuels is considered sufficient for qualification purposes.

b. Food. A restaurant or food service that provides all of the following: at least two meals per day, six days per week; employees, menu, cash register or point-of-sale, seating for at least ten customers, and an exterior sign, all of which are designated exclusively for the business being represented on the service sign; and the display of a state food service establishment license or, if operating within tribal lands, compliance with food service standards established by the local authority.

c. Lodging. A lodging facility, appropriately licensed, with bathrooms and telephones for each unit.

d. Camping. A campground with at least 20 available camping spaces, with a 24-hour contact for staff, and for which all state and local health and sanitation standards are met.

e. Attractions. One of the following attraction sites providing public restrooms and parking spaces for at least 30 customers, and being open at least five days per week totaling 40 hours or more per week, except if otherwise specified below:

- (1) Area of natural beauty or phenomena.
- (2) Historic site.
- (3) Cultural site or museum.
- (4) Scientific site.
- (5) Four-year accredited college or university.
- (6) Religious site.
- (7) Area of outdoor recreation.
- (8) Winery, brewery or distillery with on-site production, tours, gift shop, and tasting room.
- (9) Amusement park.
- (10) Botanical park or zoological facility.
- (11) Casino.
- (12) Stadium, coliseum, arena or racetrack with a seating capacity of at least 5,000 and open during scheduled events.
- (13) Antique mall with at least 20,000 square feet devoted to retail sales.
- (14) Area containing eight or more antique shops within a three-block radius.
- (15) Shopping mall or retail outlet with a minimum, active store count of 50, excluding kiosks and temporary booths within the common areas, and including only those stores that occupy owned or leased areas whose boundaries are defined by permanent walls with doors or gates.
- (16) Sporting goods store or recreational retail outlet with at least 100,000 square feet devoted to retail sales.
- (17) Cultural and entertainment district as officially designated by the department responsible for state economic development provided that the local jurisdiction implements a signing plan to direct motorists to the various cultural and entertainment sites within the district.

118.4(4) The business maintains all outdoor advertising signs in a manner that conforms to Iowa Code sections 306C.11 and 306C.13.

118.4(5) The business premises includes a sign identifying the business in a manner visible to traffic approaching the entrance from a public roadway.

118.4(6) The business remains eligible to participate in the signing program in accordance with this chapter. If it is determined that a business is no longer eligible, the department may remove the business sign immediately or provide notice allowing for a 30-day period for the business to make the necessary adjustments to restore eligibility.

761—118.5(306C) Application, drawing, and fees.

118.5(1) Application.

a. A business may request placement of a business sign upon a main line specific service sign by submitting a completed application form, provided by the department, along with the application fee, to the Advertising Management Section, Traffic and Safety Bureau, Iowa Department of Transportation, 800 Lincoln Way, Ames, Iowa 50010.

b. The department will review the application and site for compliance with this chapter. If the application is approved, the department will advise on how many business signs will be needed to fulfill the request.

c. The business signs will be provided by the business or applicant in accordance with rule 761—118.6(306C). The department may offer a noncomprehensive list of known sign fabricators as a courtesy to the applicant.

d. Approved applications are valid for the fiscal year (July 1 to June 30) and expire on June 30. If the fees, as billed by the department, are paid by the business in accordance with subrule 118.5(4), the application is renewed on July 1.

118.5(2) Drawing to select applicants. If the number of applicants for businesses exceeds the number of vacant spaces on a main line specific service sign, the department will hold a lottery drawing among these applicants to select the applicants to fill the vacant spaces.

118.5(3) New application required for business name change. If a business participating in the logo signing program changes its name or franchise affiliation from that which appears on its business sign, a new application is required. If the new application is received by the department prior to the change on the business premises, the business will retain its position on the specific service sign, the department will approve the application, and no application fee is due.

118.5(4) Fees.

a. *Application fee.* A fee of \$100 is required for an application submitted in accordance with subrule 118.5(3). The application fee is a one-time fee and is nonrefundable once the department has performed an on-site review to verify compliance with the requirements of this chapter.

b. *Annual fee.* The annual fee is \$230 for each business sign posted on a specific service sign and is due on or before July 1 of each fiscal year. However, for a new application, the annual fee will be prorated based on the remaining months left in the fiscal year.

c. *Service fee.* If business signs are replaced for any reason, including at the request of the business to reflect an updated design or at the request of the department in accordance with rule 761—118.7(306C), a service fee of \$50 per sign is due upon completion of the work by the department. If business signs need to be replaced, the department recommends supplying new business signs for replacement rather than refurbishing existing signs. If existing signs are to be removed, refurbished, and then reinstalled, the \$50 service fee is applied per sign, per service trip.

118.5(5) Failure to pay annual fee or service fee. Applications terminate when annual fees are not paid in full by July 1 of each year or when service fees are not paid within 30 days of receiving the invoice from the department. In the event of termination, the business signs may be removed by the department, although such removal may occur at some point after the date of termination, depending upon the department's schedule and work priorities. If the termination was not voluntary, the business may reapply, subject to the requirements of this chapter, including payment of the application fee and a lottery drawing, where applicable.

118.5(6) Fee options for seasonal operations. Subject to subrule 118.5(5), a business that operates on a seasonal basis and is permitted to do so by this chapter has the following payment options:

a. Pay the annual fee for a full year. The department removes and reinstalls each business sign once each year, free of additional charge, coinciding with the dates of operation, if possible.

b. Pay the annual fee for a prorated year, based on the calendar months in which the business is in operation, plus a \$50 annual service fee per business sign for removal and reinstallation services performed. The department removes and reinstalls each business sign once each year, coinciding with the dates of operation, if possible.

c. Pay the annual fee for a prorated year, based on the calendar months in which the business is in operation, and provide business signs that contain a supplemental message indicating the dates of operation.

118.5(7) Fees for temporary specific service signs. In cases where the specific service sign is lacking or insufficient in size, and the projected date for installation or enlargement of the specific service sign by the department's contractor is undesirable for the applicant, the applicant may pay a special fee to expedite the installation of the business sign by having a small temporary specific service sign erected to provide a surface for the mounting of the business sign. The fee for the performance of this work is \$700 per main line specific service sign if none exists for that service type, \$400 per main line specific service sign if the existing sign is full, and \$300 per ramp specific service sign if similar work is needed along the ramp. The business signs furnished by the applicant will be the standard size and reused for placement on the primary specific service sign when it is available. Subject to availability of department resources, small temporary specific service signs will be installed within three months.

761—118.6(306C) Business sign fabrication. Upon approval of an application, the department will supply the necessary specifications for fabrication of the business signs to the applicant or applicant's sign fabricator. The applicant or applicant's sign fabricator shall submit a design proof to the department for approval before creating the business signs. If the department approves the submitted design, the sign fabricator may proceed to fabricate the signs and deliver them to the department's sign shop for inspection. All installation services are performed by the department or contractor on behalf of the department.

761—118.7(306C) Business sign replacement.

118.7(1) *Damaged business signs.* If a business sign is destroyed due to an errant vehicle or act of nature, the business, at its own expense, will need to furnish a replacement business sign. The department, due to an errant vehicle or act of nature, will waive any service fee associated in the work to replace the sign. If the specific service sign for which the business sign is attached can safely be repaired or re-erected while permanent repairs are on order through a contractor, the department will perform this work.

118.7(2) *Faded business signs.* The department may remove business signs that are faded or peeling after providing 60 days' notice to the business. If the business furnishes replacement business signs to the department in advance, the department may remove and replace business signs in the same service trip. This ensures continuity of signing and reduces department expenses.

118.7(3) *Updating a design.* If a business wants to update the design of a business sign, the process described in rule 761—118.6(306C) applies. The business will be billed in accordance with paragraph 118.5(4) "c."

These rules are intended to implement Iowa Code section 306C.11.