

Fact Sheet
LB&FC Report on Operations and Pricing at
Pennsylvania Turnpike Service Plazas

The Pennsylvania Turnpike Commission (PTC) oversees the operation of 22 service plazas at which food, fuel, and other amenities are available to Turnpike travelers. This LB&FC study examined service plaza operations and oversight, service delivery through contracted restaurant and service station concessionaires, contract compliance, and the comparability of service plaza food and fuel prices to those at nearby off-Turnpike locations. The study also checked on the implementation status of service plaza-related recommendations made by the Committee in 1997.

Summary and Findings (See pages S-1 to S-11): Through competitive bid, the PTC leases the service plaza properties to vendors who operate restaurant and service station facilities. Currently, the Commission has food service agreements with the Marriott Corporation, McDonald's, and Arby's and fuel service contracts with Sun Company, Inc., and On Line, Inc. These businesses paid \$9.2 million in rental fees to the PTC in 1998. We found that:

1. **System Design and Configuration.** The PTC has an ongoing program to modernize and upgrade its service plazas. Despite the ongoing upgrades and improvements, the basic infrastructure and configuration of the Turnpike's service plazas are becoming outdated.
2. **Vendor Compliance With Operating Provisions.** The study found relatively few instances of vendor noncompliance with key operating provisions of the service plaza leases. During visits to selected plazas, LB&FC staff did, however, observe instances of unsatisfactory restroom conditions, and inadequate trash removal and grounds maintenance.
3. **PTC Management of Service Plazas.** The PTC has an active program to manage, monitor, and inspect the service plaza lease operations. Virtually all inspections, however, are conducted during daylight hours and the processing and recording of inspection results have not yet been automated.
4. **Service Plaza Pricing Provisions.** The prices for food and fuel items at the service plazas are set by allowing a specified "mark-up" over prices charged for the same or similar items at comparable off-Turnpike businesses. This practice is not unique to Pennsylvania; other major toll road agencies have similar lease provisions in recognition of the additional expense of 24-hour operating requirements.
5. **LB&FC Staff Pricing Surveys.** Spot-checks conducted by LB&FC staff during January 1999 found that, in most cases, food and fuel prices at the service plazas were higher than prices for the same items at off-Turnpike locations, frequently by more than 5 percent per item for food or 4 cents per gallon for fuel. These do not, however, necessarily represent violations of the lease agreements between the PTC and the vendors since off-Turnpike establishments used in the LB&FC pricing spot-checks were different than those used by the vendors to set prices at the service plazas.
6. **Complaint Handling System.** The PTC does not have a centralized, automated system to receive and respond to customer comments and complaints or to track their disposition and no longer annually surveys "customer satisfaction."
7. **Hours of Operation.** The hours of operation for all service plaza vendors are not conspicuously posted, creating potential uncertainty and inconvenience for Turnpike customers.

Recommendations (See pages S-12 and S-13):

1. The Commission should use a planned consultant study of its service plaza system to develop a concept or vision for Turnpike service plazas that are more strategically located, including perhaps specialized "travel centers," to better meet the needs of a diverse traveling public in the 21st Century.
2. The PTC's Marketing Department should continue and expand its efforts to verify vendor compliance with the pricing provisions of the service plaza lease agreements. In future lease negotiations, the Commission should consider requiring that the increases allowed on food be uniformly calculated on a per item rather than on an aggregate basis and allowing price increases only at service plaza concepts that operate on a 24-hour basis.
3. The PTC should enhance its monitoring of the service plazas by (a) fully automating the inspection and reporting process, (b) establishing a master inspection database at Commission headquarters, and (c) equipping their inspectors with electronic inspection forms residing on laptop computers.
4. In other areas, the report recommends that the PTC develop and post current and complete operating schedules for each plaza vendor, increase the number of plaza inspections done during the evening and overnight hours, and design and implement a formal system to handle customer input and complaints as part of the planned Customer Assistance Center.