



**OKLAHOMA**  
Transportation

# Department of Transportation

**FY 2025 Budget Hearing Presentation**

**Submitted by: Tim Gatz, Secretary of Transportation**

# Tim Gatz

## Secretary of Transportation



Founded in **1911** (formerly known as the Oklahoma Highway Department), the **Oklahoma Department of Transportation** serves as the agency responsible for planning, designing, constructing, operating, and maintaining Oklahoma's highway-based transportation infrastructure, including the non-toll interstate system, the U.S. highway system, and the state highway system, along with management of the state-owned railroads. Additionally, ODOT assists local governments in administering programs to improve their local road systems. ODOT also administers other multi-modal programs, including freight rail, passenger rail, public transit, and the promotion and coordination with the McClellan-Kerr Arkansas River Navigation System (MKARNS), Oklahoma's inland waterway.

ODOT's Executive Staff is a team of three, led by the Executive Director, and includes the Deputy Director and Chief Engineer.

The Deputy Director leads all administrative areas of the agency, as well as the multimodal programs of Rail, Public Transit, and Waterways, as well as government affairs, policy, and planning. Assisting is the Director of Finance and Administration/CFO, responsible for the fiscal administration of ODOT, including state and federal funds administration for ODOT's programs.

The Chief Engineer leads the operations and engineering areas of the agency, which includes design, construction, and maintenance of Oklahoma's Highway System. Assisting is the Director of the Office of System and Field Operations, managing construction and maintenance occurring in each field district, led by the respective field district engineers who retain primary responsibility for the daily and long-term highway maintenance and construction activities and decisions associated with highways within their boundaries, and the Director of the Office of Project Delivery and Design who is responsible for all preconstruction and design activities which are provided centrally in the Transportation Building located in the Capitol Complex. The Director is also responsible for program and project management for the highway system and local governments.

# Agency Vision, Mission and Core Values

**Vision**: To be an efficient, innovative, customer-driven organization working collaboratively to provide safe, modernized, integrated, and sustainable transportation.

**Mission**: To provide a safe, economical, and effective transportation network for the people, commerce, and communities of Oklahoma.

**Core Values**: Improved collaboration, enhanced innovation, greater coordination, exceptional customer service, increased efficiency, and rapid adaptability.



# Accomplishments

## Top accomplishments for FY 2023 – FY 2024

- 1) The Department achieved a Top 6 national ranking in highway system bridges by reducing structurally deficient bridges to less than 50, representing 0.73% of the highway system bridges.
- 2) The Department received a Mega Grant of \$85 million for the I-44 and US 75 Interchange project in Tulsa, making it the largest grant awarded for national infrastructure assistance.
- 3) The Department completed the 2nd TIFIA Loan for rural two-lane highway safety improvements.
- 4) The Department has taken steps to implement electric vehicle infrastructure on the state's interstate system.
- 5) The Department implemented an internal dashboard to track real-time updates for multiple programs, including the 8-Year Construction Work Program and Asset Preservation Program.



# Challenges

## Top Challenges (current & upcoming years)

- 1) Technology system deficits must continue to be addressed to improve organization and operation performance.
- 2) Freight traffic will continue to increase on the transportation system, impacting conditions, safety, and travel time reliability.
- 3) Through fuel efficiencies and the adoption of alternatively fueled vehicles, traditional motor fuel tax revenues are anticipated to be significantly reduced over time.
- 4) Continue to manage long-term debt service obligations resulting from state budgetary transfers.
- 5) The Transportation Industry is experiencing inflationary pressures that impact materials and project costs, and workforce challenges are impacting both the agency and the contracting industry.



# Savings & Efficiencies (Current or Planned)

Savings or Efficiency Name	Brief description of how savings were achieved	Savings in Unit of Measurement*	FY 2023 (Actual \$ Savings)	FY 2024 (Projected \$ Savings)	FY 2025 (Projected \$ Savings)
<b>Procurement Processes</b>	Savings realized through the application of best practices for procurement processes	Cost Avoidance/ Best Value	<b>\$1.7 Mil</b>	<b>TBD</b>	<b>TBD</b>
<b>Land Surplus</b>	Eliminated unused property owned by the Department	Property Sales	<b>\$2.2 Mil</b>	<b>TBD</b>	<b>TBD</b>
<b>Project Bundling</b>	Awarding a single contract for multiple projects, more bidding options, and reduction of costs	Sets of bundled projects	<b>\$3.5 Mil</b>	<b>TBD</b>	<b>TBD</b>
<b>Grants</b>	The Department authorized and let the construction of capital projects using grants to assist in funding	Grants	<b>\$64 Mil</b>	<b>TBD</b>	<b>TBD</b>

\* Hours, FTE, square feet, etc.



# Agency Goals and Key Performance Metrics

Goal		Metric	FY 22 Actuals	FY 23 Actuals	FY 24 Target	FY 25 Target
1	Sustain less than 1% of Highway System bridges as structurally deficient	Percentage of on-system bridges rated as structurally deficient	0.66%	0.73%	0.99%	0.99%
2	Decrease traffic fatalities by 5%	Number of statewide fatalities on public roadways	702*	669**	667*	634*
3	Decrease miles of rural two-lane highways with deficient shoulders by 10%	Miles of two-lane rural highways with deficient shoulders	5,273	5,248	5,117	4,986
4	Increase the total highway lane miles in good condition by 10%	Percentage of total lane miles in good condition	30.46%	39.60%	42.10%	44.6%

\* Based on preliminary calendar year numbers (FY22-2021; FY23-2022, etc.)

\*\* FY23 target, actuals are unavailable



# Projects for FY 2024 - 2025

## Projects

- 1) Transportation Cabinet Modernization Initiative: Business Process Improvement (BPI) activities continue across the department. BPI includes the transformation of processes and knowledge management efforts around the documentation of standard operating procedures and key performance indicators. Technology advancements continue allowing the department to retire legacy systems and reduce risk to the agency while also creating efficiencies for the business. Enhancements will be made to the public-facing project status dashboards to allow for continued communication with the public and elected officials.
- 2) Fair Miles Oklahoma is testing a pilot program that charges users based on the number of miles driven rather than a volumetric motor fuel tax, which could provide more funding for transportation.
- 3) As part of the initiatives to enhance safety and improve travel experiences, we are implementing an ITS System and Road Weather Information System along the I-40 corridor. This system will provide real-time weather and road condition reports to ensure a seamless and secure journey for all commuters.
- 4) The Department collaborates with Rolling Oklahoma Classroom to educate citizens on public transit and human trafficking.
- 5) The Department is planning to avoid costs by combining outdated facilities across the state.





# Historic Actual Expenditures (FY 2019-23) and Current Year Budget (FY 2024)

## Explanation of Significant Changes and Trends

Major spend 94% in four areas:

- Salaries
- Construction and Design
- Debt Service
- Pass through to Sub-Recipients

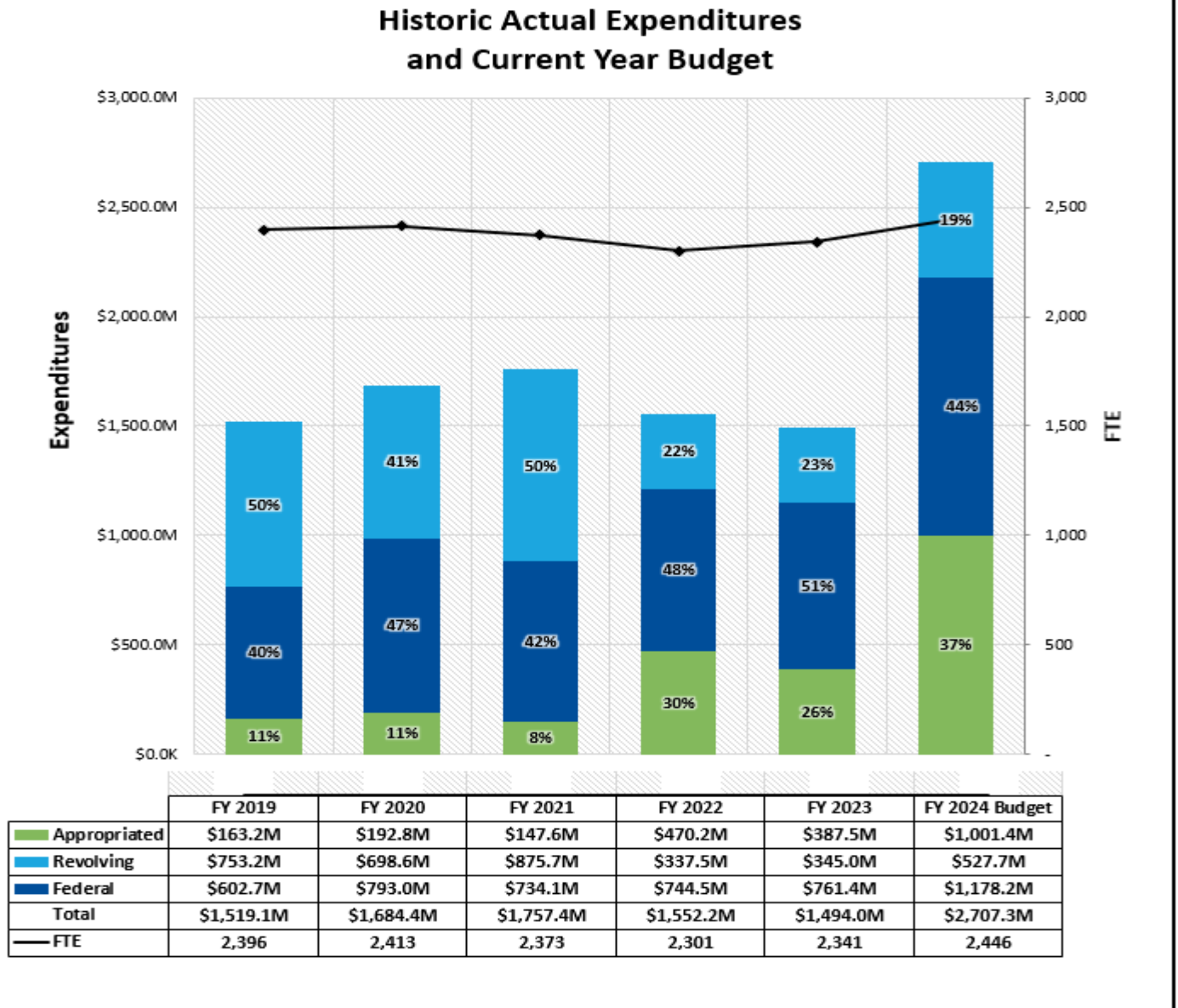
Construction and Design comprise approximately 75% of the spend – which consists of Construction, right-of-way acquisition, and professional fees.

Capital budget spend extends over multiple years – an average of 3 to 5 years, with the largest payout in the first 3 years.

Salaries and benefits comprise approximately 13% of the spending, with an average of \$194 M over the last five years.

Total Outstanding Encumbrances and reserves for Right of Way Acquisition - \$2.7 B

Cash balance - \$1.2 B



Data as of 10-23-23



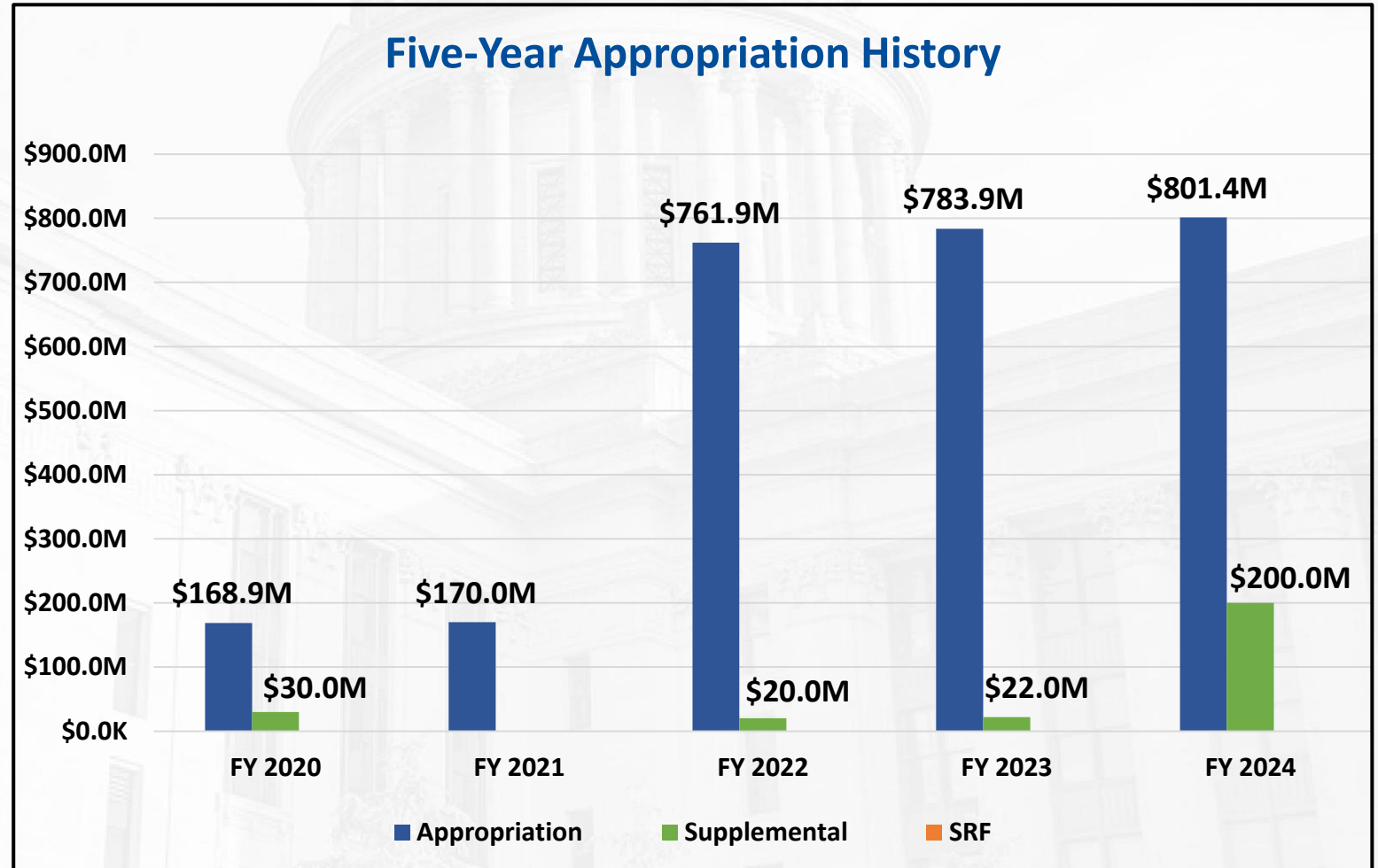


# FY 2024 Budgeted Full Time Equivalents (FTE)

	FY 2024 Budgeted FTE
<b>Total FTE</b>	2,446
<b>Supervisor FTE</b>	535
<b>Supervisors to Total FTE Ratio (%)</b>	21.87%

# Appropriation History

Fiscal Year	Legislated Appropriation (\$) <i>(Includes supplementals and SRF/ARPA.)</i>
FY 2020	\$198,917,715
FY 2021	\$170,000,000
FY 2022	\$781,893,663
FY 2023	\$805,878,499
FY 2024	\$1,001,401,568



*\*Includes Supplemental and Statewide Recovery Fund (ARPA) appropriations.*



# Financial Resource Analysis

Carryover	FY 2020	FY 2021	FY 2022	FY 2023
Total appropriated carryover amount expended (\$)	\$	\$	\$301,573,915	\$409,409,902

Historical Cash Balances	FY 2020	FY 2021	FY 2022	FY 2023
Year End Revolving Fund Cash Balances <i>(All Revolving Funds)</i>	\$1,045,960,781	\$897,364,322	\$1,010,766,525	\$1,118,826,459

Class Fund # <i>(Unrestricted only)</i>	Class Fund Name <i>(Unrestricted only)</i>	Current cash balance (\$)	Fiscal Year	Agency's plan to deploy unrestricted cash (including amounts):
#	All of our funds are revolving restricted funds	\$	FY 2024	
#		\$		
#		\$	FY 2025	
#		\$		
#		\$		
#		\$	FY 2026	
#		\$		
	Total Current Unrestricted Fund Cash balance:	\$		



Unrestricted funds are those that are not limited by state or federal law, rule, regulation, other legally binding method, or donor restriction.

# FY 2022 Incremental Appropriation Review

<i>Purpose of appropriation increase / decrease</i>	<i>Amount of increase or decrease (\$)</i>	<i>Included in FY24 appropriation? (Yes/No)</i>	<i>If yes, included in appropriation for same purpose? (Yes/No)</i>	<i>If not included for same purpose, please explain.</i>
<b>FY 2022</b>				
Debt Service	\$7,477,177	Yes	Yes	
Tech Savings	-\$583,514	N/A	N/A	
Operations	\$10,000,000	Yes	Yes	
ROADS	\$575,000,000	Yes	Yes	
One-Time FY22 Appropriation - CIRB	\$20,000,000	No	N/A	
	\$			
	\$			
	\$			
<b>Total adjustment</b>	<b>\$611,893,663</b>			



*\*Do not include SRF / ARPA appropriation increases.*

# FY 2023 Incremental Appropriation Review

<i>Purpose of appropriation increase / decrease</i>	<i>Amount of increase or decrease (\$)</i>	<i>Included in FY24 appropriation? (Yes/No)</i>	<i>If yes, included in appropriation for same purpose? (Yes/No)</i>	<i>If not included for same purpose, please explain.</i>
<b>FY 2023</b>				
OCIA Lease Payment Change	\$1,984,836	Yes	Yes	
ROADS Fund Increase	\$15,000,000	Yes	Yes	
Rural Public Transportation	\$5,000,000	Yes	Yes	
One-Time FY23 Appropriation	\$22,000,000	No	N/A	
One-Time FY22 Appropriation - CIRB	-\$20,000,000	N/A	N/A	
	\$			
	\$			
	\$			
<b>Total adjustment</b>	<b>\$23,984,836</b>			



*\*Do not include SRF / ARPA appropriation increases.*

# FY 2024 Incremental Appropriation Review

<i>Purpose of appropriation increase / decrease</i>	<i>Amount of increase or decrease (\$)</i>	<i>Does this need to be included in your FY 2025 appropriation? (Yes/No)</i>	<i>If yes, included in appropriation for same purpose? (Yes/No)</i>	<i>If not included for same purpose, please explain.</i>
<b>FY 2024</b>				
STF -Debt Service	\$2,523,069	Yes	Yes	
STF Rural Trans. Match (15/85 Match w/ Feds)	\$5,000,000	Yes	Yes	
STF –Industrial and Lake access (\$5 Mil Inola)	\$10,000,000	Yes	Yes	
One-Time FY24 Appropriation – RETRO	\$200,000,000	No	N/A	
One-Time FY23 Appropriation	-\$22,000,000	N/A	N/A	
Rural Public Transportation	-\$5,000,000	N/A	N/A	
STF – FY 2023 Shortfall (IFTA)	-\$12,000,000	N/A	N/A	
	\$			
<b>Total adjustment</b>	<b>\$178,523,069</b>			<i>*Do not include SRF / ARPA appropriation increases.</i>



# Budget & Supplemental Request Summary

	Request Name	FY 2025 Appropriated Request Amount (\$) {or FY 2024 for Supplementals}	Type of Request: Operating, One-time, or Supplemental
1	Receive full statutory authorization of the Rebuilding Oklahoma Access and Driver Safety (ROADS) Fund – \$590,000,000		Operating
2	Receive full statutory authorization of the State Transportation Fund (STF) - \$219,000,000	<b>\$7,598,432</b>	Operating
3	Additional \$12,000,000 STF funding - replacement funds due to IFTA transfers impacting SFY 2023	<b>\$12,000,000</b>	One- time
4	Statutory authorization of \$6.9 million to transfer as a match to the Transit Federal Program to be taken from the State Transportation Fund		Operating
5	Restore \$1.0 million to the Weigh Station Revolving Fund, which was removed in the 2022 legislative session as per HB 4008	<b>\$1,000,000</b>	Operating
6	Bonding Authority of \$500,000,000 to fund major construction projects		One-time





# (1) Budget Request

**Receive full statutory authorization of the Rebuilding Oklahoma Access and Driver Safety (ROADS) Fund – \$590,000,000**

Type: (Operating, One-Time, Supplemental)  
**Operating**

\$ Amount Requested for FY 2025 (Or FY 2024, if supplemental)

**The ROADS fund is dedicated revenue used to construct and maintain the state highways and bridges in Oklahoma. In addition, the ROADS fund is the source of revenue that pays for the debt service payments.**



# (2) Budget Request

**Receive full statutory authorization of the State Transportation Fund (STF) - \$219,000,000**

Type: (Operating, One-Time, Supplemental)  
**Operating**

\$ Amount Requested for FY 2025 (Or FY 2024, if supplemental)  
**\$7,598,432**

**To provide for the allocation of tax revenues to be transferred from the State Transportation Fund to the State Highway Construction and Maintenance Fund for ongoing highway and bridge maintenance activities. A well-maintained highway infrastructure improves public safety, relieves congestion, and reduces vehicle operation costs while improving the movement of people and goods.**



# (3) Budget Request

**Additional \$12,000,000 STF funding - replacement funds due to IFTA transfers impacting SFY 2023**

Type: (Operating, One-Time, Supplemental)  
**One-Time**

\$ Amount Requested for FY 2025 (Or FY 2024, if supplemental)  
**\$12,000,000**

**To replenish the budget that was unavailable in FY2023.**



# (4) Budget Request

**Statutory authorization of \$6.9 million to transfer as a match to the Transit Federal Program to be taken from the State Transportation Fund**

Type: (Operating, One-Time, Supplemental)  
**Operating**

\$ Amount Requested for FY 2025 (Or FY 2024, if supplemental)

**This request is to record in statute the transferability of state match to the Transit federal program. Federal funds were increased to the Transit Program as a result of the Infrastructure Investment and Jobs Act (IIJA) Bill. The change will utilize the State Transportation Funds.**



# (5) Budget Request

**Restore \$1.0 million to the Weigh Station Revolving Fund, which was removed in the 2022 legislative session as per HB 4008**

Type: (Operating, One-Time, Supplemental)  
**Operating**

\$ Amount Requested for FY 2025 (Or FY 2024, if supplemental)  
**\$1,000,000**

**This request is to provide funding for operating expenses for the Size and Weight Permits office, Weigh Stations, and Ports of Entry.**



# (6) Budget Request

<b>Bonding Authority of \$500,000,000 to fund major construction projects</b>	
Type: (Operating, One-Time, Supplemental) <b>One-Time</b>	\$ Amount Requested for FY 2025 (Or FY 2024, if supplemental) <b>\$500,000,000</b>
<b>This request is to provide funding for major construction projects, including the Roosevelt Bridge, and several improvements on I-35, SH-412, and I-44 in Tulsa.</b>	





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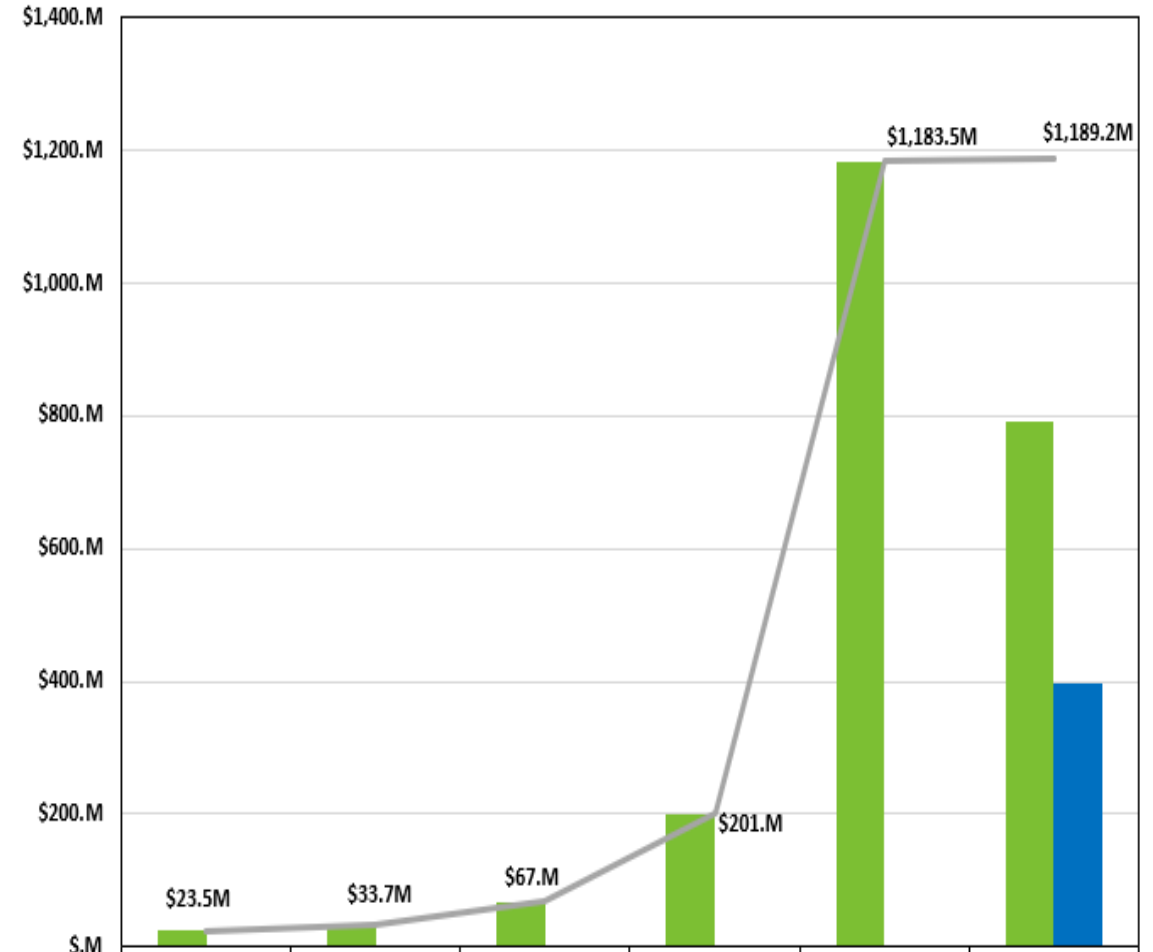
# Appendix

# Total Outstanding Encumbrances, Reserves, and Cash Balances (FY 2019-YTD 2024)

## Explanation of Trends

- Encumbrances for capital expenditures extend over multiple years
  - Average 3 to 5 years
  - Largest % of outstanding encumbrances
    - Three preceding years - 21, 22 and 23
- Total Outstanding Encumbrances and reserves for Right of Way Acquisition - \$2.7 B
- Cash balance - \$1.2 B
- Average –Disbursements
  - \$133 M –Monthly
  - \$1.6 B -Annually

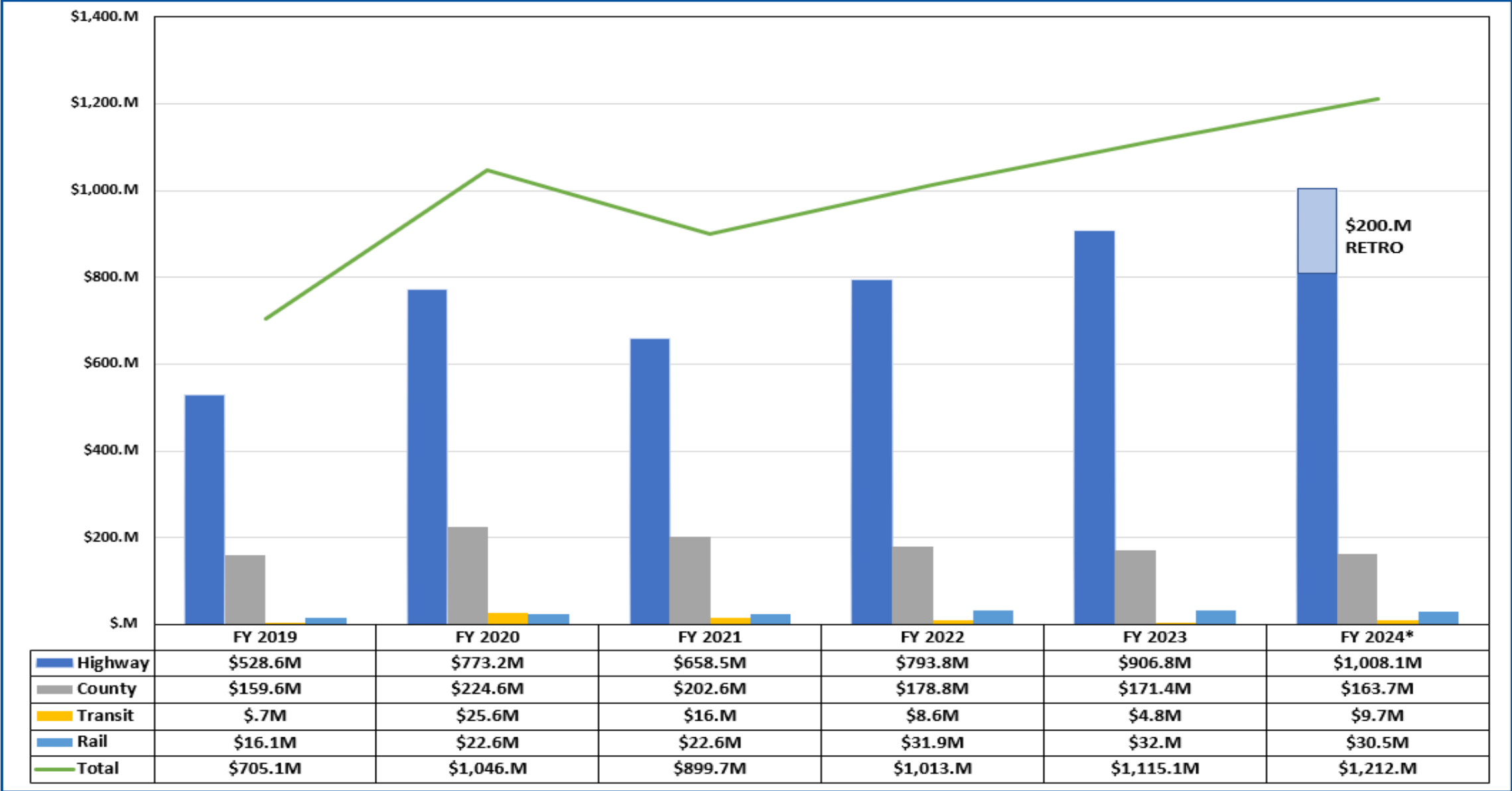
Outstanding Encumbrances and Right of Way Reserves



	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024 Budget
Outstanding Encumbrance	\$23.5M	\$33.7M	\$67.M	\$201.M	\$1,183.5M	\$791.M
Row Reserves	-	-	-	-	-	\$398.2M
Total	\$23.5M	\$33.7M	\$67.M	\$201.M	\$1,183.5M	\$1,189.2M



# Cash Balances at Year-End



\*FY 2024 Data as of 10-30-23