



May 28, 2025

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: 405 Express Lanes Update for the Period Ending March 31, 2025

Overview

The Orange County Transportation Authority oversees the operations of the 405 Express Lanes, which commenced operations on December 1, 2023. Over the last quarter, there were approximately 16.1 million transactions and 4.2 million trips generated on the 405 Express Lanes. This report focuses on the operational and financial activities for the period ending March 31, 2025.

Recommendation

Receive and file as an information item.

Background

The Orange County Transportation Authority (OCTA), in cooperation with the California Department of Transportation and the cities of Costa Mesa, Fountain Valley, Huntington Beach, Seal Beach, and Westminster, implemented the Interstate 405 (I-405) Improvement Project between State Route 73 (SR-73) and Interstate 605 (I-605) (Project). The Project added one general purpose lane in each direction from Euclid Street to I-605, consistent with Measure M2 Project K, and added an additional lane in each direction that combines with the existing high-occupancy vehicle lane to provide dual express lanes in each direction of I-405 from SR-73 to I-605, otherwise known as the 405 Express Lanes (405 EL). The 405 EL commenced operations on December 1, 2023.

Motorists using the 405 EL pay tolls using a transponder that automatically deducts the toll amount from a prepaid account. The transponder can be used on any California tolled facility through existing interoperability agreements.

Discussion

The sections below discuss various operational data and information for the 405 EL in greater detail.

Transactions and Trips

The total number of 405 EL transactions for the month of March 2025 totaled 5,854,589, which represents a daily average of 188,858 transactions. This is a 20.5 percent increase in transactions from the same period last year when transactions totaled 4,858,714. In looking at the 12-month period ending March 2025, transactions totaled 65.6 million. Traffic in the northbound direction accounted for 54.1 percent of the transactions and the southbound direction accounted for 45.9 percent.

The transactions corresponded to 1,529,352 trips or 49,334 average daily trips. This is a 16.5 percent increase in trips from the same period last year. In looking at the 12-month period ending March 2025, trips totaled 16.8 million.

The carpool percentage (two-person high-occupancy vehicles and three or more high-occupancy vehicles) for the period ending March 2025 was 23.2 percent.

Gross Potential Toll Revenues (GPTR)

GPTR is defined as the number of trips multiplied by the posted toll for that trip. GPTR will always exceed actual revenues (shown in the monthly report under the Financial Highlights section) because of violations, discounts, or unrecognizable license plates. GPTR results are utilized for the purpose of comparisons to the forecasted amounts for the 405 EL. For the month of March 2025, GPTR for the 405 EL was \$3,847,339, and for the 12-month period ending of March 2025, the amount totaled \$39,782,536.

Toll Adjustments

The Board of Directors (Board)-adopted Toll Policy requires staff to review traffic volumes on the 405 EL for potential toll adjustments. Based on the traffic volumes and speeds on the 405 EL, toll adjustments were applied to several hours effective February 10, 2025. There were ten hours in total that reached the levels for a toll adjustment. The toll adjustment levels are based upon the number of lanes and volumes per hour. Eight hours were in the northbound direction and two were in the southbound direction. Toll rates were increased by \$1.30 and \$1.70 in these hours. As of the end of March 2025, toll rates for a full-length trip ranged from a minimum of \$2.55 to a maximum of \$19.90.

Number of Accounts and Transponders

The number of active accounts on the 405 EL totaled 19,389 and 38,645 transponders were assigned to those accounts as of March 31, 2025. The largest concentration of accounts continues to be in the City of Long Beach.

Outstanding Debt

As of March 31, 2025, the outstanding amount for the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan totaled \$637.5 million. Debt service payments are not due on the TIFIA loan until December 2028 (five years after the substantial completion date of December 1, 2023). The TIFIA loan is rated “Baa2” by Moody’s.

Operational Update

WSP USA Services Inc. (WSP) is the back-office system (BOS) and customer service center operations services provider for the 405 EL. Electronic Transaction Consultants, LLC. (ETC), as a subcontractor to WSP, is responsible for the design, development, implementation, and maintenance of the 405 EL BOS. Since go-live in December 2023, staff, in conjunction with the project management consultant for the 405 EL, have worked with the WSP/ETC team to resolve outstanding issues. The team has been continuously working with the WSP/ETC team to further refine and implement other BOS and operations functionalities that are to be deployed in the upcoming months.

During the month of March 2025, some of the operational key performance indicators were not met. These include processing of transponder requests, payment processing, and processing customer refunds. The performance measures were not met due to a large payment received from a fleet service provider, which requires additional processing due to the complexity of multiple vehicles associated with the payment and other system issues. Failure to meet performance measures results in associated non-compliance points being applied to the monthly performance scorecard. If the accumulated non-compliance points reach a specified threshold, the invoice for the month will be adjusted by the corresponding penalty percentage.

Traffic and Revenue Forecast Update

Subsequent to the end of the March 2025 reporting period, OCTA received an updated 30-year traffic and revenue forecast from Stantec Inc., dated May 12, 2025. The updated forecast utilizes the actual data from the first year of operations to derive the 2025 forecast. The 2025 forecast provides a

conservative ramp-up period compared to the previous 405 EL forecast, which was developed in 2016. The 2025 forecast over the next five fiscal years (FY) generates \$336.4 million in toll revenues. That is approximately \$69.9 million lower than the 2016 forecast for the same five-year period. One reason for the lower ramp-up period has to do with changing travel patterns post-pandemic. In the current environment, commuters have more flexibility with their travel schedules to work. In addition, remote work policies are more prevalent today than they were in the pre-pandemic period. After FY 2041-42, the 2024-25 forecast surpasses the 2016 forecast on an annual basis and starts generating a higher revenue amount. The total toll revenue projected from FY 2025-26 through FY 2054-55 for the 2025 forecast equals \$4.6 billion, while the 2016 forecast totals \$4.4 billion.

Summary

The operational report for the 405 Express Lanes for the period ending March 31, 2025, is provided for Board of Directors' review. The report provides a summary of key operational and financial activities.

Attachments

- A. 405 Express Lanes Status Report, March 2025
- B. OCTA 405 Express Lanes, T&R Forecast, 5/12/2025

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