



## Oklahoma Turnpike Authority, a Failed Operations Model

In operation for over 70 years, the Oklahoma Turnpike Authority continues to function with a **grossly flawed operations model**. Only four out of twelve total turnpikes in the system generate ample revenues and the remainder struggle with low traffic volume and poor earnings. In 2021 almost twice as many cars traveled on the twenty-five miles of Kilpatrick Turnpike every day than on the more than *three hundred* combined miles of the Will Rogers, Muskogee, Indian Nation, Cimarron, Cherokee, Kickapoo and Chickasaw Turnpikes (see Table 1). If the Oklahoma Turnpike Authority were operated like an actual business, it would certainly be a failure.

So how does the OTA stay afloat? The answer is by using **flawed data to justify new projects**. This allows them to generate new loans and continually finance existing loans. The original bonds for the Turner Turnpike were issued in 1950 and have been refinanced eight times, with much of the money going to fund construction of new turnpikes that receive little traffic.

For each new turnpike proposal, the OTA contracts with an engineering firm to project toll revenues. Based on those projections, bonds are sold to finance the construction of that turnpike with the expectation that actual toll revenues will be more than adequate to make the necessary payments to the bond holders. History shows those **toll projections** to be **wildly inflated**.

Throughout the history of the OTA those toll revenue projections have only been about 63% accurate, meaning that revenues have been 37% lower than necessary to make the required bond payments and maintain the roads. That seems equivalent to making an **inflated income statement** on a loan application.

Some of the state's turnpikes have **truly abysmal earnings**. The Chickasaw--a 13 mile two-lane toll road that runs from Sulphur to near Ada--generates a paltry \$79,000 or so per mile in revenue every year. This is less than the estimated cost of annual maintenance, and certainly not enough to ever repay costs of construction.

One of the newest turnpikes in the system, the Kickapoo, opened in 2020 and was projected to generate around \$6 million in 2021. End of year data shows that it only brought in about \$3.45 million. Kickapoo projections for 2022 were for \$7 million in revenue but preliminary data suggest the number is likely to be below \$5 million (see Table 2). Interestingly the Kickapoo study generated by traffic research firm CDM Smith was not delivered until well after construction was already under way. In other words, OTA chose its preferred route without any traffic or revenue projections at all. Is it any surprise that the earnings are below par?

The OTA continues to borrow money by issuing revenue bonds to pay for turnpikes that do not generate enough revenue to pay off those bonds. Now they are asking to issue bonds to finance \$5,000,000,000 (five billion dollars) worth of new projects using this same failed operations model.

How can we allow this **gross mismanagement** to continue? We are calling on all members of the legislature to demand a **special audit** of OTA's finances to determine exactly how badly this organization is failing Oklahomans.



**Table 1a: Most Traveled Turnpikes (from OTA 2021 annual report)**

Turnpike	Total Miles (Tolled)	2021 revenue (\$)	Revenue per mile (\$)	Number of cars per year	Cars per day
<b>Kilpatrick</b>	<b>25</b>	<b>54,455,000</b>	<b>2,178,200</b>	<b>56,128,000</b>	<b>153,775</b>
Creek	33	36,531,000	1,107,000	20,075,000	55,000
Turner	86	85,205,000	990,755	16,560,000	45,370
HE Bailey	86	33,816,000	393,209	18,624,000	51,025
<b>Total</b>	<b>230</b>	<b>210,007,000</b>	<b>4,669,164</b>	<b>111,387,000</b>	<b>305,170</b>

**Table 1b: Least Traveled Turnpikes (from OTA 2021 annual report)**

Turnpike	Total Miles (Tolled)	2021 revenue (\$)	Revenue per mile (\$)	Number of cars per year	Cars per day
Will Rogers	88	76,799,000	872,715	12,717,000	34,841
Muskogee	53	23,320,000	440,000	11,062,000	30,307
Indian Nation	41	18,396,000	448,683	5,130,000	14,055
Cimarron	60	13,662,000	227,700	5,828,000	15,967
Cherokee	33	10,947,000	331,727	3,827,000	10,485
Kickapoo	18	3,455,000	191,944	2,219,000	6,079
Chickasaw	13	1,039,000	79,923	972,000	2,663
Gilcrease	10.5				
<b>Total</b>	<b>317</b>	<b>147,618,000</b>	<b>2,592,693</b>	<b>41,755,000</b>	<b>114,397</b>

**Table 2: Kickapoo Turnpike projections and actual revenue (from CDM smith report and 2021 OTA financial report)**

Year	CDM Smith/OTA Projected revenue	Actual revenue
<b>2021</b>	\$5.9 million (CDM Smith) \$4.3 million (OTA document)	\$3.45 million (includes concessions)
<b>2022</b>	\$7 million	\$4.8 million (estimated from August 2022 numbers)
<b>2023</b>	7.8 million (CDM Smith)	