



**June 14, 2023**

**To:** Finance and Administration Committee

**From:** Darrell E. Johnson, Chief Executive Officer

**Subject:** 91 Express Lanes Update for the Period Ending – March 31, 2023

**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 and the added capacity to the State Route 91 corridor. Over the last quarter, there were approximately 4.7 million trips taken on the 91 Express Lanes in Orange County. This report focuses on the operational and financial activities for the period ending March 31, 2023.

**Recommendation**

Receive and file as an information item.

**Background**

The Orange County segment of the 91 Express Lanes (EL) is a four-lane, ten-mile tolled facility built in the median of State Route 91 (SR-91) between the State Route 55 (SR-55)/SR-91 interchange and the Orange/Riverside County Line. The 91 EL was built by the California Private Transportation Company (CPTC) for a cost of approximately \$135 million. The Orange County section of the project was authorized as a toll road by the State of California in 1989 and opened in 1995. An agreement with the State of California Department of Transportation (Caltrans) included a non-compete provision that created a 1.5-mile protection zone along each side of SR-91. This zone prohibited improvements along the corridor and created mobility problems as the region and corresponding transportation demands grew.

To mitigate growing concerns over congestion, the Orange County Transportation Authority (OCTA) acquired the 91 EL franchise rights in January 2003 from the CPTC. This eliminated the non-compete provision,

clearing the way for future enhancements that would increase capacity and improve traffic flow along the SR-91 corridor.

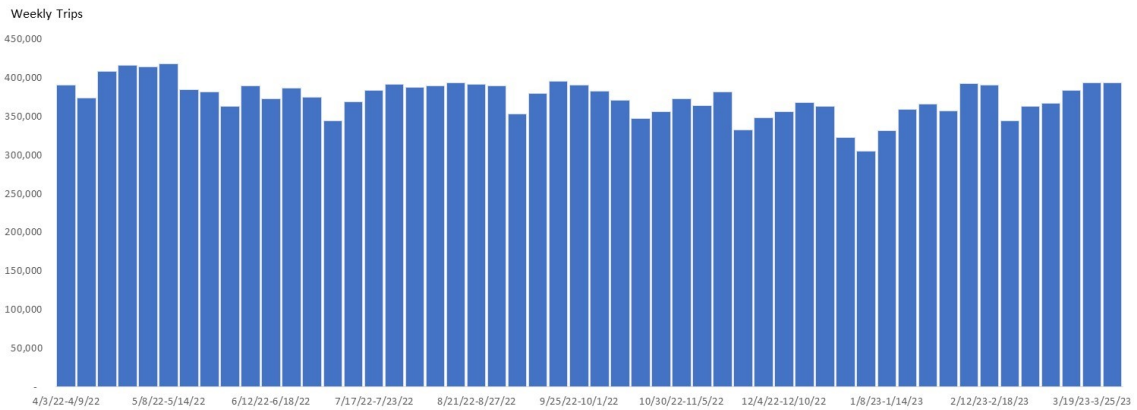
With the non-compete provisions removed, the Riverside County Transportation Commission (RCTC) received authority to extend the 91 EL to Interstate 15 (I-15) in 2008. At a cost of \$1.4 billion, the RCTC 91 Corridor Improvement Project added regular lanes, tolled express lanes, auxiliary lanes and direct express lane connectors from the Orange/Riverside County Line to I-15. The Riverside County segment of the 91 EL opened in 2017, providing customers with eight additional miles of travel on the SR-91. To provide 91 EL customers with a seamless experience, OCTA and RCTC entered into a three-party operating agreement with one firm to service both segments of the facility.

The 91 EL uses congestion management pricing to adjust tolls quarterly based on the number of vehicles. Since 2003, OCTA and RCTC in 2017, have used this method of tolling to provide our customers a safe, reliable, and predictable trip on the 91 EL. Motorists 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.

OCTA and RCTC's tolling agreements allow both agencies to operate the 91 EL well into the future (2065 for OCTA and 2067 for RCTC). This provides customers with transportation options for 18 miles of travel in one of California's busiest corridors.

### ***Discussion***

The graph below provides the weekly trips on the 91 EL over the past 12 months. Traffic volumes were higher during the first few months of the 12-month period; however, as the months progressed, volumes began to level off and show some declines. This could be due to the high levels of inflation and gasoline prices. Although the past few months were not as strong as the early months of 2022, traffic volumes remain relatively high and are exceeding levels from the pre-coronavirus (COVID-19) pandemic period. 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 March 2023 was 1,703,261. This represents a daily average of 54,944. This is a 0.7 percent increase in total traffic volume from the same period last year when traffic levels totaled 1,690,829. In looking at the 12-month period ending March 2023, traffic volumes totaled 19.5 million, which was equal to the figures during the same period the prior year. Although lower than the all-time high of 19.8 million, traffic volumes remain at high levels. Carpool percentage for the period ending March 2023 was 22.7 percent.

### Gross Potential Toll Revenues (GPTR)

GPTR for the month of March 2023 was \$5,486,531, which represents an increase of 3.9 percent from the prior year’s total of \$5,281,955 for the month of March. 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). For the previous 12 months, GPTR totaled \$61.4 million and increased by two percent.

### 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. Based upon the traffic volumes for the quarter-ending period of December 2022, no specific hours reached the trigger point for a toll adjustment in January 2023. As of the end of March 2023, toll rates ranged from a minimum of \$1.80 to a maximum of \$8.60. The next scheduled toll adjustment will occur on April 1, 2023, and will be reported on in the next report.

### Number of Accounts and Transponders

The number of active accounts totaled 167,896, and 658,173 transponders were assigned to those accounts as of March 31, 2023. Over the past 12 months, the number of accounts increased by approximately 6,876, while the number of transponders in circulation increased by 28,034. There has been continued growth in the number of accounts and transponders over the past several years, largely driven by the extension of the 91 EL into Riverside County and the opening of the 15 Express Lanes.

### Outstanding Debt

As of March 31, 2023, the outstanding amount of the 91 EL tax-exempt 2013 Senior Lien Toll Road Revenue Refunding Bonds (Bonds) totaled \$71.4 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, 2023.

### 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 \$25.1 million as of March 31, 2023.

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 \$27.4 million and is used for large capital projects for the 91 EL such as pavement rehabilitation and back-office system (BOS) 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, on- and off-ramps, and bridges along SR-91 between SR-55 and State Route 57 and is estimated to cost approximately \$460 million. This project 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 \$102.3 million and is used as project expenses are incurred. Lastly, OCTA has approximately \$101.9 million set aside in excess toll revenues for SR-91 corridor projects.

### Operations Update

Last year, 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 the past quarter, some key performance measure indicators have been improving as seen in Attachment A.

In January 2023, OCTA and RCTC received restitution from CUSA for liquidated and actual damages related to the BOS, in the amount of approximately \$2 million (amount was equally divided between the two agencies). The damages were due to the delay of the new BOS implementation for the 91 EL for both Orange and Riverside counties and various issues that arose since system deployment.

#### Looking Ahead

In August 2023, the outstanding 91 EL Bonds will become callable, meaning they can be refinanced with no penalties. If interest rates are lower than the outstanding coupon rate of the Bonds, the refinancing can save OCTA in future interest costs. OCTA will have the opportunity to refinance this debt starting May 15, 2023, which is 90 days prior to the call date. OCTA debt policy requires that any potential refinancing produces a minimum of three percent savings. Given the current market, the minimum threshold is being met.

#### **Summary**

An operational report for the 91 Express Lanes for the period ending March 31, 2023, is provided for Board of Directors' review. The report provides a summary of key operational and financial activities.

#### **Attachments**

- A. 91 Express Lanes, Key Performance Measures, March 2023
- B. 91 Express Lanes Status Report, March 2023

#### **Prepared by:**



Kirk Avila  
General Manager,  
Express Lanes Programs  
(714) 560-5674