



February 10, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: 91 Express Lanes Update for the Period Ending -
December 31, 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 3.5 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, 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 (SR) 91 freeway from the State route 55 to the Orange/Riverside County line. 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 from the Orange/Riverside County line to Interstate 15 was completed by the Riverside County Transportation Commission (RCTC).

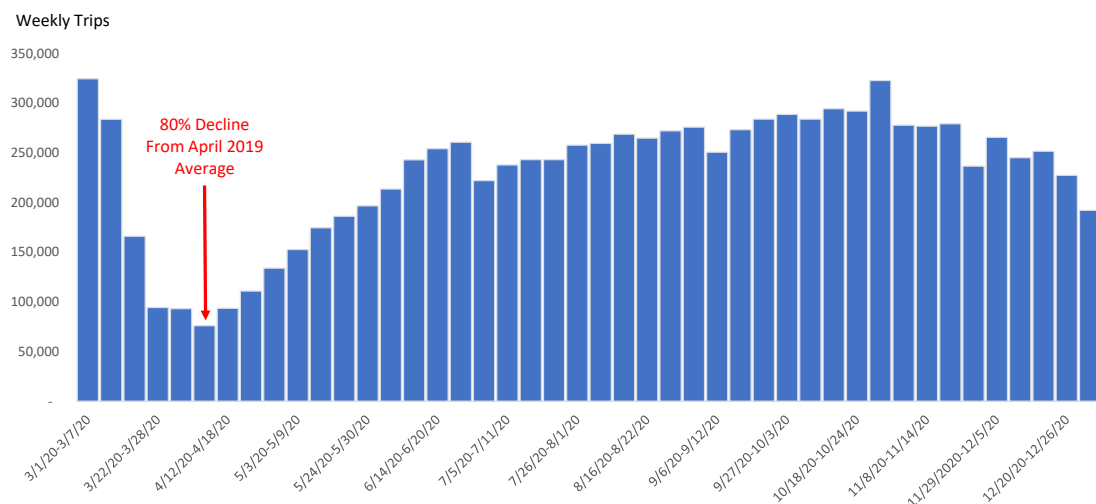
In addition to these events, most recently the 91 EL has experienced the impacts of the coronavirus (COVID-19) pandemic and California Governor Newsom's stay-at-home order. State and local governments across the United States issued orders for residents to self-quarantine and refrain from

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non-essential travel in an effort to slow the spread of COVID-19. These efforts caused the economy to slow and have resulted in decreases in traffic volumes and toll revenues.

Discussion

The graph below provides the weekly trips on the 91 EL since March 2020 through the end of December 2020. At the lowest point in April 2020, traffic volumes on the 91 EL dropped 80 percent from the average levels reached in 2019. Since April, traffic volumes grew steadily over the six-month period and peaked during the last week in October. In December, traffic volumes declined as a result of new stay-at-home orders enacted by the Governor. A graph of toll revenues would show a trend for the ten-month period.



Traffic Volumes

Total traffic volume on the OCTA 91 EL for the month of December 2020 was 1,082,747. This represents a daily average of 34,927. This is a 24.8 percent decrease in total traffic volume from the same period last year when traffic levels totaled 1,440,236. Carpool percentage for the period ending December was 21.3 percent. In looking at the quarter-ending period of December 2020, traffic volumes registered 3.5 million, which was a decrease of 19.6 percent over the same period the prior year. For the 12-month period ending December 2020, traffic volumes totaled 13 million and decreased by 26.7 percent over the same period the prior year. The decrease in traffic volumes during the last month, quarter, and 12-month period are attributed to the stay-at-home order.

Gross Potential Toll Revenues (GPTR)

GPTR for the month of December 2020 was \$3,537,895, which represents a decrease of 18.5 percent from the prior year's total of \$4,338,299. 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 \$42.1 million and decreased by 20.4 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, 2020, whereby one peak period hour was decreased by \$0.50. As of the end of December 2020, toll rates ranged from a minimum of \$1.70 to a maximum of \$8.15. The next scheduled toll adjustment will occur on January 1, 2021.

Number of Accounts and Transponders

The number of active accounts totaled 150,608, and 407,031 transponders were assigned to those accounts as of December 31, 2020. Over the past 12 months, the number of accounts has remained steady at its current levels while the number of transponders in circulation has increased by 177,434. The large increase in transponders is due to the distribution of 6C transponders to customers.

Outstanding Debt

There were no debt service payments due or made during quarter-ending December 2020. As of December 31, 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 \$25.1 million as of December 31, 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 \$55.9 million. Lastly, OCTA has approximately \$99.9 million set aside in excess toll revenues for various other SR-91 corridor projects.

Recent Activities

In December 2020, the Board approved the selection of DeAngelo Brothers, LLC (DeAngelo) to provide roadway operations and maintenance services for the 91 EL for a four-year term. The contract for the current provider of services expires on June 30, 2021. DeAngelo will commence day-to-day operations in July 2021.

Also, the Board adopted a revision to the OCTA Toll Violations and Enforcement Ordinance in December 2020. The schedule of penalties was revised to reflect a maximum rate of \$100 per violation. The new penalty structure is effective January 1, 2021.

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

The current back-office system and customer service center services agreement expires on June 30, 2021. The new three-party agreement for these services is between OCTA, Cofiroute USA, and RCTC. Staff from OCTA and RCTC have been attending design workshops and meeting on a regular basis with Cofiroute USA to discuss system requirements. The transition to the new system will take place over the next fiscal year.

Summary

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

Prepared by:

A handwritten signature in black ink, appearing to read "Kirk Avila".

Kirk Avila
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