



July 12, 2023

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: 405 Express Lanes Toll Policy, Toll Rates, and Marketing Update

Overview

The Orange County Transportation Authority continues with the implementation of the Interstate 405 Improvement Project. The project is scheduled to be completed in late 2023. At that time, the 405 Express Lanes will become operational, and revenue collection will commence. Some updates have been made to the initial 405 Express Lanes Toll Policy and are presented to the Board of Directors for approval, along with the opening day toll rates, which are consistent with the Toll Policy. Marketing activities for the 405 Express Lanes have begun in an effort to raise awareness and educate the public, and these will continue over the next few months and beyond.

Recommendation

Approve the 405 Express Lanes Toll Policy.

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, is implementing the Interstate 405 (I-405) Improvement Project (Project) between State Route 73 (SR-73) and Interstate 605 (I-605). The Project will add one general-purpose lane in each direction from Euclid Street to I-605, consistent with Measure M2 Project K, and will add an additional lane in each direction that will combine with the existing high-occupancy vehicle (HOV) lane to provide dual express lanes in each direction of I-405 from SR-73 to I-605, called the 405 Express Lanes. Scheduled to open in late 2023, the 405 Express Lanes will give solo drivers the choice to speed up their commute for a toll and give options for carpoolers to travel for free if there are three or more individuals in their vehicle with a valid account and transponder. During the first three and a half

years after the opening of the 405 Express Lanes, carpoolers with two individuals can travel for free during non-peak hours with a valid account and transponder.

Discussion

Similar to the 91 Express Lanes, the 405 Express Lanes will utilize toll lane technology to provide vehicle counts by time of day, hour, etc. The vehicle count data will be used to determine toll rates during peak and non-peak hours. Toll adjustments on the 405 Express Lanes will be triggered through increases and decreases in traffic demand.

In 2015, an I-405 Toll Policy and Financial Plan Ad Hoc Committee (Ad Hoc) of the Board of Directors (Board) was established to guide the development of the toll policy and finance plan. The Ad Hoc met several times to discuss information relating to the Transportation Infrastructure Investment and Innovation Act (TIFIA) loan, preliminary finance plan, initial 405 Express Lanes Toll Policy (Policy), and traffic and revenue results. This information was forwarded to the Finance and Administration Committee. In 2016, a traffic and revenue forecast was prepared for the 405 Express Lanes. The forecast was presented to the Board and an initial Policy was approved for the 405 Express Lanes.

With Project completion and the opening date of the 405 Express Lanes anticipated in late 2023, a traffic and revenue consultant (Stantec) was hired to assist with updates to the initial Policy, establishment of opening day toll rates, post-opening day analysis, and a short-term forecast. Over the past few months, Stantec has been reviewing existing data regarding traffic levels and counts on the I-405, as well as any other relevant highways and roadways affecting traffic on the I-405 corridor, in order to project traffic and revenue estimates for the 405 Express Lanes.

Proposed 405 Express Lanes Toll Policy Changes

There are a few areas in the initial Policy that are recommended to be updated before it is finalized. The proposed changes can be categorized in five areas:

- Establishing single-lane segment criteria for toll adjustments,
- Allowing for toll adjustments to be made during the opening period of the 405 Express Lanes based upon traffic queuing,
- Including a 15 percent discount for Clean Air Vehicles (CAV),
- Updating peak hours and toll rates to current dollars, and
- Adding and modifying definitions in the Policy.

Over the past several years, there have been more express lane facilities opening in the nation. In 2017, the Riverside County Transportation Commission (RCTC) extended the 91 Express Lanes to Interstate 15 (I-15) in Riverside County. An issue that was observed was that there were higher levels of traffic volumes continuing east on SR-91 than those traveling south on I-15. As a result, toll rates needed to be raised for those drivers that wanted to continue on SR-91 eastbound to balance out the traffic volumes. Because the RCTC toll policy for the 91 Express Lanes only had a process in place for toll adjustments based upon two lanes, the toll policy needed to be updated to take into account the SR-91/I-15 interchange whereby there is only a single lane of traffic. The 405 Express Lanes will have similar challenges with the interchanges at the north and south ends of the project, and at the I-405/State Route 22. Therefore, incorporating single-lane segment criteria to adjust toll rates was added to the Policy.

Stantec has provided OCTA with opening day toll rates for the different segments of the 405 Express Lanes. These toll rates will be adjusted based upon traffic volumes once the facility opens. The toll rate adjustments will be made based upon the traffic volume criteria established in the Policy. During the initial months of operations, there may be some anomalies that exist that may have volumes not triggering a toll-rate adjustment; however, traffic may be queuing in certain segments. This occurred with the RCTC extension of the 91 Express Lanes. Therefore, language was added to the Policy that allows staff to adjust tolls if queuing occurs and notifying the Board of the toll adjustments.

The initial Policy did not identify a discount amount for CAV. In reviewing peer agencies in the Southern California region, a discount of 15 percent is being applied to CAV on the I-15 Express Lanes in Riverside County and the Interstate 10, and Interstate 110 Express Lanes in Los Angeles County. Therefore, a 15 percent discount was added to the Policy.

The previous toll-rate schedules prepared for the 405 Express Lanes in 2016 were developed using 2015 dollars. The Policy and the toll-rate adjustments included in the document have been updated to reflect current dollars.

Lastly, a few terms were added to the Policy that merited the creation of additional definitions. The definition for inflation factor was also changed from referencing the 405 Express Lanes operations contract to utilization of the Consumer Price Index, less food and energy, for the local region (Los Angeles-Long Beach-Anaheim Metropolitan Statistical Area).

In addition to the updated changes identified above, the Policy contains the goals of the 405 Express Lanes, the process for adjusting tolls during the peak and non-peak hours, and the discounts provided to customers. HOV with three or

more passengers, disabled person license plates, designated veteran license plates, and motorcycles will travel for free at all times with a valid account and transponder. HOV with two passengers will travel for free during the non-peak hours (and pay full toll during the peak hours) during the first three and a half years after opening the 405 Express Lanes with a valid account and transponder.

Opening Day Toll Rates

Over the past several months, Stantec has been collecting traffic data in the I-405 corridor. This data was used to develop the opening day toll rates. Stantec provided toll rates by segment and direction, as well as providing holiday-period toll rates. The toll rates by directional segment, as well as the calculation for the full trip from end to end, are included in the Policy as an exhibit. Staff will work with Stantec to monitor traffic conditions after opening and adjust toll rates as necessary to provide optimal throughput and help ensure free-flow traffic.

Marketing Update

In preparation for the opening of the 405 Express Lanes in late 2023, OCTA is developing a comprehensive brand awareness program to familiarize Orange County and neighboring areas with the new lanes. This entails the development of a brand identity and messaging for the new lanes, coupled with a robust marketing campaign to foster awareness, provide education, and introduce the 405 Express Lanes to the public before the facility opens.

OCTA is developing a phased marketing approach, designed to build awareness, cultivate positive perceptions, and generate interest. This strategy is set to begin in mid-August and will continue beyond the opening of the lanes. The marketing plan integrates a variety of tools to highlight the benefits and promote usage of the 405 Express Lanes, including multilingual brochures, print and digital advertisements, traffic radio announcements, and a brand video and website. Additionally, OCTA plans to undertake grassroots outreach, collaborate with cities, and offer updates at OCTA advisory committee meetings. These efforts aim to ensure widespread recognition and utilization of the 405 Express Lanes.

Next Steps

After opening the 405 Express Lanes, staff will monitor daily, weekly, and monthly traffic, toll rates, toll revenue, and travel speed/time data from the 405 Express Lanes and general-purpose lanes. Toll rates or toll-policy changes may be required to meet operating goals of the Policy.

Stantec is currently developing a short-term forecast for the 405 Express Lanes that incorporates the opening day toll-rate schedule. The forecast will assess the impact of any planned improvements impacting traffic on the I-405 corridor. The forecasts will be broken down by vehicle class (toll-paying versus HOV) and by direction.

Summary

The 405 Express Lanes are scheduled to open in late 2023. Prior to opening the facility, an updated 405 Express Lanes Toll Policy needs to be reviewed and approved by the Board of Directors. Opening day toll rate schedules have been prepared and provided for review.

Attachments

- A. 405 Express Lanes Toll Policy, Adopted (date) – Redline Version
- B. 405 Express Lanes Toll Policy, Adopted (date) – Clean Version
- C. 405 Express Lanes Opening Day Toll Rates

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