




**December 4, 2024**

**To:** Finance and Administration Committee   
**From:** Darrell E. Johnson, Chief Executive Officer  
**Subject:** 405 Express Lanes Update for the Period Ending September 30, 2024

**Overview**

The Orange County Transportation Authority oversees the operations of the 405 Express Lanes, which commenced operations on December 1, 2023. Over the last quarter, there were approximately 16.9 million transactions and 4.3 million trips generated on the 405 Express Lanes. This report focuses on the operational and financial activities for the period ending September 30, 2024.

**Recommendation**

Receive and file as an information item.

**Background**

The Orange County Transportation Authority, in cooperation with the California Department of Transportation and the cities of Costa Mesa, Fountain Valley, Huntington Beach, Seal Beach, and Westminster, implemented the Interstate 405 (I-405) Improvement Project between State Route 73 (SR-73) and Interstate 605 (I-605) (Project). The Project added one general purpose lane in each direction from Euclid Street to I-605, consistent with Measure M2 Project K, and added an additional lane in each direction that combines with the existing high-occupancy vehicle lane to provide dual express lanes in each direction of I-405 from SR-73 to I-605, otherwise known as the 405 Express Lanes (405 EL). The 405 EL commenced operations on December 1, 2023.

Motorists using the 405 EL pay tolls using a transponder that automatically deducts the toll amount from a prepaid account. The transponder can be used on any California tolled facility through existing interoperability agreements.

***Discussion***

The sections below discuss various operational data and information for the 405 EL in greater detail.

**Transactions and Trips**

The total number of 405 EL transactions for the month of September 2024 totaled 5,483,352, which represents a daily average of 182,778 transactions. Traffic in the northbound direction accounted for 53.6 percent of the transactions and the southbound direction accounted for 46.4 percent. The transactions corresponded to 1,452,275 trips or 48,409 average daily trips. The carpool percentage (two-person high-occupancy vehicles and three or more high-occupancy vehicles) for the period ending September 2024 was 22.4 percent.

**Gross Potential Toll Revenues (GPTR)**

GPTR is defined as the number of trips multiplied by the posted toll for that trip. GPTR will always exceed actual revenues (shown in the monthly report under the Financial Highlights section) because of violations, discounts, or unrecognizable license plates. GPTR results are utilized for the purpose of comparisons to the forecasted amounts for the 405 EL. For the month of September 2024, GPTR for the 405 EL was \$3,300,836, and for the quarter-ending period of September 2024, the amount totaled \$10,045,168.

**Toll Adjustments**

The Board of Directors (Board)-adopted Toll Policy requires staff to review traffic volumes on the 405 EL for potential toll adjustments. Based on the traffic volumes and speeds in the 405 EL, toll adjustments were applied to several hours effective July 1, 2024. There were five hours in total that reached the trigger point for a toll adjustment. The trigger point for the dual-lane segments is 3,200 vehicles per hour and 1,300 vehicles per hour for the single-lane segments. Three hours were in the northbound direction and two were in the southbound direction. Toll rates were increased by \$1.70 in these hours. In addition to these congestion-based adjustments, the Policy also requires an annual toll adjustment for inflation every July 1st for all hours that were not adjusted in the prior fiscal year. Those hours were adjusted by an inflation factor of 3.76 percent, rounded up or down to the nearest five-cent increment, effective July 1, 2024. As of the end of September 2024, toll rates for a full-length trip ranged from a minimum of \$2.55 to a maximum of \$15.05. After the end of the

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September 2024 quarter, toll adjustments also occurred on October 1, 2024, and will be reported in the following quarterly report.

### **Number of Accounts and Transponders**

The number of active accounts on the 405 EL totaled 13,058 and 24,640 transponders were assigned to those accounts as of September 30, 2024. The largest concentration of accounts continues to be in the City of Long Beach.

### **Outstanding Debt**

As of September 30, 2024, the outstanding amount for the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan totaled \$631.4 million. Debt service payments are not due on the TIFIA loan until five years after the substantial completion date (December 1, 2023). The TIFIA loan is rated “Baa2” by Moody’s.

### **Operations Update**

Kapsch TrafficCom USA, Inc. is the toll lanes system integrator for the 405 EL. They were responsible for the design, development, and installation of the Electronic Toll and Traffic Management (ETTM) system for the 405 EL. The 405 ETTM system was deployed in November 2023 and officially went into active (live) operations upon the opening of the 405 EL in December 2023. The ETTM achieved system acceptance after successful completion of Operational Acceptance Testing in August 2024. The project will be given project acceptance once all required documentation is submitted. This is expected to occur by the end of the calendar year.

WSP USA Services Inc. (WSP) is the back-office system (BOS) and customer service center operations services provider for the 405 EL. Electronic Transaction Consultants, LLC. (ETC), as a subcontractor to WSP, is responsible for the design, development, implementation, and maintenance of the 405 EL BOS. In November 2023, the BOS and customer service center operations began operations and officially went live in December 2023. Since go-live, staff, in conjunction with the project management consultant for the 405 EL, have worked with the WSP/ETC team to resolve outstanding issues. The team has been continuously working with the WSP/ETC team to further refine and implement other BOS and operations functionalities that are to be deployed in the upcoming months.

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***Summary***

The operational report for the 405 Express Lanes for the period ending September 30, 2024, is provided for the Board of Directors' review. The report provides a summary of key operational and financial activities.

***Attachment***

- A. 405 Express Lanes Status Report, September 2024

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