

# RatingsDirect®

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**Summary:**

## Riverside County Transportation Commission, California; Toll Roads Bridges

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## Summary:

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### Credit Profile

Riverside Cnty Transp Comm sr toll rev bnds

*Long Term Rating*

BBB-/Stable

Affirmed

## Rationale

S&P Global Ratings has affirmed its 'BBB-' long-term rating on Riverside County Transportation Commission (RCTC), Calif.'s approximately \$177 million series 2013A and 2013B senior-lien toll revenue bonds. The outlook is stable.

Net revenues of the RCTC's portion of the State Route 91 (SR-91) Express Lanes secure the bonds.

The bonds were issued to partially fund the Riverside SR-91 Corridor Improvement Project (the project). The project constructed tolled express lanes from the Orange County/Riverside County line approximately eight miles to the Interstate 15 (I-15)/SR-91 interchange in Riverside, Calif., building two general-purpose lanes in each direction from the SR-91/State Route 71 interchange to I-15 and repurposing the high-occupancy vehicle (HOV) lane and the adjacent general-purpose lane in each direction into two tolled express lanes.

In our opinion, specific credit risks include:

- Exposure, as a managed-lanes project, to traffic volume and revenue risk if congestion on the free general-purpose lanes does not generate sufficient demand for the managed lanes;
- Escalating annual total debt service requirements that will require constant revenue growth through traffic or rate increases to service the debt;
- A single-asset toll road with a total length of just eight miles; and
- Uncertainty regarding people's willingness to pay the toll.

These above weaknesses are partially offset by our view of:

- The toll road's unique geographical characteristics that limit competition from other roads, and positive growth trends in a heavily congested traffic corridor;
- A toll-setting policy based purely on demand for the toll road that de-politicizes the decision to increase tolls;
- The socioeconomic characteristics of the region, which place value on time, willingness to pay, and expressed preference for automobile travel.

## Outlook

The stable outlook reflects our anticipation that traffic levels on the RCTC's portion of the SR-91 Express Lanes will produce toll revenues to generate debt service coverage (DSC) near forecast levels.

**Upside scenario**

We could raise the rating during the two-year outlook period if demand continues to outperform projections resulting in the RCTC sustaining DSC above forecast levels.

**Downside scenario**

We could lower the rating if RCTC issues significant additional debt, or if traffic levels do not ramp up as forecast, resulting in diluted DSC below the stress scenario.

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