

United States Senate
Environment and Public Works Committee
Field Hearing, Los Angeles, California

Written Testimony Of Mr. Arthur T. Leahy
Thursday, September 4, 2008

Madam Chair and Members of the Committee:

My name is Arthur T. Leahy, and I am Chief Executive Officer of the Orange County Transportation Authority (OCTA). It is an honor to have the opportunity to testify before you Madam Chair, and before this Committee, which plays such a major role in determining national transportation policy and will be deeply involved in writing the next transportation authorization legislation.

OCTA was established as a multimodal transportation authority in 1991, in order to bring about a more efficient and comprehensive approach to transportation by consolidating seven separate transportation agencies. Since that time, Orange County has grown to be the fifth most populous county in the nation with over 3.2 million residents. OCTA has kept pace of that growth, and now operates the twelfth busiest bus system in the nation with over 68 million rides provided in 2007. We also provide regional commuter rail service, operated by Metrolink under the direction of OCTA and Los Angeles, Riverside, San Bernardino and Ventura counties. Metrolink is now providing over 4 million rail passenger trips annually in the three commuter rail lines which serve Orange County, the highest annual ridership since inception.

But the OCTA is much more than just a transit provider. OCTA also owns and operates the 91 Express Lanes, a four lane, 10 mile toll road connecting Orange and Riverside counties. It also assists with the planning and funding of all freeway improvements in Orange County. We have recently completed an expansion of the SR-22 (Garden Grove) freeway, adding new lanes, widening bridges and improving interchanges. By using the innovative design-build construction method for the first time on an operating California highway, these improvements were delivered several years earlier than they would have been using traditional construction methods.

The next transportation authorization legislation will call on all of us to strive towards the most efficient management of our transportation infrastructure. Limited resources in the face of rising mobility demands mean that we must always try to manage our assets in a manner which will move the most people, at the lowest cost. OCTA is dedicated to this goal of delivering safer, faster and more efficient multimodal transportation solutions. We are proud that by the efficient use of our resources we have a solid track record of providing these transportation solutions and thereby have earned the trust of the travelers and taxpayers in Orange County. There is no better testament to this trust than the fact that, in November 2006, Orange County voters, by a 70% majority,

approved the extension until 2041 of our Measure M ½ cent sales tax and tax expenditure plan for transportation improvements.

I would like to direct today's remarks to a discussion of OCTA's management of two parts of our transportation infrastructure: 1) the 91 Express Lanes and how the efficient use of this facility means greater regional mobility for Orange and Riverside counties; and 2) commuter rail service on the Los Angeles-Orange County-San Diego portion of the San Luis Obispo to San Diego (LOSSAN) rail corridor and the potential for more efficient use of this, the second busiest passenger rail corridor in the nation.

The 91 Express Lanes operate in the median of the Riverside Freeway (SR-91) in Orange County. They begin at the Costa Mesa Freeway (SR-55) and continue to the Riverside/Orange County line. All toll collection on the 91 Express Lanes takes place by the use of open road tolling with electronic transponders. There are presently over 118,000 accounts for these transponders. The 91 Express Lanes are located in one of the region's most heavily traveled corridors, adjacent to often-congested free lanes, and in the same corridor with express bus service and heavily utilized commuter rail service.

Our desire to make more efficient use of this asset led to the OCTA to purchase the 91 Express Lanes from private ownership in 2003. Prior to that time, a non-compete provision in the private franchise prohibited any planning or construction for added capacity improvements within 1.5 miles on either side of the 91 Express Lanes without the approval of the private owner. This non-compete clause kept the OCTA from planning or constructing any improvements in the free lanes of the SR-91 at a time when tremendous growth in the population of Riverside County was seeking to access the growing job base in Orange County via the SR-91 Corridor.

The OCTA purchased the 91 Express Lanes at a negotiated fair market value of \$207.5 million, using \$72.5 million of its cash reserves (to be repaid from tolls with interest) and the assumption of the private franchise existing debt of \$135 million. Indications are that in 2008 the value of the 91 Express Lanes as an ongoing enterprise may be as much as double that initial purchase price.

The purchase was approved by state legislation (AB 1010) which permits the use of toll proceeds for the costs of operation, capital debt service, and highway and other improvements in the SR-91 corridor (including general purpose free lane improvements) between the SR-55 in Orange County and the Interstate 15 in Riverside County.

Upon purchasing the 91 Express Lanes, the OCTA immediately went to work planning and constructing improvements in the SR-91 corridor. Over \$9.3 million in corridor improvements have been provided by the OCTA to date, including improvements in Riverside County, with \$175 million in projects to be completed by 2011, and another \$1.45 billion in projects to be completed in the 2015 timeframe.

The OCTA also designed and put into operation a variable toll system which sets tolls in such a manner as to provide a fast throughput for those with time sensitive needs for their trip. Variable tolls are higher during peak congested hours to keep speeds up and lower during less congested hours to encourage greater use at those times. This is accomplished by tracking the number of vehicles on the 91 Express Lanes for each hour in each direction over the most recent rolling 12 week period. If traffic volumes

reach at least 92% of capacity (or 3128 vehicles per hour) six or more times during the 12 week period, then that particular hour is eligible for an adjustment. If the average hourly vehicle volumes are between 3200 and 3299 then the toll for that hour is adjusted by \$.75. If the average hourly vehicle volume is greater than 3299, then the toll increase is \$1.00. There is also an annual cost of living adjustment for those hours that have not been otherwise adjusted in that year. After adjustment, tolls are frozen for six months. Carpooling is encouraged by allowing three or more people in one car to ride free during most hours and half price during the most congested times (4 pm to 6 pm eastbound Monday through Friday). These variable toll adjustments are implemented quarterly in a predictable manner which allows all potential users to know in advance the cost of a 91 Express Lanes trip at a given hour of the day. The variable toll rates are posted prior to entering the 91 Express Lanes so that drivers can make a decision based upon their needs for that trip. Rates currently range from \$1.25 in the overnight hours to \$10.00 in one peak eastbound evening rush hour on Friday.

This variable congestion pricing policy improves mobility. The 91 Express Lanes represent 33 percent of the total SR-91 Corridor lane capacity, yet they handle 40 percent of the vehicle traffic during eastbound peak hours. By using variable congestion pricing we have been able to achieve higher speeds, traffic volumes, revenues and average vehicle occupancy. Overall existing capacity is used more efficiently by encouraging commuters to travel when there is less traffic. Our data shows that, as a result of congestion pricing, peak traffic volume growth is shifting to the lower priced "shoulder hours" outside the peak times. The carpooling program has also been very successful. During fiscal year 2007, three person carpool trips on the toll lanes reached 2.9 million, a 34 percent increase over fiscal year 2004 (the first full year that the policy was implemented). Other modes in the corridor are also being used, with Metrolink commuter rail usage on the Inland Empire Orange County line essentially at capacity. In addition, OCTA also operates a successful express bus service between Riverside and Orange counties, which uses the 91 Express Lanes and other HOV Lanes for 35 of its 39 mile route.

The 91 Express Lanes have also been an ongoing financial success since coming under OCTA ownership in 2003. While vehicle volumes have declined somewhat recently due to the high gasoline prices, the 2008 traffic volume of 13.5 million is still one third more than 2003 volume. Total toll revenues reached \$53 million in FY 2007, which is more than double the revenues before ownership.

The 91 Express Lanes congestion management experience shows that good business practices applied to congested corridors can be successful in increasing mobility. Good congestion management, even involving tolling, is consistent with the public's desire for increased mobility, especially if that congestion management policy provides the option of being able to choose the most efficient and effective transportation trip method, whether it is a toll lane at a particular hour, carpooling, a free general purpose lane or public transportation by bus or train. Good congestion management is also consistent with the taxpayer's desire to make the most efficient use of public assets.

Variations of the 91 Express Lanes congestion management model are now being considered elsewhere in the region. Riverside County will be extending the SR-91 toll corridor from the Orange/Riverside County line to Interstate 15. OCTA has been

coordinating with Riverside County in the development of state implementing legislation to ensure seamless travel on the corridor, and to use this opportunity to open up the 91 Express Lanes to a direct connection with the SR-241 toll road in Orange County. Recently, Los Angeles has sought federal funds to support congestion pricing on the Interstate 10 and 110 freeways. These efforts are further proof that congestion pricing has value for public agencies and the public at large, and should be rewarded and encouraged as part of the next transportation reauthorization bill.

Another area where efficient customer oriented management can lead to greater mobility is exemplified by commuter rail service on the southern portion of the LOSSAN Corridor between Los Angeles, Orange County, and San Diego. This corridor is the second busiest passenger rail corridor in the nation, surpassed only by the Northeast Corridor between Boston, New York, and Washington. Ridership on the LOSSAN Corridor has grown from 1.6 million annual trips in the 1990's to 8.5 million annual trips today.

Currently, three passenger rail services, Amtrak, Coaster, and Metrolink and one freight carrier, Burlington Northern Santa Fe (BNSF) Railway, operate along this corridor. Amtrak, with state financial assistance, operates the Pacific Surfliner intercity rail and bus service between San Luis Obispo and San Diego. The Southern California Regional Rail Authority (SCRRA), a joint powers authority created by the OCTA and the four other Southern California Counties, operates Metrolink commuter rail service between Los Angeles and Oceanside, and Los Angeles and Oxnard. The North County Transit District (NCTD) operates Coaster commuter rail service between Oceanside and San Diego. Ownership of the rail right-of-way south of Los Angeles is split between the Los Angeles County Metropolitan Transportation Authority (Metro), (Los Angeles Union Station to Redondo Junction) BNSF Railway (Redondo Junction to Fullerton Junction), OCTA (Fullerton Junction to Orange/San Diego County line), NCTD (San Diego County line to San Diego City Limit), and Metropolitan Transit Development Board (San Diego City limit to San Diego's Santa Fe Depot). The OCTA owns one-third of the 126 miles of right-of-way between Los Angeles and San Diego.

In 1994, the first Orange County Metrolink commuter service began operating between Oceanside and Los Angeles Union station, making stops in Orange County. Today, Metrolink's Orange County line offers 19 trains per weekday and serves 11 stations in Orange County. Aside from its proven capacity to carry passengers from Orange County to Los Angeles or San Diego, if managed efficiently, the LOSSAN Corridor offers great opportunities to increase mobility in Orange County. Two thirds of the population in Orange County and two thirds of the jobs in Orange County are located within a four-mile radius of the LOSSAN corridor. By increasing the frequency of service, there is an opportunity to use this corridor for commuting within Orange County without the delay of a new start or the expense and displacement of acquiring new right-of-way.

With that purpose in mind, the OCTA Board approved a Metrolink service expansion plan in October 2005. This plan will implement 30-minute frequencies for Metrolink service between Fullerton and Laguna Niguel/Mission Viejo in Orange County. Design is now complete for track improvements, signal system upgrades, and station and parking enhancements necessary to support this new service. Construction is

anticipated to start in January 2009. New locomotive and train cars are also being purchased.

Recently, the OCTA conducted market research with focus groups to determine how we can provide better service in this essential corridor. That research has shown us that customers who ride on the LOSSAN Corridor, and more importantly, those who do not ride, experience confusion in navigating the complex set of logos, timetables, and administrative rules that come with three passenger carriers providing service on the same tracks. It would be far more efficient and customer friendly for there to be one service seen by the public, even if that service were to be jointly provided behind the scene. To that end, we have initiated efforts to work with the three current service providers to look at service integration opportunities. Some of these are as simple as integrated timetables. However, the full realization of this effort would lead to the creation of a joint powers authority similar to the Capitol Corridor in northern California. This new entity would be responsible for integrating all passenger rail service between Los Angeles and San Diego.

In order to make the most efficient use of this corridor, the OCTA has also initiated a "Go Local" program to assist Orange County cities to develop local transportation plans and projects for better transit connections to their nearest Metrolink train station. This program began in October 2005 with an OCTA commitment of \$30 million in then available Measure M local sales tax funding. Under the first phase, \$100,000 was made available to each of the 34 cities in Orange County. The cities responded with plans for three fixed guideway projects and 29 enhanced bus services connecting their city to a nearby train station on the LOSSAN Corridor. The products of that first phase of funding are now competing for further funding. To date, the OCTA has awarded \$17 million for 3 projects to proceed into the conceptual engineering phase of project development. With the passage of the Renewed Measure M, there is now an additional total of \$1.25 billion in local sales tax funding potentially available for this effort.

As significant as all of these efforts to efficiently manage our OCTA assets are, they cannot be fully realized without the federal government as a strong and encouraging partner. We certainly need the additional federal funding from the next reauthorization bill which will match the significant local funding committed for these projects. Just as important, we need the federal recognition in the next reauthorization legislation that congestion management approaches such as these will further the nation's mobility goals and that the federal government will use their regulatory powers to facilitate the local transportation agencies such as OCTA in providing efficient transportation solutions which serve our riders and taxpayers.

Thank you for the opportunity to share our experiences in these two areas. We look forward to working with you on the next surface transportation legislation and invite you and your staff to visit the 91 Express Lanes offices or take a ride with us on the LOSSAN Corridor to learn additional details about these initiatives or any other of the multimodal services which the OCTA provides.