



May 27, 2020

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: 91 Express Lanes Update for the Period Ending -
March 31, 2020

Overview

On a quarterly basis, a 91 Express Lanes informational report is provided to the Orange County Transportation Authority Board of Directors. The report focuses on traffic and revenue performance, toll adjustments, account and transponder changes, outstanding debt, and recent events. This report provides a summary for the operational and financial activities for the period ending March 31, 2020, and includes the initial impacts of the novel coronavirus pandemic.

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). In addition to these events, most recently the 91 EL has experienced the impacts of the novel coronavirus (COVID-19) pandemic and California Governor Gavin Newsom's stay-at-home order.

State and local governments across the United States issued orders for residents to self-quarantine and refrain from non-essential travel in an effort to slow the spread of the virus. These efforts caused the economy to slow and

have resulted in severe decreases in traffic volumes well in excess of peak losses during the global financial crisis in 2008. Managed-lane facilities throughout the country experienced year-over-year commuter traffic declines of about 70 to 80 percent. The 91 EL also experienced traffic declines of approximately 70 percent during the month of March 2020.

Discussion

Up until mid-March, the 91 EL continued to perform well. Traffic volumes and revenues were at historic highs, and the national and local economies were continuing to show signs of growth and expansion. Then in mid-March, stay-at-home measures were enacted to slow the spread of COVID-19, and traffic volumes dropped significantly on the 91 EL. The statistics below reflect these lower volumes.

Traffic Volumes

Total traffic volume on the OCTA 91 EL for the month of March 2020 was 905,400. This represents a daily average of 29,206. This is a 41.2 percent decrease in total traffic volume from the same period last year when traffic levels totaled 1,539,257. Carpool percentage for the period ending March was 22.7 percent. In looking at the quarter-ending period of March 2020, traffic volumes registered 3.8 million, which was a decrease of 10 percent over the same period the prior year. For the 12-month period ending March 2020, traffic volumes reached 17.3 million and decreased by 0.7 percent over the same period the prior year. The decrease in traffic volumes during the last month, quarter, and 12 months, were a result of the stay-at-home measures.

Gross Potential Toll Revenue (GPTR)

GPTR for the month of March 2020 was \$2,916,062, which represents a decrease of 35.8 percent from the prior year's total of \$4,542,427. 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 \$52.1 million and increased by 1 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 January 1, 2020, whereby three peak-period hours declined and two hours

increased. The toll rates declined by \$0.50 for the hours that were reduced, and rates were increased by \$0.75 for the hours that were increased. As of the end of March 2020, toll rates ranged from a minimum of \$1.70 to a maximum of \$8.65. The next scheduled toll adjustment will occur on April 1, 2020.

Number of Accounts and Transponders

The number of active accounts totaled 149,843, and 295,675 transponders were assigned to those accounts as of March 31, 2020. Over the past 12 months, the number of accounts has increased by 3,692, and the number of transponders in circulation has increased by 73,192.

Outstanding Debt

As of March 31, 2020, 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 August 17, 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 \$25.2 million as of March 31, 2020.

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 \$24.8 million and is used for large capital projects for the 91 EL. In the past, these funds were used for pavement and lane system expenses. 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 \$57.3 million. Lastly, OCTA has approximately \$97.9 million set aside in excess toll revenues for other SR-91 corridor projects and economic uncertainty.

Recent Activities

Letters continued to be sent 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

continued throughout the period. 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. OCTA will be contracting with the California Department of Transportation to provide construction and construction management services for the 91 EL Toll Entrance Gantries Infrastructure Project. This project entails constructing new toll gantries infrastructures at the three entrances of the OCTA 91 EL. Construction of the gantries is scheduled to begin fall 2020 and is expected to be completed in early 2021. The new toll gantries will house new electronic toll and traffic management system equipment. Once the toll gantries have been constructed, Kapsch TrafficCom USA (Kapsch) will commence installation of the new equipment. Kapsch will also begin replacement of the closed-circuit television cameras along the SR-91 corridor.

Staff will be seeking Board approval on the release of a 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 third 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.

COVID-19 Related Events and Post March 2020 Activities

Amid concerns about the spread of COVID-19 and following the Governor's guidance to help reduce its spread, the 91 EL Customer Walk-In Center in the City of Corona was closed in March and will remain so until further notice. Operational activities in the Anaheim and Corona locations continued to function with a combination of remote workers and core staff located at the facilities. Core essential functions include aiding stranded motorists, providing incident management services, and dispatching emergency vehicles through the traffic operations center. The call center remains open to respond to customer service and violation calls.

Some violation and collection efforts have been temporarily halted by both OCTA and RCTC. These include pausing outbound collection calls, not sending collection notices, and stopping the transmission of violation files to the collection agency. These violations remain outstanding until the temporary mandates have been lifted. Representatives at Cofiroute USA (operator for the 91 EL) and the collection agency will still be servicing calls for those individuals that are paying for the violations. This temporary pause for these measures was implemented with the understanding that many individuals may find it difficult to pay for violations at this time.

In April 2020, the OCTA and RCTC Boards approved the temporary waiving of monthly account maintenance fees. The OCTA Board also approved the temporary modification of the 91 EL Toll Policy to allow the ability to suspend automatic toll rate increases. Toll increases for Easter Sunday and Mother's Day were not implemented, as well as a scheduled April 1, 2020, toll rate increase. In addition, there is a cost-of-living adjustment (COLA) scheduled for July 1, 2020. The COLA may not be implemented if the current economic conditions persist through the end of the fiscal year. The Chief Executive Officer will notify the Board if the COLA is not implemented ten days prior to July 1.

Traffic volumes reached the lowest levels since OCTA ownership of the 91 EL in early April. Volumes declined approximately 75 percent during the week of April 6th. Since then, traffic volumes have increased each week. During the week of May 4th, traffic volumes were approximately 50 percent of the levels from last year. With less traffic on the 91 EL, calls into the customer service center have decreased by about 60 percent.

Summary

An operational report for the 91 Express Lanes for the period ending March 31, 2020, 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, March 2020

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