



February 26, 2025

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

A handwritten signature in blue ink, appearing to read "Darrell Johnson", is placed over the name in the "From:" field.

Subject: 405 Express Lanes Update for the Period Ending -
December 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 17.2 million transactions and 4.4 million trips generated on the 405 Express Lanes. This report focuses on the operational and financial activities for the period ending December 30, 2024.

Recommendation

Receive and file as an information item.

Background

The Orange County Transportation Authority (OCTA), 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 December 2024 totaled 5,516,989, which represents a daily average of 177,965 transactions. This is a 43.5 percent increase in transactions from the same period last year when transactions totaled 3,844,849 during the opening month. In looking at the 12-month period ending December 2024, transactions totaled 62.3 million. 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 1,395,014 trips or 45,000 average daily trips. This is a 20.9 percent increase in trips from the same period last year. In looking at the 12-month period ending December 2024, trips totaled 16.2 million.

The carpool percentage (two person high-occupancy vehicles and three or more high-occupancy vehicles) for the period ending December 2024 was 24.1 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 December 2024, GPTR for the 405 EL was \$3,256,537, and for the 12-month period ending of December 2024, the amount totaled \$36,215,461.

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 on the 405 EL, toll adjustments were applied to several hours effective October 1, 2024. There were nine hours in total that reached the trigger point for a toll adjustment. Seven hours were in the northbound direction and two were in the southbound direction. Toll rates were increased by \$1.30 and \$1.70 in these hours. As of the end of December 2024, toll rates for a full-length trip ranged from a minimum of \$2.55 to a maximum of \$16.90. After

the December 2024 quarter, toll adjustments also occurred on February 10, 2025, and will be reported in the following quarterly report.

Number of Accounts and Transponders

The number of active accounts on the 405 EL totaled 16,304 and 31,717 transponders were assigned to those accounts as of December 30, 2024. The largest concentration of accounts continues to be in the City of Long Beach.

Outstanding Debt

As of December 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 December 2028 (five years after the substantial completion date of December 1, 2023). The TIFIA loan is rated "Baa2" by Moody's.

Operational 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. In December 2024, all required documentation was submitted and the 405 EL ETTM installation project was given final acceptance.

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. Since go-live in December 2023, staff, in conjunction with the project management consultant for the 405 EL, has worked with the WSP/ETC team to resolve outstanding issues. OCTA and our project management consultant have 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.

During the month of December 2024, some of the operational key performance indicators were not met. These include service levels and speed of answer, timeliness of case resolution, processing of transponder requests, and customer refunds processed. The performance measures were not met due to an increase in calls as a result of phishing scams related to toll collections, increased volume

of violations, staffing issues, and some system issues. Failure to meet performance measures results in associated non-compliance points being applied to the monthly performance scorecard. If the accumulated non-compliance points reach a specified threshold, the invoice for the month will be adjusted by the corresponding penalty percentage.

I-405 Corridor Improvements

Over the past several months, OCTA staff has been reviewing traffic data from various sources to calculate travel time savings and speed differentials from pre- and post-construction periods. The analysis shows that drivers in the general purpose lanes are saving time because of the Project. Travel times have been reduced by up to 12 minutes during the northbound weekday evening rush hour between SR-73 and I-605 and approximately six minutes for those traveling southbound during the weekday morning commute. For drivers using the 405 EL, travel times have been reduced by 22 minutes during the northbound weekday evening rush hour and 16 minutes for those traveling southbound during the weekday morning commute.

Summary

The operational report for the 405 Express Lanes for the period ending December 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, December 2024

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