



February 13, 2019

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: 91 Express Lanes Update for the Period Ending December 31, 2018

Overview

The Orange County Transportation Authority has owned and managed the operations of the 91 Express Lanes since January 2003. Since that time, over 210 million trips have been taken on the 91 Express Lanes in Orange County. This report focuses on the operational and financial activities for the period ending December 31, 2018.

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. Over the past 16 years, OCTA has experienced the upticks and downturns of the economy and the resulting impacts to the 91 EL.

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 was completed by the Riverside County Transportation Commission (RCTC). This period also witnessed a shifting in travel patterns from 91 EL customers whereby more travelers elected to use the off-peak shoulder hours as opposed to the peak-period hours and use the westbound lanes versus the eastbound lanes.

Traffic volumes and toll revenues are at historic high levels. Calendar year 2018 completed the first full year of OCTA's partnership with RCTC in sharing revenues and splitting costs.

The Board of Directors (Board) took action on various items related to the 91 EL. These included the selection of Kapsch TrafficCom USA, Inc., (Kapsch) to design and install a new electronic toll and traffic management collection system, the relocation of the customer service center to a new location in the City of Corona, and the restructuring of the 91 EL account plans.

Discussion

The 91 EL continued to perform well and exceeded expectations during the period ending December 31, 2018. Traffic volumes, toll revenues, new accounts, transponder distributions, and account balances all increased when compared to the same period last year. The strong national and local economies, along with the opening of the Riverside County extension of the 91 EL by the RCTC, fueled the growth in Orange County. The OCTA 91 EL growth continues to be driven by increased traffic volumes in the westbound direction.

Traffic Volumes

Total traffic volume on the OCTA 91 EL for the month of December 2018 was 1,420,288. This represents a daily average of 45,816. This is a 4.8 percent increase in total traffic volume from the same period last year when traffic levels totaled 1,354,612. Carpool percentage for the period ending December was 28.2 percent. In looking at the 2019 calendar year totals, traffic volumes reached 17.2 million and increased by 9.1 percent over the same period in 2018.

The growth in the last month, and over the past 12 months, in traffic volumes has been largely attributed to the westbound direction. Since RCTC opened the 91 EL extension, OCTA's traffic volumes have increased significantly in the westbound direction. For the month of December 2018, traffic volumes increased by 7.7 percent in the westbound direction and 2.3 percent in the eastbound direction over the same period in 2017. For the past 12 months, traffic volumes in the westbound direction have increased by 11.1 percent and eastbound volumes have increased by 7.3 percent when compared to the same period in 2017.

Gross Potential Toll Revenues

Gross potential toll revenue (GPTR) for the month of December 2018 was \$4,082,589, which represents an increase of 4.7 percent from the prior year's total of \$3,901,082. GPTR is equal to the toll rate times the number vehicles traveling on the 91 EL, (the amount does not consider violations or discounts). In looking at the 2019 calendar year totals, GPTR reached \$51.2 million and increased by 7.5 percent over the same period in 2018.

Toll Adjustments

The 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 October 1, 2018, whereby five peak period hours were reduced by \$0.50. As of the end of December 2018, toll rates ranged from a minimum of \$1.65 to a maximum of \$9.65. The next scheduled toll adjustment will occur on January 1, 2019.

Number of Accounts and Transponders

The number of active accounts totaled 144,633, and 220,313 transponders were assigned to those accounts as of December 31, 2018. Over the past 12 months, the number of accounts has increased by 8,631, and the number of transponders in circulation has increased by 13,718.

Outstanding Debt

As of December 31, 2018, the outstanding amount of the 91 EL tax-exempt 2013 Senior Lien Toll Road Revenue Refunding Bonds (Bonds) totaled \$97.8 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 February 15, 2019. There are currently no plans to issue additional debt secured by 91 EL toll revenues.

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 \$24.5 million as of December 31, 2018.

In addition to the required debt reserve funds, OCTA's Board elected to establish two additional reserve funds. An internal capital projects fund has a balance of

\$18.7 million and is used for large capital projects for the 91 EL. In the past, these funds were used for the 91 EL pavement rehabilitation project. The other reserve fund was established in 2017 for two future Measure M2 projects in the SR-91 corridor. The balance in that reserve fund is \$30.4 million. Lastly, OCTA has approximately \$94.9 million set aside in excess toll revenues for various other SR-91 corridor projects.

Upcoming Events

Over the next few months, several events will be transpiring related to the 91 EL. In March 2019, OCTA and RCTC will be moving the customer service center to a new location in Corona. This new location, which is owned by RCTC, will serve as the walk-up center for customers, the call center for customer calls, and the transponder distribution location.

Kapsch will be installing the new lane system during the second quarter of 2019. An upgrade to the back-office system, a rollout of new account structure, and distribution of 6C transponders will commence once the lane system installation has been completed.

Also during the second quarter, staff will be seeking Board approval on the release of the Back-Office System / Customer Service Center request for proposals (RFP) for the 91 EL. This RFP is currently being developed jointly by OCTA and RCTC. The evaluation committee recommendation for this RFP is anticipated to be presented to the OCTA and RCTC Boards by the end of the calendar year.

Lastly, staff is currently in discussions with the California Highway Patrol (CHP) for a new agreement to provide enforcement services on the 91 EL. OCTA is required to use CHP for enforcement services per the Franchise Agreement with the State. Staff will be bringing forth the agreement for Board approval later in the calendar year.

Summary

During the period ending December 31, 2018, the 91 Express Lanes continued to perform well and exceeded expectations. This report provides a summary of key operational and financial activities.

Attachment

- A. 91 Express Lanes Status Report, December 2018

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