

THE BOND BUYER

Thursday, March 16, 2017 | as of 5:00 PM
ET

Infrastructure

P3 Plan Revs Up Stalled Oklahoma Highway

By [Jim Watts](#)
March 14, 2017

DALLAS -- Oklahoma plans to complete an unfunded Tulsa highway project that's been on the books for 50 years with a seven-way partnership that would include an expected \$100 million investment from the one private sector partner.

The private partner would recoup its investment by collecting tolls on the five-mile, four-lane segment, including a bridge over the Arkansas River, that would complete the Gilcrease Expressway highway loop around Tulsa.

Oklahoma transportation secretary Gary Ridley said the project is expected to cost \$240 million, but the total amount of funding from all seven partners, including money already spent on the extension, will be closer to \$300 million.

Six of the partners are public and the private partner probably will contribute about \$100 million to the project, he said.

"From the public sector, we're putting in somewhere around \$190 million," Ridley said. "The private sector puts in whatever the balance is. Then the tolls or a portion of the tolls go to pay that off."

The private partner will be selected in six months to a year, Ridley said. Once the funding is in place, construction will take about two-and-a-half years.

Public sector participants in the Gilcrease extension include the Oklahoma Department of Transportation, the city of Tulsa, Tulsa County, the Indian Nations Council of Governments, Oklahoma Turnpike Authority, and the Federal Highway Administration.

Planning for the Gilcrease Expressway loop began in the 1950s but stalled at the Arkansas River crossing needed to complete the road around Tulsa.

A study by the turnpike authority in 2010 determined that traffic on the bridge would not generate the toll revenue needed to finance it. Cost of the final 6.7 miles of the project was estimated at \$373 million in the study.

Available funding for the project in recent years has included \$6.5 million per year from the FHWA and \$1 million per year from the city, but at that rate the project would not have been fully funded until 2050.

That would be almost 100 years after the project was envisioned, Ridley said.

"Thank you all for your patience for 50 years," Ridley said at Friday's announcement of the P3 proposal. "You've got about three more years of patience we're going to need from you before we open this up, but it will come and it will happen."

Tulsa Mayor G.T. Bynum said his 90-year-old grandfather attempted to find a funding solution for the expressway project as a city official in the 1960s.

"It's surreal for me as the mayor to be talking today about the plan to finish something that he was working on as street commissioner in 1964," he said.

Partnering with the state and a private investor on the highway project will remove much of the city's financial burden, Bynum said. The route for the road was determined in 1961, with the expectation that Tulsa would build it.

"The city of Tulsa was trying to do this by ourselves when building expressways is not the city of Tulsa's area of expertise," he said. "We do streets."

The turnpike authority has a better ability to access capital markets for the expressway extension, said Deputy Mayor Michael Junk.

"Roads aren't free," Junk said. "There are many times that we have seen the need for infrastructure improvements, but we haven't had the capital to do so. A toll way is another means to accomplish that goal."

The Gilcrease project was included in Gov. Mary Fallin's Driving Forward program, an \$892 million turnpike package that she proposed in October 2015.

Fallin used her State of the State address in February to push for an increase in Oklahoma's gasoline and diesel taxes and a \$350 million infrastructure bond program.

Fallin's tax proposal includes a 10 cent per gallon increase in the state's gasoline tax of 17 cents per gallon and an increase of 7 cents per gallon in the diesel tax of 14 cents.

