



**November 11, 2020**

**To:** Finance and Administration Committee

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

**Subject:** 91 Express Lanes Update for the Period Ending -  
September 30, 2020

### **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, additional capacity added to the State Route 91 corridor, and the recent coronavirus pandemic. Over the last quarter, there were approximately 3.4 million trips taken on the 91 Express Lanes in Orange County. This report focuses on the operational and financial activities for the period ending September 30, 2020.

### **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. 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).

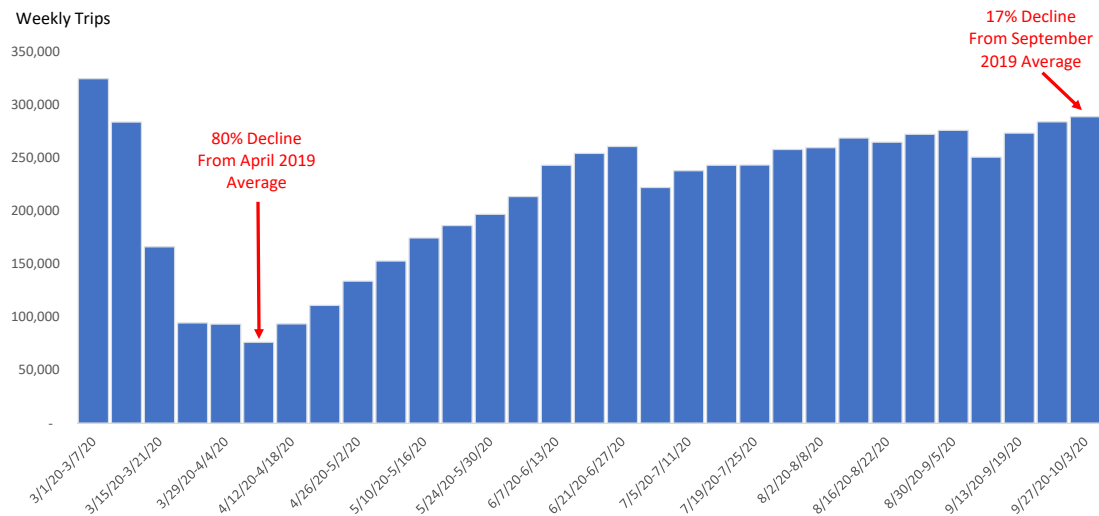
In addition to these events, most recently the 91 EL has experienced the impacts of the coronavirus (COVID-19) pandemic and California Governor Newsom's stay-at-home order. State and local governments across the United States issued orders for residents to self-quarantine and refrain from non-essential travel in an effort to slow the spread of COVID-19. These efforts

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caused the economy to slow and have resulted in decreases in traffic volumes and toll revenues.

### ***Discussion***

Since early April 2020, traffic volumes and revenues have been gradually increasing on various managed lane and toll facilities across the Southern California region. At the lowest point in April 2020, traffic volumes on the 91 EL dropped 80 percent from the levels reached in 2019. By the last full week in September, traffic volumes were down only 17 percent from the same period in 2019. The graph below shows the weekly changes in traffic volumes since the beginning of March 2020 through the end of the quarter ending period of September 2020. A graph of toll revenues would show a trend for the seven-month period.



### **Traffic Volumes**

Total traffic volume on the OCTA 91 EL for the month of September 2020 was 1,172,239. This represents a daily average of 39,075. This is a 20.7 percent decrease in total traffic volume from the same period last year when traffic levels totaled 1,477,581. Carpool percentage for the period ending September was 21.6 percent. In looking at the quarter-ending period of September 2020, traffic volumes registered 3.4 million, which was a decrease of 25.2 percent over the same period the prior year. For the 12-month period ending September 2020, traffic volumes totaled 13.8 million and decreased by 21.6 percent over the same period the prior year. The decrease in traffic volumes during the last month, quarter, and 12 months are attributed to the stay-at-home order.

### Gross Potential Toll Revenues (GPTR)

GPTR for the month of September 2020 was \$3,823,078, which represents a decrease of 13.9 percent from the prior year's total of \$4,440,347. 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). In looking at the previous 12 months, GPTR totaled \$44 million and decreased by 15.7 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 July 1, 2020, whereby 16 peak period hours were decreased by \$0.50. In addition, the automatic two percent cost-of-living adjustment that was scheduled for the same date was waived for the fiscal year because of the financial hardships faced by many Southern Californian residents and customers. As of the end of September 2020, toll rates ranged from a minimum of \$1.70 to a maximum of \$8.15. The next scheduled toll adjustment will occur on October 1, 2020.

### Number of Accounts and Transponders

The number of active accounts totaled 151,250, and 362,194 transponders were assigned to those accounts as of September 30, 2020. Over the past 12 months, the number of accounts has increased by 1,444, and the number of transponders in circulation has increased by 133,758. The large increase in transponders is due to the distribution of 6C transponders to customers.

### Outstanding Debt

During the month of August 2020, a debt service payment for principal was made to investors in the amount of \$6.4 million. As of September 30, 2020, the outstanding amount of the 91 EL tax-exempt 2013 Senior Lien Toll Road Revenue Refunding Bonds (Bonds) totaled \$85.3 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, 2021. 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 \$25.3 million as of September 30, 2020.

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 \$25 million and is used for large capital projects for the 91 EL such as pavement rehabilitation and back-office systems. The other reserve fund was established in 2017 for two future Measure M2 projects on the SR-91 corridor. The balance in that reserve fund is \$57.1 million. Lastly, OCTA has approximately \$99.5 million set aside in excess toll revenues for various other SR-91 corridor projects.

### Recent Activities

Last quarter, the Board approved the temporary waiver of monthly account maintenance fees and the temporary modification of the 91 EL Toll Policy, which included the removal of automatic toll rate increases. Both changes ended on September 30, 2020 and effective October 1, 2020, monthly account maintenance fees resumed.

The transition to 6C transponders and account plans continued with multiple emails being sent and phone calls made to convert customers to the new structure and provide them with the new transponders. It is envisioned that the distribution of transponders to all customers will take place over several months.

### Upcoming Events

Over the next few months, several activities 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 includes constructing new toll gantry infrastructures at the three entrances of the 91 EL. Construction of the gantries is scheduled to begin early 2021 and is expected to be completed in mid-2021. The schedule has been delayed by a few months as a result of preparing the final design/construction package and awaiting the final comments from our project partners. 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.

Additionally, staff will be seeking Board approval for the selection of a provider for roadside services for the 91 EL. The contracted services are anticipated to commence in July 2021.

***Summary***

An operational report for the 91 EL for the period ending September 30, 2020, is provided for Board review. The report provides a summary of key operational and financial activities.

***Attachment***

- A. 91 Express Lanes Status Report, September 2020

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