



June 9, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: 91 Express Lanes Update for the Period Ending - March 31, 2021

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, added capacity to the State Route 91 corridor, and the recent coronavirus pandemic. Over the last quarter, there were approximately 3.6 million trips taken on the 91 Express Lanes in Orange County. This report focuses on the operational and financial activities for the period ending March 31, 2021.

Recommendation

Receive and file as an information item.

Background

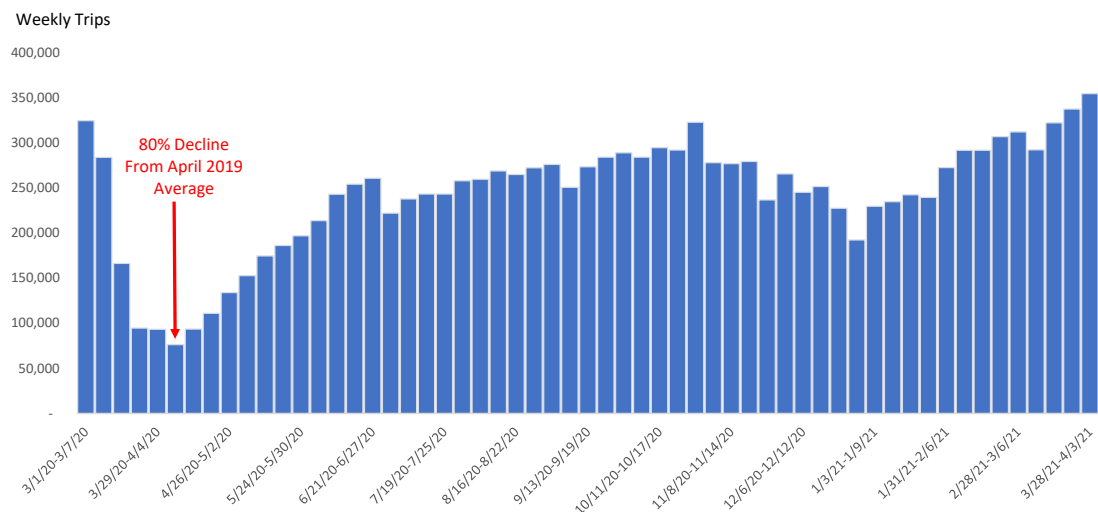
Since January 2003, the Orange County Transportation Authority (OCTA) has owned the 91 Express Lanes (91 EL), which is a two-lane managed lane facility in each direction in the median of the State Route 91 (SR-91) freeway from the State Route 55 (SR-55) to the Orange/Riverside County Line. During OCTA 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, the 91 EL experienced impacts of the coronavirus (COVID-19) pandemic and State of California's stay-at-home order. Over the past year, state and local governments across the United States issued orders for residents to self-quarantine and refrain from non-essential travel to

slow the spread of COVID-19. These efforts caused the economy to slow and 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 March 2021. At the lowest point in April 2020, traffic volumes on the 91 EL dropped 80 percent from the average levels reached in 2019. Since then, traffic volumes have increased and reached a peak during the last week in March 2021. Since January 2021, traffic volumes have been increasing steadily through the first quarter of the calendar year. A graph of toll revenues would show a similar trend for the same period.



Traffic Volumes

Total traffic volume on the OCTA 91 EL for the month of March 2021 was 1,426,041. This represents a daily average of 46,001. This is a 57.5 percent increase in total traffic volume from the same period last year when traffic levels totaled 905,400. The lower traffic volumes in March 2020 were a direct result of the stay-at-home orders and therefore provide a lower amount for the base comparison to 2021. In looking at the quarter-ending period of March 2021, traffic volumes registered 3.6 million, which was a decrease of 4.4 percent over the same period the prior year. For the 12-month period ending March 2021, traffic volumes totaled 12.8 million and decreased by 25.9 percent over the same period the prior year. The decrease in traffic volumes during the last quarter and 12-month period are attributed to the stay-at-home order. Carpool percentage for the period ending March 2021 was 20.8 percent.

Gross Potential Toll Revenues (GPTR)

GPTR for the month of March 2021 was \$4,573,327, which represents an increase of 56.8 percent from the prior year's total of \$2,916,062. 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 \$41.9 million and decreased by 19.6 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, 2021, whereby two hours had toll rate increases and two hours had decreases. The rate increases occurred during the shoulder hours and the decreases during the peak periods. As of the end of March 2021, toll rates ranged from a minimum of \$1.70 to a maximum of \$8.10. The next scheduled toll adjustment will occur on April 1, 2021.

Number of Accounts and Transponders

The number of active accounts totaled 150,948, and 524,560 transponders were assigned to those accounts as of March 31, 2021. Over the past 12 months, the number of accounts has increased slightly while the number of transponders in circulation has increased by 228,885. The large increase in transponders is due to the distribution of 6C transponders to customers. In 2019, a new transponder protocol was adopted by California. The new transponders are referred to as 6C transponders. The single setting 6C transponders are in the form of a sticker, whereby they are affixed to the vehicle's windshield. The previous transponder protocol was portable if customers choose to move it from vehicle to vehicle. The new 6C transponders are assigned to a specific vehicle and therefore not portable. OCTA and RCTC have been distributing these 6C transponders to 91 Express Lanes customers over the past year.

Outstanding Debt

As of March 31, 2021, 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 August 15, 2021.

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 March 31, 2021.

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 \$24.4 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 \$72.9 million. Lastly, OCTA has approximately \$100.4 million set aside in excess toll revenues for various other SR-91 corridor projects.

Recent Events

In February 2021, Cofiroute USA, LLC (CUSA) notified OCTA and RCTC of a delay to the implementation of the new back-office system (BOS) for the 91 Express Lanes for both Orange and Riverside counties as a result of the COVID-19 pandemic. CUSA is the current operator of the 91 Express Lanes for both OCTA and RCTC and is the firm selected for the design, development, and implementation of the new BOS, as well as the customer service center operation, once the current contract expires on June 30, 2021.

In anticipation that the future contractor would not be able to meet the go-live date in July 2021, the OCTA and RCTC Boards approved an amendment to the current three-party agreement between CUSA, RCTC, and OCTA, which allowed for six one-month optional extension periods. Staff from both agencies is continuing to work with CUSA to meet the revised anticipated go-live date in October 2021.

The transition to 6C transponders and conversion account plans continues. It is anticipated that the distribution of transponders and conversion of accounts will be completed in July 2021.

Summary

An operational report for the 91 Express Lanes for the period ending March 31, 2021, 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 2021

Prepared by:

A handwritten signature in black ink, appearing to read "Kirk Avila". The signature is written in a cursive, flowing style.

Kirk Avila
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