

**Principles for 405 Express Lanes Excess Toll Revenue  
Redlined Version**

Project Selection:

1. Projects that improve customer experience, relieve congestion, and enhance the safety of the I-405 facility will be prioritized.

There has been some concern over the years that the primary purpose of a toll facility is to generate revenue. However, the goal for the 405 Express Lanes is to improve the transportation experience by improving throughput, increasing reliability, and decreasing travel delays through the corridor. Establishing a principle that clearly focuses on the system's function over revenue generation is critical. This principle would apply to projects that would be considered for future 405 Express Lanes excess toll revenue. Any project being proposed for funding would need to demonstrate that it addresses customer needs, provides congestion relief, and considers the safety of the corridor.

2. Improvements that enhance customer satisfaction and lower operating costs through improved toll lane technology or other enhancements.

New technologies are under development that can improve operations and accessibility and make the use of a toll facility simpler for the user. Excess toll revenues may be used to make improvements to the toll facility to ensure the best user experience at the least cost. Toll collection is among the many industries embracing advanced technology, and the future holds promising ways to simplify toll collection for many drivers.

3. Transportation investments within the I-405 corridor in Orange County at the discretion of the Board and consistent with state and federal law.

AB 194 (Chapter 687, Statutes of 2015) mandates that excess revenues generated within a toll facility corridor must be used in the same corridor according to an approved expenditure plan. However, the term "corridor" has not been precisely defined, giving the Board the flexibility to determine beneficial projects. A prudent approach would be to ensure a relationship between the use of the excess revenues from the 405 Express Lanes tolls and the benefit to I-405 corridor travelers, using accepted transportation analysis tools. Under this approach, the Board would decide how to prioritize investments of excess toll revenue in the vicinity of the I-405 freeway with input from Caltrans.

4. Further I-405 congestion-relief efforts through enhanced public transportation services. ~~Public transportation services that reduce traffic congestion within the I-405 corridor within Orange County.~~

Investing in public transit within the I-405 corridor in Orange County can help reduce congestion for all commuters and offer an alternative to driving alone. Transit options encourage ridesharing and provide opportunities for commuters to enjoy the time-savings benefits of the 405 Express Lanes while taking advantage of the 3+ ride free toll policy.

~~Public transit investment has wide-ranging economic benefits, not only for those who ride it, but also for those who may need to drive. By giving some commuters an alternative to driving and leveraging transit, OCTA would increase the overall public benefit of the 405 Express Lanes excess toll revenues.~~

## Planning and Equity

5. Use of OCTA-developed multimodal plans as a basis for project selection.

OCTA continually develops various transportation plans that have undergone comprehensive analyses and public outreach. These plans include various multimodal projects, many of which are unfunded. The OCTA Long-Range Transportation Plan encapsulates these projects. Using these multimodal plans as a foundation for identifying projects within the I-405 corridor is a practical starting point for developing a sound expenditure plan, alongside specific evaluation criteria for project prioritization. These plans include transit and active transportation improvements that will benefit all communities and consider sustainability.

6. Consideration of additional or focused stakeholder input and community outreach and engagement.

Good transportation policies and decision-making must recognize the value of input from essential workers, residents, and frequent facility users. Public input is important to public investment decisions because it can lead to better decisions that are more sustainable, supportable, and implementable. Also, there may be opportunities for outreach to new users through promotions and community engagement.

7. ~~Develop~~ Consideration of policies and programs to support equity ~~in tolling~~.

This principle would consider equity ~~will endeavor to reduce the~~ implications of roadway pricing on users of the 405 Express Lanes, which is inherently a demand management strategy. ~~on low-income commuters using the 405 Express Lanes corridor in support of equity in tolling. These considerations will ensure compliance with requirements in state and federal statutes regarding toll payment options, customer service and accessibility.~~

## Fiscal Management

8. Pay-as-you-go financing as the preferred method of funding the improvements.

Considering interest costs, using surplus toll revenues directly for projects, should be the preferred approach to funding of projects.

9. Bond financing may be considered as an alternative to “pay-as-you-go” if it supports more beneficial outcomes.

OCTA may consider bond financing if the scale and timing of planned expenditures make immediate funding unviable. Any new financing should not affect the approved toll policy, the TIFIA loan agreement, or OCTA's financial commitments related to the 405 Express Lanes.

#### Good Governance

10. Use of 405 Express Lanes excess toll revenues on the state highway system shall be subject to a "maintenance of effort" commitment by the State.

A primary objective for using 405 Express Lanes excess toll revenues is to enhance funding sources and enable unfunded projects to advance, contributing positively to the transportation system. Reducing existing state and federal funds due to availability of excess toll revenues could lead to no net gain in meeting the transportation needs of Orange County residents and workers and should be avoided. Consistent with Section 10 Excess Toll Revenue, paragraph 10.1.d in the operating agreement, the State is held to a "maintenance of effort" commitment for Orange County to ensure that the use of net excess toll revenue to fund projects does not result in reducing State Highway Operation and Protection Program funds available for use in Orange County.

11. Expenditures should supplement, not supplant, state and federal revenues.

OCTA always works to maximize external state and federal funding for transportation needs in Orange County. This concept is included here in the policy framework. It is not meant to prevent OCTA from using these funds if state and federal revenues become unavailable, outside of OCTA's control.

#### **Acronyms**

Board – Board of Directors

Caltrans – California Department of Transportation

I-405 – Interstate 405

OCTA – Orange County Transportation Authority

TIFIA - Transportation Infrastructure Finance and Innovation Act