

Oklahoma Senate Committee on Appropriations

2015-16 Performance Report

Oklahoma Turnpike Authority

AGENCY MISSION STATEMENT:

Here a simple statement of the adopted mission of the agency should be provided, along with the entity or person(s) who adopted the mission statement and when it was adopted.

The mission statement of the Authority was developed by staff and accepted by the Board in the spring of 2014 as follows:

“Partnering with others, we provide our customers with a choice of a safe, convenient, efficient, user-funded transportation network focusing on fiscal responsibility and promoting economic development.”

Statutory Authority for the Oklahoma Turnpike Authority is as follows:

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:

Here a brief description of the agency’s governance structure should be provided. Is the agency headed by a Governor appointee? An appointee of an independent board? Who selects the board, and who are the current members of the board.

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), statutes and by-laws that define operating procedures to be followed. OTA by-laws can be revised as needed during public meetings of the Authority.

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Does the Board have any committees or subgroups? If so, please provide a detailed listing of the subgroups and their areas of focus.

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. A record of attendance is published with the adopted meeting minutes of the Authority that are posted on the OTA web site.

MODERNIZATION EFFORTS:

Please provide a listing of all government modernization efforts undertaken by the agency since July 1, 2012. Additionally, please provide any authorizing statutory changes that prompted the modernization efforts and whether those efforts have led to cost savings or additional cost burden.

The Authority sold bonds in December 2011 to complete widening of approximately 15 miles of urban turnpikes in Tulsa and Oklahoma City. 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 two major urban facilities opened to traffic in 2013.

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

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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 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. In August 2014, the OTA began interoperability toll transactions with the North Texas Toll Authority (NTTA). In November 2014, the OTA began interoperability toll transactions with the Kansas Turnpike Authority (KTA). With these key initiatives, PIKEPASS customers can now drive on north Texas and Kansas toll roads using their PIKEPASS to pay tolls. This allows tolls paid to be at the reduced rate plus improves travel ease for those customers. Toll Tag customers of NTTA and K-Tag customers of KTA can now travel through PIKEPASS lanes and be charged for the trip to their Toll Tag or K-Tag accounts. This improves safety and through-put at OTA tolling points.

The Authority is also partnering with Oklahoma Tourism Department on multiple projects. A new Tourist Information Center (TIC) was opened during 2014 on E-35 near the Kilpatrick Turnpike entrance. This TIC will also accommodate current and new PIKEPASS customers. Another joint project for the remodeled service plaza near Vinita on the Will Rogers Turnpike was completed and opened to customers in December 2014. Tourism has travel and attraction information about Oklahoma displaying at this site through programmable screens at each entrance to the new facility.

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. Partnering with One Gas and Johnson Oil/EZGo, the Authority now offers expanded CNG fueling points at the Stroud and McAlester Services Plazas.

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 December 2014 almost 300,000 PIKEPASS account holders transitioned from paper to email statements as a result of the PIKEPASS "Go Green" email campaign. Each customer contact is used as an opportunity to persuade customers to transition to email statements and notices. It is estimated that by transitioning PIKEPASS account holders from paper to email, the Authority saves over \$1.6 million annually.

The Authority purchased 80 CNG powered vehicles to replacing aging vehicles used for maintenance and operations of the Turnpike System. This was a cooperative effort with ODOT and other Oklahoma entities and an initiative of the Governor. The competitive price

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received on the new vehicles and the increasing cost of gas will result in significant return on investment of the replacement vehicles purchased. As of the end of 2014, over \$100,000 was saved in fuel cost using CNG as compared to gasoline.

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.

The Authority also began efforts in 2014 to compile data and work in conjunction with OMES on the Governor's 20X2020 energy conservation plan. Suggestions from the energy savings plan are being implemented as improvement projects are implemented along the System.

CORE MISSION:

What services are you required to provide which are outside of your core mission? Are any services you provide duplicated or replicated by another agency? Are there services which are core to your mission which you are unable to perform because of requirements to perform non-core services elsewhere?

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, Attorney General's Office, Department of Corrections and the Governor's Office to accomplish our mission.

PRIVATE ALTERNATIVES:

Are any of the services which are performed by the agency also performed in the private sector in Oklahoma? In other states? Has the agency been approached by any foundation, for-profit or not-for-profit corporation with efforts to privatize some of the functions of the agency?

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.

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Many of the operations of the OTA are outsourced to private contractors including but not limited to engineering, design, right-of-way management, construction management, toll system integration & maintenance, software development, mowing, sweeping, bridge reconstruction & rehabilitation, pavement construction & rehabilitation, sign replacement, fence replacement, etc. The Authority also contracts with the Department of Corrections for labor intensive services needed in the maintenance and operations of the Turnpike System.