



March 13, 2024

To: Finance and Administration Committee

A handwritten signature in blue ink, appearing to read "Darrell E. Johnson", is written over the "To:" line.

From: Darrell E. Johnson, Chief Executive Officer

Subject: 91 Express Lanes Update for the Period Ending –
December 31, 2023

Overview

The Orange County Transportation Authority has owned and managed the operations of the 91 Express Lanes since January 2003. Since then, traffic volumes and toll revenues have fluctuated with the changes in the economy and the added capacity to the State Route 91 corridor. Over the last quarter, approximately 5.2 million trips were taken on the 91 Express Lanes in Orange County. This report focuses on the operational and financial activities for the period ending December 31, 2023.

Recommendation

Receive and file as an information item.

Background

The Orange County segment of the 91 Express Lanes (EL) is a four-lane, ten-mile tolled facility built in the median of State Route 91 (SR-91) between the State Route 55 (SR-55)/SR-91 interchange and the Orange/Riverside County Line. The 91 EL was built by the California Private Transportation Company (CPTC) for a cost of approximately \$135 million. The Orange County section of the project was authorized as a toll road by the State of California in 1989 and opened in 1995. An agreement with the California Department of Transportation (Caltrans) included a non-compete provision that created a 1.5-mile protection zone along each side of SR-91. This zone prohibited improvements along the corridor and created mobility problems as the region and corresponding transportation demands grew.

To mitigate growing concerns over congestion, the Orange County Transportation Authority (OCTA) acquired the 91 EL franchise rights from the CPTC in January 2003. This eliminated the non-compete provision, clearing the

way for future enhancements to increase capacity and improve traffic flow along the SR-91 corridor.

With the non-compete provisions removed, the Riverside County Transportation Commission (RCTC) received authority to extend the 91 EL to Interstate 15 (I-15) in 2008. At a cost of \$1.4 billion, the RCTC 91 Corridor Improvement Project added general purpose lanes, tolled express lanes, auxiliary lanes, and direct express lane connectors from the Orange/Riverside County Line to I-15. The Riverside County segment of the 91 EL opened in 2017, providing customers with eight additional miles of travel on SR-91. To provide 91 EL customers with a seamless experience, OCTA and RCTC entered into a three-party operating agreement with one firm to service both facility segments.

Historically, the 91 EL has used congestion management pricing to adjust tolls quarterly based on the number of vehicles traveled. Since 2003, OCTA and RCTC in 2017, have used this tolling method to provide our customers with a safe, reliable, and predictable trip on the 91 EL. In November 2023, the RCTC 91 EL segment transitioned to dynamic pricing, which adjusts toll rates based on traffic volumes to maintain free-flowing trips in accordance with RCTC's 91 Express Lanes Toll Policy and Toll Schedule. The OCTA 91 EL segment still utilizes congestion management pricing, adjusting tolls quarterly.

Motorists 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.

OCTA and RCTC's tolling agreements allow both agencies to operate the 91 EL well into the future (2065 for OCTA and 2067 for RCTC). This provides customers with transportation options for 18 miles of travel in one of California's busiest corridors.

Discussion

The sections below discuss various operational data and information for the 91 EL in greater detail.

Traffic Volumes

The total traffic volume on the OCTA 91 EL for the month of December 2023 was 1,705,918. This represents a daily average of 55,030 vehicles. This is an 8.8 percent increase in total traffic volume from the same period last year when traffic levels totaled 1,568,610. In looking at the 12-month period ending December 2023, traffic volumes totaled over 20.4 million, which was 5.7 percent

higher than the same period the prior year. The carpool percentage for the period ending December 2023 was 26.9 percent.

Gross Potential Toll Revenues (GPTR)

GPTR for the month of December 2023 was \$5,258,734, which represents an increase of 6.5 percent from the prior year's total of \$4,937,539 for the month of December. 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). For the previous 12 months, GPTR totaled \$64.7 million, representing an increase of 6.7 percent from the same period the prior year.

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. Based on the traffic volumes for the quarter-ending period of December 2023, there were no hours in the eastbound or westbound directions that reached the trigger point for a toll adjustment in January 2024. As of the end of December 2023, toll rates ranged from a minimum of \$1.85 to a maximum of \$8.85. The next scheduled toll adjustment will occur on April 1, 2024, and will be reported in the following quarterly report.

Number of Accounts and Transponders

The number of active accounts totaled 174,111, and 684,487 transponders were assigned to those accounts as of December 31, 2023. Over the past 12 months, the number of accounts increased by approximately 8,580, while the number of transponders in circulation increased by 27,071. There has been continued growth in the number of accounts and transponders over the past several years, primarily driven by the extension of the 91 EL into Riverside County and the opening of the 15 Express Lanes.

Outstanding Debt

As of December 31, 2023, the outstanding amount of the 91 EL tax-exempt 2023 Senior Lien Toll Road Revenue Refunding Bonds (Bonds) totaled \$47.5 million. The refinanced Bonds' first scheduled debt service payment was made on February 15, 2024.

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In April 2023, the Board approved the refinancing transaction, in early June 2023, OCTA received the ratings for the new debt transaction, and in late June 2023, the refinancing bonds were issued. The debt transaction closed in early July 2023 with an all-in true interest cost of 2.8 percent.

Refinancing the Bonds allowed for a reduction in the total outstanding debt from \$71.4 million to \$47.5 million. Furthermore, the annual debt service was reduced from \$10.8 million to \$8.1 million while maintaining the same maturity date. Refinancing the 2013 Series Bonds provided a net present value savings of \$5.5 million.

The 2023 Senior Lien Toll Road Revenue Refunding Bonds are rated “AA- “ by Standard and Poor’s, “Aa3” by Moody’s, and “AA-” by Fitch Ratings. The next scheduled debt service payment is on August 15, 2024.

Reserve Funds

The 2023 Bonds require three reserve funds: a major maintenance fund, an operating fund, and a debt service reserve fund. All three funds were fully funded with a total balance of approximately \$13.7 million as of December 31, 2023.

In addition to the required debt reserve funds, the OCTA 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 system (BOS) upgrades. The other reserve fund was established in 2017 for two future Measure M2 projects (Projects I and J) on the SR-91 corridor. Project I improves interchanges, on- and off-ramps, and bridges along SR-91 between SR-55 and State Route 57 and is estimated to cost approximately \$460 million. Project I is in final design and is expected to be completed in 2028. Project J includes operational improvements on SR-91 between State Route 241 and the Orange/Riverside County Line and is currently scheduled for completion in 2035. The balance in that reserve fund is \$94.8 million and is used as project expenses are incurred. Lastly, OCTA has approximately \$102.6 million set aside in excess toll revenues for SR-91 corridor projects.

Operations Update

In 2022, Cofiroute USA, LLC (CUSA) deployed a new BOS for the 91 EL for both Orange and Riverside counties. Since deployment, CUSA, OCTA, RCTC, and project consultant staff have been continuously monitoring the system and actively implementing fixes for any issues that arise. Attachment A summarizes some key performance measure indicators over the past 12 months.

Summary

An operational report for the 91 Express Lanes for the period ending December 31, 2023, is provided for the Board of Directors' review. The report provides a summary of key operational and financial activities.

Attachments

- A. 91 Express Lanes, Key Performance Measures, December 2023
- B. 91 Express Lanes Status Report, December 2023

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