

*Transportation Corridor Agencies*



# Presentation to Lake Forest City Council

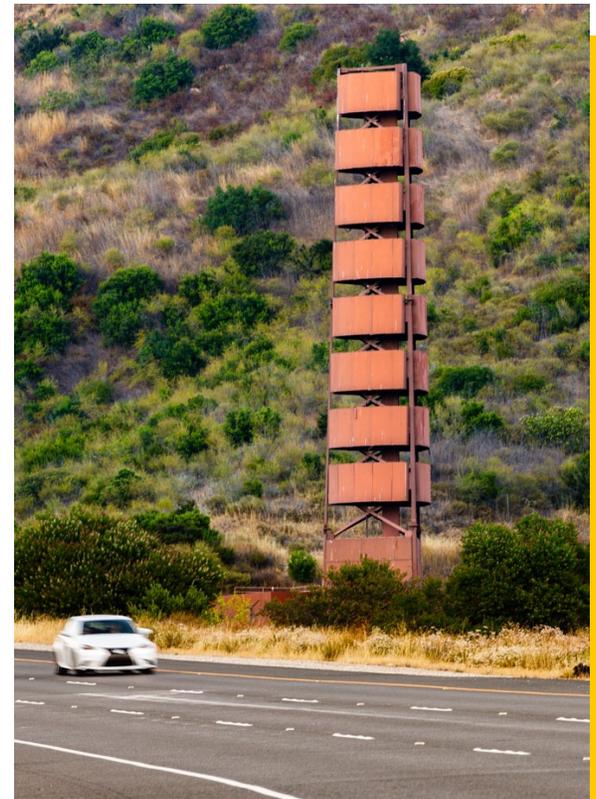
December 6, 2022



# The Toll Roads: Overview

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- Planned by the County in the 1980s to mitigate current and future traffic congestion
- No state/federal funding available
- Self determination and self reliance
- TCA formed as a government agency (two separate JPAs) in 1986 by local leaders to build the planned roads as tolled facilities
- Financed by nonrecourse toll revenue bonds and Development Impact Fees



# The Toll Roads: Governance Model

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- Two separate Boards – San Joaquin Hills and Foothill/Eastern
- Strong local oversight by elected officials from 17 member cities and county (currently 22 Board Members)
- Regional perspective

## **Foothill/Eastern**

- Anaheim
- Dana Point
- Irvine
- Lake Forest
- Mission Viejo
- Orange
- Rancho Santa Margarita
- San Juan Capistrano
- Santa Ana
- Tustin
- Yorba Linda
- County of Orange (3rd, 4th and 5th Districts)

## **San Joaquin Hills**

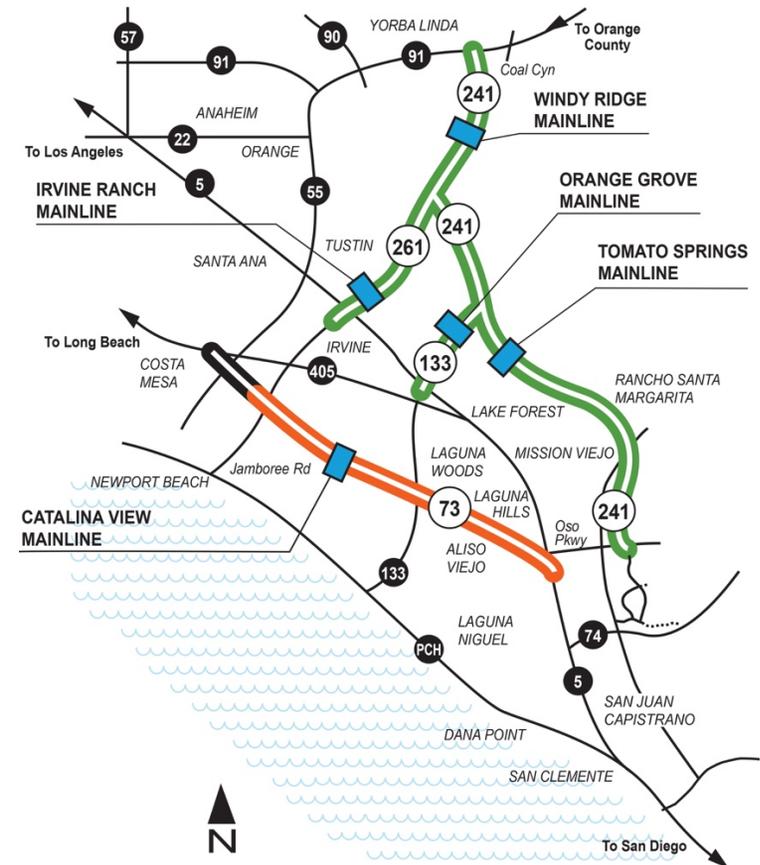
- Aliso Viejo
- Costa Mesa
- Dana Point
- Irvine
- Laguna Hills
- Laguna Niguel
- Laguna Woods
- Mission Viejo
- Newport Beach
- San Juan Capistrano
- Santa Ana
- County of Orange (3rd and 5th Districts)

# The Toll Roads Network



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- 420 lane miles
- 330,000 daily transactions
- 2.2 million accountholders
- Built as parallel alternatives to I-5, I-405 and SR-55 highways
- Even drivers who don't use The Toll Roads benefit



# Financial Stability/Sustainability

- Nonrecourse toll revenue bonds
- Full value debt payments made timely since inception
- Refinancings in 2013 and 2014
  - Established debt structures to align with historical revenue growth
  - Keep toll rates low
  - Provide “rainy-day” fund
- Consistent rating upgrades from all three major credit rating agencies
  - Both Agencies’ bonds have “A” rating
  - Last 3 years - Saved over \$700 million in interest without extending bond maturity dates

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MOODY'S

FitchRatings

S&P Global

# Planning for the Future

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**Orange County continues to grow and change,** and TCA's Boards of Directors are taking actions to ensure long-term success of the Agencies, like its founding members.



**Acknowledging the current state of transportation and technology,** which has changed significantly since the inception of TCA and developing a roadmap to a successful future.

**Slide 6**

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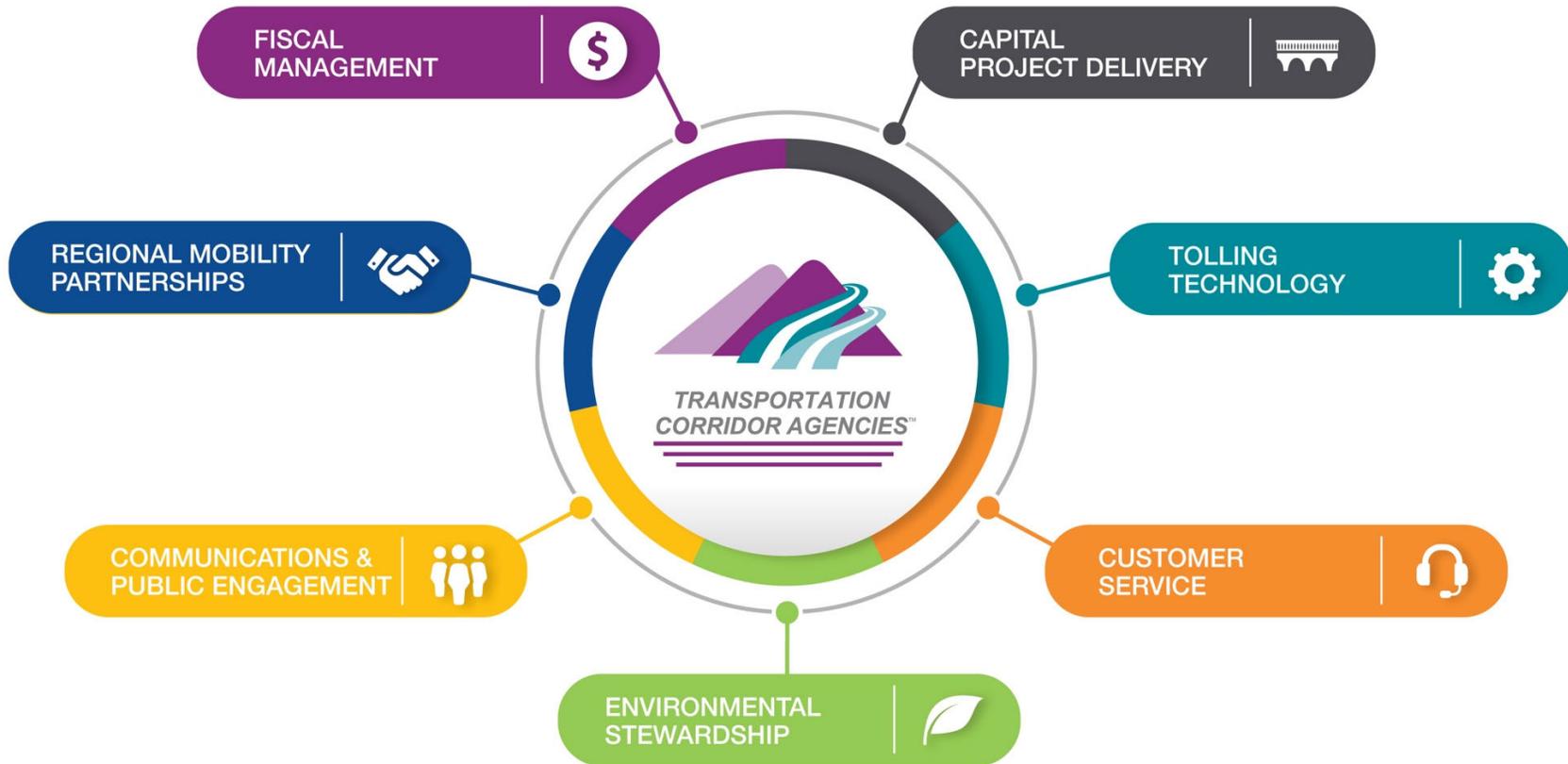
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# Strategic Plan's Seven Focus Areas

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# Fiscal Management

## Activities

- Execute steps to allow Board approval of approximately **\$600 million in early debt paydown, saving \$670 million**
- Recommend adoption of **liquidity and pension policies**
- Complete **financial needs and system assessment**
- Prepare debt fact sheets that provide **accurate information on the Agencies' financial strength**
- Produce **annual updates** to seven-year cash flow projections

### Fiscal Management

Fiscal Years 2023–2029



**Goal**  
Continue to fulfill the Agencies' commitment to maintaining a long-term sustainable financial position.

**Objectives**

- Conduct financial planning that supports Agencies' Capital Improvement Plan, debt management strategy and other initiatives while maintaining strong credit ratings.
- In accordance with Agencies' Debt Management Policies, monitor economic environment and look for opportunities to further enhance the Agencies' strong finances.
- Develop cashflow scenarios that include opportunities for the early pay down of bonds per call provisions and strategic plans' horizon years.
- Recommend the establishment of policies that support the Boards of Directors' strategic priorities.
- Continue to provide for transparency through annual audits, transactional data and debt fact sheets to promote investor, Board and public confidence.

**Activities**

- Recommend adoption of liquidity policies in support of the Agencies' emergency reserve and credit rating strategy, and other financial policies such as maintaining the Agencies' fully funded pension liabilities.
- Produce annual updates to seven-year cash flow projections to include CIP, other agency initiatives and debt management.
- Execute steps necessary to allow Board approval of approximately \$600 million in early debt paydown as follows:
  - San Joaquin Hills: FY25, FY26 and FY27
  - Foothill/Eastern: FY23, FY24, and FY28
- Work with the Communications team to prepare debt fact sheets providing accurate information on the Agencies' financial strength.

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# Agencies' Strong Liquidity Provides Flexibility

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**Boards' commitment to sound financial practices and supporting policies has resulted in:**



Improved **credit ratings**/significant refunding **savings**



**Strong** liquidity that **protected** against pandemic



Ability to **fund** capital program with **cash**



Ability to **paydown** bonds **early**

# Customer Service

## Discount Plan

- Drivers with a prepaid FasTrak account are eligible for a monthly frequent driver discount.
- Drivers who spend \$40 in tolls on The Toll Roads during a statement period receive \$1 off every toll accumulated on The Toll Roads the following statement period.
- FasTrak accounts can be open through the TCA website or App.

### Customer Service

Fiscal Years 2023–2029



**Goal**  
Maintain high levels of customer satisfaction, convenience and operational efficiencies by leveraging new and emerging technologies and service models.

**Objectives**

- Maintain “A” rating in customer satisfaction and Net Promoter Score of 70+ across all customer types.
- Retain and/or reduce per transaction costs for toll operations.
- Increase customer convenience through expanded payment options, third-party models and expanded interoperability.
- Improve revenue recovery and account resolution for unpaid tolls and penalties.

**Activities**

- Make investments to enhance and/or upgrade key customer facing systems including:
  - Telephone and automated voice response system
  - TheTollRoads.com
  - The Toll Roads app
- Leverage partnership with PayNearMe to expand payment locations and tools for all customer types.
- Support emerging Mobility as a Service (MaaS) and connected vehicle imbedded solutions through continued expansion of fleet accounts with private companies (Innovator Fleet Accounts).
- Expand efforts to resolve delinquent accounts (Resolutions Plus Program) and evaluate use of third-party collections service provider.
- Reconsider building rehabilitation plans considering reduced space requirements.
- Ensure operating practices and approaches to penalty mitigation are effective.
- Explore partnerships with other agencies, Caltrans and the California Transportation Commission to leverage TCA’s existing systems and reduce costs through road user charge pilots.

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# Capital Project Delivery

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- Deliver the Boards' adopted **Capital Improvement Plan projects**
  - SR 241/91 Express Connector
  - SR 73 Catalina View Improvements
  - SR 241 Loma Improvements
- Recently completed projects
  - Los Patrones Parkway (County Led, TCA Funded)
  - Oso Parkway Bridge
- Enhance **project delivery**
- Conduct periodic **traffic studies**
- **Research, studies and pilot programs**



# Environmental Stewardship

## Activities

- Continue active management of **conservation lands and environmental programs**
- **Advance evaluation, planning and implementation of recreational uses** in connection with environmental projects and programs
- **Broaden environmental education** and knowledge of TCA's contributions
- **Incorporate additional wildlife fencing along The Toll Roads**
- **Initiate planning for long-term management of perpetual obligations**

### Environmental Stewardship

Fiscal Years 2023–2029



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|--|--|
| <b>Goal</b> <p>Continue to advance the Agencies' legacy of environmental stewardship and innovative leadership to protect and support Orange County's natural environment and threatened species for future generations.</p> | <b>Objectives</b> <ul style="list-style-type: none"><li>• Support TCA's lands management program incorporating:<ul style="list-style-type: none"><li>— Environmentally friendly methods including use of nontoxic materials for weed abatement.</li><li>— Implementing measures to support environmental sustainability and resilience for ongoing and future CIPs.</li></ul></li><li>• Evaluate opportunities to implement or support relevant, beneficial conservation programs or activities utilizing TCA's Habitat Conservation Fund.</li></ul> |
|--|--|

**Activities**

- Continue active management of more than 2,000 acres of conservation lands and environmental programs.
- Advance the site plan and process for recreational and mitigation purposes at the Saddle Club Preservation Property.
- Reestablish educational tours for Orange County teachers and students, and work to develop periodic content for distribution.
- Incorporate additional wildlife fencing along sections of The Toll Roads when improvements are made to the extent feasible.
- Continue discussions with member cities, regional partners and environmental coalition members to identify solutions and opportunities to improve and conserve the environment, including:
  - Hybrid uses that support improved environmental outcomes and social/recreational uses
  - Establishment of habitat for urban farms
  - Enhanced support for wildlife migratory paths
  - Creation, restoration and/or preservation of resilient habitats
- Initiate planning for long-term management to comply with resource agency permit requirements and perpetual protections of habitat and wildlife, while incorporating opportunities for self-funded future enhancements.

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# Innovative Environmental Stewardship

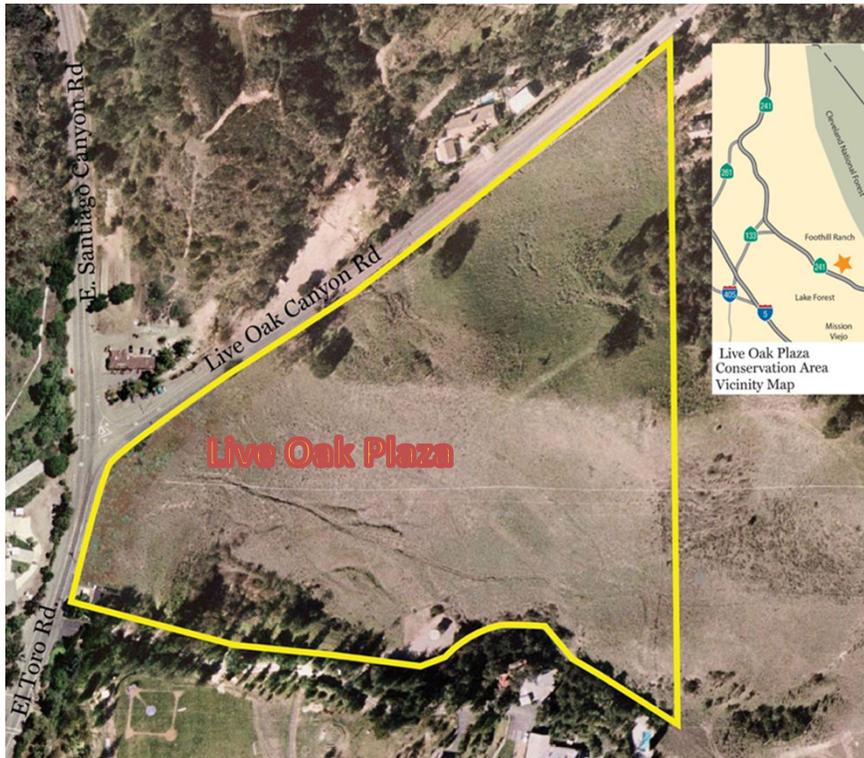
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- 25 years of environmental success
- More than 2,200 acres of native habitat
- Over \$125M on environmental programs
- Home to multiple species, including:
  - Coastal California Gnatcatcher
  - Brodiaea
  - Coastal Cactus Wren
  - Mountain Lion
- Wildlife monitoring and movement studies
- Provides improved air quality
- Education and service



# Live Oak Grazing Program

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# Grazing Program Next Steps

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# Maintaining Wildlife Corridors and Connectivity

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Wildlife Crossing



# Conclusion

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## Questions/Discussion