



November 10, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: 91 Express Lanes Update for the Period Ending -
September 30, 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 5.1 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, 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).

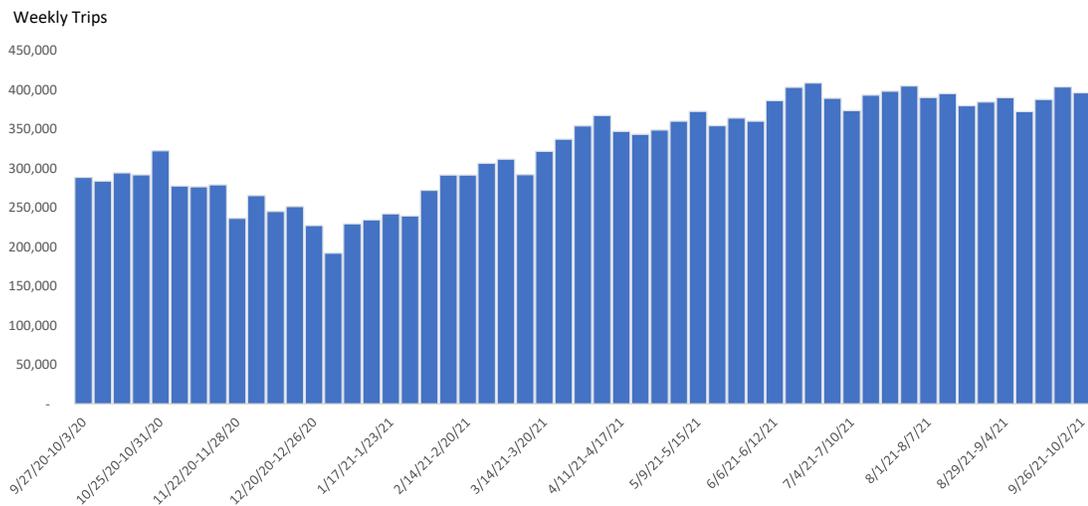
In addition to these events, the 91 EL experienced impacts of the coronavirus (COVID-19) pandemic and State of California's stay-at-home order. During calendar year 2020, state and local governments across the United States issued orders for residents to self-quarantine and refrain from

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non-essential travel 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 over the past 12 months. Since the declines in December 2020, traffic volumes have increased and stabilized over the past several months. These levels are exceeding the volumes reached in 2019. 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 September 2021 was 1,667,305. This represents a daily average of 55,577. This is a 42.2 percent increase in total traffic volume from the same period last year when traffic levels totaled 1,172,239. The lower traffic volumes in September 2020 were a direct result of the stay-at-home orders and therefore provide a lower amount for the base comparison to 2021. A better comparison is to look at the volumes in September 2019. The September 2021 traffic volumes are 12.8 percent higher than the volumes in September 2019.

In looking at the 12-month period ending September 2021, traffic volumes totaled 17.1 million, which was a 23.3 percent increase over the same period the prior year. A comparison to 2019 shows that traffic volumes are still lower than the peaks reached during that period. For the 12-month period ending September 2021, traffic volumes were 3.3 percent lower than the 12-month

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period ending September 2019. Carpool percentage for the period ending September 2021 was 21.9 percent.

Gross Potential Toll Revenues (GPTR)

GPTR for the month of September 2021 was \$5,247,366, which represents an increase of 37.3 percent from the prior year's total of \$3,823,078. 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 comparing to the same period in September 2019, GPTR increased by 18.2 percent. For the previous 12 months, GPTR totaled \$53.7 million and increased by 22 percent over the same period in 2020 and increased by 2.8 percent compared to the 12-month period ending in September 2019.

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, 2021, whereby one peak hour's rate was increased, and another peak hour decreased. In addition to these adjustments, the annual cost-of-living adjustment was applied to most hours. As of the end of September 2021, toll rates ranged from a minimum of \$1.75 to a maximum of \$8.35. The next scheduled toll adjustment will occur on October 1, 2021.

Number of Accounts and Transponders

The number of active accounts totaled 157,794, and 613,948 transponders were assigned to those accounts as of September 30, 2021. Over the past 12 months, the number of accounts has increased by approximately 6,500 while the number of transponders in circulation has increased by 251,754. 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 18 months.

Outstanding Debt

As of September 30, 2021, the outstanding amount of the 91 EL tax-exempt 2013 Senior Lien Toll Road Revenue Refunding Bonds (Bonds) totaled \$78.5 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, 2022.

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, 2021.

In addition to the required debt reserve funds, the Board elected to establish two additional reserve funds. An internal capital projects fund has a balance of \$25.7 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 \$74.6 million. Lastly, OCTA has approximately \$101.2 million set aside in excess toll revenues for various other SR-91 corridor projects.

Operations

During the quarter, Cofiroute USA (CUSA) experienced staffing issues related to employee attrition and employees out on leave, which impacted the Call Center performance. Due to these impacts, CUSA was out of compliance for average call wait time and call abandonment rate for the months of July, August, and September. CUSA has taken several steps, such as increasing hourly pay rates, providing retention incentives, and engaging temporary staffing service providers, to mitigate the impacts to staffing that are impacting operations. CUSA cites the national staffing shortage and extended leave taken under the Coronavirus Aid, Relief, and Economic Security Act as reasons for the staffing shortage to date. RCTC and OCTA are working closely with CUSA to restore the level of customer service.

Subsequent to the quarter-end, on October 22, 2021, staff was notified that DeAngelo Brothers, LLC (DBI) closed the company's operations, effective immediately. DBI was responsible for providing Safety Service Patrol, which assisted stranded motorists, supported incident clearance, and removed debris that presented a safety issue. In addition, DBI coordinated, oversaw, and

provided routine maintenance and repair activities on the facility, such as landscaping, road lighting inspection and repairs, and the replacement of the channelizers.

Staff put in place interim measures, such as utilizing Freeway Service Patrol to assist stranded motorists and support incident clearance. Staff is evaluating the next steps and will update the Board accordingly.

Recent Events

In February 2021, 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.

To address the potential delay of transitioning to the new operating agreement, in October 2019, an amendment to the existing operating agreement was executed, which allowed for six one-month extension periods. In September 2021, OCTA and RCTC (Agencies) provided notice to CUSA that the Agencies will be exercising the fourth of the six one-month extension period, which will commence October 1, 2021 through October 31, 2021. Agencies' staff have been continuing to work with CUSA to meet the amended go-live date of September 29, 2021.

Subsequent to the quarter-end, the Agencies were informed that the go-live date will be delayed. The Agencies have been working with CUSA to determine when the revised go-live date is expected and will request CUSA provide an approved implementation schedule for go-live. The Agencies intend to exercise the one-month options until the transition to the new contract occurs.

Also during the quarter, the transition to 6C transponders and conversion account plans was completed.

Summary

An operational report for the 91 Express Lanes for the period ending September 30, 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, September 2021

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