

Oklahoma Senate Committee on Appropriations

2013-14 Performance Report

Oklahoma Turnpike Authority

AGENCY MISSION STATEMENT:

To construct, operate and maintain a safe and economical Turnpike system for the convenience of Turnpike customers and to address transportation needs of the state.

The OTA was established by Statute in O.S. Title 69 Section 1701. As defined by Statute, the Oklahoma Turnpike Authority's (OTA) purpose is to facilitate vehicular traffic, remove handicaps and hazards on congested highways, and to provide for the construction of modern express highways throughout the state. Once constructed, those roads are to be operated and maintained for continued safe use by turnpike customers.

LEAD ADMINISTRATOR:

Tim Stewart is the Executive Director of the Oklahoma Turnpike Authority. He can be reached at (405) 425-3650 or tstewart@pikepass.com

GOVERNANCE:

OTA has a six member board each appointed from one of Oklahoma's original congressional districts covering the state. These members are appointed by the Governor and confirmed by the Senate. The Governor also serves as an ex officio member. The Authority appoints the Executive Director. The board consists of Albert C. Kelly, Jr. who serves as Chairman, David A. Burrage who serves as Vice-Chairman, C. Carl Gibson who serves as Secretary-Treasurer, Kenneth G. Adams, Kevin Hern, and E. Gene Love. The Authority has policy oversight responsibilities of turnpike operations that must remain in strict compliance with trust agreements (with Bondholders) that define operating procedures to be followed.

There are several committees of the Board including a Finance Committee which reviews all financial relationships as well bond activity, an Audit and Budget Committee who review the Annual Budget and annual outside audit as well as internal audit functions, an Engineering and Construction Committee that reviews all Capital Expenditures related to Roads and Bridges, a Facilities Management Committee, and a Litigation Sub-Committee which reviews any legal matters. Every item approved by the Board is reviewed by at least one of these committees.

GOVERNANCE ACCOUNTABILITY:

Is there an attendance policy for board members/commissioners? If so, is it being followed?

The Board meets monthly on the fourth Tuesday of each month. Four members must be present to constitute a quorum and conduct business.

MODERNIZATION EFFORTS:

The Authority sold bonds to complete widening of approximately 15 miles of urban turnpike. This widening effort was part of the Governor's Bridge Replacement & Turnpike Modernization Plan announced in the fall of 2011. Because of the competitive construction market, bids for the turnpike widening came in less than expected allowing the Authority to accelerate planned turnpike improvements including bridge replacements, cable barrier installation, and pavement reconstruction. All turnpike structurally deficient bridges were addressed as part of this initiative. The favorable bond market and efficient turnpike operations allowed the additional bonds to be sold and improvement made without increasing tolls paid by turnpike customers.

The Authority worked with local governments (Broken Arrow, Oklahoma City, Oklahoma County, ODOT) providing new or improved turnpike access. These new access points provided improved traffic flow and safety while offering opportunities for economic development and expansion in the local communities.

PIKEPASS is the customer service branch of OTA for all automated account customers of the turnpike system. In March, 2011 PIKEPASS began a 2 year transition to the new technology sticker tag PikePass. This effort required issuing 1.6 million new sticker tags and the retirement of 950,000 old technology PikePass toll tags. This process was completed in March of 2013. This transition improves transaction accuracy and provides customers with continued non-stop use of the System. This newer technology also opens the opportunity for OTA to pursue interoperability opportunities with other states.

The Authority is also partnering with Oklahoma Tourism Department on multiple projects. Tourism has allowed the OTA to provide new capability to service current and new PikePass customers at the existing Tourism Center on I-35 near the Turner Turnpike entrance. Another joint project is planned for the remodeled service plaza currently near Vinita on the Will Rogers Turnpike. This project is scheduled for opening in the summer of 2014. The Authority also has partnered with the Office of Management Enterprise Services. The Authority has established a "hot site" for IT services at the OMES center which provides seamless business continuity for turnpike customers in the event of a disaster. The Authority is also partnering with the Governor's initiative to "Go Green" by purchasing business and maintenance vehicles powered by Compressed Natural Gas.

Other partnerships include financial arrangements with various counties and tribes to reconstruct bridges with are structurally deficient and functionally obsolete. The Authority also has four active contracts with the Oklahoma Department of Corrections Prisoner Public Works Project (PPWP). Inmates are used to assist OTA crews in trash removal along OTA Right-of-Ways. This combined effort results in excess of 64,000 Man Hours annually.

The OTA also contracts with ODOT Radio Communication to perform maintenance and system performance services for the OTA's mobile communications system and facilities.

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What steps has the agency taken to cut costs and/or eliminate waste? Are there efforts that have been successful which you believe could serve as a model for other state agencies seeking to keep costs minimal?

Between September 2008 and November 2012 more than 100,000 PIKEPASS account holders transitioned from paper to email statements as a result of the PIKEPASS "Go Green" email campaign. As part of the continuing "Go Green" email campaign 110,000 new account holders were signed up for email statements instead of USPS statements. During this period approximately 11.5 million sheets of paper and envelopes were saved with an estimated print and mail cost savings of \$2.3 million. Each customer contact is used as an opportunity to persuade customers to transition to email statements and notices.

The Authority placed an order to purchase 40 CNG powered work trucks to replacing aging vehicles used for maintenance of the Turnpike System. This was a cooperative effort with ODOT and other Oklahoma entities and an initiative of the Governor. The competitive price received on the new vehicles and the increasing cost of gas will result in significant return on investment of the replacement vehicles purchased.

Reduced energy consumption in the Authority's toll operations by replacing lane computer system and cameras with a more energy efficient system; annualized savings of approximately \$58,500.

CORE MISSION:

No services are required outside of the Core Mission of the Authority. And no services are duplicative to efforts by other agencies. The Authority does partner with other agencies such as the Oklahoma Department of Transportation, the Oklahoma Tourism Department, the Oklahoma Highway Patrol and the Governor's Office to accomplish our mission.

PRIVATE ALTERNATIVES:

The management of the turnpike system is not currently provided by any private entity within the state of Oklahoma. Some other states have attempted privatization of their turnpikes with varying degrees of success. Because of the bond indenture which governs the operation of the Turnpike Authority, management of the infrastructure is not appropriate for the private sector. However, the OTA is heavily vested in the use of private partnerships for the building, improving and some maintenance of the 600 plus miles of the turnpike system in the state. Projects are competitively bid for all of road improvements and much of the operations of the roads. In addition, private partnerships are also utilized for operation of the service plaza facilities providing patrons of the turnpike systems convenient access to food and fuel.

Other operational responsibilities of the OTA are also contracted privately due to bond indenture requirements or to acquire expertise outside of core competency. Legal advice, traffic engineers, consulting engineers, financial trustee, investment advice, bond counsel, financial advisor, depository service, and external auditing services are all contracted to maintain the integrity of operations and financing strategies of bond management of the OTA.