



August 24, 2022

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: 91 Express Lanes Update for the Period Ending – June 30, 2022

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 coronavirus pandemic. Over the last quarter, there were approximately 5.1 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, 2022.

Recommendation

Receive and file as an information item.

Background

Since January 2003, the Orange County Transportation Authority (OCTA) has owned and managed the operations of the 91 Express Lanes (91 EL), which is a managed lane facility with two-lanes 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's 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).

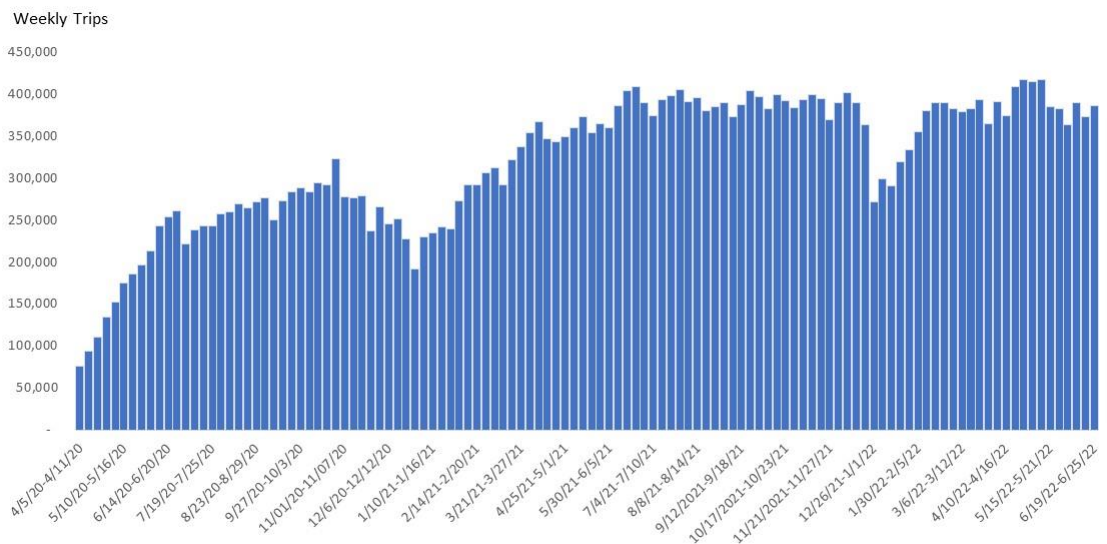
During this period of operating the 91 EL, OCTA also managed the facility under various economic cycles. This includes the growth periods of the early 2000s and 2010s, the declines related to the 2008 recession, and most recently, the coronavirus (COVID-19) pandemic and the State of California's stay-at-home order.

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Over this 20-year period, OCTA has gained valuable insight in managing an express lane facility and in understanding how traffic volumes respond to various changes to the economy, toll rates, or additional capacity improvement projects.

Discussion

The graph below provides the weekly trips on the 91 EL since April 2020. Since the declines of the early COVID-19 days, traffic volumes increased significantly in 2021 and the first half of 2022. The declines in late December 2021 and early 2022 reflect lower travel during the holiday season and the increase in Omicron cases. In addition, several closures during the months of January and February 2022 for corridor improvement projects led to lower traffic volumes. A graph of toll revenues would show a similar trend for the same period.



Traffic Volumes

Total traffic volume on the OCTA 91 EL for the month of June 2022 was 1,652,514. This represents a daily average of 55,084. This is a three percent decline in total traffic volume from the same period last year when traffic levels totaled 1,704,291. The decline in traffic volumes in June 2022 can be attributed to continued increase in gasoline prices for consumers, which historically has shown a negative correlation to traffic volumes, and the slowdown in the economy. Although year-over-year changes in monthly traffic volumes declined for the first time since February 2021, the 12-month period ending June 2022 registered the highest level of traffic volumes on the 91 EL. Traffic volumes totaled 19.8 million, which was a 28.9 percent increase over the same period the

prior year. The most recent 12-month figures of 19.8 million are a historic high for the 91 EL. Carpool percentage for the period ending June 2022 was 24.3 percent.

Gross Potential Toll Revenues (GPTR)

GPTR for the month of June 2022 was \$5,020,161, which represents a decrease of 1.2 percent from the prior year's total of \$5,078,868. 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). Similar to changes in traffic volumes, the previous 12-month period also registered historic highs despite the monthly decline in June 2022. For the previous 12 months, GPTR totaled \$61.1 million and increased by 24.7 percent over the same period in 2021.

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, 2022, whereby one hour had a toll rate increase. As of the end of June 2022, toll rates ranged from a minimum of \$1.75 to a maximum of \$8.35. The next scheduled toll adjustment occurred on July 1, 2022, and will be reported on in the next report.

Number of Accounts and Transponders

The number of active accounts totaled 161,821, and 641,110 transponders were assigned to those accounts as of June 30, 2022. Over the past 12 months, the number of accounts has increased by approximately 7,352, while the number of transponders in circulation has increased by 53,065. The large increase in transponders is due to the distribution of 6C transponders to customers. In 2019, a new transponder protocol was adopted by the State. 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 6C transponders are assigned to a specific vehicle and therefore not portable. OCTA and RCTC began distributing 6C transponders to 91 Express Lanes customers two years ago.

Outstanding Debt

As of June 30, 2022, the outstanding amount of the 91 EL tax-exempt 2013 Senior Lien Toll Road Revenue Refunding Bonds (Bonds) totaled

\$78.5 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, 2022.

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, 2022.

In addition to the required debt reserve funds, the Board elected to establish two additional reserve funds. An internal capital projects fund has a balance of \$24.7 million and is used for large capital projects for the 91 EL such as pavement rehabilitation and back-office system (BOS) replacements and upgrades. The other reserve fund was established in 2017 for two future Measure M2 projects (Projects I and J) on the SR-91 corridor. Project I improves interchanges, ramps, and bridges along SR-91 between SR-55 and State Route 57 and is estimated to cost approximately \$460 million. Project I is in final design and is expected to be completed in 2028. Project J includes operational improvements on SR-91 between State Route 241 and the Orange/Riverside County Line and is currently scheduled for completion in 2035. The balance in that reserve fund is \$81.4 million and is used as project expenses are incurred. Lastly, OCTA has approximately \$101.7 million set aside in excess toll revenues for SR-91 corridor projects.

Recent Events

In March 2022, Cofiroute USA, LLC (CUSA) deployed a new BOS for the 91 EL for both Orange and Riverside counties. Since deployment, CUSA, OCTA, RCTC, and project consultant staff have been continuously monitoring the system and actively implementing fixes for any issues that arise. During this period, a few key performance indicators have not been achieved due to events related to the deployment and cutover to the new system. In addition, CUSA has been dealing with staffing attrition issues due to COVID-19.

In April 2022, OCTA staff was made aware of several conflicts/issues at the gantry sites for the toll entrance gantries infrastructure project. This project entails constructing new toll gantries infrastructure at the three entrances of the OCTA 91 EL. These issues include drainage conflict, grade and cross slopes issues, and issues relating to the electrical system. Staff is working on a plan to address the issues and will keep the Board apprised of updates and timing as things become more definitive. Due to the conflicts, there will be a delay in site

turnover to Kapsch TrafficCom USA, Inc., the toll lanes system integrator for the 91 EL. The electronic traffic and toll system installation is anticipated to be completed in fall 2023.

In June 2022, OCTA was provided with a draft update of the 91 EL traffic and revenue study prepared by Stantec Consulting Services (Stantec). The report forecasts a recession during the fiscal year (FY), which results in projected traffic and revenue declines for two years. Stantec forecasts a decline in traffic volumes of 7.6 percent and 0.6 percent in FY 2022-23 and FY 2023-24, respectively. After this two-year period, traffic volumes are projected to rebound in FY 2024-25 with a double-digit growth rate. The traffic and revenue report will be finalized in August 2022.

Summary

An operational report for the 91 Express Lanes for the period ending June 30, 2022, 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 2022

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