



***Transportation Corridor Agencies™***

# J.P. Morgan Public Finance Transportation & Utility Investor Forum

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# IT'S A DIFFERENT DAY AT TCA





# A Different Type Of Creative Solution

**TCA was formed 30+ years ago to address Orange County California's:**

- Exploding population
- Worsening traffic congestion
- Shrinking government transportation funds

***Different solution*** for planning, financing, constructing and operating transportation improvements.

**A partnership with county and city officials took little-used, innovative governmental techniques and fashioned them into a unique transportation model.**

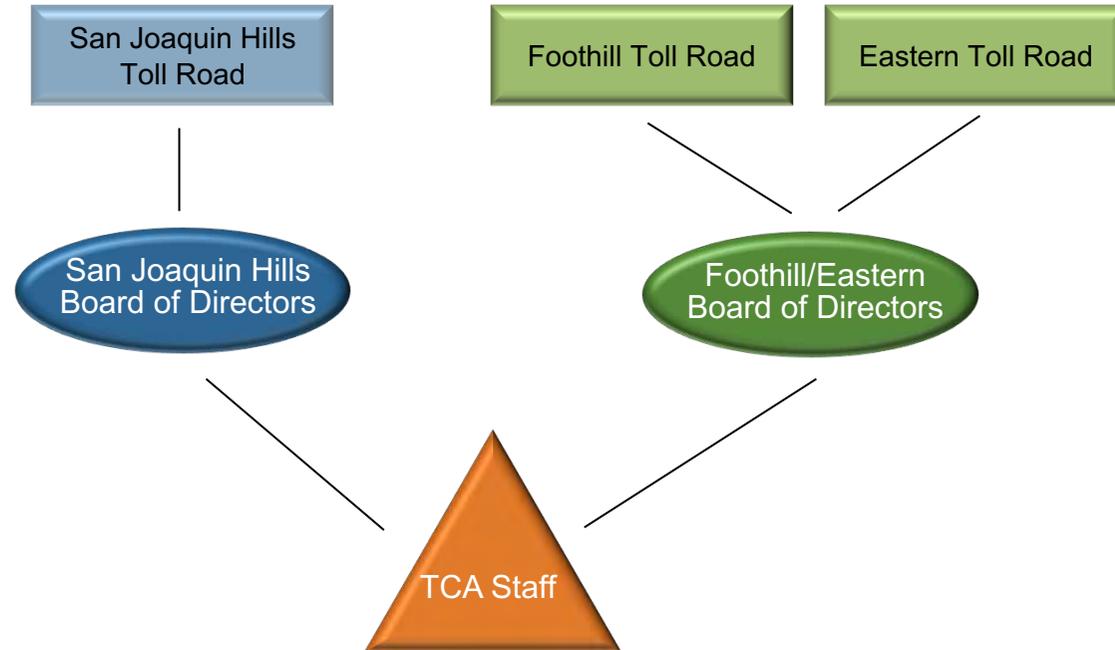
*Now, TCA is one of modern tolling's leading agencies, bringing much-needed traffic relief to Orange County.*



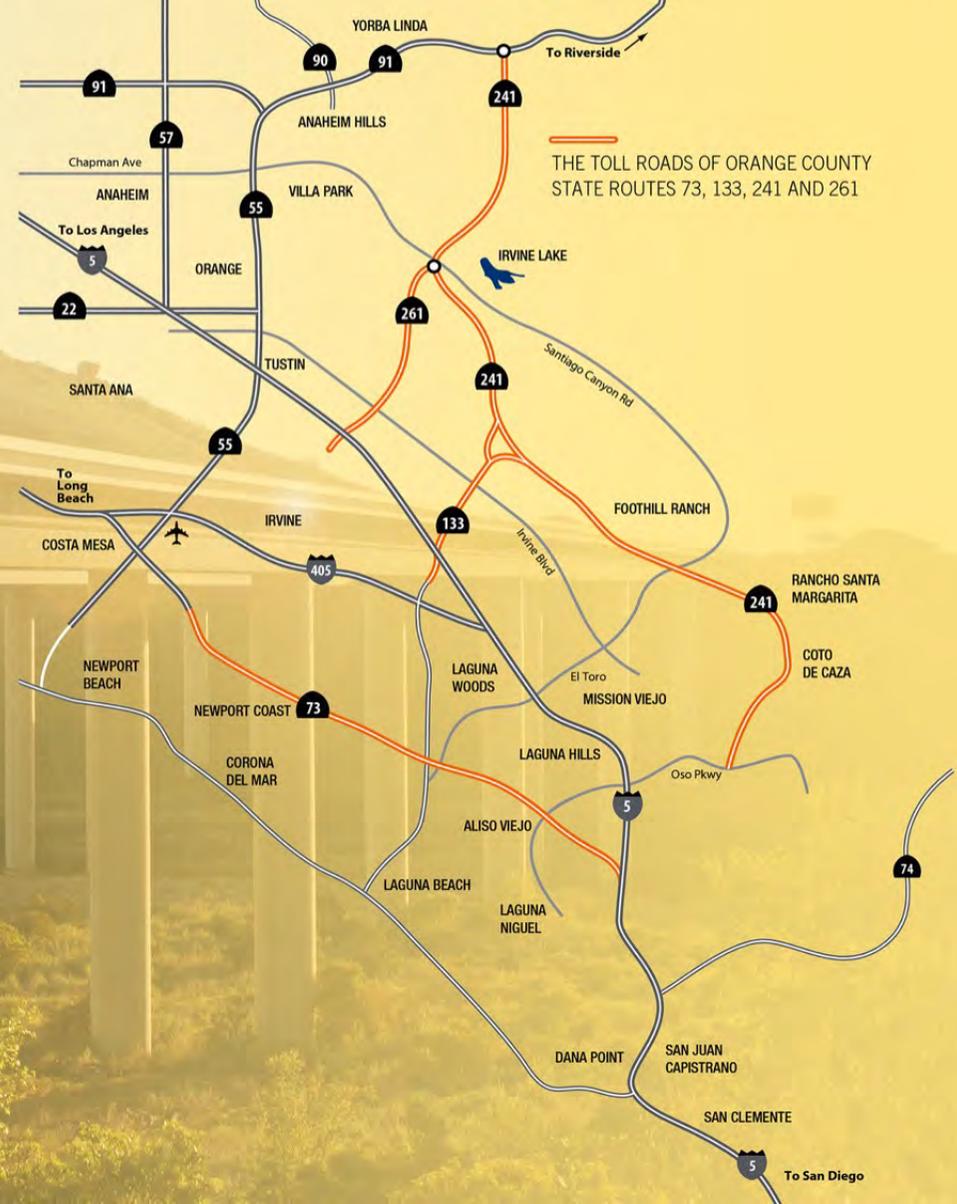
# TCA Structure

- Governance
  - Joint Powers Authorities
  - Formed in 1986
  - 18 cities and three County Supervisor Districts
- The two JPAs are separate legal entities with separate finance structures (one staff)
- Authority to collect tolls obtained from State legislature in 1987

## Transportation Corridor Agencies



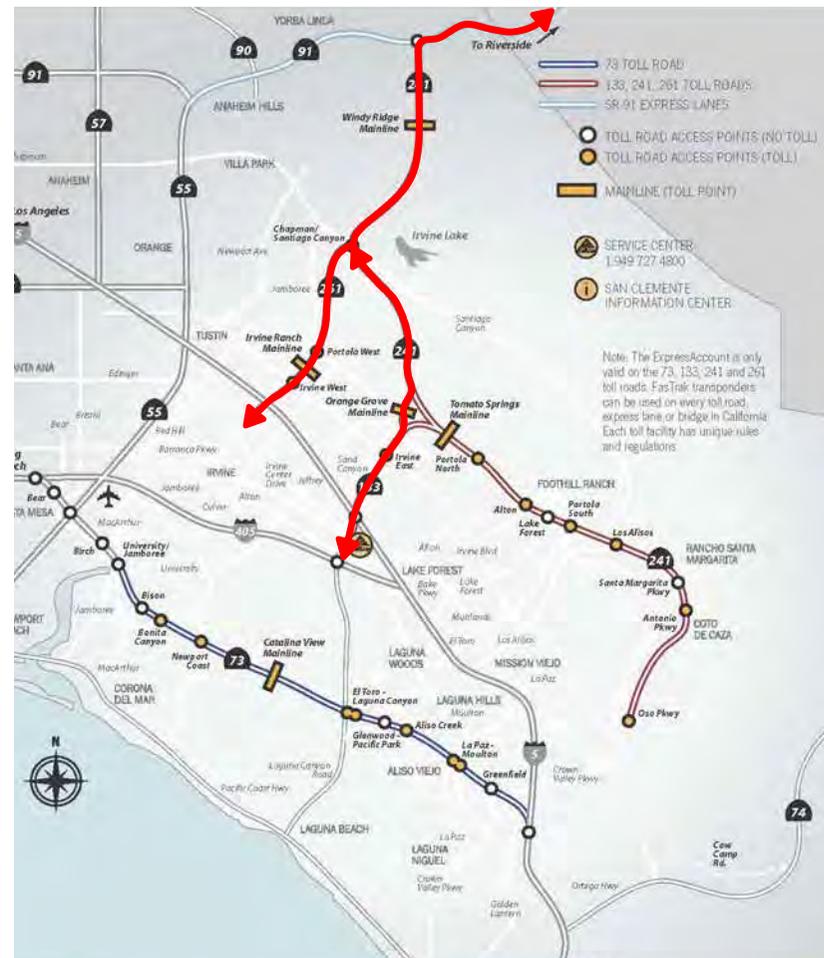
- The Foothill/Eastern System and San Joaquin Hills System comprise a 51-mile tolled highway network
- SJH opened in 1996; F/E in 1997
- 20 percent of OC highway system
- 300,000 trips on a typical weekday
- \$358 million annual toll revenue
- All drivers pay electronically
- 1.2 million accounts; 1.2 million transponders
- Built parallel to OC's congested I-5, I-405 and SR-55 freeways
- System provides predictable access to commercial centers and Airport





# S241-S133, N133-N241 & 241-261 User Base

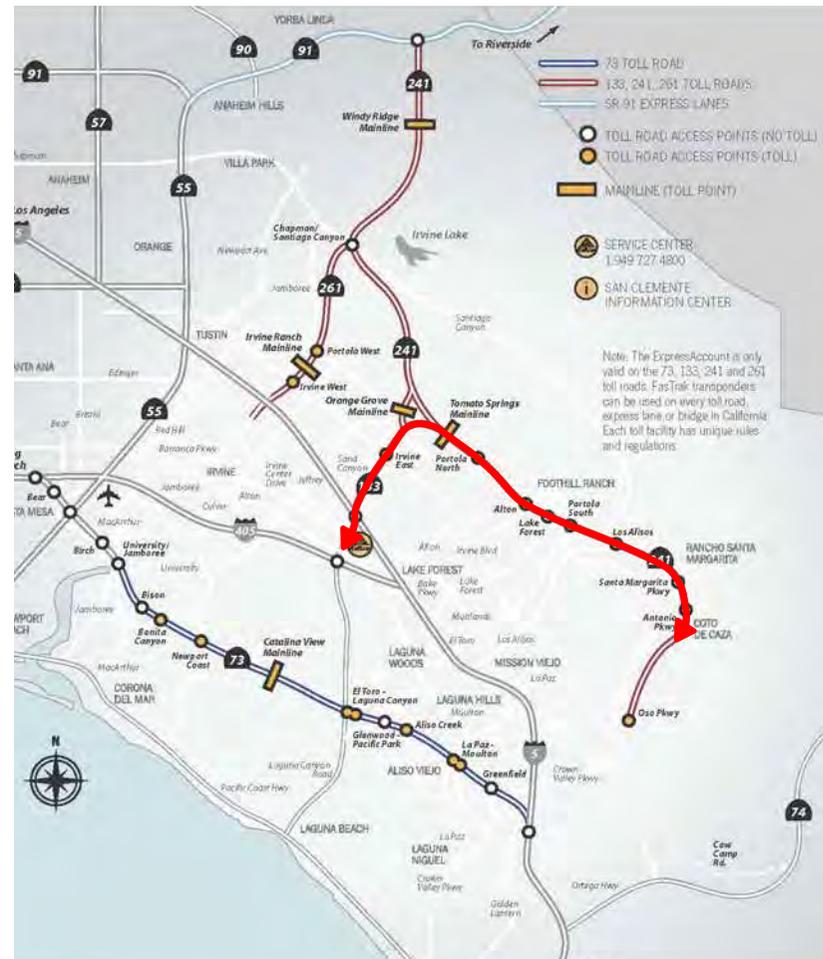
- Very strong commuter base from housing in Riverside County to employment centers in Orange County
- Alternatives include SR-91 and SR-55, both with high levels of peak period congestion





# N241-S133 and N133-S241 User Base

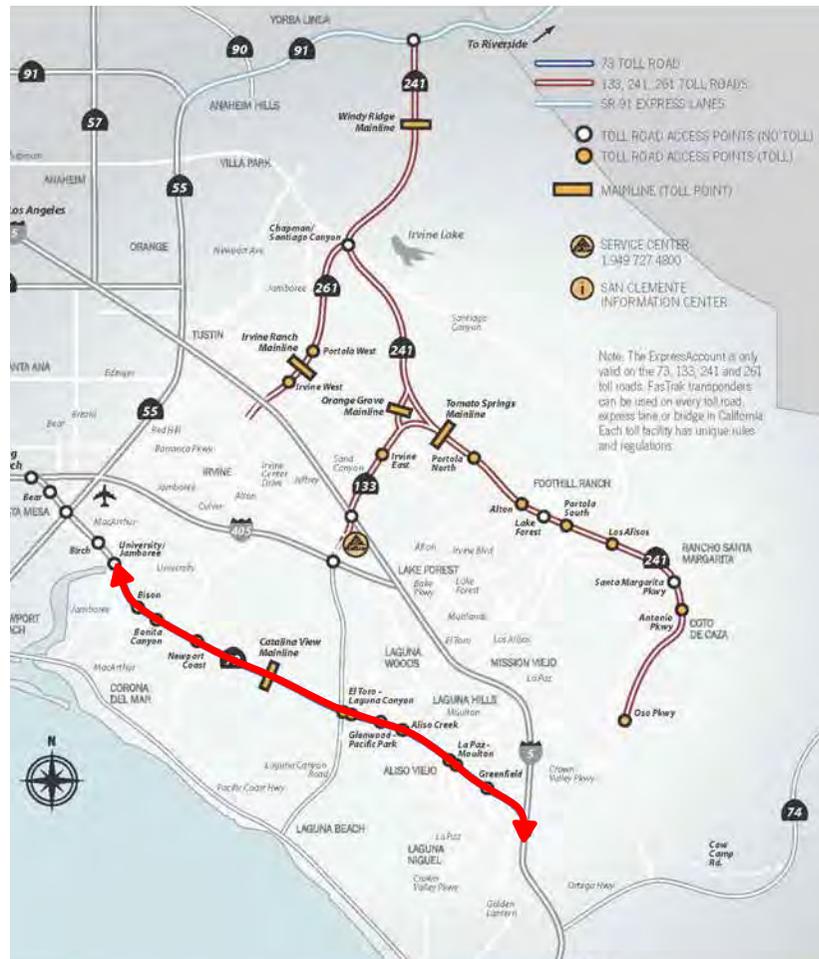
- Strong housing market in southeastern Orange County commuting to employment centers
- Alternatives are mostly signalized local arterials
- Future development





# 73 User Base

- Longer distance trips
- SR 73 serves as an alternative route to heavily congested I-5 and I-405
- Northbound AM and Southbound PM peak travel patterns





# Different Partners For Unprecedented Results

- TCA functions as a small agency with big partners. Everything we do involves a partnership and fruitful collaboration with community members, regional transportation planners and stakeholders. TCA's partners include:
  - **Caltrans** -- Maintenance of The Toll Roads as part of the state highway system
  - **California Highway Patrol** -- Law enforcement
  - **Southern California Association of Governments (SCAG)** -- Planning and policy initiatives for Southern California
  - **Orange County Transportation Authority (OCTA)** -- Collaboration for regional mobility solutions
  - **Orange County Public Works** -- Traffic flow improvement and connectivity
  - **Orange County Central/Coastal Natural Communities Conservation Plan/Habitat Conservation Plan (NCCP/HCP)** -- A connected network of permanent open spaces across Orange County





# Drivers Pay in Different Ways

TCA offers drivers multiple ways to pay tolls incurred on The Toll Roads. There's a way to pay that is ideal for all of our different driver types -- daily commuters, weekend warriors, area visitors and the occasional user.



- Created by TCA
- Users Prepay
- Use Transponders
- Get \$1 Discount
- Works on California Toll Facilities



- Uses License Plate
- Credit Card, prefunded account or monthly invoice
- Only works on TCA Facilities



- Online or App
- Pay toll within 5 days
- Driver or TCA can calculate toll amount based on information provided
- Driver pays via credit card



Santitas Canyon Rd  
Stanton Ave

55  
Miles Per Hour



# Record-breaking Days Make A Difference

- TCA's solid financial health and continued growth in transactions and revenue, reflect The Toll Roads' value to Orange County's vibrant economy and transportation network. **During the last three years, The Toll Roads' ridership has increased by nearly 20 percent.**
- This year, ridership numbers on the 73 Toll Road set new records for every day of the week. The 133, 241 and 261 Toll Roads had four record-setting days and all of The Toll Roads combined had five **record-setting days when ridership reached numbers never-before-seen.**

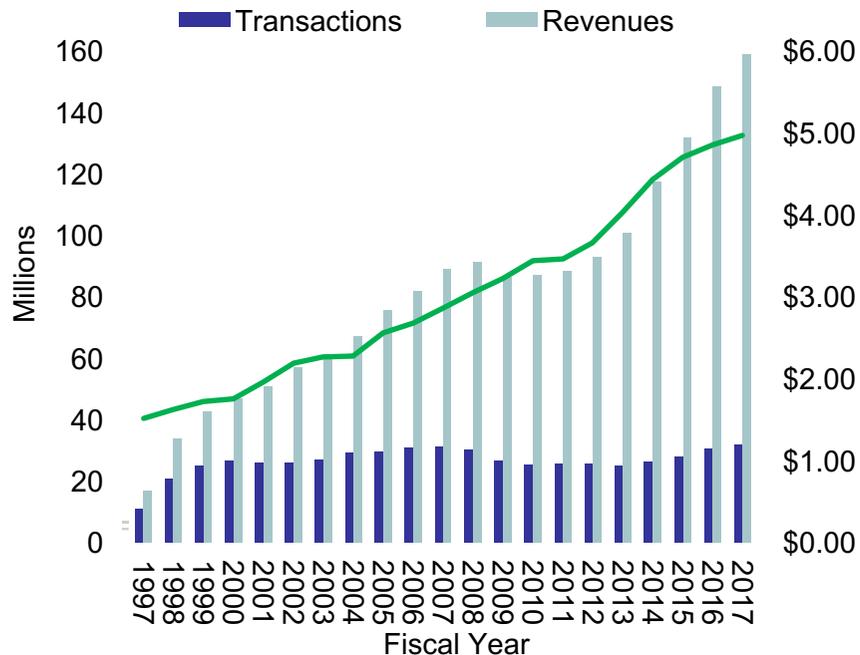
*In FY17, more trips were taken and more transactions were recorded on The Toll Roads than any other year in TCA's history.*



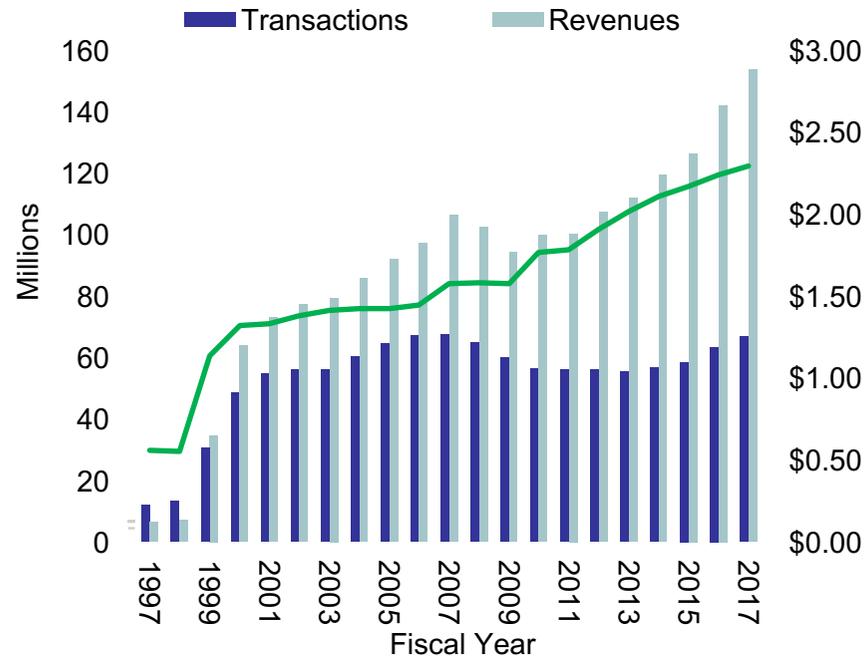


# Historical Transactions, Revenues and Average Tolls

San Joaquin Hills TCA



Foothill Eastern TCA



- Transactions have increased steadily for both toll roads even as the average toll has increased
- Revenue growth is strong as a result of inflationary toll increases coupled with transaction increases

Source: The Toll Roads



# Different Investments Can Be Good Investments

- Refinancings in 2013 and 2014
  - Took advantage of historically low interest rates
  - Established debt structures to align with historical revenue growth
- Since the refinancings, traffic and revenue have exceeded projections and reserves have grown
- Credit ratings upgrades for both Agencies in 2017.

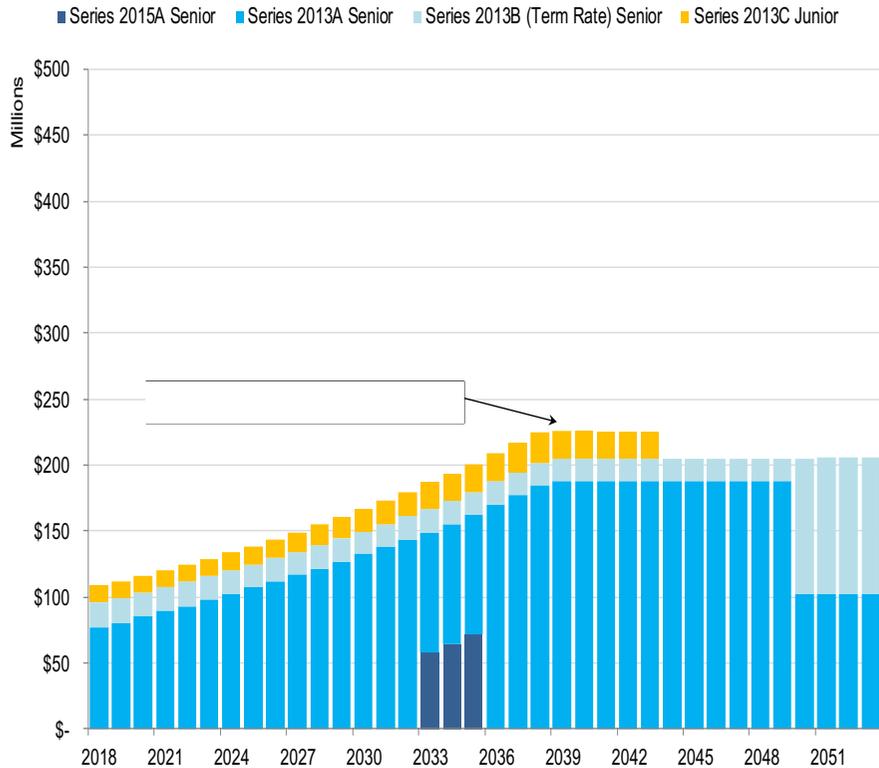
*TCA's finances have never been in better condition -- as evidenced by recent bond ratings upgrades, strong liquidity and growing reserve fund balances. Transactions and revenue numbers are at an all-time high.*



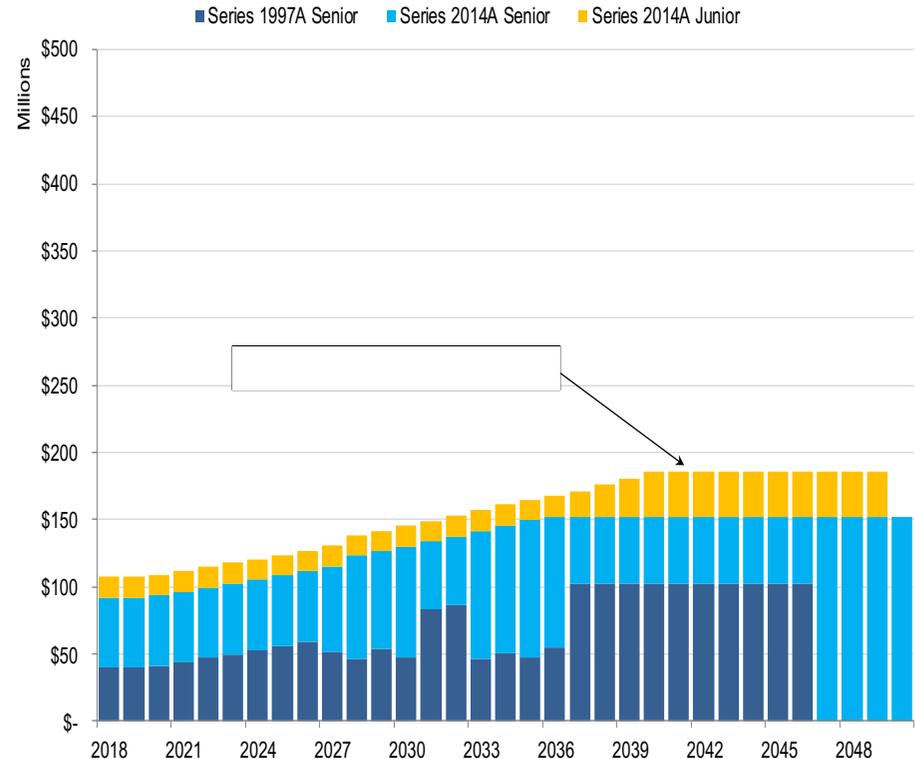
# TCA Debt Structures

- Extended final maturity to better match revenue projections
- More gradual debt service growth to level debt service post-2038

## Foothill/Eastern TCA



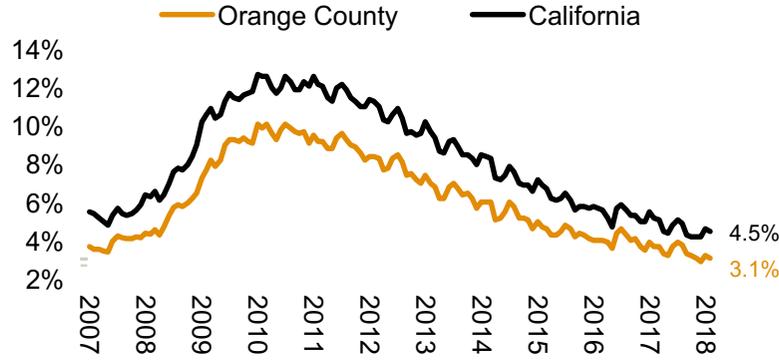
## San Joaquin Hills TCA



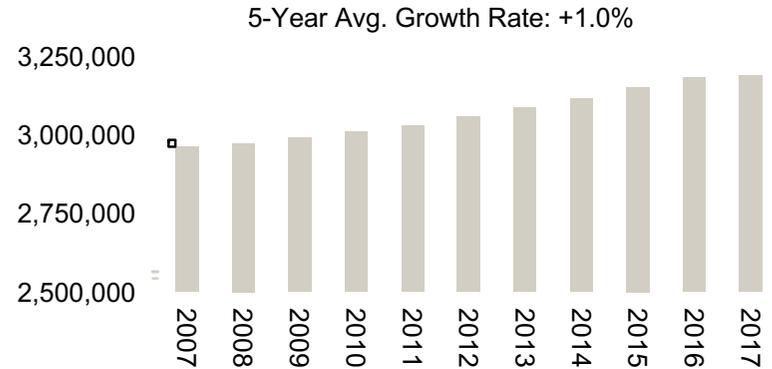


# Orange County Economic Indicators Continue Positive Trends

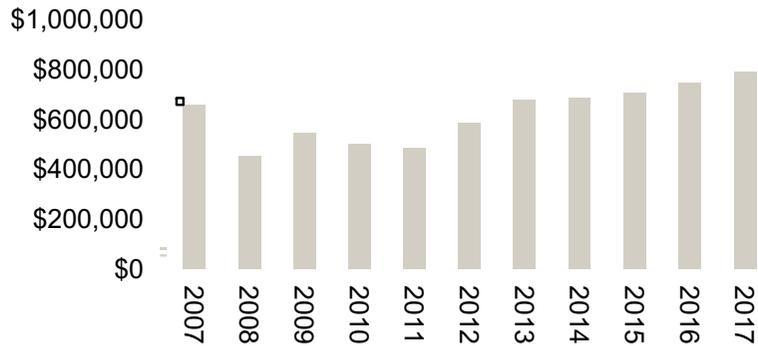
**Unemployment Rate as of February 2018<sup>1</sup>**



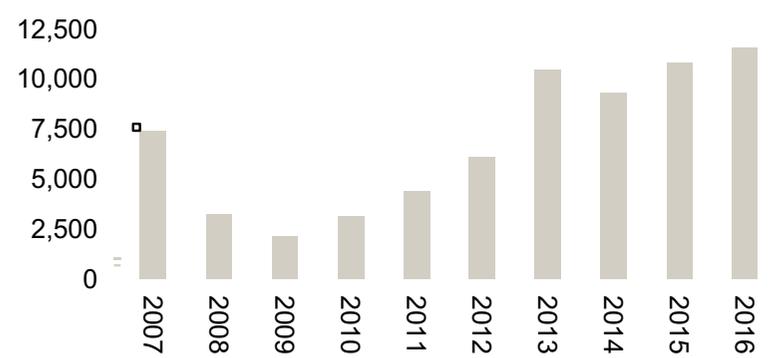
**Population as of July 2017<sup>2</sup>**



**Median Home Price as of December 2017<sup>3</sup>**



**Residential Building Permits (Units) as of CYE 2016<sup>4</sup>**



- Positive trends in each of these four indicators are also observed in Riverside and San Diego Counties

Sources: (1) State of California Employment Development Department; (2) US Census Bureau, California DOF; (3) California Association of Realtors, single-family residences; (4) US Census Bureau, reflects latest available full year data





# Working Toward A Different Future

- In FY17 TCA conducted a study of the South Orange County community which identified high levels of agreement that there is a growing traffic problem
- Excessive I-5 traffic during the morning and evening commute times, on weekends and whenever there is an accident or incident that impacts an I-5 traffic lane.
- Data has concluded that this severe congestion is significantly impacting quality of life for South Orange County families, residents, business owners and commuters.

*TCA, Caltrans and the Orange County Transportation Authority are working to address traffic congestion concerns in South Orange County. TCA is studying traffic congestion relief ideas proposed by the public during three public forums. Some of these ideas will be evaluated as part of the formal environmental review process.*



# Challenge from within Orange County

**250,000**

NEW PEOPLE BY 2040  
CSUF, Center for Demographic  
Research  
*Orange County*

**66%**

INCREASE IN DELAYS BY 2040  
2018 OCTA LRTP  
*Orange County*

**22,000**

NEW HOMES BY 2040  
CSUF, Center for Demographic  
Research  
*South Orange County Only*





# Challenge from outside Orange County







# Delivering a Project Differently

- TCA was one of the first agencies in the state to use the pioneering design-build method for the construction of public roads. The approach combines design and construction simultaneously to save time and money and incentivize private-sector companies to complete projects on time.

*TCA has a number of capital projects in the works:*

*Toll Booth Removal Project; South Orange County Traffic Relief Effort; 241/91 Express Connector Project; and the Oso Parkway Bridge Project*



# Setting Aside Differences

- TCA has joined more than a dozen environmental organizations in a landmark, award-winning settlement that underscores the collaboration between TCA's leadership and the leaders of the environmental community. It is with this collaboration and framework that TCA will move forward to review alternative solutions for solving the regional traffic problem in a manner that protects our most environmentally and culturally sensitive lands.

*The Foothill-South Settlement Agreement followed a 20-year effort by TCA to gain approval for the southern extension of the 241 Toll Road. The agreement clears the path for a new process to find a balanced solution that provides traffic relief while also protecting sensitive lands and cultural resources.*



# Capital Improvement Highlights





# 241/91 Express Lanes Connector

- Median-to-median connector providing direct access into the 91 Express Lanes
  - Northbound 241 to Eastbound 91 Express Lanes and Westbound 91 Express Lanes to Southbound 241
  - ~\$180M project cost
- Improves mobility by enhancing an alternative to SR-55 and local streets
- Enhances safety by reducing weaving across general purpose lanes
- Maintains 91 Express Lanes operational performance levels



MILESTONE	DATE
Final Environment Document Completion	2018
Final Design Completion	2018
Construction Begins	TBD
Express Connector Opens	TBD

# Eight Ideas Advance to PSR

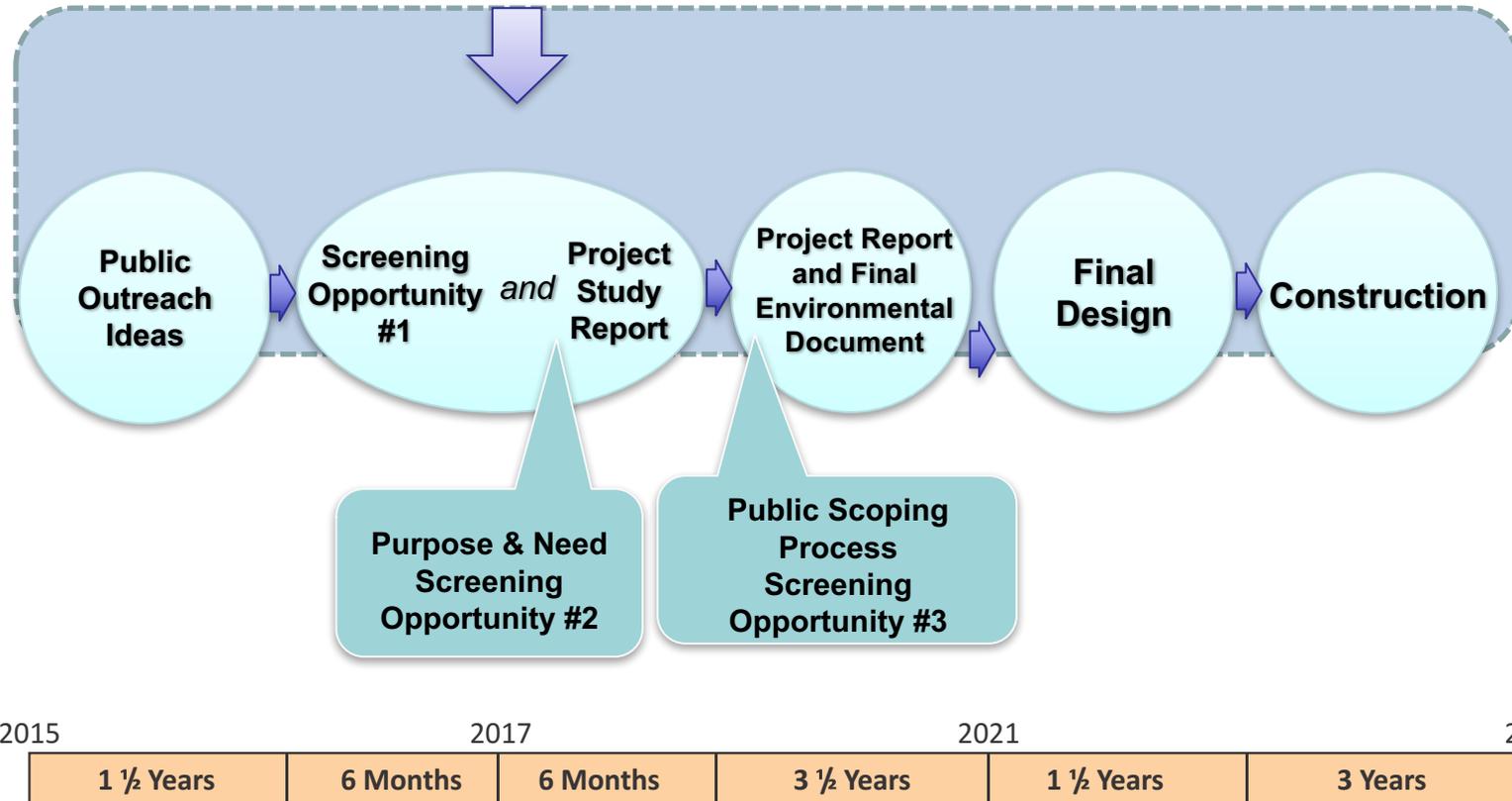
- Toll road extensions from SR 241 to I-5 with managed toll lanes on I-5
- GP or managed toll lanes on I-5
- Toll road/arterial extensions to SR 73
- Hybrid 241 short extension and I-5 managed toll lanes





# Project Development Process – Next Steps

**WE ARE HERE**



**Timeline**



# A Different Kind of Environmental Pioneer

- TCA was an early partner and major financial contributor to The Orange County Central/Coastal Natural Communities Conservation Plan/Habitat Conservation Plan
- Land set aside under the NCCP/HCP stretches over nearly 40,000 acres from Orange County's coast to the Cleveland National Forest and shelters seven federally protected species and more than 30 sensitive species.

*In order to balance construction of The Toll Roads, TCA has restored and preserved in perpetuity more than 2,200 acres of open space in Orange County -- many of which are home to the federally protected songbird, the California gnatcatcher. The open spaces that we protect remind us of bygone days, when ranchers, farmers, cattle and the occasional mountain lion populated Orange County.*





# Conclusion

- Strong traffic and revenue performance exceeding projections, supported by one of the nation's strongest underlying economies
- Strong management from the Board and staff, including willingness to implement toll increases to preserve credit quality
- Sound debt service coverage
- A capital program that, while large, is well planned and requires strong management and financial feasibility





# For More Information

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