I-405 Project Implementation (Alternative 3)
Preliminary OCTA/Caltrans Agreement on Terms
As of
April 16, 2015

1. **Project Delivery**

   a. OCTA is lead agency for procuring the design-build "db" contractor and/or toll systems integrator, as well as the provider of toll collection services for the project.

   b. Project delivery will be based on pending legislation & AB 401.

   c. Current implementation Co-Op for the db phase of the project can proceed followed by an agreement consistent with tolling authorization “Operating Toll Agreement”.

2. **Project Funding & Financing**

   a. OCTA is responsible for developing the overall funding/financing plan for the project, including use of Measure M2 funds for the GP lanes. OCTA shall be the issuer of any indebtedness and shall be the borrower under any TIFIA loan. While OCTA is responsible for development of the overall funding/financing plan, OCTA will share information concerning the plan with Caltrans during the development process.

   b. Parties agree to seek additional State and Federal discretionary grant opportunities for the tolled portion of the project.

   c. Caltrans will provide $82 million to be programmed in FY 2015/16 to be used towards constructing the project (Caltrans Preferred Alternative).

   d. OCTA will pursue TIFIA funding with due consideration for related requirements and project schedule considerations.

   e. Operating Toll Agreement (including tolling authority) with the state will extend a minimum of five years beyond the initial bonding period/term required for financing. If toll revenues are found to be insufficient to cover all costs for operations, maintenance, and financing requirements, and refinancing of the debt is required, the Operating Toll Agreement can be extended additional years (beyond the existing 5 years) to provide an extended financing term.

3. **Operations**

   a. OCTA operates or shall retain a private operator to operate the toll collection facilities.

   b. The facility to open with a HOV2+ free policy for no less than 3 years.¹

   c. Caltrans & OCTA recognize performance/operational and financial triggers will be established to switch to HOV3+ or if state implements a 3+ policy on state highways through changes to State law or through the administrative process.

   d. Parties agree there will be an exemption for ILEVs (such as customers with “green sticker”.) However, customers will be required to pre-register their vehicles as is the policy on the SR 91 Express Lanes. There will be an agreed upon cap on number of such vehicles.

   e. The parties agree that 55 - 60 mph¹ is an appropriate target speed.

¹ Subject to results of the I-405 Traffic and Revenue study to be completed at a later date and further additional funding considerations.
f. The parties agree that continuous access may be detrimental to financial and operational requirements of managed lanes based upon current technology, enforcement and safety considerations, however, consideration of continuous access should not be precluded in the future.

h. OCTA decides on toll policies and agrees to toll lanes performance measures as will be outlined in the Operating Toll Agreement. The Parties agree that a goal of the Project should be to increase the Average Vehicle Occupancy of the Corridor.

4. **Net Excess Revenues (after payment of O&M on the managed lanes including toll collection costs, debt service for obligations payable from tolls, funding of debt and project reserves, and required repayment of TIFIA loan)**

The parties agree that development of an Expenditure Plan will be developed in partnership between each agency and consistent with the following terms below:

a. The Parties shall develop a multiyear expenditure plan for use of Net Excess Revenues within the Corridor. This expenditure plan shall cover a period of either ten years or the full term of all financing used to construct or repair any portion of the toll facility project, whichever is longer. The Expenditure Plan shall be updated annually.

   i. OCTA’s Board of Directors shall review and adopt the expenditure plan and each update.

b. Net Excess Revenues shall be used for projects that maintain or improve the safety, operation, or travel reliability of any transportation mode in the corridor, or provide or improve travel options in the corridor.

c. General Purpose lanes capital and preventive maintenance and operational improvements are eligible expense and will be included in the annual Expenditure Plan in compliance with Federal law.

d. The use of net excess revenue to pay for projects in the Expenditure Plan will not result in reducing SHOPP funds targets available to the County.

e. Similar to the SR 91 Express Lanes, the Parties agree that OCTA will be responsible for implementing all projects required for the operation and maintenance of the Project tolled express lanes and associated toll collection facilities. Caltrans will be responsible for implementing non-toll related projects on the State Highway System that are funded from Net Excess Toll revenue.