



August 11, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: 91 Express Lanes Update for the Period Ending - June 30, 2021

Overview

The Orange County Transportation Authority has owned and managed the operations of the 91 Express Lanes since January 2003. Since that time, traffic volumes and toll revenues have fluctuated with the changes in the economy, added capacity to the State Route 91 corridor, and the recent coronavirus pandemic. Over the last quarter, there were approximately 4.8 million trips taken on the 91 Express Lanes in Orange County. This report focuses on the operational and financial activities for the period ending June 30, 2021.

Recommendation

Receive and file as an information item.

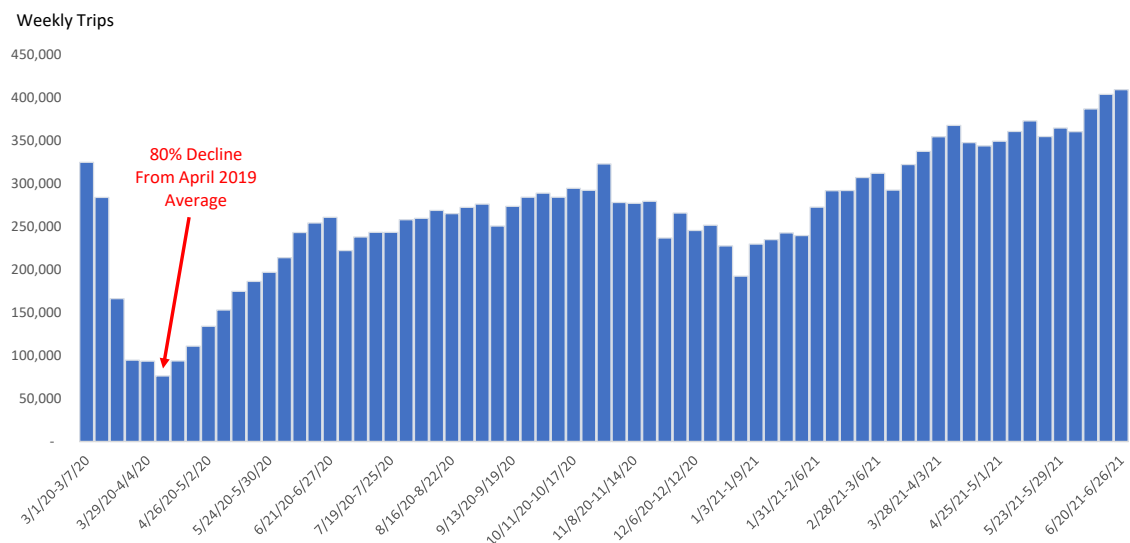
Background

Since January 2003, the Orange County Transportation Authority (OCTA) has owned the 91 Express Lanes (91 EL), which is a two-lane managed lane facility in each direction in the median of the State Route 91 (SR-91) freeway from State Route 55 (SR-55) to the Orange/Riverside County Line. During OCTA ownership, toll rates have been adjusted up and down, additional capacity has been added to the general purpose lanes in the SR-91 corridor through various improvement projects, the outstanding debt has been restructured, and an extension of the facility from the Orange/Riverside County Line to Interstate 15 was completed by the Riverside County Transportation Commission (RCTC).

In addition to these events, the 91 EL experienced impacts of the coronavirus (COVID-19) pandemic and State of California's stay-at-home order. Over the past year, state and local governments across the United States issued orders for residents to self-quarantine and refrain from non-essential travel to slow the spread of COVID-19. These efforts caused the economy to slow and resulted in decreases in traffic volumes and toll revenues.

Discussion

The graph below provides the weekly trips on the 91 EL since March 2020 through the end of June 2021. At the lowest point in April 2020, traffic volumes on the 91 EL dropped 80 percent from the average levels reached in 2019. Since then, traffic volumes have increased and reached a peak during the last week in June 2021. Since January 2021, traffic volumes have been increasing steadily through the first and second quarters of the calendar year. A graph of toll revenues would show a similar trend for the same period.



Gross Potential Toll Revenues (GPTR)

GPTR for the month of June 2021 was \$5,078,868, which represents an increase of 46.6 percent from the prior year's total of \$3,465,059. GPTR is equal to the toll rate times the number of vehicles traveling on the 91 EL (the amount does not consider violations or discounts). In comparing to the same period in June 2019, GPTR increased by 22.3 percent. For the previous 12 months, GPTR totaled \$49 million and increased by 5.3 percent over the same period in 2020 but declined by 5.6 percent compared to the 12-month period ending in June 2019.

Toll Adjustments

The Board of Directors (Board)-adopted Toll Policy requires staff to review traffic volumes on the Orange County segment of the 91 EL for potential toll adjustments on a quarterly basis. The most recent toll adjustment occurred on April 1, 2021, whereby six peak hours had toll rate decreases. As of the end of June 2021, toll rates ranged from a minimum of \$1.70 to a maximum of \$8.10. The next scheduled toll adjustment will occur on July 1, 2021.

Number of Accounts and Transponders

The number of active accounts totaled 154,469, and 588,045 transponders were assigned to those accounts as of June 30, 2021. Over the past 12 months, the number of accounts has increased by approximately 5,000 while the number of transponders in circulation has increased by 265,726. The large increase in transponders is due to the distribution of 6C transponders to customers. In 2019, a new transponder protocol was adopted by California. The new transponders are referred to as 6C transponders. The single setting 6C transponders are in the form of a sticker, whereby they are affixed to the vehicle's windshield. The previous transponder protocol was portable if customers choose to move it from vehicle to vehicle. The new 6C transponders are assigned to a specific vehicle and therefore not portable. OCTA and RCTC have been distributing these 6C transponders to 91 EL customers over the past year.

Outstanding Debt

As of June 30, 2021, the outstanding amount of the 91 EL tax-exempt 2013 Senior Lien Toll Road Revenue Refunding Bonds (Bonds) totaled \$85.3 million. The Bonds are rated "AA-" by Standard and Poor's, "A1" by Moody's, and "A+" by Fitch Ratings. The next scheduled debt service payment is on August 15, 2021.

Reserve Funds

The bond indenture for the 2013 Bonds requires three reserve funds: a major maintenance fund, an operating fund, and a debt service reserve fund. All three funds are fully funded with a total balance of \$25.3 million as of June 30, 2021.

In addition to the required debt reserve funds, the OCTA Board elected to establish two additional reserve funds. An internal capital projects fund has a balance of \$23.8 million and is used for large capital projects for the 91 EL such as pavement rehabilitation and back-office systems. The other reserve fund was established in 2017 for two future Measure M2 projects on the SR-91 corridor. The balance in that reserve fund is \$65.5 million. Lastly, OCTA has approximately \$100.7 million set aside in excess toll revenues for various other SR-91 corridor projects.

Recent Events

In the previous quarter, Cofiroute USA, LLC (CUSA) notified OCTA and RCTC of a delay to the implementation of the new back-office system (BOS) for the 91 EL for both Orange and Riverside counties as a result of the COVID-19 pandemic. CUSA is the current operator of the 91 EL for both OCTA and RCTC and is the firm selected for the design, development, and implementation of the new BOS, as well as the customer service center operation, once the current contract expires on June 30, 2021.

In April 2021, OCTA and RCTC (Agencies) provided notice to CUSA that the Agencies will be exercising the first of the six one-month extension period, which will commence July 1, 2021 through July 31, 2021. The Agencies intend to exercise the one-month options until the Agencies transition to the new contract. Agencies' staff are continuing to work with CUSA to meet the revised anticipated go-live date in October 2021.

The transition to 6C transponders and conversion account plans continues. It is anticipated that the distribution of transponders and conversion of accounts will be completed in July 2021.

Summary

An operational report for the 91 Express Lanes for the period ending June 30, 2021, is provided for Board of Directors' review. The report provides a summary of key operational and financial activities.

Attachment

- A. 91 Express Lanes Status Report, June 2021

Prepared by:

A handwritten signature in black ink, appearing to read "Kirk Avila". The signature is fluid and cursive, with the first name "Kirk" and last name "Avila" clearly distinguishable.

Kirk Avila
General Manager,
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