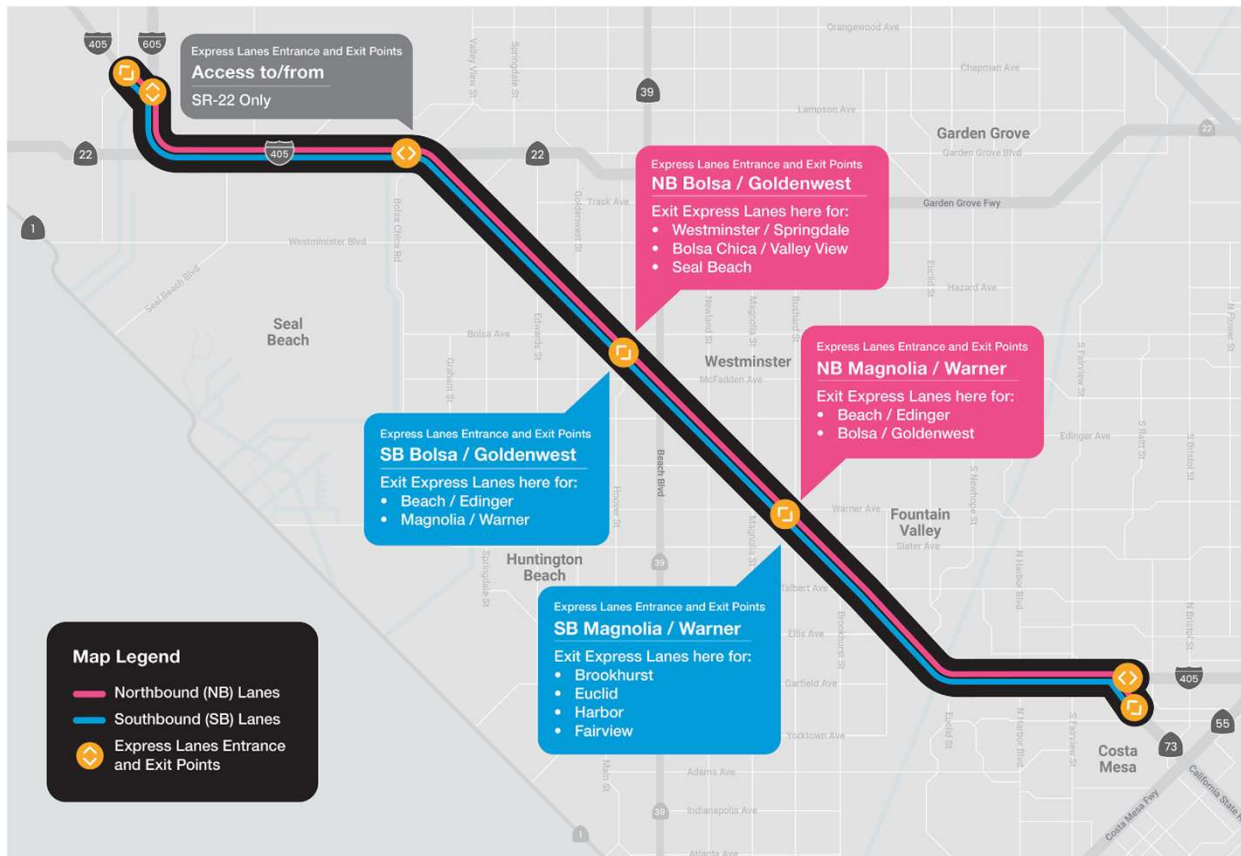




Policy and Framework for the Use of 405 Express Lanes Excess Toll Revenue

405 Express Lanes Background



- Opened December 2023
- Part of the I-405 Improvement Project, which included improvements to general purpose lanes, local interchanges, streets, sidewalks, and bicycle lanes
- Two express lanes in each direction across 14 miles
- Tolls vary by hour, day of the week, direction of travel, and distance traveled
- Tolls adjusted regularly to ensure a free-flowing commute
- Toll-free travel available for carpoolers, motorcycles, designated veterans, and disabled persons' license plates
- Promise made to keep excess toll revenue within the I-405 freeway corridor

I-405 – Interstate 405
SR-22 – State Route 22

Requirements for Toll Revenue Expenditure Plan

- Tolling Authority through AB 194 (Chapter 687, Statutes of 2015) – California Transportation Commission (CTC) approval May 2016
 - Excess revenues to be used in the corridor pursuant to an expenditure plan adopted by the sponsoring agency's governing Board
 - Required consultation on excess toll revenue expenditure plan with the California Department of Transportation (Caltrans)
 - Annual report to the CTC, which the CTC uses in its annual report to the Legislature
- Title 23 of United States Code 129 (Title 23): Toll roads, bridges, tunnels, and ferries
 - Restricts excess toll revenue to purposes authorized under Title 23, governing federal aid highway programs
- Toll Operating Agreement Caltrans
 - Orange County Transportation Authority (OCTA) responsible for operations and maintenance using express lanes revenue
 - Develop excess toll revenue expenditure plan five years before excess revenues available in partnership with Caltrans
- Transportation Infrastructure Finance and Innovation Act
 - Toll revenues used first for operations and maintenance and for loan repayment based on payment schedule
 - Excess toll held in distribution lock up for first five years
 - 50 percent of excess revenues go toward loan repayment until paid off

Excess Toll Revenue Expenditure Plan

Plan is required to:

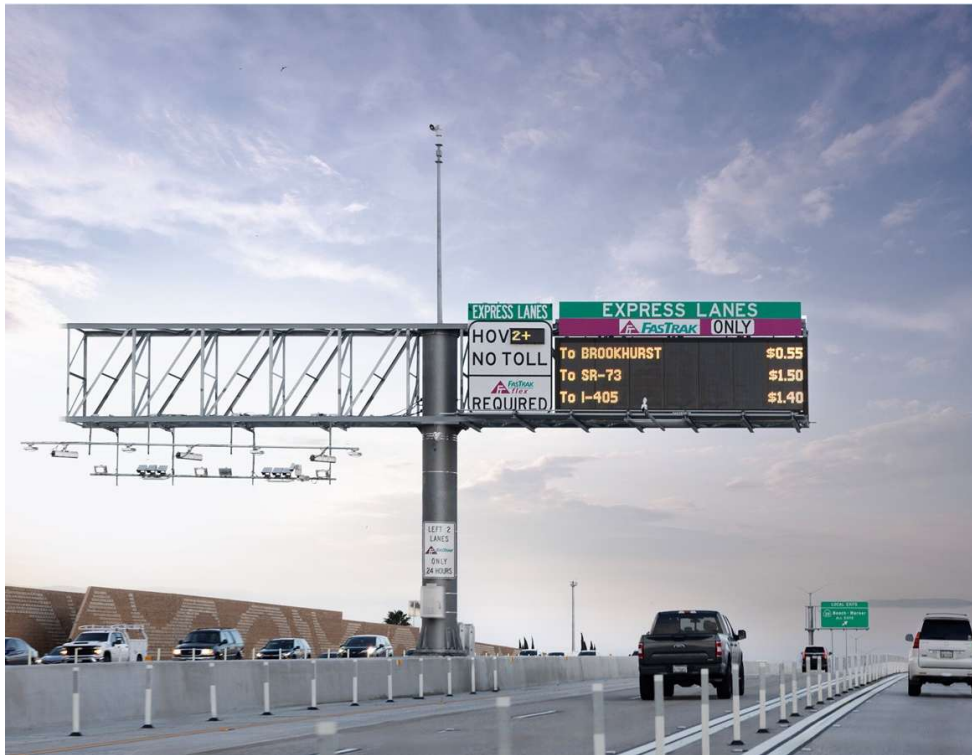
- Establish policy guidance for reinvestment of future net toll revenue
- Ensure consistency with state law and OCTA planning goals
- Prepare for transparent and equitable future decision-making

Why now?

- Net excess toll revenue anticipated in 2029
- OCTA must start to develop an expenditure plan at least five years before excess toll revenues become available, as required by the Toll Operating Agreement with Caltrans



Board-Approved 405 Express Lanes Goals



- Provide a safe, reliable, congestion-free commute
- Optimize throughput and increase average vehicle occupancy
- Balance capacity and demand to serve customers who pay tolls as well as people who rideshare or use transit
- Generate sufficient revenue for financial viability of 405 Express Lanes
- Ensure all covenants in the financing documents are met
- Ensure any potential net excess toll revenue is used for I-405 freeway corridor improvements

Approved by OCTA Board July 2023

Approved Excess Toll Revenue Principles

Corridor Mobility and User Experience

- OCTA Board-selected improvements for the I-405 freeway corridor
- Improve experience, relieve congestion, and enhance safety
- Improve toll lane technology and other enhancements
- Public transportation that reduces congestion in the corridor

Multimodal and Inclusive Planning

- Use of OCTA-developed multimodal plans
- Consideration of stakeholder and community input
- Where applicable, policies and programs should support equity

Financial Stewardship

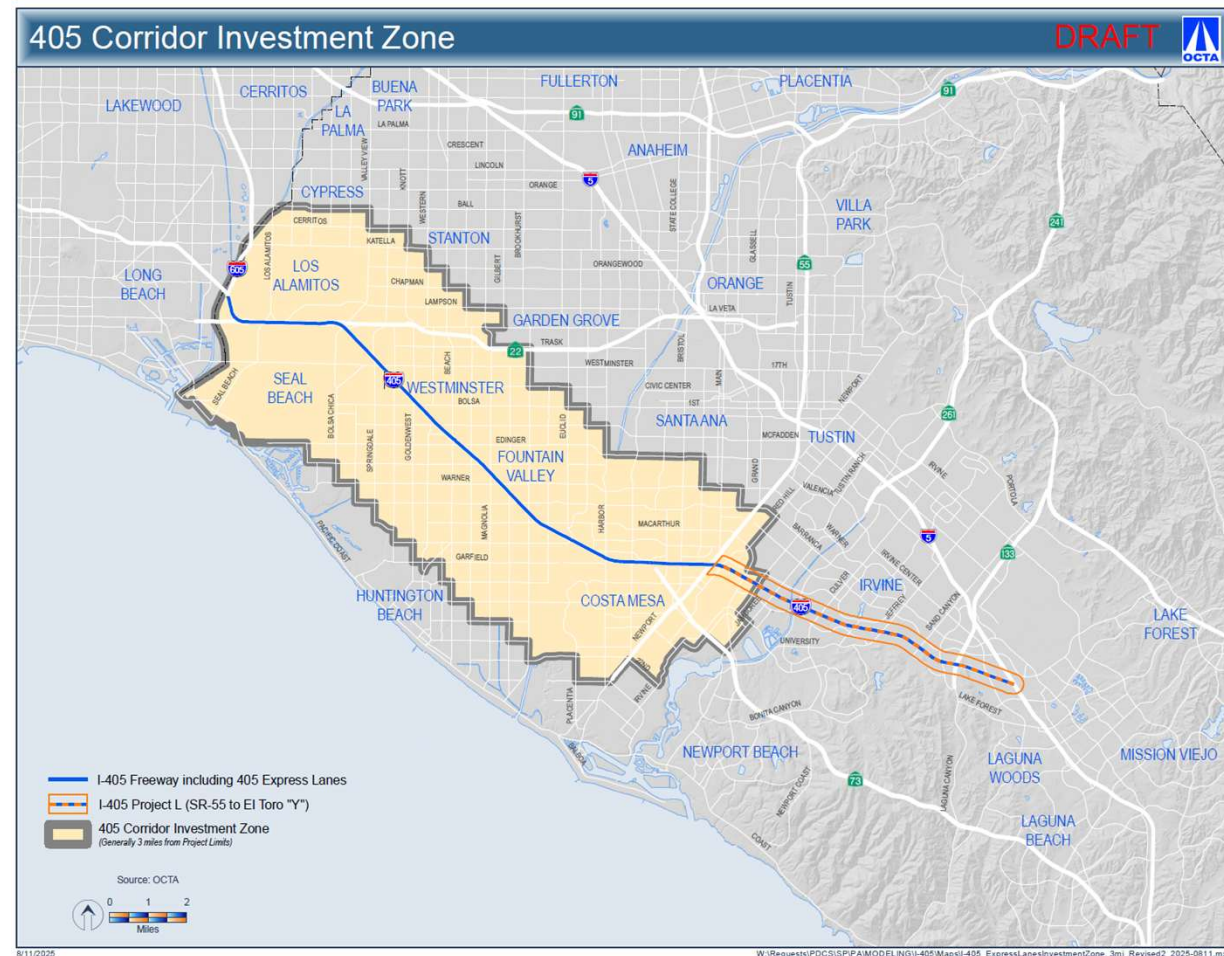
- Pay-as-you-go financing preferred, but bond financing can be considered
- Supplement, not supplant, state and federal revenues
- Maintenance of effort commitment by the State

Recommended Investment Zone

405 Corridor Investment Zone

- Within Orange County
- Three-mile buffer around 405 Express Lanes
- I-405 freeway only extension to the south where it connects to I-5
- Developed based on 405 Express Lanes user origin and destination data

I-5 – Interstate 5



Eligible Project Types

As promised, OCTA is committed to reinvesting toll revenues from the 405 Express Lanes in ways that benefit all who travel the I-405 freeway corridor.

	Example Priorities
Express Lanes Operations	• Improve 405 Express Lanes access, connectivity, and travel-time reliability
Freeway Travel	• Reduce congestion on the I-405 freeway for all users • Advance current and future freeway and roadway projects within the 405 Corridor Investment Zone
Multimodal Mobility	• Invest in transit, local streets, signal synchronization, active transportation, and first/last-mile improvements • Encourage corridor-wide ridesharing and mobility options
Policy Alignment	• Projects must demonstrate benefits to the I-405 freeway system • Must align with OCTA plans (Measure M2, Long-Range Transportation Plan, etc.) and goals for community involvement, sustainability, and efficiency • Ensures consistency with AB 194 and state and federal requirements

Project Identification Process: 405 Corridor Plan

Purpose

- Identify multimodal projects that best benefit the I-405 freeway corridor
- Serve as a foundation for prioritizing investments using excess toll revenue
- Sets a comprehensive baseline of corridor-wide transportation needs for OCTA, local jurisdictions, and Caltrans

Key Features

- Inclusive of all travel modes: freeway, transit, active transportation, first/last-mile improvements
- Updated every three years to reflect evolving corridor needs
- Informs the annually updated 405 Express Lanes Excess Toll Revenue Expenditure Plan

Strategic Function

- Could outline near- and long-term steps needed to advance improvements
- Structured to meet state requirements for a Comprehensive Multimodal Corridor Plan, positioning OCTA to compete for SB 1 Solutions for Congested Corridors Program funding

Requirements for Use of Excess Toll Revenue

Planning and Project Development

- Development of a 405 Corridor Plan
- Must align with Long-Range Transportation Plan, Regional Transportation Plan, City Capital Improvement Program, and the Master Plan of Arterial Highways
- Projects will be identified, evaluated, and recommended through an established process
 - Competitive process for local agencies
- Formation of Technical Advisory Committee

Financial Structure and Accountability

- Establishment of a reserve (eight percent) and planning (two percent) set-aside
- Expenditure Plan updated annually and approved through OCTA's established committee and Board process
- Requirements for matching funds and leveraging other resources
- Maintenance of effort expectations for Caltrans and state funding

Oversight and Transparency

- Audits and other oversight tools will ensure transparency and accountability



Timeline and Next Steps

