



February 26, 2020

To: Finance and Administration Committee
From: Darrell E. Johnson, Chief Executive Officer *Genette Ruiz for*
Subject: 91 Express Lanes Update for the Period Ending -
December 31, 2019

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 additional capacity added to the State Route 91 corridor. Over the last quarter, there have been approximately 4.4 million trips taken on the 91 Express Lanes in Orange County. This report focuses on the operational and financial activities for the period ending December 31, 2019.

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 17 years, OCTA has experienced the growth and downswings 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). Traffic volumes and toll revenues are at historically high levels.

Discussion

The 91 EL continued to perform well during the period ending December 31, 2019. Traffic volumes, toll revenues, new accounts, transponder distributions, and account balances all increased when compared to the same period last year. The continued growth in the national and local economies, along with the low levels of unemployment in the region, continue to fuel the increases in traffic volumes and toll revenues in Orange County.

Traffic Volumes

Total traffic volume on the OCTA 91 EL for the month of December 2019 was 1,440,236. This represents a daily average of 46,459. This is a 1.4 percent increase in total traffic volume from the same period last year when traffic levels totaled 1,420,288. Carpool percentage for the period ending December was 26.5 percent. In looking at the quarter-ending period of December 2019, traffic volumes registered 4.4 million, which was an increase of 1.4 percent over the same period the prior year. For the 12-month period ending December 2019, traffic volumes reached 17.7 million and increased by 2.7 percent over the same period the prior year.

The increase in traffic volumes during the last quarter, as well as the past 12 months, continues to be driven by the growth in the regional economy. Unemployment in the region remains low and jobs continue to be created in Orange and Riverside Counties. Traffic volumes in the westbound direction of the Orange County segment continue to show strong growth.

Gross Potential Toll Revenue (GPTR)

GPTR for the month of December 2019 was \$4,338,299, which represents an increase of 6.3 percent from the prior year's total of \$4,082,589. 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 previous 12 months, GPTR totaled \$52.8 million and increased by 3.3 percent over the same period the prior year.

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 October 1, 2019, whereby one peak period hour experienced a toll decrease. The toll rate declined by \$0.50 for the hour that was reduced. As of the end of

December 2019, toll rates ranged from a minimum of \$1.70 to a maximum of \$9.15. The next scheduled toll adjustment will occur on January 1, 2020.

Number of Accounts and Transponders

The number of active accounts totaled 150,399, and 229,597 transponders were assigned to those accounts as of December 31, 2019. Over the past 12 months, the number of accounts has increased by 5,766, and the number of transponders in circulation has increased by 9,284.

Outstanding Debt

As of December 31, 2019, the outstanding amount of the 91 EL tax-exempt 2013 Senior Lien Toll Road Revenue Refunding Bonds (Bonds) totaled \$91.7 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 18, 2020. 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 reserves are fully funded with a total balance of \$24.9 million as of December 31, 2019.

In addition to the bond indenture required reserve funds, OCTA's Board elected to establish two additional reserve funds. An internal capital projects fund has a balance of \$25.1 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 \$42 million. Lastly, OCTA has approximately \$97.1 million set aside in excess toll revenues for various other SR-91 corridor projects.

Recent Activities

In November 2019, the OCTA and RCTC Boards selected a provider for the back-office system / customer service center operations. A three-party agreement was executed to provide operating services for the 91 EL in Orange and Riverside Counties with Cofiroute USA.

Kapsch TrafficCom USA, Inc., (Kapsch), the toll lanes system integrator for the 91 EL, completed the replacement of the Electronic Toll and Traffic Management (ETTM) system at the current toll gantries. This new lane system is reading both the new 6C transponder protocol as well as the legacy Title 21 protocol.

In December 2019, the 91 EL began sending letters to customers notifying them of the transition to 6C transponders, as well as changes to the account plans, user agreement, and privacy policy. Distribution of the new welcome kit and 6C sticker transponders has commenced. It is envisioned the distribution of transponders to all customers will take place over several months.

Upcoming Events

Over the next few months, several events will be transpiring related to the 91 EL. Distribution of 6C transponders to all customers will continue and account plan changes will take effect.

Kapsch will commence replacement of the closed-circuit television cameras along the SR-91 corridor. New toll gantries will be constructed at the three entrances of the OCTA 91 EL after which Kapsch will install new ETTM equipment on the entrance gantries.

Lastly, staff will be seeking Board approval on the release of the Roadside Services request for proposals (RFP) for the 91 EL. This RFP and corresponding scope of services is currently being developed and is scheduled for release during the second quarter of 2020. The evaluation committee recommendations for this RFP are anticipated to be presented to the Board by the end of the calendar year.

Summary

During the period ending December 31, 2019, 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 2019

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