



Principles for 405 Express Lanes Excess Toll Revenue Policy and Expenditure Plan

Requirements for Operating 405 Express Lanes

- Tolling Authority through AB 194 – California Transportation Commission approval May 2016
- Toll Operating Agreement with Caltrans
 - OCTA responsible for operations and maintenance using express lanes revenues
 - Develop excess toll revenue expenditure plan five years before excess revenues available in partnership with Caltrans
- Transportation Infrastructure Finance and Innovation Act
 - Toll revenues used first for operations and maintenance, required reserves, and loan repayment based on payment schedule
 - Excess toll held in distribution lock up for first five years
 - 50 percent of excess revenues go toward loan repayment until paid off

405 Tolling Policies – Updated July 2023



- Provide a safe, reliable, congestion-free commute
- Optimize throughput and increase average vehicle occupancy
- Balance capacity and demand to serve customers who pay tolls as well as people who rideshare or use transit
- Generate sufficient revenue for financial viability of 405 Express Lanes
- Ensure all covenants in the financing documents are met
- Ensure any potential net excess toll revenues are used for I-405 corridor improvements

I-405 – Interstate 405

Recommended – Principles Categories

Project Selection

Planning and Equity

Fiscal Management

Good Governance

Expenditure Plan Principles – Project Selection

- Projects that improve customer experience, relieve congestion, and enhance the safety of the I-405 facility will be prioritized
- Improvements that enhance customer satisfaction and lower operating costs through improved toll lane technology or other enhancements
- Transportation investments within the I-405 corridor in Orange County at the discretion of the Board and consistent with state and federal law
- Public transportation services that reduce traffic congestion within the I-405 corridor within Orange County



Expenditure Plan Principles – Planning and Equity



- Use of OCTA-developed multimodal plans as a basis for project selection
- Consideration of additional or focused stakeholder input and community outreach and engagement
- Consideration of policies and programs to support equity

Expenditure Plan Principles – Fiscal Management

- Pay-as-you-go financing as the preferred method of funding the improvements
- Bond financing may be considered if it supports more beneficial outcomes



Expenditure Plan Principles – Good Governance

- Use of 405 Express Lanes excess toll revenues on the state highway system shall be subject to a “maintenance of effort” commitment by the State
- Expenditures should supplement, not supplant, state and federal revenues



U.S. Department of Transportation
Federal Highway Administration

Next Steps

- Direct staff to develop principles and proposed framework for a 405 Express Lanes expenditure plan and return to the Board for approval
- Update traffic and revenue forecast and cash flow models to determine timing of excess toll revenues
- Return to the Board with excess toll revenues policies – summer 2025
- In partnership with Caltrans, develop draft expenditure plan and define corridor for use of excess toll revenues
- Return to the Board with draft expenditure plan following public posting requirements – late 2025