

Meeting of Feb. 13, 2023

OCTA Saves Taxpayers \$509 Million through Innovative Financing

The Orange County Transportation Authority saved \$509 million through a series of innovative financing strategies for the I-405 Improvement Project, which is scheduled to be completed this year.

The strategies include:

- 2017 – OCTA secured a \$629 million federal loan to pay for the 405 Express Lanes portion of the project through the Transportation Infrastructure Finance and Innovation Act (TIFIA), saving approximately \$300 million compared to traditional bond financing
- 2021 – OCTA took advantage of historically low interest rates, becoming the first agency to ever reset a partially drawn TIFIA loan, realizing savings of \$158 million
- 2021 – OCTA saved \$24 million by issuing Bond Anticipation Notes (BANs), a short-term financing tool used during the construction of projects, to take advantage of lower short-term interest rates instead of drawing on its TIFIA loan
- 2022 – OCTA took advantage of rising short-term interest rates by drawing its entire TIFIA loan and using the proceeds to pay off the BANs. The remaining funds are invested in U.S. treasuries, generating an additional \$27 million in savings

The TIFIA loan will be repaid solely using the revenue collected from drivers who choose to use the 405 Express Lanes being built as part of the I-405 Improvement Project.

Toll revenue collected beyond what it costs to repay the loan will fund transportation improvements for everyone who travels throughout the 405 corridor – whether or not they use the Express Lanes. The realized savings will allow more money to be available sooner to make those additional improvements along I-405.

In addition, OCTA's project financing will allow the 405 Express Lanes to remain free to two-person carpools during non-peak hours for the first 3 ½ years after the Express Lanes open, a commitment made by OCTA to the community prior to construction.

The \$2.1 billion I-405 Improvement Project will add one regular lane in each direction of I-405 between Euclid Street and I-605, and a second lane in each direction in the center of the freeway between SR-73 and I-605 that will combine with the existing carpool lanes to form the 405 Express Lanes. For more information on the project, visit octa.net/405improvement.

\$3 Million Available to Protect County's Oceans and Waterways

OCTA's board of directors has made available \$3 million in competitive funding and issued a call for projects aimed at improving overall water quality in Orange County.

The funding is available through OCTA's Environmental Cleanup Program for projects that reduce the impacts of transportation-related water pollution by removing litter and debris before it reaches the ocean and other waterways.

Cities and the county can propose projects through the program, which is funded by Measure M, Orange County's half-cent sales tax for transportation improvements, also known as OC Go.

It is estimated that more than 60 million gallons of trash have been captured through this program since its inception in 2011.

Project applications are due by April 27 and the OCTA board is expected to award funding by July 1.

Board Receives Update on Long-Range Transportation Plan

The OCTA board received an update on the 2022 Long-Range Transportation Plan, which OCTA develops every four years to meet Orange County's evolving mobility needs for the next 20 years and beyond.

The long-range plan aims to find a solution to the challenges that come with the increasing travel demand, evolving travel trends, increasing climate related risks, funding outlook, and diversity, equity, and inclusion. The goals for this plan are to deliver on Measure M commitments, improve system performance, expand system choices and support sustainability.

The plan proposes the following seven key strategies:

1. Extend or modify select Measure M programs
2. Expand transit services
3. Enhance active transportation
4. Explore mobility integration
5. Eliminate freeway chokepoints
6. Embrace technology
7. Elevate maintenance and resilience priorities

The implementation of these strategies would include projects and programs such as roadway improvements, microtransit, mobility hubs, maintaining existing infrastructure, and more.

The final long-range plan is expected to be completed in the spring. For more information, visit octa.net/lrtp.