



# 405 Express Lanes Expenditure Plan Requirement

# Background

Milestone	Completion Date
Environmental clearance	May 2015
California Transportation Commission (CTC) grants tolling authority to OCTA	May 2016
OCTA Board of Directors awards design-build contract to OC 405 Partners	November 2016
Toll operating agreement executed with the California Department of Transportation (Caltrans)	March 2017
Transportation Infrastructure Finance and Innovation Act (TIFIA) loan executed	July 2017
OCTA selects US Bank as trustee for the 405 Express Lanes	July 2017
Construction began	March 2018
Updated Toll Policy approved and opening day toll rate schedules developed	July 2023
Substantial completion / Opening of the 405 Express Lanes	December 2023

# Requirements for Operating 405 Express Lanes

- Tolling Authority
  - Requires CTC Approval
  - Approved in May 2016
- Toll Operating Agreement with Caltrans
  - Board of Directors ' approval in November 2016 and executed in 2017
- Funding for the Interstate 405 Improvement Project, including the 405 Express Lanes
  - Federal, state, and local funding (Measure M2)
  - TIFIA loan executed in July 2017 for funding of the 405 Express Lanes

# Tolling Authority

- CTC grants tolling authority under the provisions of AB 194
- Some of the key requirements include:
  - Submit application to CTC
  - Hold public hearing near Interstate 405 corridor
  - Enter into an agreement with California Highway Patrol for enforcement
  - Enter into an agreement with Caltrans that addresses all matters related to design, construction, maintenance, and operations of the toll facility
  - Development of an expenditure plan, in consultation with Caltrans, and approved by the OCTA Board of Directors

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# Toll Operating Agreement with Caltrans

- 40-year lease
- OCTA sets toll policy and pricing while providing carpool and clean air vehicle incentives
- OCTA operates, maintain, and funds costs with toll revenues
- OCTA responsible for maintenance of the 405 Express Lanes
- OCTA, in partnership with Caltrans, develops and annually updates an expenditure plan for potential excess toll revenues

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# Funding – TIFIA Loan

- TIFIA loan secured by toll revenues
- All toll revenues flow through a trustee
- Interest accrues until five years after substantial completion
- Full payment of principal and interest is payable ten years after substantial completion
- Various reserve funds are required by the loan
- Excess toll revenues are deposited into a Distribution Lock-Up Fund at the trustee during first five years after substantial completion



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# 405 Express Lanes Expenditure Plan

- Development required by AB 194 legislation
- Included in the Toll Operating Agreement with Caltrans
- Established five years before excess toll revenues
- OCTA develops expenditure plan in partnership/consultation with Caltrans
- Requires OCTA Board of Directors approval and annual updates

# 405 Express Lanes Operational Update

- Transactions, trips, and revenues continue to grow
- Call center activities have increased with violations and additional traffic volumes
- Recently implemented toll adjustments
- Carpools comprise approximately 25 percent of total traffic, and Thursdays are the heaviest traveled day of the week



# Next Steps

- Direct staff to develop principles and proposed framework for a 405 Express Lanes expenditure plan
- Update traffic and revenue forecast and cash flow models to determine timing of excess toll revenues
- Develop expenditure plan and define corridor for use of excess toll revenues
- Return to the Board of Directors for approval