

NORTH COUNTY TRANSIT

SAN DIEGO RAILROAD

Agenda

Thursday, January 15, 2026
Regular Meeting: 2:00 P.M.

**Location: NCTD Administrative Offices,
810 Mission Avenue, Oceanside, CA 92054**

View Live Stream at:

<https://www.youtube.com/GoNCTD>

MISSION

The mission of North County Transit District, which operates as North County Transit – San Diego Railroad and referred to herein as NCTD, is to operate an environmentally sustainable and fiscally responsible transit network that provides seamless mobility for all while achieving organizational and operational excellence.

VISION

NCTD envisions a comprehensive transit and mobility system that connects all North County San Diego residents and visitors to a healthy, economically vibrant, and thriving region.

ASSISTIVE SERVICES

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For individuals with sensory disabilities, this document is available in alternate formats. For information, please contact the Clerk of the Board at 760/966-6696 or clerk@nctd.org. Persons with hearing impairment, please use the California Relay Service (CRS): 800/735-2929 TTY; 800/735-2922 voice; 800/855-3000 Spanish. CRS Customer Service: 877/632-9095 English or 877/419-8440 Spanish.

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Any writings or documents provided to a majority of the members of the NCTD Board of Directors regarding any item on this agenda will be made available for public inspection at the office of the

Clerk of the Board located at 810 Mission Avenue, Oceanside, CA 92054, during normal business hours and on the website at GoNCTD.com.

PUBLIC COMMENT

IN-PERSON PARTICIPATION AT THE BOARD MEETINGS: All persons wishing to address the Board of Directors during the meeting can do so in-person. Speakers must complete a "Request to Speak" form provided at the meeting. The completed form must be submitted to the Clerk of the Board prior to the call of the specific agenda item on which the individual wishes to speak.

WRITTEN COMMENT PRIOR TO BOARD MEETINGS: Members of the public may also submit their comments via email at publiccomment@nctd.org. All comments received prior to the start of the Board or Committee meeting will be provided to the Board/Committee and made available for public inspection on the NCTD website at: <https://gonctd.com/about-nctd/board-information/> prior to the meeting and included in the record of the Board/Committee Meeting.

VIRTUAL PARTICIPATION AT THE BOARD MEETINGS: Pursuant to Government Code section 54953, NCTD is providing alternatives to in-person attendance for viewing and participating in NCTD Board and/or Committee meetings.

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Members of the public may view or participate in the meeting through Zoom from a PC, MAC, iPad, iPhone, or Android device, at the following URL: <https://nctd.zoom.us/j/85126534550?pwd=jMafaxqtq6d11kUjqQoBCeGlkL561j.1>
Passcode: 084154

Phone Participation:

To join the meeting by phone, dial 669-900-6833
Webinar ID: 851 2653 4550
Passcode: 084154

If you would like to speak on an agenda item via Zoom during the meeting, you must email the Clerk of the Board at clerk@nctd.org. Please provide the Clerk your name and item number you wish to comment on. *If you plan on calling into the Zoom meeting rather than videoconferencing, you must also provide the telephone number you will be using.* You must be logged on to the Zoom meeting by phone or online to speak. When it is your turn to comment, the Clerk of the Board will call you by name or phone number. Members of the public may register with the Clerk of the Board to speak on an agenda item until the public comment period for that item is closed.

The public may also provide oral comments on agenda items by calling (760) 966-6560. When prompted, the caller should identify the agenda item they wish to speak about and leave a message not to exceed three minutes. All telephonic comments received prior to the start of the Board or Committee meeting will be provided to the Board/Committee prior to the meeting and made available for public inspection on the NCTD website at: <https://GoNCTD.com/about-nctd/board-information/>.

All written and/or telephonic comments received by 5:00 p.m. the day before the meeting will be shared with the Board of Directors and made available for public inspection prior to the meeting. Written and/or telephonic comments may not be read aloud or played for the Board of Directors during the meeting. All telephonic and written comments will be made part of the record.

REGULAR MEETING BEGINNING AT 2:00 PM

- **CALL TO ORDER**
- **ROLL CALL OF BOARD MEMBERS**
- **PLEDGE OF ALLEGIANCE TO THE AMERICAN FLAG**
- **SAFETY BRIEF & EVACUATION PROCEDURES – Suheil Rodriguez, Director of Administration/Clerk of the Board**
- **CHANGES TO THE AGENDA**
- **PUBLIC COMMUNICATIONS**

There is a time limit of 15 minutes for this section of Public Communications and each speaker is limited to three minutes for their presentation.

A. MINUTES

Approve Minutes for NCTD's Regular Board Meeting of December 18, 2025
(*Suheil Rodriguez, Director of Administration/Clerk of the Board*)

B. CONSENT ITEMS 1 – 15

Items reviewed and recommended for approval by the Executive Committee (EXEC), Marketing, Service Planning and Business Development Committee (MSPBD), Performance, Administration and Finance Committee (PAF), Staff (S), or Board (B)

All matters listed under CONSENT are considered by the Board to be routine and will be enacted by one motion. There will be no separate discussion on these items prior to the time the Board votes on the motion, unless members of the Board, the Chief Executive Officer, or the public, request specific items to be discussed and/or removed from the Consent Calendar for separate action. A request from the public to discuss an item must be filed with the Clerk of the Board on the "Request to Speak" form before that agenda item is called.

ITEMS PULLED FROM CONSENT WILL BE MOVED TO THE END OF THE AGENDA

1. Receive the Monthly Intergovernmental Affairs Report (S) (Attachment 1A and 1B)
(*Mary Dover, Chief of Staff*)
2. Receive the Performance, Administration and Finance Committee Chair Report for the Meeting on December 15, 2025 (S) (Attachments 2A – 2E)
(*Eun Park-Lynch, Chief Financial Officer*)
3. Receive the Executive Committee Chair Report for the Meeting on December 18, 2025 (S) (Attachments 3A and 3B) (S)
(*Mary Dover, Chief of Staff*)
4. Receive the Unaudited Quarterly Investment Report for the First Quarter of FY2026 (S)
(*Eun Park-Lynch, Chief Financial Officer*)
5. Receive the Unaudited Quarterly Financial Report for the First Quarter of FY2026 (S) (Attachment 5A)
(*Eun Park-Lynch, Chief Financial Officer*)
6. Receive the Quarterly Safety and Risk Management Report for the First Quarter of FY2026 (S) (Attachment 6A)
(*Lori A. Winfree, Deputy Chief Executive Officer/Chief General Counsel*)
7. Receive the Quarterly Security Report for the First Quarter of FY2026 (S) (Attachment 7A)
(*Chris Carrillo, Director of Security*)

8. Receive the Quarterly Customer Experience Report for the First Quarter of FY2026 (S) (Attachment 8A)
(Alicia Peat-Watson, Director of Customer Experience)
9. Receive the Quarterly Report of Contract Actions Issued Under the Chief Executive Officer's Authority for the First Quarter of FY2026 (S) (Attachment 9A)
(Alex Denis, Chief Operating Officer – General Services)
10. Receive Final Report of Contract Items for the Bus Transition Approved Pursuant to the Chief Executive Officer's Authority (S) (Attachment 10A)
(Alex Denis, Chief Operating Officer – General Services)
11. Adopt Resolution No. 26-01 Approving Modifications to Board Policy No. 8 – *Conflict of Interest* (S) (Attachment 11A – 11C)
(Suheil Rodriguez, Director of Administration/Clerk of the Board)
12. Approve NCTD's Board and External Committee Appointments for Calendar Year 2026 (S) (Attachments 12A and 12B)
(Suheil Rodriguez, Director of Administration/Clerk of the Board)
13. Adopt Proclamation Recognizing January as Human Trafficking Awareness and Prevention Month (S) (Attachment 13A)
(Lori A. Winfree, Deputy Chief Executive Officer/Chief General Counsel)
14. Election of NCTD's Board Chair and Vice-Chair for Calendar Year 2026 (S) (Attachment 14A)
(Suheil Rodriguez, Director of Administration/Clerk of the Board)
15. Adopt the Proposed Calendar Year 2026 Legislative Agenda (S) (Attachment 15A)
(Mary Dover, Chief of Staff)

C. OTHER BUSINESS ITEM 16

16. Approve the Calendar Year 2026 Discretionary Grants Strategy (Attachments 16A and 16B)
(Mary Dover, Chief of Staff)

D. INFORMATION ITEM 17

17. Receive the Fiscal Year 2025 Financial Audit Results and Annual Comprehensive Financial Report (Attachments 17A – 17D)
(Eun Park-Lynch, Chief Financial Officer)

- **CHIEF EXECUTIVE OFFICER'S REPORT**
- **BOARD MEMBER REPORTS, COMMENTS, AND CORRESPONDENCE**
- **REMAINING PUBLIC COMMUNICATIONS**
 - For any remaining speakers who have completed a “Request to Speak” form.
- **ADJOURNMENT**

- **CERTIFICATIONS AND RULES (FOR BOARD AND PUBLIC INFORMATION)**
 - Posting of Board Agenda (Page 7)
 - Rules for Public Speakers at meetings of North County Transit – San Diego Railroad (Page 8)
 - Quorum and Voting Information (Page 9)

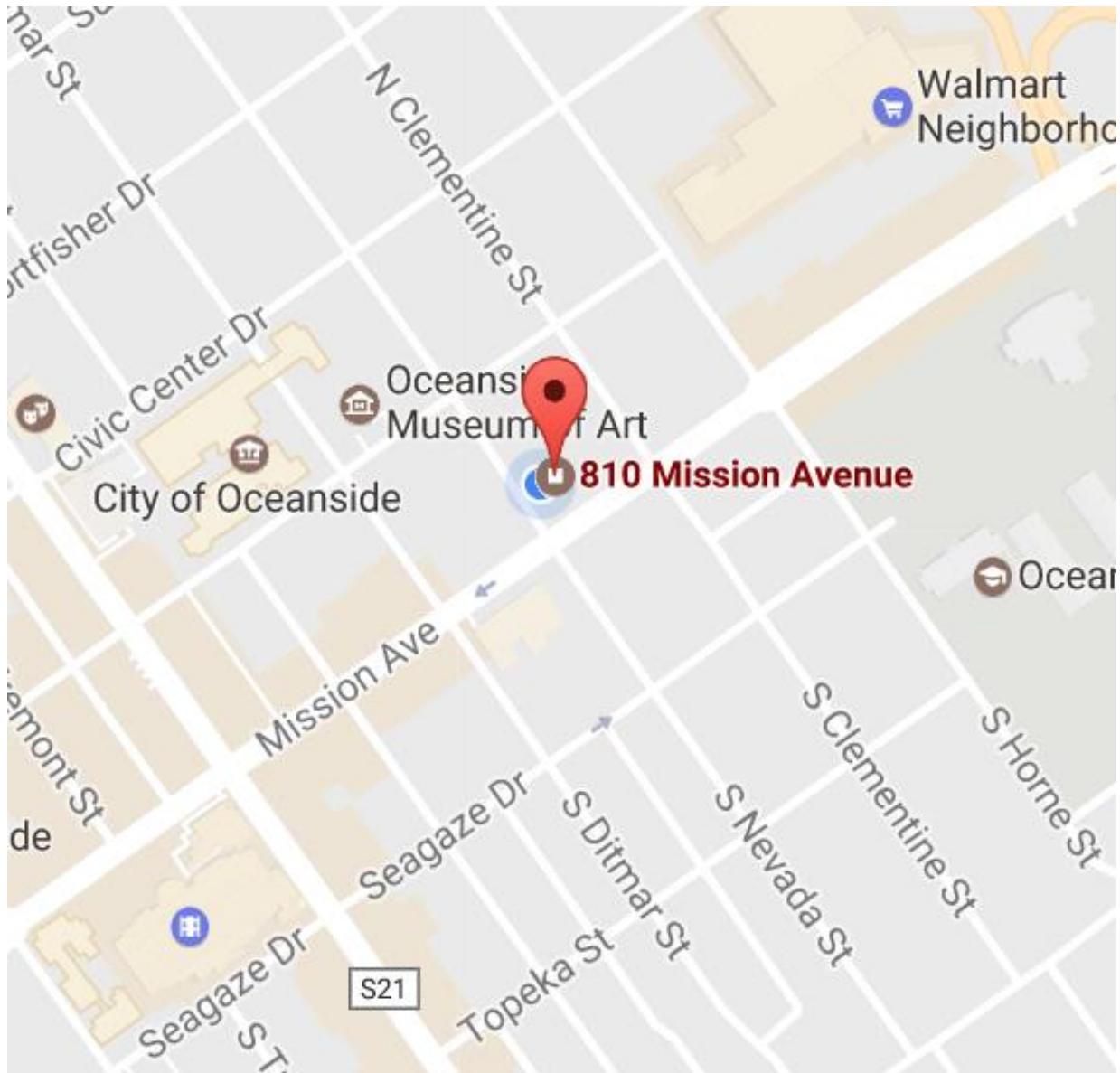
Upcoming Meetings:

- *Performance, Administration and Finance Committee Meeting: Thursday, February 12, 2026 at 11:00 a.m.*
- *Regular Board Meeting: Thursday, February 19, 2026 at 2:00 p.m.*

All Regular Board and Committee Meetings will be held at NCTD Administrative Offices, 810 Mission Ave., Oceanside CA, unless otherwise provided on public notice.

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MAP OF NCTD OFFICES



The NCTD Board Chambers is located at NCTD Administrative Offices, 810 Mission Avenue, Oceanside, CA 92054 and is accessible by the COASTER (NCTD Commuter Rail), SPRINTER (NCTD Hybrid Rail), and the BREEZE (NCTD Bus).

Please log onto www.goNCTD.com to check our current routes and schedules, or call 1-800-COMMUTE.

NORTH COUNTY TRANSIT
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January 8, 2025

To: North County Transit – San Diego Railroad Board Members
From: Suheil Rodriguez, Clerk of the Board
Subject: POSTING OF REGULAR BOARD AGENDA

In Compliance with the Ralph M. Brown Act, as Amended, the following information is provided.

The Agenda for this Regular meeting of the Board was posted as follows:

Regular Meeting: January 15, 2026 at 2:00 p.m.

Posted At: 810 Mission Avenue, Oceanside, CA

Posted Online At: www.goNCTD.com

Date & Time of Posting: January 8, 2025 by 5:00 p.m.

Posted By: Suheil Rodriguez, Clerk of the Board

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Rules for Public Speakers at Meetings of the North County Transit – San Diego Railroad

Per Board policy, all public communications at meetings of the North County Transit – San Diego Railroad shall be made and received in accordance with the following procedures:

1. COMMENTS FOR MATTERS NOT ON AGENDA

- A. Total time limit for telephonic comments:
 - Beginning of meeting: 15 minutes
 - End of meeting: No time limit.
- B. Time limit per speaker per meeting: Three minutes, with no donation of time allowed.
- C. Priority: First come, first served. Speakers who registered to speak with the Clerk will be called to address the Board of Directors in the order they are received.
- D. Order on agenda: Comments for matters not on the agenda will be heard at the beginning of the meeting and if the time limit stated in Paragraph A is exhausted, comments that were unable to be heard due to time limit stated above, will be heard at the end of the meeting under "*Remaining Public Communications*."

2. TIME LIMITS FOR ADDRESSING MATTERS ON THE AGENDA

- A. Total time limit: None.
- B. Time limit per speaker: Three minutes, with one donation of three minutes, for a maximum of six minutes.
- C. These rules apply to both public hearing and non-public hearing items listed on the agenda.
- D. Comments made not germane to the subject matter of the agenda item being considered will be considered out of order.

3. CUTOFF FOR TURNING IN SPEAKER SLIPS

- A. Members of the public may register with the Clerk to speak on an agenda item up until the public comment period is closed on a particular item.

4. MODIFICATION OF RULES BY CHAIR

- A. The Board Chair may, in their absolute discretion, modify these rules. However, a decision of the Chair to do so in one instance shall not be deemed a waiver of the rules as to any other instance or matter.

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Quorum and Voting

Pursuant to Public Utilities Code § 125102, a majority of the Board members eligible to vote shall constitute a quorum for the transaction of business and all official acts of the Board shall require the affirmative vote of a majority of the members of the Board eligible to vote; however, after a vote of the members is taken, a weighted vote may be called by any two members eligible to vote.

In the case of a weighted vote, the County of San Diego and each city (with exception of the City of San Diego), shall, in total, exercise 100 votes to be apportioned annually based on population. Approval under the weighted vote procedure requires the vote of the representatives of not less than three jurisdictions representing not less than 51 percent of the total weighted vote to supersede the original action of the Board. When a weighted vote is taken on any item that requires more than a majority vote of the Board members eligible to vote, it shall also require the supermajority percentage of the weighted vote. County population: The population of the County of San Diego shall be the population in the unincorporated area of the county within the area of jurisdiction of the Board pursuant to Public Utilities Code § 125052.

Jurisdiction	2023 Estimate	Percentage	Vote
Carlsbad	115,045	12.1%	12
Del Mar	3,918	0.4%	1
Encinitas	61,254	6.4%	6
Escondido	150,571	15.8%	16
Oceanside	172,186	18.1%	18
San Marcos	94,823	10.0%	10
San Diego County	240,653	25.3%	25
Solana Beach	12,831	1.3%	1
Vista	100,113	10.5%	11
Total	951,394	100.0%	100

Source: 2023 Estimate via SANDAG Open Data Portal – Updated November 2024

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MINUTES OF THE REGULAR MEETING OF THE NORTH COUNTY TRANSIT – SAN DIEGO RAILROAD BOARD OF DIRECTORS HELD ON DECEMBER 18, 2025

CALL TO ORDER

Board Chair Bhat-Patel called the Regular Meeting to order at 2:00 p.m.

ROLL CALL OF BOARD MEMBERS

1. Priya Bhat-Patel (City of Carlsbad)
2. Mike Sannella (City of San Marcos)
3. Tracy Martinez (City of Del Mar)
4. Jim O'Hara (City of Encinitas)
5. Joe Garcia (City of Escondido) – arrived at 2:02 p.m.
6. Eric Joyce (City of Oceanside)
7. Jim Desmond (County of San Diego)
8. Jewel Edson (City of Solana Beach)
9. Corinna Contreras (City of Vista)
10. Kent Lee (City of San Diego) – absent

PLEDGE OF ALLEGIANCE TO THE AMERICAN FLAG

Board Member Joyce led the Pledge of Allegiance to the American Flag.

SAFETY BRIEF AND EVACUATION PROCEDURES

Suheil Rodriguez, Clerk of the Board, reviewed emergency evacuation procedures.

CHANGES TO THE AGENDA

None

PUBLIC COMMUNICATIONS

None

APPROVAL OF THE MINUTES OF THE NOVEMBER 20, 2025 REGULAR BOARD MEETING

ON THE MOTION OF BOARD MEMBER EDSON TO APPROVE THE MINUTES OF THE NOVEMBER 20, 2025 REGULAR BOARD MEETING, SECONDED BY BOARD MEMBER O'HARA.

AYES: BHAT-PATEL, SANNELLA, MARTINEZ, O'HARA, GARCIA, JOYCE, DESMOND, EDSON, CONTRERAS

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

MOTION PASSES.

APPROVAL OF CONSENT ITEMS 1, 2, 4 – 9

1. Receive the Monthly Intergovernmental Affairs Report
2. Receive the Monthly Transit Operations Performance Report for October 2025
4. Authorize the Exercise of Options for the Purchase of Two Zero Emission Battery Electric Buses Pursuant to Agreement No. 06719-01 Between the State of Washington and New Flyer Industries
5. Receive Nominations for the NCTD's Board Leadership Positions for Calendar Year 2026
6. Adopt Regular Board and Committee Meeting Schedule for Calendar Year 2026
7. Approve Revised FY26 Class and Compensation Schedule
8. Approve Labor Agreement between NCTD and the Teamsters Local No. 542 for Maintenance Employees
9. Approve Labor Agreement between NCTD and the Amalgamated Transit Union for Road Supervisor/Dispatch Supervisor, Operations Control Supervisor, and Maintenance Clerks

Prior to the vote, Board Member Joyce asked to pull Consent Item No. 3 – *Approve FY2027-2031 Capital Improvement Plan*. The item was trailed to the end of the agenda.

ON THE MOTION OF BOARD MEMBER CONTRERAS TO APPROVE CONSENT ITEMS 1, 2, 4-9, SECONDED BY BOARD VICE-CHAIR SANNELLA.

AYES: BHAT-PATEL, SANNELLA, MARTINEZ, O'HARA, GARCIA, JOYCE, DESMOND, EDSON, CONTRERAS

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

MOTION PASSES.

Prior to the presentation of Information Items, Chief Executive Officer (CEO) Shawn Donaghy shared that two items on the Consent calendar were related to labor agreements between NCTD and the Teamsters and Amalgamated Transit Union. He wanted to recognize the Union Representatives' presence at the meeting and appreciate the diligent work they have done in representing the employees on behalf of their respective unions.

INFORMATION ITEMS

10. Receive an Update on Current NCTD Redevelopment Projects

Lillian Doherty, Director of Land Use, Planning and Asset Control, presented a status update on NCTD's initiative to continue advancing strategic redevelopment projects. The redevelopment efforts currently in process include seven NCTD-owned sites, including the Oceanside Transit Center, Carlsbad Village Transit Station, Poinsettia Transit Station, Escondido Transit Center, and three SPRINTER stations. NCTD's priorities for redevelopment include optimization of transit services, long-term revenues, and community integration. By providing opportunities for mixed-use redevelopment, the sites will provide riders with greater amenities, community spaces, and connections to the regional transportation network. The Board expressed support for NCTD's redevelopment efforts, highlighting the blend of both affordable and market-rate units in the proposed projects and the involvement of local stakeholders in the development process.

Board Member Desmond requested an update on the Buena Creek redevelopment project. Ms. Doherty responded that the County of San Diego, with support from NCTD, submitted a planning grant to SANDAG, which was slated to go before SANDAG's Board of Directors for final approval soon. Once the grant is approved, NCTD can determine if the site is feasible for redevelopment. Board Member Desmond offered to move things along on behalf of the County, if needed. He further requested clarification as to whether the housing units at the projects will be rental units or offered for sale. Ms. Doherty responded that they will all be rentals and will be priced at market rate.

Board Member O'Hara expressed appreciation that affordable housing is included in the redevelopment projects currently underway and requested a breakdown of space allotted to buildings and park areas. Ms. Doherty responded that many of the sites are still in the design stage, and therefore, exact square footage allocations for structures and recreational spaces are not yet available.

Board Member Contreras inquired whether amenities for employees and the riding public, such as restrooms, would be included. Ms. Doherty responded that staff required the inclusion of amenities such as gender-neutral restrooms, water bottle refilling stations, and shade structures in all redevelopment projects.

Board Member Edson inquired whether each City Council has a final authority over the amenities included in its respective redevelopment project and the determination of affordable housing, including whether units will be rental or deed restricted. Ms. Doherty confirmed that this is correct.

Board Member Joyce inquired which projects include 100% affordable housing. Ms. Doherty responded that the Melrose Avenue and Rancho del Oro redevelopment projects provide housing that is 100% affordable.

Board Member Martinez requested clarification on whether any units are designated for seniors. Ms. Doherty responded that no units are currently designated for senior citizens. Board Member Martinez also commented that the renderings of the Oceanside Transit Center project did not appear to include sufficient green space for families. CEO Donaghy explained that this was intentional, given the project's proximity to a transit hub and the importance of safety. However, pockets of green space are provided for public use. Ms. Doherty added that other redevelopment projects may include more green space, depending on site constraints.

Board Chair Bhat-Patel added that green spaces can also be a community garden on a rooftop instead of open space. Board Member Edson echoed these sentiments.

Board Member O'Hara commented that open space can also include health and fitness, such as pickleball or basketball courts. This should also be considered when determining recreational spaces for projects.

11. Receive Employee Service Recognition Presentation

Adrienne Johnson, Deputy Chief People Officer, provided a presentation of service awards to employees with 30+ years of service to NCTD. CEO Donaghy and the Board expressed their appreciation to these employees for their devoted service to NCTD over the years.

Recognized employees were the following:

1. Maria Martinez, Maintenance Clerk, hired on July 28, 1986
2. Angelina Dennis, Coach Operator, hired on August 4, 1994
3. Patrick Armstrong, COASTER Maintenance Technician, hired on November 1, 1994
4. John Fontana, Facility Maintenance Technician III – Lead, hired on January 3, 1995
5. Rodney Adger, Control Center Technician, hired on February 15, 1995
6. Joe Kardack, Coach Operator, hired on March 24, 1995
7. Miguel Loreto, Coach Operator, hired on June 2, 1995
8. Phil Axlerod, COASTER Maintenance Technician, hired on December 1, 1995

CONSENT ITEM NO. 3

Board Member Joyce commented that although the staff report included a Capital Improvement Plan (CIP) draft list, there was limited information on the specific projects. He would like the Board to have more information on the projects as they get added to the CIP, prior to requesting Board approval. CEO Donaghy agreed that major projects should be detailed in a separate document and available to the public on the NCTD website.

Board Member Edson commented that she would like to have project cards available to the Board with key facts about each project. She found these very useful in the past to share high-level project information with stakeholders. NCTD staff will work on a similar approach.

3. Approve FY2027-2031 Capital Improvement Plan

ON THE MOTION OF BOARD MEMBER JOYCE TO APPROVE CONSENT ITEM 3, SECONDED BY BOARD MEMBER EDSON.

AYES: BHAT-PATEL, SANNELLA, MARTINEZ, O'HARA, GARCIA, JOYCE, DESMOND, EDSON, CONTRERAS

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

MOTION PASSES.

CHIEF EXECUTIVE OFFICER'S REPORT

Shawn Donaghy reported the following:

- The SANDAG Regional Plan has been approved. Board members provided numerous comments regarding regional plan priorities and the availability of funding.
- Holiday Express events were very successful. Over 11,000 riders attended. Families and employees enjoyed their time and NCTD received positive feedback.
- The Pedestrian Tunnel Artwork is now complete at the Oceanside Transit Center.
- On a recent delegation trip in Washington DC, NCTD had discussions regarding the changes to highway funding and how that may impact funding for public transit. As an agency, NCTD is gearing up on the reauthorization bill this year and will advocate for increased funding.
- APTA's Risk Seminar took place in downtown San Diego and some NCTD staff had the privilege of speaking at the event. He received excellent feedback from attendees that rode the COASTER and other modes.
- Happy holidays to all!

BOARD MEMBER REPORTS, COMMENTS, AND CORRESPONDENCE

Board Member Edson mentioned that SANDAG has adopted their Regional Plan and Final Environmental Impact Report. NCTD's priorities include SPRINTER Fleet Replacement and Double Tracking to enhance the riding experience; COASTER Double Tracking to improve tracking reliability; Grade Separation along COASTER and SPRINTER corridors to improve safety and congestion in surrounding communities; increased capacity on key BREEZE corridors; and NCTD+ to support access to fixed route transit service and respond to transit riders' on-demand needs. The Plan will include a prioritized list of railroad grade separation projects as an appendix to the Plan.

Board Member Joyce requested that NCTD staff provide talking points in advance of the advocacy visits that the cities will have with their delegation.

Board Chair Bhat-Patel thanked staff for a very successful Holiday Express. Her family enjoyed it and saw the excitement in many families as well.

REMAINING PUBLIC COMMUNICATIONS

None

ADJOURNMENT

Board Chair Bhat-Patel adjourned the meeting at 2:53 p.m. Submitted by Suheil Rodriguez, Clerk of the Board, for the North County Transit – San Diego Railroad (NCTD).

BOARD CHAIR
North County Transit – San Diego Railroad

CERTIFICATION

I, Suheil Rodriguez, duly appointed and qualified, Clerk of the Board of NCTD, do hereby certify that the above is a true and correct copy of the Minutes of the Regular Board Meeting held on December 18, 2025 approved by the Board of Directors of NCTD adopted at a legally convened meeting of the Board of Directors of NCTD held on January 15, 2026.

CLERK OF THE BOARD
North County Transit – San Diego Railroad

For individuals with sensory disabilities, this document is available in alternate formats. For information, please contact the Clerk of the Board at 760/966-6553. For persons with hearing impairment, please use the California Relay Service (CRS): 800/855-7100 TTY; 800/855-7100 voice; 800/855-7200 Spanish. CRS Customer Service: 877/546-7414 or 800-867-4323 TTY.

STAFF REPORT

RECEIVE THE MONTHLY INTERGOVERNMENTAL AFFAIRS REPORT

Time Sensitive: **Consent:**

**STAFF
RECOMMENDATION:**

Receive the Monthly Intergovernmental Affairs Report for December 2025.

**BACKGROUND
INFORMATION:**

Attached are the Monthly Intergovernmental Affairs Reports for December 2025 (Attachments A and B) submitted by Manatt and Townsend Public Affairs. The monthly reports provide updates on federal and state legislative activity impacting North County Transit – San Diego Railroad (NCTD). Highlights of the December reports include:

Legislative Activity and Updates – Federal:

Appropriations Update – Congress ended 2025 without a deal to move forward on fiscal year (FY) 2026 appropriations bills. Senate Majority Leader John Thune (R-SD) intends to advance a package of five spending bills for consideration, including the Transportation, Housing, Urban Development, and Related Agencies (THUD) bill. However, leadership in the House continues to advocate for a smaller package of just three appropriations bills. Collectively, the House and Senate FY 2026 THUD appropriations bills include \$1.64 million in federal funds earmarked for three of NCTD's projects. If Congress does not reach an agreement by January 30, 2026, these projects will continue to not receive federal funds.

BUILD NOFO Released – The U.S. Department of Transportation (DOT) released an updated \$1.5 billion Notice of Funding Opportunity (NOFO) for the FY 2026 Better Utilizing Investments to Leverage Development (BUILD) grant program. The BUILD grant program provides federal funds for surface transportation infrastructure projects with significant local or regional impact. NCTD plans to resubmit a previous request to support the expansion of NCTD's SPRINTER Operations Facility (SOF) in Escondido, as well as platform modifications at SPRINTER stations to accommodate new vehicles.

Legislative Activity and Updates – State:

Cap and Invest Auction Revenues Released – On December 9, the Legislative Analyst's Office (LAO) reported preliminary results from the November 2025 Cap and Invest quarterly auction. Based on information provided by the California Air Resources Board (CARB), the state expects to receive \$844 million in revenue from the auction to be deposited into the Greenhouse Gas Reduction Fund (GGRF). This figure is slightly below the quarterly revenue assumption of \$870 million used in the current state budget. The LAO maintains that if auction revenues continue at recent levels, the GGRF could generate around \$3.4 billion, falling short of the \$4.3 billion statutory allocation. If total revenues do not reach the \$4.3 billion threshold, funding programs to local transit agencies may see proportional reductions. The GGRF provides funding to local transit agencies through the Transit and Intercity Rail Capital Program (TIRCP) and the Low Carbon Transportation Operations Program (LCTOP).

Department of Finance December 2025 Bulletin Released – The California Department of Finance (DOF) released the December 2025 Finance Bulletin, which includes statistics from September, October, and November. The bulletin highlights generally stable economic conditions and a strong General Fund revenue performance. California's unemployment rate increased by 0.1 percentage point to 5.6% in September, the highest rate since November 2021. September marks the state's fourth consecutive month of job loss and the seventh month of job loss in the first nine months of 2025. On the other hand, California's preliminary General Fund agency cash receipts exceeded forecasts by \$454 million in November, driven primarily by stronger personal income tax collections. Since April, General Fund receipts are \$9.1 billion above projections, providing a stronger near-term fiscal position than anticipated.

Grant Activity

Below is an overview of successful grant awards in Calendar Year (CY) 2025, as well as successful and pending awards year-to-date in CY 2026. NCTD was the lead applicant for these grant applications, except where otherwise noted.

CY 2025	CY 2026	
Successful Awards	Pending Awards	Successful Awards
Bus Replacement Project (Low or No Emission Grant Program) \$16,774,170	SPRINTER Improvements (Congressionally Directed Spending) \$1.2 million	
	San Diego Subdivision PTC (Community Project Funding) \$600,000	
	Bus Stop Improvements (Community Project Funding) \$250,000	
	Bus Stop Assessment (Caltrans Planning Grant) \$393,820	
	Buena Creek Grade Separation (Caltrans Planning Grant) \$309,856	
Total Successful: \$16,774,170		Total Pending: \$2,753,676

ATTACHMENT: 1A – Federal Monthly Legislative Report (Manatt) – December 2025
1B – State Monthly Legislative Report (Townsend) – December 2025

FISCAL IMPACT: This staff report has no fiscal impact.

COMMITTEE REVIEW: None

STAFF CONTACT: **Mary Dover, Chief of Staff**
E-mail: mdover@nctd.org Phone: 760-967-2895



To: North County Transit District
From: Manatt, Phelps & Phillips LLP
Re: Federal Update – December 2025

The following memorandum summarizes recent federal developments of importance to the North County Transit District:

- Lawmakers Continue Work on Appropriations Legislation
- DOT Releases Updated BUILD NOFO
- Senate Committee Advances Top DOT Nominee
- FTA Releases Major Event Playbook

Lawmakers Continue Work on Appropriations Legislation

- Congress ended 2025 without a deal to move forward on government funding. Disagreements over earmarks, policy riders, and funding levels contributed to the delay in floor action for the Senate's appropriations bills.
- Despite the House and Senate's inability to advance appropriations legislation in December, House Appropriations Committee Chair Tom Cole (R-OK) announced that he and Senate Appropriations Committee Chair Susan Collins (R-ME) reached an agreement on final total spending limits for the remaining nine appropriations bills, a key milestone required for the funding bills to pass. The leaders announced that the appropriations bills that have yet to be passed for the ongoing fiscal year should be below the current funding level.
- When Congress returned on January 5, House and Senate Appropriations Committee leadership released [a 3-bill minibus appropriations package](#) containing the Commerce-Justice-Science, Interior, and Energy and Water bills. House leaders aim to bring the package to the House floor this week. Members continue to finalize details of the remaining five bills, which include the Transportation-Housing and Urban Development and Homeland Security bills.

DOT Releases Updated BUILD NOFO

- On December 16, the Department of Transportation (DOT) released an update to its FY 2026 Notice of Funding Opportunity (NOFO) for the Better Utilizing Investments to Leverage Development (BUILD) Grant Program. The Department previously released a preliminary NOFO in November, but did not include key criteria used by the Department to judge applicants' projects.

- Key changes to the NOFO include refocusing the program to more closely align with the President's priorities and executive orders. New merit criteria for the grant program include safety, quality of life, mobility and community connectivity, and economic competitiveness. Included in the quality-of-life criteria are new requirements that mandate applicants to address how their projects can promote the experience of families and mothers. Also included in the innovation criteria is mention of advancing the development and deployment of autonomous vehicle technology.
- Despite the delay in releasing the full NOFO, the department has not changed the application deadline or the total funding available. There is \$1.5 billion in available funding through the current BUILD round. All applications are due by February 24, 2026, at 5 PM ET. Award selections are expected to be announced by June 28, 2026. The NOFO can be found on grants.gov.

Senate Committee Advances Top DOT Nominee

- The Senate Commerce Committee advanced Ryan McCormack's nomination to serve as the DOT undersecretary for policy, by a vote of 18-10. Currently serving as the department's deputy chief of staff, McCormack would be elevated to one of the department's top positions, sitting just below Secretary Sean Duffy and Deputy Secretary Steven Bradbury.
- In his written responses to questions, McCormack asserted that his top priority will be reducing highway deaths. He also criticized DOT's "overly complex" grant programs, adding that computer systems for tracking such funding are "cumbersome," "redundant," and "opaque."
- McCormack also defended the various grant withdrawals and terminations carried out by the department this year, claiming that the actions were lawful. McCormack must be confirmed by the full Senate, but floor action has not been scheduled yet.

FTA Releases Major Event Playbook

- On December 4, the Federal Transit Administration (FTA) released its [Major Event Playbook](#) following the DOT World Cup kickoff summit. The FTA Major Event Playbook is a practical guide with key considerations to help public transportation agencies navigate federal transit requirements as they relate to hosting major events. FTA intends for the playbook to help guide agencies during large events, not just the World Cup or the 2028 Olympics.

- FTA designed the playbook to help transit agencies prepare for and address the needs of an influx of transit riders during large events. The Major Event Playbook is organized by the following topics: spare, contingency, and loaned transit vehicles; charter service; accessibility and civil rights; safety and security; and incidental use. FTA, in addition to DOT, clarifies its responsibilities during major events to ensure agencies are cognizant of ways federal departments can assist in planning and coordination.

MONTHLY LEGISLATIVE UPDATE

To: North County Transit District
From Townsend Public Affairs
Date: January 6, 2026
Subject: December 2025 Legislative Monthly Report

STATE UPDATES

DECEMBER 2025 RECAP:

Legislative activity at the Capitol remained quiet in the month of December, as lawmakers continued their interim recess, spending the majority of their time in their districts addressing local priorities and engaging directly with constituents. Formal policy deliberations and hearings were limited as member offices built out their legislative packages for introduction in 2026.

In contrast, the political landscape continued to evolve, particularly around the 2026 gubernatorial contest. With Governor Newsom ineligible to seek another term, a broad and still-expanding group of potential candidates has begun laying the groundwork for statewide campaigns. These early efforts have centered on elevating policy themes such as housing costs, education outcomes, and long-term infrastructure investment.

Although the Legislature is not expected to take up major policy initiatives until it reconvenes, activity in December has largely been behind the scenes, as legislators and stakeholders prepare for the start of the new legislative year and a competitive 2026 election cycle.

STATE BUDGET UPDATE:

Cap and Invest Auction Revenues Released

In its December 9 publication, the Legislative Analyst's Office (LAO) [reported](#) an assessment of the November 2025 Cap-and-Invest quarterly auction, reporting that the California Air Resources Board anticipates approximately \$844 million in proceeds to be deposited into the Greenhouse Gas Reduction Fund (GGRF). While this outcome is generally consistent with the August auction, it came in modestly below the quarterly revenue assumption reflected in the enacted budget, which estimated roughly \$870 million per auction. Revenues were also down significantly compared to the same auction period last year, declining by approximately \$150 million. Should this pattern persist, the LAO cautions that total GGRF revenues for the 2025–26 fiscal year could come in about \$100 million below budgeted levels, potentially prompting adjustments to discretionary allocations later in the fiscal year.

Looking ahead, recent statutory changes will reshape how GGRF revenues are allocated beginning in 2026–27. SB 840 restructures portions of the fund by replacing certain percentage-based allocations with fixed-dollar commitments and revising the order in which funds are distributed. Under this new framework, fully funding the programs, discretionary items, and administrative costs identified in statute would require approximately \$4.3 billion annually. In addition, legislative intent language contained in SB 840 and AB 102 outline up to \$1.5 billion in potential discretionary uses, including wildfire response, transit affordability, climate innovation initiatives, and park rehabilitation projects.

The LAO notes that if auction proceeds remain near current levels, GGRF revenues in 2026–27 could total roughly \$3.4 billion, supplemented by an estimated \$600 million in interest earnings. Even when combined, these revenue sources may be insufficient to fully meet statutory funding targets, raising the prospect of funding shortfalls for certain programs. Upcoming auctions scheduled for February and May 2026, following the release of the Governor’s January Budget, are expected to provide additional insight into how the Administration intends to manage GGRF resources and prioritize climate-related investments.

Department of Finance Releases December 2025 Bulletin

The California Department of Finance’s [December 2025](#) Finance Bulletin, points to steady economic conditions, paired with stronger-than-anticipated General Fund revenue performance. Nationally, the U.S. unemployment rate rose to 4.6 percent in November, its highest level since September 2021, reflecting slower job growth and ongoing disruptions associated with the federal government shutdown. Job gains for 2025 remain well below 2024 levels and have been concentrated primarily in private education and health services.

In California, labor market conditions continued to ease, with the statewide unemployment rate increasing to 5.6 percent in September amid a prolonged period of job losses throughout 2025. Modest employment growth was recorded in education, health services, leisure and hospitality, and government; however, these gains were more than offset by continued declines in professional services, manufacturing, and trade-related sectors. These patterns underscore persistent pressure on industries most exposed to higher interest rates and weaker consumer demand.

Even as labor market indicators softened, state revenues remained relatively strong. Preliminary General Fund agency cash receipts exceeded Budget Act projections by \$454 million in November, largely driven by higher-than-expected personal income tax collections. Withholding and estimated payments continued to outperform forecasts, while refunds remained below anticipated levels. Since April, cumulative General Fund receipts are \$9.1 billion above forecast, contributing to a stronger near-term fiscal outlook than was assumed at the beginning of the fiscal year.

Taken together, the bulletin suggests that California enters early 2026 with a measure of fiscal flexibility, although economic signals warrant close monitoring. Continued strength in personal income tax revenues may help cushion near-term labor market softness, but a sustained slowdown in employment or further weakening in consumer and business activity could exert downward pressure on revenues as the fiscal year progresses.

Statewide Transportation and Infrastructure Funding Announced

On December 8, Governor Newsom [announced](#) that the California Transportation Commission (CTC) approved approximately \$1.1 billion in funding for transportation and infrastructure projects statewide. The investment supports a range of efforts intended to modernize transit systems, improve roadway safety, and strengthen infrastructure resilience across California.

Part of the funding package is dedicated to advancing low-emission transportation by supporting fleet modernization and related facilities. This includes investment in new rail equipment to phase out older diesel engine locomotives operating on Southern California's Metrolink system. The allocation also covers reconstruction work on a section of State Route 1 near Lucia that was damaged by storm activity, along with funding for a new transportation center in Santa Maria intended to support regional clean-energy bus operations.

Other funded projects focus on rebuilding and reinforcing infrastructure affected by wildfires, replacing aging bridges, and making local improvements such as pedestrian and bicycle facilities. The funding package combines funds from [SB 1 \(Beall, 2017\)](#), the Road Repair and Accountability Act of 2017, with federal funding from the [2021](#) federal Infrastructure Investment and Jobs Act (IIJA). It is anticipated that the state will receive \$42 billion in federal infrastructure funding over the next five years, which is intended to upgrade transportation and mobility infrastructure statewide.

ELECTION UPDATE:

Proposed Insurance Reform Initiative Clears Circulation

The "Insurance Policyholder Bill of Rights" [initiative](#) statute was cleared for circulation in December. The measure proposes new statewide standards governing homeowners insurance policies, with a particular focus on wildfire-related risk. Under the proposal, the Insurance Commissioner would be directed to develop wildfire safety criteria for residential properties, and insurers would be required to offer coverage to homeowners whose properties meet those standards. Insurers that refuse to provide coverage to qualifying properties would be barred from selling homeowners or automobile insurance in California for a period of five years.

The initiative also proposes expanded requirements related to policy non-renewals and coverage reductions. In such cases, insurers would be required to provide detailed justifications for their actions, specify any repairs necessary to retain coverage eligibility, and grant homeowners additional time to complete those repairs. For properties destroyed in declared disasters, the measure would require insurers to pay the full personal property policy limit, up to \$350,000, without requiring an itemized accounting of losses.

Additional provisions would authorize refunds when insurance rates are deemed excessive and broaden the consumer protection authorities within the Department. Collectively, these changes are intended to enhance transparency in insurer decision-making and improve communication between insurers and policyholders.

To qualify for the ballot, proponents must submit 546,651 valid signatures by May 26, 2026. If qualified, the initiative would appear on a statewide ballot for voter consideration and, if approved, would have the same legal force as legislation enacted by the Legislature.

EXECUTIVE BRANCH ACTIVITY:

Throughout December, Governor Newsom advanced a series of initiatives focused on accountability, public safety, and targeted community investment across the state.

Early in the month, the Governor [announced](#) the launch of a new statewide online [portal](#) allowing Californians to report suspected misconduct by federal agents operating within the state. The portal enables members of the public to submit photos, videos, or written accounts of incidents they believe may violate constitutional or statutory protections. Submissions will be reviewed by the California Department of Justice, which may use the information to inform investigations or potential legal action. State officials emphasized that federal agencies retain the authority to enforce federal law, but must do so within constitutional boundaries. They clarified that the portal is intended as a transparency and information-gathering tool, rather than a replacement for emergency services or formal law enforcement reporting.

Later in December, Governor Newsom [announced](#) a package of actions aimed at strengthening communities through investments in housing, public health, and youth services. The Administration will distribute more than \$52 million in federal funding to support local infrastructure improvements and homelessness-related services statewide. These investments are expected to benefit more than 160,000 residents through projects such as homelessness prevention programs, emergency shelter, rapid rehousing efforts, and facility upgrades.

The Governor also highlighted progress under the state's [CalRx initiative](#) to expand access to naloxone, reporting that state-supported distribution efforts have contributed to the reversal of nearly 400,000 opioid overdoses. Beginning January 1, 2026, CalRx-branded naloxone nasal spray is available over the counter without a prescription for \$19 per dose, while free naloxone distribution to eligible organizations will continue through existing state programs.

In addition, Governor Newsom [announced](#) nearly \$47 million in grants to support youth substance use prevention initiatives. The funding will be directed to community-based and tribal organizations providing mentorship, leadership development, and prevention services, with a particular emphasis on supporting young men and boys facing elevated risk factors.

Attorneys General Coalition Challenges Federal Policy Affecting H-1B Visa Applications

On December 12, California Attorney General Rob Bonta [announced](#) that California, along with a coalition of 19 attorneys general, filed a lawsuit challenging a new \$100,000 fee imposed by the Trump Administration on certain H-1B visa petitions. The lawsuit seeks to block implementation of the fee, which would apply to new applications under the H-1B visa program commonly used by employers to hire workers in specialized occupations.

According to the complaint, the federal government lacks statutory authority to impose a fee of this magnitude and adopted the policy without following required administrative procedures. The lawsuit argues that the increase far exceeds existing visa-related fees and could create significant financial burdens for employers that rely on the H-1B program, including public agencies and nonprofit organizations.

The coalition is asking the court to halt enforcement of the fee, asserting that it violates federal administrative law and exceeds executive authority. The attorneys general contend that, if allowed to take effect, the policy could have far-reaching consequences for workforce recruitment across key sectors.

NORTH COUNTY TRANSIT

SAN DIEGO RAILROAD

**Agenda
Item #
2**

STAFF REPORT

RECEIVE THE PERFORMANCE, ADMINISTRATION AND FINANCE COMMITTEE CHAIR REPORT FOR THE MEETING ON DECEMBER 15, 2025

Time Sensitive: Consent:

STAFF RECOMMENDATION:

Receive the Performance, Administration and Finance (PAF) Committee Chair Report for the December 15, 2025 meeting.

BACKGROUND INFORMATION:

On December 15, 2025, at 12:00 p.m., the PAF Committee met as scheduled with all appointed members in attendance.

PAF Committee Agenda Item No. 1 – Receive FY2025 Unaudited Financial Statements

Eun Park-Lynch, Chief Financial Officer, provided a presentation showing North County Transit – San Diego Railroad's (NCTD) financial performance for fiscal year (FY) 2025. She reported that NCTD had \$131.1 million in cash and investments as of June 30, 2025, \$78.6 million was received in TIRCP SB125 and ZETCP funds for specific projects and uses, and operating expenses were under budget by \$15.4 million.

Committee Chair Sannella and Ms. Park-Lynch discussed the 21% decrease in state grant revenue received by NCTD. When NCTD's overall expenditures are less than what it had budgeted, Ms. Park-Lynch explained that some funds may be deferred to future fiscal years or used to fund capital needs. Chief Executive Officer (CEO), Shawn Donaghy, added that some state grants may be heavily dependent on federal funding, which may have a direct impact on what NCTD receives.

Committee Member Contreras discussed the \$15 million contingency threshold and suggested NCTD may need an emergency reserve of at least six months due to uncertainties at federal and state government levels. Ms. Park-Lynch responded that the threshold is set by the Board and that increasing the self-imposed limit will not translate into additional cash coming into NCTD. CEO Donaghy added that the \$15 million contingency fund was established to run operations for 90 days in the event of a stoppage in funding. Committee Member Contreras further inquired about purchased transportation overtime in the budget. CEO Donaghy responded that the District no longer has purchased transportation since bus operators are now employed directly with NCTD. Committee Member Contreras and CEO Donaghy also discussed farebox recovery, which is currently 10% and is comparable to peers in the industry. SANDAG is performing a fare study to determine the impact of increasing fares in the region.

PAF Committee Agenda Item No. 2 – Receive Update on NCTD's Pension Liability GASB 68 Report

Eun Park-Lynch, Chief Financial Officer, provided an update on the District's pension liability. NCTD's pension liability is its obligation to pay benefits to retirees for service credit earned. Actuarial valuation reports are prepared annually by

CalPERS and are dated one year behind the audited fiscal year. The additional liability for the bus transition employees that started in late June 2025 will be reflected in the FY2027 financial statements. NCTD's contribution rates are determined on an annual basis based on the CalPERS annual actuarial valuation report.

Committee Member Contreras and Ms. Park-Lynch discussed how the discount rate compares to the market rate. Ms. Park-Lynch noted that market rates fluctuate every year whereas the discount rate is meant to be the projected investment return over a longer period of time.

PAF Committee Agenda Item No. 3 – Receive Update on the Proposed FY2027 – FY2031 Capital Improvement Program

Justin Richardson, Deputy Chief Development Officer, and Ornella Robert, Manager of Project Delivery, presented an update on the proposed Capital Improvement Program for FY2027 – FY2031. Ms. Robert explained the summary of proposed projects on the Constrained CIP, which include 13 ongoing projects and 35 high-priority projects, for a total estimate of \$51 million.

Committee Member Bhat-Patel highlighted the project near Grand Avenue and Carlsbad Village Drive in Carlsbad. CEO Donaghy confirmed that improvements have already taken place in the area and NCTD is working towards continuing the project over the next year.

PAF Committee Agenda Item No. 4 – Receive Update on Transit Fare Change Study

Mary Dover, Chief of Staff, and Tim Garrett, Associate Regional Planner, SANDAG, presented an overview of the status of the Transit Fare Change Study. NCTD and San Diego Metropolitan Transit System (MTS) are looking at ways to increase fare revenue by possibly increasing fares. The last time NCTD increased monthly fares was in 2008. If increases are suggested, the revisions will need to be approved by both NCTD and MTS and require final approval by SANDAG.

Committee Vice-Chair Edson and Mr. Garrett discussed the lack of youth participation in the survey. Mr. Garrett advised that youth riders are generally not responsible for household finances and therefore may have provided skewed results, since the survey was intended to assess the financial impact of a fare increase. Vice-Chair Edson also recommended sending the survey to the city's chambers of commerce. Ms. Dover added that NCTD is a member of all the city's chambers of commerce and can attend chamber meetings to provide updates or information about its fares.

Committee Member Bhat-Patel recommended that staff assess rising costs of goods and services in comparison to proposed fare changes. Ms. Dover noted that the survey posed several different scenarios to garner customer feedback about paying for other necessities if fares increase. CEO Donaghy added that the survey sheds light on what customer's priorities are in terms of transit service and if they are willing to pay extra for the service to be maintained.

Committee Member Contreras would like NCTD to continue offering low and free fares for youth and senior/disabled customers. Committee Member Contreras and Ms. Dover discussed the possibility of a low-income fare category. NCTD does not currently have that type of fare and its establishment would require

regional concurrence, revisions to the fare ordinance and approval by SANDAG. Committee Chair Sannella suggested there may be difficulty verifying this particular pass if purchased at a ticket vending machine.

PAF Committee Agenda Item No. 5 – Receive Updates to Internal Audit Program and Charters

Karen Tucholski, Senior Legal Counsel – Regulatory Compliance, presented the results of the FY2025 Internal Audit Program. Two audits were completed in FY2025: Account Payable Operations and Fare Collection and Enforcement. Staff has updated the Internal Audit Program Charter to now reflect that NCTD conducts direct operations, general updates to titles and responsibilities.

The meeting was adjourned at 1:46 p.m.

ATTACHMENT(S): 2A – FY2025 Unaudited Financial Statements Presentation
2B – GASB 68 Defined Benefit Pension Plan Update Presentation
2C – Proposed FY2027 – FY2031 Capital Improvement Program Presentaion
2D – Transit Fare Change Study Update Presentation
2E – Internal Audit Program and Charter Update Presentation

FISCAL IMPACT: This staff report has no fiscal impact.

STAFF CONTACT: **Eun Park-Lynch, Chief Financial Officer**
E-mail: eparklynch@nctd.org Phone: 760-967-2858

Receive FY2025 Unaudited Financial Statements

PAF Committee
December 15, 2025

COASTER SPRINTER BREEZE FLEX LIFT NCTD[®]

FY2025 Financial Highlights

- \$131.1 million in Cash and Investments as of June 30, 2025
- \$78.6 million received in TIRCP SB125 and ZETCP funds for specific projects and uses (reported as restricted cash)

Financial Metric	June 30, 2023 (Audited)	June 30, 2024 (Audited)	June 30, 2025 (Unaudited)
Cash and Investments	\$ 99,728,603	\$ 109,036,254	\$ 131,089,669
Working Capital	\$ 90,204,953	\$ 112,218,670	\$ 187,613,147
Free Cash *	\$ 71,685,767	\$ 89,204,733	\$ 105,475,084
Cash Available for Operations **	\$ 46,630,157	\$ 39,674,962	\$ 63,896,049
Current Ratio ***	2.31	3.02	3.17

* Board Policy No. 10 defines Free Cash as total cash and marketable investments less current unearned grant revenues, which are advances received by NCTD from state and local grants for capital projects that are anticipated to be spent in the following twelve (12) months.

** Total cash, investments, and restricted cash less total advances for capital projects and specific uses

*** Total current assets divided by total current liabilities. Measures the ability to pay short-term obligations.

FY2025 Financial Highlights

- \$6.4 million Net Operating Income (excluding depreciation, amortization, GASB68/GASB75/GASB87/GASB96 non-cash adjustments, and the Unfunded Accrued Liability pension contribution)
- Total operating expenses under budget by \$15.4 million
- Capital expenditures of \$78.5 million
 - \$20.5 million on hydrogen buses and hydrogen fueling station
 - \$13.2 million on COASTER expansion fleet
 - \$5.9 million on San Diego Right-of-Way Signal Modernization
 - \$5.2 million on Jones Rd property acquisition
 - \$3.1 million on various SPRINTER overhauls

FY2025 Operating Summary (Unaudited)

Operating Revenues	FY2025 * Actual	FY2025 ** Budget	Over (Under) Budget (\$)	Over (Under) Budget (%)
Passenger Fares	\$ 11,669,967	\$ 10,201,124	\$ 1,468,843	14.40%
Non-Transportation Revenues	8,157,718	4,528,000	3,629,718	80.16%
Auxiliary Revenues	11,781,017	11,623,114	157,903	1.36%
Federal Grants	53,229,807	53,721,004	(491,197)	-0.91%
State Grants	18,611,475	23,579,635	(4,968,160)	-21.07%
Local Grants	77,784,109	84,505,896	(6,721,787)	-7.95%
	181,234,093	188,158,773	(6,924,680)	-3.68%
Operating Expenditures				
Salaries, Wages and Benefits	\$ 50,027,293	\$ 52,890,110	\$ (2,862,817)	-5.41%
Professional Services	39,354,982	48,191,849	(8,836,867)	-18.34%
Materials and Supplies	12,663,395	17,534,936	(4,871,541)	-27.78%
Utilities	3,330,396	3,632,614	(302,218)	-8.32%
Casualty and Liability	7,302,406	8,651,736	(1,349,330)	-15.60%
Taxes	1,105,672	1,507,413	(401,741)	-26.65%
Purchased Transportation	56,080,643	50,971,878	5,108,765	10.02%
Miscellaneous Expenses	1,585,328	2,157,881	(572,553)	-26.53%
Debt-Related Expense	555,630	737,200	(181,570)	-24.63%
Leases and Rentals	795,367	1,383,156	(587,789)	-42.50%
Contingency	-	500,000	(500,000)	-100.00%
	172,801,112	188,158,773	(15,357,661)	-8.16%
	\$ 6,413,962	\$ -	\$ -	

* Excludes GASB68, GASB75, GASB87, and GASB96 non-cash adjustments and the Unfunded Accrued Liability (UAL) pension contribution

** As originally adopted and does not reflect budget transfers made during the fiscal year

Net Position

	June 30, 2023 (Audited)	June 30, 2024 (Audited)	June 30, 2025 (Unaudited)
Assets			
Cash and investments	\$ 99,728,603	\$ 109,036,254	\$ 131,089,669
Receivables	43,057,084	47,383,221	50,937,913
Other current assets	<u>16,521,025</u>	<u>11,312,347</u>	<u>92,124,352</u>
Total current assets	<u>159,306,712</u>	<u>167,731,822</u>	<u>274,151,934</u>
Non-current assets	17,249,868	17,335,998	17,222,178
Capital assets	<u>777,645,753</u>	<u>772,041,400</u>	<u>766,943,976</u>
Total assets	954,202,333	957,109,220	1,058,318,088
Deferred Outflows of Resources	13,282,236	12,582,446	10,500,295
Liabilities			
Accounts payable	33,642,246	27,204,365	52,574,690
Unearned grant revenue - due within one year	28,042,836	19,831,521	25,614,585
Certificates of participation - due within one year	1,350,000	1,400,000	1,450,000
Other current liabilities	<u>6,066,677</u>	<u>7,077,266</u>	<u>6,899,512</u>
Total current liabilities	<u>69,101,759</u>	<u>55,513,152</u>	<u>86,538,787</u>
Certificates of participation - due in more than one year	17,750,000	16,350,000	14,900,000
Unearned grant revenue - due in more than one year	33,280,094	54,031,450	126,182,991
Net pension liability	43,991,035	44,686,566	42,969,550
Total other postemployment benefits liability	3,588,137	4,025,725	3,720,890
Other noncurrent liabilities	<u>8,897,256</u>	<u>6,278,545</u>	<u>7,782,748</u>
Total liabilities	176,608,281	180,885,438	282,094,966
Deferred Inflows of Resources	17,569,361	16,749,107	16,621,382
Net Position	\$ 773,306,927	\$ 772,057,121	\$ 770,102,035

Farebox Recovery

	FY2021	FY2022	FY2023	FY2024	FY2025
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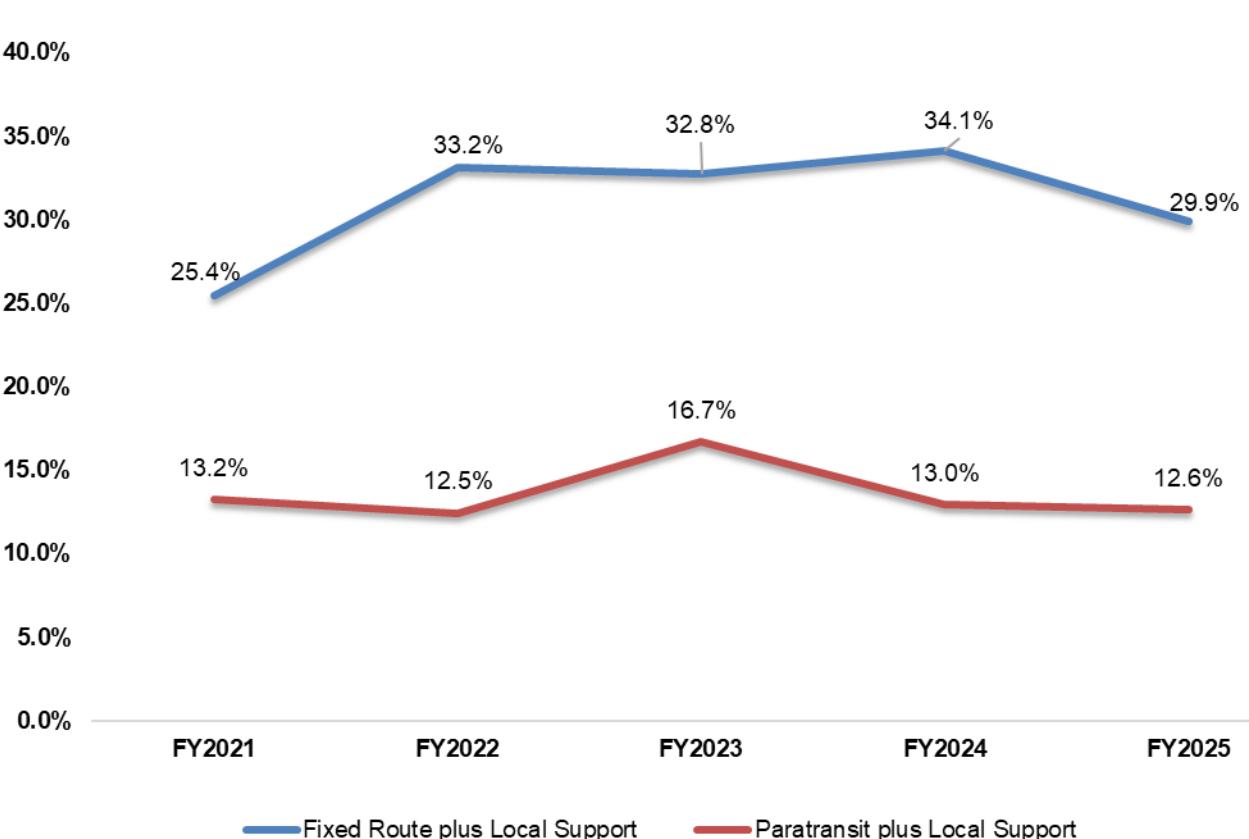
FAREBOX PLUS LOCAL SUPPORT RATIO

FIXED ROUTE	25.4%	33.2%	32.8%	34.1%	29.9%
PARATRANSIT	13.2%	12.5%	16.7%	13.0%	12.6%

MINIMUM REQUIRED FAREBOX RECOVERY RATIO

FIXED ROUTE	18.8%	18.8%	18.8%	18.8%	18.8%
PARATRANSIT	10.0%	10.0%	10.0%	10.0%	10.0%

PUC 99268.19. If fare revenues are insufficient to meet the applicable ratio of fare revenues to operating cost, an operator may satisfy that requirement by supplementing its fare revenues with local funds and calculating all free and reduced transit fares at their current full retail value. "Local funds" means any nonstate grant funds or other revenues generated by, earned by, or distributed to an operator.



Questions?



Update on GASB 68 Defined Benefit Pension Plan

PAF Committee
December 15, 2025

COASTER SPRINTER BREEZE FLEX LIFT NCTD⁺

Overview and Assumptions

- Net pension liability is the plan's total pension liability less the plan's fiduciary net position (investments).
 - Net pension **asset**: Plan investments > Total pension liability.
 - Net pension **liability**: Plan investments < Total pension liability.
- Actuarial valuation reports are prepared annually by CalPERS and are dated one year behind the audited fiscal year
- Actuarial assumptions are adopted by the CalPERS Board of Administration
- The discount rate used by the pension plan for 2024 was 6.9%
- A higher return on plan assets reduces the funding requirements for the pension plan and vice versa, a lower return on plan assets increases the funding requirements

Covered Employees

The following employees were covered by the benefit terms of the Pension Plan as of the most recent five years actuarial valuation reports.

Covered Employees	Periods Ended June 30				
	2024	2023	2022 **	2021	2020
Inactive employees or beneficiaries currently receiving benefits *	637	642	642	650	652
Inactive employees entitled to but not yet receiving benefits *	506	470	435	427	427
Active employees	337	285	245	136	132
Total	<u>1,480</u>	<u>1,397</u>	<u>1,322</u>	<u>1,213</u>	<u>1,211</u>

* Separated from employment from NCTD

** First year of insourcing of rail operations and maintenance

Net Pension Liability

	Measurement Periods Ended June 30				
	2024	2023	2022	2021	2020
TOTAL PENSION LIABILITY					
Service cost	\$ 3,468,166	\$ 2,944,712	\$ 1,970,486	\$ 1,615,945	\$ 1,487,670
Interest on total pension liability	10,741,968	10,372,511	10,092,952	10,188,025	10,043,214
Changes of assumptions	-	370,422	3,438,212	(a)	-
Difference between expected and actual experience	2,226,127	1,372,675	(1,589,577)	201,796	(923,704)
Benefit payments	(10,622,758)	(10,278,495)	(10,205,650)	(9,884,519)	(9,658,453)
Net change in total pension liability	5,813,503	4,781,825	3,706,423	2,121,247	948,727
Total pension liability - Beginning	<u>157,031,856</u>	<u>152,250,031</u>	<u>148,543,608</u>	<u>146,422,361</u>	<u>145,473,634</u>
Total pension liability - Ending	<u>\$ 162,845,359</u>	<u>\$ 157,031,856</u>	<u>\$ 152,250,031</u>	<u>\$ 148,543,608</u>	<u>\$ 146,422,361</u>
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	\$ 5,883,594	\$ 6,371,487	\$ 5,507,275	\$ 3,892,655	\$ 3,447,428
Contributions - Employee	1,677,746	1,377,077	927,843	851,933	736,409
Net investment income (loss)	10,683,353	6,695,834	(9,140,756)	22,875,708	5,064,326
Benefit payments	(10,622,758)	(10,278,495)	(10,205,650)	(9,884,519)	(9,658,453)
Administrative expense	(91,416)	(79,609)	(75,529)	(103,504)	(146,855)
Net change in fiduciary net position	7,530,519	4,086,294	(12,986,817)	17,632,273	(557,145)
Plan fiduciary net position - Beginning	<u>112,345,290</u>	<u>108,258,996</u>	<u>121,245,813</u>	<u>103,613,540</u>	<u>104,170,685</u>
Plan fiduciary net position - Ending	<u>\$ 119,875,809</u>	<u>\$ 112,345,290</u>	<u>\$ 108,258,996</u>	<u>\$ 121,245,813</u>	<u>\$ 103,613,540</u>
Plan net pension liability - Ending	<u>\$ 42,969,550</u>	<u>\$ 44,686,566</u>	<u>\$ 43,991,035</u>	<u>\$ 27,297,795</u>	<u>\$ 42,808,821</u>
Funded percentage	73.61%	71.54%	71.11%	81.62%	70.76%

(a) The discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows.

Sensitivity Analysis

A sensitivity analysis shows the impact on current valuation results using alternative discount rates. The table below presents the net pension liability as of June 30, 2024 assuming alternate discount rates.

Measurement Date: June 30, 2024	Discount Rate -1% 5.9%	Current Discount Rate 6.9%	Discount Rate +1% 7.9%
Plan's Net Pension Liability	\$61,461,475	\$ 42,969,550	\$27,600,470
Increase (Decrease)	\$18,491,925		(\$15,369,080)

Pension Employer Contributions

- NCTD's contribution rates are determined on an annual basis based on the CalPERS annual actuarial valuation report
 - Normal Cost (NC) is for active employees and is calculated each payroll and remitted to CalPERS
 - Unfunded Accrued Liability (UAL) is the amount needed to fund past service credit earned for members who are currently receiving benefits, active members, and for members entitled to deferred benefits.
 - NCTD's total required annual contribution = Normal Cost + UAL Contribution
 - The UAL portion can be prepaid (or paid monthly) and must be received by CalPERS no later than July 31. NCTD prepays the UAL to save in finance costs. NCTD may contribute additional discretionary UAL payments.

NCTD Pension Contributions

		UAL Contribution (Required)	Additional UAL Contribution (Discretionary) **	Total UAL Contribution
	Fiscal Year			
Actual	FY23	\$3,433,913	\$1,194,075	\$4,627,988
Actual	FY24	\$3,018,790	\$432,081	\$3,450,871
Actual	FY25	\$3,513,826	\$1,128,760	\$4,642,586
Actual	FY26	\$3,937,367	\$0	\$3,937,367
Required	FY27	\$4,280,762	\$1,453,055	\$5,733,817
Projected *	FY28	\$4,451,603	\$1,282,214	\$5,733,817
Projected *	FY29	\$4,937,095	\$796,722	\$5,733,817
Projected *	FY30	\$4,997,562	\$736,255	\$5,733,817
Projected *	FY31	\$5,041,221	\$692,596	\$5,733,817
Projected *	FY32	\$4,745,224	\$988,593	\$5,733,817

* The projections assume the investment return to be 6.8%. To the extent the actual investment return differ from 6.8%, the actual contribution requirements will differ.

** Under a 10-Year Amortization with final payment on FY2035

Questions?



UPDATE ON THE PROPOSED FY 2027 – 2031 CAPITAL IMPROVEMENT PROGRAM

PAF Committee Meeting
December 15, 2025

COASTER SPRINTER BREEZE FLEX LIFT NCTD[®]

Annual CIP Development

- The Capital Improvement Program (CIP) is a financial plan of adopted capital projects. **The CIP incorporates NCTD's current and future capital needs and is updated annually.**
- Supports long-term investment in infrastructure, fleet, facilities, and technology.
- Ensures funding is strategically aligned with safety, state of good repair, and regulatory compliance priorities.



Annual CIP Development

Phase 1

 Capital Project
Steering Committee
Kick Off
Aug 2025

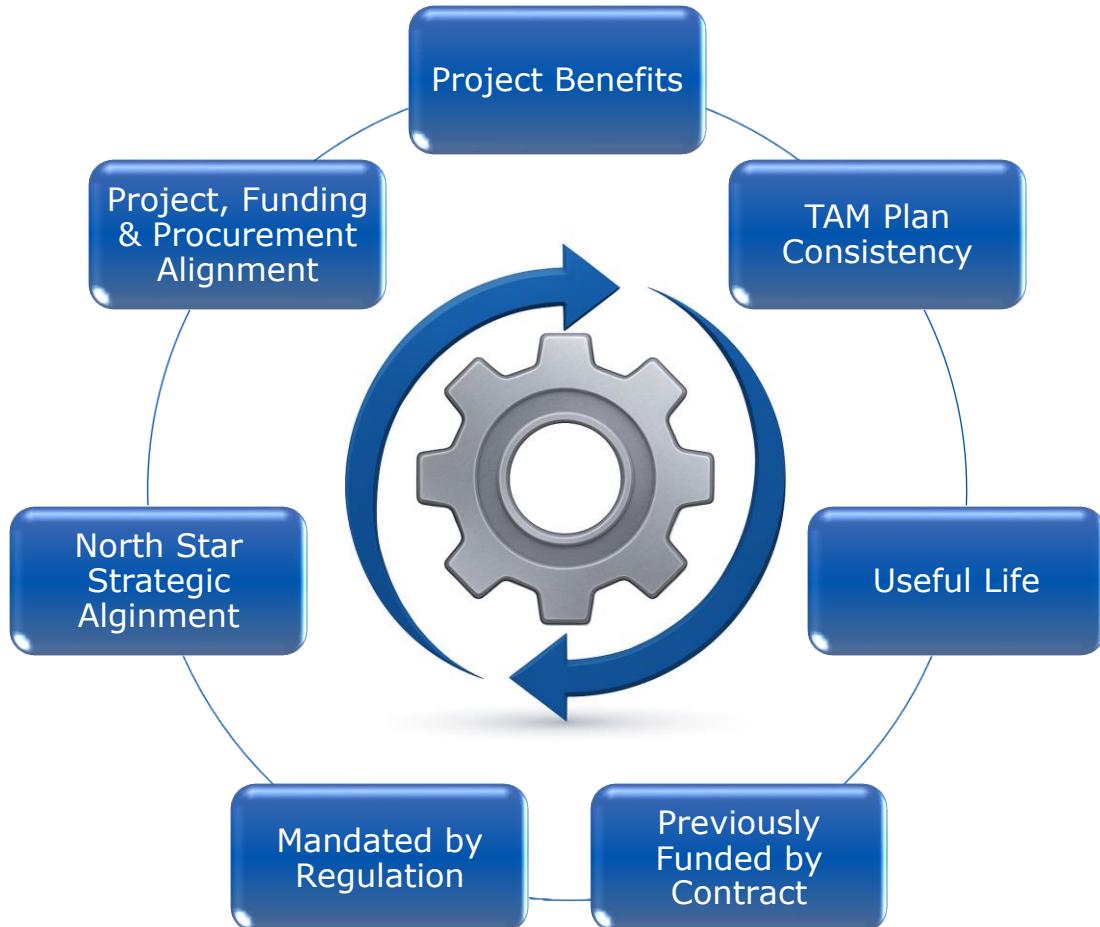
 Development phase:
Ideas, target
schedules, & funding
requests

 Evaluation and
Finalization of
Initial CIP

 PAF Committee
Meeting
Dec 2025

 Board Approval
of Initial CIP
Dec 2025

CIP Evaluation Considerations



CIP Major Funding Sources



Federal Transit Administration (FTA) formula funds
(5307, 5337)

Federal Railroad Administration (FRA) discretionary grants

State Transit Assistance (match for federal funds)

Transportation Development Act (match for federal funds)

State Rail Assistance (restricted for commuter rail)

Federal and State discretionary grants

California SB-125 Transit Program

Summary of FY 27 Requests – Constrained

Constrained CIP

- ✓ Funded CIP for FY27
- ✓ Limited by available funding
- ✓ Includes prioritized projects only
- ✓ Balances needs with financial capacity
- ✓ Total Constrained CIP for FY27: \$51 million

Ongoing
Projects

13

\$8,118,500

High Priority
Projects

35

\$43,272,385

Project Type	Qty
State of Good Repair	27
Safety & Regulatory Compliance	9
Maintenance & Operations Optimization	7
Technology & Systems Integration	2
Asset Modernization	3

FY 2027 – 2031 High Priority CIP Needs

Revenue Vehicles State of Good Repair

- SPRINTER Overhauls: \$7.3 million
- COASTER Overhauls: \$8.57 million
- COASTER Image Recorders Build: \$2.25 million

Facilities State of Good Repair

- Wayfinding and Signage: \$3.34 million
- BOE & BOW Pavement Construction: \$1.8 million
- COASTER Train Wash: \$2.37 million



FY 2027 – 2031 High Priority CIP Needs

Rail Infrastructure and Signals State of Good Repair

- Rose Canyon Bridge Replacement Design and Construction: \$12.5 million
- Bridge 209.9 Construction: \$900,000
- CP Ash Turnout Construction: \$4 million

Safety & Regulatory Compliance

- Grand Ave and Carlsbad Village Drive Grade Crossing Safety Enhancements Construction: \$1.5 million
- Gas Detection BOE Body Shop Design and Construction: \$800 thousand



Next Steps

Phase 2



Questions?



Receive Update on Transit Fare Change Study

PAF Committee
December 15, 2025

COASTER SPRINTER BREEZE FLEX LIFT NCTD⁺

Current Fares

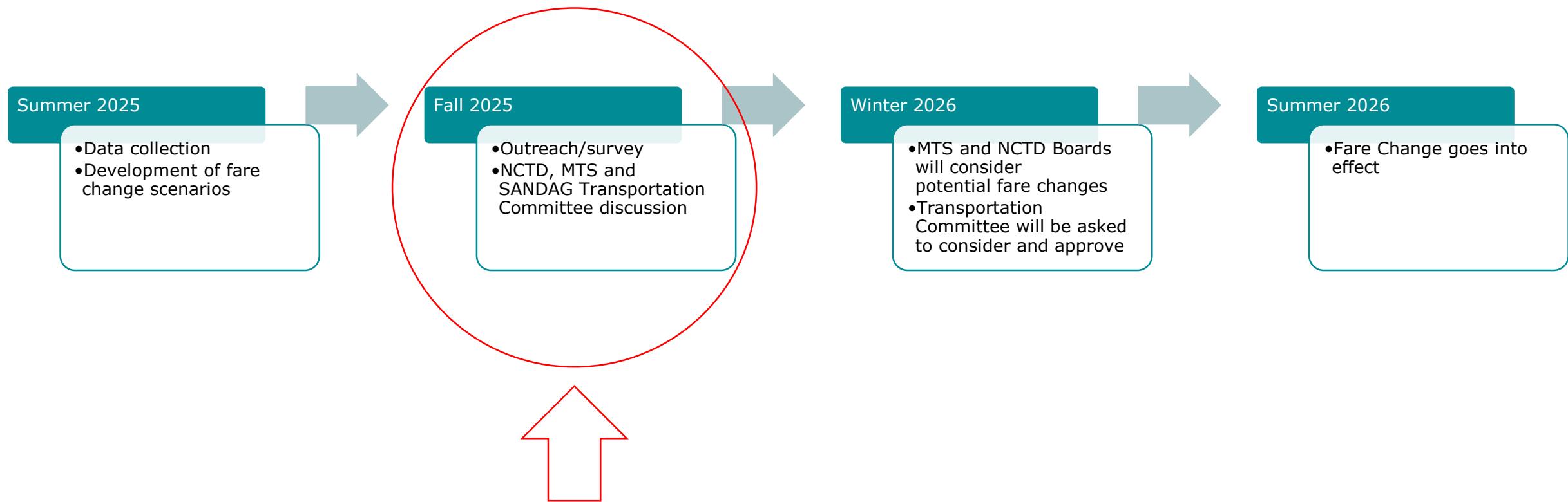
One-Way Fares

	Adult	Senior/Disabled /Medicare(SDM)
BREEZE	\$2.50	\$1.25
FLEX	\$5.00	\$2.50
SPRINTER	\$2.50	\$1.25
COASTER Zone 1	\$5.00	\$2.50
COASTER Zone 2	\$5.75	\$2.75
COASTER Zone 3	\$6.50	\$3.25

Monthly Fares

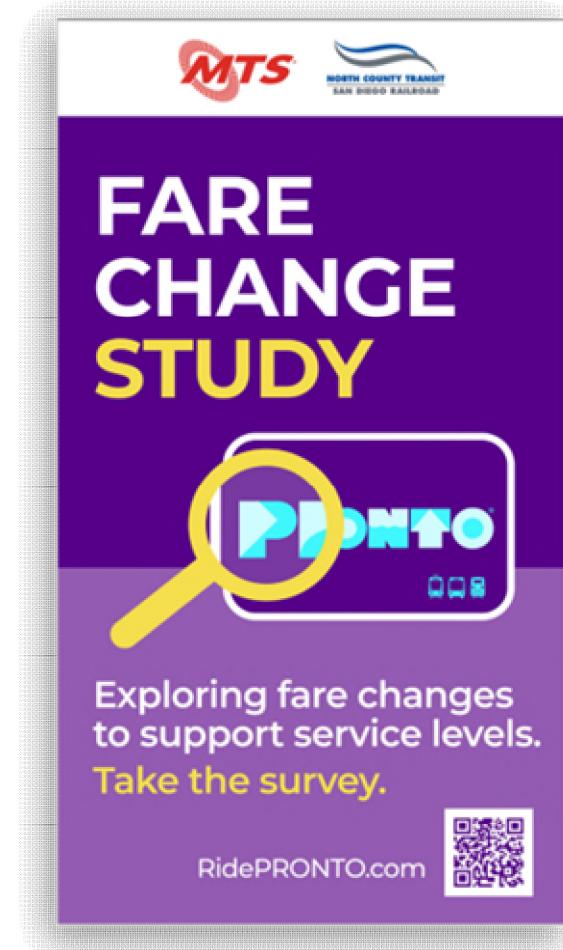
	Adult	Senior/Disabled /Medicare(SDM)
Regional	\$72	\$23
Premium Regional	\$100	\$32
SPRINTER/ BREEZE	\$59	\$19
COASTER Zone 1	\$140	\$58
COASTER Zone 2	\$161	\$58
COASTER Zone 3	\$182	\$58

Fare Change Study Timeline

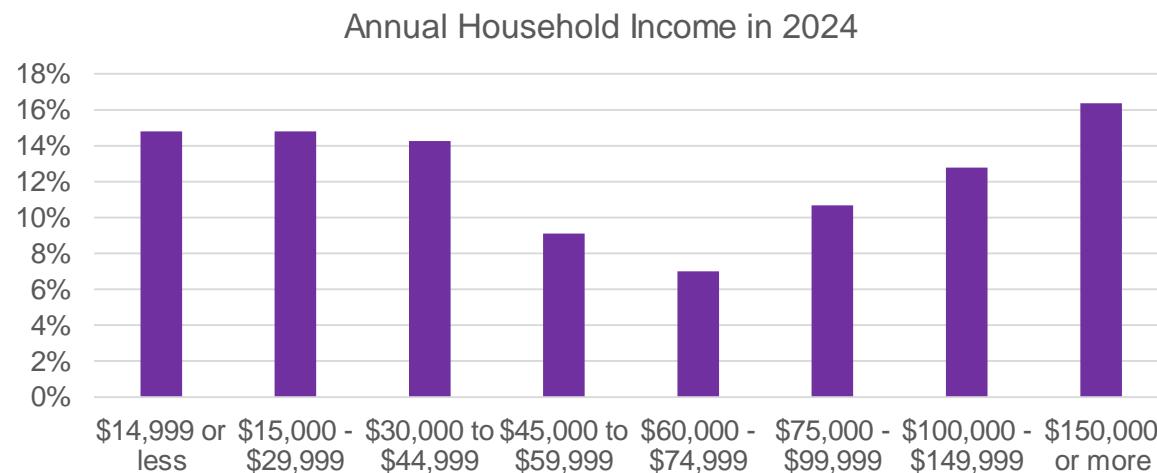
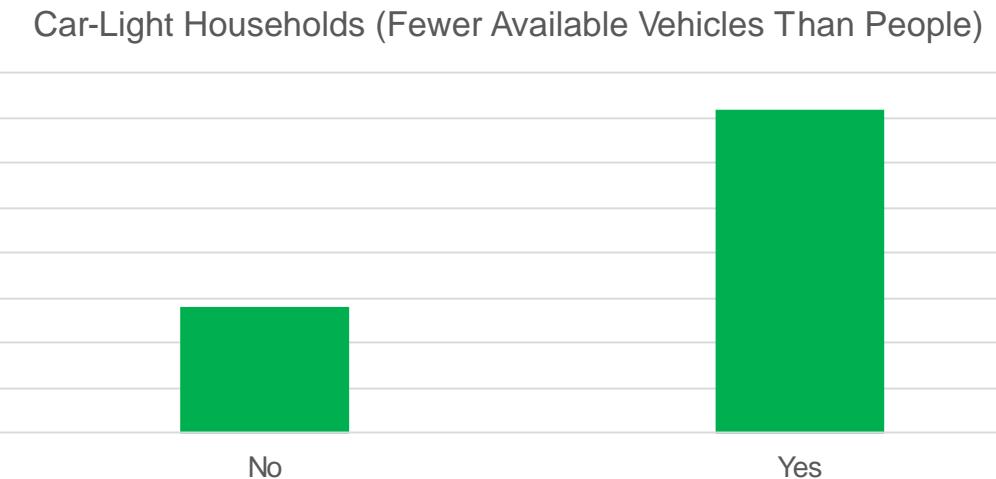
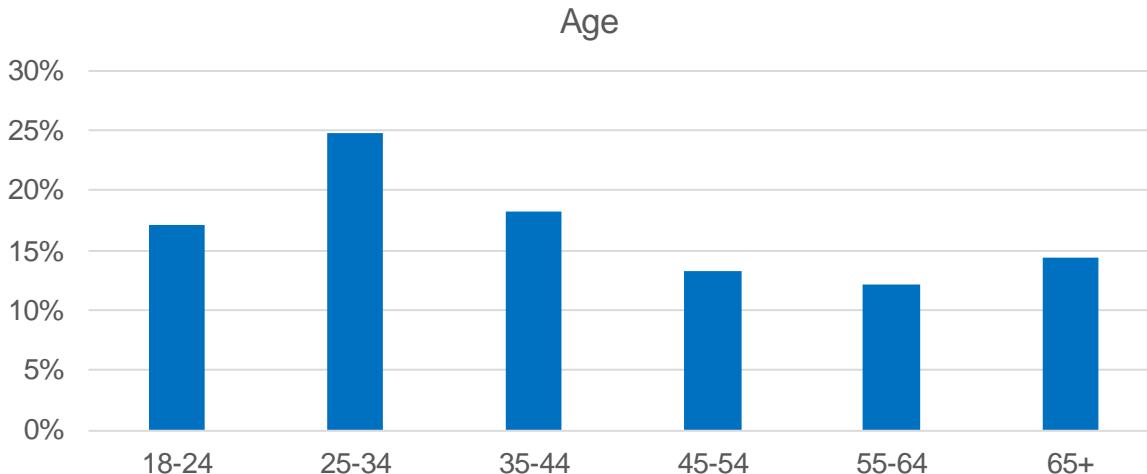


Outreach

- Survey available Oct. 6 – Nov. 7
- Online and paper versions available
- Goals: Educate about fare change process and understand public sentiment about service levels vs. cost to ride
- Questions: how often people ride transit; rider demographics; rider priorities regarding fares, level of service, and discounts

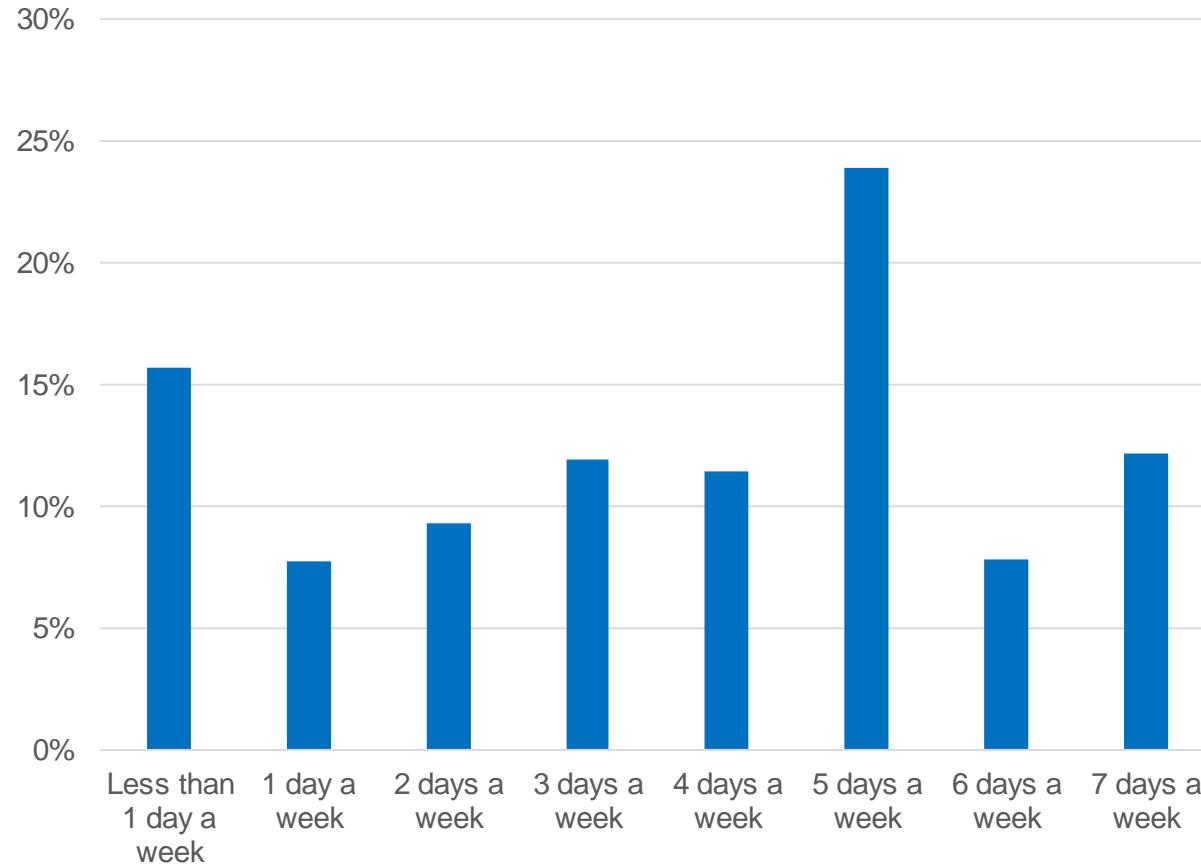


Fare Change Study Draft Survey Results

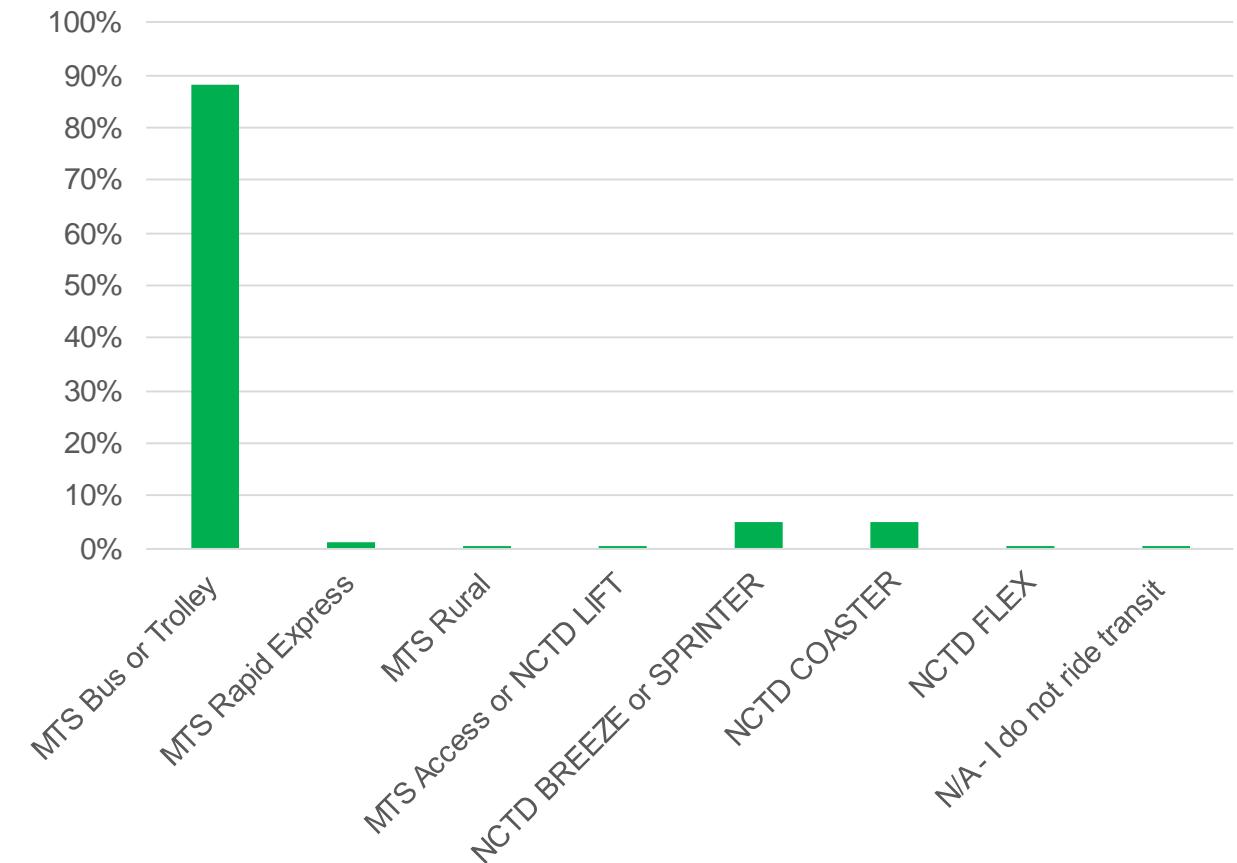


Fare Change Study Draft Survey Results

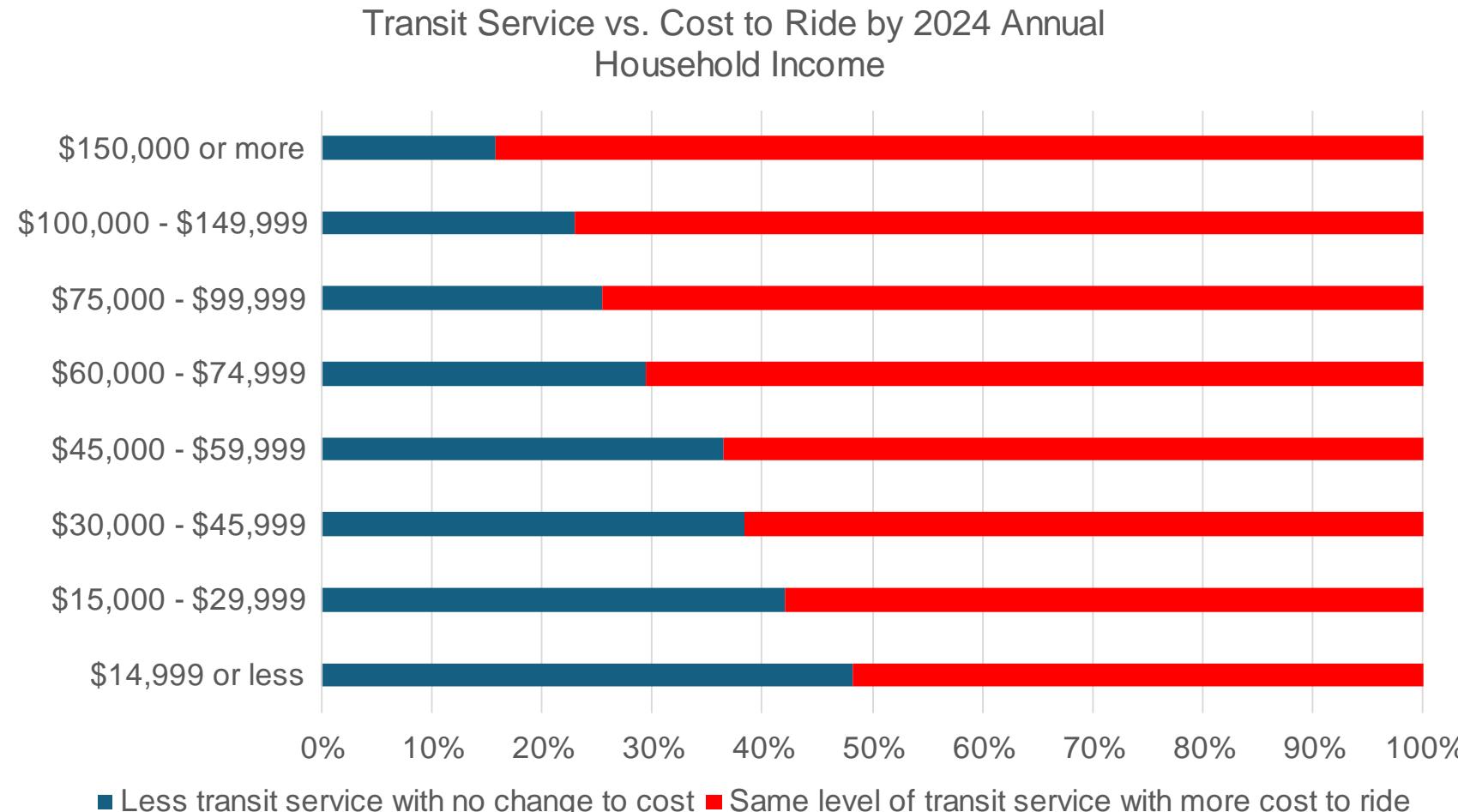
Frequency of Riding Transit



Most Frequent Transit Service

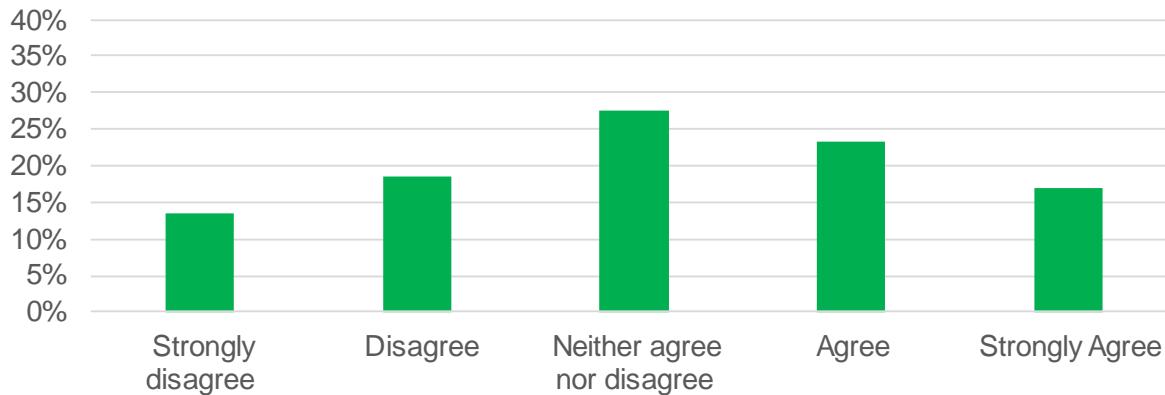


Fare Change Study Draft Survey Results

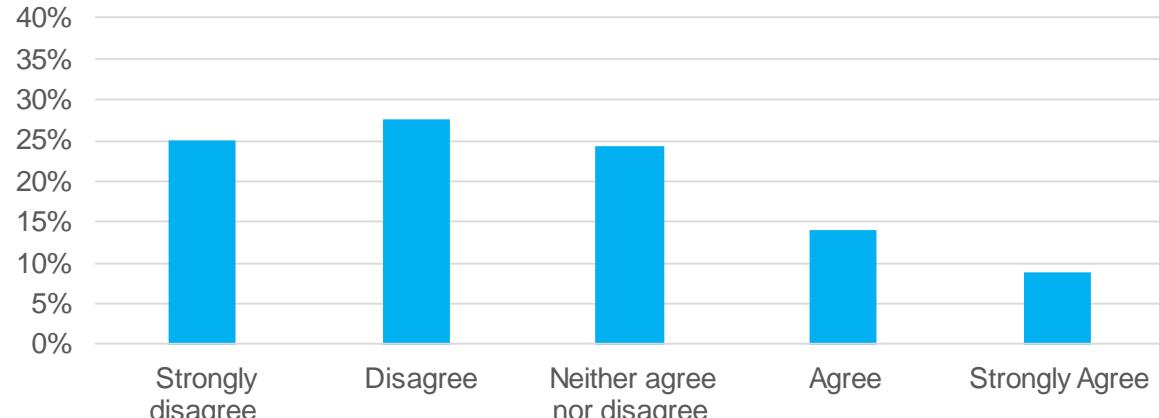


Fare Change Study Draft Survey Results

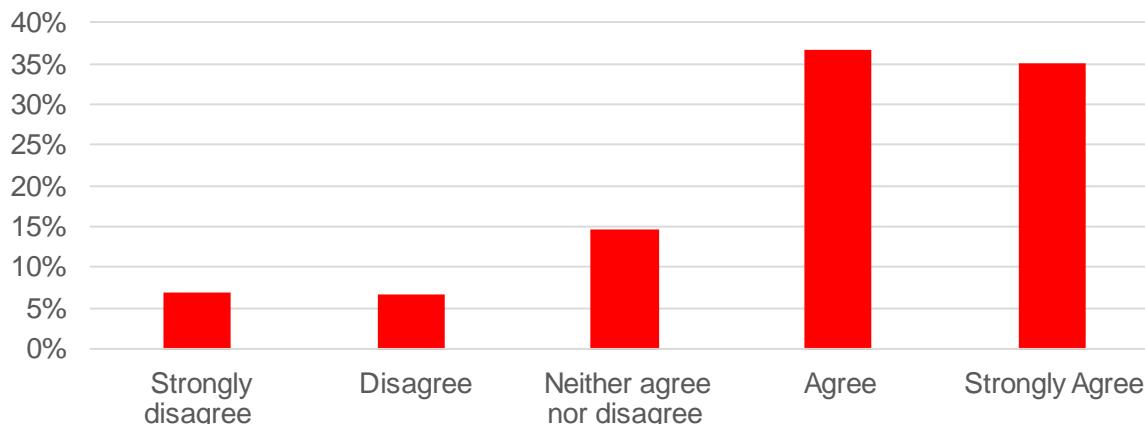
If Increasing Fares, Better to Increase One -Way and Day Passes



If Increasing Fares, Better to Increase Price of Monthly Passes

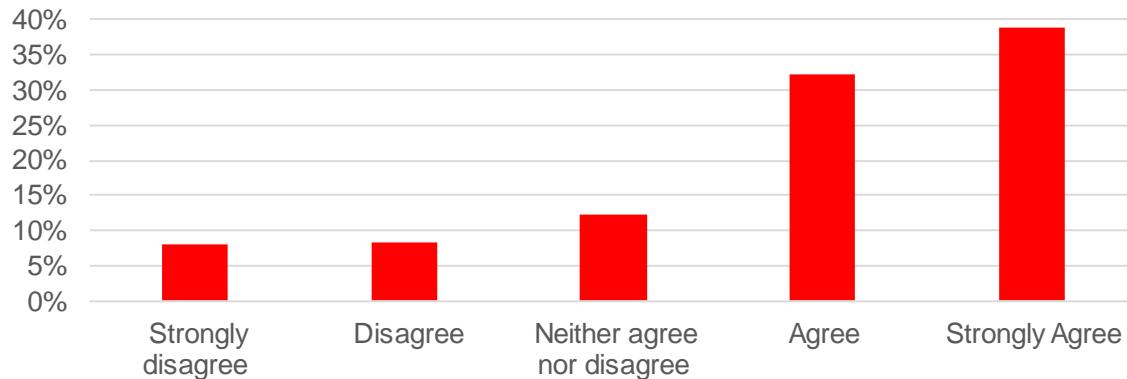


If Increasing Fares, Better Over Time Rather Than All At Once

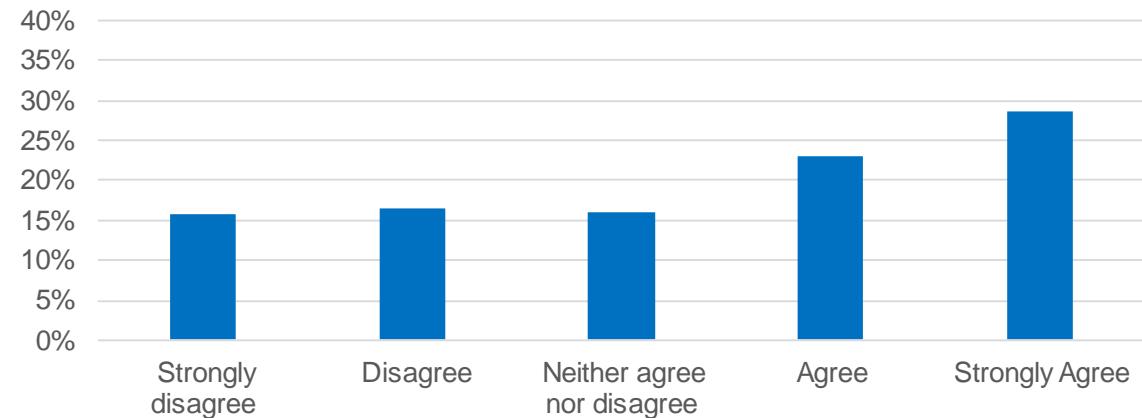


Fare Change Study Draft Survey Results

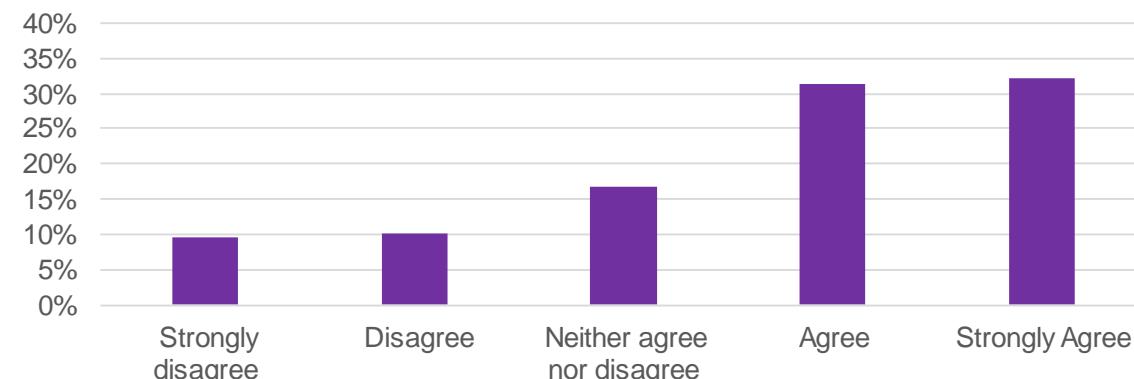
Keep Fares Same for Senior/Disabled/Medicare, Even if Others Pay More



Keep Youth Fares Free, Even if Others Pay More



Keep Fares Same for Low-Income Riders, Even if Others Pay More



Next Steps

- Analyze public outreach results
- Begin running scenarios for fare changes
- Planning for Phase 2 Public Outreach (Jan – Feb)
- Community workshops
- Fare change scenario discussions



Questions?



Receive Internal Audit Program Update

PAF Committee Meeting
December 15, 2025

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CY2024 Audit Implementation

Accounts Payable (AP) Operations – Examine AP processes for NCTD policy compliance, overall efficiency and effectiveness

Audit Observation	Recommendation	Status
Invoices are not always timely approved and/or routed through all steps in the Laserfiche electronic process (compliance, efficiency)	<ol style="list-style-type: none">1. Enhance use of technology within Laserfiche to send auto-generated system reminders at applicable steps of process;2. Timely remove terminated employees reassign open tasks to other staff3. Expand training on invoice processing for all parties, especially Project Managers	<ol style="list-style-type: none">1. In process – notifications ready for testing in Q1 20262. Complete3. In process – completion target Q1 CY2026
Vendor Master File (VMF) function in JDEdwards is maintained by PCA Division, but doesn't establish clear guidelines for file setup, edits, etc.; VMF is accessible for editing by Finance Division staff (internal control risk)	<ol style="list-style-type: none">1. PCA to develop standardized VMF guidelines; update internal policies accordingly2. Limit access to Vendor Master File to "read-only" for Finance Division staff	<ol style="list-style-type: none">1. Complete – detailed job instructions created and implemented2. In process – with JDE consultant for programming. Completion target Q1 CY2026
No management reports or KPI's exist to monitor and drive AP processing efficiencies	<ol style="list-style-type: none">1. Develop management reports and KPI's for AP processing	<ol style="list-style-type: none">1. In process – NCTD's new Business Intelligence Department will be creating an AP dashboard as part of several new reporting tools.

CY2024 Audit Implementation

Fare Collection & Enforcement (FCE) – Examine FCE processes for NCTD policy compliance, effectiveness of internal controls regarding processing/safeguarding fare revenue

Audit Observation	Recommendation	Status
No documented guidelines regarding level of acceptable fare evasion; fare evasion costs NCTD approximately \$3 million in lost revenue annually	<ol style="list-style-type: none">1. NCTD Board and Executive management should evaluate development of formalized guidelines around fare enforcement and acceptable levels of fare evasion2. Consider creating a closed (gated) fare system	<ol style="list-style-type: none">1. Ongoing – NCTD is continuing to administer training on fare checks to bolster fare enforcement2. Ongoing – NCTD will explore potential for gated systems on rail platforms as funding allows
Lack of detail in daily cash handling procedures; lack of redundancy in staff responsibilities for Fare Revenue Specialist	<ol style="list-style-type: none">1. Finance and Customer Service need to collaborate to refine daily cash handling procedures2. Document fare revenue collection procedures in detail; train additional staff beyond the Fare Revenue Specialist	<ol style="list-style-type: none">1. Complete – detailed procedures in place2. Complete – 2 additional staff trained and actively performing tasks
Existing process performed by MV for collecting and handling LIFT fares needs increased controls	<ol style="list-style-type: none">1. NCTD Finance and Bus should collaborate to develop procedures with increased controls (NOTE: this issue will be addressed with bus in-housing)	<ol style="list-style-type: none">1. Complete – LIFT fares now covered under NCTD procedures

Internal Audit Program Charter

- Previously two charters; one for the program in general and one for the PAF Committee
- Combine into a single IAP Program Charter for efficiency and ease of administration
- Update audit industry references to 2024 Global Internal Audit Standards through the Institute of Internal Auditors
- General updates to reflect current operational environment and position responsibilities

Questions?

NORTH COUNTY TRANSIT

SAN DIEGO RAILROAD

**Agenda
Item #
3**

STAFF REPORT

RECEIVE THE EXECUTIVE COMMITTEE CHAIR REPORT FOR THE MEETING ON DECEMBER 18, 2025

Time Sensitive: Consent:

STAFF RECOMMENDATION:

Receive the Executive Committee Chair Report for the December 18, 2025 meeting.

BACKGROUND INFORMATION:

On December 18, 2025, at 12:00 p.m., the Executive Committee met as scheduled with all appointed members in attendance.

Executive Committee Agenda Item No. 1 – Review Proposed Calendar Year 2026 Legislative Agenda

Mary Dover, Chief of Staff, and Tyler Mosher, Governmental Affairs Analyst, provided a presentation regarding the proposed calendar year (CY) 2026 legislative agenda. They shared that NCTD had secured \$16.8 million in discretionary grants in 2025 in part through legislative advocacy. Furthermore, North County Transit – San Diego Railroad (NCTD) has additional pending funding requests for SPRINTER improvements, Positive Train Control (PTC) upgrades on the San Diego Subdivision and Bus Stop Improvements. For 2026, NCTD plans on focusing its efforts on securing more public transit funding and streamlining processes.

Committee Chair Edson and Ms. Dover discussed potential revisions to NCTD's enabling legislation that would make NCTD its own Regional Transportation Agency. With that authority, NCTD can receive state funding directly without going to SANDAG first.

Committee Chair Bhat-Patel and Ms. Dover discussed the potential for flexibility in utilization of federal and state funding. Through the federal surface transportation reauthorization process, NCTD has requested expanded eligibility of federal formula funding for safety and security costs, which are not currently eligible uses of these funds. Committee Chair Bhat-Patel also noted that there will be an upcoming leadership shift at the State level in 2026.

Executive Committee Agenda Item No. 2 – Receive Update on the Climate Adaptation and Infrastructure Resiliency Plan

Ioni Tcholakova, Director of Service Planning, provided an update on the draft Climate Adaptation and Infrastructure Resiliency Plan, which assesses NCTD's vulnerability to climate hazards and identifies strategies to maintain resiliency. NCTD is in the process of soliciting public comment. The final Plan will be brought to the Board of Directors (Board) in February 2026.

Committee Member Edson and Ms. Tcholakova discussed strategies to maintain resiliency, including the installation of green and shade roofs on bus shelters, and installation of floodgates, among others. Committee Member Edson also recommended bottled water collection to maintain hydration for NCTD riders in the event of an emergency.

Committee Member Martinez inquired whether specific areas were targeted to assess vulnerabilities. Ms. Tcholakova responded that NCTD conducted an assessment across its entire service area, with particular attention to areas where high risk and weather-related challenges are likely to occur.

Committee Vice-Chair Sannella requested clarification on whether NCTD has conducted comparable assessments to evaluate other risk areas, including supply chain disruptions, earthquakes, and other incidents. CEO Donaghy responded that NCTD does assess other risks that may impact the agency, like supply chain shortages. NCTD also has strong relationships with local law enforcement and the Sheriff's Department to combine resources when needed for a regional incident; they also have familiarization training on all of NCTD's modes.

Committee Chair Bhat-Patel suggested extending the comment period, to which Ms. Tcholakova responded that it could be extended. Committee Chair Bhat-Patel additionally inquired whether peer agencies are conducting similar assessments. Ms. Tcholakova responded that other transit agencies are doing comparable assessments using the same methodology and same list of hazards determined by the California Coastal Commission.

The Executive Committee adjourned at 12:50 p.m.

ATTACHMENT(S): 3A – Proposed Calendar Year 2026 Legislative Agenda Presentation
3B – Update on the Climate Adaptation and Infrastructure Resiliency Plan Presentation

FISCAL IMPACT: This staff report has no fiscal impact.

STAFF CONTACT: **Mary Dover, Chief of Staff**
E-mail: mdover@nctd.org Phone: 760-967-2895

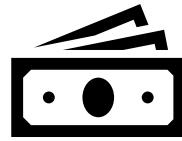


Review Calendar Year 2026 Legislative Agenda

Executive Committee Meeting
December 18, 2025

COASTER SPRINTER BREEZE FLEX LIFT NCTD⁺

Legislative Agenda



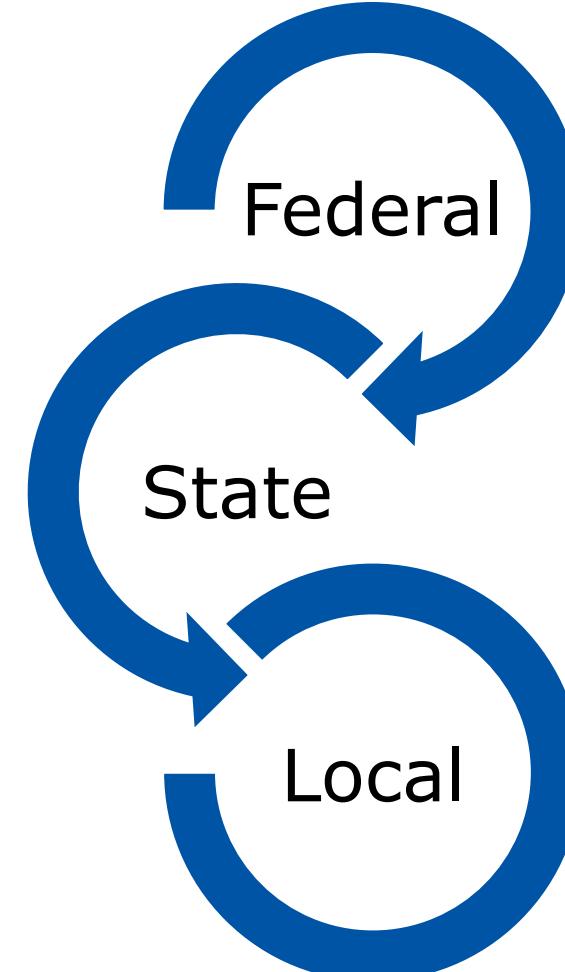
Funding



Policy



Regulatory



2025 Successes - Federal

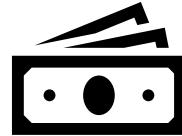


Fiscal Year 2026 Community Project Funding and
Congressionally Directed Spending



\$16.8 million in discretionary grants secured

2025 Successes - State



Cap-and-Invest

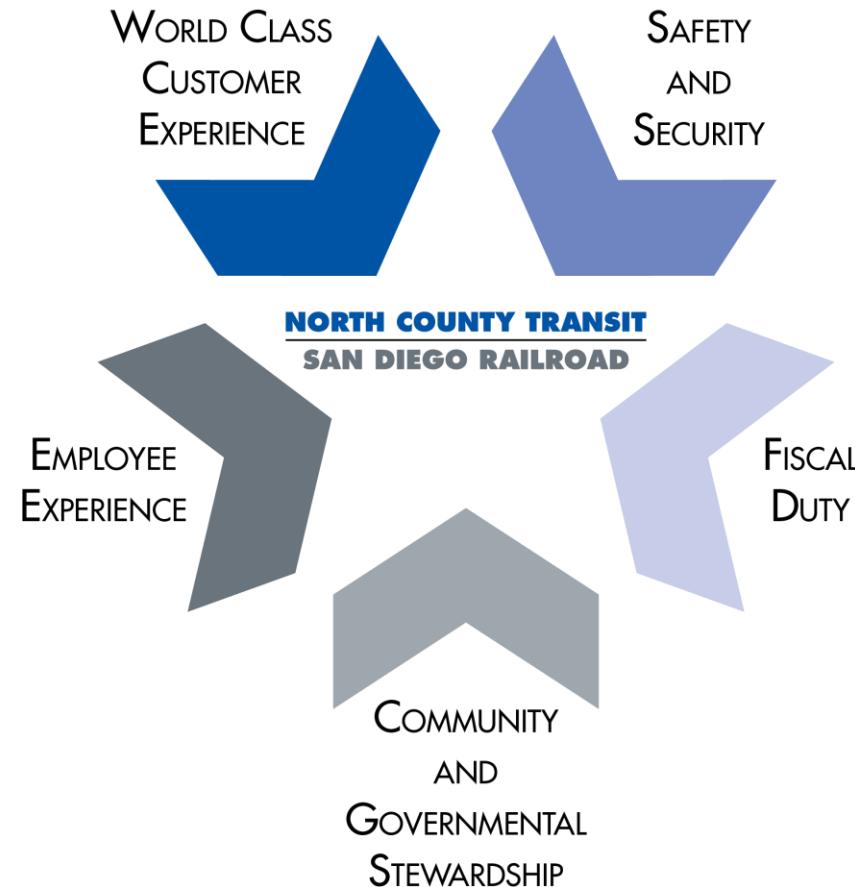


AB 394 - Protections for Transit Workers



SB 71 - CEQA Exemptions for Transit Projects

Strategic Priorities



2026 Areas of Focus



**Surface Transportation
Reauthorization**



Public Transit Funding



**State and Local
Funding Mechanisms**



Enabling Legislation



**Streamline Transit
Processes**

Important Dates

January

- Federal appropriations bills
- State Legislature reconvenes

February

- State bill introduction deadline

September

- Federal Surface Transportation Reauthorization bill
- Last day for Governor to sign or veto bills

November

- 2026 General Election
- State Legislature adjourns

Questions?



NCTD Climate Adaptation and Infrastructure Resiliency Plan Update

Executive Committee Meeting
December 18, 2025

COASTER SPRINTER BREEZE FLEX LIFT NCTD[®]

Project Timeline



Draft CAIRP

- ***What does the Draft Plan include?***

Assessing NCTD's Vulnerability to Climate Hazards

Methodology and results from the Vulnerability Assessment

Public Engagement

An overview of the project's engagement efforts

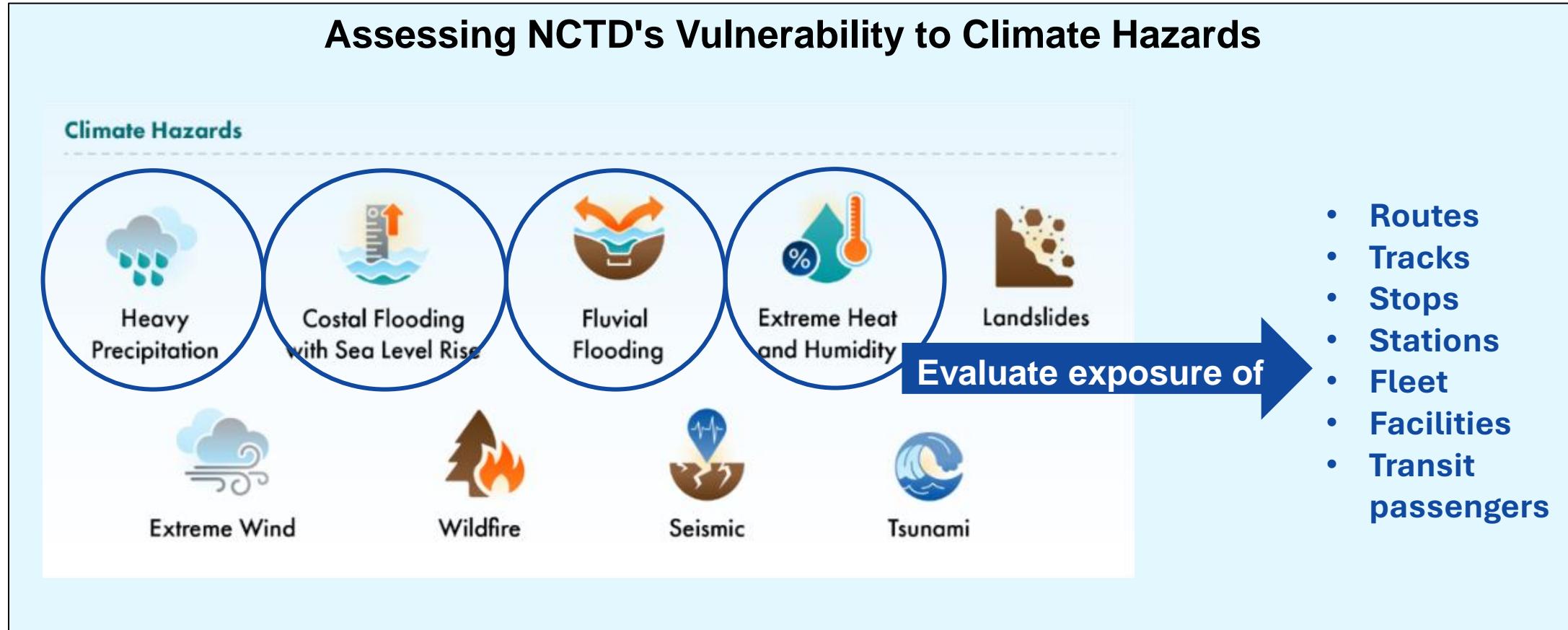
Identifying Resilience Solutions

Solutions Matrix overview

Demonstrating Resilience Investments

High-risk area identification & sample applications of solutions

Key Takeaways: Draft CAIRP



Key Takeaways: Draft CAIRP

Internal + External Engagement

Stakeholders

- NCTD passengers
- Residents within the NCTD service area
- Educational Institutions
- The Business Community
- Historically disadvantaged communities
- NCTD staff
- Advisory Committee
- CBOs

Tactics

- Public engagement events
- Virtual open houses
- Public online and in-person surveys
- Focus groups with CBOs and NCTD employees

Priorities

- Communication about service changes or hazards
- Flooding at bus or train stops
- Reducing delays and maintaining on-time performance
- More shaded areas (trees or shelters) at bus stops and stations

Key Takeaways: Draft CAIRP

Recommended Next Steps

Develop an internal guidance document that all internal employees can reference to support incorporating resilience into future project planning.

Amend or update existing jurisdictional MOUs to incorporate additional resilience considerations.

Conduct training for NCTD staff on climate hazard safety protocols and general hazards safety communication tools.

Develop climate hazard safety tools such as signage at transit stations and stops to inform the public about safety measures to minimize the risks of climate impacts.

Conduct facility-level assessments to identify site-specific vulnerabilities and further evaluate resilience strategies based on local site conditions and project limitations.

Evaluate and consider potential funding streams to support implementation of resilience measures.

Consult with regional stakeholders and local agencies to create a streamlined and effective process for developing and implementing adaptation measures.

Plan Review & Finalization

- **Draft Plan released for Public Comment on December 5, 2025**
- **Comment period is open through January 5, 2026**
- **Plan to be finalized by end of January 2026 and brought to the Board in February 2026**

Questions?

NORTH COUNTY TRANSIT

SAN DIEGO RAILROAD

**Agenda
Item #
4**

STAFF REPORT

RECEIVE THE UNAUDITED QUARTERLY INVESTMENT REPORT FOR THE FIRST QUARTER OF FY2026

Time Sensitive: **Consent:**

STAFF RECOMMENDATION:

Receive the Unaudited Quarterly Investment Report for the First Quarter of FY2026 (July 1, 2025 through September 30, 2025).

BACKGROUND INFORMATION:

Pursuant to the North County Transit – San Diego Railroad (NCTD) Board Policy No. 9, *Investment Policy* (Board Policy No. 9), the Chief Financial Officer, acting as NCTD's Treasurer, submits a Quarterly Investment Report to the Board of Directors (Board). The Quarterly Investment Report provides unaudited information on investment portfolio performance and includes a listing of the current investment portfolio, the compliance or non-compliance of the investments with the investment policy, and the ability of the investment portfolio to provide the necessary liquidity to meet the expenditure requirements of NCTD for the next six months. The table below lists NCTD's cash and investment balances as of September 30, 2025:

Cash and Investments	Book Value	Market Value	Annual Yield
State of California Local Agency Investment Fund (LAIF)	52,821,671	52,821,671	4.39%
County of San Diego Investment Pool	49,726,482	49,726,482	3.65%
JPMorgan Chase Checking	6,059,242	6,059,242	2.21%
Total Cash and Investments	108,607,395	108,607,395	3.93%

The LAIF and County of San Diego investments are liquid and funds may be accessed for immediate needs. As required by Board Policy No. 9, the Chief Financial Officer, as Treasurer, certifies that the investment portfolio is in compliance with NCTD's Board of Directors' investment policy. The Treasurer also certifies that the investment portfolio provides the necessary liquidity to meet NCTD's expenditures for the next six months, provided that grant-funding authorities continue to disburse funds to NCTD on a timely basis.

The variance between cash and investments per this report and the Statement of Financial Position amount as of September 30, 2025, for Cash and Investments, is related to cash held in ticket vending machines, petty cash, cash in transit held by armored services, and cash managed by third parties for payment of workers' compensation claims. The table below summarizes the balance of cash and investments and annual investment yield on September 30, 2025, compared to September 30, 2024.

	9/30/2025	9/30/2024	Change %
Cash and Investments	\$108,607,395	\$93,654,101	16.0%
Annual Investment Yield	3.93%	4.09%	-3.9%

For the quarter ended September 30, 2025, LAIF reported a quarterly yield of 4.24% and the San Diego County Investment Pool reported an annualized yield of 3.76% for their entire portfolios.

ATTACHMENT: None

FISCAL IMPACT: This staff report has no fiscal impact.

COMMITTEE REVIEW: None

STAFF CONTACT: **Eun Park-Lynch, Chief Financial Officer**
E-mail: eparklynch@nctd.org Phone: 760-967-2858

NORTH COUNTY TRANSIT

SAN DIEGO RAILROAD

**Agenda
Item #
5**

STAFF REPORT

RECEIVE THE UNAUDITED QUARTERLY FINANCIAL REPORT FOR THE FIRST QUARTER OF FY2026

Time Sensitive: **Consent:**

**STAFF
RECOMMENDATION:**

Receive the unaudited Quarterly Financial Report for the first quarter of fiscal year (FY) 2026 (FY2026-Q1) (July 1, 2025 through September 30, 2025).

**BACKGROUND
INFORMATION:**

The attached Financial Report provides unaudited financial information that includes the Statements of Net Position; Statements of Revenue, Expenses, and Changes in Net Position; Statements of Revenues and Expenses by Department; Fare Recovery Ratios; Sources of Operating Grants Revenue; Ridership by Mode; and a financial performance narrative explaining the significant variances between actual results compared to the same period in the prior year and to the budget. Below are some of the financial highlights for FY2026-Q1:

- Cash and investments of \$108.9 million as of September 30, 2025
- Operating loss of \$7 million for the first three months of FY2026 (excluding depreciation and gain on disposal of assets)
- Operating expenses lower by \$2.8 million compared to the budget (excluding depreciation) for the first three months of FY2026
- Capital projects expenditures of \$10.1 million for the first three months of FY2026

ATTACHMENT: 5A – FY2026-Q1 Financial Report

FISCAL IMPACT: This staff report has no fiscal impact.

COMMITTEE REVIEW: None

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NORTH COUNTY TRANSIT
SAN DIEGO RAILROAD



FINANCIAL REPORT

For the Period
July 1, 2025 – September 30, 2025
(FY2026-Q1)

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FINANCIAL PERFORMANCE

Economic Environment

Preliminary estimates suggest that Real Gross Domestic Product (GDP) grew at an annualized rate of 1.9% in the third quarter of calendar year 2025, down from 3.8% in the second quarter. This slowdown reflects the impact of trade tensions, fiscal uncertainty caused by the federal government shutdown, and geopolitical conflicts.

Labor market conditions softened in the third quarter. The U.S. national unemployment rate for September 2025 was 4.4%, a slight increase from August 2025 of 4.3%, marking the highest rate since late 2021. California's unemployment rate was 5.6% in September 2025 and has remained above 5.0% for more than 19 consecutive months. California's economy shows a bifurcated labor market: strong growth in tech (Artificial Intelligence, aerospace) while construction, non-durable goods, leisure and hospitality, and government-funded services face significant challenges.

Tariffs imposed throughout 2025 continue to move through supply chains, raising goods prices and placing pressure on consumers and small businesses. According to an article by the UCLA School of Management, inflation is projected to peak at 3.5% in early 2026, before gradually declining but remaining above target.

Looking ahead, the U.S. economy faces heightened uncertainty. The government shutdown, as well as the escalation of trade disputes could dampen growth, with risks of GDP contraction in the coming quarters. Inflationary pressures may intensify, complicating the Fed's policy decisions.

Report Highlights

For the first three months that ended September 30, 2025 (FY2026-Q1), customer ridership was relatively unchanged compared to the same period in the prior year. Net operating loss was \$7 million (excluding depreciation and gain on disposal of assets) and operating expenses (excluding depreciation, which is not budgeted) were lower by \$2.8 million compared to the budget.

Financial Report
FY2026-Q1

STATEMENTS OF NET POSITION

	June 30, 2025 (Audited)	September 30, 2025 (Unaudited)
ASSETS		
Current assets		
Cash and investments	\$ 131,089,669	\$ 108,939,572
Investments with fiscal agent	1,832,522	1,835,133
Accounts receivable	4,415,770	4,295,307
Grants receivable	46,237,276	25,920,915
Lease receivables	284,867	284,867
Parts and supplies inventory, net of reserve	1,925,178	1,925,178
Prepaid expenses	3,762,696	5,041,858
Restricted cash	84,603,956	79,323,142
Total current assets	<u>274,151,934</u>	<u>227,565,972</u>
Noncurrent assets		
Lease receivables - due in more than one year	17,222,178	17,222,178
Capital assets		
Nondepreciable capital assets	250,726,032	260,666,703
Depreciable capital assets, net of accumulated depreciation	509,004,534	490,012,923
Right-to-use assets, net of accumulated amortization	7,213,410	7,213,410
Total capital assets	<u>766,943,976</u>	<u>757,893,036</u>
Total assets	<u>1,058,318,088</u>	<u>1,002,681,186</u>
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated decrease in fair value of interest rate swap	698,330	698,839
Outflows of resources related to pension	9,480,232	9,480,232
Outflows of resources related to OPEB	<u>321,733</u>	<u>321,733</u>
Total deferred outflows of resources	<u>10,500,295</u>	<u>10,500,804</u>
LIABILITIES		
Current liabilities payable from current assets		
Accounts payable	52,574,690	18,452,782
Accrued liabilities	1,746,222	3,510,881
Deposits payable	192,844	156,720
Certificates of participation - due within one year	1,450,000	-
Lease payable - due within one year	352,376	352,376
SBITA payable - due within one year	1,608,202	1,608,202
Unearned grant revenue - due within one year	25,614,585	27,469,112
Claims payable - due within one year	659,822	659,822
Compensated absences - due within one year	2,200,046	2,662,973
Other postemployment benefits liability - due within one year	140,000	140,000
Total current liabilities payable from current assets	<u>86,538,787</u>	<u>55,012,868</u>
Noncurrent liabilities		
Certificates of participation - due in more than one year	14,900,000	14,900,000
Lease payable - due in more than one year	283,819	283,819
SBITA payable - due in more than one year	4,808,914	4,808,914
Unearned grant revenue - due in more than one year	126,182,991	121,853,053
Claims payable - due in more than one year	1,944,454	1,944,454
Compensated absences - due in more than one year	47,231	47,231
Other postemployment benefits liability - due in more than one year	3,720,890	3,720,890
Net pension liability	42,969,550	39,034,183
Negative fair value of interest rate swap	698,330	698,839
Total noncurrent liabilities	<u>195,556,179</u>	<u>187,291,383</u>
Total liabilities	<u>282,094,966</u>	<u>242,304,251</u>
DEFERRED INFLOWS OF RESOURCES		
Inflows of resources related to leases	15,717,305	15,717,305
Inflows of resources related to OPEB	<u>904,077</u>	<u>904,077</u>
Total deferred inflows of resources	<u>16,621,382</u>	<u>16,621,382</u>
NET POSITION		
Net investment in capital assets	728,982,659	735,939,725
Unrestricted position	<u>41,119,376</u>	<u>18,316,632</u>
Total net position	<u>\$ 770,102,035</u>	<u>\$ 754,256,357</u>

**Financial Report
FY2026-Q1**

Significant Balances

Significant balances as of each period are as follows:

	June 30, 2025	September 30, 2025
	(Audited)	(Unaudited)
Assets		
Cash and investments	\$ 131,089,669	\$ 108,939,572
Receivables	50,937,913	30,501,089
Restricted cash	84,603,956	79,323,142
Capital assets, net	766,943,976	757,893,036
Liabilities		
Accounts payable	52,574,690	18,452,782
Unearned grant revenue	151,797,576	149,322,165
Certificates of participation	16,350,000	14,900,000
Net pension liability	42,969,550	39,034,183
Net position	770,102,035	754,256,357

As of September 30, 2025, cash and investments decreased primarily as a result of payments made to vendors for invoices that were outstanding in the prior quarter, \$1.45 million for the principal payment on the Certificates of Participation, and \$3.9 million for the annual payment of the pension unfunded accrued liability.

Accounts Receivable

The balances in accounts receivable are comprised of the following amounts:

	June 30, 2025	September 30, 2025
	(Audited)	(Unaudited)
Fare Revenue	\$ 571,629	\$ 1,628,182
Interest	1,454,061	1,118,776
Shared Use Agreements	1,565,466	780,006
Compressed Natural Gas (CNG) and Low Carbon Fuel Standards (LCFS) credits	362,000	421,602
Leases and Permits	328,988	189,689
SANDAG	115,226	88,579
Other	18,400	68,473
	<u>\$ 4,415,770</u>	<u>\$ 4,295,307</u>

As of September 30, 2025, the outstanding balance past 90 days was \$82,831.

Financial Report FY2026-Q1

Grants Receivable

Grants Receivable represents reimbursement requests for projects being funded by federal, state, and local grants. The balances in grants receivable are comprised of the following amounts:

	June 30, 2025 (Audited)	September 30, 2025 (Unaudited)
Federal Transit Administration	\$ 27,606,499	\$ 14,161,710
State Controller's Office	2,876,091	3,899,606
California State Transportation Agency	2,099,325	2,321,952
California Department of Transportation	4,883,354	1,984,378
California Energy Commission	1,520,043	1,517,294
San Diego Association of Governments	1,942,206	1,117,128
Clean Truck and Bus Vouchers (HVIP)	2,064,000	516,000
Other	2,510,143	329,808
Federal Railroad Administration	735,615	73,039
	<hr/> \$ 46,237,276	<hr/> \$ 25,920,915

Accounts Payable

The balances in accounts payable are comprised of the following amounts:

	June 30, 2025 (Audited)	September 30, 2025 (Unaudited)
Purchased Transportation	\$ 14,971,596	\$ 4,518,589
Repairs and Maintenance	5,339,421	3,919,379
Capital Projects	23,611,550	2,418,968
Fuel and Lubricants	1,428,852	1,985,634
Security	1,061,365	1,552,679
Other	2,934,027	1,388,260
Utilities	1,304,669	1,088,878
Payroll and Benefits Liabilities	485,597	833,954
IT, Software, and Licenses	1,437,613	746,441
	<hr/> \$ 52,574,690	<hr/> \$ 18,452,782

Financial Report
FY2026-Q1

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

These statements are presented in three sections:

- (1) Operating income or loss, which is operating revenues (fare revenues, lease and advertising, right-of-way auxiliary revenues, and other operating revenue) minus operating expenses and depreciation.
- (2) Income or loss before capital contributions, which is operating income or loss plus/minus other nonoperating revenues and expenses, such as grant revenues, investment income, and debt related expense.
- (3) Change in net position is income or loss before capital contributions plus additions of grant revenues used for capital programs resulting in the net income or loss.
- (4) This financial report provides the unaudited Statements of Revenues, Expenses, and Changes in Net Position for the first three months of FY2026 (YTD) compared to the same period in the prior fiscal year.

Financial Report
FY2026-Q1

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
CURRENT YEAR QUARTER VS. PRIOR YEAR QUARTER

	FY2025-Q1 Actual (Unaudited)	FY2026-Q1 Actual (Unaudited)	Variance (\$)	Variance (%)
OPERATING REVENUES				
Fare Revenue	\$ 2,928,074	\$ 3,274,095	\$ 346,021	10.6%
Advertising and right-of-way	3,150,618	2,860,122	(290,496)	-10.2%
Lease and sublease revenue	726,517	822,717	96,200	11.7%
Other revenue	610,728	357,732	(252,996)	-70.7%
Total operating revenues	7,415,937	7,314,666	(101,271)	-1.4%
OPERATING EXPENSES				
Bus operations				
Vehicle operations	9,287,857	11,333,329	2,045,472	18.0%
Vehicle maintenance	2,863,102	4,361,802	1,498,700	34.4%
Non-vehicle maintenance	1,666,839	1,371,166	(295,673)	-21.6%
Administration	4,609,934	4,017,706	(592,228)	-14.7%
Rail operations				
Vehicle operations	5,511,541	5,492,838	(18,703)	-0.3%
Vehicle maintenance	3,067,396	3,643,730	576,334	15.8%
Non-vehicle maintenance	3,543,688	3,656,218	112,530	3.1%
Administration	5,973,622	5,359,184	(614,438)	-11.5%
Right-of-way operations	2,643,611	2,457,399	(186,212)	-7.6%
Depreciation	17,503,332	18,991,612	1,488,280	7.8%
Total operating expenses	56,670,922	60,684,984	4,014,062	6.6%
Operating loss	(49,254,985)	(53,370,318)	(4,115,333)	7.7%
NON-OPERATING REVENUES (EXPENSES)				
Operating grants	32,143,292	26,811,191	(5,332,101)	-19.9%
Investment income	598,204	684,953	86,749	12.7%
Debt related expense	(157,421)	(114,632)	42,789	-37.3%
Gain (loss) on disposal of capital assets	(36,079)	9,852	45,931	466.2%
Total non-operating revenues	32,547,996	27,391,364	(5,156,632)	-18.8%
Loss before capital contributions	(16,706,989)	(25,978,954)	(9,271,965)	35.7%
CAPITAL CONTRIBUTIONS				
Capital grants	12,539,050	10,133,276	(2,405,774)	-23.7%
Total capital contributions	12,539,050	10,133,276	(2,405,774)	-23.7%
Change in Net Position	\$ (4,167,939)	\$ (15,845,678)	\$ (11,677,739)	73.7%
Operating income (loss) excluding depreciation and gain/loss on disposal of assets	\$ 832,422	\$ (6,997,194)	\$ (7,829,616)	111.9%

Financial Report
FY2026-Q1

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(excluding Depreciation, Gain/Loss on Disposal of Assets, and Capital Grants)
ACTUAL VS. BUDGET**

	FY2026-Q1 Actual	FY2026-Q1 Budget	Over (Under) Budget (\$)	Over (Under) Budget (%)
OPERATING REVENUES				
Fare Revenue	\$ 3,274,095	\$ 3,200,600	\$ 73,495	2.3%
Advertising and right-of-way	2,860,122	2,797,374	62,748	2.2%
Lease and sublease revenue	822,717	628,299	194,418	30.9%
Other revenue	357,732	261,922	95,810	36.6%
Total operating revenues	7,314,666	6,888,195	426,471	6.2%
OPERATING EXPENSES				
Bus operations				
Vehicle operations	11,333,329	10,640,874	692,455	6.5%
Vehicle maintenance	4,361,802	4,569,853	(208,051)	-4.6%
Non-vehicle maintenance	1,371,166	1,918,959	(547,793)	-28.5%
Administration	4,017,706	4,348,890	(331,184)	-7.6%
Rail operations				
Vehicle operations	5,492,838	5,635,313	(142,475)	-2.5%
Vehicle maintenance	3,643,730	4,102,916	(459,186)	-11.2%
Non-vehicle maintenance	3,656,218	4,229,357	(573,139)	-13.6%
Administration	5,359,184	5,663,129	(303,945)	-5.4%
Right-of-way operations	2,457,399	3,380,141	(922,742)	-27.3%
Total operating expenses	41,693,372	44,489,432	(2,796,060)	-6.3%
Operating loss	(34,378,706)	(37,601,237)	3,222,531	-8.6%
NON-OPERATING REVENUES (EXPENSES)				
Operating grants	26,811,191	37,820,250	(11,009,059)	-29.1%
Investment income	684,953	250,000	434,953	174.0%
Debt related expense	(114,632)	(171,528)	56,896	-33.2%
Total non-operating revenues	27,381,512	37,898,722	(10,517,210)	-27.8%
Operating loss excluding depreciation and gain/loss on disposal of assets	\$ (6,997,194)	\$ 297,485	\$ (7,294,679)	

FY2026-Q1 OVERVIEW

COMPARISON TO THE SAME QUARTER OF THE PRIOR YEAR

Operating revenues for the three months of FY2026 were lower by \$0.1 million compared to the same period in FY2025, which is relatively unchanged. Advertising revenues were lower as the minimum annual guarantee was no longer required under the advertising contract beginning in January 2025.

Total operating expenses, excluding depreciation, were higher by \$2.5 million for the first three months of FY2026 compared to the same period in FY2025, most notably in bus operations and maintenance. As a result of the insourcing of bus operations effective on June 29, 2025, bus operators received wage increases of 10%. Overtime pay, which was previously trued-up at the end of the fiscal year under the MV Transportation contract, is now incurred in every pay period as overtime is paid to employees. Vehicle maintenance costs for bus operations increased due to higher prices caused by tariffs and the augmentation of inventory of essential parts to ensure that sufficient parts were in stock to minimize buses downtime.

Non-operating revenues and expenses consist primarily of federal, state, and local grants utilized to fund transit operations and preventive maintenance. Operating grant revenues for the first three months of FY2026 were lower by \$5.3 million compared to the same period in FY2025 as Federal American Rescue Plan Act funds were fully spent in FY2025 and no longer available in FY2026 to supplement Transportation Development Act (TDA) revenues.

COMPARISON TO BUDGET

Operating revenues were higher than budget by \$0.4 million mainly due to higher lease revenues of \$0.2 million.

Operating expenses (excluding depreciation which is not budgeted) for the first three months of FY2026 were lower than budget by \$2.8 million. Employee payroll expenses, including benefits, were on budget. Professional and contracted maintenance services across all departments (mainly in rail equipment maintenance, engineering, maintenance of way, and information technology) were under budget by \$1.9 million due to budgeted expenses that have not yet materialized in the fiscal year.

Lower operating grant revenues is due to the timing of TDA remittances from SANDAG; no cash was received in July 2025 and NCTD will instead receive two remittances in June 2026 (end of the fiscal year). An annual true-up will be done for TIRCP SB125 funds at the end of the fiscal year based on the subsidy needed for preventive maintenance expenses.

Financial Report
FY2026-Q1

STATEMENTS OF REVENUES AND EXPENSES BY DEPARTMENT
FY2026-Q1 vs FY2025-Q1 AND BUDGET

DEPARTMENT	Actual FY2025 Q1 YTD	Actual FY2026 Q1 YTD	Budget ** FY2026 Q1 YTD	Over (Under) Budget (\$)	Over (Under) Budget (%)
REVENUE					
FAREBOX REVENUES	2,928,074	3,274,095	3,200,600	73,495	2.3%
GRANT REVENUE					
FEDERAL GRANTS	18,476,291	9,020,665	9,078,720	(58,055)	-0.6%
STATE GRANTS	31,935	2,694,542	8,480,648	(5,786,106)	-68.2%
LOCAL GRANTS	13,635,066	15,095,984	20,260,882	(5,164,898)	-25.5%
OTHER REVENUES	997,853	355,489	261,922	93,567	35.7%
INVESTMENT INCOME	598,204	684,953	250,000	434,953	174.0%
REVENUES - MAINTENANCE OF WAY	2,736,060	2,830,802	2,797,374	33,428	1.2%
REVENUES - REAL ESTATE	753,950	854,280	628,299	225,981	36.0%
REVENUE TOTAL	40,157,433	34,810,810	44,958,445	(10,147,635)	-22.6%
EXPENSES					
120 - BUS OPERATORS *	-	5,893,187	5,161,880	731,307	14.2%
125 - ON-DEMAND SERVICES *	-	1,922,145	1,780,743	141,402	7.9%
130 - BUS OPERATIONS ADMINISTRATION	12,908,145	1,571,370	1,896,753	(325,383)	-17.2%
135 - NON-REVENUE OPERATIONS SUPPORT *	-	-	72,403	(72,403)	-100.0%
140 - COASTER MAINTENANCE *	-	2,152,838	2,483,714	(330,876)	-13.3%
145 - SPRINTER MAINTENANCE *	-	1,337,852	1,778,362	(440,510)	-24.8%
150 - COASTER OPERATORS	1,045,380	1,091,306	1,115,825	(24,519)	-2.2%
155 - SPRINTER OPERATORS	763,775	802,293	754,848	47,445	6.3%
160 - RAIL OPERATIONS	1,692,955	472,037	485,636	(13,599)	-2.8%
165 - OPERATIONS CONTROL CENTER	826,949	655,044	678,484	(23,440)	-3.5%
170 - RAIL VEHICLES OVERHAULS *	-	802,769	816,468	(13,699)	-1.7%
175 - MAINTENANCE OF EQUIPMENT	2,856,141	449,603	437,048	12,555	2.9%
180 - ROW VEHICLES AND SPECIALTY EQUIPMENT	290,342	228,220	312,503	(84,283)	-27.0%
185 - MAINTENANCE OF SIGNALS	1,623,373	1,327,089	1,197,904	129,185	10.8%
190 - BUS VEHICLES MAINTENANCE *	-	3,742,454	4,013,471	(271,017)	-6.8%
210 - MATERIALS MANAGEMENT *	-	1,750,458	1,541,410	209,048	13.6%
215 - GENERAL SERVICES *	-	82,019	79,114	2,905	3.7%
220 - FACILITIES MANAGEMENT	2,864,279	2,651,597	3,396,444	(744,847)	-21.9%
225 - BUSINESS INTELLIGENCE *	-	87,277	75,225	12,052	16.0%
230 - SECURITY OVERSIGHT	1,916,792	2,210,228	1,983,476	226,752	11.4%
240 - DEVELOPMENT SERVICES OVERSIGHT	666,361	610,528	618,310	(7,782)	-1.3%
245 - PROJECT MANAGEMENT DELIVERY	109,899	155,427	142,618	12,809	9.0%
250 - RAIL TECHNOLOGIES	778,867	156,498	188,044	(31,546)	-16.8%
260 - SERVICE PLANNING	166,806	603,665	562,562	41,103	7.3%
261 - SAFETY OVERSIGHT	448,892	338,927	363,803	(24,876)	-6.8%
270 - COMMUNICATIONS AND MARKETING	431,571	295,721	380,549	(84,828)	-22.3%
280 - TRANSIT SYSTEMS MANAGEMENT	124,197	-	35,547	(35,547)	-100.0%
290 - ACCOUNTING	171,439	75,785	86,855	(11,070)	-12.7%
295 - PAYROLL *	-	139,437	133,005	6,432	4.8%
300 - FARE COLLECTION	21,784	165,540	193,616	(28,076)	-14.5%
315 - INFORMATION TECHNOLOGY SYSTEMS *	-	1,120,089	1,364,734	(244,645)	-17.9%
320 - INFORMATION TECHNOLOGY OPERATIONS	1,954,004	908,585	936,680	(28,095)	-3.0%
330 - PROCUREMENT AND CONTRACT ADMINISTRATION	404,911	314,719	340,468	(25,749)	-7.6%
335 - GOVERNMENT RELATIONS	314,602	206,402	207,805	(1,403)	-0.7%
337 - GRANTS	70,715	64,888	99,966	(35,078)	-35.1%

Financial Report
FY2026-Q1

STATEMENTS OF REVENUES AND EXPENSES BY DEPARTMENT
FY2026-Q1 vs FY2025-Q1 AND BUDGET
(continued)

DEPARTMENT	Actual FY2025 Q1 YTD	Actual FY2026 Q1 YTD	Budget ** FY2026 Q1 YTD	Over (Under) Budget (\$)	Over (Under) Budget (%)
339 - ADMINISTRATION	149,137	125,390	173,618	(48,228)	-27.8%
340 - FINANCIAL OVERSIGHT	336,808	326,265	350,411	(24,146)	-6.9%
350 - HUMAN RESOURCES	390,992	458,254	656,547	(198,293)	-30.2%
351 - LEARNING AND DEVELOPMENT	347,158	194,784	332,640	(137,856)	-41.4%
356 - ENGINEERING	406,545	762,415	1,064,113	(301,698)	-28.4%
357 - OFFICE OF GENERAL COUNSEL	2,504,469	3,171,244	3,203,300	(32,056)	-1.0%
359 - DEVELOPMENT SERVICES SUPPORT SERVICES	123,091	96,591	93,147	3,444	3.7%
360 - OFFICE OF THE CHIEF EXECUTIVE OFFICER	112,386	124,175	246,985	(122,810)	-49.7%
365 - CUSTOMER EXPERIENCE	327,316	290,700	374,749	(84,049)	-22.4%
370 - BOARD OF DIRECTORS	8,651	4,787	16,494	(11,707)	-71.0%
400 - OPERATIONS SUPPORT SERVICES	80,991	-	-	-	N/A
405 - RAIL TRAINING *	-	166,628	183,528	(16,900)	-9.2%
510 - MAINTENANCE OF WAY	1,575,448	1,296,530	1,643,971	(347,441)	-21.1%
515 - RAIL RIGHT OF WAY OVERSIGHT	122,821	4,736	129,988	(125,252)	-96.4%
520 - REAL ESTATE	229,598	284,876	303,668	(18,792)	-6.2%
600 - DEBT	157,421	114,632	171,528	(56,896)	-33.2%
OPERATING EXPENSE TOTAL	39,325,011	41,808,004	44,660,960	(2,852,956)	-6.4%
OPERATING INCOME EXCLUDING DEPRECIATION AND LOSS ON DISPOSAL OF ASSETS	\$ 832,422	\$ (6,997,194)	\$ 297,485	\$ (7,294,679)	NCM

* New departments in FY26.

** Includes budget transfers during the fiscal year.

Financial Report
FY2026-Q1

FARE RECOVERY RATIOS

Fare Recovery Ratio as Reported to the California State Controller's Office (With Local Support) ^(a)					
BREEZE, FLEX, COASTER, SPRINTER, and NCTD+	Actual FY2022	Actual FY2023	Actual FY2024	Actual FY2025	Actual FY2026-Q1 YTD
Fare revenue and local support	\$ 35,631,103	\$ 39,423,871	\$ 44,562,602	\$ 42,620,101	Not reported
Operating Costs	\$ 107,448,402	\$ 120,329,443	\$ 130,519,772	\$ 142,383,886	Not reported
Fares plus Local Funds Recovery Ratio:	33.2%	32.8%	34.1%	29.9%	Not reported
LIFT (PARATRANSIT)	Actual FY2022	Actual FY2023	Actual FY2024	Actual FY2025	Actual FY2026-Q1 YTD
Fare revenue and local support	\$ 1,087,970	\$ 1,789,172	\$ 1,675,401	\$ 1,857,575	Not reported
Operating Costs	\$ 8,735,519	\$ 10,682,711	\$ 12,913,004	\$ 14,730,061	Not reported
Fares plus Local Funds Recovery Ratio:	12.5%	16.7%	13.0%	12.6%	Not reported

Fare Recovery Ratio as Reported to the California State Controller's Office (Without Local Support) ^(b)					
BREEZE, FLEX, COASTER, SPRINTER, and NCTD+	Actual FY2022	Actual FY2023	Actual FY2024	Actual FY2025	Actual FY2026-Q1 YTD
Fare Revenue	\$ 8,153,922	\$ 10,646,706	\$ 11,157,611	\$ 10,915,839	Not reported
Operating Costs	\$ 107,377,052	\$ 120,329,443	\$ 130,519,772	\$ 142,383,886	Not reported
Fare Recovery Ratio	7.6%	8.8%	8.5%	7.7%	Not reported
LIFT (PARATRANSIT)	Actual FY2022	Actual FY2023	Actual FY2024	Actual FY2025	Actual FY2026-Q1 YTD
Fare Revenue	\$ 621,970	\$ 574,994	\$ 808,434	\$ 754,128	Not reported
Operating Costs	\$ 8,717,490	\$ 10,682,711	\$ 12,913,004	\$ 14,730,061	Not reported
Fare Recovery Ratio	7.1%	5.4%	6.3%	5.1%	Not reported

Pure Fare Recovery Ratio ^(c)					
BREEZE, FLEX, COASTER, SPRINTER, and NCTD+	Actual FY2022	Actual FY2023	Actual FY2024	Actual FY2025	Actual FY2026-Q1 YTD
Fare Revenue	\$ 8,153,922	\$ 10,646,706	\$ 11,157,611	\$ 10,915,839	\$ 3,094,106
Operating Costs	\$ 116,656,005	\$ 127,019,759	\$ 137,272,434	\$ 151,469,722	\$ 36,118,250
Fare Revenue to Operating Costs	7.0%	8.4%	8.1%	7.2%	8.6%
LIFT (PARATRANSIT)	Actual FY2022	Actual FY2023	Actual FY2024	Actual FY2025	Actual FY2026-Q1 YTD
Fare Revenue	\$ 621,970	\$ 574,994	\$ 808,434	\$ 754,128	\$ 179,990
Operating Costs	\$ 9,127,233	\$ 11,238,341	\$ 13,312,686	\$ 15,164,639	\$ 3,232,356
Fare Revenue to Operating Costs	6.8%	5.1%	6.1%	5.0%	5.6%

(a) Fare recovery ratios with local support include other local revenue sources and exclude allowable operating costs

(b) Fare recovery ratios without local support include fares only and exclude allowable operating costs

(c) Fares divided by Operating Costs (excludes interest, depreciation, GASB 68 and GASB 75 actuarial adjustments, and non-cash expenses)

SOURCES OF OPERATING GRANTS REVENUE

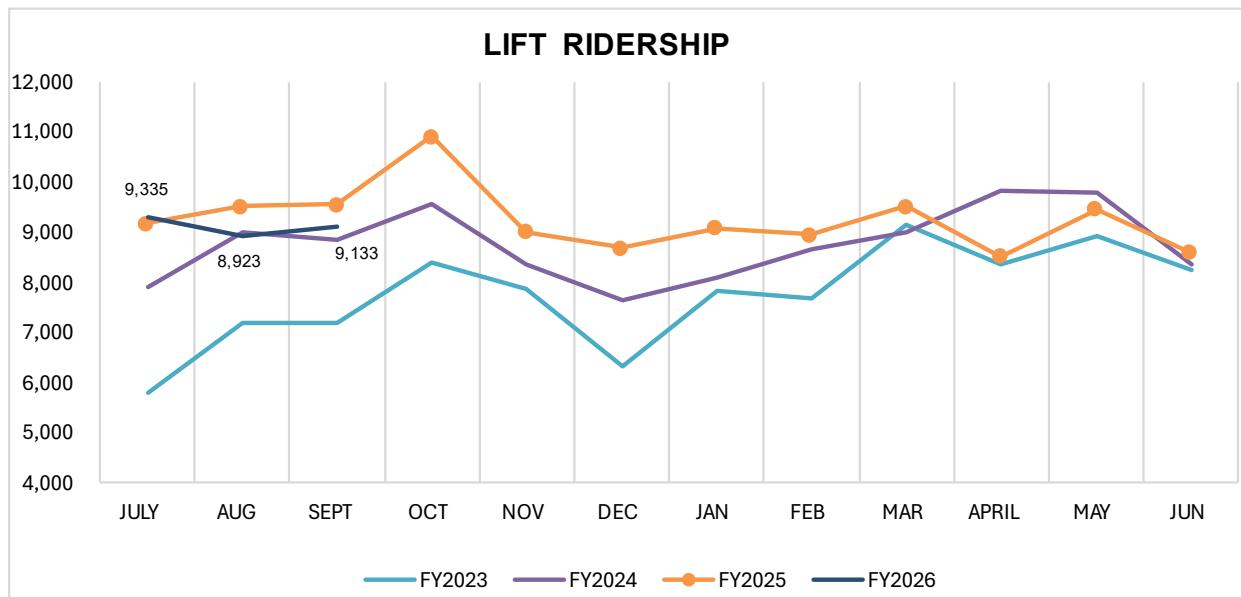
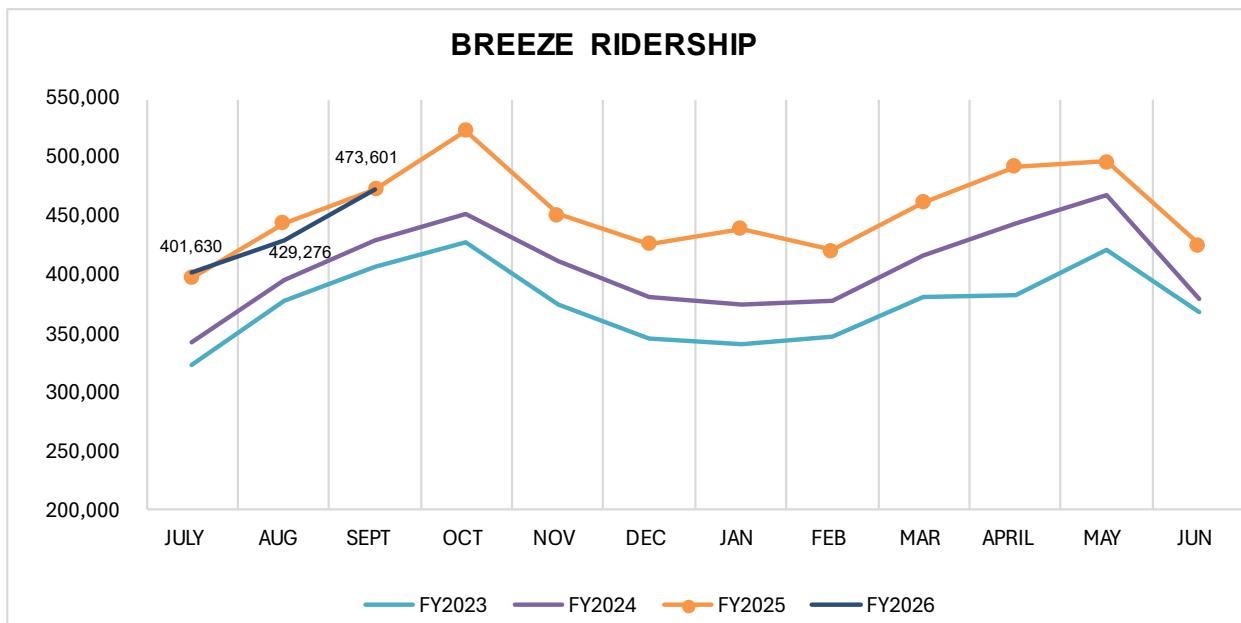
Federal Grant Program	Actual FY2022	Actual FY2023	Actual FY2024	Actual FY2025	Actual FY2026-Q1
5304 - State Planning and Research Program	\$ 38,720	\$ 174,106	\$ 13,441	\$ 11,850	\$ (30,479)
5307 - Urbanized Area Formula	2,223,162	19,866,495	25,706,331	30,573,365	3,744,616
5311 - Rural Area Formula Grant	-	677,635	641,568	627,375	-
5311 - Rural Area Formula Grant (ARPA)	-	-	480,520	-	-
5311 - Rural Area Formula Grant (CARES)	1,055,187	-	-	-	-
5311 - Rural Area Formula Grant (CRRSAA)	-	988,024	-	-	-
5337 - State of Good Repair Formula Grants	1,458,136	5,792,142	1,590,495	3,224,661	5,271,429
5337 - American Rescue Plan Act (ARPA)	15,670,887	13,044,836	16,505,472	18,792,556	-
5337 - Coronavirus Aid, Relief, and Economic Security (CARES) Act	31,935,750	1,663,555	1,050,069	-	-
5338 - Transit-Oriented Development Planning	-	-	125,134	-	35,097
Medi-Cal	244,647	60,672	(54,964)	-	-
Total Federal Grants	\$ 52,626,489	\$ 42,267,465	\$ 46,058,066	\$ 53,229,807	\$ 9,020,663

State Grant Program	Actual FY2022	Actual FY2023	Actual FY2024	Actual FY2025	Actual FY2026-Q1
State Transit Assistance (STA)	\$ 4,058,481	\$ 8,029,564	\$ 7,929,927	\$ 10,360,763	\$ -
STA State of Good Repair (SGR)	759,757	2,539,107	2,006,437	2,030,635	778,286
State TIRCP SB-125	-	-	-	4,834,133	1,211,236
State Zero-Emission Transit Capital Program (ZETCP)	-	-	-	1,078,429	258,065
State Rail Assistance (SRA)	-	-	-	-	198,920
Sustainable Transportation Planning Grant	-	-	-	-	246,881
California Public Utilities Commission (CPUC)	87,121	90,246	88,683	88,683	-
Other State Grants	-	-	31,284	218,833	1,155
Total State Grants	\$ 4,905,358	\$ 10,658,917	\$ 10,056,331	\$ 18,611,476	\$ 2,694,543

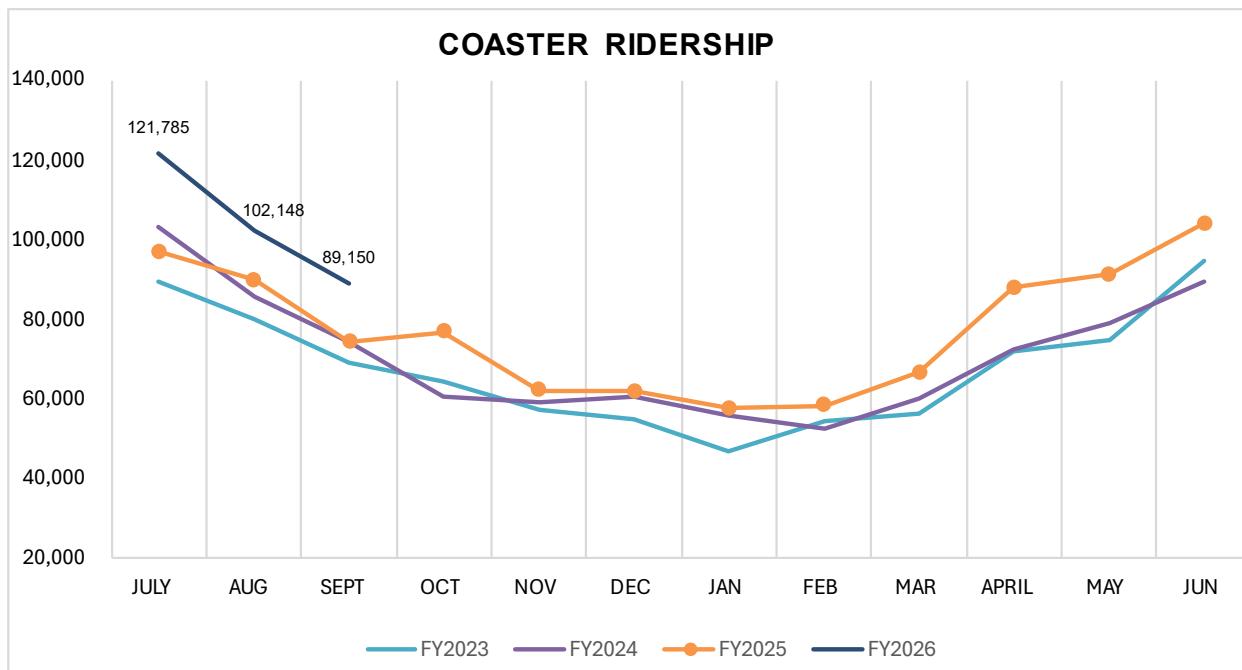
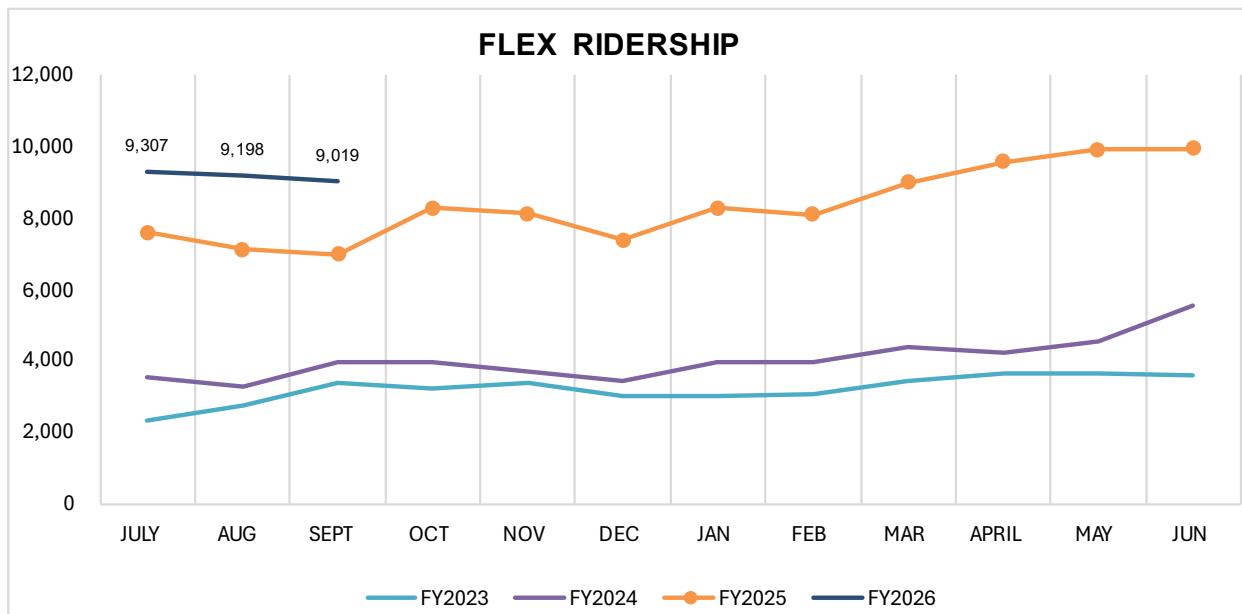
Local Grant Program	Actual FY2022	Actual FY2023	Actual FY2024	Actual FY2025	Actual FY2026-Q1
TDA - Transportation Development Act	\$ 30,167,244	\$ 44,264,061	\$ 47,059,669	\$ 50,190,233	\$ 10,220,000
Transnet	18,146,000	17,725,000	20,124,438	19,177,000	3,200,000
Transnet 8.1%	5,529,392	7,210,257	7,444,809	7,183,635	1,675,985
SANDAG Youth Opportunity Pass	205,540	1,233,240	1,233,240	1,233,240	-
Total Local Grants	\$ 54,048,176	\$ 70,432,558	\$ 75,862,156	\$ 77,784,108	\$ 15,095,985

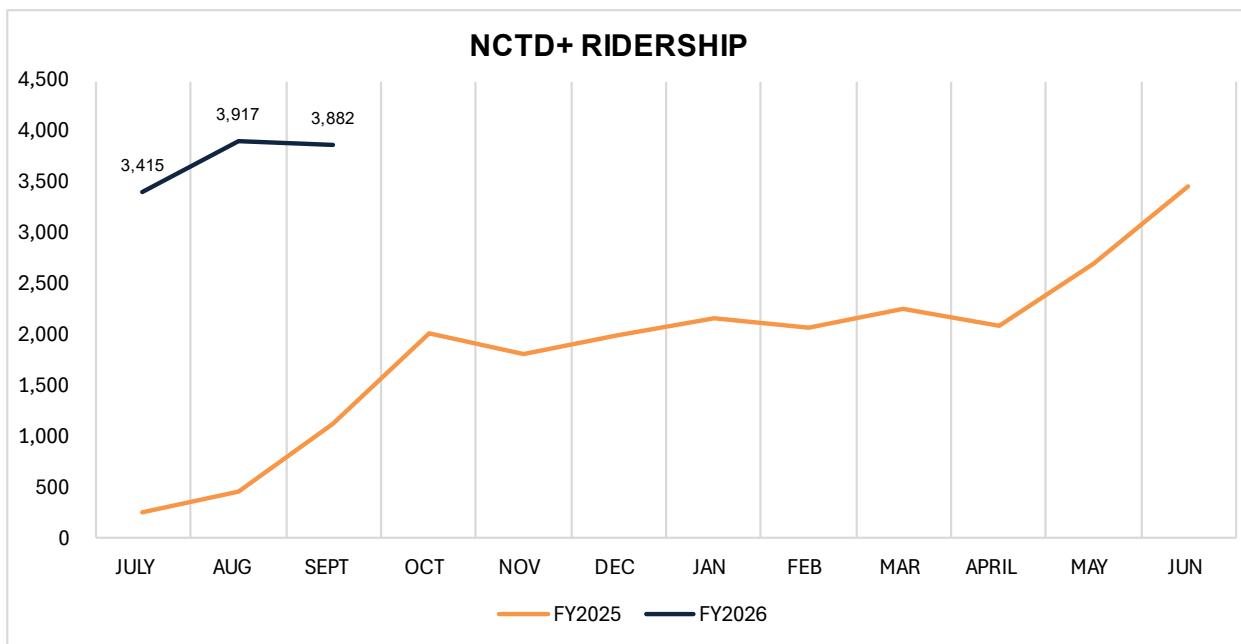
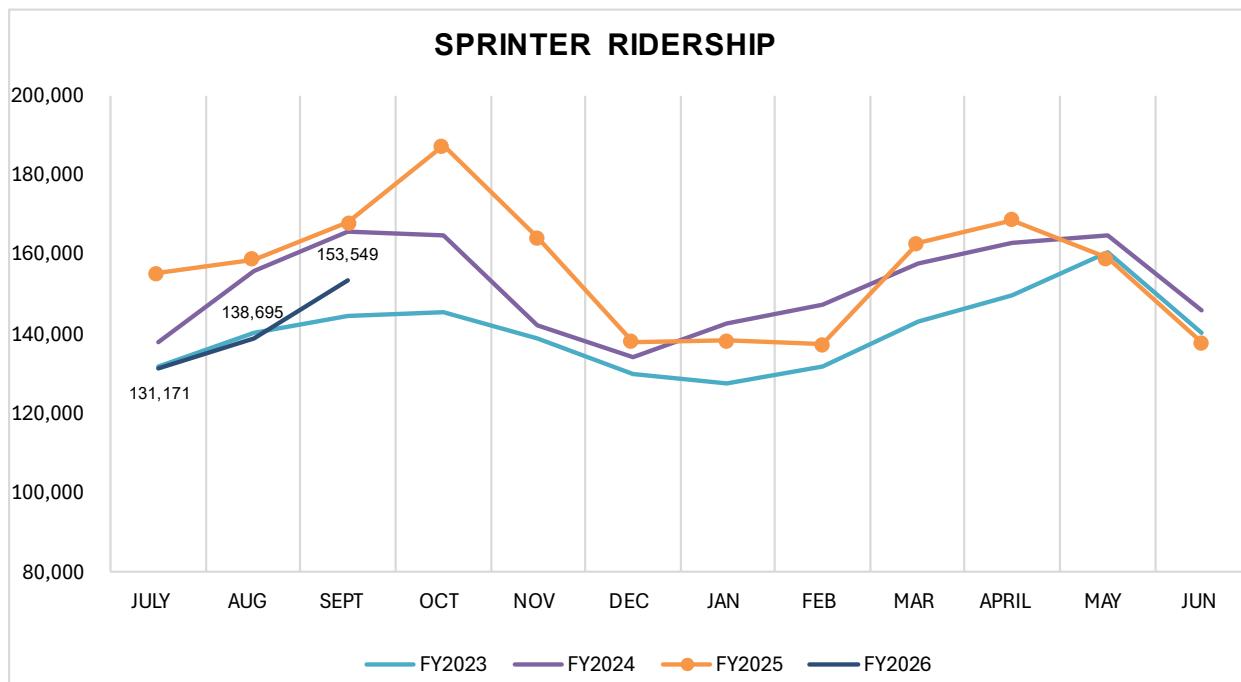
Total Operating Grants	\$ 111,580,024	\$ 123,358,940	\$ 131,976,553	\$ 149,625,391	\$ 26,811,191
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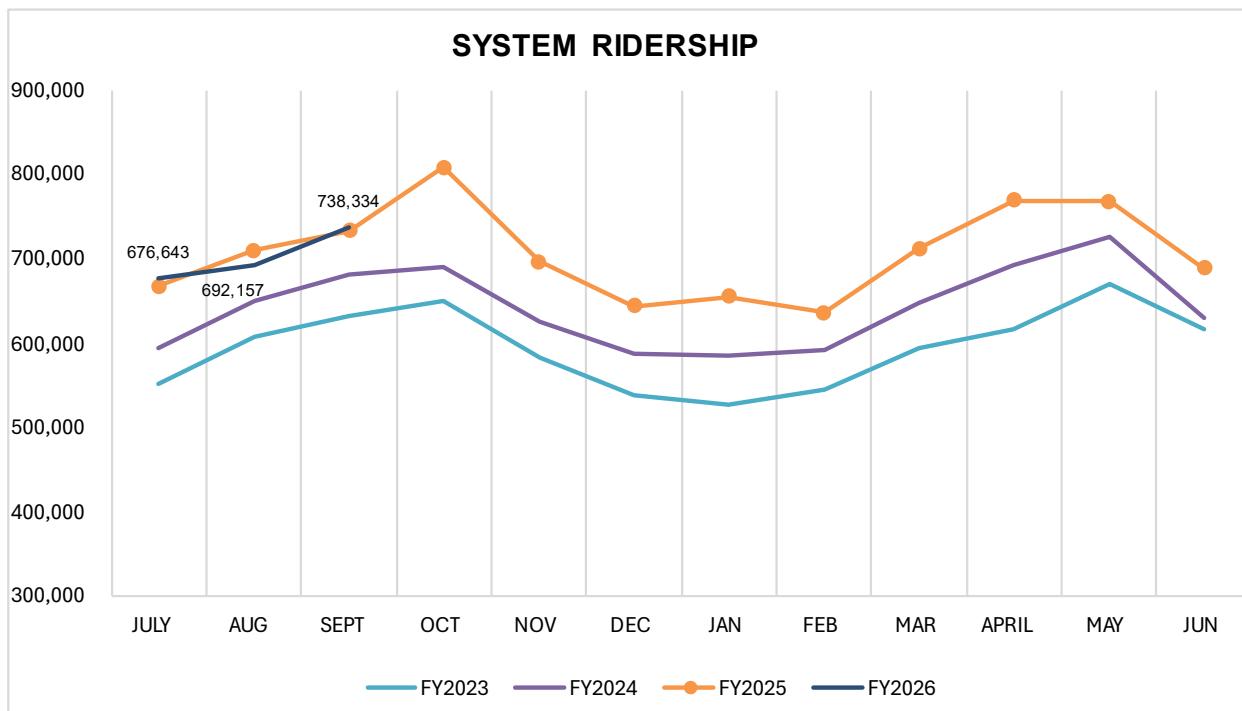
RIDERSHIP BY MODE (FY2023 – FY2026-Q1)



Financial Report
FY2025-Q3







NORTH COUNTY TRANSIT

SAN DIEGO RAILROAD

Agenda
Item #
6

STAFF REPORT

RECEIVE THE QUARTERLY SAFETY AND RISK MANAGEMENT REPORT FOR THE FIRST QUARTER OF FY2026

Time Sensitive: Consent:

STAFF RECOMMENDATION: Receive the quarterly Safety and Risk Management Report for the first quarter of FY2026 (July 1, 2025 – September 30, 2025).

BACKGROUND INFORMATION: Safety and Risk Management are core values at North County Transit – San Diego Railroad (NCTD). The Safety Department provides the Board of Directors (Board) with quarterly updates on safety performance trends and metrics aligned with NCTD's Public Transportation Agency Safety Plan (PTASP) and System Safety Plan (SSP). With the transition of bus operations fully in-house, NCTD has now elected to incorporate Risk Management into the quarterly report to provide the Board with a comprehensive view of the agency's safety, claims, and risk exposure trends.

SAFETY REPORT:

The Quarterly Safety Report (Safety Report) analyzes NCTD's safety performance using the performance targets and goals listed in NCTD's PTASP, and the SSP. NCTD is guided in its risk-reduction strategies and allocation of resources when safety performance targets and goals are not achieved. Because safety performance is tracked on a calendar year basis, the Q1 FY2026 report presents data and trends for the third quarter of Calendar Year 2025 (Q3 CY2025). Highlights are summarized below:

Rail Performance Overview:

- **Trespasser Activity:** COASTER and SPRINTER reported four trespasser strikes and 43 near misses in Q3 CY2025. Strikes increased 100% (from two to four), and near misses increased 30% (from 33 to 43) compared to the previous quarter. Increases in these events during the summer months are generally related to the higher volume of individuals and outdoor activities at that time of year.
- **System Reliability:** SPRINTER System reliability continued its improvement trend, rising from 4,742 to 6,838 miles between major mechanical failures (annual target = 2,500 miles).
- **Safety Metrics:** SPRINTER met all PTASP safety performance targets in Q3 CY2025 except for vehicular collisions, which remains above the annual goal (two events year-to-date (YTD); goal = 0) and assaults on transit workers (20 events YTD; goal = 15). Major events increased from one to three due to vehicular and pedestrian collisions, which included one fatality. Transit worker injuries decreased to zero this quarter, however, assaults on transit workers increased from three to 10, which results in a YTD total of 20 versus a goal of 15. This increase correlates with higher ridership typically experienced during the summer months, as well as improved reporting by front line personnel. NCTD's Security Department and Office of Chief General Counsel work actively with local

law enforcement and NCTD's Attorney's Office to address the perpetrators of these incidents.

- **Regulatory Compliance:** Thirteen external rail safety inspections were completed with zero noted violations.

Bus Performance Overview:

- **Safety Metrics:** BREEZE Major Events decreased to only one during Q3, however, YTD totals previously exceeded annual targets. BREEZE also saw an increase in transit worker assault incidents, with 11 during Q3 as compared to four during Q2. This increase correlates with higher ridership typically experienced during the summer months, as well as improved reporting by front line personnel. NCTD's Security Department works actively with local law enforcement to address the perpetrators of these incidents.
- **Bicycle Events:** During Q3, there was one incident which involved contact between a bus and a bicyclist. In this instance, the bicyclist rode into the side of a bus which was legally stopped at a bus stop to pick up passengers. The individual had minor injuries and was transported for medical treatment.
- **System Reliability:** BREEZE retained steady results with a slight increase from 15,078 to 15,626 miles between major mechanical failures in Q3. If this trend continues, BREEZE will meet the 14,000-mile annual goal. LIFT (16,738 miles) and FLEX (29,279 miles) both dropped substantially during Q3 and remain below their respective annual reliability targets when averaged YTD, largely due to older vehicles still in service. Although delivery of new LIFT and FLEX vehicles later this year is expected to improve overall reliability and allow retirement of aging vehicles, it will not have an impact on CY 2025 results.

Regulatory Inspections: During Q3 CY2025, the California Highway Patrol (CHP) conducted its annual safety inspection for both East and West Bus Operations Facilities, with no violations noted at either location.

System-Wide Safety Activities:

- **Safety Committees:** Rail and Bus Safety Committees met to review PTASP/SSP goal status, incidents, rule compliance, and injury trends. Both committees continue to utilize results of their analysis to identify and implement strategies for improvement in safety performance.
- **Voluntary Reporting:** The Safety Department tracks voluntary hazard reports submitted by rail and bus personnel. Reports are reviewed at monthly Safety Committee meetings, assessed for risk, and assigned corrective actions as appropriate. The Safety Department, and respective Committee (Bus/Rail), monitors each report through resolution.

RISK MANAGEMENT REPORT:

The Risk Management Program underwent a comprehensive overhaul in Q3 following the transition of bus operations fully in-house. As a result, responsibility for managing liability claims—previously handled by MV Transportation—now rests with NCTD. This operational change also required updating insurance policies and processes with NCTD's third-party administrator, who manages liability claims. The risk and claims process remains iterative and ongoing, with

continuous safety oversight focused on measures to reduce both frequency and severity. Risk Roundtables are held quarterly, similar to the Safety Committee, to address internal and external risk concerns.

Risk Exposure Summary by Mode

Auto

- **Non-Revenue Vehicles** - Two claims involving non-revenue vehicles occurred in Q3, compared with one in Q1 and none in Q2. In response, NCTD is implementing defensive driving training for employees with the highest vehicle usage.
- **Bus** – NCTD has not experienced an increase in claim frequency or severity since taking over bus operations. There were six claims in Q3, compared with seven in Q1 and four in Q2.

Rail

- **COASTER & SPRINTER** – No liability claims were reported in Q3. The collisions and trespasser strikes previously referenced in this report were determined to be non-preventable and not adverse to NCTD.

Property

- “Property” refers to liability claims involving damage to third-party property arising from NCTD’s operations, the activities of its contractors, or its fixed assets (such as facilities, equipment, or infrastructure). No property-related claims were reported in Q3.

ATTACHMENT: 6A – Quarterly Safety and Risk Management Report Q1-FY2026

FISCAL IMPACT: This staff report has no fiscal impact.

COMMITTEE REVIEW: None

STAFF CONTACT: **Lori A. Winfree, Deputy Chief Executive Officer/Chief General Counsel**
E-mail: lwinfree@nctd.org Phone: 760-966-6532

NORTH COUNTY TRANSIT
SAN DIEGO RAILROAD



**Quarterly Safety and Risk
Management Report**

For the Period
July 1, 2025 – September 30, 2025

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SAFETY DEPARTMENT REPORT

SAFETY PLAN PERFORMANCE

This report details the metrics used to measure the safety performance of North County Transit – San Diego Railroad's (NCTD) various operating modes. The performance measures are those listed in NCTD's Safety Plans. The Public Transportation Agency Safety Plan (PTASP) is applicable to NCTD's Bus modes and SPRINTER Operations and specific safety metrics are required by the Federal Transit Administration (FTA). The System Safety Plan (SSP) and its broader goals are applicable to COASTER and SPRINTER as part of Federal Railroad Administration (FRA) regulations. All data is tracked on a calendar year basis to align with FTA and FRA requirements.

Definitions:

- **Reportable Injuries** are employee and passenger injuries that are reported to the National Transit Database (NTD). The threshold for what is considered reportable injuries according to NTD are those requiring medical transportation from the scene.
- **Major Events** are documented using the **S&S-40 Major Event Report** form and must be reported within 30 days of the incident.

Major Event Reporting Thresholds for Rail Modes

- An event qualifies as a Major Event if it meets the general definition of a reportable event **and** satisfies one or more of the following criteria:
 - **Fatality:** A death confirmed within 30 days of the incident, including suicides.
 - **Injury:** An injury requiring immediate medical attention away from the scene for one or more individuals.
 - **Serious Injury:** An injury that may not involve transport from the scene but meets the criteria for seriousness.
 - **Substantial Property Damage:** Damage that includes the towing of any vehicle due to disabling damage.
 - **Evacuation:** An evacuation conducted for life safety reasons or to the rail right-of-way.
 - **Runaway Train:** An uncontrolled movement of a train.
 - **Collisions:**
 - Between a rail transit vehicle and an individual.
 - At a grade crossing or intersection.
 - With another rail vehicle (revenue or non-revenue).
 - **Derailment:** A mainline or yard derailment involving revenue or non-revenue vehicles.
- **System Reliability** reflects calculations based on major mechanical failures as defined by the NTD, as compared to revenue vehicle miles.
- **Assault on a Transit Worker** is a circumstance in which an individual knowingly, without lawful authority or permission, and with intent to endanger the safety of any individual, or with a reckless disregard for the safety of human life, interferes with, disables, or incapacitates a transit worker while the transit worker is performing the duties of the transit worker.

PUBLIC TRANSPORTATION AGENCY SAFETY PLAN

The PTASP is required by the FTA in accordance with 49 CFR Part 673. The PTASP is a comprehensive document outlining how NCTD manages safety risks and ensures the effectiveness of its safety measures; it provides a roadmap for NCTD's implementation of its Safety Management System (SMS), which details District efforts to proactively identify hazards, assess risks, and implement strategies to reduce the likelihood and severity of safety events. An essential component of the PTASP is annual target-setting for specified safety performance measures as identified in the National Safety Plan. NCTD establishes its annual calendar year goals for SPRINTER and BREEZE/FLEX/LIFT modes under FTA regulations.

SPRINTER PTASP CALENDAR YEAR 2025 SAFETY PERFORMANCE

Safety Performance Measure	Q1 2025 (Jan-Mar)	Q2 2025 (Apr-Jun)	Q3 2025 (Jul-Sep)	Cumulative CY2025	Goal for 2025	On Track for Goal?
Measure 1a – Major Events	3	1	2	6	7	YES
Measure 1b – Major Event Rate	0.58	0.19	0.39	1.14	1.36	YES
Collisions	3	0	2	5	3	NO
Measure 1.1 – Collision Rate	0.58	0	0.39	0.97	0.58	NO
Pedestrian Collisions	2	0	1	3	3	YES
Measure 1.1.1 – Pedestrian Collision Rate	0.39	0.00	0.19	0.58	0.58	YES
Vehicular Collision	1	0	1	2	0	NO
Measure 1.1.2 – Vehicular Collision Rate	0.19	0.00	0.19	0.39	0.00	NO
Measure 2a – Fatalities	1	0	1	2	2	YES
Measure 2b – Fatality Rate	0.19	0	0.19	0.39	0.39	YES
Measure 2.1 – Transit Worker Fatality Rate	0.00	0.00	0.00	0.00	0.00	YES
Measure 3a – Injuries	2	1	0	3	3	YES
Measure 3b – Injury Rate	0.39	0.19	0.00	0.58	0.58	YES
Transit Worker Injuries	0	0	1	1	2	YES
Measure 3.1 – Transit Worker Injury Rate	0.00	0.00	0.19	0.19	0.39	YES
Measure 4a – Assaults on Transit Workers	7	3	10	20	15	NO
Measure 4b – Rate of Assaults on Transit Workers	1.36	0.58	1.94	3.88	2.91	NO
Measure 5 – System Reliability	2,887	4,742	6,838	4,432	2,500	YES

All rates are based on 100,000 Vehicle Revenue Miles (VRM); 2025 VRM for SPRINTER is projected at 515,614.

BUS PTASP CALENDAR YEAR 2025 SAFETY PERFORMANCE

Safety Performance Measure	Q1 2025 (Jan-Mar)	Q2 2025 (Apr-Jun)	Q2 2025 (Jul-Sep)	Cumulative CY2025	Goal for 2025	On Track for Goal?
Measure 1a – Major Events	3	3	1	7	2	NO
Measure 1b – Major Event Rate	0.05	0.05	0.02	0.11	0.03	NO
Collisions	1	1	1	3	1	NO
Measure 1.1 – Collision Rate	0.02	0.02	0.02	0.05	0.02	NO
Pedestrian Collisions	1	0	0	1	0	NO
Measure 1.1.1 – Pedestrian Collision Rate	0.02	0.00	0.00	0.02	0	NO
Vehicular Collision	0	1	1	2	1	NO
Measure 1.1.2 – Vehicular Collision Rate	0	0.02	0.02	0.03	0.02	NO
Measure 2a – Fatalities	0	0	0	0	0	YES
Measure 2b – Fatality Rate	0.00	0.00	0.00	0.00	0	YES
Measure 2.1 – Transit Worker Fatality Rate	0.00	0.00	0.00	0.00	0.00	YES
Measure 3a – Injuries	3	5	6	14	15	YES
Measure 3b – Injury Rate	0.05	0.08	0.09	0.22	0.24	YES
Transit Worker Injuries	0	0	0	0	2	YES
Measure 3.1 – Transit Worker Injury Rate	0.00	0.00	0.00	0.00	0.03	YES
Measure 4a – Assaults on Transit Workers*	2	4	11	17	20	YES
Measure 4b – Rate of Assaults on Transit Workers	0.03	0.06	0.17	0.27	0.32	YES
Measure 5 – System Reliability BREEZE	10,753	15,078	15,626	13,699	14,000	YES
Measure 5 – System Reliability LIFT	24,400	59,752	16,738	26,105	37,000	NO
Measure 5 – System Reliability FLEX	19,155	116,545	29,279	23,246	50,000	NO

All rates are based on 100,000 Vehicle Revenue Miles (VRM); 2025 VRM for BREEZE, LIFT and FLEX is projected at 6,316,912.

SYSTEM SAFETY PLAN

The SSP is developed in accordance with Federal Railroad Administration (FRA) regulations as detailed 40 CFR Part 270. The purpose of the SSP is to improve railroad safety through structured, proactive processes and procedures developed and implemented by NCTD that supports risk management and provides methods for evaluating and responding to all safety issues. NCTD develops annual safety performance goals which are critical to operational safety improvements. The SSP covers both COASTER and SPRINTER; while SPRINTER operations and maintenance fall under FTA regulations, because the railroad track on which it operates is regulated by the FRA, it is covered under both PTASP and SSP requirements.

COASTER & SPRINTER 2025 SAFETY PERFORMANCE

- 1. Zero Fatalities, Serious Injuries, and Significant Accidents:** This goal helps ensure mitigation of any risks with a severity level that could result in the death of a passenger or employee, serious injury to a passenger or employee, or an accident that would trigger an independent investigation by a regulator (FRA) or the NTSB. A year-end status report will be provided upon completion of CY2025.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Death of a passenger or employee	0	0	0	0	0	0	0	0	0
Serious injury to a passenger or employee	0	0	0	0	0	0	0	0	0
Accident that would trigger an independent investigation by a regulator (FRA) or the NTSB	0	0	0	0	0	0	0	0	0

- 2. Reduce Employee Injury Rate** This aim of this goal is to reduce the employee injury by at least 5% year-over-year. A year-end comparison report will be provided upon completion of CY2025.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Employee Injuries - COASTER	0	0	0	1	0	0	0	0	0
Employee Injuries - SPRINTER	0	0	0	0	0	0	0	0	1
Employee Injuries – DISPATCH/MOS/MOW	0	0	0	0	0	0	0	0	0

- 3. Reduce Near Misses and Trespasser Strikes:** This goal aims to reduce near-miss events and trespasser strikes by 5% year-over-year. Near misses and other trespasser events are not only safety issues, but they also create unnecessary stress for employees and unnecessary delays for passengers. A year-end comparison report will be provided upon completion of CY2025.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Near Misses - COASTER	6	5	14	13	3	6	9	5	5
Near Misses - SPRINTER	5	3	4	1	4	6	6	8	10
Trespasser Strikes - COASTER	1	1	0	1	1	0	1	1	0
Trespasser Strikes - SPRINTER	1	0	2	0	0	0	0	1	1

Voluntary Hazard Reporting: This goal aims to increase the number of hazards reported by 20% year-over-year. A year-end comparison report will be provided upon completion of CY2025.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept
Rail Related Hazard Reports	0	3	0	0	1	1	1	0	1

EXTERNAL REGULATORY INSPECTIONS

External Safety Inspection Activity	Number of Inspections Completed (January - March)	Number of Violations (January - March)	Number of Inspections Completed (April - June)	Number of Violations (April - June)	Number of Inspections Completed (July - September)	Number of Violations (July - September)
Bus Compliance	0	0	0	0	2	0
Rail Compliance	8	0	7	0	13	0
Construction/Facilities	0	0	0	0	0	0
Total	8	0	7	0	15	0

SAFETY COMMITTEE ACTIVITIES – BUS AND RAIL

NCTD maintains two separate Safety Committees, one for Bus and one for Rail. These Committees fulfill essential oversight functions as required under the FTA's PTASP regulations (49 CFR Part 673), the Federal Railroad Administration's operational testing rules (49 CFR Part 217), and the California Public Utilities Commission's General Order 164-E. Each committee includes 14 appointed members with designated alternates, as well as two local union representatives, providing a diverse and representative forum for safety oversight.

During Q3 – FY2025, the Committees met to review recent safety incidents, analyze trends in preventable collisions, passenger injuries, and rule violations, and monitor efficiency testing performance. Members also evaluated the implementation of corrective actions stemming from internal hazard reports, audits, and field observations. For rail operations, discussions included regulatory compliance and incident prevention strategies, while bus committee activities emphasized operator safety programs and injury reduction efforts. Importantly, the Committees are also responsible for reviewing and approving all modifications to the PTASP and SSP, ensuring that policy updates align with current operational needs and evolving regulatory standards. These meetings support NCTD's commitment to a proactive safety culture and continuous improvement across all transit modes.

RISK MANAGEMENT REPORT

The Risk Management Program underwent a comprehensive overhaul in Q3 following the transition of bus operations fully in-house. As a result, responsibility for managing liability claims—previously handled by MV Transportation—now rests with NCTD. This operational change also required updating insurance policies and processes with our third-party administrator, who manages NCTD's liability claims. The risk and claims process remains iterative and ongoing, with continuous safety oversight focused on measures to reduce both frequency and severity. Risk Roundtables are held quarterly, similar to the Safety Committee, to address internal and external risk concerns.

This section summarizes key risk management findings, emerging risks, and notable changes since the prior quarter. Example highlights may include claim frequency trends, high-severity events, or successful mitigation initiatives.

Key Metrics

AUTO

NON-REVENUE VEHICLES	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Claims	1	0	0	0	0	0	1	1	0
Open	1	0	0	0	0	0	1	1	0
Closed	0	0	0	0	0	0	0	0	0

BUS	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Claims	3	4	0	2	1	1	3	0	3
Open	1	2	1	0	1	1	1	0	0
Closed	2	2	1	0	0	0	2	0	0

RAIL

COASTER	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Claims	0	1	0	0	0	2	0	0	0
Open	0	1	0	0	0	2	0	0	0
Closed	0	0	0	0	0	0	0	0	0

SPRINTER	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Claims	0	0	0	0	0	0	0	0	0
Open	0	0	0	0	0	0	0	0	0
Closed	0	0	0	0	0	0	0	0	0

PROPERTY

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Claims	0	1	0	0	0	2	0	0	0
Open	0	1	0	0	0	2	0	0	0
Closed	0	0	0	0	0	0	0	0	0

Risk Exposure Summary by Mode

AUTO

Non-Revenue Vehicles – An increase in non-revenue vehicle incidents during Q3 has led to the implementation of additional training requirements. NCTD is implementing defensive driving training for employees with the highest vehicle usage. The first session took place on December 16, 2025. The Safety Team attended to evaluate the vendor's training program, collect data, and strengthen internal procedures and documentation. Additional training classes are planned for Q1 2026.

Bus – NCTD has not experienced an increase in claim frequency or severity since taking over Bus Operations. The most common reported claims involve passenger slip-and-falls and side-mirror strikes. The passenger slip-and-fall claims appear questionable, whereas the side-mirror incidents are becoming an emerging trend. NCTD has reported this trend to Bus Operations and will continue to monitor it. NCTD continues to work with Bus Operations to improve efficiencies and ensure data integrity on all of its incident reporting.

RAIL

COASTER & SPRINTER – No liability claims were reported in Q3. The collisions and trespasser strikes previously referenced in this report were determined to be non-preventable and not adverse to NCTD. No liability claims have been filed in connection with these events. NCTD is pursuing recovery for damage and loss of service caused by at-fault parties involved in the collision incidents.

PROPERTY

“Property” refers to liability claims involving damage to third-party property arising from NCTD’s operations, the activities of its contractors, or its fixed assets (such as facilities, equipment, or infrastructure). No property-related claims were reported in Q3. The one claim reported in Q1 and two in Q2. All three of these claims are expected to be closed by the end of Q4 with no payments made.

NORTH COUNTY TRANSIT

SAN DIEGO RAILROAD

**Agenda
Item #
7**

STAFF REPORT	RECEIVE THE QUARTERLY SECURITY REPORT FOR THE FIRST QUARTER OF FY2026
STAFF RECOMMENDATION:	<p>Time Sensitive: <input type="checkbox"/> Consent: <input checked="" type="checkbox"/></p> <p>Receive the Security Quarterly Report for the first quarter of FY2026 (July 1, 2025 through September 30, 2025).</p>
BACKGROUND INFORMATION:	<p>Fostering and maintaining safe and secure operations is one of the North County Transit – San Diego Railroad's (NCTD) primary goals. Staff provides the NCTD Board of Directors (Board) with a quarterly update covering law enforcement and security-related activities, including crimes, arrests, and citations.</p>
	<p>Law Enforcement Activities: The San Diego Sheriff's Office's Transit Enforcement Services Unit (TESU) focused its efforts on both SPRINTER, BREEZE and homeless encampments on both subdivisions during the first quarter of FY2026 (FY2026-Q1). Overall final numbers for TESU resulted in 293 arrests across NCTD. This resulted in a 20% decrease in total arrests for FY2026-Q1 as compared to the previous quarter.</p>
	<p>Security Incidents: During FY2026-Q1, security incidents related to quality-of-life issues, such as loitering and vagrancy, decreased by 2%; violations of Ordinance No. 3 - <i>An Ordinance Establishing NCTD Code of Regulations</i> increased by 6%; and law enforcement activity/contact decreased by 24%. Trespassing increased by 16% and homeless encampments increased by 49%, as compared to the fourth quarter of FY2025 (FY2025-Q4).</p> <p>Disturbances decreased by 4% compared to FY2025-Q4. Transit stations accounted for 43% of total disturbances during FY2025-Q4. Overall crime, including misdemeanor offenses, increased by 7% compared to FY2025-Q4, with misdemeanor crimes comprising 84% of all crimes reported to security.</p>
	<p>Assaults/Battery Incidents Involving Passengers and Employees: In July, there were six reported assaults involving passengers and 10 involving transit employees, both physical and non-physical. In August, six passenger assaults and nine employee assaults, both physical and non-physical, were reported. In September, there were 16 passenger assaults and two non-physical employee assaults. No physical assaults involving transit employees were reported.</p> <p>The attached Security Quarterly Report provides the details and statistics of the performance metrics for the quarter.</p>
ATTACHMENT:	7A – FY2026-Q1 Security Quarterly Report
FISCAL IMPACT:	This staff report has no fiscal impact.
COMMITTEE REVIEW:	None
STAFF CONTACT:	Chris Carrillo, Director of Security E-mail: cgcarrillo@nctd.org Phone: 760-966-6793



NORTH COUNTY TRANSIT
SAN DIEGO RAILROAD



Quarterly Security Report

For the Period
July 1, 2025 – September 30, 2025
(Q1 of FY2026)

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Homeless Encampments	4
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SECURITY DEPARTMENT REPORT

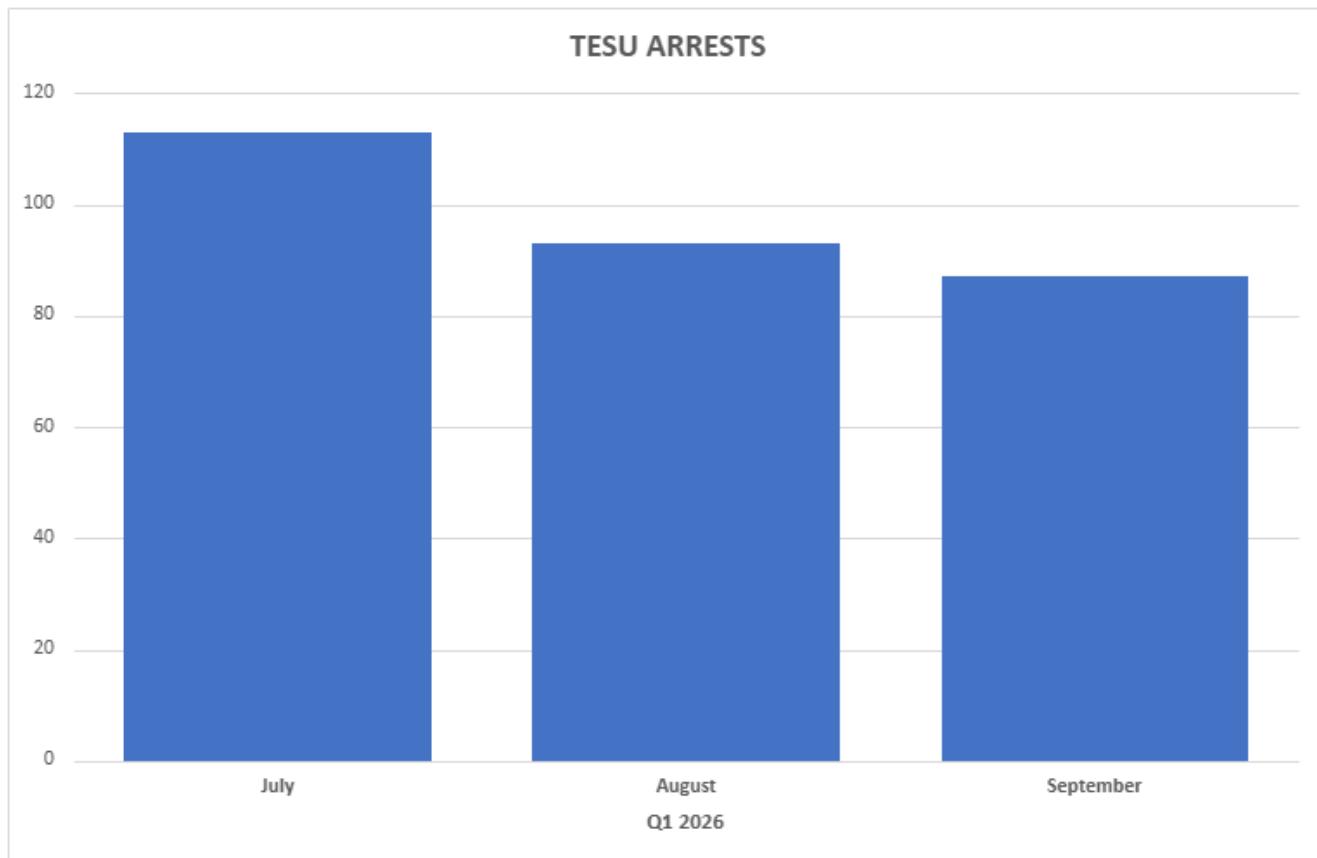
North County Transit – San Diego Railroad (NCTD) places a high priority on providing a safe and secure environment for employees, contractors, passengers, and members of the public. To support this effort, NCTD contracts with the San Diego Sheriff's Department for law enforcement services and with Inter-Con Security for on-call security officers. NCTD Security also collaborates with local law enforcement agencies within the various jurisdictions it serves. Additionally, NCTD directly employs Control Center Technicians who provide 24-hour Closed Circuit Television (CCTV) monitoring, as well as field-based Code Compliance Inspectors who support ordinance enforcement.

NCTD Security incorporates several data-driven processes to analyze a wide range of safety and security-related issues. Using this data, the NCTD Security Department formulates solutions to existing problems, anticipates future challenges, and develops programs and initiatives aimed at continuous improvement. The following sections provide an overview of the data NCTD utilizes to support system-wide security.

Transit Enforcement Services Unit (TESU):

The Transit Enforcement Services Unit (TESU) is staffed through a contract with the San Diego County Sheriff's Department. This dedicated team of deputies provides proactive patrols, responds to reported crimes throughout the transit system, and conducts investigations of rail-related incidents. The unit is composed of 1 Sergeant, 2 Corporals, and 7 Deputies.

The chart below summarizes TESU's arrests, for the first quarter of FY2026 (FY2026-Q1). A decrease in TESU arrest is primarily due to offenders in custody and compliance.

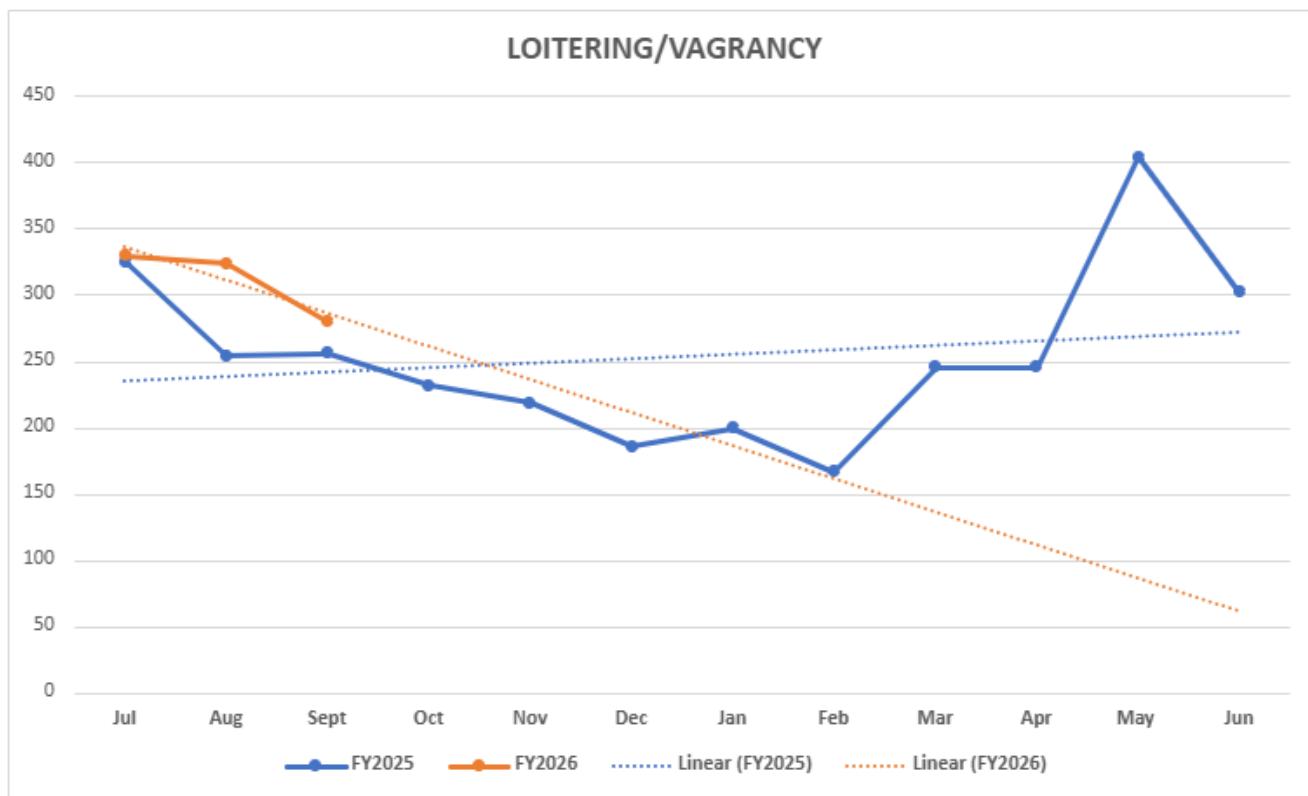


Loitering / Vagrancy

The following chart represents reported loitering and vagrancy incidents during FY2026-Q1. The chart displays the number of incidents for the quarter, alongside data from FY2025 for comparison.

NCTD's direct and contracted security personnel continue to focus their efforts on reducing overall incidents, with particular attention to high-activity areas such as the Oceanside Transit Center (OTC) and the Escondido Transit Center (ETC), both of which are staffed 24/7 by Inter-Con Security.

During FY2026-Q1, Inter-Con Security handled 45% of all loitering and vagrancy contacts and Code Compliance Inspectors handled 41%. The remaining were handled by the Control Center Technicians via public announcements or local law enforcement agencies. The majority of contacts occurred at OTC and Carlsbad Village (CBV) which made up 53% of the total reported loitering and vagrancy calls.

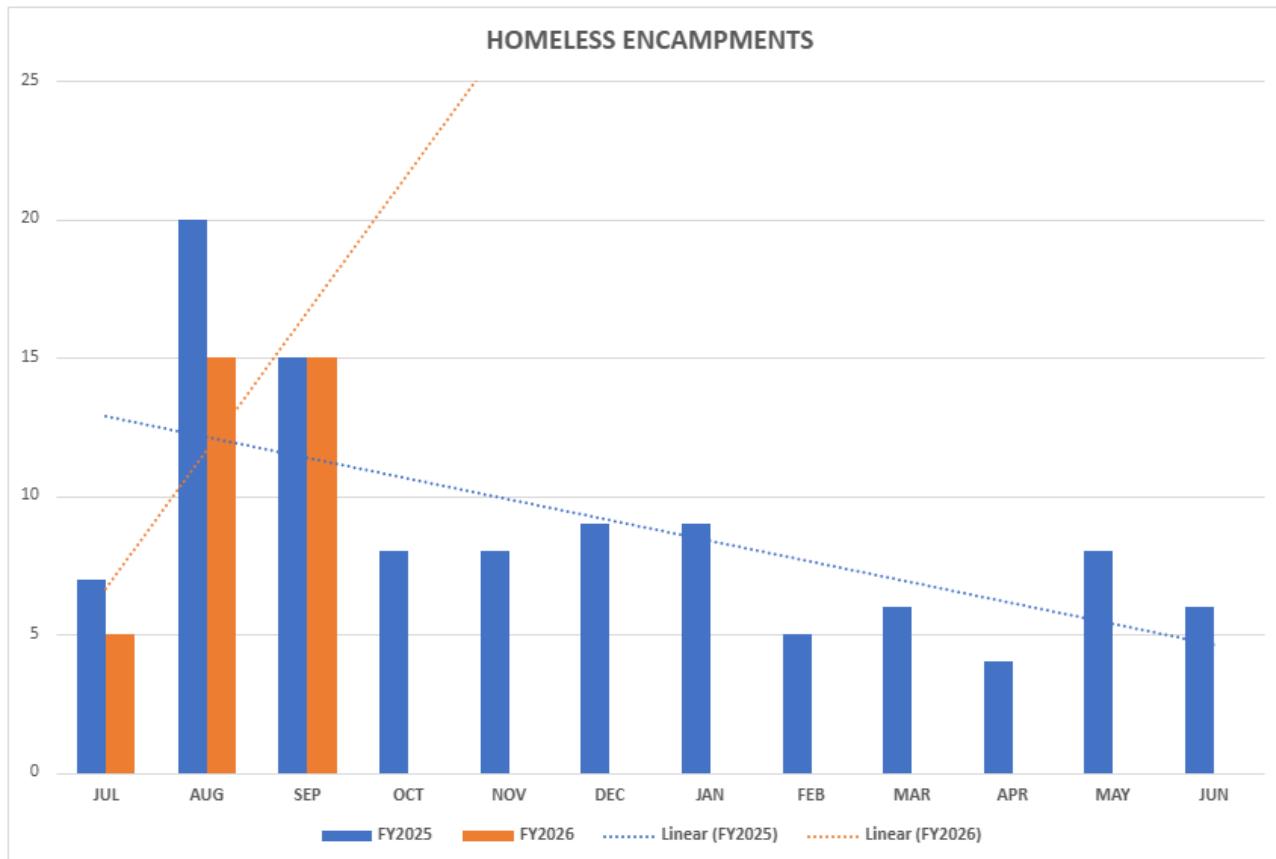


Homeless Encampments

The following chart shows reported homeless encampments across the NCTD system during FY2026-Q1, along with comparative data from FY2025. Homeless encampments on rail rights-of-way (ROW) pose severe dangers, including collision risks for people and trains (leading to fatalities), infrastructure damage, increased illegal activity, and health hazards from waste.

NCTD Security aims to have encampments removed within 72 hours after a notice to vacate has been issued to the occupants. NCTD Code Compliance Inspectors and TESU Deputies work collaboratively to identify encampments, issue notices, and coordinate their removal.

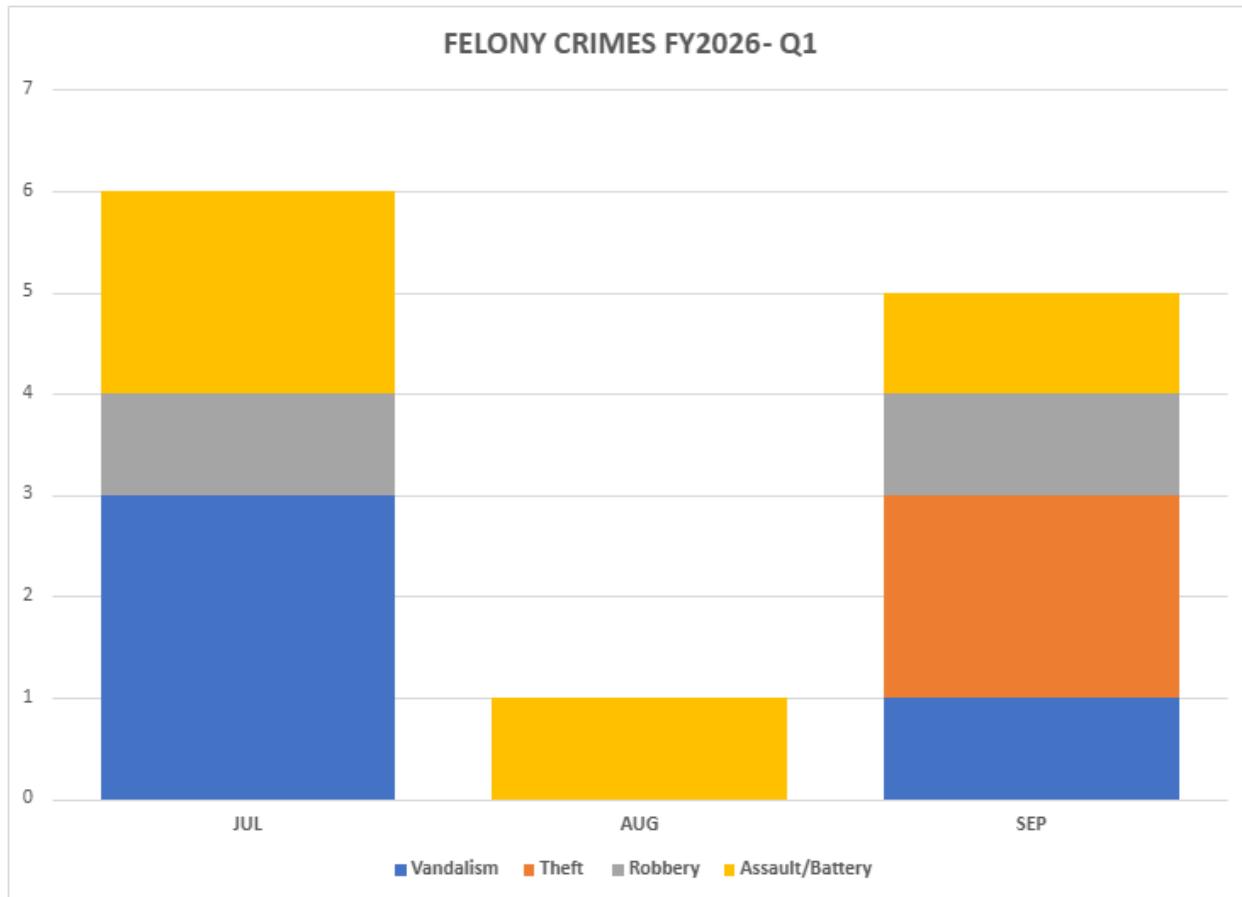
TESU Deputies also conduct ongoing directed patrols along the San Diego Subdivision, which continues to experience the highest concentration of encampments.

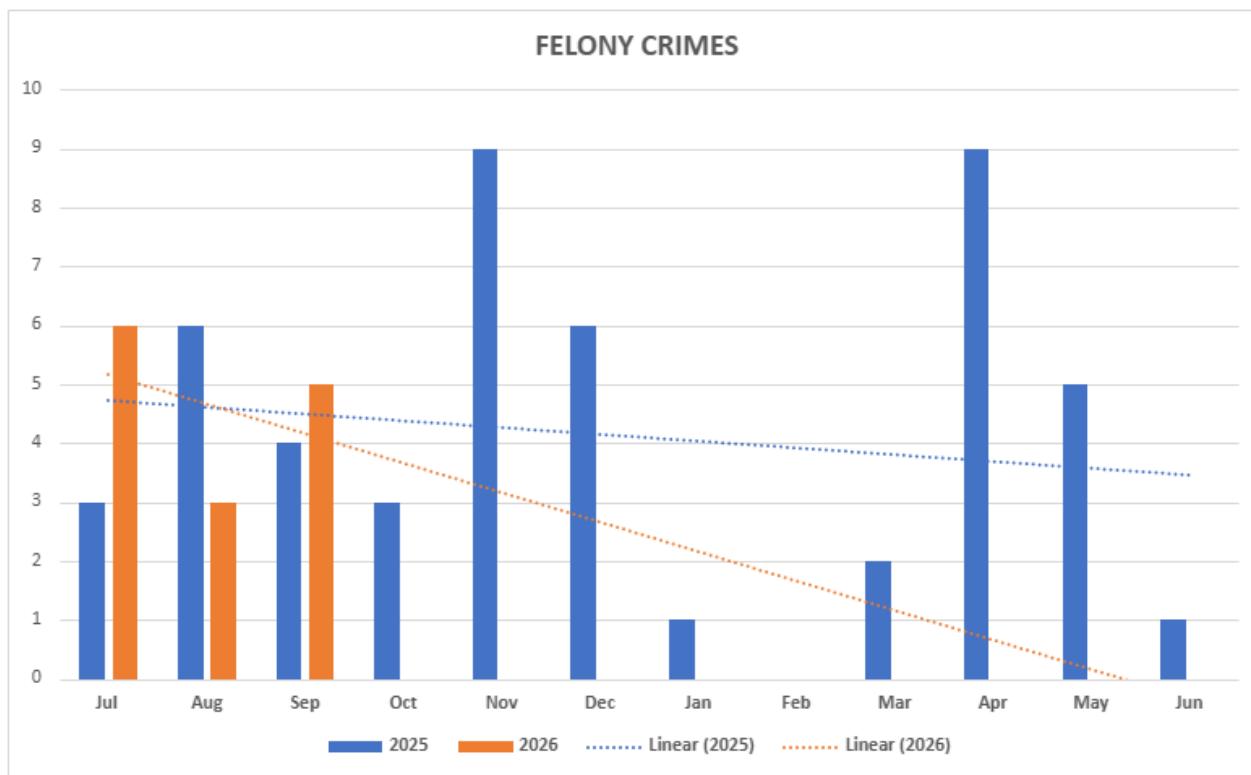


Crimes

The following charts represent major felony crimes reported to NCTD and its contracted law enforcement agencies that occurred on NCTD property during FY2026-Q1. Reported crimes include assault, battery, robbery, burglary, theft, and vandalism. All felony crimes are referred to local law enforcement agencies for investigation.

The chart displays the total number of felony crimes reported during FY2026-Q1. The second chart compares the year-to-date total of felony crimes in FY2026 with the same period in FY2025.

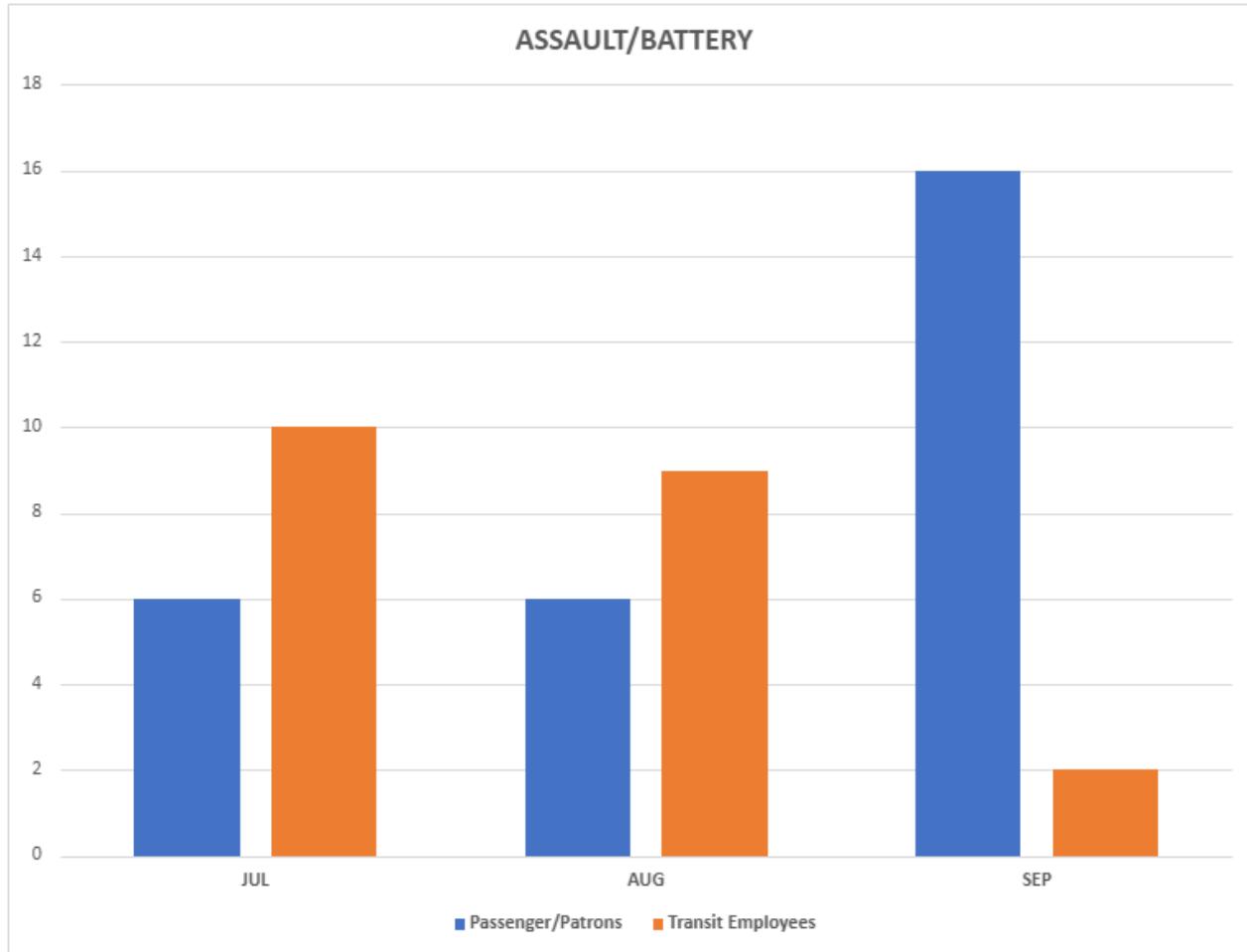




Assault/Battery

The following chart represents incidents of assault and battery that occurred on NCTD property or transit modes during FY2026-Q1. The data is categorized by victims: employees/contractors and passengers/patrons. All assault and battery incidents are reported to security and referred either to local law enforcement or to TESU for further investigation when the victim chooses to pursue charges.

In July, there were six reported assaults involving passengers and 10 involving transit employees, both physical and non-physical. In August, six passenger assaults and nine employee assaults, both physical and non-physical, were reported. In September, there were 16 passenger assaults and two non-physical employee assaults. No physical assaults involving transit employees were reported.



NORTH COUNTY TRANSIT

SAN DIEGO RAILROAD

**Agenda
Item #
8**

STAFF REPORT

RECEIVE THE QUARTERLY CUSTOMER EXPERIENCE REPORT FOR THE FIRST QUARTER OF FY2026

Time Sensitive: **Consent:**

STAFF RECOMMENDATION: Receive the quarterly Customer Experience Report for the First Quarter (Q1) of FY2026 (July 1, 2025 through September 30, 2025).

BACKGROUND INFORMATION: Providing a positive customer experience is a key component of the North County Transit – San Diego Railroad’s (NCTD) mission. Staff provides the NCTD Board of Directors (Board) with a report on a quarterly basis to identify trends in customer feedback, and to affirm positive actions.

To help our operational teams identify areas of concern, and develop actions to improve the overall customer experience, the Customer Experience team meets monthly to review customer feedback trends and discuss recommendations.

Q1 FY2026 Results

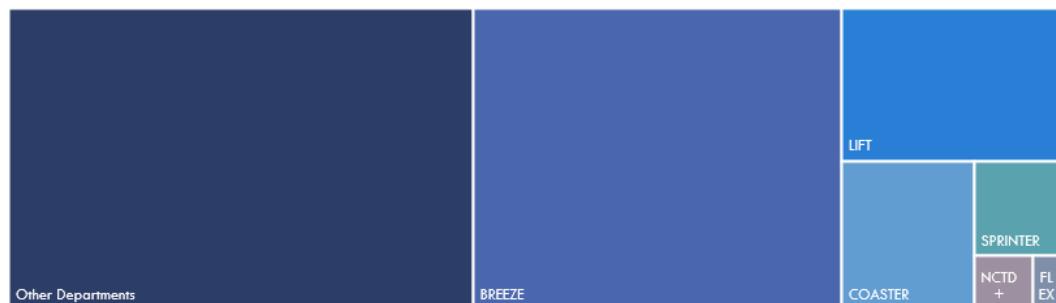
A total of 29 compliments were received, which represents an increase of 10 when compared to the first quarter of FY2025 (FY2025-Q1). The reports were made to acknowledge a positive interaction with a Bus Operator, Train Crew Member, Customer Service Agent, or NCTD staff.

Systemwide, NCTD received a total of 614 customer feedback reports, which represents an increase of 100 when compared to FY2025-Q1. All core categories saw increases with the exception of service and operator reports. Of the total customer feedback reports, 56% were associated with the six modes of transit (BREEZE, LIFT, FLEX, NCTD+, COASTER, and SPRINTER). The remaining feedback is distributed across other departments, including Customer Service (informational requests), Right-of-Way (graffiti or debris), Facilities (cleanliness issues, graffiti), Service Planning (service requests), Security, and to a lesser extent, Safety.

The following graphs and charts show FY2026-Q1 Systemwide Customer Feedback by Department and the rolling quarterly breakout of Customer Feedback by Core Category.

Q1 FY26 Systemwide Feedback

■ BREEZE ■ COASTER ■ LIFT ■ FLEX ■ SPRINTER ■ NCTD+ ■ Other Departments



Feedback by Core Category

Type	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26
Claims and Accidents	6	8	14	14	15
Equipment	40	55	39	47	59
Facilities	57	56	49	59	69
Operator	97	116	96	107	94
Paratransit	27	21	28	63	81
Planning	20	48	26	52	35
Policy	22	18	28	31	37
Safety	12	9	22	9	18
Security	33	60	42	34	58
Service	200	195	166	153	148
Total	514	586	510	569	614

ATTACHMENT: 8A - FY2026-Q1 Customer Experience Report

FISCAL IMPACT: This staff report has no fiscal impact.

COMMITTEE REVIEW: None

STAFF CONTACT: **Alicia Peat-Watson, Director of Customer Experience**
E-mail: apeatwatson@nctd.org Phone: 760-967-2813

NORTH COUNTY TRANSIT
SAN DIEGO RAILROAD



**Customer Experience
Quarterly Report**

For the Period
July 1, 2025 – September 30, 2025

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Introduction

The Customer Experience department supports North County Transit – San Diego Railroad's (NCTD) mission and vision by identifying trends, highlighting opportunities for improvement, and collaborating with internal stakeholders on actionable solutions to ensure the customer has a positive experience when using NCTD services and facilities.

NCTD receives customer feedback through multiple channels, including phone, email, the website, and in-person. All feedback is documented in NCTD's customer relationship management (CRM) system and forwarded to the appropriate department personnel for review, investigation, and potential action. Most customer feedback relates to modal service, security, or facilities. Investigations may involve tools such as operator interviews, video, GPS data, and other applicable technologies. The Customer Experience Department strives to respond to customers within five business days of receiving feedback.

Core Categories

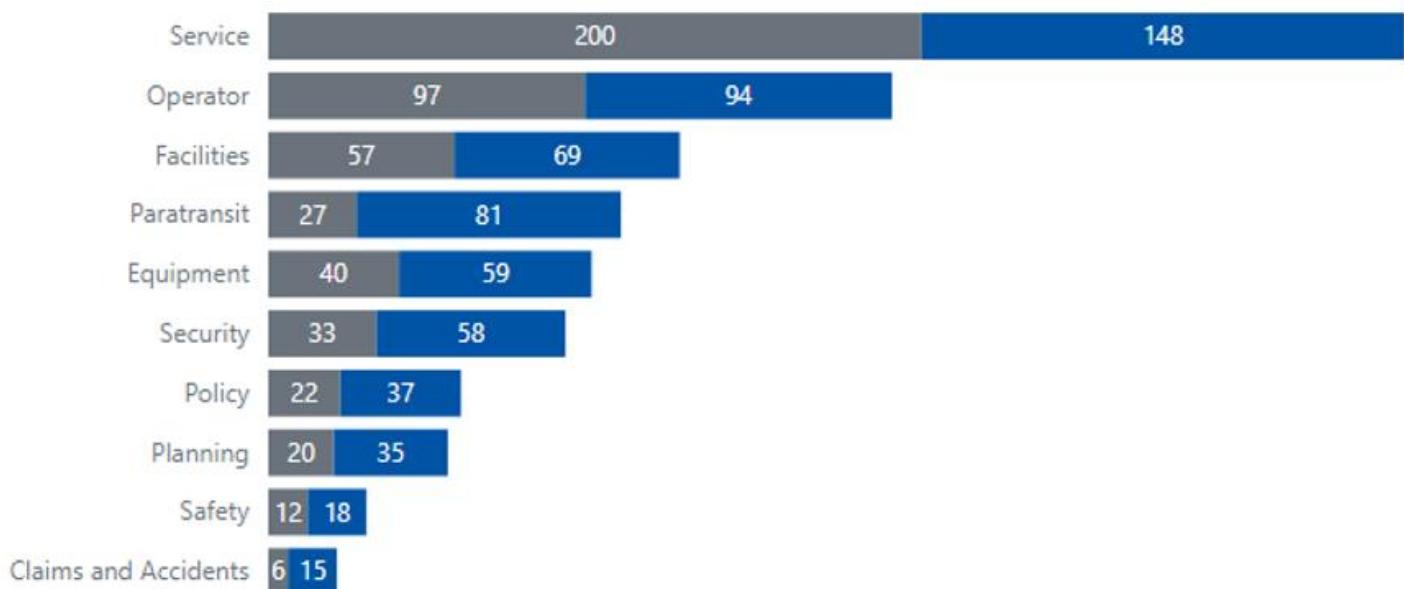
To provide insight into customer feedback trends, feedback is assigned to a core category via a sub-code. Each of the 10 core categories and the sub-codes are defined below.

Core Category	Sub-Code	Definition
Claims and Accidents	Claims and Accidents	Requests related to claims or accidents in various departments.
Equipment	ADA Ramp Issue,	Issues deploying the ADA ramp for all modes. The ramp must be no steeper than a ratio of 1:12.
	Announcements	Announcement related feedback that may affect notifying the general public about train delays, accidents, etc. through the notifications.
	Damaged/Dirty	Damaged or dirty seats, facilities, and all modes.
	Door Malfunction	Bus or rail doors malfunctioning due to technical error.
	Farebox/Validator/TVM	Farebox, validator, or TVM payment machines issues
	HVAC	Heat, ventilation, and air conditioning on all modes.
	IT Request	Information technology requests for additional information regarding IT apps on Rail modes and facilities.
	Signal Issue	Signals not displaying, signals displaying late or early, and general signal issues for ROW/MOW, and Rail .
Facilities	Facilities Cleaning	Dirty facilities such as dirty transit centers or bus stops that are sent to the facilities department.
	Facilities Electrical	Electrical issues at facilities such as light bulbs or broken LED displays located at transit centers or bus stops.
	Facilities Landscaping	Facilities having landscaping issues such as overgrown bushes, overgrown grass, fallen down trees, etc.
	Facilities Plumbing	Plumbing issues such as transit center bathrooms malfunctioning or water fountains and faucets not working properly.
	Graffiti	Graffiti tags on modes, facilities and ROW.
Operator	Closed Door on PAX	Door was closed on the customer and they were unable to board.
	Dangerous Driving	Bus operators driving being dangerous or uncomfortable for the customer.
	Left Before Seated	Bus Operators leaving the bus stop or transit center before the customer was seated.
	Off Route	Bus operator going off route.
	Refusal of Service	Modal operator refusing to serve a customer or refusal of service to a paying party without appropriate reasoning or policy.
	Rude	Modal operator being rude to an individual such as yelling, offensive language, or offensive gestures.
Paratransit	EZ-Wallet	LIFT bus paratransit's EZ-Wallet payment service for paratransit ticket purchases.
	Mobility Device	Mobility devices unable to be accommodated or deployed correctly on all modes.
	MTS Transfer	Paratransit MTS transfer
	Reservationist/Dispatch	Reservationist or dispatch issues for LIFT, FLEX, NCTD+
	Service Area	Issues or requests related to LIFT 3/4 mile boundary.
	Time Onboard Vehicle Violation	LIFT service Time Onboard Vehicle Violation related incidents.
Planning	Bus Stop - Amenities	Amenities for the bus stop facilities & planning for future bus stop amenities.
	Bus Stop - Request	Any safety or planning requests for bus related services.
	Information Request	Requests for information regarding NCTD operations, modes, facilities.
	Marketing Request	Marketing requests.
	Service Request	Service requests for Planning department.
	Wayfinding-Signage	Wayfinding-signage in the Facilities, Planning, or CS departments
Policy	E-Bikes	Electric bikes on all modes and facilities
	Horns - Trains	Train horn or quiet zone feedback
	Policy Dispute	Policy disputes for all modes and facilities.
	PRONTO/Fare Issue	PRONTO or Fare issues on all modes and facilities.
Safety	Fencing	Fencing for safety or right of maintenance ROW / Maintenance of Way MOW along the rail tracks.
	Safety	Safety is being infringed upon on any mode or facility.
Security	Customer Altercation	Verbal or physical altercations with each other or staff members on all modes and facilities.
	Security	Security issues: break ins, dangerous items & weapons, and other security related incidents on all modes and facilities.
	Trespassing	Trespassing on NCTD facilities, transit centers, or bus stops during off hours or violations of safety and security standards.
Service	Cancellations	Any delay or cancelations for the modes during normal service hours.
	Capacity	Vehicles too full.
	Early	Earlier than scheduled or expected service for all modes.
	Incorrect Pick-up/Drop-off Location	Customer picked up or dropped off at an incorrect location for bus and paratransit services.
	Late	Late or later than scheduled or expected service for all modes.
	Missed Requested Stop	Missing requested route stop on bus or paratransit services.
	No Show	Bus or paratransit services do not show up to the required stop or station at the indicated time.
	Pass-by /Left Pax	Customer being passed by or left for all modes.

Note: NCTD's reporting methodology is department-based rather than mode-based to ensure the data accurately reflects the data by mode.

Q1 FY26 vs Q1 FY25 Systemwide Feedback by Core Category

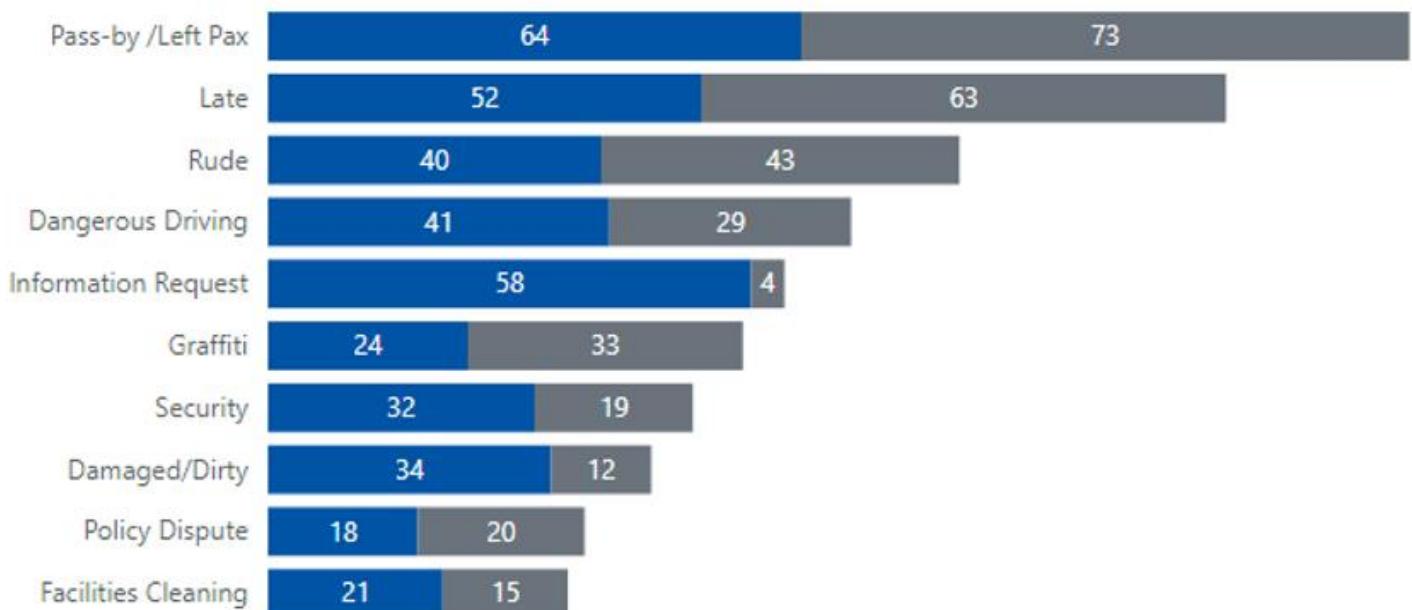
● FY25 ● FY26



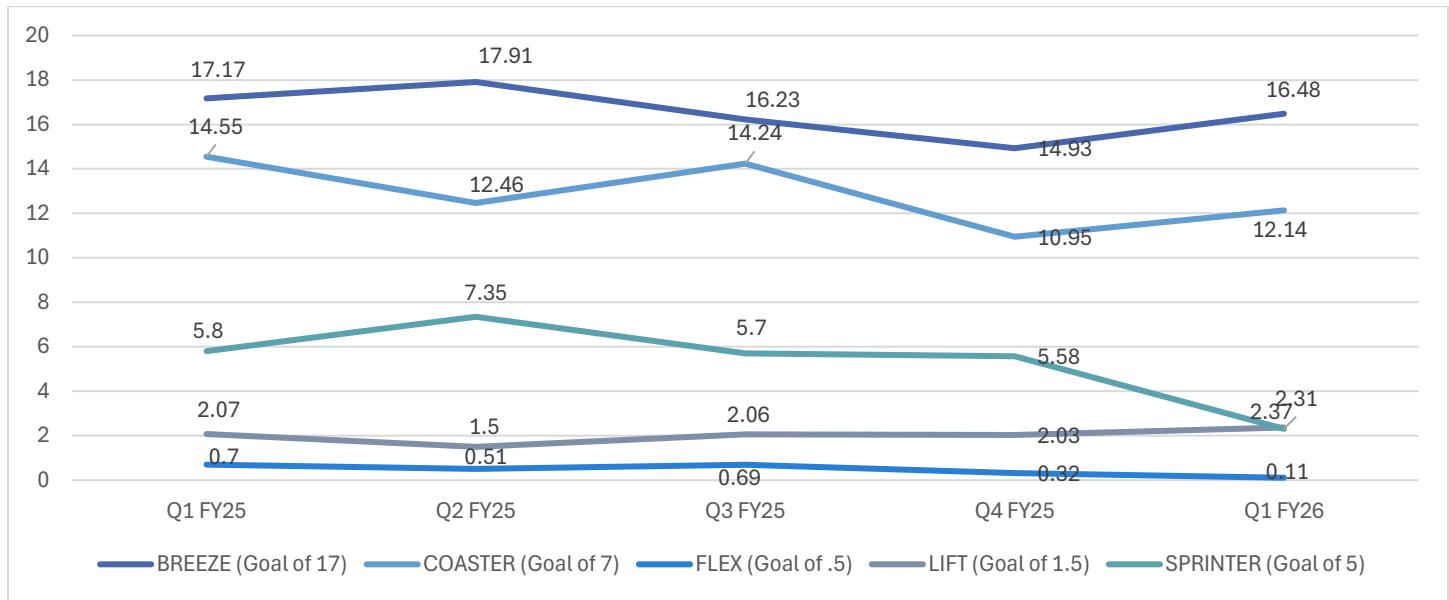
Overall systemwide feedback for FY2026-Q1 is higher than when compared to FY2025-Q1. All core categories experienced increases, except for service issues and operator concerns, which have continued to experience decreases each quarter since FY2025-Q1.

Q1 FY26 vs Q1 FY25 Systemwide feedback by Top Sub-Codes

● FY26 ● FY25



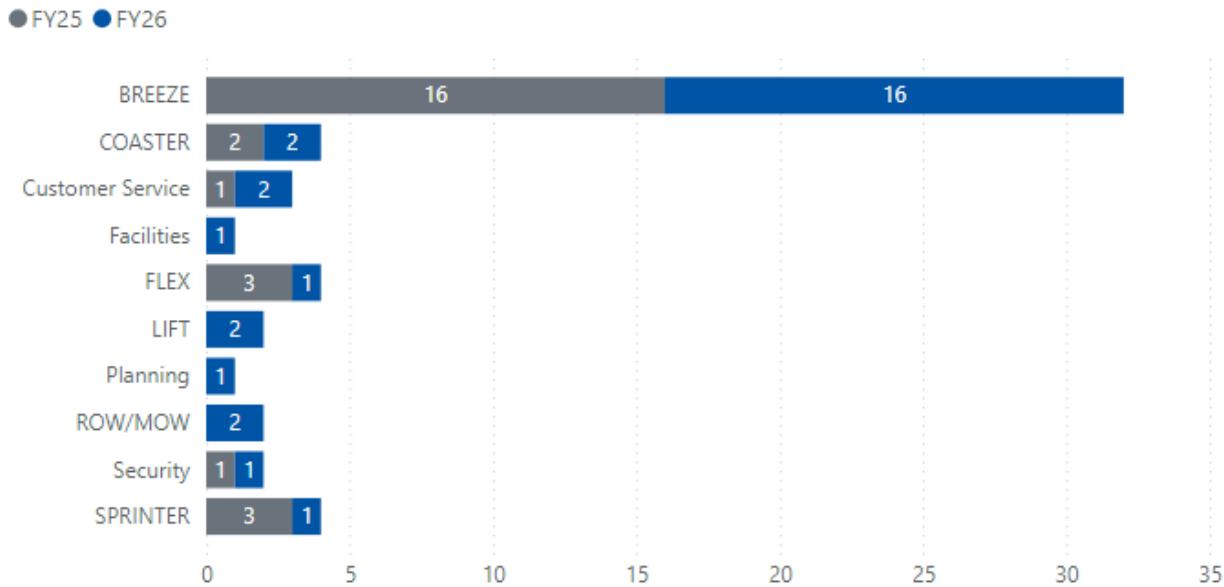
FY26 Systemwide Feedback by Weighted Ridership



Adjusted ridership count is based on mode. The ridership count is normalized based on the following breakout. BREEZE/COASTER/SPRINTER are by 100k passengers and FLIFT/FLEX are adjusted by 1K passengers.

In FY2026-Q1, systemwide feedback weighted by ridership is trending lower for all modes except COASTER and LIFT which are trending slightly above their FY26 goals.

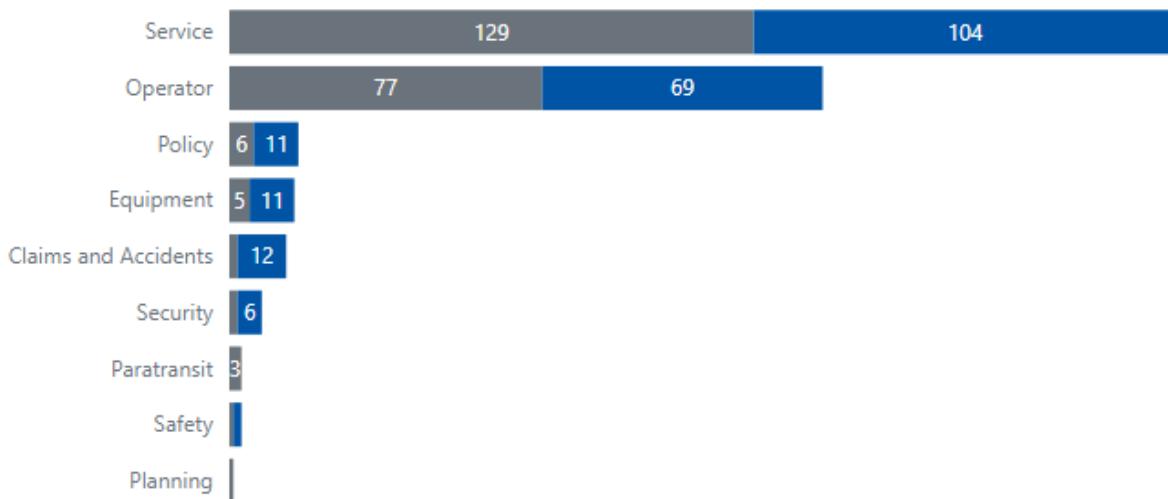
Q1 FY26 vs Q1 FY25 Systemwide Compliments by Department



Systemwide compliments for FY2026-Q1 were higher than FY2025-Q1. Overall NCTD received 29 compliments versus 26 in FY2025-Q1. With the exception of SPRINTER and FLEX, each department saw an increase in positive recognition.

Q1 FY26 vs Q1 FY25 BREEZE Feedback by Core Category

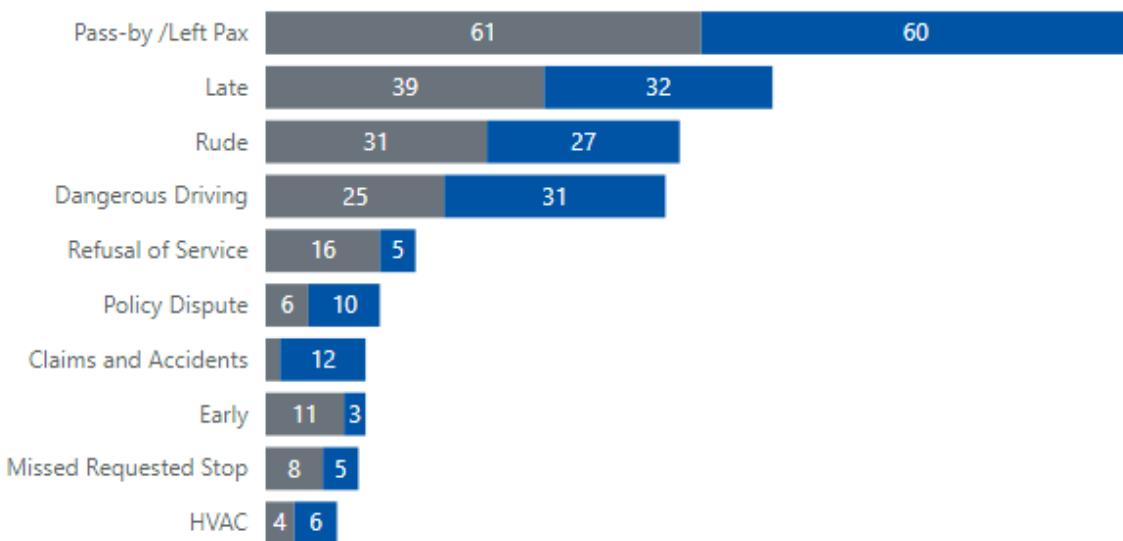
● FY25 ● FY26



Feedback for BREEZE is lower this quarter than when compared to Q1 last year. This is due to fewer concerns involving Service and Operator issues.

Q1 FY26 vs Q1 FY25 BREEZE Feedback by Top Sub-Codes

● FY25 ● FY26



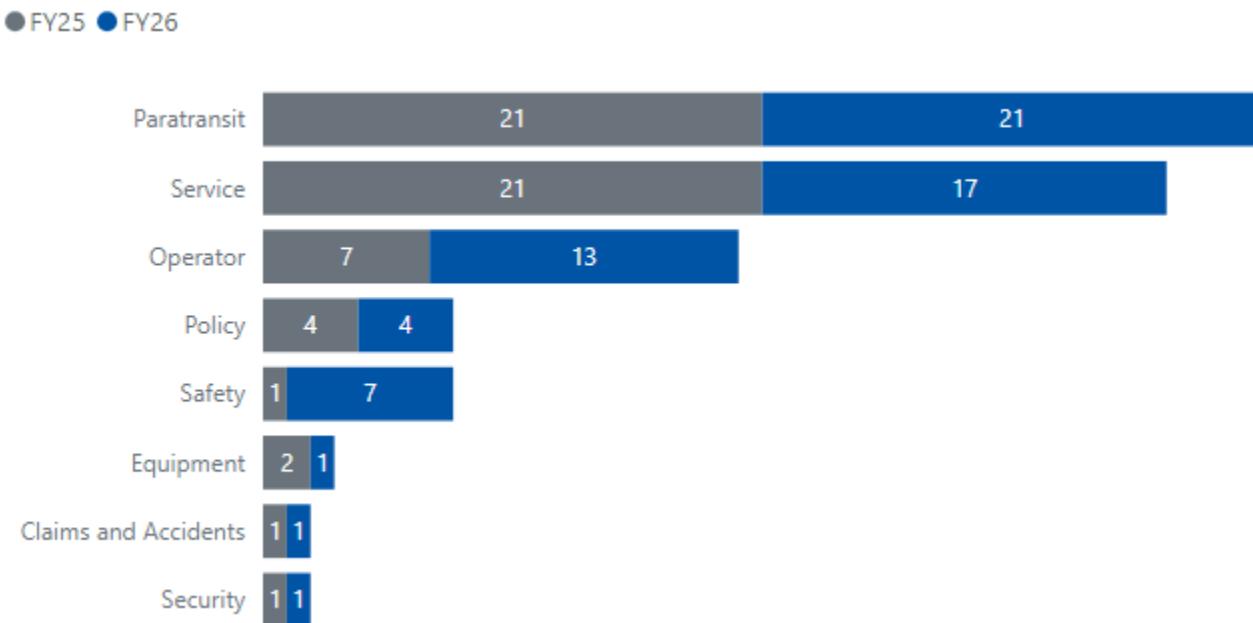
In FY2026-Q1, BREEZE operations received fewer concerns when compared to FY2025-Q1. There were decreases in service and operator issues such as late service, early service, refusal of service, and missed stop request. Conversely, there were increases in dangerous driving, claims and accidents, policy disputes and issues with the heating and cooling (HVAC).

BREEZE Feedback by Weighted Ridership



The FY26 goal for BREEZE is a maximum of 17 feedback reports per every 100,000 passengers. Q1 FY26 is trending at the target goal.

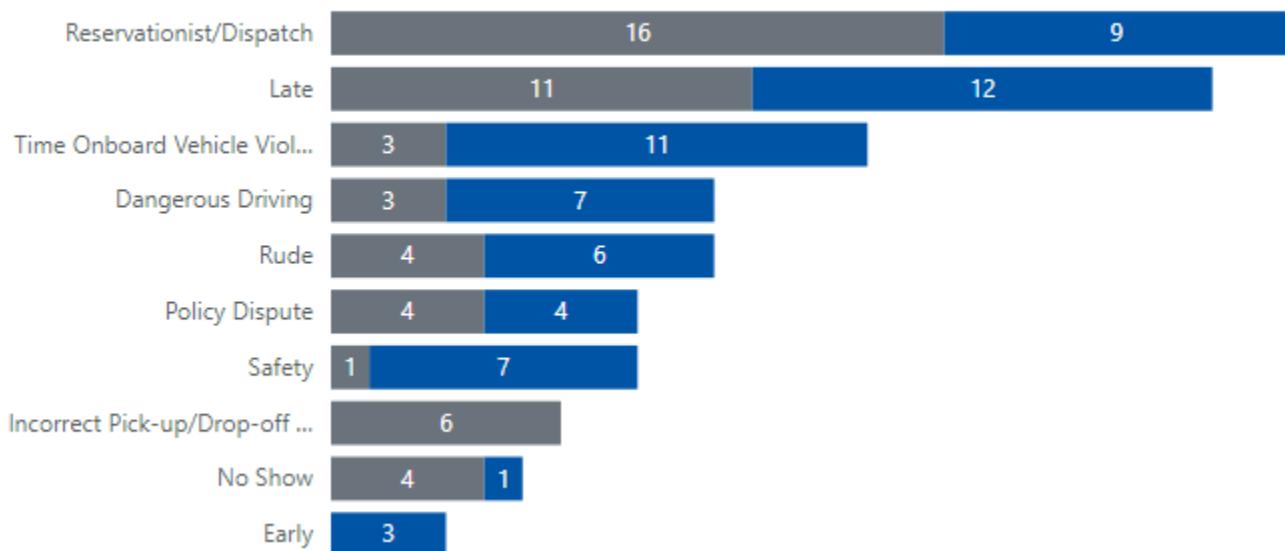
Q1 FY26 vs Q1 FY25 LIFT Feedback by Core Category



LIFT feedback increased this quarter compared to Q1 last year, driven mainly by safety concerns related to the securement of walkers and wheelchairs, as well as operator issues involving rude behavior and poor driving performance.

Q1 FY26 vs Q1 FY25 LIFT Feedback by Top Sub-Codes

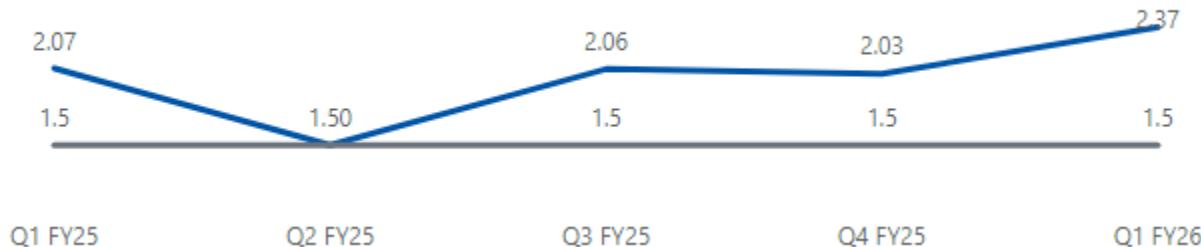
● FY25 ● FY26



In FY2026-Q1, the increase in LIFT feedback was specific to dangerous driving concerns, rude operator, service early, service late, time on-board vehicle violations, and safety. Conversely, there were decreases in reservations/ dispatch concerns, incorrect pick-up/ drop-off issues and no-shows.

LIFT feedback by Weighted Ridership

● Complaints per Adjusted Ridership ● Ridership Target



The FY26 goal for LIFT is a maximum of 1.5 feedback reports per every 1,000 passengers. FY2026-Q1 results are trending above our target goal.

Q1 FY26 vs Q1 FY25 FLEX feedback by Core Category

● FY25 ● FY26



Feedback for FLEX is lower this quarter than when compared to Q1 last year because NCTD+ feedback was included in the FLEX totals last fiscal year.

Q1 FY26 vs Q1 FY25 FLEX feedback by top Sub-Codes

● FY25 ● FY26



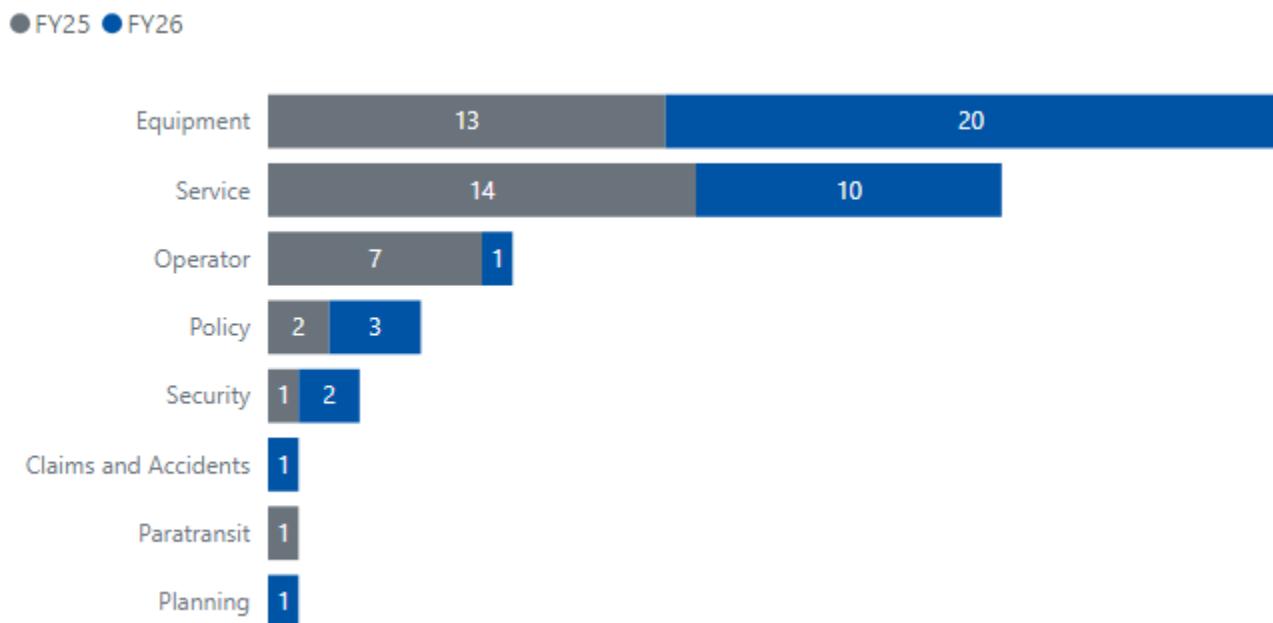
Feedback for FLEX is lower this quarter than when compared to Q1 last year because, NCTD+ feedback was included in the FLEX totals last fiscal year.

FLEX feedback by Weighted Ridership



The FY26 goal for FLEX is a maximum of .5 feedback reports per every 1,000 rides. FY2026-Q1 results are trending below the target goal.

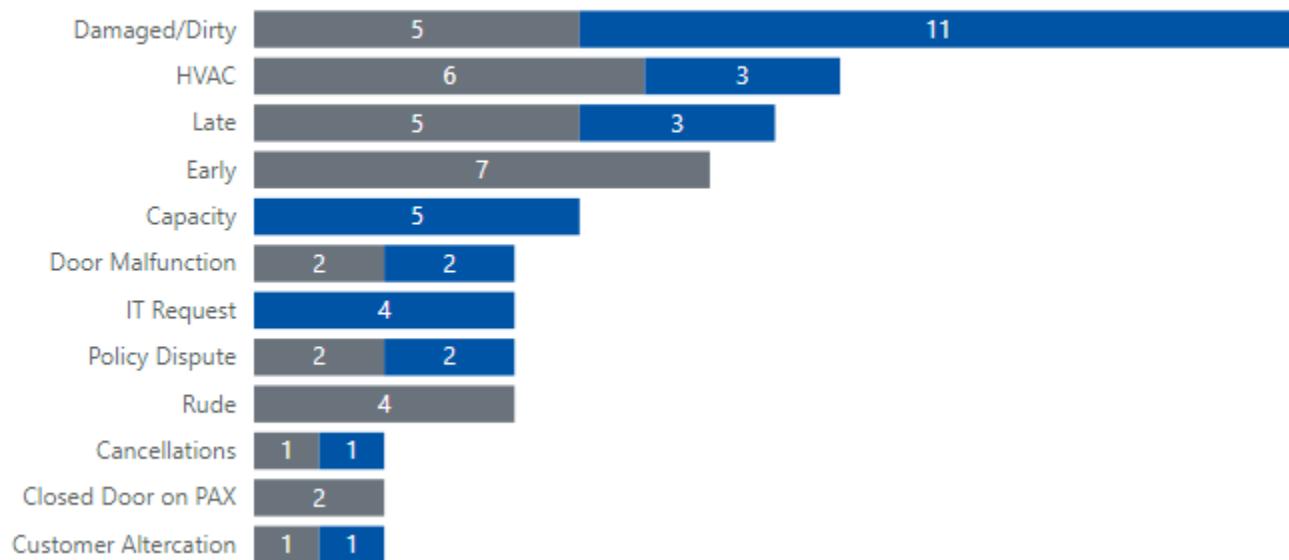
Q1 FY26 vs Q1 FY25 COASTER feedback by Core Category



Feedback for COASTER is the same this quarter than when compared to Q1 last year. While COASTER received the same number of feedback reports there were more equipment-related concerns and policy issues this quarter than when compared to FY2025-Q1.

Q1 FY26 vs Q1 FY25 COASTER Feedback by Top Sub-Codes

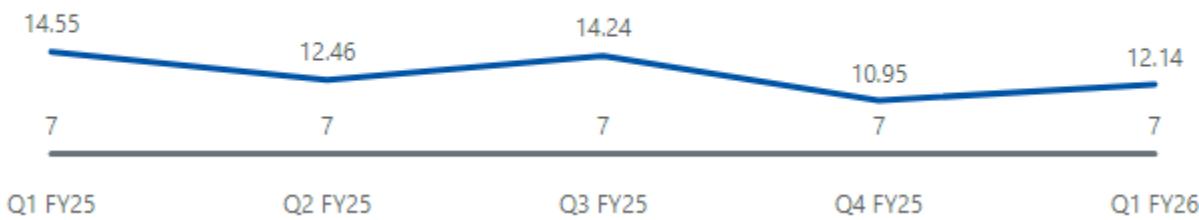
● FY25 ● FY26



In FY2026-Q1, COASTER received more feedback related to damaged and dirty vehicles, capacity concerns, and IT issues. Conversely, there were decreases in service early/late, closed door on passenger, operator rude and HVAC issues.

COASTER feedback by Weighted Ridership

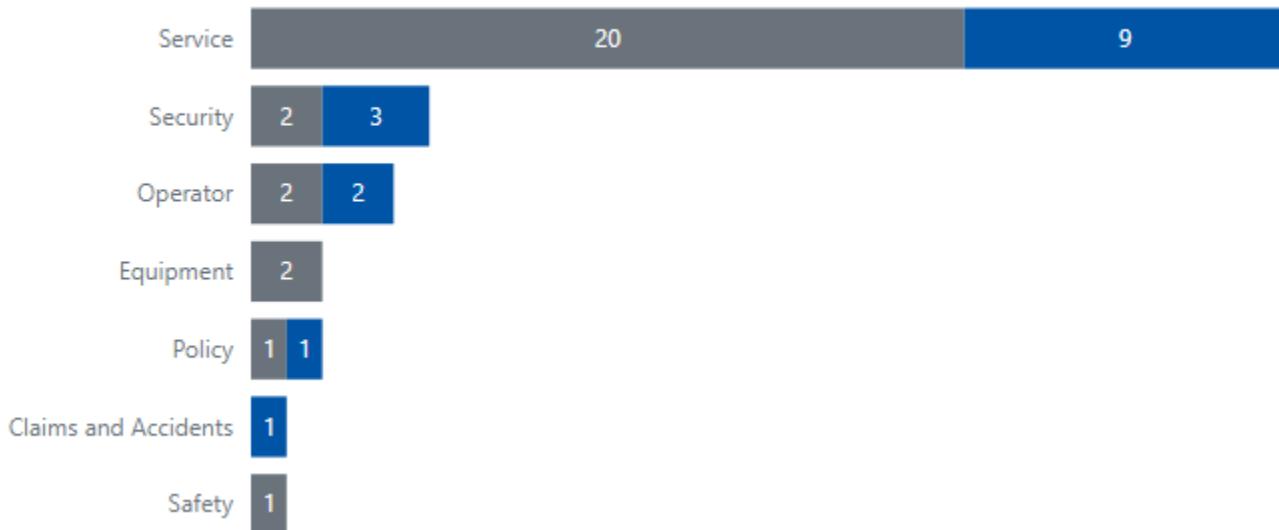
● Complaints per Adjusted Ridership ● Ridership Target



The FY26 goal for COASTER is a maximum of seven feedback reports per every 100,000 rides. FY2026-Q1 results are trending above our target goal.

Q1 FY26 vs Q1 FY25 SPRINTER Feedback by Core Category

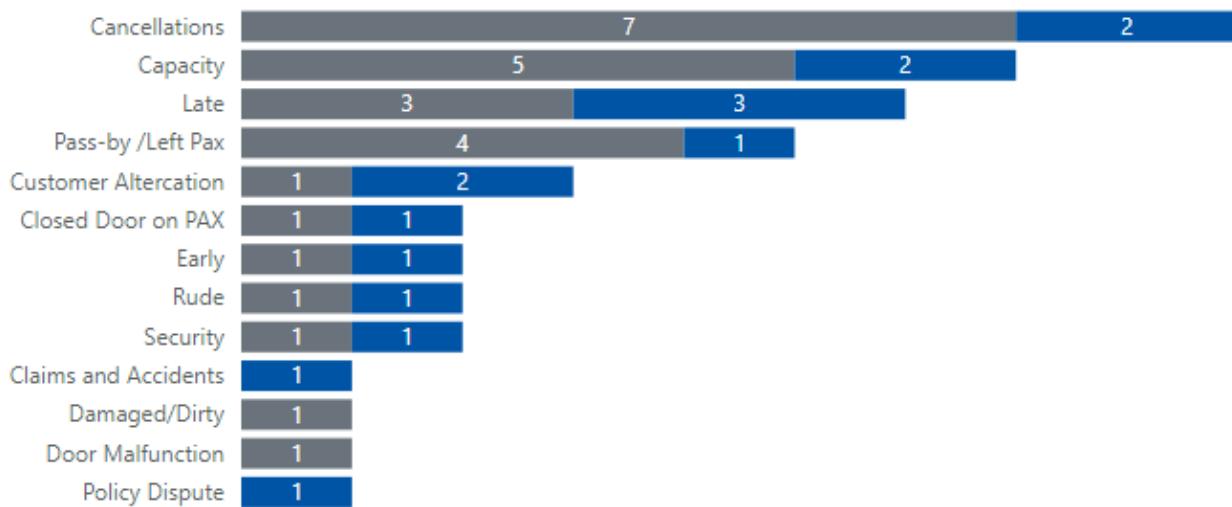
● FY25 ● FY26



Feedback for SPRINTER was reduced this quarter than when compared to Q1 last year. This is due to an decrease in Service issues, Equipment and Safety concerns.

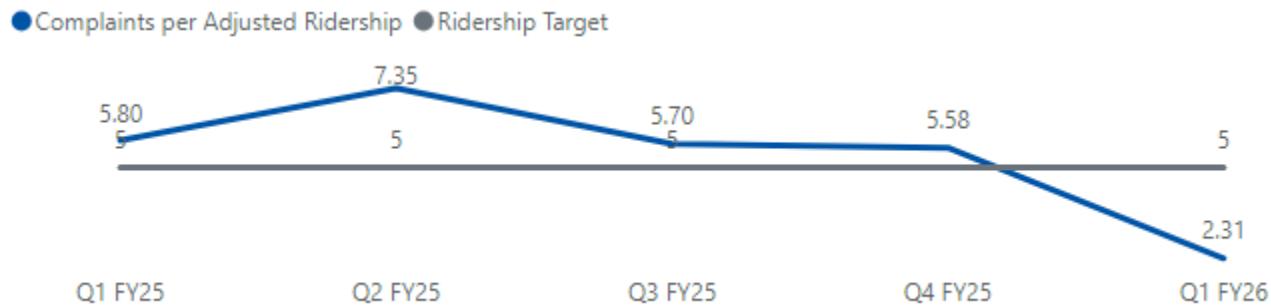
Q1 FY26 vs Q1 FY25 SPRINTER Feedback by Top Sub-Codes

● FY25 ● FY26



In FY2026-Q1, SPRINTER feedback saw decreases in service cancelations, capacity, early service concerns, pass-by/left passenger concerns, damaged/dirty and door malfunction issues. Conversely, there were increases in customer altercations, service late, claims and accidents, and policy disputes.

SPRINTER Feedback by Weighted Ridership



The FY26 goal for SPRINTER is a maximum of five feedback reports per every 100,000 rides. FY2026-Q1 results are trending below the target goal.

STAFF REPORT

**RECEIVE THE QUARTERLY REPORT OF CONTRACT ACTIONS ISSUED
UNDER THE CHIEF EXECUTIVE OFFICER'S AUTHORITY FOR THE FIRST
QUARTER OF FY2026**

Time Sensitive: **Consent:**

**STAFF
RECOMMENDATION:**

Receive the quarterly report of contracts, contract modifications, and Marketplace purchases for the first quarter of FY2026 (July 1, 2025, to September 30, 2025) issued pursuant to the delegation of authority provided by the Board of Directors to the Chief Executive Officer in Board Policy No. 19 – *Delegation of Authority of the Chief Executive Officer*.

**BACKGROUND
INFORMATION:**

Pursuant to North County Transit – San Diego Railroad's (NCTD) Board of Directors (Board) Policy No. 19 – *Delegation of Authority to the Chief Executive Officer*, the Chief Executive Officer or their designee may:

- Amend a contract of any value within the Board-adopted budget if the amendment does not exceed \$250,000, singular or cumulative value, and if the amendment does not involve a major change in scope, unless the amendment costs are reimbursable by a third party and an agreement for reimbursement is in place, in which event, the amendment may be of any value.
- Award a contract if the initial contract value does not exceed \$500,000 and is within the Board-adopted budget.

The Chief Executive Officer must:

- Report contract actions and amendments made in accordance with this authority to the Board of Directors on a quarterly basis.

The Chief Executive Officer has delegated authority for the execution of contracts to the Chief Operating Officer – General Services, following review and approval by the Deputy Chief Executive Officer/Chief General Counsel. The list of contract actions for FY2026-Q1 is included in Attachment 9A.

Staff recommends that the Board receive the quarterly report of contracts and/or contract modifications for the first quarter of FY2026 (July 1, 2025, to September 30, 2025), issued pursuant to the delegation of authority provided by the Board to the Chief Executive Officer in Board Policy No. 19.

ATTACHMENT:

9A – Original Commitments \$500,000 in Value or Less and Change Order Commitments \$250,000 in Value or Less

FISCAL IMPACT:

This staff report has no fiscal impact.

COMMITTEE REVIEW:

None

STAFF CONTACT:

Alex Denis, Chief Operating Officer – General Services
E-mail: adenis@nctd.org Phone: 760-966-6537

ATTACHMENT 9A

Original Commitments 500K in Value or Less and Change Order Commitments 250K in Value or Less

July 1, 2025 to September 30, 2025

Order Number	Original Order	Change Order	Supplier Description	Service/Product Description	Extended Cost	Fed Funds	Sole Source
37463	X		O'Reilly Auto Parts	Bus Thermostat (Non-Fed)	\$ 28.13	N	
37522	X		ODP Business Solutions, LLC	Employee Certificates	\$ 32.35	N	
37520	X		Dimensional Silk Screen, Inc.	OTC Tunnel Outreach Materials	\$ 43.30	N	
37487	X		Amazon Capital Services, Inc.	SPRINTER - OSHA Danger Sign	\$ 45.32	N	
37478	X		ODP Business Solutions, LLC	File Folders - BOE	\$ 55.23	N	
37462	X		Dimensional Silk Screen, Inc.	Podium Signs	\$ 56.29	N	
37516	X		ODP Business Solutions, LLC	White Board - OCC	\$ 86.35	N	
37457	X		ODP Business Solutions, LLC	Office Supplies - BOW	\$ 86.83	N	
37382	X		ODP Business Solutions, LLC	Label Maker - BOW	\$ 90.24	N	
37488	X		Amazon Capital Services, Inc.	COASTER Materials-Decals & Signs	\$ 95.20	N	
37515	X		ODP Business Solutions, LLC	Office Supplies - GAO	\$ 101.48	N	
37557	X		Traffic Supply, Inc.	Signs and Materials	\$ 107.45	N	
37439	X		ODP Business Solutions, LLC	Office Supplies - BOW	\$ 107.55	N	
37428	X		Amazon Capital Services, Inc.	Wall Mount Organizers	\$ 114.19	N	
37441	X		Amazon Capital Services, Inc.	SPRINTER - Amazon	\$ 133.17	N	
37399	X		ODP Business Solutions, LLC	Office Supplies - Security	\$ 155.58	N	
37525	X		North County Ford	Wheel Alignment - Unit 22129	\$ 159.95	N	
37445	X		Amazon Capital Services, Inc.	Uniform Garment Rack - BOW	\$ 209.20	N	
37422	X		Amazon Capital Services, Inc.	Precision Steel Straight Edge Tools	\$ 213.23	N	
37380	X		Amazon Capital Services, Inc.	Vertical File Organizer - BOW & BOE	\$ 214.41	N	
37391	X		Amazon Capital Services, Inc.	Laminator - BOW	\$ 216.49	N	
37517	X		Amazon Capital Services, Inc.	Corkboard - OCC	\$ 216.49	N	
37500	X		Cablesandmore.com	Cable Protector - COF	\$ 218.81	N	
37527	X		Camtasia	Subscription - IT	\$ 218.88	N	
37440	X		ODP Business Solutions, LLC	Shredder - BOW	\$ 225.07	N	
37418	X		Amazon Capital Services, Inc.	Gas Pipe Accessory Kit	\$ 231.46	N	
37537	X		Moo.com	Business Cards - GAO	\$ 237.59	N	
37389	X		Amazon Capital Services, Inc.	Earpieces - Security	\$ 244.69	N	
37501	X		Amazon Capital Services, Inc.	Office Supplies - GAO	\$ 255.83	N	
37479	X		ODP Business Solutions, LLC	Pens, Packing Tape, File Folders-BOW	\$ 259.69	N	

Order Number	Original Order	Change Order	Supplier Description	Service/Product Description	Extended Cost	Fed Funds	Sole Source
37435	X		Amazon Capital Services, Inc.	Hose Parts and Remote - MOW	\$ 261.97	N	
37511	X		Amazon Capital Services, Inc.	Folding Wagons - L&D	\$ 266.70	N	
37456	X		Safelite	Windshield Replacement - Unit 22005	\$ 268.71	N	
37384	X		ODP Business Solutions, LLC	Copy Paper - ETC	\$ 269.87	N	
37477	X		MiMOTION	Lubricants - COASTER	\$ 290.60	N	
37436	X		Amazon Capital Services, Inc.	Whiteboard, File Folders, Pens - GAO	\$ 291.31	N	
37554	X		GearMage	License Program - IT	\$ 300.00	N	
37438	X		Amazon Capital Services, Inc.	Whiteboard, Staple Gun, Markers-BOE	\$ 314.16	N	
37375	X		Amazon Capital Services, Inc.	DC Power Cords - MOW	\$ 322.40	N	
37458	X		ODP Business Solutions, LLC	Office Supplies - BOW	\$ 325.05	N	
37432	X		Locomotive Climate Solutions,	Diagnostic Harness - SPRINTER	\$ 327.10	N	
37518	X		Amazon Capital Services, Inc.	LED Headlamps - BOW	\$ 331.29	N	
37565	X		1-800-Got-Junk?	Disposal of Door Seals - SPRINTER	\$ 344.00	N	
37461	X		ODP Business Solutions, LLC	Office Supplies - GAO	\$ 348.19	N	
37423	X		Amazon Capital Services, Inc.	Bushnell Velocity Speed Guns - BOW	\$ 351.60	N	
37472	X		Amazon Capital Services, Inc.	Supplies - COASTER	\$ 367.54	N	
37509	X		Arkon Mounts	Dash / Wall Mounts - BOE (Non-Fed)	\$ 369.22	N	
37390	X		Amazon Capital Services, Inc.	Carbon Pile Battery Tester - BOW & BOE	\$ 372.54	N	
37465	X		Amazon Capital Services, Inc.	Coffee, Cups, Highlighters, Pens - GAO	\$ 383.76	N	
37499	X		Amazon Capital Services, Inc.	Sanitizing Wipes, Batteries, Post-its -SOF	\$ 403.54	N	
37467	X		Pacific Metrology	Tool Calibration - SPRINTER	\$ 415.00	N	
37508	X		Daniels Tires	Tires for Non Revenue Vehicle 35755	\$ 422.18	N	
37482	X		Amazon Capital Services, Inc.	Misc Parts and Supplies - IT	\$ 430.84	N	
37433	X		Mega Depot	Keys - ROW	\$ 434.40	N	
37377	X		Amazon Capital Services, Inc.	Coffee, Creamer, Pens, Paper - GAO	\$ 437.38	N	
37403	X		ODP Business Solutions, LLC	Copy Paper - MOW	\$ 447.72	N	
37468	X		Amazon Capital Services, Inc.	Supplies (Non-Fed) - IT	\$ 453.78	N	
37401	X		Amazon Capital Services, Inc.	Joint Sockets, Flashlights, Wrench - SOF	\$ 466.10	N	
37098	X		Ninite	Software Renewal FY26	\$ 480.00	N	
37434	X		Amazon Capital Services, Inc.	Whiteboard, Keyboard, Mouse - GAO	\$ 481.27	N	

Order Number	Original Order	Change Order	Supplier Description	Service/Product Description	Extended Cost	Fed Funds	Sole Source
37489	X		Amazon Capital Services, Inc.	Office Supplies - GAO	\$ 486.85	N	
37420	X		Amazon Capital Services, Inc.	Office Supplies - GAO	\$ 505.25	N	
37464	X		Amazon Capital Services, Inc.	Bulletin Board, Coffee, Shelves - GAO	\$ 543.61	N	
37381	X		ODP Business Solutions, LLC	uPunch Digital Time Clock - BOW	\$ 552.04	N	
37376	X		Amazon Capital Services, Inc.	GAO 3rd Floor IT Items	\$ 564.15	N	
37540	X		T-Shirt Factory	Safety Vests Branding - MOF	\$ 589.12	N	
37548	X		T-Shirt Factory	Safety Vests Branding - MOE	\$ 598.01	N	
37547	X		Coastal Occupational Medical Group	Physicals & Screenings	\$ 603.00	N	
37469	X		T-Shirt Factory	Safety Vests Branding - BOW & BOE	\$ 603.40	N	
37378	X		Amazon Capital Services, Inc.	File Organizer, Markers, Tissues - GAO	\$ 603.70	N	
37475	X		Amazon Capital Services, Inc.	Lubricants - SOF	\$ 616.92	N	
37454	X		Amazon Capital Services, Inc.	Voltage Gloves, Aerosol Triggers - MOS	\$ 631.19	N	
37471	X		T-Shirt Factory	Safety Vests Branding - Rail Operations	\$ 659.43	N	
37414	X		Dimensional Silk Screen, Inc.	Daily Bus Cleaning Checklist Post	\$ 684.01	N	
37410	X		All Star Glass	Windshield Repair - Transit Van	\$ 688.46	N	
37470	X		Periscope	License Renewal - IT	\$ 690.00	N	
37408	X		Zoro.com	KNIPEX Insulated Mats (2) - BOW	\$ 699.27	N	
37424	X		EdgeTech, Inc.	Small Tools	\$ 703.07	N	
37523	X		LML, LLC	Challenge Coin Pouches	\$ 715.69	N	
37411	X		Dimensional Silk Screen, Inc.	COASTER Emergency Evacuation Placards	\$ 730.69	N	
37560	X		Kimball Midwest	Extractor and Hydraulic Battery - SOF	\$ 739.54	N	
37494	X		Safelite	Windshield Replacement - Unit 22118	\$ 847.29	N	
37474	X		Amazon Capital Services, Inc.	Office Supplies - BOW	\$ 897.19	N	
37519	X		Amazon Capital Services, Inc.	COASTER Supplies	\$ 936.46	N	
37486	X		Dimensional Silk Screen, Inc.	COASTER Bike Decals	\$ 949.89	N	
37430	X		Industry Railway Suppliers	115 Blade Shear Long Set	\$ 956.44	N	
37512	X		FullSource	New Logo T-shirts for Employees at Events	\$ 969.99	N	
37460	X		Amazon Capital Services, Inc.	Holsters - Security	\$ 984.80	N	
37484	X		John M. Ellsworth Company	Overfill Warning Valves - MOF	\$ 1,029.69	N	
37425	X		Amazon Capital Services, Inc.	Note Pads, Binders, Plates, Toner - ETC	\$ 1,029.84	N	

Order Number	Original Order	Change Order	Supplier Description	Service/Product Description	Extended Cost	Fed Funds	Sole Source
37409	X		North County Ford	Vehicle Parts	\$ 1,056.01	N	
37528	X		Blackstone Products	Grill for Employee Events - BOW	\$ 1,166.94	N	
37447	X		ODP Business Solutions, LLC	Copy Paper, Tissues, Pens, Calculators-BOW	\$ 1,242.39	N	
37446	X		ODP Business Solutions, LLC	Pens, Calculator, Highlighters - BOE	\$ 1,286.64	N	
37549	X		Voice and Video Rentals	Audio Equipment for 50th Anniversary	\$ 1,299.29	N	
37427	X		Amazon Capital Services, Inc.	Sanitizing Wipes, Notebooks, Soap - COF	\$ 1,328.36	N	
37385	X		Linh Phan Wong DBA Phantastic	Letter Sized Striped Padfolio	\$ 1,340.97	N	
37502	X		R.H. Services	Heavy Duty Tie and Tamper Set	\$ 1,357.65	N	
37459	X		Hudson Printing	Bus Accident Information Cards	\$ 1,468.59	N	
37507	X		Luminator	Rear PCB Board for Unit 2604 (Non-Fed)	\$ 1,550.00	N	
37394	X		Amazon Capital Services, Inc.	Classification Folders - HR	\$ 1,606.32	N	
37531	X		Blackstone Products	Grill Accessories: Employee Events - BOW	\$ 1,750.41	N	
37473	X		Coastal Occupatoinal Medical Group	Physicals & Screening	\$ 1,765.00	N	
37480	X		PinSource	Lapel Pins for CEO and Employees for Events	\$ 1,916.86	N	
602727	X		American Floor Mats	Floor Mats	\$ 1,920.63	N	
37491	X		Amazon Capital Services, Inc.	Tools - BOW & BOE (NON-FED)	\$ 1,959.86	N	
37421	X		Amazon Capital Services, Inc.	Parts and Supplies - IT	\$ 2,002.27	N	
37493	X		Dimensional Silk Screen, Inc.	Hispanic Heritage Month Flags	\$ 2,065.50	N	
37415	X		PCH Litho, Inc.	COASTER Emergency Evacuation Brochure	\$ 2,141.19	N	
37443	X		Hudson Printing	Bus Operators Paid Time Off Form - Reprint	\$ 2,152.07	N	
37448	X		Wabco	Software for Bus Maintenance Laptops	\$ 2,165.01	N	
37400	X		Aldon Company, Inc.	Derail Signs - COASTER	\$ 2,191.60	N	
37396	X		Downstream Services, Inc	Lift Station Assessment - COF	\$ 2,198.00	N	
37532	X		Zemarc Corporation	Repair Lincoln 277198 Wiper Bars - MOW	\$ 2,214.77	N	
37483	X		Amazon Capital Services, Inc.	Parts and Supplies - IT	\$ 2,230.93	N	
37431	X		Performance Truck Repair, Inc.	Transmissions and Diagnostic Software Training	\$ 2,275.00	N	
37383	X		2mear.com	Black New Era Polos with BREEZE Bus Logo	\$ 2,451.88	N	
37498	X		Amazon Capital Services, Inc.	50-Ton Press - BOW & BOE	\$ 2,528.78	N	
37386	X		Amazon Capital Services, Inc.	Parts and Supplies - IT	\$ 2,660.98	N	

Order Number	Original Order	Change Order	Supplier Description	Service/Product Description	Extended Cost	Fed Funds	Sole Source
37437	X		Amazon Capital Services, Inc.	Filters, Ratchet Tie Down Straps - MOF	\$ 2,697.97	N	
37504	X		Wabtec	Onboard Service Technician - ROW & IT	\$ 3,000.00	N	
37552	X		Blue Triton Brands, Inc DBA Pr	Distilled Water Services - MOW	\$ 3,021.12	N	
37453	X		DocuSign	DocuSign Fees	\$ 3,044.80	N	
37476	X		Hudson Printing	Breeze Flex Booklets	\$ 3,059.56	N	
37404	X		Amazon Capital Services, Inc.	Solar Batteries, Fuel Hose Reels - MOW	\$ 3,261.60	N	
37398	X		Western States Converters and Transmissions	Transmission Parts & Supplies - BOW	\$ 3,642.50	N	
37402	X		Western States Converters and Transmissions	Allison Transmission Parts Unit 1903	\$ 3,839.88	N	
37569	X		Aaron Ford of Escondido	Repairs - LIFT Unit 22118	\$ 3,855.03	N	
37455	X		deluxe	Envelopes and Checks - AP	\$ 3,887.00	N	
37545	X		CeremonialSupplies.com	Red Carpet for 50th Anniversary	\$ 4,001.46	N	
37388	X		Railhead Corporation	Econ Clamp and Solar Light - COF	\$ 4,157.38	N	
37558	X		Rockwest Technology Group Inc.	BadgePass Server Software Renewal	\$ 4,250.00	N	
37466	X		Dell Technologies	Monitor Upgrades - IT	\$ 4,385.83	N	
37535	X		Survey Monkey	Subscription Renewal - Marketing	\$ 4,416.00	N	
37429	X		Railroad Tools and Solutions	Tie Plugs, Coolant, Plugging Applicators	\$ 4,420.66	N	
37546	X		Quality Lock & Security Servic	Locks and Deadbolts - MOF	\$ 4,429.59	N	
37514	X		Global Tickets	ADA Lift Tickets	\$ 4,540.00	N	
37505	X		Williamette Valley Company	Cartridges and Mixing Tubes - MOW	\$ 4,587.19	N	
37387	X		Securr	Trash Cans (6) - SPRINTER	\$ 4,740.42	N	
37492	X		Rubber Cal	Neoprene Flex Coils	\$ 4,763.15	N	
37452	X		GovConnection, Inc dba Connect	Adobe Creative Cloud Subscript	\$ 4,906.20	N	
37412	X		Rick Lopez dba Santa Fe Paving	Asphalt Repairs	\$ 4,940.00	N	
37395	X		Western Pump Inc.	Fuel Jib Crane Repair - COF	\$ 4,950.00	N	
37568	X		Nexus Holding LLC dba Vortex	Minor Maintenance/Repairs - MOF	\$ 4,950.00	N	
37542	X		Traffic Supply, Inc.	Spot Cab Sign Materials - DSD	\$ 4,959.30	N	
37413	X		Ray White Cement	Concrete Slab - SOF	\$ 4,960.00	N	
37555	X		Ray White Cement	Form, Pour New Steps - SOF	\$ 4,990.00	N	

Order Number	Original Order	Change Order	Supplier Description	Service/Product Description	Extended Cost	Fed Funds	Sole Source
37556	X		Quality Lock & Security Servic	Locksmith Services - MOF	\$ 4,995.00	N	
37524	X		Ray White Cement	Water Leak Repair - SOF	\$ 4,995.00	N	
37393	X		MHi Pros	Arc Flash and Ring Extenders (10) - BOW	\$ 4,995.73	N	
37536	X		Haaker Equipment Company	Floor Sweeper Scrubber Repair - MOF	\$ 4,999.00	N	
37481	X		LML, LLC	NCTD Challenge Coins	\$ 4,999.96	N	
37417	X		Motion & Flow Control Products	Parts and Materials Open PO - MOF	\$ 4,999.99	N	
37419	X		NAVEX Global, Inc.	Whistleblower Hotline	\$ 4,999.99	N	
37426	X		Austin Doors	As-Needed Gate Repairs - MOF	\$ 4,999.99	N	
37442	X		Vern Perry Asphalt Paving, Inc	Asphalt Striping at BOW	\$ 4,999.99	N	
37485	X		Port Plastics	Bus Shelter Materials	\$ 4,999.99	N	
37490	X		Kept Companies DBA Fleetwash	Bus Stop Washing	\$ 4,999.99	N	
37503	X		Elite Relocation Services, LLC	Moving Furniture - BOW	\$ 4,999.99	N	
37506	X		Uline, Inc.	Materials for MOF	\$ 4,999.99	N	
37510	X		Impact Pacific Inc. DBA Impact	Installation of Striker Bar - BOW	\$ 4,999.99	N	
37539	X		Aramsco dba USA Clean	Sweeper Scrubber Parts and Repairs	\$ 4,999.99	N	
37541	X		Westflex, Inc. dba TS Industri	Vehicle/Pressure Washer Parts - MOF	\$ 4,999.99	N	
37559	X		Kept Companies DBA Fleetwash	Minor Maintenance/Repairs	\$ 4,999.99	N	
37564	X		Dust Collector Services, Inc.	Repair Bus Vaccum System - MOF	\$ 4,999.99	N	
37538	X		Green Dream International, LLC	Ballast & Aggregate - MOW	\$ 5,000.00	N	
37551	X		Perrault Corporation	Insurance Fee	\$ 5,000.00	N	
37513	X		Guidepost Solutions LLC	Safety Culture Assessment	\$ 7,500.00	N	
37567	X		Johnson Equipment Company	Light Bar Qty 1- NRV	\$ 8,166.92	N	
37521	X		PRISM	Employee Assistance Program - HR	\$ 8,973.15	N	
25016		X	Vincor Construction, Inc.	SOF Various Finish	\$ 12,653.07	N	
37526	X		Waxie Enterprises, LLC	Janitorial Supplies - MOF	\$ 13,743.31	N	
26005	X		Quadient Leasing USA, Inc.	Postage	\$ 15,748.53	N	
37407	X		bkm OfficeWorks, LLC dba Hyphn	Furniture for offices	\$ 16,475.62	N	
37405	X		bkm OfficeWorks, LLC dba Hyphn	Furniture Refresh	\$ 17,771.21	N	
37449	X		Clever Devices Ltd.	NCTD RidechekPlus Database	\$ 18,623.00	N	X
37397	X		AutoPartsPros, LLC DBA NAPA Auto	As-Needed Parts & Supplies - BOW & BOE	\$ 19,000.00	N	

Order Number	Original Order	Change Order	Supplier Description	Service/Product Description	Extended Cost	Fed Funds	Sole Source
37406	X		bkm OfficeWorks, LLC dba Hyphn	Furniture Refresh	\$ 19,632.05	N	
37553	X		Rincon Truck Center Inc.	Allison Transmission Specialty Tools-BOW	\$ 22,388.41	N	
26004	X		CoStar Realty Info, Inc.	SBITA Software Annual Fee - IT	\$ 22,504.30	N	
37495	X		The Aftermarket Parts Corp	High Voltage Specialty Tools and PPE	\$ 23,408.51	N	X
17038	X		Trapeze	Trip Spark	\$ 27,462.00	Y	X
23037		X	Reliable Monitoring Services, Inc.	Gas Detection System Upgrade	\$ 28,000.00	Y	
37562	X		Datel Systems, Inc.	PacStar Router Support Renewal - IT	\$ 29,260.00	N	
37392	X		KB Signaling, Inc.	Switch Lock - MOW	\$ 31,562.07	N	
24060		X	Air & Lube Systems, Inc.	Compressor & Dryer Replacement	\$ 36,342.52	Y	
37570	X		CDW Government, Inc.	Proof Point Email Archiving	\$ 39,376.40	N	
37543	X		Ballast Tools Equipment, LLC	2 Rail Train Carts	\$ 40,400.00	Y	
37444	X		Crimson Marie Company, Inc.	Drainage Channel Repair	\$ 44,800.00	Y	
37496	X		Home Depot U.S.A., Inc.	Tools - Bus Transitioning - BOW & BOE	\$ 46,592.74	N	
37566	X		Blue Angel International LLC	Forklift 6k - MOW	\$ 47,045.45	Y	
37550	X		Dimensional Silk Screen, Inc.	SPRINTER Wrap Redesign	\$ 48,704.59	N	
37416	X		GovConnection, Inc dba Connect	APC Battery Warranty Renewals	\$ 49,712.80	Y	
37451	X		Insight Public Sector, Inc.	Dispatch Work Stations and Monitor - OCC	\$ 51,153.05	Y	
37450	X		Datel Systems, Inc.	Cisco Intersight Infrastructure - IT	\$ 54,630.58	N	
24054		X	Roma Engineering and Construction	Crouch Street Station Repairs	\$ 57,078.00	N	
37561	X		B&B Diversified Materials	Stuart Mesa Yard Track Materials	\$117,807.58	Y	
25068	X		Shaw Integrated and Turf Solution	Carpet Tile Flooring	\$127,364.90	N	
37563	X		e-Track, Inc.	Electric Key Cabinets	\$143,630.00	N	
37379	X		PFVT Motors, LLC dba Peoria Ford	FY25 Non-Revenue Vehicles	\$176,089.41	Y	
34240	X		Peoria Ford	FY25 Non-Revenue Vehicles	\$176,089.41	Y	
37533	X		KLI Midco LLC dba Kano Laboratories	Rail Lubricator Grease	\$266,229.61	Y	
37529	X		Technology International, Inc.	Stuart Mesa Railroad Ties	\$277,769.51	Y	
25066	X		Riverace Corporation	PTC KES Product	\$300,000.00	Y	
25053	X		Autolift Services, Inc.	Vehicle Washers Maintenance	\$315,000.00	Y	
25065	X		Vincor Construction, Inc.	GAO Plumbing Improvements	\$321,694.81	N	
37534	X		Voestapline Nortrak, Inc.	Stuart Mesa Turnout and Frogs	\$388,832.01	Y	

Order Number	Original Order	Change Order	Supplier Description	Service/Product Description	Extended Cost	Fed Funds	Sole Source
37544	X		Hawthorne Machinery Co.	CAT Rental Services Co-op	\$400,000.00	N	
25032	X		Center for Transportation and the Environment	Zero Emission Bus (ZEB) Smart Deployment	\$407,000.00	Y	X
26002	X		Courval Scheduling Inc. DBA CSCHED	Scheduling Support Services	\$491,178.00	N	

Marketplace Purchases 500K in Value or Less
July 1, 2025 to September 30, 2025

Vendor	Service/Product Description	Total Value
Home Depot	Bus Operations Material and Supplies	\$ 14.94
Staples	Bus Operations Material and Supplies	\$ 343.30
Parts Authority	Bus Operations Material and Supplies	\$ 495.16
Cameo Paper & Janitorial Supply	Bus Operations Material and Supplies	\$ 855.61
Parkhouse Tires	Bus Operations Material and Supplies	\$ 965.54
Motion & Flow Control Products Inc	Bus Operations Material and Supplies	\$ 1,154.68
Fleetcharge	Bus Operations Material and Supplies	\$ 1,830.91
Martin Auto Color	Bus Operations Material and Supplies	\$ 4,175.94
San Diego Friction Products Inc.	Bus Operations Material and Supplies	\$ 5,018.08
Sonsray	Bus Operations Material and Supplies	\$ 6,148.87
Factory Motor Parts	Bus Operations Material and Supplies	\$ 6,232.76
Mohawk Manufacturing & Supply	Bus Operations Material and Supplies	\$ 7,242.06
CDWG	Bus Operations Material and Supplies	\$ 7,314.03
Romaine Electric	Bus Operations Material and Supplies	\$ 7,839.11
Zep	Bus Operations Material and Supplies	\$ 10,511.65
ABC Companies	Bus Operations Material and Supplies	\$ 10,575.21
FleetPride	Bus Operations Material and Supplies	\$ 12,837.96
Grainger	Bus Operations Material and Supplies	\$ 13,789.62
Fastenal	Bus Operations Material and Supplies	\$ 19,513.61
North County Ford	Bus Operations Material and Supplies	\$ 43,770.18
Inland Kenworth	Bus Operations Material and Supplies	\$ 50,700.99
Rush Truck Center - San Diego	Bus Operations Material and Supplies	\$ 87,874.77
Western States Transmission	Bus Operations Material and Supplies	\$ 106,425.63
NFI Parts	Bus Operations Material and Supplies	\$ 151,758.24

OM Purchases 500K in Value or Less
July 1, 2025 to September 30, 2025

Order Number	Vendor	Service/Product Description	Total Value
602685	Uline, Inc.	Miscellaneous Materials/Parts Tax and Shipping	\$ 20.53
602693	Amazon Capital Services, Inc.	Signs and Keys	\$ 30.84
602672	ODP Business Solutions, LLC	Deposit Bag	\$ 34.18
602688	Amazon Capital Services, Inc.	Office Supplies	\$ 37.89
602656	Amazon Capital Services, Inc.	Miscellaneous Parts	\$ 40.22
602655	Amazon Capital Services, Inc.	Miscellaneous Parts	\$ 41.98
602674	Amazon Capital Services, Inc.	Miscellaneous Supplies	\$ 50.82
602700	CDW Government, Inc.	Cortelco 2554 Wall Telephone	\$ 66.55
602705	Amazon Capital Services, Inc.	Banker Boxes	\$ 91.25
602715	Amazon Capital Services, Inc.	Battery Recycle Bins & Headset	\$ 114.15
602631	Amazon Capital Services, Inc.	Sympathy Cards	\$ 119.72
602630	Amazon Capital Services, Inc.	Cones - 10 pack	\$ 145.82
602642	Amazon Capital Services, Inc.	Traffic Cones	\$ 145.82
602666	Traffic Supply, Inc.	4 x W-1209-EG (Signs)	\$ 146.42
602671	Amazon Capital Services, Inc.	Wagon	\$ 147.70
602645	Amazon Capital Services, Inc.	Office Supplies	\$ 168.73
602669	Amazon Capital Services, Inc.	Air Fresheners	\$ 185.66
602635	Amazon Capital Services, Inc.	Miscellaneous Supplies	\$ 220.40
602704	Amazon Capital Services, Inc.	Privacy Screens	\$ 222.29
602641	ODP Business Solutions, LLC	Office Supplies	\$ 255.63
602702	ODP Business Solutions, LLC	Office Supplies - GAO	\$ 257.05
602726	Amazon Capital Services, Inc.	Office Supplies - BOW	\$ 281.68
602667	Traffic Supply, Inc.	W-1209-EG Signs	\$ 287.84
602681	Dimensional Silk Screen, Inc.	Safety Month Poster 2025	\$ 292.28
602729	Amazon Capital Services, Inc.	Parts/Equipment	\$ 295.21
602714	Amazon Capital Services, Inc.	Toner Cartridge	\$ 327.98
602684	Dimensional Silk Screen, Inc.	50th Anniversary Photo Backdrop	\$ 364.80
602690	Amazon Capital Services, Inc.	Office Supplies - SMMF Paper and Coffee	\$ 365.01
602675	Amazon Capital Services, Inc.	Miscellaneous Supplies	\$ 367.95

OM Purchases 500K in Value or Less
July 1, 2025 to September 30, 2025

Order Number	Vendor	Service/Product Description	Total Value
602634	ODP Business Solutions, LLC	Office Supplies	\$ 368.91
602716	Amazon Capital Services, Inc.	Office Supplies - SMMF	\$ 370.12
602653	AutoPartsPros, LLC DBA NAPA Auto Parts	Alternator TowerLights-BOE	\$ 381.65
602682	Dimensional Silk Screen, Inc.	50th Anniversary Press Conference Entry Post	\$ 384.29
602725	ODP Business Solutions, LLC	Office Supplies - BOE	\$ 389.53
602687	Dimensional Silk Screen, Inc.	50th Anniversary Display Posters	\$ 389.70
602660	ODP Business Solutions, LLC	Office Supplies	\$ 394.64
602647	ODP Business Solutions, LLC	Office Supplies	\$ 409.17
602713	Dimensional Silk Screen, Inc.	NCTD-MTS Roadeo Posters	\$ 429.56
602722	Amazon Capital Services, Inc.	5265 Tools - SOF	\$ 435.76
602637	Amazon Capital Services, Inc.	Office Supplies	\$ 438.85
602707	Traffic Supply, Inc.	Red Curb Paint	\$ 450.70
602651	Amazon Capital Services, Inc.	Warehouse Racks for Bus Servicers	\$ 454.63
602643	Amazon Capital Services, Inc.	AP Envelopes and Checks	\$ 460.00
602615	AutoPartsPros, LLC DBA NAPA Auto Parts	Batteries for Light Towers	\$ 476.28
602616	Dimensional Silk Screen, Inc.	NCTD Logo Exterior Vehicle	\$ 476.30
602699	Amazon Capital Services, Inc.	Steering Wheel Covers	\$ 510.64
602710	Amazon Capital Services, Inc.	Office Supplies - OCC	\$ 563.82
602691	Amazon Capital Services, Inc.	Telecom Parts and Supplies	\$ 578.01
602657	Amazon Capital Services, Inc.	Security lockable cabinet	\$ 617.03
602638	Amazon Capital Services, Inc.	Office Supplies	\$ 617.03
602639	Radio Engineering Industries,	REI Order Unit 22110	\$ 618.72
602599	Amazon Capital Services, Inc.	Lockable Cabinet	\$ 619.08
602603	Dimensional Silk Screen, Inc.	Miscellaneous Supplies	\$ 649.50
602650	ODP Business Solutions, LLC	Office Supplies	\$ 663.08
602636	Amazon Capital Services, Inc.	Ultratec Uniphone Telephone	\$ 664.09
602676	Motion & Flow Control Products	Pneumatic Air Cylinder-Bus	\$ 681.36

OM Purchases 500K in Value or Less
July 1, 2025 to September 30, 2025

Order Number	Vendor	Service/Product Description	Total Value
602668	Amazon Capital Services, Inc.	APTA NCTD Bus Rodeo	\$ 726.57
602628	Wincal Technology Corp.	Parts	\$ 811.88
602692	Amazon Capital Services, Inc.	Small Tools	\$ 826.45
602665	Hudson Printing	Job Briefing Form	\$ 833.37
602724	Amazon Capital Services, Inc.	Glass Dry Erase Boards	\$ 849.20
602698	ODP Business Solutions, LLC	Miscellaneous Supplies	\$ 856.11
602648	CDW Government, Inc.	W-2's and Toner Cartridges	\$ 892.97
602670	Amazon Capital Services, Inc.	IT Monthly Order - September	\$ 919.24
602728	Hudson Printing	Bike Locker Decals	\$ 1,178.19
602711	Amazon Capital Services, Inc.	Bus Rodeo Operator Team Shirt	\$ 1,304.84
602673	Hudson Printing	Free Ride Day Alert Flyer	\$ 1,385.24
602683	Dimensional Silk Screen, Inc.	NCTD Table Throws	\$ 1,428.90
602697	Airgas USA, LLC	Welding	\$ 1,489.65
602717	ODP Business Solutions, LLC	Office Supplies - BOW	\$ 1,523.08
602723	LECIP, Inc	Lecip Farebox	\$ 1,557.30
602661	Amazon Capital Services, Inc.	Office Supplies - BOE	\$ 1,592.02
602663	Amazon Capital Services, Inc.	Office Supplies - SMMF	\$ 1,662.66
602694	Amazon Capital Services, Inc.	Office Supplies	\$ 1,665.39
602732	US Cargo Control	Rope Slings, Nylon Slings, Hooks	\$ 1,722.25
602703	ODP Business Solutions, LLC	Office Supplies - GAO	\$ 1,884.63
602727	American Floor Mats	Floor Mats	\$ 1,920.63
602708	Quest Outdoor USA	Sleep Inhibitors for Benches	\$ 2,165.76
602659	The Sherwin-Williams Company	COASTER and SPRINTER Stations	\$ 2,254.21
602721	Aaron Ford of Escondido	Services on LIFT 22118	\$ 2,372.13
602696	Matheson Tri-Gas Inc.	Welding	\$ 2,686.93
602600	Kirk's Automotive, Inc.	Aux Parts & Supplies	\$ 2,857.80
602731	Hudson Printing	DVIR Reprints	\$ 3,104.19
602662	Amazon Capital Services, Inc.	Office Supplies	\$ 3,337.29
602654	Uline, Inc.	Materials and Parts - Bus Operations	\$ 3,466.75

OM Purchases 500K in Value or Less
July 1, 2025 to September 30, 2025

Order Number	Vendor	Service/Product Description	Total Value
602602	Kirk's Automotive, Inc.	Parts & Supplies (FED)	\$ 3,637.20
602625	A and A Fleet Painting Inc.	CNG Access Door	\$ 3,788.75
602720	Neyenesch Printers, Inc.	System Maps	\$ 3,921.52
602678	B&H International, LLC	Touchscreen TV	\$ 4,059.36
602644	APMFG Fabricators Inc	Bus Stop Trash Enclosures	\$ 4,191.44
602677	Kaseya USA LLC	IT Glue - Renewal	\$ 4,191.79
602706	CDW Government, Inc.	Touch Screen TV	\$ 4,246.94
602607	APMFG Fabricators Inc	Bus Stop Benches	\$ 4,256.39
602620	APMFG Fabricators Inc	Bus Stop Benches	\$ 4,256.39
602622	APMFG Fabricators Inc	Bus Stop Benches	\$ 4,256.39
602709	School Bus Safety Co dba TAPTC	FY26 Scorm Video Content License	\$ 4,300.00
602624	Motion & Flow Control Products	Oil/Grease Pumps-Bus Transition	\$ 4,408.30
602695	Railroad Tools and Solutions	Miscellaneous Tools	\$ 4,450.26
602712	Ford Pro	Ford Fleet Pro subscription 40	\$ 4,484.91
602689	Motion & Flow Control Products	Oil/Grease Pumps and Shipping -Bus Transition	\$ 4,542.36
602595	Conduent Transport Solutions	Conduent Bus Parts Unit 2615	\$ 4,546.59
602719	PCH Litho, Inc.	SPRINTER Pocket Schedule	\$ 4,669.73
602632	Janek Corp	Destination Sign Boards	\$ 4,708.88
602718	PCH Litho, Inc.	COASTER Pocket Schedule	\$ 4,866.56
602597	The Aftermarket Parts Corp DBA NFI	Unit 2712-2629-2140	\$ 4,879.00
602604	Rusty Wallis Inc dba RWI Water	BPO - Water Softener Services	\$ 4,979.50
602598	The Aftermarket Parts Corp DBA NFI	NFI Off-Contract Parts	\$ 4,990.86

NORTH COUNTY TRANSIT

SAN DIEGO RAILROAD

**Agenda
Item #
10**

STAFF REPORT

RECEIVE FINAL REPORT OF CONTRACT ITEMS FOR THE BUS TRANSITION APPROVED PURSUANT TO THE CHIEF EXECUTIVE OFFICER'S AUTHORITY

Time Sensitive: **Consent:**

**STAFF
RECOMMENDATION:**

Receive the final report on contract items awarded under the Chief Executive Officer's authority pursuant to Agenda Item No. 14 (November 21, 2024), related to goods and services necessary for the insourcing of bus operations.

**BACKGROUND
INFORMATION:**

To support the timely execution of agreements necessary for the insourcing of bus operations, on November 21, 2024, the Board of Directors (Board) authorized the Chief Executive Officer (CEO) to award agreements for the goods and services required to support the bus operations transition through June 30, 2025.

Pursuant to this delegated authority, approved by the Board on November 21, 2024 (Agenda Item No. 14), the attached report identifies all agreements awarded through June 30, 2025. No additional agreements will be awarded under this authority.

ATTACHMENT: 10A – Report of Awarded Contracts for the Bus Transition

FISCAL IMPACT:

This staff report has no fiscal impact.

COMMITTEE REVIEW:

None

STAFF CONTACT:

Alex Denis, Chief Operating Officer – General Services
E-mail: adenis@nctd.org Phone: 760-966-6537

Supplier Description	Service/Product Description	Fed Funds	Purchase Order/Contract No.	Extended Cost
AAA Oil/ Jankovich/ Merrimac	Fluids & Lubricants	Y	24054/24055/24056	\$550,000.00 (all vendors)
AutoLift Services	Maintenance of Vehicle Lifts for Bus	Y	25047	\$681,287.00
AutoLift Services	Vehicle Washers Maintenance	Y	25053	\$557,300.00
Sol Transportation	Paratransit Demand Services	N	25038	\$5,000,000.00
Michelin	Tire Leasing	Y	25063	\$833,460.59
The Aftermarket Parts Company LLC DBA NFI Parts	Bus Parts	Y	25046	\$7,538,475.00
Western Pump	Fuel Station Maintenance	Y	25058	\$1,368,840.00
Servicewear Apparel, Inc.	Bus Uniforms	N	25041	\$902,500.00

NORTH COUNTY TRANSIT

SAN DIEGO RAILROAD

**Agenda
Item #**
11

STAFF REPORT

ADOPT RESOLUTION NO. 26-01 APPROVING MODIFICATIONS TO BOARD POLICY NO. 8 – CONFLICT OF INTEREST

Time Sensitive: **Consent:**

**STAFF
RECOMMENDATION:**

Adopt Resolution No. 26-01 approving North County Transit – San Diego Railroad Board Policy No. 8 – *Conflict of Interest*.

**BACKGROUND
INFORMATION:**

Pursuant to Board Policy No. 1 - *General Provisions*, “At least annually, staff will review and suggest revisions to existing North County Transit – San Diego Railroad (NCTD) Board of Directors (Board) Policies, as appropriate, and bring new Board Policies, if appropriate, to the Board for consideration and approval.”

In October 2025, Governor Newsom signed into law Senate Bill 852 (SB852) amending Section 87500 of the Political Reform Act, which establishes California’s campaign finance and disclosure laws for designated public officials via a Statement of Economic Interest, or Form 700. Under SB852, “public officials who manage public investments” on behalf of their agency, must now file their Form 700s with the Fair Political Practices Commission (FPPC) using the FPPC’s electronic filing system, rather than with the County of San Diego. SB852 will take effect on January 1, 2026. The positions listed below are subject to the requirements of SB852:

- Board Members and Alternates
- Chief Executive Officer
- Chief Financial Officer
- Financial Consultants

If the Board adopts Resolution No. 26-01, Board Policy No. 8 shall supersede all prior policies previously adopted by the Board and will be effective immediately upon adoption.

Staff recommends that the Board adopt Resolution No. 26-01 approving the modifications to Board Policy No. 8 – *Conflict of Interest*.

ATTACHMENT:

11A – Draft Resolution No. 26-01 Approving NCTD Board Policies
11B – Blacklines of Board Policy No. 8 – *Conflict of Interest*
11C – Clean version of Board Policy No. 8 – *Conflict of Interest*

FISCAL IMPACT:

This staff report has no fiscal impact.

STAFF CONTACT:

Suheil Rodriguez, Director of Administration/Clerk of the Board
E-mail: srodriguez@nctd.org Phone: 760-966-6696

NORTH COUNTY TRANSIT

SAN DIEGO RAILROAD

RESOLUTION NO. 26-01

RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTH COUNTY TRANSIT – SAN DIEGO RAILROAD APPROVING MODIFICATIONS TO BOARD POLICY NO. 8 – CONFLICT OF INTEREST

WHEREAS, the North County Transit – San Diego Railroad (“NCTD”) Board of Directors (“Board”) has adopted Board Policies 1 through 34 to guide the daily operations of NCTD; and

WHEREAS, Board Policy No. 1 states that at least annually, the Board will review such Board Policies as previously adopted; and

WHEREAS, Due to the implementation of Senate Bill 852 (SB852), effective January 1, 2026, which will require designated public officials to file directly with the Fair Political Practices Commission, modifications to Board Policy No. 8 – *Conflict of Interest* are required; and

WHEREAS, the Board has reviewed the proposed modifications to this Board Policy, as listed in Exhibit A to this Resolution and as set forth in full in Exhibit B to this Resolution.

NOW, THEREFORE, BE IT RESOLVED that the Board of NCTD hereby approves the revised Board Policy No. 8 – *Conflict of Interest* set forth in full in Exhibit B to this Resolution.

BE IT FURTHER RESOLVED that insofar as the provisions of any Ordinance, Resolution, document or previous action of the Board and/or the Chief Executive Officer, prior to the date of this Resolution, are inconsistent with the provisions of this Resolution or the policy adopted by this Resolution, this Resolution and the Board Policy adopted herein shall control.

PASSED, APPROVED AND ADOPTED at the Regular Meeting of the Board of Directors of NCTD this 15th day of January 2026.

BOARD CHAIR
North County Transit – San Diego Railroad

CERTIFICATION

I, Suheil Rodriguez, duly appointed and qualified, Clerk of the Board of NCTD, do hereby certify that the above is a true and correct copy of a resolution passed and approved by the Board of Directors of the NCTD adopted at a legally convened meeting of the Board of Directors of the NCTD held on the 15th day of January 2026.

CLERK OF THE BOARD
North County Transit – San Diego Railroad

RESOLUTION NO. 25-06

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
NORTH COUNTY TRANSIT – SAN DIEGO RAILROAD APPROVING MODIFICATIONS TO
BOARD POLICY NO. 8 – *CONFLICT OF INTEREST***

Exhibit A

BLACKLINES MODIFICATIONS

Exhibit B

MODIFICATIONS TO NCTD BOARD POLICY NO. 8 – *CONFLICT OF INTEREST*

NORTH COUNTY TRANSIT

SAN DIEGO RAILROAD

Board Policy No. 8

Conflict of Interest Code

Summary

This policy establishes the NCTD Conflict of Interest Code pursuant to the Political Reform Act (Government Code § 81000, et seq.).

Purpose

The Political Reform Act (Government Code § 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission ("FPPC") has adopted 2 Cal. Code of Regulations (hereinafter, "Regulation") § 18730 which contains the terms of a standard conflict of interest code which can be incorporated by reference in an agency's code. After public notice and hearing, Regulation 18730 may be amended by the FPPC to conform to amendments in the Political Reform Act. Therefore, the terms of Regulation 18730 and any amendments to it duly adopted by the FPPC are hereby incorporated by reference. This incorporation page, Regulation 18730 and the attached Appendix designating positions and establishing disclosure categories, shall constitute the conflict of interest code of the North County Transit – San Diego Railroad (NCTD).

Government Code § 87306.5 also requires every local government agency to review its Conflict of Interest Code biennially to determine if it is accurate or if the code must be amended. Once the determinations have been made, a notice must be submitted to the code reviewing body pursuant to the biennial review.

All officials set forth in Government Code § 87200 and designated positions shall file their Statement of Economic Interest, also known as the Form 700, with NCTD via the efile web portal managed by the County of San Diego. Digital copies of such statements are maintained by the Clerk of the County of San Diego Board of Supervisors. The Clerk of the Board will make all digital statements and electronic filings available for public inspection and reproduction during regular business hours (Gov. Code § 81008.)

Officials Who Manage Public Investments

NCTD officials who manage public investments, as defined by 2 Cal. Code of Regs. § 18700.3(b), are not subject to the NCTD's Code, but must file disclosure statements under Government Code § 87200, et seq. (Regs. 18730(b)(3)) These positions are listed here for informational purposes only.

Board Policy No. 8 – Conflict of Interest Code

It has been determined that the positions listed below are officials who manage public investments. (Note: Individuals holding one of the below-listed positions may contact the FPPC for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The FPPC makes the final determination whether a position is covered by 87200):

Board Members and Alternates
Chief Executive Officer/Executive Director
Chief Financial Officer
Financial Consultants

In October 2025, Governor Newsom signed into law Senate Bill 852 (SB852) amending Section 87500 of the Political Reform Act, which establishes California's campaign finance and disclosure laws for designated public officials via a Statement of Economic Interest, or Form 700. Under SB852, "public officials who manage public investments" on behalf of their agency, must now file their Form 700s with the Fair Political Practices Commission (FPPC) using the FPPC's electronic filing system, rather than with the County of San Diego. SB852 will take effect on January 1, 2026.

Disclosure Requirements

- A. Public Officials and employees holding positions designated in this Conflict of Interest Code are required to file the initial, annual, and leaving office Statement of Economic Interest for the types of interests in the categories set forth in the applicable Disclosure Categories. It has been determined that these persons make or participate in making decisions, which foreseeably may have a material effect on such financial interests.
- B. Where the Disclosure Category requires disclosure of interests in real property, the designated employee is only required to disclose real property which is located in whole or in part within or not more than two miles outside the boundaries of the jurisdiction or within two miles of any land owned or used by NCTD.
- C. Where the Disclosure Category requires disclosure of investments or sources of income, the designated employee is only required to disclose investments in business entities and sources of income that do business in the jurisdiction, plan to do business in the jurisdiction, or have done business in the jurisdiction within the past two years. In addition to other activities, a business entity is doing business within the jurisdiction if it owns real property within the jurisdiction.
- D. Where the Disclosure Category requires disclosure of business positions, the designated employee is only required to disclose positions of director, officer, partner, employee, or any position of management in organizations or enterprises operated for profit.

Designated Positions Governed by the Conflict of Interest Code

DESIGNATED EMPLOYEES' TITLE OR FUNCTION	DISCLOSURE CATEGORIES ASSIGNED
Accountant (All)	5
Analyst (All)	5
Architect (All)	2, 3, 5

Board Policy No. 8 – Conflict of Interest Code

DESIGNATED EMPLOYEES' TITLE OR FUNCTION	DISCLOSURE CATEGORIES ASSIGNED
Asset Administrator (All)	5
Chief General Counsel	1, 2, 3, 4
Chief Development Officer	1, 2
Chief Executive Officer	1, 2, 3, 4, 5, 6
Chief Financial Officer	1, 2, 3, 4, 5, 6
Chief Operating Officer	1, 2
Chief People Officer	1, 2
Chief of Staff	1, 2
Contract Officer (All)	1, 2
Controller	1, 2
Deputy Director/Chief (All)	1, 2
Deputy Chief Executive Officer/Chief General Counsel	1, 2, 3, 4, 5, 6
Deputy Chief General Counsel	1, 2, 3, 4
Director (All)	1, 2
Drug & Alcohol Program Administrator	5
Engineer (All)	5
Engineering Technician	5
Executive Assistant/Deputy Clerk	5
Fare Revenue Specialist	4
Human Resources Business Partner (ALL)	5
Human Resources Specialist	5
Labor Relations Specialist	5
Maintenance-of-Way Supervisor	5, 6
Management Analyst (All)	5
Manager (All)	5
Marketing and Communications Associate (All)	5
Operations Supervisor (All)	5
Paralegal	5
Planner (All)	2, 5
Program Manager (All)	5
Project Analyst (All)	5
Project Administrator	5
Project Manager (All)	5
Project Specialist	5
Quality Control Supervisor (All)	5
Rail Technologies (All)	5
Recruiter	5

Board Policy No. 8 – Conflict of Interest Code

DESIGNATED EMPLOYEES' TITLE OR FUNCTION	DISCLOSURE CATEGORIES ASSIGNED
Real Estate Administrator	6
Risk Manager (All)	1, 2, 4
Senior Administrative Assistant/Deputy Clerk	5
Senior Graphic Communications Designer	5
Senior Legal Counsel (All)	1, 2, 3, 4
Senior Right-of-Way Coordinator	6
Staff Attorney (All)	1, 2, 3, 4
System Safety Specialist (All)	5
Telecommunications Engineer	5
Trainer/Instructor (All)	5
Consultants and New Positions	Individuals providing services as a Consultant defined in Regulation 18700.3, or in a new position created since this Code was last approved that makes or participates in making decisions shall disclose pursuant to the broadest disclosure category in this Code subject to the following limitation: The Chief Executive Officer may determine that due to the range of duties or contractual obligations, it is more appropriate to assign a limited disclosure requirement. A clear explanation of the duties and a statement of the extent of the disclosure requirements must be in a written document. (Gov. Code §82019; Regulations 18219 and 18734). The Chief Executive Officer's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code. (Gov. Code §81008.)

Disclosure Categories

The disclosure categories listed below identify the types of economic interests that the Designated Position must disclose for each disclosure category to which they are assigned. (Note: This Conflict of Interest Code does not require the reporting of gifts from outside NCTD's jurisdiction if the source does not have some connection with or bearing upon the functions or duties of the

Board Policy No. 8 – Conflict of Interest Code

position. (Reg.18730.1.)

Category 1: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that are located in, do business in, or own real property within the jurisdiction of NCTD.

Category 2: All interests in real property which is located in whole or in part within, or not more than two miles outside the jurisdiction of NCTD.

Category 3: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that are engaged in land development, construction or the acquisition or sale of real property within the jurisdiction of NCTD.

Category 4: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that provide services, products, materials, machinery, vehicles or equipment of a type purchased or leased by NCTD.

Category 5: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that provide services, products, materials, machinery, vehicles or equipment of a type purchased or leased by the Designated Position's department, unit or division.

Category 6: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, subject to the regulatory, permit, or licensing authority of the Designated Position's department, unit or division.

Approvals

Board Chair _____ Date _____

Chief Executive Officer _____ Date _____

Deputy Chief Executive
Officer/Chief General Counsel _____ Date _____

Board Policy No. 8 – Conflict of Interest Code

DATE	REVISION NO.	RESOLUTION NO.	COMMENTS
10/18/2012	ADOPTED	12-10	
10/17/2013	1	13-07	2013 REVISION
10/16/2014	2	14-04	2014 REVISION
11/19/2015	3	15-08	2015 REVISION
10/20/2016	4	16-10	2016 REVISION
10/19/2017	5	17-10	2017 REVISION
10/18/2018	6	18-09	2018 REVISION
10/17/2019	7	19-06	2019 REVISION
10/15/2020	8	20-08	2020 REVISION
10/21/2021	9	21-05	2021 REVISION
05/21/2022	10	22-08	2022 REVISION
10/20/2022	11	22-18	2022 REVISION
10/19/2023	12	23-06	2023 REVISION – UPDATE TO POSITION TITLES
06/20/2024	13	24-04	2024 REVISION – UPDATE TO POSITION TITLES
10/17/2024	14	24-08	2024 REVISION – UPDATE TO POSITION TITLES
03/20/2025	15	25-02	2025 REVISIONS – UPDATE TO TITLES, STREAMLINE, AND INCLUDE BUS
10/23/2025	16	25-06	UPDATES TO RETENTION PROCESS FOR DIGITAL FILINGS AND ADDITIONS AND REMOVALS OF POSITIONS SUBJECT TO DISCLOSURE

Board Policy No. 8 – Conflict of Interest Code

<u>01/15/2026</u>	<u>17</u>	<u>26-01</u>	<u>ADDITION OF SENATE BILL 852</u> <u>REQUIREMENTS EFFECTIVE</u> <u>JANUARY 1, 2026</u>
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NORTH COUNTY TRANSIT
SAN DIEGO RAILROAD**Board Policy No. 8**
Conflict of Interest CodeSummary

This policy establishes the NCTD Conflict of Interest Code pursuant to the Political Reform Act (Government Code § 81000, et seq.).

Purpose

The Political Reform Act (Government Code § 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission ("FPPC") has adopted 2 Cal. Code of Regulations (hereinafter, "Regulation") § 18730 which contains the terms of a standard conflict of interest code which can be incorporated by reference in an agency's code. After public notice and hearing, Regulation 18730 may be amended by the FPPC to conform to amendments in the Political Reform Act. Therefore, the terms of Regulation 18730 and any amendments to it duly adopted by the FPPC are hereby incorporated by reference. This incorporation page, Regulation 18730 and the attached Appendix designating positions and establishing disclosure categories, shall constitute the conflict of interest code of the North County Transit – San Diego Railroad (NCTD).

Government Code § 87306.5 also requires every local government agency to review its Conflict of Interest Code biennially to determine if it is accurate or if the code must be amended. Once the determinations have been made, a notice must be submitted to the code reviewing body pursuant to the biennial review.

All officials set forth in Government Code § 87200 and designated positions shall file their Statement of Economic Interest, also known as the Form 700, with NCTD via the e-file web portal managed by the County of San Diego. Digital copies of such statements are maintained by the Clerk of the County of San Diego Board of Supervisors. The Clerk of the Board will make all digital statements and electronic filings available for public inspection and reproduction during regular business hours (Gov. Code § 81008.)

Officials Who Manage Public Investments

NCTD officials who manage public investments, as defined by 2 Cal. Code of Regs. § 18700.3(b), are not subject to the NCTD's Code, but must file disclosure statements under Government Code § 87200, et seq. (Regs. 18730(b)(3)) These positions are listed here for informational purposes only.

Board Policy No. 8 – Conflict of Interest Code

It has been determined that the positions listed below are officials who manage public investments. (Note: Individuals holding one of the below-listed positions may contact the FPPC for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The FPPC makes the final determination whether a position is covered by 87200):

Board Members and Alternates
Chief Executive Officer/Executive Director
Chief Financial Officer
Financial Consultants

In October 2025, Governor Newsom signed into law Senate Bill 852 (SB852) amending Section 87500 of the Political Reform Act, which establishes California's campaign finance and disclosure laws for designated public officials via a Statement of Economic Interest, or Form 700. Under SB852, "public officials who manage public investments" on behalf of their agency, must now file their Form 700s with the Fair Political Practices Commission (FPPC) using the FPPC's electronic filing system, rather than with the County of San Diego. SB852 will take effect on January 1, 2026.

Disclosure Requirements

- A. Public Officials and employees holding positions designated in this Conflict of Interest Code are required to file the initial, annual, and leaving office Statement of Economic Interest for the types of interests in the categories set forth in the applicable Disclosure Categories. It has been determined that these persons make or participate in making decisions, which foreseeably may have a material effect on such financial interests.
- B. Where the Disclosure Category requires disclosure of interests in real property, the designated employee is only required to disclose real property which is located in whole or in part within or not more than two miles outside the boundaries of the jurisdiction or within two miles of any land owned or used by NCTD.
- C. Where the Disclosure Category requires disclosure of investments or sources of income, the designated employee is only required to disclose investments in business entities and sources of income that do business in the jurisdiction, plan to do business in the jurisdiction, or have done business in the jurisdiction within the past two years. In addition to other activities, a business entity is doing business within the jurisdiction if it owns real property within the jurisdiction.
- D. Where the Disclosure Category requires disclosure of business positions, the designated employee is only required to disclose positions of director, officer, partner, employee, or any position of management in organizations or enterprises operated for profit.

Designated Positions Governed by the Conflict of Interest Code

DESIGNATED EMPLOYEES' TITLE OR FUNCTION	DISCLOSURE CATEGORIES ASSIGNED
Accountant (All)	5
Analyst (All)	5
Architect (All)	2, 3, 5

Board Policy No. 8 – Conflict of Interest Code

DESIGNATED EMPLOYEES' TITLE OR FUNCTION	DISCLOSURE CATEGORIES ASSIGNED
Asset Administrator (All)	5
Chief General Counsel	1, 2, 3, 4
Chief Development Officer	1, 2
Chief Executive Officer	1, 2, 3, 4, 5, 6
Chief Financial Officer	1, 2, 3, 4, 5, 6
Chief Operating Officer	1, 2
Chief People Officer	1, 2
Chief of Staff	1, 2
Contract Officer (All)	1, 2
Controller	1, 2
Deputy Director/Chief (All)	1, 2
Deputy Chief Executive Officer/Chief General Counsel	1, 2, 3, 4, 5, 6
Deputy Chief General Counsel	1, 2, 3, 4
Director (All)	1, 2
Drug & Alcohol Program Administrator	5
Engineer (All)	5
Engineering Technician	5
Executive Assistant/Deputy Clerk	5
Fare Revenue Specialist	4
Human Resources Business Partner (ALL)	5
Human Resources Specialist	5
Labor Relations Specialist	5
Maintenance-of-Way Supervisor	5, 6
Management Analyst (All)	5
Manager (All)	5
Marketing and Communications Associate (All)	5
Operations Supervisor (All)	5
Paralegal	5
Planner (All)	2, 5
Program Manager (All)	5
Project Analyst (All)	5
Project Administrator	5
Project Manager (All)	5
Project Specialist	5
Quality Control Supervisor (All)	5
Rail Technologies (All)	5
Recruiter	5

Board Policy No. 8 – Conflict of Interest Code

DESIGNATED EMPLOYEES' TITLE OR FUNCTION	DISCLOSURE CATEGORIES ASSIGNED
Real Estate Administrator	6
Risk Manager (All)	1, 2, 4
Senior Administrative Assistant/Deputy Clerk	5
Senior Graphic Communications Designer	5
Senior Legal Counsel (All)	1, 2, 3, 4
Senior Right-of-Way Coordinator	6
Staff Attorney (All)	1, 2, 3, 4
System Safety Specialist (All)	5
Telecommunications Engineer	5
Trainer/Instructor (All)	5
Consultants and New Positions	Individuals providing services as a Consultant defined in Regulation 18700.3, or in a new position created since this Code was last approved that makes or participates in making decisions shall disclose pursuant to the broadest disclosure category in this Code subject to the following limitation: The Chief Executive Officer may determine that due to the range of duties or contractual obligations, it is more appropriate to assign a limited disclosure requirement. A clear explanation of the duties and a statement of the extent of the disclosure requirements must be in a written document. (Gov. Code §82019; Regulations 18219 and 18734). The Chief Executive Officer's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code. (Gov. Code §81008.)

Disclosure Categories

The disclosure categories listed below identify the types of economic interests that the Designated Position must disclose for each disclosure category to which they are assigned. (Note: This Conflict of Interest Code does not require the reporting of gifts from outside NCTD's jurisdiction if the source does not have some connection with or bearing upon the functions or duties of the

Board Policy No. 8 – Conflict of Interest Code

position. (Reg.18730.1.)

Category 1: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that are located in, do business in, or own real property within the jurisdiction of NCTD.

Category 2: All interests in real property which is located in whole or in part within, or not more than two miles outside the jurisdiction of NCTD.

Category 3: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that are engaged in land development, construction or the acquisition or sale of real property within the jurisdiction of NCTD.

Category 4: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that provide services, products, materials, machinery, vehicles or equipment of a type purchased or leased by NCTD.

Category 5: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that provide services, products, materials, machinery, vehicles or equipment of a type purchased or leased by the Designated Position's department, unit or division.

Category 6: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, subject to the regulatory, permit, or licensing authority of the Designated Position's department, unit or division.

Approvals

Board Chair _____ Date _____

Chief Executive Officer _____ Date _____

Deputy Chief Executive
Officer/Chief General Counsel _____ Date _____

Board Policy No. 8 – Conflict of Interest Code

DATE	REVISION NO.	RESOLUTION NO.	COMMENTS
10/18/2012	ADOPTED	12-10	
10/17/2013	1	13-07	2013 REVISION
10/16/2014	2	14-04	2014 REVISION
11/19/2015	3	15-08	2015 REVISION
10/20/2016	4	16-10	2016 REVISION
10/19/2017	5	17-10	2017 REVISION
10/18/2018	6	18-09	2018 REVISION
10/17/2019	7	19-06	2019 REVISION
10/15/2020	8	20-08	2020 REVISION
10/21/2021	9	21-05	2021 REVISION
05/21/2022	10	22-08	2022 REVISION
10/20/2022	11	22-18	2022 REVISION
10/19/2023	12	23-06	2023 REVISION – UPDATE TO POSITION TITLES
06/20/2024	13	24-04	2024 REVISION – UPDATE TO POSITION TITLES
10/17/2024	14	24-08	2024 REVISION – UPDATE TO POSITION TITLES
03/20/2025	15	25-02	2025 REVISIONS – UPDATE TO TITLES, STREAMLINE, AND INCLUDE BUS
10/23/2025	16	25-06	UPDATES TO RETENTION PROCESS FOR DIGITAL FILINGS AND ADDITIONS AND REMOVALS OF POSITIONS SUBJECT TO DISCLOSURE

Board Policy No. 8 – Conflict of Interest Code

01/15/2026	17	26-01	ADDITION OF SENATE BILL 852 REQUIREMENTS EFFECTIVE JANUARY 1, 2026
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STAFF REPORT

**APPROVE NCTD'S BOARD AND EXTERNAL COMMITTEE
APPOINTMENTS FOR CALENDAR YEAR 2026**

Time Sensitive: **Consent:**

**STAFF
RECOMMENDATION:**

Staff recommends that the North County Transit – San Diego Railroad's (NCTD) Board of Directors (Board) approve the recommendations of the Board Chair for internal and external committee appointments for Calendar Year 2026 as provided in Attachment 12A.

**BACKGROUND
INFORMATION:**

At the first meeting of each calendar year, the Board Chair provides recommendations to the Board for internal and external committee appointments for the remainder of the calendar year in accordance with Board Policy No. 3 – *Committees and External Appointments*.

Internal Committees: In November, an email was sent to the Board where they received a 2026 Committee Preference Memo. Board members were asked to submit their requested choice of assignment by December 29, 2025.

External Committees: Board Policy No. 3 – *Committees and External Appointments* provides that the Board Chair make recommendations for appointment to internal committees for full Board consideration and that the leadership positions for the Performance, Administration and Finance (PAF) Committee and Marketing, Service Planning and Business Development (MSPBD) Committee must be selected at the first meeting in the calendar year. The Board Chair's internal committee recommendations are provided in Attachment 12A.

San Diego Association of Governments (SANDAG) Board: The SANDAG Board includes NCTD as an advisory member. The SANDAG Board meets twice a month on the second and fourth Friday of the month at 9:00 a.m., unless otherwise indicated.

SANDAG Transportation Committee: NCTD has a seat as a voting member on this committee. SANDAG Transportation Committee meetings are scheduled for the second Friday of the month at 1:00 p.m., unless otherwise indicated.

SANDAG Regional Planning Committee: This committee is responsible for the development of the Regional Comprehensive Plan (RCP), and NCTD is included as an advisory member. The SANDAG Regional Planning Committee meetings are scheduled for the last Friday every other month at 9:00 a.m., unless otherwise indicated.

Los Angeles-San Diego-San Luis Obispo (LOSSAN) Rail Corridor: The LOSSAN Rail Corridor Agency Joint Powers Board meets once a month to further the development of rail service in the coastal corridor from San Diego to San Luis Obispo. LOSSAN Board meetings are held at the Orange County Transportation Authority headquarters on the third Monday of each month at 10:30 a.m., unless otherwise indicated.

Based on the foregoing, staff recommends that the Board approve the recommendations of the Board Chair for internal and external committee appointments for Calendar Year 2026 provided in Attachment 12A.

ATTACHMENT: 12A – Internal and External Committee Appointments
12B – External Committee Schedule

FISCAL IMPACT: This staff report has no fiscal impact.

COMMITTEE REVIEW: None

STAFF CONTACT: **Suheil Rodriguez, Director of Administration/Clerk of the Board**
E-mail: srodriguez@nctd.org
Phone: 760-966-6696

**NORTH COUNTY TRANSIT - SAN DIEGO RAILROAD BOARD
CY2026 INTERNAL COMMITTEE AND EXTERNAL APPOINTMENTS ATTACHMENT 12A**

COMMITTEES 2025 BOARD MEMBER APPOINTMENTS	COMMITTEE APPOINTMENTS 2026 RECOMMENDATIONS
INTERNAL COMMITTEES	
EXECUTIVE COMMITTEE	
Priya Bhat-Patel	*Board Chair
Mike Sannella	*Board Vice Chair
Jewel Edson	**Vice Chair of PAF
Tracy Martinez	***Chair of MSPBD
PERFORMANCE, ADMINISTRATION AND FINANCE COMMITTEE (PAF)	
Corinna Contreras	Corinna Contreras
Priya Bhat-Patel	Priya Bhat-Patel
Jewel Edson	Jewel Edson
Mike Sannella	Mike Sannella
MARKETING, SERVICE PLANNING AND BUSINESS DEVELOPMENT COMMITTEE (MSPBD)	
Joe Garcia	Joe Garcia
Jim O'Hara	Jim O'Hara
Tracy Martinez	Tracy Martinez
Eric Joyce	Eric Joyce
EXTERNAL COMMITTEES	
SANDAG BOARD OF DIRECTORS (Advisory Member)	
Jewel Edson, Member	Jewel Edson, Member
Priya Bhat-Patel, 1st Alternate	Priya Bhat-Patel, 1st Alternate
Mike Sannella, 2nd Alternate	Mike Sannella, 2nd Alternate
SANDAG TRANSPORTATION (Voting Member)	
Priya Bhat-Patel, Member	Priya Bhat-Patel, Member
Jewel Edson, 1st Alternate	Jewel Edson, 1st Alternate
Eric Joyce, 2nd Alternate	Eric Joyce, 2nd Alternate
SANDAG REGIONAL PLANNING COMMITTEE (Advisory Member)	
Joe Garcia, Member	Joe Garcia, Member
Jim O'Hara, Alternate	Jim O'Hara, Alternate
LOSSAN CORRIDOR BOARD OF DIRECTORS	
Jewel Edson, Member	Jewel Edson, Member
Tracy Martinez, Alternate	Tracy Martinez, Alternate

Note - Per Board Policy No. 3 - Committee and External Appointments:

*Board Chair and Board Vice-Chair will be the Chair and Vice-Chair, respectively, of the Executive Committee and the Board Vice-Chair will serve as the Chair of the Performance, Administration and Finance (PAF) Committee.

**At their first committee meeting in the new calendar year, members of the Marketing, Service Planning and Business Development (MSPBD) Committee shall elect their Vice-Chair.

***At their first committee meeting in the new calendar year, members of the Marketing, Service Planning and Business Development (MSPBD) Committee shall elect their Chair and Vice-Chair.

NORTH COUNTY TRANSIT
SAN DIEGO RAILROAD

CY2026 External Committee Schedule

SANDAG Board of Directors (Advisory Member)	SANDAG Transportation Committee (Voting Member)	SANDAG Regional Planning Committee (Advisory Member)	LOSSAN Corridor Board of Directors
Name 1 st Alt Name 2 nd Alt Name	Name 1 st Alt Name 2 nd Alt Name	Name Alt Name	Name Alt Name
Normally 2 nd Friday at 9:00 AM & 4 th Friday at 9:00 AM unless otherwise indicated	Normally 1 st Friday at 1:00 PM unless otherwise indicated	Normally last Friday every other month at 9:00 AM unless otherwise indicated	Normally 3 rd Monday 10:30 AM at OCTA unless otherwise indicated
January 9 January 23	January 9	January 30	-----
February 13 February 27	February 6	-----	February 5 - Executive February 17
March 13 March 27	March 6	March 12	March 5 - Executive March 16
April 10 April 24	April 3	-----	-----
May 8 May 22	May 1	May 29	May 7 - Executive May 18

NORTH COUNTY TRANSIT
SAN DIEGO RAILROAD

SANDAG Board of Directors (Advisory Member)	SANDAG Transportation Committee (Voting Member)	SANDAG Regional Planning Committee (Advisory Member)	LOSSAN Corridor Board of Directors
June 12 June 26	June 5	-----	June 4 - Executive June 15
July 10 July 24	July 10	July 31	July 2 - Executive July 20
No Meetings Scheduled in August			
September 11 September 25	September 4	-----	September 3 - Executive September 21
October 9 October 23	October 2	October 30	October 6 - Executive October 19
November 6 November 20	November 6	-----	November 5 - Executive November 16
December 11	December 4	-----	-----

NORTH COUNTY TRANSIT

SAN DIEGO RAILROAD

STAFF REPORT

**Agenda
Item #
13**

ADOPT PROCLAMATION RECOGNIZING JANUARY AS HUMAN TRAFFICKING AWARENESS AND PREVENTION MONTH

Time Sensitive: Consent:

**STAFF
RECOMMENDATION:**

Adopt a Proclamation recognizing January 2026 as Human Trafficking Awareness and Prevention Month.

**BACKGROUND
INFORMATION:**

Human trafficking includes both forced labor and sex trafficking and robs millions of their dignity and freedom and threatens public safety. As of early 2025, there were estimated to be more than 27.6 million people — adults and children — subjected to human trafficking around the world at any given time, including the United States¹. California consistently reports the highest number of identified human trafficking cases in the United States. In 2024, California accounted for 14.4% of reported cases nationwide.²

In 2000, the Trafficking Victims Protection Act of 2000 (TVPA) enshrined the commitment of the United States to combat human trafficking. In 2010, by presidential proclamation, then-President Obama declared January “National Slavery and Human Trafficking Prevention Month” and every year since, each president has followed this tradition.

Since then, there have been additional anti-trafficking achievements, such as: the issuance of the Executive Order 13627: *Strengthening Protections Against Trafficking in Persons in Federal Contracts* (2012); the first convening of the U.S. Advisory Council on Human Trafficking (2016); and the U.S. Department of State’s launch of its largest anti-trafficking program, the Program to End Modern Slavery (2017).

North County Transit - San Diego Railroad (NCTD) is committed to combatting human trafficking by ensuring its bus and rail services are safe, vigilant, and supportive environments for all members of the communities it serves. NCTD recognizes that as a public transportation provider, it is in a unique position to help identify and report human trafficking activity and to cooperate with law enforcement agencies in protecting vulnerable individuals.

NCTD, in collaboration with the U.S. Department of Transportation, Federal Railroad Administration, U.S. Department of Justice, San Diego County Sheriff’s Department, and non-profit service providers, is spearheading the Southern California Human Trafficking Awareness and Prevention (SC-HTAP) Coalition task force to ensure public transportation employees are trained to be aware of and to identify potential human trafficking situations on the public transportation system to enable adequate and timely response to human trafficking and to ensure victims receive appropriate care and resources. San Diego County communities will benefit from the combined effort by local, state, and federal

¹ Source: United States Department of State

² Source: National Human Trafficking Hotline

government agencies to promote human trafficking awareness and the prevention efforts of NCTD and the SC-HTAP.

As January is designated as *National Human Trafficking Prevention Month* in the United States, NCTD and SC-HTAP will participate in various campaigns and educational efforts by conducting on-the-ground trainings, presentations, and public awareness activities to raise awareness about human trafficking and to educate the public about how to identify and prevent this crime.

By way of this Proclamation, NCTD and its Board of Directors affirms its commitment to safety on its transportation system through the identification and prevention of human trafficking.

ATTACHMENT: 13A – 2026 Proclamation Designating January 2026 as Human Trafficking Awareness and Prevention Month

FISCAL IMPACT: This staff report has no fiscal impact.

COMMITTEE REVIEW: None

STAFF CONTACT: **Lori A. Winfree, Deputy Chief Executive Officer/Chief General Counsel**
E-mail: lwinfree@nctd.org Phone: 760-966-6532

NORTH COUNTY TRANSIT
SAN DIEGO RAILROAD**PROCLAMATION OF NORTH COUNTY TRANSIT – SAN DIEGO RAILROAD
RECOGNIZING JANUARY AS HUMAN TRAFFICKING
AWARENESS AND PREVENTION MONTH**

WHEREAS, human trafficking includes both forced labor and sex trafficking, robs millions of their dignity and freedom, and threatens public safety; and

WHEREAS, in 2000, the Trafficking Victims Protection Act of 2000 (TVPA) enshrined the commitment of the United States to combat human trafficking; and

WHEREAS, in 2010, by presidential proclamation, then-President Barack Obama declared January “National Slavery and Human Trafficking Prevention Month” and every year since, each president has followed this tradition; and

WHEREAS, in 2012, then-President Barack Obama issued Executive Order 13627: *Strengthening Protections Against Trafficking in Persons in Federal Contracts*; and

WHEREAS, the U.S. Advisory Council on Human Trafficking convened for the first time in 2016 and the U.S. Department of State launched its largest anti-trafficking program, the Program to End Modern Slavery in 2017; and

WHEREAS, there are estimated to be more than 27.6 million people — adults and children — subjected to human trafficking around the world at any given time, including in the United States¹. In 2024, California accounted for 14.4% of reported cases nationwide.²; and

WHEREAS, North County Transit – San Diego Railroad (NCTD) is committed to combatting human trafficking by ensuring its bus and rail services are safe, vigilant, and supportive environments for all members of the communities it serves; and

WHEREAS, NCTD recognizes that as a public transportation provider it is in a unique position to help identify and report human trafficking activity and to cooperate with law enforcement agencies in protecting vulnerable individuals; and

WHEREAS, NCTD, in collaboration with the Department of Transportation, Federal Railroad Administration, the Department of Justice, the San Diego County Sheriff's Department and non-profit service providers, is spearheading the Southern California Human Trafficking Awareness and Prevention (SC-HTAP) Coalition task force to ensure public transportation employees are adequately aware and trained to identify human trafficking on the public transportation system to enable adequate and timely response to human trafficking and to ensure victims receive appropriate care and resources; and

¹ Source: [National Human Trafficking Prevention Month - United States Department of State](#) (January 20, 2025)

² Source: National Human Trafficking Hotline

WHEREAS, San Diego County communities will benefit from the combined effort by local, state, and federal government agencies to promote human trafficking awareness and the prevention efforts of NCTD and the SC-HTAP; and

WHEREAS, January is designated as *National Human Trafficking Prevention Month* in the United States; and

WHEREAS, NCTD and SC-HTAP will participate in various campaigns and educational efforts by conducting on-the-ground trainings, presentations, and public awareness activities to raise awareness about human trafficking and to educate the public about how to identify and prevent this crime; and

NOW, THEREFORE, BE IT RESOLVED that the NCTD Board of Directors hereby proclaim January 2026 as ***“Human Trafficking Awareness and Prevention Month”*** and commends the efforts being made to raise awareness of this heinous crime.

PASSED, APPROVED, AND ADOPTED at the regular meeting of the Board of Directors of the North County Transit – San Diego Railroad this 15th day of January 2026.

BOARD CHAIR
North County Transit- San Diego Railroad

CERTIFICATION

I, Suheil Rodriguez, duly appointed and qualified, Clerk of the Board of North County Transit - San Diego Railroad, do hereby certify that the above is a true and correct copy of a proclamation passed and approved by the Board of Directors of North County Transit – San Diego Railroad adopted at a legally convened meeting of the Board of Directors of the held on the 15th day of January 2026.

CLERK OF THE BOARD
North County Transit – San Diego Railroad

STAFF REPORT**ELECTION OF NCTD'S BOARD CHAIR AND VICE-CHAIR FOR CALENDAR YEAR 2026****Time Sensitive: Consent:** **NOMINATING COMMITTEE RECOMMENDATION:**

Elect Priya Bhat-Patel (City of Carlsbad) as Board Chair and Mike Sannella (City of San Marcos) as Board Vice-Chair of the North County Transit – San Diego Railroad for Calendar Year 2026.

BACKGROUND INFORMATION:

In accordance with California Public Utilities Code § 125100, the North County Transit District's, operating as North County Transit - San Diego Railroad (NCTD), Board of Directors (Board) must elect a Board Chair and Board Vice-Chair in January of each year.

At the November 20, 2025, Regular Board meeting, the Board selected a Nominating Committee for the Board leadership positions for Calendar Year (CY) 2026 (Agenda Item No. 5) comprised of:

1. Jewel Edson, Councilmember, City of Solana Beach
2. Jim O'Hara, Deputy Mayor, City of Encinitas
3. Tracy Martinez, Mayor, City of Del Mar

At the December 18, 2025, Regular Board meeting, the Board received the Nominating Committee report nominating Priya Bhat-Patel (City of Carlsbad) for Board Chair and Mike Sannella (City of San Marcos) for Board Vice-Chair for CY 2026 (Agenda Item No. 5).

As a reminder, pursuant to Board Policy No. 3, the Board Chair will be the Chair of the Executive Committee, and the Board Vice Chair will serve as the Chair of the Performance, Administration and Finance Committee.

The Nominating Committee made their recommendations based on Board Member interest via written submissions.

Based on the foregoing, the Nominating Committee recommends that the Board elect Priya Bhat-Patel as Board Chair and Mike Sannella as Board Vice-Chair for Calendar Year 2026.

ATTACHMENT:

14A – 2026 Election of Board Chair and Vice-Chair Presentation

FISCAL IMPACT:

This staff report has no fiscal impact.

COMMITTEE REVIEW:

None

STAFF CONTACT:

Suheil Rodriguez, Director of Administration/Clerk of the Board
E-mail: srodriguez@nctd.org Phone: 760-966-6696

Election of NCTD's Board Chair and Board Vice-Chair for Calendar Year 2026

Board of Directors
January 15, 2026

COASTER SPRINTER BREEZE FLEX LIFT NCTD[®]

Legislative Requirements

- Pursuant to Board Policy No. 2 – Appointment to Board of Directors, the Board Chair and Board Vice-Chair shall be nominated each year at the December meeting based on the recommendations of a three-person nominating committee appointed by the Board Chair in November.
- Pursuant to Public Utilities Code § 125100, the Board Chair and Board Vice-Chair shall be subsequently elected at the January meeting of the Board of Directors.

Board Nomination

- At the November 20, 2025 Regular Board meeting, the Board selected a Nominating Committee comprised of:
 - Jewel Edson, Councilmember, City of Solana Beach
 - Jim O'Hara, Deputy Mayor, City of Encinitas
 - Tracy Martinez, Mayor, City of Del Mar
- At the December 18, 2025 Regular Board meeting, the Nominating Committee recommended the following nominations for Board Chair and Board Vice Chair for Calendar Year 2026 for consideration:
 - Priya Bhat-Patel, City of Carlsbad for Board Chair;
 - Mike Sannella, City of San Marcos for Board Vice-Chair

Recommendation

- For Calendar Year 2026, the Nominating Committee recommends that the Board elect:
 - Priya Bhat-Patel, City of Carlsbad for Board Chair;
 - Mike Sannella, City of San Marcos for Board Vice-Chair

Questions?

STAFF REPORT**ADOPT THE PROPOSED CALENDAR YEAR 2026 LEGISLATIVE AGENDA****Time Sensitive: Consent:** **STAFF
RECOMMENDATION:**

Adopt the proposed Calendar Year 2026 Legislative Agenda.

**BACKGROUND
INFORMATION:**

Each year, the North County Transit – San Diego Railroad (NCTD) Board of Directors (Board) adopts a Legislative Agenda to establish federal, state, and local legislative goals and priorities for the calendar year. The Legislative Agenda is dynamic and reflects the best information available at the time of development. Accordingly, the agenda is a living document that provides staff direction and may be modified at any time by Board approval. Each month, an Intergovernmental Affairs Report is included in the Board Agenda packet and complements the proposed Legislative Agenda with updated legislative activities, administrative actions, potential funding opportunities, and other updates as appropriate.

NCTD's proposed legislative priorities for Calendar Year (CY) 2026 include:

- **Advocate for NCTD's Priorities within Federal Surface Transportation Reauthorization Legislation.** Congress must pass a surface transportation reauthorization bill to replace the Bipartisan Infrastructure Law in 2026. NCTD will continue discussions with members of Congress and policy committee staff in 2026 to advocate for the inclusion of NCTD's funding and policy priorities in the reauthorization legislation.
- **Preserve and Expand Public Transportation Funding Options.** NCTD receives funding for capital and operating expenses from federal, state and local sources and will continue to advocate for expanded opportunities and flexibility in funding uses.
- **Support Proposals to Reform State and Local Funding Mechanisms.** NCTD will support efforts to reform legislation at the state and local level that include mechanisms by which NCTD receives formula funding to better align with current goals and objectives of public transit.
- **Explore Opportunities to Update NCTD's Enabling Legislation.** NCTD's enabling legislation provides parameters for certain aspects of NCTD's operating environment, including procurement thresholds, capital project management criteria, funding processes, etc. NCTD has identified opportunities to update this legislation to improve the efficiency of operations and capital project management.
- **Advance Efforts to Streamline Public Transportation Processes.** NCTD will support legislative and/or regulatory efforts to streamline processes that impact the NCTD operations, including construction and procurement processes, among others.

ATTACHMENT:	15A – Proposed CY2026 Legislative Agenda
FISCAL IMPACT:	This staff report has no fiscal impact.
COMMITTEE REVIEW:	NCTD's Executive Committee discussed the Legislative Agenda at the December 18, 2025, meeting. Staff recommends that the Board adopt and authorize staff to implement the proposed Calendar Year 2026 Legislative Agenda.
STAFF CONTACT:	Mary Dover, Chief of Staff E-mail: mdover@nctd.org Phone: 760-967-2895

NORTH COUNTY TRANSIT
SAN DIEGO RAILROAD

Calendar Year 2026 Legislative Agenda

Board of Directors

January 15, 2026

Calendar Year 2026 Legislative Agenda

On June 26, 2025, North County Transit – San Diego Railroad (NCTD) Board of Directors (Board) approved the Fiscal Year (FY) 2026 Operating Budget and Capital Improvement Program. The FY2026 Budget includes NCTD's mission and vision, as well as five strategic areas of focus that guide NCTD's priorities and funding expenditures.

The strategic areas of focus include World Class Customer Experience; Safety and Security; Fiscal Duty; Community and Governmental Stewardship; and Employee Experience.

Each year, the Board approves a Legislative Agenda to guide NCTD's legislative and regulatory efforts to further the goals and priorities outlined in the strategic areas of focus. The Calendar Year 2026 Legislative Agenda will focus NCTD's efforts at the federal, state, and local level on five main priorities:

➤ **Advocate for NCTD's Priorities within Federal Surface Transportation Reauthorization Legislation**

Congress must pass a surface transportation reauthorization bill to replace the *Bipartisan Infrastructure Law* in 2026. NCTD will continue discussions with members of Congress and policy committee staff in 2026 to advocate for the inclusion of NCTD's funding and policy priorities in the reauthorization legislation.

➤ **Preserve and Expand Public Transportation Funding Options**

NCTD receives funding for capital and operating expenses from federal, state and local sources. In 2026, NCTD will advocate for:

- the preservation of existing funding sources;
- additional funding to support free and reduced fare programs;
- funding to aid in meeting regulatory mandates, including zero-emission and Positive Train Control requirements; and
- increased competitiveness of NCTD's projects for existing funding programs.

➤ **Support Proposals to Reform State and Local Funding Mechanisms**

NCTD will support efforts to reform legislation at the state and local level that include mechanisms by which NCTD receives formula funding to better align with current goals and objectives of public transit.

➤ **Explore Opportunities to Maintain NCTD's Enabling Legislation**

NCTD's enabling legislation provides parameters for certain aspects of NCTD's operating environment, including procurement thresholds, capital project management criteria, funding processes, etc. NCTD has identified opportunities to maintain this legislation to improve the efficiency of operations and capital project management.

➤ **Advance Efforts to Streamline Public Transportation Processes**

NCTD will support legislative and/or regulatory efforts to streamline processes that impact its operations, including construction and procurement processes, among others.

STAFF REPORT**APPROVE THE CALENDAR YEAR 2026 DISCRETIONARY GRANTS STRATEGY****Time Sensitive:** **Consent:** **STAFF
RECOMMENDATION:**

Approve the proposed Calendar Year (CY) 2026 Discretionary Grants Strategy and authorize staff to implement the plan on behalf of North County Transit – San Diego Railroad.

**BACKGROUND
INFORMATION:**

Each year, North County Transit – San Diego Railroad (NCTD) Board of Directors (Board) adopts a Discretionary Grants Strategy to establish competitive grant funding goals and priorities. The Discretionary Grants Strategy is a strategic planning document to support project needs as specified in NCTD's Capital Improvement Program (CIP). This document includes information on key NCTD project priorities, specific grant applications that could be submitted in CY 2026, and a summary of state and federal funding programs. This document is dynamic and reflects the best information available at the time of development. Staff will update the document on an annual basis and provide regular updates on its Discretionary Grants Strategy efforts through the Monthly Intergovernmental Affairs Report provided to the Board for review each month.

In CY 2025, NCTD secured \$16.8 million in discretionary grant funding from the Federal Transit Administration (FTA) to replace compressed natural gas (CNG) BREEZE buses.

Additionally, NCTD applied for a variety of grant programs in CY 2025 that are still pending and could potentially be awarded an additional \$2.8 million. Funding was requested for the following projects:

- SPRINTER Improvements - \$1,200,000
- San Diego Subdivision Positive Train Control (PTC) - \$600,000
- Bus Stop Improvements - \$250,000
- Bus Stop Assessment - \$393,820
- Buena Creek Grade Separation - \$309,856

NCTD has approximately \$1.5 billion in unfunded capital needs. Staff have identified four key projects for inclusion in the CY 2026 Discretionary Grants Strategy that require funding in excess of \$1.3 billion. These high-priority projects best match grant application requirements and programmatic goals.

- SPRINTER Fleet Replacement
- SPRINTER Corridor Improvement Project
- Eastbrook to Shell Double Track
- Sorrento to Miramar Double Track Phase II

Additionally, NCTD has identified two key areas for further project development and advancement that will support NCTD's Discretionary Grants Strategy in CY 2026 and future years. These projects represent an unfunded need of nearly \$105 million:

- Buena Creek Grade Separation
- CP SONGS Double Track Project

Staff will present NCTD's project priorities for CY 2026 and planned funding strategies to secure discretionary funding and successfully implement projects.

Staff recommends that the Board approve and authorize staff to implement the proposed CY 2026 Discretionary Grants Strategy.

ATTACHMENT: 16A – CY 2026 Proposed Discretionary Grants Strategy
16B – CY 2026 Discretionary Grants Strategy Presentation

FISCAL IMPACT: This staff report has no fiscal impact.

COMMITTEE REVIEW: None

STAFF CONTACT: **Mary Dover, Chief of Staff**
Email: mdover@nctd.org Phone: 760-967-2895

NORTH COUNTY TRANSIT – SAN DIEGO
RAILROAD

DISCRETIONARY GRANTS STRATEGY

CALENDAR YEAR 2026



EXECUTIVE SUMMARY

North County Transit – San Diego Railroad (NCTD) uses the Discretionary Grants Strategy document as a plan of execution to seek funding for capital project needs from discretionary and competitive grant programs offered by the state and federal governments. NCTD needs an additional \$1.5 billion in capital funding to meet its state of good repair needs and capacity enhancement projects. The successful execution of the Discretionary Grants Program directly supports NCTD's effort to increase transit ridership and customer revenues.

In Calendar Year (CY) 2025, NCTD secured \$16.8 million in discretionary grant funding, with \$2.8 million in pending applications, detailed below:

CY 2025	
Pending Awards	Successful Awards
SPRINTER Improvements (Congressionally Directed Spending) \$1.2 million	Bus Replacement Project (Low or No Emission Grant Program) \$16,774,170
San Diego Subdivision PTC (Community Project Funding) \$600,000	
Bus Stop Improvements (Community Project Funding) \$250,000	
Bus Stop Assessment (Caltrans Planning Grant) \$393,820	
Buena Creek Grade Separation (Caltrans Planning Grant) \$309,856	
Total Pending: \$2,753,676	Total Successful: \$16,774,170

NCTD's CY 2026 discretionary grant project priorities can be generally summarized into three main categories:

- **State of Good Repair and Safety Improvements**
 - Replacement or restoration projects that ensure the safety of customers, employees, and the general public by maintaining and protecting assets.
- **Service Enhancement**
 - Double-track projects that enhance the customer experience through high-quality transit services and improve regional economic output.
- **Next Generation Technology Deployment**
 - Modernization of outdated equipment, signals and passenger amenities.



CY 2026 HIGH PRIORITY PROJECT SUBMITTALS

In total, NCTD has over \$1.5 billion in unfunded needs for critical capital projects. A small, focused list of priority projects guides discretionary grant activity for the year and allows NCTD and its stakeholders to leverage awards from CY 2025. Priority project submittals for CY 2026 include the following:

- 1 SPRINTER Fleet Replacement
- 2 SPRINTER Corridor Service Improvement Project
- 3 Eastbrook to Shell Double Track
- 4 Sorrento to Miramar Double Track Phase II

In total, these highest-priority projects represent nearly \$1.3 billion in total investment.





PROJECT ADVANCEMENT PRIORITIES

In addition to the high priority project submittals, there are multiple projects critical to the improvement of public transportation in the region that should be advanced and considered in the region's discretionary grants strategy. Priority project advancement for CY 2025 includes the following:

- 1 Buena Creek Grade Separation
- 2 CP SONGS Double Track Project

In total, these two projects represent nearly \$105 million in total investment.



CY 2026 Identified Projects and Funding Strategy

Grant Strategy Considerations

NCTD's planning efforts have identified specific, strategic targets for investment and helped to focus and prioritize projects for inclusion in NCTD's Discretionary Grants Strategy. Additional considerations for identifying competitive projects include the following elements:

- There is significant local project support in terms of match funding.
- Selected projects are well-defined and meet the goals of specific funding programs or agencies.
- Selected projects are tied to specific service plans and benefit outcomes.
- Projects are shovel-ready and can be implemented in a timely manner.

Project Priorities & Funding Strategy

High Priority Projects for Submittal

Through an iterative process that includes stakeholder engagement and detailed planning exercises, NCTD has identified a list of four key projects that are priorities for grant submittals in CY 2026. **Table 1** below provides the focused listing of these projects and their total estimated cost. The high-priority submittal projects included in Table 1 are ready for implementation and were recently awarded competitive funding or have been allocated local match funding.

Table 1: CY 2026 High Priority Projects for Submittal

CY 2026 High Priority Projects for Submittal		
Project	Priority Category	Total Project Cost
SPRINTER Fleet Replacement	Service Enhancement & State of Good Repair	\$337 million
SPRINTER Corridor Service Improvement Project	Service Enhancement & Next Generation Technology Deployment	\$567.1 million
Eastbrook to Shell Double Track	Service Enhancement & State of Good Repair	\$134.2 million
Sorrento to Miramar Double Track Phase II	Service Enhancement & State of Good Repair	\$276.5 million

SPRINTER Fleet Replacement

The SPRINTER hybrid rail service currently operates with Siemens Desiro diesel multiple units, which are one-of-a-kind and nearing the end of their useful life. Procuring parts to maintain these vehicles is increasingly challenging and hinders consistent service reliability. The SPRINTER also operates with a temporal separation waiver from the Federal Railroad Administration (FRA), which requires BNSF freight services to operate during a narrow window overnight when SPRINTER service is not operating.



Replacement of the SPRINTER fleet will necessitate upgrades to the SPRINTER Operations Facility (SOF) in Escondido, platform modifications, and other improvements as this existing infrastructure only accommodates the current Desiro fleet. Potential program submittals include USDOT's BUILD program, California's Transit and Intercity Rail Capital Program (TIRCP), and the Federal Transit Administration's (FTA) Rail Vehicle Replacement Program.

Table 2: SPRINTER Fleet Replacement Funding Status and Need

SPRINTER Fleet Replacement Funding Status				
Project Phase	Project Elements	Total Project Cost	Total Funded	Total Unfunded
Vehicle Replacement	Replacement of SPRINTER vehicles	\$180 million	\$0	\$180 million
SOF Improvements	Improvements to the SPRINTER maintenance and operations facility to accommodate the size of the new vehicles	\$137 million	\$0	\$137 million
Infrastructure Modifications	Modifications to SPRINTER infrastructure to ensure ADA compliance and accommodate the size of the new vehicles	\$20 million	\$0	\$20 million
	<i>Total</i>	\$337 million	\$0	\$337 million

SPRINTER Corridor Service Improvement Project



The SPRINTER Corridor Service Improvement Project will upgrade the railroad signals along the corridor and construct 9.5 miles of double track to improve service quality. The project includes the replacement and upgrade of near-obsolete signals, grade-crossing equipment, and related railroad infrastructure as the first phase. Following the completion of the signal upgrades, NCTD will begin the design and construction of four separate phases of double

tracking. NCTD has received funding to begin signal modernization in Oceanside and complete preliminary engineering and environmental clearance for the eastern segment of double tracking through Escondido and San Marcos. Potential program submittals for future phases include USDOT's Better Utilizing Investments to Leverage Development (BUILD) program, TIRCP, and the FRA's Consolidated Rail Infrastructure and Safety Improvements (CRISI) program.

Table 3: SPRINTER Corridor Service Improvement Project Funding Status and Need

SPRINTER Corridor Service Improvement Project Funding Status				
Project Phase	Project Elements	Total Project Cost	Total Funded	Total Unfunded
Signal Modernization	Modernization of the SPRINTER railroad signaling system, including placing train control communications on new SPRINTER fiber.	\$73 million	\$18.1 million	\$54.9 million
PE/Env East	Preliminary engineering and environmental review of double tracking Segments D & D1	\$12.7 million	\$12.7 million	\$0
PE/Env West	Preliminary engineering and environmental review of double tracking Segments A, B & C	\$14.4 million	\$0	\$14.4 million
Double Track Phase A	3.3 miles of double track from Oceanside Transit Center to the El Camino Real Station	\$119 million	\$0	\$119 million
Double Track Phase B	2.1 miles of double track from College Blvd in Oceanside to Melrose Dr in Vista	\$38 million	\$0	\$38 million
Double Track Phase C	2 miles of double track from Buena Creek Rd in unincorporated San Diego County to Palomar College	\$32 million	\$0	\$32 million
Double Track Phase D	2.1 miles of double track from Nordahl Rd in San Marcos to the Escondido Transit Center	\$65 million	\$0	\$65 million
Double Track Phase D1	1.5 miles of double track from Barham Rd in San Marcos to Nordahl Rd in Escondido; replace and realign San Marcos Loop bridge, construct universal crossover east of Palomar College Station	\$213 million	\$0	\$213 million
	<i>Total</i>	\$567.1 million	\$30.8 million	\$536.3 million

Eastbrook to Shell Double Track

The Eastbrook to Shell Double Track project is shovel-ready. The project consists of 0.6 miles of new double track railroad between CP Eastbrook (MP 225.3) and CP Shell (MP 225.9) in the City of Oceanside and replacement of the San Luis Rey River bridge at MP 225.4 with a new double track bridge. SANDAG and NCTD have received \$54.2 million and have a \$80 million unfunded need for the project. Potential program submittals include FRA's Federal State Partnership for Intercity Rail Program (FSP) as well as California's TIRCP and Trade Corridor Enhancement Program (TCEP).



Table 4: Eastbrook to Shell Double Track Funding Status and Need

Eastbrook to Shell Double Track and Bridge 225.4 Funding Status				
Project Phase	Project Elements	Total Project Cost	Total Funded	Total Unfunded
Eastbrook to Shell Double Track	Replacement of Bridge 225.4 and 0.6 miles of new double track	\$134.2 million	\$54.2 million	\$80 million

Sorrento to Miramar Double Track Phase II



The Sorrento to Miramar Double Track Phase II project is nearly shovel-ready. The project consists of 1.9 miles of new double track railroad between MP 251 and MP 253 in the City of San Diego, realignment and straightening of existing curves with slope reinforcement improvements, new control points, and new railroad maintenance access, as well as grading, drainage, utility, temporary access, and fencing

improvements. Potential program submittals include FRA's FSP Program, and California's TIRCP and TCEP.

Table 5: Sorrento to Miramar Double Track Phase II Funding Status and Need

Sorrento to Miramar Double Track Phase II Funding Status				
Project Phase	Project Elements	Total Project Cost	Total Funded	Total Unfunded
Sorrento to Miramar Double Track Phase 2	1.9 miles of new double track, slope reinforcement, and grading, drainage, utility, and fencing improvements.	\$276.5 million	\$30.4 million	\$246.1 million

High Priority Projects for Development and Advancement

NCTD has identified the following projects that require additional project development to make them competitive in discretionary grant programs. To further support NCTD's CY 2026 Discretionary Grants Strategy, **Table 6** identifies additional projects that are worthy of advancement.

Table 6: CY 2026 Priorities for Project Development and Advancement

CY 2026 Priorities for Project Development		
Project	Priority Category	Total Project Cost
CP SONGS Double Track & Bridge Replacement	Service Enhancement & State of Good Repair	\$105 million
Buena Creek Grade Separation	Service Enhancement	\$350,000

CP SONGS Double Track and Bridge Replacements

Camp Pendleton - San Onofre Nuclear Generating Station (SONGS) Double Track and Bridge Replacements project includes the replacement of bridges originally constructed in 1926 and 1941 and the installation of 1.5 miles of double track at a critical bottleneck for the LOSSAN Rail Corridor. The CP SONGS project will improve the on-time performance of Amtrak's Pacific Surfliner service by mitigating the impact of cascading delays. This project was identified as a priority project in NCTD and BNSF's Freight Pathing Study. Key grant programs for submittal include California's TIRCP and the FRA's CRISI program.

Buena Creek Grade Separation

Both the federal and state governments have expressed an interest in eliminating at-grade crossings and have appropriated substantial amounts of money to fund these efforts. NCTD is exploring opportunities to grade separate crossings in the Buena Creek area in unincorporated San Diego County near Vista along the SPRINTER corridor. Grade separation in this area is necessary for future double tracking efforts. NCTD and the County of San Diego have an executed Memorandum of Understanding outlining the parties' mutual interest in securing funding for rail improvements in Buena Creek. Future submittals could be eligible under the FRA's Railroad Crossing Elimination program and State planning grant programs.

Appendix A – Calendar Year 2025 Grant Awards

In Calendar Year 2025, NCTD and its project partners secured \$16.8 million in competitive grant funding. **Table 7** provides an overview of the award amount, program, and project.

Table 7: CY2025 Grant Program – Successful Applications

Successful Applications				
Program	Project	Amount Awarded	Match Amount	Primary Applicant
Low or No Emission Grant Program	Bus Replacement Project to Enhance Safety and Reliability	\$16.8 million	\$2.96 million	NCTD
Total Award (CY 2025)		\$16.8 million	\$2.96 million	

Table 8 provides an overview of the grant applications that NCTD and its project partners submitted in Calendar Year 2025 that were unsuccessful. In total, NCTD and its project partners submitted funding requests totaling approximately \$84 million. NCTD and its project partners' overall success rate (measured in dollars received divided by dollars requested) was 20%. Success in securing discretionary grant funding fluctuates from year to year and is influenced by a variety of factors including, but not limited to, economic conditions, differing programmatic priorities, and size of the competitive pool of applicants.

Table 8: CY2025 Grant Program - Unsuccessful Applications

Unsuccessful Applications				
Program	Project	Amount Requested	Primary Applicant	
FY24 FSP National	Eastbrook to Shell Double Track	\$80 million	SANDAG	
2025 BUILD	SPRINTER Infrastructure Investment Program	\$3.2 million	NCTD	
Caltrans Planning Grant	Bus Network Redesign	\$446,307	NCTD	
Caltrans Planning Grant	Buena Creek Grade Separation	\$262,467	NCTD	

Appendix B - Calendar Year 2025 Pending Applications

NCTD applied for a wide variety of discretionary grant programs in CY 2025, five of which are still pending. These funds would represent \$2.8 million in additional investment if they are awarded.

Table 9: CY2025 Grant Program - Pending Applications

Pending Applications						
Program	Project	Amount Requested	Proposed Match	Primary Applicant	Application Submitted	Projected Award Date
Congressionally Directed Spending	SPRINTER Improvements	\$1,200,000	\$300,000	NCTD	May 2025	January 2026
Community Project Funding	San Diego Subdivision PTC	\$600,000	\$150,000	NCTD	May 2025	January 2026
Community Project Funding	Bus Stop Improvements	\$250,000	\$62,500	NCTD	May 2025	January 2026
Caltrans Planning Grant	Bus Stop Assessment	\$393,820	\$51,024	NCTD	November 2025	Spring 2026
Caltrans Planning Grant	Buena Creek Grade Separation	\$309,856	\$40,144	NCTD	November 2025	Spring 2026
Total Pending Award (CY 2025)		\$2,753,676	\$603,668			

Appendix C – Federal and State Funding Information

Federal Funding Sources

The *Infrastructure Investment and Jobs Act* (IIJA), also known as the *Bipartisan Infrastructure Law* (BIL), was signed into law in November 2021, authorizing \$108 billion for public transit and \$102 billion for rail projects through fiscal year 2026. Appropriation to the authorized levels is dependent upon the Congressional funding process. However, the IIJA/BIL did include some advance appropriations. The following table provides a program-level overview of advance appropriations and anticipated funding levels subject to Congressional action later in 2026.

Table 10: Federal Competitive Public Transportation Programs

Federal Competitive Public Transportation Programs			
Program	Anticipated FY 2026 Funding	NOFO Published/Anticipated	Anticipated Project Selection
Competitive Programs – Public Transportation			
Capital Investment Grants	\$4.6 billion	N/A	N/A
Low or No Emission Program	\$1.1 billion	TBD	TBD
Bus and Bus Facilities Competitive Grants	\$490 million	TBD	TBD
Transit-Oriented Development Pilot Program	\$14 million	TBD	TBD
Rail Vehicle Replacement Program	\$300 million	TBD	TBD
Competitive Programs – Passenger Rail			
Consolidated Rail Infrastructure and Safety Investments (CRISI) Program	\$2 billion	May 2025	February 2026
Federal-State Partnership for Intercity Passenger Rail Grant Program – National	\$5 billion	September 2025	May 2025
Railroad Crossing Elimination	\$1.1 billion	September 2025	June 2026
Competitive Programs – Multi-Modal Transportation			
Better Utilizing Investments to Leverage Development (BUILD)	\$1.5 billion	December 2025	June 2026

State and Regional Funding Sources

The Road Repair and Accountability Act (Chapter 5, Statutes of 2017, SB 1) was enacted in 2017 and provides stable, long-term funding for state and local transportation infrastructure through fuel taxes and vehicle value-based transportation improvement fees. SB 1 provides an average of \$5.4 billion per year over the next decade for a variety of state and local projects. The table below provides an estimated breakdown of SB 1 Funding estimated contributions to programs that are relevant to NCTD.

Table 11: Estimated SB1 Discretionary Funding for Transportation Programs

Estimated SB1 Discretionary Funding for Transportation Program	
SB1 Public Transit Programs	Estimated Annual Funding
Transit and Intercity Rail Capital Program	\$1 billion
State Transit Assistance	\$250 million
State of Good Repair Program	\$120 million
State Rail Assistance Program	\$95 million
Solutions for Congested Corridors	\$500 million
Trade Corridor Enhancement Program	\$300 million
State-Local Partnership Program	\$200 million
Sustainable Transportation Planning Grants	\$25 million

Table 12: Federal Discretionary Grant Programs

Federal Discretionary Grant Programs			
Agency	Program Name	Program Focus and Eligible Projects	Potential NCTD Projects
FTA	Access and Mobility Partnership Grants	Funds capital projects and programs for the transportation of disadvantaged populations that will improve the coordination of transportation services and non-emergency medical transportation.	Travel training and non-emergency medical transportation.
FTA	Bus and Bus Infrastructure Investment Program (5339)	Funds capital projects to replace, rehabilitate and purchase buses, vans, and related equipment, and to construct bus-related facilities, including technological changes or innovations to modify low or no emission vehicles or facilities.	Zero emission buses and bus infrastructure.
FTA	Capital Investment Grants (5309)	Funds major transit capital investments, including heavy rail, commuter rail, light rail, streetcars, and bus rapid transit. Projects seeking CIG funding must complete a series of steps over several years in order to be eligible for funding. Projects must then be rated by the FTA at various points along the project's process.	Major capacity-enhancing projects such as the SPRINTER Corridor Service Improvement Project.
FRA	Consolidated Rail Infrastructure and Safety Improvements Program (CRISI)	Funds capital projects that will improve passenger and freight rail transportation systems in terms of safety, efficiency, or reliability.	Bridge rehabilitation or replacement
FRA	Federal-State Partnership for Intercity Rail	Funds capital projects to repair, replace, or rehabilitate qualified railroad assets to reduce the state of good repair backlog and improve intercity passenger rail performance.	Double tracking, bridge rehabilitation or replacement
FTA	Low or No Emission Vehicle Program [5339(c)]	Funds the purchase or lease of low or no emission transit buses and related equipment, or to lease, construct, or rehabilitate facilities to support low or no emission buses.	Zero emission buses and bus infrastructure.
FTA	Public Transportation Innovation (5312)	Provides funding to develop innovative products and services assisting transit agencies in better meeting the needs of their	Research and development of policies for zero-emission

Federal Discretionary Grant Programs			
		customers. Eligible projects include the research, development, demonstration, and deployment of public transportation technologies.	and automated vehicle operation.
FTA	Rail Vehicle Replacement Program	For state and local governmental authorities to fund capital projects for the replacement of rail rolling stock	Replacement of SPRINTER/COASTER vehicles
FRA	Railroad Crossing Elimination	Funds highway-rail or pathway-rail grade crossing improvement projects that focus on improving the safety and mobility of people and goods	Grade separations
US DOT	Better Utilizing Investments to Leverage Development (BUILD)	A flexible grant program to fund multi-modal, multi-jurisdictional projects that are more difficult to support through traditional DOT programs	SPRINTER corridor improvements
FEMA	Transit Security Grant Program	Funds transportation infrastructure security activities to strengthen critical infrastructure and protect against risks associated with potential terrorist attacks. Eligible projects include preparedness activities, operations deterrence and operations packages, and capital projects.	Intrusion detection system; CCTV upgrades

Table 13: State Discretionary Grant Programs

State Discretionary Grant Programs			
Agency	Program Name	Program Focus and Eligible Projects	Potential NCTD Projects
CARB	Carl Moyer Memorial Air Quality Standards Attainment (Carl Moyer) Program	Provides grant funding to purchase cleaner-than-required engines, equipment, and emission reduction technologies. Eligible projects include cleaner on-road trucks, transit buses, off-road equipment, locomotives, and light duty vehicle scrap.	Zero-emission rail locomotives and zero-emission buses.
CARB	Hybrid and Zero-Emission Truck and Bus Voucher Incentive Program	Provides funding on a first-come, first-served basis. The program provides vouchers of up to \$95,000 for California purchasers and lessees of zero-emission trucks and buses, and up to \$30,000 for eligible hybrid trucks and buses. HVIP provides increased incentives for fleets located in disadvantaged communities, with vouchers up to \$110,000 for zero-emission trucks and buses.	Zero-emission buses.
Caltrans	Local Partnership Program	Provides funding for counties, cities, districts, and regional transportation agencies in which voters have approved fees or taxes solely dedicated to transportation improvements.	Major capacity-enhancing projects such as Eastbrook to Shell double tracking and SPRINTER doubletracking.
Caltrans	Low Carbon Transit Operations Program	A formulaic program that funds operating and capital assistance to transit agencies with the goal of reducing greenhouse gas (GHG) emissions and improving mobility.	Zero-emission buses
CTC	Solutions for Congested Corridors Grant Program	Funds projects designed to achieve a balanced set of transportation, environmental, and community access improvements within highly congested travel corridors throughout the State as part of a comprehensive corridor plan. These improvements may be on the State highway system, local streets and roads, public transit facilities, bicycle and pedestrian facilities or required mitigation or restoration.	Multimodal, capacity-enhancing projects such as LOSSAN double tracking and SPRINTER double tracking.

State Discretionary Grant Programs			
CalSTA	State Rail Assistance Program	Formulaic program that provides funding for California's commuter and inter-city rail agencies. Funding for commuter rail is split between the state's five commuter rail agencies, allowing each eligible agency to submit a request for funds. This program emphasizes projects that promote connectivity, integration of intercity rail service, and projects that have the greatest potential to grow rail ridership.	Locomotives and rail car overhauls.
Caltrans	Sustainable Transportation Planning Grant Program	Funds planning projects that directly benefit multimodal transportation systems through the integration of land use, housing, and transportation planning. Eligible projects include studies and assessments that help advance community efforts to reduce single occupancy vehicle trips and transportation-related GHG emissions.	Planning studies including active transportation, technology, smart growth, and other key community mobility goals.
CalSTA	Transit and Intercity Rail Capital Program (TIRCP)	Funds capital improvements to modernize California's intercity, commuter, and urban rail systems, and bus and ferry transit systems. The program aims to significantly reduce emissions of greenhouse gases, vehicle miles traveled, and congestion. Projects include rail capital projects to expand, enhance or improve existing rail systems and connectivity; projects that increase service levels, reliability, and decrease travel times; integrating ticketing and scheduling systems; and bus rapid transit investments.	Major capacity-enhancing projects such as Sorrento to Miramar and SPRINTER doubletracking.
CTC	Trade Corridor Enhancement Program	Funds infrastructure improvements on federally designated Trade Corridors of National and Regional Significance, on California's portion of the National Highway Freight Network, as identified in California Freight Mobility Plan, and along other corridors that have a high volume of freight movement.	Major capacity-enhancing projects such as Eastbrook to Shell and Sorrento to Miramar doubletracking.



Adopt CY 2026 Discretionary Grants Strategy

Regular Board Meeting
January 15, 2026

COASTER SPRINTER BREEZE FLEX LIFT NCTD⁺

CY 2025 Successes



Bus Replacement Project - \$16.8 million



Congressionally Directed Spending / Community Project Funding (pending):

- SPRINTER Improvements - \$1.2 million
- San Diego Subdivision PTC - \$600,000
- Bus Stop Improvements - \$250,000



Caltrans Planning Grants (pending):

- Bus Stop Assessment - \$393,820
- Buena Creek Grade Separation - \$309,856

Grant Strategy Considerations



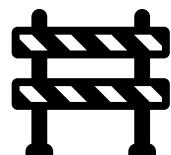
Local and Stakeholder Support



Grant Program Objectives and Project Eligibility



Alignment with Strategic Goals



Project Status

Priority Projects

Project	Unfunded Need
SPRINTER Fleet Replacement	\$337 million
SPRINTER Corridor Service Improvement Project	\$536.3 million
Eastbrook to Shell Double Track Project	\$80 million
Sorrento to Miramar Double Track Phase II	\$246.1 million

SPRINTER Fleet Replacement

Project elements:

- Fleet replacement
- SPRINTER Operations Facility (SOF) improvements
- Platform modifications

Potential programs:

- Transit and Intercity Rail Capital Program (TIRCP)
- BUILD



SPRINTER Corridor Service Improvement Project



Project elements:

- Signal modernization
- 9.5 miles of double track

Secured funding:

- \$30.8 million

Potential programs:

- CRISI
- BUILD
- TIRCP

Eastbrook to Shell Double Track Project

Project elements:

- Replacement of San Luis Rey River bridge with new double track bridge
- 0.6 miles of new double track railroad

Secured funding:

- \$54.2 million

Potential programs:

- Federal-State Partnership for Intercity Passenger Rail (FSP)
- Trade Corridor Enhancement Program (TCEP)
- TIRCP



Sorrento to Miramar Double Track Phase II



Project elements:

- 1.9 miles of new double track
- Slope stabilization improvements:
 - Slope reinforcement
 - Grading, drainage, utility, and fencing

Secured Funding:

- \$30.4 million

Potential programs:

- TCEP
- TIRCP
- FSP

Other Priority Projects for Advancement

Project	Unfunded Need
Buena Creek Grade Separation	\$350,000
CP SONGS Double Track and Bridge Replacement	\$105 million

Staff Recommendation

- Approve and authorize staff to implement the proposed CY 2026 Discretionary Grants Strategy.

Questions?

NORTH COUNTY TRANSIT

SAN DIEGO RAILROAD

**Agenda
Item #
17**

STAFF REPORT

RECEIVE THE FISCAL YEAR 2025 FINANCIAL AUDIT RESULTS AND ANNUAL COMPREHENSIVE FINANCIAL REPORT

Time Sensitive: **Consent:**

**STAFF
RECOMMENDATION:**

Receive the Fiscal Year 2025 (FY2025) Financial Audit Results and Annual Comprehensive Financial Report (ACFR).

**BACKGROUND
INFORMATION:**

In accordance with the State of California Public Utilities Code § 125105, the North County Transit District operating as North County Transit - San Diego Railroad (NCTD) is required to have an audit of its financial transactions and records performed annually by an independent certified public accountant. Eide Bailly, NCTD's independent auditors, have completed the audit of NCTD's financial statements, Single Audit, and Transportation Development Act (TDA) for the fiscal year ended June 30, 2025, and will present the audit results and the auditor's communication with those charged with governance.

Below are some of the FY2025 financial highlights:

- Cash and investments of \$131.1 million as of June 30, 2025 and maintained the minimum cash reserve required by Board Policy No. 10 *Cash Reserve Funds*
- \$6.4 million Net Operating Income (excluding depreciation, amortization, GASB68/GASB75/GASB87/GASB96 non-cash adjustments, and the Unfunded Accrued Liability pension contribution)
- Capital expenditures of \$78.5 million

Eide Bailly issued an unmodified (clean) opinion on the ACFR, Single Audit, and TDA reports and determined that no material weaknesses nor issues of non-compliance were identified.

ATTACHMENT:

17A – Eide Bailly Presentation FY2025
17B – Eide Bailly Letter to the Board FY2025
17C – Audited Annual Comprehensive Financial Report FY2025
17D – Single Audit and TDA Report FY2025

NCTD's audited reports are available at:

<https://gonctd.com/about-nctd/accountability/>

FISCAL IMPACT:

This staff report has no fiscal impact.

COMMITTEE REVIEW:

None

STAFF CONTACT:

Eun Park-Lynch, Chief Financial Officer
E-mail: eparklynch@nctd.org Phone: 760-967-2858



RELATED TO
INFORMATION ITEM 17

North County Transit District

Communication with Those Charged with Governance

January 15, 2025



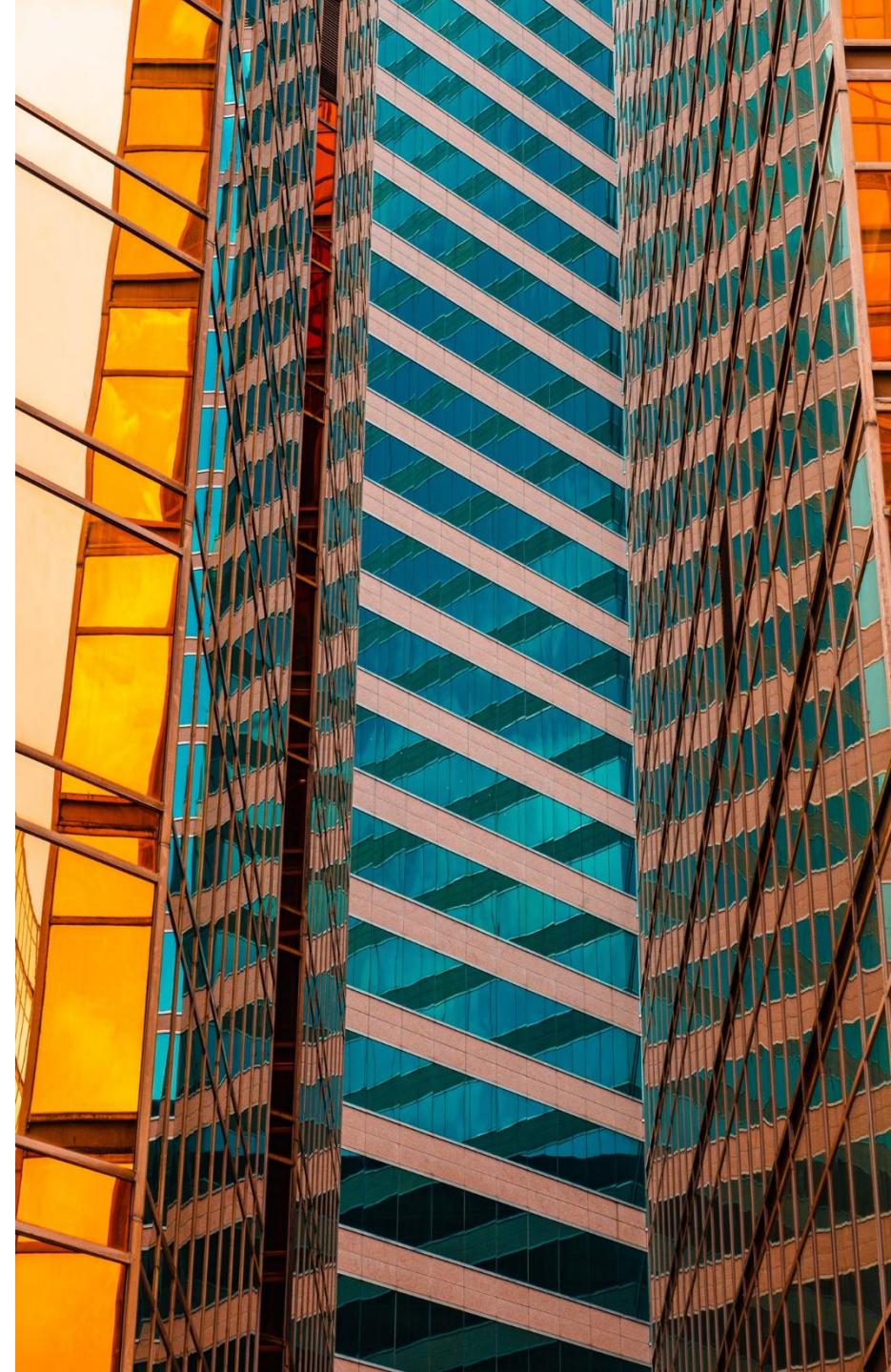


Audit Services

- Audit of the Annual Comprehensive Financial Report (ACFR)
- Report on internal control over financial reporting and on compliance and other matters in accordance with *Government Auditing Standards*
- Audit report on compliance over major federal programs, schedule of expenditures of federal awards and internal control in accordance with 2 CFR 200 (Single Audit)

Our Responsibility in Accordance with Professional Standards

- Form and express an opinion about whether the financial statements which are the responsibility of management, with your oversight, are presented fairly, in all material respects, in accordance with U.S. GAAP.
- Our responsibility is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement.
- We considered internal control over financial reporting and over direct and material compliance requirements for major federal programs. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.



Summary of Audit Results



Financial Statements

- Unmodified opinion on NCTD's ACFR for the fiscal year ended June 30, 2025.



Government Auditing Standards

- No material weaknesses or significant deficiencies were reported for our audit of the fiscal year ended June 30, 2025.

Auditor Communications

Ethics and Independence

- We have complied with all relevant ethical requirements regarding independence.

Significant Accounting Policies

- Summary of significant accounting policies – Note 1
- Adopted GASB 101, *Compensated Absences*, as of July 1, 2024 – not a material impact to the ACFR.

Significant Risks Identified

- Management override of internal controls
- Revenue recognition
- Estimates related to the pension amounts
- Estimates related to the other post-employment benefit amounts

Sensitive Estimate/Disclosure

- Pension liability of the CalPERS plan (Note 13)
- OPEB liability (Note 14)
- Disclosure of NCTD's interest rate swap (Note 7)

Corrected and Uncorrected Misstatements

- One uncorrected misstatement was identified as a result of our audit procedures. This was determined to be immaterial to the financial statements taken as a whole.

Circumstances that Affect the Form and Content of the Auditor's Report

- An emphasis of matter paragraph was included in our report to draw attention to the disclosures for the adoption GASB 101, *Compensated Absences*.

Significant Difficulties

- We encountered no significant difficulties in dealing with management.

Disagreements with Management

- No disagreements arose during the course of the audit.



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Thank you

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December 17, 2025

To the Board of Directors
North County Transit District
Oceanside, California

We have audited the financial statements of North County Transit District (NCTD) as of and for the year ended June 30, 2025, and have issued our report thereon dated December 17, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards* and our Compliance Audit under the Uniform Guidance

As communicated in our letter dated August 28, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether NCTD complied with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of NCTD's major federal programs. Our audit of the financial statements and major program compliance does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of NCTD solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of NCTD's major federal program compliance, is to express an opinion on the compliance for each of NCTD's major federal programs based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, as a part of our major program compliance audit, we considered internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the NCTD's internal control over compliance.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated December 17, 2025. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance of the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated December 17, 2025.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by NCTD is included in Note 1 to the financial statements. As discussed in Note 1 to the financial statements, NCTD has changed accounting policies related to accounting for compensated absences to adopt the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. No material impact was noted to NCTD's financial statements. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimate affecting the financial statements is management's estimate related to pension, and the related deferred inflows and outflows of resources, expense, and disclosures.

We evaluated the key factors and assumptions used to develop the estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting NCTD's financial statements relate to:

The disclosure of NCTD's interest rate swap in Note 7 identifies the terms of the financial instrument, risks and negative fair value.

The disclosure of NCTD's defined benefit pension plan, net pension liability and related deferred inflows of resources and deferred outflows of resources in Note 13 to the financial statements. The valuation of the net pension liability and related deferred outflows/inflows of resources are sensitive to the underlying actuarial assumptions used including, but not limited to, the investment rate of return and discount rate. As disclosed in Note 13, a 1% increase or decrease in the discount rate has a significant effect on NCTD's net pension liability.

The disclosures related to NCTD's defined benefit retiree healthcare plan, total OPEB liability, and related deferred outflows/inflows of resources, and OPEB expense, in Note 14 to the financial statements. The valuations of the total OPEB liability and related deferred outflows/inflows of resources are sensitive to the underlying actuarial assumptions used including, but not limited to, the investment rate of return, discount rate, and healthcare cost trend rates. As disclosed in Note 14, a 1% increase or decrease in the discount rate and healthcare cost trend rates has a significant effect on NCTD's total OPEB liability.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Unrealized Gains/Losses – GASB 31

Understatement of Cash and Investments for Unrealized Gains	\$1,583,626
Understatement of Investment Income	\$1,583,626

Adjustment to report cash and investments at fair market value as of June 30, 2025

The effect of these uncorrected misstatements, as of and for the year ended June 30, 2025, is an understatement of the change in net position of \$1,583,626 and understatement of ending net position of \$1,583,626.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. We did not modify our opinion related to this matter. As discussed in Note 1 to the financial statements, NCTD has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, and No. 101, *Compensated Absences*, for the year ended June 30, 2025. As a result of implementing the standard, there was no effect on the beginning net position as of July 1, 2023. Our opinion is not modified with respect to this matter.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated December 17, 2025.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with NCTD, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as NCTD's auditors.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in NCTD's annual reports, does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

Additionally, in accordance with such standards, we have read the introductory and statistical sections of NCTD's annual report and considered whether such information, or the manner of its presentation was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Board of Directors, and management of NCTD and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eric Baily, LLP". The signature is fluid and cursive, with "Eric" and "Baily" connected by a single stroke, and "LLP" written in a smaller, separate group of letters.

Rancho Cucamonga, California



Annual Comprehensive Financial Report

For the Fiscal Years Ended
June 30, 2025 and 2024

Prepared by: Finance Division, North County Transit - San Diego Railroad



WHO WE ARE

The North County Transit District, operating as North County Transit - San Diego Railroad (referred to herein as NCTD) services are a vital part of San Diego's regional transportation network. During fiscal year 2025, NCTD moved approximately 8.5 million passengers by providing public transportation for North San Diego County. The family of transit services includes:

- BREEZE Fixed route bus
- LIFT ADA Paratransit
- FLEX Deviated fixed route and point-deviated fixed-route
- COASTER Commuter rail
- SPRINTER Hybrid rail
- NCTD+ On demand microtransit

MISSION

NCTD's mission is to operate an environmentally sustainable and fiscally responsible transit network that provides seamless mobility for all while achieving organizational and operational excellence.

VISION

NCTD envisions a comprehensive transit and mobility system that connects all North County San Diego residents and visitors to a healthy, economically vibrant, and thriving region.

STRATEGIC FRAMEWORK

NCTD's Strategic Framework is built upon NCTD's "North Star", which provides the framework on how NCTD prioritizes business initiatives and projects. The North Star guides NCTD's focus and commitment to the communities it serves, its customers, and its employees, with the following strategic areas of focus:

- World-Class Customer Experience
- Safety and Security
- Fiscal Duty
- Community and Governmental Stewardship
- Employee Experience

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Introductory Section (Unaudited)

Letter of Transmittal



December 17, 2025

To the Board Chairperson, Members of the Board, and Citizens of North San Diego County:

On behalf of the North County Transit District, operating as North County Transit - San Diego Railroad (referred to herein as NCTD), we are pleased to present you with the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2025. The basic financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) and have been audited by Eide Bailly LLP in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. This letter of transmittal highlights significant factors affecting the financial and operating results of NCTD. Further detail is presented in management's discussion and analysis (MD&A), and the audited basic financial statements and accompanying notes.

NCTD's management is solely responsible for the accuracy, completeness and fairness of the information presented in this ACFR. Management has established a comprehensive system of internal controls to prevent the loss, theft, or misuse of NCTD's assets and to ensure that adequate financial information is compiled to allow for the presentation of the financial statements in conformity with GAAP. Due to the inherent limitations of internal controls, such controls are designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement. To the best of our knowledge, the basic financial statements, as presented, are accurate and complete in all material respects and present fairly NCTD's financial position and the results of NCTD's operations for Fiscal Year 2025 (FY2025) and Fiscal Year 2024 (FY2024).

NCTD Governance

The North San Diego County Transit Development Board (NSDCTDB) was established by an act of the California State Legislature (Senate Bill 802) on September 20, 1975, to plan, construct, and operate public transit systems in the northern region of San Diego County. On January 1, 2003, a state law was enacted (SB 1703) that essentially transferred future transit planning, programming, development, and capacity enhancing construction projects to the San Diego Association of Governments (SANDAG), San Diego County's Regional Planning Agency. In January 2006, the North San Diego County Transit Development Board was renamed as the North County Transit District. Beginning in late 2025, the North County Transit District began operating under the name of North County Transit - San Diego Railroad. The operations of NCTD are governed by a ten-member Board of Directors (Board), with voting members consisting of eight city council representatives (one from each of the eight cities in North San Diego County), one representative from the San Diego County Board of Supervisors Fifth District, and one *ex officio* member from the City of San Diego.

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Operations, Services and Activities

During FY2024 and for most of FY2025, NCTD contracted with MV Transportation, Inc. (MV) for the provision of fixed-route bus (BREEZE), deviated fixed-route and point-deviated fixed-route (FLEX), and Americans with Disability Act of 1990 (ADA) paratransit (LIFT) public transit services. On June 29, 2025, NCTD insourced bus operations and maintenance, effectively assuming direct operations of all transit services. NCTD had previously insourced rail operations and maintenance on June 26, 2022 and facilities maintenance, maintenance-of-way, and signal functions on June 25, 2023.

FY2025 marked another year of advancing several critical bus and rail projects. NCTD continued advancing the transition of the bus fleet to zero emission operations by acquiring 35 hydrogen fuel cell electric buses. Construction continued on the Del Mar Bluffs Phase 5 stabilization project and design was completed for the COASTER platform at the San Diego Convention Center in downtown San Diego, with construction anticipated to start in the spring of 2026.

Economic and Funding Outlook

Transit funding is subject to annual appropriation by Congress and is administered by the Federal Transit Administration (FTA). FTA formula programs generally provide 80% of the cost of eligible activities that are primarily capital. Additional state and local funding sources supplement the FTA programs. The formula for determining each metropolitan area's share of FTA funds involves population, density, bus and rail vehicle miles, and rail route miles. FTA revenues comprised 30% of NCTD's total operating revenues and 50% of NCTD's capital revenues during FY2025.

State and local sales tax revenues from the Transportation Development Act (TDA) and TransNet programs are a significant source of funding for NCTD. The share of TDA and TransNet fund between NCTD and MTS is allocated based on the population of each transit agency's service areas. NCTD COASTER expanded service also receives TransNet funding. TDA and TransNet revenues comprised approximately 28% and 15%, respectively, of NCTD's non-capital revenues during FY2025.

Slowing sales tax revenues in the coming years reinforces the need for NCTD to diversify its revenue sources and manage expenses. Diversification of revenue is critical to provide the stability necessary to maintain existing service levels. NCTD is exploring all avenues and pursuing partnerships with peer agencies, stakeholder groups, and private industry to manage costs and identify new funding sources. NCTD's Capital Improvement Program is in part funded through discretionary grants, which NCTD will continue to seek in collaboration with project partners to advance priority projects and maintain a reliable transit system.

Financial Health

NCTD's budget policies are governed by NCTD Board Policy No. 17 - *Budget Development*. This policy ensures that proper procedures and controls are followed in the development and implementation of the annual operating budget and capital improvement program. NCTD must adopt an annual balanced budget where total revenues are equal to or exceed total expenses; one-time revenues generally should be used for one-time expenses or capital investments; and short-term and long-term debt may be used for valid business reasons including temporary cash flow, emergency shortfalls, and urgent unfunded capital improvements, provided the Board reviews an analysis of the fiscal effect of the debt on NCTD operations and adopts the debt by resolution.

NCTD's FY2025 operating expenses were under budget by \$15.4 million (excluding pension non-cash adjustments and the defined benefit plan unfunded accrued liability payment, which are not included in the operating budget). Budget savings were reprogrammed for capital investments and rolled-forward for future fiscal years.

NCTD had cash and investments of \$131.1 million as of June 30, 2025 and maintained the minimum cash reserve required by Board Policy No. 10 Cash Reserve Funds. NCTD has established and maintains a minimum cash reserve fund of \$15 million or fifteen (15) percent of the annually budgeted operating expenditures and an additional \$3.55 million cash reserve fund for self-insured retention.

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Long-Term Financial Planning and Contingency Planning

Each year, NCTD develops its operating budget and 5-Year Capital Improvement Program (CIP) to support the areas of focus for NCTD. The budget document includes a 5-Year Plan that provides a long-term outlook of NCTD's major cost drivers and available funding sources. NCTD also provides three forecasts for the next ten fiscal years with revenue and expense assumptions primarily driven by low, medium, and high grant revenue forecasts. NCTD performs sensitivity analysis using low-range grant revenue forecasts to develop contingency strategies to address expense structure and service levels should these conditions occur. The most recent Fiscal Year 2026 (FY2026) to Fiscal Year 2030 (FY2030) 5-Year Plan shows that NCTD will face a decrease in projected sales tax revenues, which are a significant source of funds for NCTD. Diversification of revenue and discretionary grants will be critical to provide the stability necessary to maintain existing service levels.

NCTD's pension plan was funded at 73.6% as of the measurement period ended June 30, 2024, a small increase from 71.5% for the measurement period ended June 30, 2023. NCTD has fully met its annual actuarially determined contributions each year since fiscal year 2009.

Strategic Areas of Focus

Each year, NCTD's staff, its Board of Directors, customers, and key stakeholders identify Areas of Focus for NCTD. NCTD aligns its key business activities and initiatives with these identified objectives to ensure that budget, personnel, and business activities support the strategic direction and goals of NCTD. Below are the strategic areas of focus for NCTD:

- World Class Customer Experience
 - Enhance Service Reliability
 - Improve Customer Communications During Service Disruptions
 - Improve Real-Time Information
 - Maintain Service Needs for Essential Workers
 - Increase Oversight Over Operations Through Bus Transition
 - Explore Ability to Manage Corridor / Planning Studies
- Safety and Security
 - Upgrade of Positive Train Control System
 - Prioritize Capital Improvements to Increase Rail Safety
 - Ensure Front Line Employee Safety and Security
 - Expand Reach of the District's Sheriff's Team
 - Increase Security on Modes and Transit Centers
- Fiscal Duty
 - Manage Expenses Through the Bus Transition
 - Pursue Additional Operating Funding Sources
 - Actively and Aggressively Find Grant Opportunities for Priority Projects
 - Manage Work Conducted In-House vs. Externally
 - Understand the Impacts of Alternative Fuels on Agency Expenses
 - Identify Sustainable Revenue Source for Youth Opportunity Pass
 - Conduct Fare Analysis

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- Community and Governmental Stewardship
 - Support Local Economies Through Robust Transit Options
 - Ensure North County Communities Benefit from Project Opportunities
 - Continue Forging Partnerships Creating Short and Long-Term Successful Outcomes for Communities
 - Support City and County Projects Outside of the Transit Realm
 - Build on Relationships with Business Communities
 - Attend Community Events and Expand Involvement at City / County Planning Levels
 - Provide Feedback to Federal Reauthorization and Funding Opportunities
 - Explore Opportunities for Collaboration on the Los Angeles-San Diego-San Luis Obispo (LOSSAN) Corridor
- Employee Experience
 - Enhance Employee Experience Through Bus Transition
 - Promote Succession Planning for Future Leaders
 - Provide Learning and Development Opportunities Available for All Employees
 - Manage Organizational Structure Effectively
 - Ensure the District is Competitive for Prospective Employees

Financial Reporting

The Financial Section includes the independent auditor's report, management's discussion and analysis, audited basic financial statements and accompanying notes, and required supplementary information.

We express our appreciation to the dedicated NCTD's employees who assisted in the preparation of this report as well as our independent auditors who helped prepare and review this report. We extend special appreciation to the Board of Directors for its support of NCTD's efforts to provide excellent operational and financial management of NCTD.

Respectfully submitted,



Shawn Donaghy
Chief Executive Officer



Eun Park-Lynch
Chief Financial Officer

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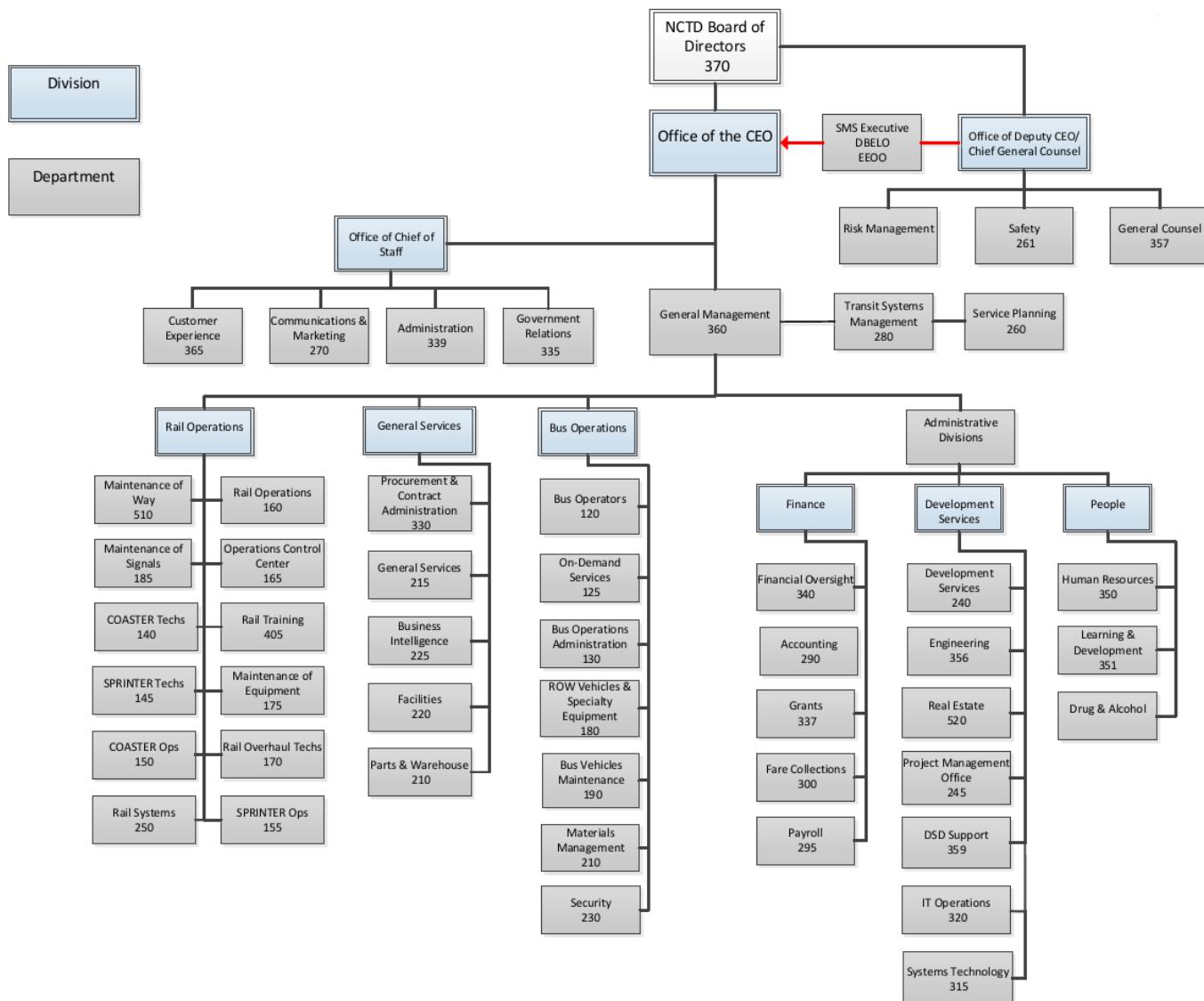


Suheil Rodriguez
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North County Transit District
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Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

The Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the North County Transit District for its annual comprehensive financial report for the fiscal year ended June 30, 2024. This was the 23rd consecutive year that the North County Transit District has achieved this prestigious award. The report was judged by an impartial panel to meet the high standards of the program, which includes demonstrating a constructive spirit of full disclosure to clearly communicate its financial story and motivate potential users and user groups to read the report.

The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. The Certificate of Achievement is valid for a period of one year only.

Acknowledgements

Special thanks to the team of NCTD's employees who assisted in preparing this Annual Comprehensive Financial Report. We thank them for their hard work and commend them for their professionalism.

Sincerely,



Eun Park-Lynch
Chief Financial Officer



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

North County Transit District California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024


Christopher P. Morrell
Executive Director/CEO

Services and Activities

History

The North San Diego County Transit Development Board (NSDCTDB) was established by an act of the California State Legislature (Senate Bill 802) on September 20, 1975, to plan, construct and operate public transit systems in the northern region of San Diego County. The NSDCTDB acquired the municipal transit systems operated by the cities of Escondido and Oceanside and commenced operations in July 1976 by providing bus services to the region. In 1992, NCTD was designated by the San Diego Association of Governments (SANDAG) as the lead agency for providing commuter rail service in San Diego County. Rail services between Oceanside and San Diego (called the COASTER) began in February 1995. On January 1, 2003, a state law was enacted (Senate Bill 1703) that essentially transferred future transit planning, programming, development, and capacity enhancing construction projects to SANDAG, San Diego County's Regional Planning Agency. In 2003, NCTD began the construction of a hybrid rail system between Escondido and Oceanside (called the SPRINTER), which consisted of the reconstruction of 22 miles of railroad in the existing east-west corridor. Project management for the SPRINTER project was subsequently transitioned to SANDAG. The SPRINTER hybrid rail service commenced operations in March 2008. In January 2006, the North San Diego County Transit Development Board was renamed as the North County Transit District. Beginning in late 2025, the North County Transit District began operating under the name of North County Transit - San Diego Railroad.



NCTD provides integrated public transit service primarily within North San Diego County with its BREEZE fixed route buses, FLEX deviated fixed-route, LIFT ADA-certified paratransit, COASTER commuter rail, SPRINTER hybrid rail modes, and NCTD+ on demand microtransit. NCTD is unique within the transit industry given the size of its annual operating budget and its operations of multimodal services that are typically operated by larger transit systems. There are 30 commuter rail agencies in the United States that operate service like the COASTER and six agencies that operate diesel multiple units like the SPRINTER. Moreover, NCTD is responsible for maintenance of railroad tracks that support commuter, intercity, and freight operations.

Service Area

NCTD provides bus, van, and train service in San Diego County - from the rural areas of Fallbrook, Ramona, and the Camp Pendleton Marine Corps Base, to the cities of Carlsbad, Del Mar, Encinitas, Escondido, Oceanside, San Marcos, Solana Beach, and Vista, and the unincorporated parts of north San Diego County, with COASTER service extending to downtown San Diego. The total population of NCTD's 340 square mile service area (1,029 jurisdiction area) is estimated to be 959,885 (SANDAG Open Data Portal 2024 estimate).



NCTD provides connecting service to other transit agencies including the Metropolitan Transit Service (MTS) in San Diego via the Trolley, MTS buses and ACCESS; Metrolink commuter rail service at Oceanside; Amtrak trains connecting at Oceanside, Solana Beach, and San Diego; and Greyhound buses connecting at Oceanside and Escondido. BREEZE buses, SPRINTER trains, and LIFT vehicles also connect at each of the NCTD transit centers located in Oceanside, Vista, and Escondido.

BREEZE Fixed Route Bus

The BREEZE currently operates 30 routes in the North County service area, from early morning to late at night, seven days a week. As of June 30, 2025, the active fleet consisted of 154 buses.

All BREEZE buses in the fleet are equipped with bicycle racks giving passengers the ability to bike and ride to their destinations and are accessible with low floors, ramps, or wheelchair lifts to assist the elderly and passengers with disabilities to board and ride with ease. BREEZE buses are equipped with fareboxes and PRONTO validators that allow passengers to use a regional transit card for seamless travel throughout San Diego County on all public transportation. Customers can utilize stored (prepaid) value, day passes, and monthly passes to ride transit throughout the San Diego region.



During FY2025, BREEZE had 5.9 million boardings compared to 9.5 million boardings in FY2024, an increase of 11.9%.

LIFT ADA Paratransit

NCTD maintains a fleet of 40 vans and small buses known as “cut-aways” that support LIFT services. The use of LIFT services requires the assessment and determination that the customer has a functional limitation that prevents the use of some or all parts of fixed-route service. LIFT is provided to areas that are within $\frac{3}{4}$ of a mile of an NCTD BREEZE bus route and/or SPRINTER rail station. LIFT provides curb-to-curb service for customers; however, assistance is available beyond the curb (for example to a front door) as necessitated by a rider's disability. NCTD's contractor, ADARide, determines eligibility and certification, while NCTD is responsible for providing reservations, dispatching, and transportation.



Persons who are certified to use LIFT and obtain an NCTD paratransit photo ID can ride the BREEZE buses, COASTER commuter rail, and SPRINTER free of charge. A personal care attendant (PCA) that accompanies a LIFT customer can also travel fare free on BREEZE and SPRINTER services.

In FY2025, NCTD provided 111,204 rides to LIFT paratransit passengers throughout Northern San Diego County compared to 105,244 boardings in FY2024, an increase of 5.7%.

FLEX Deviated Fixed-Route and Point-Deviated Fixed-Route

FLEX has two different service models: deviated fixed-route and point-deviated fixed-route. Deviated fixed-route service has a set schedule and route but can deviate from the route up to $\frac{3}{4}$ of a mile for scheduled pick-ups or drop-offs. This service model includes FLEX 392 and FLEX 395 which connects portions of Camp Pendleton and Oceanside. Point-deviated fixed-route service also has a set schedule and route but only allows scheduled deviations to specific points along the route. FLEX 371 is the only point-deviated fixed-route. It connects Escondido and Ramona and allows passengers to schedule pick-ups or drop-offs at the San Diego Zoo Safari Park. Reservations are required for any trip not starting or ending at a designated stop. Beginning in late June 2024, NCTD operates the COASTER Connection service in the Sorrento Valley area, providing connectivity from the Sorrento Valley COASTER station to major employment centers, University of California, San Diego, and healthcare facilities.



The FLEX fleet is comprised of 14 vehicles that are equipped with bicycle racks giving passengers the ability to bike and ride to their destinations and are accessible with wheelchair lifts to assist the elderly and passengers with disabilities to board and ride with ease. FLEX buses are also equipped with fareboxes and PRONTO validators that allow passengers to use a transit card for seamless travel. In FY2025, NCTD provided 100,309 FLEX rides compared to 48,663 boardings in FY2024, an increase of 106.1%.

COASTER Commuter Rail

The COASTER provides 41 directional miles of commuter rail service paralleling the busy Interstate 5 corridor between Oceanside and San Diego. COASTER trains run 30 daily trips Monday through Friday with an additional 2 trips on Fridays, and 20 daily Saturday and Sunday trips year-round. Additional trains also run for special events and for every Padres baseball game. COASTER fares must be purchased for the number of zones travelled

It takes approximately an hour to travel the entire COASTER route; 8 stations provide service points



along the route, and travelers can connect to the MTS trolley and buses at both the San Diego Old Town and Santa Fe stations in downtown San Diego, and the MTS Sorrento Valley COASTER Connection at the Sorrento Valley station. Passengers can connect with Metrolink and Amtrak train service north to Orange County and Los Angeles from NCTD's Oceanside Transit Center. NCTD and Amtrak have an agreement (Rail to Rail) to accept certain tickets and passes issued from each agency to be used on its trains at no additional cost for the passenger (with some blackout periods) for stops at Oceanside Transit Center, Solana Beach, Old Town, and Santa Fe Depot. This agreement increases the number of trains available to riders throughout the day.

The COASTER fleet consists of nine state-of-the-art Siemens Tier-4 locomotives and 34 bi-level passenger coaches. The Siemens Tier-4 locomotives are among the cleanest passenger locomotives in the nation and reduce emissions by nearly 90% compared to Tier-0 locomotives.

In FY2025, the COASTER transported 927,557 passengers, comprised primarily of workers, tourists, and special event attendees, which represented an increase of 8.7% compared to FY2024 with 852,993 boardings.

SPRINTER Hybrid Rail

The SPRINTER hybrid rail extends 22 miles, roughly paralleling State Route 78, and provides connections at Oceanside, Vista, San Marcos, and Escondido by serving 15 stations along the corridor. SPRINTER service is operated with twelve diesel multiple units (DMUs). Passenger service runs seven days a week from 4:03 AM to 9:26 PM with Friday and Saturday service extended to 12:26 AM. Weekday service runs every 30 minutes and weekend trains run 30-minute frequencies during peak travel times and hourly service during non-peak times from 10:03 AM to 6:03 PM..

The SPRINTER offers easy connections to the COASTER commuter rail, BREEZE bus service, Amtrak, Metrolink, Greyhound and to MTS' Rapid Express bus service in Escondido. The SPRINTER carries passengers comprised primarily of workers, students, and tourists. During FY2025, SPRINTER had 1.88 million boardings compared to 1.82 million boardings for FY2024, an increase of 2.9%.



NCTD+ Microtransit Services

NCTD+ is an on-demand microtransit mode that was introduced on June 10, 2024, with the launch of the San Marcos pilot zone. NCTD launched the second NCTD+ service zone in Vista on May 19, 2025. Microtransit utilizes smaller capacity buses and vans to provide on-demand trips within defined service zones. On-demand trips are scheduled through a mobile application or via telephone with typical wait times of less than 20 minutes. All trips must start and end within the same service zone.

Microtransit can meet a variety of mobility needs such as providing service where fixed route bus is unable to operate efficiently or where a lack of sidewalks and other infrastructure makes traditional fixed route service less safe; and offering convenient first and last mile connections from existing fixed route service (bus and rail), particularly where connecting services are limited or operate infrequently (30+ minutes); As a demand response service, microtransit has a higher cost on a per passenger basis when compared to fixed routes. During FY2025, NCTD+ transported 22,459 passengers compared to 146 passengers in FY2024.

Bus Operations and Vehicle Maintenance

Effective June 29, 2025, NCTD began managing and operating all aspects of bus operations and vehicle maintenance for its BREEZE, FLEX, LIFT, and NCTD+ services. Prior to June 29, 2025, NCTD contracted the responsibility for bus operations and vehicle maintenance to MV Transportation (MV).

Bus operations and maintenance activities are conducted at two primary facilities: the West Division in Oceanside and the East Division in Escondido. These facilities operate 24 hours a day, seven days a week, to ensure the fleet remains in a state of good repair and service interruptions are minimized. Each bus yard is equipped with comprehensive infrastructure for fueling and charging the fleet, maintenance and administrative buildings, parking for buses and service vehicles, and accommodations for bus operators. Inside the maintenance facilities, NCTD personnel utilize bus repair bays, servicing pits, bus lifts, hoists, engine repair benches, a body shop, a parts inventory storeroom, and a paint shop.



Rail Operations and Vehicle Maintenance

Rail equipment is maintained by NCTD staff. The COASTER facility is located at Stuart Mesa inside the Camp Pendleton Marine Corps Base. The Stuart Mesa facility houses massive and specialized equipment, primarily booms, cranes, and lifts to assist with replacement of heavy parts. Dedicated mechanics and service workers perform daily train-washing and exterior and interior maintenance and repair, considering that trains regularly arrive for repairs and routine maintenance and are subject to substantial amounts of dirt, dust, and salt air, in addition to weather changes, during a single day.

The SPRINTER operations facility is in the City of Escondido. The 40,000 square foot SPRINTER facility was constructed specifically to house the operations center and to maintain the SPRINTER DMU trains. The operations area is the home of the operations control center and security monitoring center. The facility includes storage, training rooms, lockers, and office areas for employees. The maintenance area can house up to four train sets. Two structurally supported tracks allow maintenance employees access underneath and on top of trains to fully service the vehicles via pits, suspended platforms, and overhead bridge cranes. The pits are fully functional with integrated electrical service, compressed air, and lube oil systems.

Facilities Maintenance

NCTD has 3 administration buildings in Oceanside (one administration building subsequently closed in July 2025), 2 bus maintenance buildings located in Oceanside and Escondido, 3 transit centers, 8 multi-modal train stations along the coastal railroad, 15 train stations along the inland railroad, 2 train maintenance facilities, and significant adjacent land and parking lots. To support bus and rail operations, facilities maintenance also includes maintenance of equipment such as fueling stations, vehicle lifts, and bus and train washes.

NCTD performs minor, routine maintenance and improvement projects such as roof replacements, parking lot paving and striping, bus shelter replacements and repairs, heating and air-conditioning repair and replacement, and painting and repair of the administration buildings. NCTD also maintains various specialty contracts, such as landscaping, electrical, and plumbing, which further supports the maintenance of its facilities and equipment.

NCTD staff is responsible for the janitorial and structural maintenance of rail operations facilities, administration facilities, bus operations facilities, transit centers, COASTER stations, and SPRINTER stations. Facilities maintenance staff maintain, clean, and repair most of the facilities using specialized equipment to keep the buildings in a state of good repair condition.

Rail Maintenance-of-Way (MOW)

NCTD owns the north-south railroad right-of-way between the Orange County border and the northern border of the City of San Diego, which is 41 directional route miles of track. MTS owns the north-south railroad right-of-way from the northern border of the City of San Diego to downtown San Diego, which is 21 directional route miles of track. NCTD also owns the east-west railroad right-of-way between Escondido and Oceanside, which is 22 directional route miles of track. The COASTER operates on the north-south railroad tracks and the SPRINTER operates on the east-west railroad tracks. NCTD maintains both railroad tracks, including the MTS portion.

NCTD is responsible for the maintenance of numerous railroad bridges, railroad bed, sidings, grade crossings, turnouts, culverts and signals, land alongside the track, and NCTD property located within the right-of-way. Specialty equipment is used to maintain the railroad right-of-way including, but not limited to, clearing vegetation away from the tracks and replacing rail ties. Track maintenance equipment and personnel are housed in a facility located in Oceanside.



Maintenance of Signals (MOS)

NCTD is responsible for all signals and communications, including Positive Train Control (PTC), on all NCTD-owned and controlled railroad right of way, including the San Diego Subdivision from the County Line (Milepost [MP] 207.4) to San Diego (MP 267.51) and the Escondido Subdivision between Escondido Junction in Oceanside (MP 0) to the end of track in Escondido (MP 21.31).

Safety and Security



Fostering and maintaining safe and secure operations is one of NCTD's top priorities. NCTD provides a safe, secure, and healthy environment for all employees and passengers while maintaining compliance with all federal and state laws, rules, and guidelines.

Security at train stations, parking lots, and bus transfer centers is provided by deputies from the San Diego County Sheriff's Department and on-call contracted security. Video security cameras at the COASTER and SPRINTER stations are monitored by NCTD staff who contact the Sheriff in case of incidents.

Management and Oversight

The NCTD Board of Directors consists of ten members, including one member from each of the city councils of Carlsbad, Del Mar, Encinitas, Escondido, Oceanside, San Marcos, Solana Beach, and Vista, one member from the San Diego County Board of Supervisors Fifth District, and one *ex officio* member from the City of San Diego. The Fifth District covers unincorporated areas of North County.

The management of NCTD is comprised of the Chief Executive Officer supported by the Office of General Counsel and the Office of Chief of Staff, and 6 Divisional Chiefs/Deputy Chiefs that oversee each of the functional divisions. These functional divisions include Rail Operations, General Services, Bus Operations, Finance, Development Services, and People.

The Office of the Chief Executive Officer provides leadership and strategic direction based on recommendations from the Board of Directors and collaborates with other agencies to achieve NCTD goals and objectives.

The Office of General Counsel provides in-house legal counsel and is responsible for District-wide compliance, and oversight and management of all legal matters and claims, risk management, insurance policies, internal audit, contract compliance, environmental compliance, and civil rights (Disadvantaged Business Enterprise [DBE], Equal Employment Opportunity [EEO], Title VI, and Americans with Disabilities Act [ADA] compliance).

Management and Oversight (continued)

The Office of the Chief of Staff has oversight of the legislative program, records management and document control services, NCTD Board of Directors meetings and calendars, and the development and implementation of marketing, public relations, and customer communications programs that enhance the customer experience.

The Rail Operations Division is responsible for rail operations and maintenance for COASTER and SPRINTER equipment, railroad right-of-way and signals maintenance, and dispatch of passenger and freight services to support safe and efficient rail operations, while ensuring that services are operated in compliance with the specifications and regulations of the Federal Transit Administration (FTA), the Federal Railroad Administration (FRA), the California Public Utilities Commission (CPUC), and other regulatory and governing agencies.

The General Services Division is responsible for the procurement of goods and services and contract administration for NCTD in accordance with State of California Public Contracting Code, Federal Transportation Administration Circular 4220.1F, NCTD Board policies, and internal compliance standards; parts and warehouse, and facilities maintenance.

The Bus Operations Division manages bus and shared mobility transportation operations and maintenance, which includes BREEZE, LIFT, FLEX, and NCTD+ transit services; and monitors security and emergency management programs for NCTD.

The Finance Division is responsible for financial management leadership and ensuring that financial transactions are recorded accurately in accordance with generally accepted accounting principles (GAAP) and Governmental Accounting Standards Board (GASB) standards. The Finance Division has oversight of the operating and capital budgets, financial compliance and internal controls, grants accounting and reporting, fare collection, payroll, and general accounting functions.

The Development Services Division oversees NCTD real estate interests, asset management, projects management, rail right-of-way capital improvement projects, and information technology systems.

The People Division manages and oversees all aspects of human resources activities in general personnel management including, compensation, benefits, employer/employee relations, labor relations and negotiations, recruitment and selection, classification, workers' compensation, training, employee and organizational development, and the drug and alcohol program.

Financial Section

Independent Auditor's Report



Independent Auditor's Report

Board of Directors
North County Transit District
Oceanside, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of North County Transit District (NCTD) as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise NCTD's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of NCTD, as of June 30, 2025 and 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NCTD and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Adoption of New Accounting Standards

As discussed in Note 1 to the financial statements, NCTD has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, and No. 101, *Compensated Absences*, for the year ended June 30, 2025. As a result of implementing the standard, there was no effect on the beginning net position as of July 1, 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NCTD's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NCTD's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NCTD's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and defined benefit pension plan and other postemployment health care benefits schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2025, on our consideration of NCTD's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NCTD's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NCTD's internal control over financial reporting and compliance.



Rancho Cucamonga, California
December 17, 2025

**Management's Discussion and Analysis
(Required Supplementary Information)**

(Unaudited)

June 30, 2025 and 2024

Introduction

The following discussion and analysis of the financial performance and activity of the North County Transit District, operating as North County Transit - San Diego Railroad (referred to herein as NCTD) provides an introduction and understanding of the basic financial statements of NCTD. This discussion has been prepared by management and should be read in conjunction with the basic financial statements and the notes thereto, which follow this section.

The Financial Statements

NCTD's basic financial statements include the following:

1. The *Statements of Net Position* report NCTD's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Total net position is displayed in two components: net investment in capital assets and unrestricted.
2. The *Statements of Revenues, Expenses and Changes in Net Position* present information to show changes in NCTD's net position during the fiscal year. The Statements categorize revenues and expenses as either operating or nonoperating, based upon the definitions provided by Governmental Accounting Standards Board (GASB) Statement No. 34.
3. The *Statements of Cash Flows* are presented using the direct method and include a reconciliation of operating cash flows to operating income or loss.

Condensed Statements of Net Position

Below is a comparison of NCTD's Statements of Net Position as of June 30, 2025 and June 30, 2024:

	2025	2024	Increase (Decrease)	Increase (Decrease)
			\$	%
Current assets	\$ 274,151,934	\$ 167,731,822	\$ 106,420,112	63%
Long-term assets	17,222,178	17,335,998	(113,820)	(1%)
Capital assets	766,943,976	772,041,400	(5,097,424)	(1%)
Total assets	1,058,318,088	957,109,220	101,208,868	11%
Deferred outflows of resources	10,500,295	12,582,446	(2,082,151)	(17%)
Current liabilities	86,538,787	55,513,152	31,025,635	56%
Long-term debt	14,900,000	16,350,000	(1,450,000)	(9%)
Long-term unearned grant revenue	126,182,991	54,031,450	72,151,541	134%
Net pension liability	42,969,550	44,686,566	(1,717,016)	(4%)
Other noncurrent liabilities	11,503,638	10,304,270	1,199,368	12%
Total liabilities	282,094,966	180,885,438	101,209,528	56%
Deferred inflows of resources	16,621,382	16,749,107	(127,725)	(1%)
Net position:				
Net investment in capital assets	728,982,659	745,785,581	(16,802,922)	(2%)
Unrestricted	41,119,376	26,271,540	14,847,836	57%
Total net position	\$ 770,102,035	\$ 772,057,121	\$ (1,955,086)	(0%)

In fiscal year 2025, current assets increased by \$106.4 million (63%) and current liabilities increased by \$31 million (56%) as compared to fiscal year 2024; overall working capital increased by \$75.4 million from FY2024 to FY2025. The increase in working capital was mainly attributed to \$78.6 million received from the Transit and Intercity Rail Capital Program (TIRCP) Senate Bill 125 (SB125) and Zero-Emission Transit Capital Program (ZETCP). TIRCP SB125 and ZETCP funds are restricted for capital projects and preventive maintenance expenses; estimated expenditures for the next twelve months are included in the current portion of unearned grant revenue and estimated expenditures after the next twelve months are included in the long-term portion of unearned grant revenue.

Capital assets decreased in fiscal year 2025 as result of depreciation and amortization expense of \$86.3 million offset by new capital investments of \$81.3 million. Major capital expenditures during FY2025 included \$20.5 million for hydrogen fuel cell electric buses and hydrogen fueling station, \$13.2 million for COASTER expansion train sets, \$5.9 million for San Diego right-of-way signal modernization, \$5.2 million on land acquisition, and \$3.1 million for various SPRINTER overhauls. Additional details surrounding NCTD's capital assets can be found in Note 5.

Long-term debt decreased by \$1.4 million in FY2025 due to principal payments made on the Certificates of Participation. Long-term unearned grant revenues increased by \$72.2 million (134%) for state and local funds that are anticipated to be spent after June 30, 2026. Additional details surrounding NCTD's long-term debt can be found in Note 7.

Condensed Statements of Net Position (continued)

Below is a comparison of NCTD's Statements of Net Position as of June 30, 2024 and June 30, 2023:

	2024	2023	Increase (Decrease)	Increase (Decrease)
			\$	%
Current assets	\$ 167,731,822	\$ 159,306,712	\$ 8,425,110	5%
Long-term assets	17,335,998	17,249,868	86,130	0%
Capital assets	<u>772,041,400</u>	<u>777,645,753</u>	<u>(5,604,353)</u>	<u>(1%)</u>
Total assets	<u>957,109,220</u>	<u>954,202,333</u>	<u>2,906,887</u>	<u>0%</u>
Deferred outflows of resources	<u>12,582,446</u>	<u>13,282,236</u>	<u>(699,790)</u>	<u>(5%)</u>
Current liabilities	55,513,152	68,961,759	(13,448,607)	(20%)
Long-term debt	16,350,000	17,750,000	(1,400,000)	(8%)
Long-term unearned grant revenue	54,031,450	33,280,094	20,751,356	62%
Net pension liability	44,686,566	43,991,035	695,531	2%
Other noncurrent liabilities	<u>10,304,270</u>	<u>12,625,393</u>	<u>(2,321,123)</u>	<u>(18%)</u>
Total liabilities	<u>180,885,438</u>	<u>176,608,281</u>	<u>4,277,157</u>	<u>2%</u>
Deferred inflows of resources	<u>16,749,107</u>	<u>17,569,361</u>	<u>(820,254)</u>	<u>(5%)</u>
Net position:				
Net investment in capital assets	745,785,581	752,465,365	(6,679,784)	(1%)
Unrestricted	<u>26,271,540</u>	<u>20,841,562</u>	<u>5,429,978</u>	<u>26%</u>
Total net position	<u>\$ 772,057,121</u>	<u>\$ 773,306,927</u>	<u>\$ (1,249,806)</u>	<u>(0%)</u>

In fiscal year 2024, current assets increased by \$8.4 million (5%) and current liabilities decreased by \$13.5 million (20%) as compared to fiscal year 2023; overall working capital increased by \$22 million from FY2023 to FY2024. The increase in working capital was mainly attributed to additional Transportation Development Act (TDA), Low Carbon Transit Operations Program (LCTOP), and other grant funds programmed for future capital projects that are anticipated to be completed beyond 12 months. Cash and investments increased mainly as result of cash receipts from grants for future capital projects and higher investment income during FY2024.

Capital assets decreased in fiscal year 2024 as result of depreciation and amortization expense of \$80.6 million offset by new capital investments of \$75.3 million. Major capital expenditures during FY2024 included \$16.6 million for hydrogen fuel cell electric buses, \$8.4 million for various maintenance buildings improvements and repairs, \$7.8 million for COASTER expansion train sets, \$5.8 million for signals replacements and improvements, \$2.6 million for bridge repairs, and \$2.1 million for various SPRINTER overhauls. In addition, NCTD received \$18.3 million of contributed assets from SANDAG for improvements along the COASTER rail corridor. Additional details surrounding NCTD's capital assets can be found in Note 5.

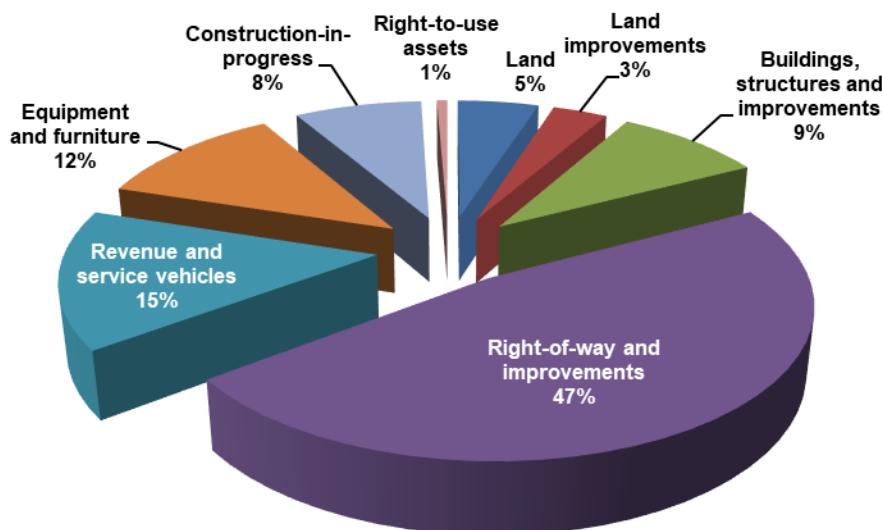
Long-term debt decreased by \$1.4 million in FY2024 due to principal payments made on the Certificates of Participation. Long-term unearned grant revenues increased by \$20.8 million (62%) for state and local funds that are anticipated to be spent after June 30, 2025. Additional details surrounding NCTD's long-term debt can be found in Note 7.

Net Capital Assets

During fiscal year 2025, the amount of net capital assets decreased by \$5.1 million. Below is a more detailed analysis of the changes in NCTD's capital assets and accumulated depreciation during the year ended June 30, 2025:

	2025	2024	Increase (Decrease)	Increase (Decrease)
			\$	%
Land	\$ 97,450,474	\$ 92,246,158	\$ 5,204,316	6%
Land improvements	65,840,502	65,582,530	257,972	0%
Buildings, structures and improvements	177,550,932	172,429,210	5,121,722	3%
Right-of-way and improvements	933,420,050	930,475,253	2,944,797	0%
Revenue and service vehicles	296,890,725	260,756,151	36,134,574	14%
Equipment and furniture	228,965,252	224,396,454	4,568,798	2%
Construction-in-progress	153,275,558	145,557,383	7,718,175	5%
Right-to-use assets	12,391,364	9,805,824	2,585,540	26%
Total	1,965,784,857	1,901,248,963	64,535,894	3%
Less: accumulated depreciation/ amortization	1,198,840,881	1,129,207,563	69,633,318	6%
Net Capital Assets	\$ 766,943,976	\$ 772,041,400	\$ (5,097,424)	(1%)

Below is a graph that shows the percentages by asset class for capital assets at June 30, 2025:



Below are some of the significant changes in net capital assets during fiscal year 2025:

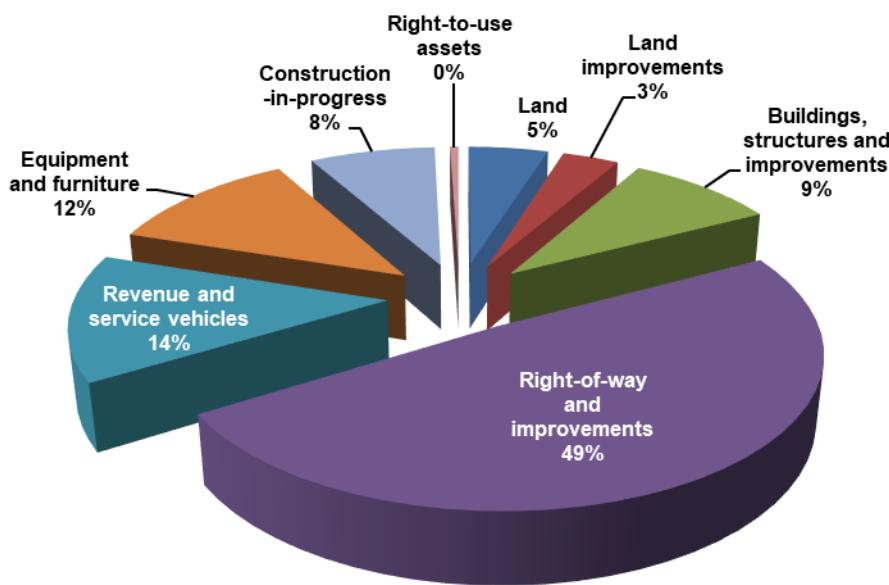
- Major capital expenditures during FY2025 included \$20.5 million for hydrogen fuel cell electric buses and hydrogen fueling station, \$13.2 million for COASTER expansion train sets, \$5.9 million for San Diego right-of-way signal modernization, \$5.2 million on land acquisition, and \$3.1 million for various SPRINTER overhauls.

Net Capital Assets (continued)

During fiscal year 2024, the amount of net capital assets decreased by \$5.6 million. Below is a more detailed analysis of the changes in NCTD's capital assets and accumulated depreciation during the year ended June 30, 2024:

	2024	2023	\$	%
Land	\$ 92,246,158	\$ 92,274,014	\$ (27,856)	(0%)
Land improvements	65,582,530	60,399,626	5,182,904	9%
Buildings, structures and improvements	172,429,210	170,694,684	1,734,526	1%
Right-of-way and improvements	930,475,253	906,216,603	24,258,650	3%
Revenue and service vehicles	260,756,151	252,086,051	8,670,100	3%
Equipment and furniture	224,396,454	200,790,943	23,605,511	12%
Construction-in-progress	145,557,383	135,000,746	10,556,637	8%
Right-to-use assets	9,805,824	10,433,235	(627,411)	(6%)
Total	1,901,248,963	1,827,895,902	73,353,061	4%
Less: accumulated depreciation/ amortization	1,129,207,563	1,050,250,149	78,957,414	8%
Net Capital Assets	\$ 772,041,400	\$ 777,645,753	\$ (5,604,353)	(1%)

Below is a graph that shows the percentages by asset class for capital assets at June 30, 2024:



Below are some of the significant changes in net capital assets during fiscal year 2024:

- Major capital expenditures during FY2024 included \$16.6 million for hydrogen fuel cell electric buses, \$8.4 million for various maintenance buildings improvements and repairs, \$7.8 million for COASTER expansion train sets, \$5.8 million for signals replacements and improvements, \$2.6 million for bridge repairs, and \$2.1 million for various SPRINTER overhauls.
- \$18.3 million of contributed assets from SANDAG for improvements along the COASTER rail corridor.

Condensed Statements of Revenue, Expenses, and Change in Net Position

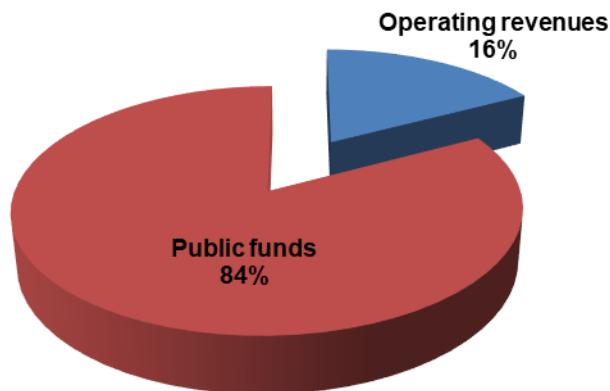
Below is a summary of NCTD's Statements of Revenues, Expenses and Changes in Net Position for the fiscal years 2025 and 2024:

	2025	2024	Favorable (Unfavorable)	Favorable (Unfavorable)
			\$	%
Operating revenues	\$ 28,229,591	\$ 28,242,895	\$ (13,304)	(0%)
Operating expenses	(261,213,974)	(238,897,828)	(22,316,146)	(9%)
Operating loss	(232,984,383)	(210,654,933)	(22,329,450)	(11%)
Nonoperating revenues/expenses, net	152,505,175	134,088,419	18,416,756	14%
Capital grants and contributions	78,524,122	75,316,708	3,207,414	4%
Change in net position	(1,955,086)	(1,249,806)	(705,280)	(56%)
Net position				
Beginning of year	772,057,121	773,306,927	(1,249,806)	(0%)
End of year	\$ 770,102,035	\$ 772,057,121	\$ (1,955,086)	(0%)

Net position declined by \$1.9 million in FY2025, compared with a decline of \$1.2 million in FY2024 (a decrease of \$0.7 million year over year), which is relatively unchanged.

Refer to the Operating Revenues and Operating Expenses sections for more detailed information on operating activities.

As shown in the graph below, for fiscal year 2025, of the total non-capital funding, operating revenues of \$28.2 million accounted for 16% and public funds (operating grants) of \$149.6 million accounted for 84%.



Condensed Statements of Revenue, Expenses, and Change in Net Position (continued)

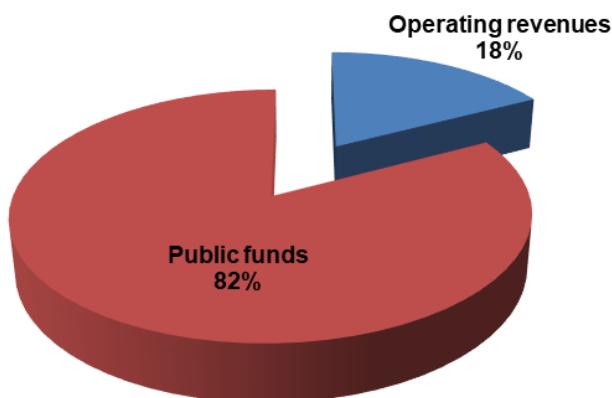
Below is a summary of NCTD's Statements of Revenues, Expenses and Changes in Net Position for the fiscal years 2024 and 2023:

	2024	2023	Favorable (Unfavorable)	Favorable (Unfavorable)
			\$	%
Operating revenues	\$ 28,242,895	\$ 25,735,775	\$ 2,507,120	10%
Operating expenses	(238,897,828)	(243,735,508)	4,837,680	2%
Operating loss	(210,654,933)	(217,999,733)	7,344,800	3%
Nonoperating revenues/expenses, net	134,088,419	124,389,358	9,699,061	8%
Capital grants and contributions	75,316,708	44,550,855	30,765,853	69%
Change in net position	(1,249,806)	(49,059,520)	47,809,714	97%
Net position				
Beginning of year	773,306,927	822,366,447	(49,059,520)	(6%)
End of year	\$ 772,057,121	\$ 773,306,927	\$ (1,249,806)	(0%)

Net position declined by \$1.2 million in FY2024, compared with a decline of \$49.1 million FY2023 (an increase of \$47.8 million year over year), which was mostly derived from a \$30.8 million increase in capital grants and contributions, which are directly related to capital expenditures.

Refer to the Operating Revenues and Operating Expenses sections for more detailed information on operating activities.

As shown in the graph below, for fiscal year 2024, of the total non-capital funding, operating revenues of \$28.2 million accounted for 18% and public funds (operating grants) of \$132 million accounted for 82%.

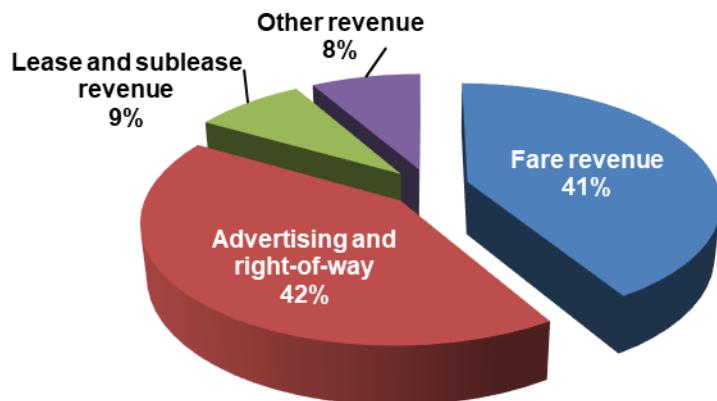


Operating Revenues

NCTD's fiscal year 2025 operating revenues remained relatively flat compared to fiscal year 2024. Below is a detailed breakdown of NCTD's operating revenues:

	2025	2024	Increase (Decrease)	Increase (Decrease)
			\$	%
Fare revenue	\$ 11,669,967	\$ 10,732,805	\$ 937,162	9%
Advertising and right-of-way	11,844,345	12,432,819	(588,474)	(5%)
Lease and sublease revenue	2,364,421	2,369,918	(5,497)	(0%)
Other revenue	2,350,858	2,707,353	(356,495)	(13%)
Total operating revenues	<u>\$ 28,229,591</u>	<u>\$ 28,242,895</u>	<u>\$ (13,304)</u>	<u>(0%)</u>

FY25 Operating Revenues



Ridership in FY2025 showed continued improvements from FY2024, where NCTD's system ridership increased from 7.7 million passengers to 8.5 million passengers, an increase of 10.3%. The increase in fare revenue of \$0.9 million was directly associated with higher ridership in FY2025 compared to FY2024.

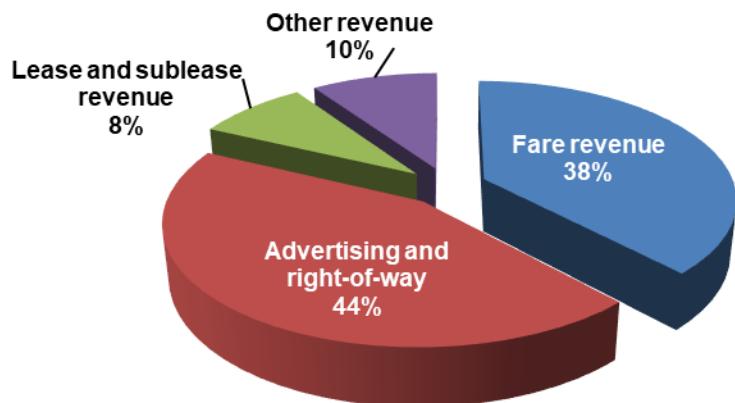
Advertising revenues decreased by \$0.7 million as the minimum annual guarantee was no longer required under the advertising contract beginning in January 2025. Right-of-way revenues increased by \$0.1 million as result of higher reimbursements for rail maintenance and dispatching from Amtrak and BNSF, which were adjusted upwards based on the Consumer Price Index (CPI) and the AAR Railroad Cost Index, respectively, as specified in the individual shared use agreements.

Operating Revenues (continued)

During fiscal year 2024, NCTD's operating revenues increased by 10%, as compared to fiscal year 2023. Below is a detailed breakdown of NCTD's operating revenues:

	2024	2023	Increase (Decrease)	Increase (Decrease)
			\$	%
Fare revenue	\$ 10,732,805	\$ 9,988,460	\$ 744,345	7%
Advertising and right-of-way	12,432,819	10,771,589	1,661,230	15%
Lease and sublease revenue	2,369,918	2,651,075	(281,157)	(11%)
Other revenue	2,707,353	2,324,651	382,702	16%
Total operating revenues	\$ 28,242,895	\$ 25,735,775	\$ 2,507,120	10%

FY24 Operating Revenues



Ridership in FY2024 showed continued improvements from FY2023, where NCTD's system ridership increased from 7.1 million passengers to 7.7 million passengers, an increase of 8%. The increase in fare revenue of \$0.7 million was directly associated with higher ridership in FY2024 compared to FY2023.

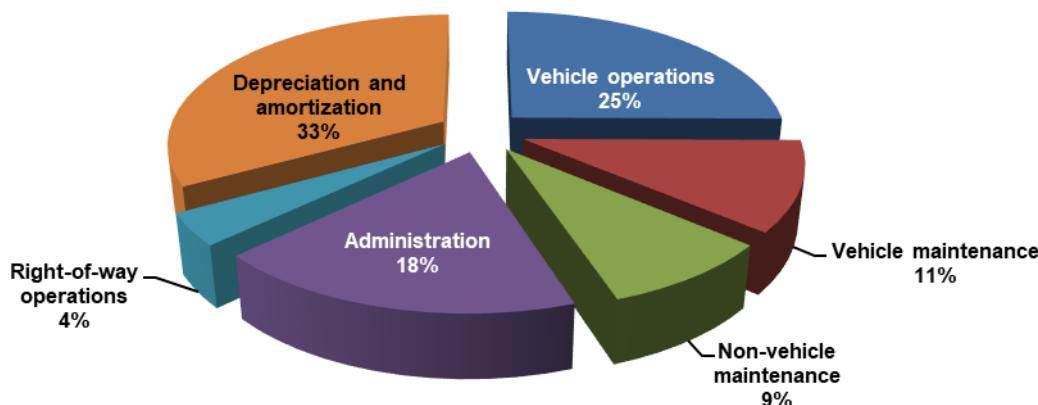
Right-of-way revenues increased as result of higher reimbursements for rail maintenance and dispatching from Amtrak and BNSF, which were adjusted upwards based on the Consumer Price Index (CPI) and the AAR Railroad Cost Index, respectively, as specified in the individual shared use agreements.

Operating Expenses

NCTD's operating expenses increased from \$22.3 million from \$238.9 million in fiscal year 2024 to \$261.2 million in fiscal year 2025. Below is a breakdown of NCTD's operating expenses:

	2025	2024	Increase (Decrease)	Increase (Decrease)
			\$	%
Vehicle operations	\$ 65,614,385	\$ 61,455,391	\$ 4,158,994	7%
Vehicle maintenance	28,799,466	24,611,100	4,188,366	17%
Non-vehicle maintenance	22,722,251	18,488,011	4,234,240	23%
Administration	47,486,202	45,165,470	2,320,732	5%
Right-of-way operations	10,268,801	8,618,075	1,650,726	19%
Depreciation and amortization	<u>86,322,869</u>	<u>80,559,781</u>	<u>5,763,088</u>	<u>7%</u>
Total operating expenses	<u>\$ 261,213,974</u>	<u>\$ 238,897,828</u>	<u>\$ 22,316,146</u>	<u>9%</u>

FY25 Operating Expenses



Below are the main reasons behind the increase of \$22.3 million in operating expenses in FY2025 compared to FY2024:

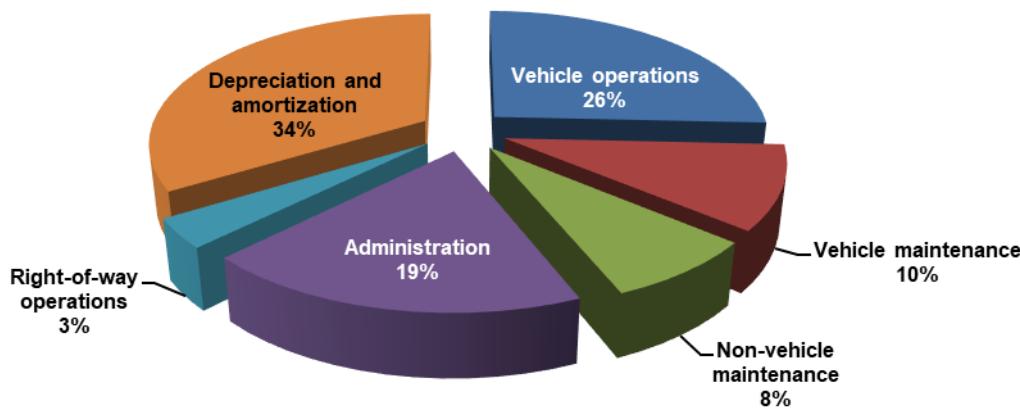
- Rail vehicle operations costs increased by \$1.8 million mainly due to higher negotiated wages for COASTER and SPRINTER train operators. Bus vehicle operations costs increased by \$1.7 million due to higher labor costs for bus operators, which were from a combination of overtime pay and the contractual adjustments under the purchased transportation contract with MV Transportation (MV), which is subject to annual escalations not to exceed 3%. Vehicle operations costs increased by \$1.4 million due to additional security costs from the San Diego Sheriffs' Office and on-call security to provide additional security at transit centers, train stations, and special events (i.e. Padres baseball games).
- Vehicle maintenance costs for bus operations increased by \$4.3 million due to increased costs for parts caused by tariffs and the augmentation of inventory of essential parts by MV at the end of the fiscal year to ensure that sufficient parts were in stock to minimize buses downtime ahead of the insourcing of bus operations.
- Non-vehicle maintenance costs increased by \$2.7 million due to higher maintenance costs for Positive Train Control (PTC) and signals along the right-of-way, and increased by \$1 million due to higher contracted costs and materials for maintenance of NCTD's facilities (administrative, operations and maintenance, train stations, bus stops). During FY2025, NCTD made significant investments to improve lighting and cleanliness at various train stations to enhance safety and improve the customer experience.
- Higher depreciation and amortization expense of \$5.8 million was due mainly to \$47.4 million of revenue and service vehicles being placed in service in FY2025.

Operating Expenses (continued)

During fiscal year 2024, NCTD's operating expenses decreased to \$238.9 million from \$243.7 million in fiscal year 2023. Below is a breakdown of NCTD's operating expenses:

	2024	2023	Increase (Decrease)	Increase (Decrease)
			\$	%
Vehicle operations	\$ 61,455,391	\$ 54,284,186	\$ 7,171,205	13%
Vehicle maintenance	24,611,100	22,063,716	2,547,384	12%
Non-vehicle maintenance	18,488,011	18,927,135	(439,124)	(2%)
Administration	45,165,470	40,449,118	4,716,352	12%
Right-of-way operations	8,618,075	8,763,935	(145,860)	(2%)
Depreciation and amortization	<u>80,559,781</u>	<u>99,247,418</u>	<u>(18,687,637)</u>	<u>(19%)</u>
Total operating expenses	<u>\$ 238,897,828</u>	<u>\$ 243,735,508</u>	<u>\$ (4,837,680)</u>	<u>(2%)</u>

FY24 Operating Expenses



Below are the main reasons behind the decrease of \$4.8 million in operating expenses in FY2024 compared to FY2023:

- Vehicle operations costs increased by \$5.4 million for bus operations due to higher labor costs for bus operators, which are from a combination of overtime pay and the contractual adjustments under the purchased transportation contract with MV Transportation (MV), which is subject to annual escalations not to exceed 3%. Vehicle operations costs increased by \$1.8 million due to additional security costs from the San Diego Sheriffs' Office and on-call security to provide additional security at transit centers, train stations, and special events (i.e. Padres baseball games).
- Vehicle maintenance costs for rail operations increased by \$1.5 million due to higher consumables for parts, the additional reserve for obsolete inventory, and professional services to implement a quality plan and improvements of maintenance of equipment for the SPRINTER fleet.
- Administration costs increased by \$1.4 million from the non-cash valuation adjustments to NCTD's CalPERS pension retirement liability and other postemployment benefits liability. Administration costs increased by 1.6 million related to the development of a zero-emissions program fleet strategy and support services for rail operations. These efforts are designed to coincide with California Executive Order N-79-20 and pending regulations from the California Air Resources Board which would require NCTD to transition to zero emission rail operations by 2035.
- Lower depreciation expense of \$18.7 million was related mainly to lower depreciation expense for signals, communications, and Positive Train Control (PTC) assets that had reached the end of their useful life for depreciation purposes prior to the end of the fiscal year.

Nonoperating Revenues and Expenses, net

During fiscal year 2025, NCTD's nonoperating revenues and expenses increased on a net basis of \$18.4 million compared to FY2024. Below is a breakdown of NCTD's nonoperating revenues and expenses:

	2025	2024	Increase (Decrease)	Increase (Decrease)
			\$	%
Operating grants	\$ 149,625,391	\$ 131,976,553	\$ 17,648,838	13%
Interest revenue - leases	474,606	468,836	5,770	1%
Interest expense - leases	(25,457)	(36,751)	11,294	(31%)
Interest expense - SBITAs	(208,269)	(138,794)	(69,475)	50%
Investment income	3,229,892	2,450,414	779,478	32%
Debt related expense	(555,630)	(622,260)	66,630	(11%)
Loss on disposal of capital assets	(35,358)	(9,579)	(25,779)	269%
Total nonoperating revenues	\$ 152,505,175	\$ 134,088,419	\$ 18,416,756	14%

Most of the increase in operating grants in FY2025 relates to higher revenues from the Federal Transit Administration (\$7.1 million), TIRCP SB125 (\$4.8 million), Transportation Development Act (\$3.1 million), and State Transit Assistance (\$2.4 million). The increased reimbursements are directly related to increased maintenance and operating expenses (excluding depreciation) in FY2025.

Investment income was higher by \$0.8 million in FY2025 compared to FY2024 due to higher returns on NCTD's investments in the State of California Local Agency Investment Fund (LAIF) and the San Diego County Pooled Investment funds. Investment income reported in the statement of changes in net position is unrestricted. Investment income generated from restricted assets are added to the unearned grant revenue balances and is not reported in the statement of changes in net position. Additional information regarding investments can be found in Note 2.

During fiscal year 2024, NCTD's nonoperating revenues and expenses increased on a net basis of \$9.7 million compared to FY2023. Below is a breakdown of NCTD's nonoperating revenues and expenses:

	2024	2023	Increase (Decrease)	Increase (Decrease)
			\$	%
Operating grants	\$ 131,976,553	\$ 123,358,940	\$ 8,617,613	7%
Interest revenue - leases	468,836	465,058	3,778	1%
Interest expense - leases	(36,751)	(21,166)	(15,585)	74%
Interest expense - SBITAs	(138,794)	(90,723)	(48,071)	53%
Investment income	2,450,414	1,205,801	1,244,613	103%
Debt related expense	(622,260)	(616,656)	(5,604)	1%
(Loss) gain on disposal of capital assets	(9,579)	88,104	(97,683)	(111%)
Total nonoperating revenues	\$ 134,088,419	\$ 124,389,358	\$ 9,699,061	8%

Most of the increase in operating grants in FY2024 relates to higher revenues from Transportation Development Act (TDA) funds (\$2.8 million), TransNet (\$2.6 million), and the Federal Transit Administration (\$3.9 million). The increased reimbursements are directly related to increased operating expenses (excluding depreciation) in FY2024.

Investment income was higher by \$1.2 million in FY2024 compared to FY2023 due to higher returns on NCTD's investments in the State of California Local Agency Investment Fund (LAIF) and the San Diego County Pooled Investment funds. Additional information regarding investments can be found in Note 2.

Restrictions and Commitments

As of June 30, 2025 and 2024, NCTD had commitments of \$108,161,842 and \$151,409,187, respectively, for capital and operating projects, which are funded by eligible grants. Refer to Note 11 to the financial statements for additional information.

Long-Term Debt

NCTD entered a long-term debt arrangement in 2004 for \$114 million, which has since been reduced to \$16,350,000 as of June 30, 2025. This debt is structured to mature in 2035. Refer to Note 7 to the financial statements for additional information.

Contacting NCTD's Financial Management

NCTD's financial report is designed to provide NCTD's Board of Directors, management, legislative and oversight agencies, citizens, customers, and other stakeholders with an overview of the North County Transit District's finances and to demonstrate its accountability for funds received.

For additional information about this report, please contact Eun Park-Lynch, Chief Financial Officer, at 810 Mission Avenue, Oceanside, CA 92054.

Basic Financial Statements

NORTH COUNTY TRANSIT DISTRICT
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
Current assets		
Cash and investments	\$ 131,089,669	\$ 109,036,254
Investments with fiscal agent	1,832,522	1,839,741
Accounts receivable	4,415,770	6,715,342
Grants receivable	46,237,276	40,446,699
Lease receivables	284,867	221,180
Parts and supplies inventory, net of reserve	1,925,178	1,916,454
Prepaid expenses	3,762,696	3,054,473
Restricted cash	84,603,956	4,501,679
Total current assets	<u>274,151,934</u>	<u>167,731,822</u>
Noncurrent assets		
Lease receivables - due in more than one year	17,222,178	17,335,998
Capital assets		
Nondepreciable capital assets	250,726,032	237,803,541
Depreciable capital assets, net of accumulated depreciation	509,004,534	528,481,392
Right-to-use assets, net of accumulated amortization	7,213,410	5,756,467
Total capital assets	<u>766,943,976</u>	<u>772,041,400</u>
Total assets	<u>1,058,318,088</u>	<u>957,109,220</u>
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated decrease in fair value of interest rate swap	698,330	527,574
Outflows of resources related to pension	9,480,232	11,671,972
Outflows of resources related to OPEB	321,733	382,900
Total deferred outflows of resources	<u>10,500,295</u>	<u>12,582,446</u>
LIABILITIES		
Current liabilities payable from current assets		
Accounts payable	52,574,690	27,204,365
Accrued liabilities	1,746,222	887,296
Deposits payable	192,844	325,094
Certificates of participation - due within one year	1,450,000	1,400,000
Lease payable - due within one year	352,376	397,746
SBITA payable - due within one year	1,608,202	1,052,997
Unearned grant revenue - due within one year	25,614,585	19,831,521
Claims payable - due within one year	659,822	2,256,957
Compensated absences - due within one year	2,200,046	2,017,176
Other postemployment benefits liability - due within one year	140,000	140,000
Total current liabilities payable from current assets	<u>86,538,787</u>	<u>55,513,152</u>
Noncurrent liabilities		
Certificates of participation - due in more than one year	14,900,000	16,350,000
Lease payable - due in more than one year	283,819	352,282
SBITA payable - due in more than one year	4,808,914	3,937,953
Unearned grant revenue - due in more than one year	126,182,991	54,031,450
Claims payable - due in more than one year	1,944,454	1,428,717
Compensated absences - due in more than one year	47,231	32,019
Other postemployment benefits liability - due in more than one year	3,720,890	4,025,725
Net pension liability	42,969,550	44,686,566
Negative fair value of interest rate swap	698,330	527,574
Total noncurrent liabilities	<u>195,556,179</u>	<u>125,372,286</u>
Total liabilities	<u>282,094,966</u>	<u>180,885,438</u>
DEFERRED INFLOWS OF RESOURCES		
Inflows of resources related to leases	15,717,305	16,092,825
Inflows of resources related to OPEB	904,077	656,282
Total deferred inflows of resources	<u>16,621,382</u>	<u>16,749,107</u>
NET POSITION		
Net investment in capital assets	728,982,659	745,785,581
Unrestricted position	41,119,376	26,271,540
Total net position	<u>\$ 770,102,035</u>	<u>\$ 772,057,121</u>

The accompanying notes are an integral part of these financial statements

NORTH COUNTY TRANSIT DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
OPERATING REVENUES		
Fare revenue	\$ 11,669,967	\$ 10,732,805
Advertising and right-of-way	11,844,345	12,432,819
Lease and sublease revenue	2,364,421	2,369,918
Other revenue	2,350,858	2,707,353
Total operating revenues	<u>28,229,591</u>	<u>28,242,895</u>
OPERATING EXPENSES		
Vehicle operations	65,614,385	61,455,391
Vehicle maintenance	28,799,466	24,611,100
Facilities and non-vehicle maintenance	22,722,251	18,488,011
Administration	47,486,202	45,165,470
Right-of-way operations	10,268,801	8,618,075
Depreciation	84,225,390	78,882,666
Amortization - right-to-use assets (leases)	376,441	375,083
Amortization - right-to-use assets (SBITAs)	<u>1,721,038</u>	<u>1,302,032</u>
Total operating expenses	<u>261,213,974</u>	<u>238,897,828</u>
Operating Loss	<u>(232,984,383)</u>	<u>(210,654,933)</u>
NONOPERATING REVENUES (EXPENSES)		
Operating grants	149,625,391	131,976,553
Interest revenue - leases	474,606	468,836
Interest expense - leases	(25,457)	(36,751)
Interest expense - SBITAs	(208,269)	(138,794)
Investment income	3,229,892	2,450,414
Debt related expense	(555,630)	(622,260)
Loss on disposal of capital assets	(35,358)	(9,579)
Total nonoperating revenues	<u>152,505,175</u>	<u>134,088,419</u>
Loss Before Capital Contributions	<u>(80,479,208)</u>	<u>(76,566,514)</u>
CAPITAL CONTRIBUTIONS		
Capital grants	78,524,122	57,043,995
Donated capital assets	-	18,272,713
Total capital contributions	<u>78,524,122</u>	<u>75,316,708</u>
Change in Net Position	<u>(1,955,086)</u>	<u>(1,249,806)</u>
NET POSITION		
Beginning of year	<u>772,057,121</u>	<u>773,306,927</u>
End of year	<u>\$ 770,102,035</u>	<u>\$ 772,057,121</u>

The accompanying notes are an integral part of these financial statements

**NORTH COUNTY TRANSIT DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 30,153,644	\$ 28,492,710
Payments to suppliers	(96,302,646)	(114,728,626)
Payments to employees	(53,612,871)	(47,330,153)
Net cash used by operating activities	<u>(119,761,873)</u>	<u>(133,566,069)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants received	152,286,518	133,337,691
Net cash provided by noncapital financing activities	<u>152,286,518</u>	<u>133,337,691</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants received	145,420,944	61,568,383
Purchase of capital assets	(77,789,128)	(57,011,200)
Interest payments on lease payables	(25,457)	(36,751)
Interest payments on SBITA payables	(208,269)	(138,794)
Interest receipts on lease receivables	474,606	468,836
Financing receipts on lease receivables	372,872	300,981
Financing payments on lease payables	(413,145)	(386,048)
Financing payments on SBITA payables	(1,992,837)	(1,245,350)
Loss on disposal of capital assets	(35,358)	(9,579)
Payments on certificates of participation	(1,400,000)	(1,350,000)
Payment of interest and fees	(555,630)	(622,260)
Net cash provided by capital and related financing activities	<u>63,848,598</u>	<u>1,538,218</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	5,775,230	4,166,974
Net cash provided by investing activities	<u>5,775,230</u>	<u>4,166,974</u>
Net increase in cash and cash equivalents	102,148,473	5,476,814
Cash and cash equivalents		
Beginning of year	115,377,674	109,900,860
End of year	<u>\$ 217,526,147</u>	<u>\$ 115,377,674</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION		
Cash and investments	\$ 131,089,669	\$ 109,036,254
Investments with fiscal agent	1,832,522	1,839,741
Restricted cash	<u>84,603,956</u>	<u>4,501,679</u>
Cash and cash equivalents	<u>\$ 217,526,147</u>	<u>\$ 115,377,674</u>

The accompanying notes are an integral part of these financial statements

NORTH COUNTY TRANSIT DISTRICT
STATEMENTS OF CASH FLOWS, CONTINUED
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (232,984,383)	\$ (210,654,933)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	84,225,390	78,882,666
Amortization of right-to-use assets	2,097,479	1,677,115
Increase in reserve for obsolete inventory	-	164,988
Decrease in accounts receivable	2,299,572	553,192
(Increase) decrease in parts and supplies inventory	(8,724)	1,205,565
(Increase) decrease in prepaid expenses	(708,223)	7,288
Decrease in outflows of resources related to pension	2,191,740	792,283
Decrease (increase) in outflows of resources related to OPEB	61,167	(379,261)
Increase (decrease) in accounts payable	25,370,325	(6,437,881)
Increase in accrued liabilities	858,926	60,311
(Decrease) increase in deposit payable	(132,250)	131,036
(Decrease) in claims payable	(1,081,398)	(10,550)
Increase in compensated absences	198,082	129,247
(Decrease) increase in pension liability	(1,717,016)	695,531
(Decrease) increase in total OPEB liability	(304,835)	437,588
(Decrease) in inflows of resources related to leases	(375,520)	(303,377)
(Decrease) in inflows of resources related to pension	-	(366,825)
Increase (decrease) in inflows of resources related to OPEB	247,795	(150,052)
Total adjustments	<u>113,222,510</u>	<u>77,088,864</u>
Net cash used in operating activities	<u>\$ (119,761,873)</u>	<u>\$ (133,566,069)</u>
NONCASH CAPITAL FINANCING ACTIVITIES		
(Increase) decrease in the fair value of interest rate swaps	\$ (170,756)	\$ 286,768
NONCASH INVESTING ACTIVITIES		
Capital assets contributed by SANDAG	\$ -	\$ 18,272,713
Construction-in-process capital assets in accounts payable	\$ 14,260,727	\$ 1,980,526
Interest earned on unearned grant revenue	\$ 2,545,338	\$ 1,716,560
Subscription liability for the acquisition of a right-to-use asset	\$ 3,419,003	\$ -
Lease liability for the acquisition of a right-to-use asset	\$ 299,312	\$ -

The accompanying notes are an integral part of these financial statements

Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the North County Transit District (NCTD) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards. The more significant of NCTD's accounting policies are described below.

Reporting Entity

The North San Diego County Transit Development Board (NSDCTDB) was established by an act of the California State Legislature (Senate Bill 802) on September 20, 1975, to plan, construct and operate public transit systems in the northern region of San Diego County. In July 1976, the NSDCTDB commenced operations by providing bus services to the region. In 1992, the NSDCTDB was designated by SANDAG as the lead agency for providing commuter rail service in San Diego County. The NSDCTDB began commuter rail service between Oceanside and San Diego (known as the COASTER) in February 1995.

On January 1, 2003, California Senate Bill 1703 (SB 1703) required the consolidation of the planning and programming functions of the NSDCTDB and the San Diego Metropolitan Transit System (MTS) into the San Diego Association of Governments (SANDAG), San Diego County's Regional Planning Agency. SB 1703 also required the consolidation of project development and capacity enhancing construction projects of the NSDCTDB and MTS into SANDAG. The NSDCTDB's activities were focused on operating public transit systems in its service area.

In January 2006, under California Assembly Bill 1238, the North San Diego County Transit Development Board's name was changed to North County Transit District (NCTD). In March 2008, hybrid rail service (known as the SPRINTER) commenced operations servicing the northern east-west corridor of San Diego County between Oceanside and Escondido. Beginning in 2025, the North County Transit District is also known as North County Transit - San Diego Railroad (NCTD).

NCTD's governing board (Board) consists of ten members, including one member from each of the city councils of Carlsbad, Del Mar, Encinitas, Escondido, Oceanside, San Marcos, Solana Beach, and Vista, one member from the San Diego County Board of Supervisors Fifth District, and one *ex officio* member from the City of San Diego.

Basis of Accounting and Presentation

These basic financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all NCTD's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets, are included in the accompanying Statements of Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Grants received in advance of revenue recognition by NCTD are shown in the accompanying Statements of Net Position as unearned grant revenue. The Statements of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses), in total net position.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues consist of charges for services and revenues from use of capital assets (e.g., passenger fares, advertising and right-of-way). Operating expenses include the costs of providing transit services, maintenance, administration, and depreciation/amortization. Public funding (operating grants) and other financing items are reported as nonoperating; capital grants and contributions are reported separately as capital contributions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash, Cash Equivalents and Investments

For purposes of the Statements of Cash Flows, NCTD considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents, including cash and cash equivalents restricted for capital projects and future maintenance, and NCTD's investments in the Local Agency Investment Fund (LAIF) and San Diego County Investment Pool (Pool). At June 30, 2025 and 2024, NCTD considered all its cash and investments to be cash and cash equivalents.

Highly liquid market investments with maturities of one year or less at the time of purchase are stated at amortized cost. NCTD is a voluntary participant in the Local Agency Investment Fund (LAIF) investment pool that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of NCTD's investment in the pool is reported based upon NCTD's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio. The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on an amortized cost basis. NCTD is also a voluntary participant in the Pool. This stable value fund is managed by an in-house investment team that reports directly to a nine-member Oversight Committee who monitors the Pool's investment strategy and operations. The Investment Policy is reviewed by the Oversight Committee and approved by the San Diego County Board of Supervisors annually. The fair value of NCTD's investment in the Pool is determined as the funds deposited into the pool plus any declared and paid interest. As the Pool is a stable value fund, all investments retain their value of one unit equaling one dollar. Interest is calculated and credited quarterly. The balance available for withdrawal is based on the accounting records maintained by the Pool, which is equal to the original investment plus any credited interest. Substantially all investment income, including changes in the fair value of investments, is reported as nonoperating revenue in the accompanying Statements of Revenues, Expenses and Changes in Net Position.

Restricted cash and investments consist of resources externally restricted (e.g., grantor stipulations for capital projects or preventive maintenance) and amounts held by fiscal agents.

Lease Receivables

Lease receivables are recorded as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on an estimated interest rate to reflect the time value of money.

Parts and Supplies Inventory

Inventories of maintenance parts and supplies are stated at the lower of cost or market, with cost being determined using the weighted average cost method. The cost of inventory is recorded as an expense at the time the inventory is consumed. A reserve for potentially obsolete or excess inventory is evaluated annually to identify any conditions that would indicate a probable impairment to the carrying cost of the inventory items. As of June 30, 2025, and 2024, management determined that reserves of \$724,143, were required for the impairment of parts for SPRINTER parts that were no longer needed after NCTD entered into a technical support and materials management agreement for the Diesel Multiple Unit (DMU) fleet.

Capital Assets

Capital assets, which include land, construction-in-progress, land improvements, buildings, right-of-way property, improvements, vehicles, and equipment and furniture, are defined as assets with an initial cost of \$5,000 or more and an estimated useful life of over one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the time of donation. Major outlays for capital assets and improvements are capitalized as assets are purchased or projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

Land and construction-in-progress are not depreciated. Other capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Type	Useful Life
Right-to-use assets	3 - 20 years
Land improvements	10 years
Buildings, structures and improvements	5 - 30 years
Right-of-way and improvements	10 - 100 years
Revenue and service vehicles	3 - 25 years
Equipment and furniture	3 - 20 years

Right-to-use lease assets are recognized at the lease commencement date and represent NCTD's right to use an underlying asset for the lease term. Right-to-use lease assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right-to-use lease assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method or the same method amortizing the liability. The amortization period varies from 3 to 5 years.

A Subscription-Based Information Technology Asset (SBITA) is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Right-to-use SBITAs are recognized at the subscription commencement date and represent NCTD's right to use the underlying SBITA for the subscription term. Right-to-use SBITAs are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right-to-use SBITAs are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method or the same method amortizing the liability. The amortization period varies from 2 to 20 years.

Capital Grants

NCTD receives grants from the Federal Transit Administration (FTA), Federal Railroad Administration (FRA), other United States (U.S.) federal agencies, and state and local transportation funds to support NCTD's Capital Improvement Program. Capital grants are included in the determination of changes in net position as capital contributions.

Lease Liabilities

Lease liabilities represent NCTD's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on an incremental borrowing rate determined by NCTD.

SBITA Liabilities

SBITA liabilities represent NCTD's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The subscription term includes the period during which NCTD has a noncancelable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that NCTD or the SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that NCTD or the SBITA vendor will not exercise that option). The present value of subscription payments are discounted based on an incremental borrowing rate determined by NCTD.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unearned Grant Revenue

Unearned grant revenue arises when resources are received before grant eligibility requirements have been met.

Compensated Absences

NCTD employees receive paid time off based on their position, classification, and years of service. Non-represented employees hired prior to January 9, 2022 are allowed to carry a maximum paid time off balance of 400 hours. Non-represented employees hired after January 9, 2022 are allowed to carry a maximum paid time off balance based on years of service, which may not exceed the maximum paid time off earned each year. Represented employees earn paid time off based on the Memorandum of Agreement between NCTD and their collective bargaining representative. Compensated absences liabilities for all NCTD employees are recorded as benefits are earned and is reduced when hours are paid out. Refer to Note 6 for further details.

Debt

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* (GASB 88), improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. GASB 88 requires that additional essential information related to debt be disclosed in the notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

GASB Statement No. 93, *Replacement of Interbank Offered Rates* (GASB 93), addresses the June 2023 retirement of interbank offered rates (IBOR), most notably the London Interbank Offered Rate (LIBOR), as a result of global reference rate reform. The sunsetting of LIBOR required governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. GASB 93 addresses the identification of replacement reference rates, provides exceptions and clarification surrounding hedge and lease accounting treatments, and other related concerns. Effective in March 2023, NCTD adopted the International Swaps and Derivatives Association (ISDA) 2020 Fallback Protocol (Protocol), which replaced references to LIBOR with references to the Secured Overnight Financing Rate (SOFR), which along with required adjustments to approximate LIBOR, was determined to be the replacement fallback rate. The adoption of the Protocol did not constitute a renegotiation, an amendment, or termination of any of NCTD's agreements, and as a result, there was no financial impact to the financial statements upon adoption of GASB 93.

Self-Insurance Liabilities

NCTD self-insures claims on a per-occurrence basis. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated, net of any insurance coverage. These losses include management's estimate of claims that have been incurred but not reported. These losses also include, where available, estimates of recoveries on unsettled claims and incremental claim adjustment expenses, such as legal expenses. Small dollar claims and judgments are recorded as expenses when paid. Refer to Note 16 for further details.

Pension

NCTD's defined benefit pension plan (Plan) is administered by the California Public Employees' Retirement System (CalPERS). For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pension, pension expense, information about the fiduciary net position, and additions to/deductions from the Plan's fiduciary net position, have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments of the Plan are reported at fair value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Postemployment Benefits (OPEB)

The net position of NCTD's OPEB plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. NCTD reports the total OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense in its financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

NCTD is a governmental agency exempt from federal income taxes under Section 115 of the Internal Revenue Code (IRC) and from California franchise taxes under similar California law.

Net Position

Net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by accounts payable for capital projects, outstanding debt, net of unspent proceeds, related to the acquisition, construction, or improvement of the assets, and deferred outflows and inflows of resources related to debt (e.g. deferred amounts on refunding).

Unrestricted Net Position – This amount represents all net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72), provides guidance for determining fair value for financial reporting purposes and expands disclosures related to fair value measurements and their impact on financial position. GASB 72 establishes a framework for measuring fair value that includes a three-tier hierarchy of valuation inputs, placing a priority on those which are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect NCTD's own assumptions about how market participants would value an asset or liability based on the best information available. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. The three levels of inputs, of which the first two are considered observable and the last unobservable, are as follows:

Level 1 - Quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.

Level 2 - Other significant observable inputs, either direct or indirect, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable; or market corroborated inputs.

Level 3 - Unobservable inputs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements

The following pronouncements were implemented during FY2025 and FY2024:

GASB Statement No. 99, *Omnibus 2022* (GASB 99) provides guidance and clarifications on the implementation, accounting, and financial reporting related to previously issued GASB statements. GASB 99 addresses a variety of issues including classification and reporting of derivatives not meeting the definition of an investment or hedging instrument (GASB 53); clarifications surrounding certain aspects of lease accounting including the determination of lease term, short-term lease classification, recognition and measurement of lease liabilities and lease assets, and lease incentives (GASB 87); Public-Private and Public-Public Partnership measurement issues (GASB 94); clarifications surrounding subscription-based information technology arrangement (SBITAs) (GASB 96); the extension of LIBOR as an appropriate benchmark interest rate for evaluating the effectiveness of an interest rate swap hedging the interest rate on taxable debt; and other issues. NCTD has implemented the requirements of GASB 99 that are currently effective, noting no significant changes to the financial statements.

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB 62* (GASB 100) prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. GASB 100 requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. GASB 100 requires disclosure in the notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. There were no accounting changes and error corrections for the fiscal years ended June 30, 2025 and 2024.

GASB Statement No. 101, *Compensated Absences* (GASB 101) requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. A liability is not recognized for certain types of compensated absences until the leave commences.

GASB Statement No. 102, *Certain Risk Disclosures* (GASB 102) requires disclosures on essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The disclosures should include descriptions of the concentration or constraint, each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements, and actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

The following pronouncements are currently under the review of management:

GASB Statement No. 103, *Financial Reporting Model Improvements* (GASB 103) improves key components in financial reporting by providing information that is essential for decision making and assessing a government's accountability. GASB 103 requires that the information presented in the Management's Discussion and Analysis (MD&A) be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. The detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. GASB 103 describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence and requires to display the inflows and outflows related to each unusual or infrequent item separately. GASB 103 requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. GASB 103 also requires the presentation of budgetary comparison information and explanation of significant variances in the Required Supplementary Information. GASB 103 is effective for fiscal years beginning after June 15, 2025, with earlier application encouraged.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements (continued)

GASB Statement No. 104, *Disclosure of Certain Capital Assets* (GASB 104) requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (GASB 34). Lease assets, intangible right-to-use assets, and subscription assets should be disclosed separately by major class of underlying asset in the capital assets note disclosures. GASB 104 also requires intangible assets, other than those three mentioned previously, to be disclosed separately by major class. GASB 104 also requires additional disclosures for capital assets held for sale. The requirements of GASB 104 are effective for fiscal years beginning after June 15, 2025, with earlier application encouraged.

Reclassifications Affecting Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the previously reported change in net position.

2. CASH AND INVESTMENTS

Below is the reconciliation of cash and investments to the Statements of Net Position at June 30, 2025 and 2024:

	2025	2024
Cash and investments	\$ 131,089,669	\$ 109,036,254
Investments with fiscal agent	1,832,522	1,839,741
Restricted cash	<u>84,603,956</u>	<u>4,501,679</u>
	<u><u>\$ 217,526,147</u></u>	<u><u>\$ 115,377,674</u></u>

Cash and investments consist of the following at June 30, 2025 and 2024:

	2025	2024
Cash:		
Cash on hand	\$ 188,104	\$ 191,082
Demand deposits	<u>91,411,430</u>	<u>13,220,800</u>
Total cash	<u>91,599,534</u>	<u>13,411,882</u>
Investments:		
Deposits in Local Agency Investment Fund (LAIF)	74,999,285	57,569,205
Deposits in San Diego County Investment Pool	49,094,806	42,556,846
Investments with fiscal agent	<u>1,832,522</u>	<u>1,839,741</u>
Total investments	<u>125,926,613</u>	<u>101,965,792</u>
Total cash and investments	<u><u>\$ 217,526,147</u></u>	<u><u>\$ 115,377,674</u></u>

Investments Authorized by Debt Agreements

Investments of debt proceeds held by the bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or NCTD's investment policy. The table below identifies the investment types that are authorized for investments held by the bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

2. CASH AND INVESTMENTS (continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None

Investments Authorized by the California Government Code and NCTD's Investment Policy

The table below identifies the investment types that are authorized for NCTD by the California Government Code (or NCTD's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or NCTD's investment policy, where more restrictive) that address interest rate risk and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	5 years	None	None
State Obligations	5 years	None	10%
California Local Agency Obligations	5 years	None	10%
U.S. Agency Obligations	5 years	None	None
Banker's Acceptances	180 days	40%	10%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	10%
Repurchase Agreements	92 days	20%	10%
Medium-Term Notes	5 years	30%	10%
Savings and Money Market Accounts	N/A	None	None
Money Market Funds	N/A	None	10%
Mortgage and Asset-Backed Securities	5 years	20%	None
San Diego County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$75 million

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater its sensitivity is to changes in market interest rates.

Information about the sensitivity of the fair value of NCTD's investments to market interest rate fluctuations is provided by the following tables that show the distribution of NCTD's investments by maturity as of June 30, 2025 and 2024, respectively:

2. CASH AND INVESTMENTS (continued)

Investment Type	Amount at June 30, 2025	Remaining Maturity	
		12 Months or Less	
Local Agency Investment Fund	\$ 74,999,285	\$	74,999,285
San Diego County Pooled Investment Funds	49,094,806		49,094,806
Held by fiscal agent - Money Market Mutual Fund	1,832,522		1,832,522
	<u>\$ 125,926,613</u>		<u>\$ 125,926,613</u>

Investment Type	Amount at June 30, 2024	Remaining Maturity	
		12 Months or Less	
Local Agency Investment Fund	\$ 57,569,205	\$	57,569,205
San Diego County Pooled Investment Funds	42,556,846		42,556,846
Held by fiscal agent - Money Market Mutual Fund	1,839,741		1,839,741
	<u>\$ 101,965,792</u>		<u>\$ 101,965,792</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, or NCTD's investment policy, and the actual rating as of June 30, 2025 and 2024, respectively, for each investment type.

Investment Type	Amount at June 30, 2025	Minimum	Rating
		Legal Rating	as of Year End
Local Agency Investment Fund	\$ 74,999,285	N/A	Not Rated
San Diego County Pooled Investment Funds	49,094,806	N/A	AAAf/S1- Fitch
Held by fiscal agent - Money Market Mutual Fund	1,832,522	N/A	Not Rated
	<u>\$ 125,926,613</u>		

Investment Type	Amount at June 30, 2024	Minimum	Rating
		Legal Rating	as of Year End
Local Agency Investment Fund	\$ 57,569,205	N/A	Not Rated
San Diego County Pooled Investment Funds	42,556,846	N/A	AAAf/S1- Fitch
Held by fiscal agent - Money Market Mutual Fund	1,839,741	N/A	Not Rated
	<u>\$ 101,965,792</u>		

Disclosures Relating to Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the relative size of an investment in a single issuer. The investment policy of NCTD contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code (or NCTD's investment policy, where more restrictive). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are exempt from concentration of credit risk disclosure. At June 30, 2025 and 2024, NCTD had investments with LAIF (an external investment pool), San Diego County Investment Pool (external investment pool), and money market mutual funds.

2. CASH AND INVESTMENTS (continued)

Disclosures Relating to Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code and NCTD's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provisions for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Also, a financial institution may, in accordance with the California Government Code, secure the public agency deposits using first trust deed mortgages; however, the fair value of the first trust deed mortgages collateral must be at least 150% of the total amount deposited. None of NCTD's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

Investment in State Investment Pool

NCTD's investment in the Local Agency Investment Fund (LAIF) include a portion of the pooled funds invested in structured notes and asset-backed securities. These investments included the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options. They are issued by corporations and by government-sponsored enterprises such as the Federal National Mortgage Association and the Federal Home Loan Bank System or an international agency such as the World Bank.

Asset-Backed Securities entitle the purchaser to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMOs), small business loans, or credit card receivables.

As of June 30, 2025 and 2024, NCTD had \$74,999,285 and \$57,569,205, respectively, invested in LAIF, which had invested 3.81% and 3.00%, respectively, of the pooled investment funds in medium-term and short-term structured notes and asset-backed securities.

Investment in San Diego County Investment Pool

NCTD's investment in the San Diego County Investment Pool includes a portion of the pooled funds invested in asset-backed securities. These investments included the following:

Asset-Backed Securities entitle the purchaser to receive a share of the cash flows from a pool of assets such as accounts receivable from a pool of loans or other credit facilities.

As of June 30, 2025 and 2024, NCTD had \$49,094,806 and \$42,556,846 invested in the San Diego County Investment Pool, which had invested 23.08% and 30.66% of the pooled investment funds in commercial paper, supranational securities, and medium-term notes and 4.48% and 6.62% in asset-backed securities as of each year end, respectively.

Disclosures Relating to Fair Value Measurement

The investments in money market mutual funds, LAIF, and the San Diego County Investment Pool are not subject to the fair value hierarchy. NCTD has no other investments that require disclosure subject to GASB Statement No. 72. The investment in LAIF is reported based upon the application of a fair value factor to each one-dollar share invested. The investment in the San Diego County Investment Pool is also recorded at one dollar per share invested.

3. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at June 30:

	2025	2024
Trade accounts receivable	\$ 1,921,649	\$ 3,710,745
Other receivables	<u>2,494,121</u>	<u>3,004,597</u>
	<u><u>\$ 4,415,770</u></u>	<u><u>\$ 6,715,342</u></u>

Management has evaluated the receivables as of June 30, 2025 and 2024 and determined that an allowance for doubtful accounts is not necessary.

4. GRANTS AND GRANTS RECEIVABLE

Grants receivable consists of the following at June 30:

	2025	2024
Federal Transit Administration	\$ 27,606,499	\$ 29,394,060
California Department of Transportation	4,883,354	3,568,892
State Controller's Office	2,876,091	-
Other	2,510,143	655,202
California State Transportation Agency	2,099,325	341,143
Clean Truck and Bus Vouchers (HVIP)	2,064,000	-
San Diego Association of Governments (SANDAG)	1,942,206	2,423,474
California Energy Commission	1,520,043	307,477
Federal Railroad Administration	735,615	556,483
San Joaquin Valley Air Pollution Control District	<u>-</u>	<u>3,199,968</u>
	<u><u>\$ 46,237,276</u></u>	<u><u>\$ 40,446,699</u></u>

These receivables represent reimbursement requests on projects being funded by grants that may be subject to program compliance and financial audits by the granting agencies. Although the outcome of any such audits cannot be predicted, it is management's opinion that these audits would not have a material effect on NCTD's financial position or change in financial position.

NCTD receives public support funding from various federal, California, local, and other agencies in the form of operating grants and capital grants. NCTD earned the following operating grants during the fiscal years ended June 30:

	2025	2024
Federal Transit Administration (FTA)	\$ 53,229,807	\$ 46,113,030
Transportation Development Act (TDA) Article 4	47,354,952	44,294,300
TransNet	26,360,635	27,569,247
State Transit Assistance (STA)	10,360,763	7,929,927
Transit and Intercity Rail Capital Program (TIRCP)		
Senate Bill 125 (SB125)	4,834,133	-
Transportation Development Act (TDA) Article 4.5	2,835,281	2,765,369
Other Operating Grants	2,619,185	1,298,243
State of Good Repair (SGR)	<u>2,030,635</u>	<u>2,006,437</u>
	<u><u>\$ 149,625,391</u></u>	<u><u>\$ 131,976,553</u></u>

4. GRANTS AND GRANTS RECEIVABLE (continued)

Pursuant to the California Transportation Development Act of 1971 (TDA), a portion of sales tax proceeds is made available to NCTD through the local transportation fund for the development and operation of public transportation systems and related research and development projects. For the fiscal years ended June 30, 2025 and 2024, NCTD recorded \$50,190,233 and \$47,059,669, respectively, in TDA revenues.

The San Diego Transportation Improvement Program (TransNet) is administered by SANDAG and is funded by the San Diego countywide one-half cent local transportation sales tax that was effective April 1, 1988. For the fiscal years ended June 30, 2025 and 2024, NCTD received \$26,360,635 and \$27,569,247, respectively, in operating funds from the TransNet program.

During the fiscal years ended June 30, 2025 and 2024, NCTD earned \$53,229,807 and \$46,113,030, respectively, as federal operating revenue under the Federal Transit Administration (FTA) which provides federal assistance for local mass transportation systems, including capital maintenance and planning activities. For fiscal year 2025, FTA operating grant revenue includes \$18,792,556 claimed from NCTD's apportionment under the American Rescue Plan Act (ARPA). For fiscal year 2024, FTA operating grant revenue includes \$1,050,069 and \$16,505,472 claimed from NCTD's apportionment under the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act and ARPA, respectively.

During the fiscal years ended June 30, 2025 and 2024, NCTD earned \$19,844,716 and \$11,234,607, respectively, from state and other operating grants.

NCTD expended \$78,524,122 and \$57,043,995 of federal, California, local and other capital grants to fund various construction projects and for the purchase of various capital assets in the fiscal years ended June 30, 2025 and 2024, respectively.

5. CAPITAL ASSETS

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2025:

	Balance June 30, 2024	Additions	Disposals	Transfers	Contributions	Balance June 30, 2025
Nondepreciable assets						
Land	\$ 92,246,158	\$ -	\$ -	\$ 5,204,316	\$ -	\$ 97,450,474
Construction-in-progress	145,557,383	77,789,128	-	(70,070,953)	-	153,275,558
Total nondepreciable assets	237,803,541	77,789,128	-	(64,866,637)	-	250,726,032
Depreciable assets						
Land improvements	65,582,530	-	(6,132)	264,104	-	65,840,502
Buildings, structures and improvements	172,429,210	-	(1,449,448)	6,571,170	-	177,550,932
Right-of-way and improvements	930,475,253	-	(12,601)	2,957,398	-	933,420,050
Revenue and service vehicles	260,756,151	-	(11,239,511)	47,374,085	-	296,890,725
Equipment and furniture	224,396,454	-	(3,131,082)	7,699,880	-	228,965,252
Total depreciable assets	1,653,639,598	-	(15,838,774)	64,866,637	-	1,702,667,461
Less accumulated depreciation						
Land improvements	(59,835,843)	(911,834)	6,132	-	-	(60,741,545)
Buildings, structures and improvements	(120,393,459)	(6,886,834)	1,433,689	-	-	(125,846,604)
Right-of-way and improvements	(609,107,494)	(46,686,677)	11,952	-	-	(655,782,219)
Revenue and service vehicles	(152,386,498)	(19,527,073)	11,239,512	-	-	(160,674,059)
Equipment and furniture	(183,434,912)	(10,212,972)	3,029,384	-	-	(190,618,500)
Total accumulated depreciation	(1,125,158,206)	(84,225,390)	15,720,669	-	-	(1,193,662,927)
Total depreciable assets, net	528,481,392	(84,225,390)	(118,105)	64,866,637	-	509,004,534
Right-to-use (RTU) assets						
Building and signal stations	1,498,533	299,312	(335,772)	-	-	1,462,073
SBITAs	8,307,291	3,255,110	(633,110)	-	-	10,929,291
Total amortizable right-to-use assets	9,805,824	3,554,422	(968,882)	-	-	12,391,364
Less accumulated amortization on RTU assets						
Building and signal stations	(854,190)	(376,441)	335,772	-	-	(894,859)
SBITAs	(3,195,167)	(1,721,038)	633,110	-	-	(4,283,095)
Total RTU accumulated amortization	(4,049,357)	(2,097,479)	968,882	-	-	(5,177,954)
Total right-to-use assets, net	5,756,467	1,456,943	-	-	-	7,213,410
Total capital assets	\$ 772,041,400	\$ (4,979,319)	\$ (118,105)	\$ -	\$ -	\$ 766,943,976

5. CAPITAL ASSETS (continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2024:

	Balance June 30, 2023	Additions	Disposals	Transfers	Contributions	Balance June 30, 2024
Nondepreciable assets						
Land	\$ 92,274,014	\$ -	\$ (27,856)	\$ -	\$ -	\$ 92,246,158
Construction-in-progress	135,000,746	57,054,091	-	(46,497,454)	-	145,557,383
Total nondepreciable assets	227,274,760	57,054,091	(27,856)	(46,497,454)	-	237,803,541
Depreciable assets						
Land improvements	60,399,626	-	-	5,182,904	-	65,582,530
Buildings, structures and improvements	170,694,684	-	(399,719)	2,134,245	-	172,429,210
Right-of-way and improvements	906,216,603	-	(253,457)	6,239,394	18,272,713	930,475,253
Revenue and service vehicles	252,086,051	-	(516,325)	9,186,425	-	260,756,151
Equipment and furniture	200,790,943	-	(148,975)	23,754,486	-	224,396,454
Total depreciable assets	1,590,187,907	-	(1,318,476)	46,497,454	18,272,713	1,653,639,598
Less accumulated depreciation						
Land improvements	(57,242,366)	(2,593,477)	-	-	-	(59,835,843)
Buildings, structures and improvements	(113,975,325)	(6,817,853)	399,719	-	-	(120,393,459)
Right-of-way and improvements	(563,460,804)	(45,646,690)	-	-	-	(609,107,494)
Revenue and service vehicles	(140,889,088)	(12,013,735)	516,325	-	-	(152,386,498)
Equipment and furniture	(171,744,199)	(11,810,911)	120,198	-	-	(183,434,912)
Total accumulated depreciation	(1,047,311,782)	(78,882,666)	1,036,242	-	-	(1,125,158,206)
Total depreciable assets, net	542,876,125	(78,882,666)	(282,234)	46,497,454	18,272,713	528,481,392
Right-to-use (RTU) assets						
Building and signal stations	2,076,051	-	(577,518)	-	-	1,498,533
SBITAs	8,357,184	-	(49,893)	-	-	8,307,291
Total amortizable right-to-use assets	10,433,235	-	(627,411)	-	-	9,805,824
Less accumulated amortization on RTU assets						
Building and signal stations	(1,057,067)	(375,083)	577,960	-	-	(854,190)
SBITAs	(1,881,300)	(1,302,032)	(11,835)	-	-	(3,195,167)
Total RTU accumulated amortization	(2,938,367)	(1,677,115)	566,125	-	-	(4,049,357)
Total right-to-use assets, net	7,494,868	(1,677,115)	(61,286)	-	-	5,756,467
Total capital assets	\$ 777,645,753	\$ (23,505,690)	\$ (371,376)	\$ -	\$ 18,272,713	\$ 772,041,400

Additions to capital assets totaling \$18,272,713 for the fiscal year 2024 were received from SANDAG for completion of several major COASTER right-of-way projects. Depreciation expense, including the amortization of right-to-use assets, for the fiscal years ended June 30, 2025 and 2024 was \$86,322,869 and \$80,559,781, respectively. Amortization for right-to-use assets was \$2,097,479 and \$1,677,115 for the years ended June 30, 2025 and 2024, respectively.

6. COMPENSATED ABSENCES

Compensated absences activity for the fiscal years ended June 30, 2025 and 2024 was as follows:

Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Classification	
				Due in one year	Due in more than one year
\$ 2,049,195	\$ 3,482,034	\$ (3,283,952)	\$ 2,247,277	\$ 2,200,046	\$ 47,231

Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Classification	
				Due in one year	Due in more than one year
\$ 1,919,948	\$ 2,978,989	\$ (2,849,742)	\$ 2,049,195	\$ 2,017,176	\$ 32,019

7. LONG-TERM DEBT

Certificates of Participation

In July 2004, NCTD completed a \$114 million financing transaction through the California Transit Finance Corporation (CTFC) to finance a portion of the design, acquisition, and construction of the SPRINTER hybrid rail project. This financing was done to address the delay in the receipt of \$80 million of Traffic Congestion Relief Program (TCRP) funds to be provided by the State of California for the SPRINTER project. NCTD received the proceeds of \$114 million through Certificates of Participation, 2004 Series A Auction Rate Certificates issued as Auction Rate Securities by CTFC.

In August 2005, the California Transportation Commission approved an allocation of \$80 million from the TCRP for the SPRINTER project. NCTD used these funds as they became available to retire \$69.2 million of the related debt and retired an additional \$10.8 million in September 2006. In February 2006, NCTD entered into an interest rate swap agreement for \$34 million of the SPRINTER-related debt. Essentially, per the synthetic fixed-rate swap agreement, NCTD paid the counterparty, UBS, a fixed interest rate, in exchange for UBS paying the variable interest rate for the outstanding debt. In addition, NCTD had insurance from the bond insurer MBIA for the \$34 million of outstanding debt. As security for the Certificates of Participation, there is a lien on and security interest in all right, title, and interest of NCTD revenues.

In May 2008, the Board of Directors for NCTD and for SANDAG approved the restructure of NCTD's outstanding debt, involving SANDAG's commercial paper program. SANDAG issued \$34 million of commercial paper, which was then used by SANDAG to purchase the NCTD auction rate securities, effectively making SANDAG the holder of NCTD's outstanding debt. The interest rate that NCTD pays SANDAG (as the holder of the \$34 million of debt) is equal to the actual interest rate that SANDAG pays on the commercial paper. This results in no net cost to SANDAG but allowed NCTD to effectively reduce its current interest rate down to the commercial paper rate. This arrangement allowed NCTD to reduce its borrowing costs, to retain the current interest rate swap structure, and to preserve the existing bond insurance. NCTD also paid its share of administrative costs associated with the commercial paper program (including letter of credit fees, trustee fees, rating agency fees, etc.) as well as legal and financial advisor fees related to the transaction. However, these transaction costs were substantially lower than the costs that would have been associated with other alternatives, such as a new issuance of fixed-rate debt or variable-rate demand notes. SANDAG cannot sell, transfer, or in any way cause the sale or transfer of the Certificates of Participation to any third parties. However, SANDAG reserves the right, with 90 days prior written notice, to cause the remarketing of the Certificates of Participation.

In March 2023, NCTD sent a notification letter to SANDAG that a fallback rate referenced in the Auction Rate Certificate agreements was replaced with SOFR, as NCTD had adhered to the 2020 ISDA Fallback Protocol in March 2023, effective July 1, 2023. There was no financial impact of this reference rate replacement.

Long-term debt activity for the fiscal years ended June 30, 2025 and 2024 was as follows:

	Original Issue Amount	Balance at July 1, 2024	Additions	Retirements	Balance at June 30, 2025	Due Within One Year
Certificates of Participation, 2004 Series A	\$114,000,000	\$17,750,000	\$ -	\$ (1,400,000)	\$16,350,000	\$1,450,000
Certificates of Participation, 2004 Series A	Original Issue Amount	Balance at July 1, 2023	Additions	Retirements	Balance at June 30, 2024	Due Within One Year
	\$114,000,000	\$19,100,000	\$ -	\$ (1,350,000)	\$17,750,000	\$1,400,000

7. LONG-TERM DEBT (continued)

The remaining principal balance on the Certificates of Participation was \$16,350,000 at June 30, 2025. The Certificates of Participation mature on September 1, 2034.

Estimated future debt payments are as follows:

Year Ending June 30,	Principal	Estimated Interest and Support Costs (1)	Total Payments
2026	1,450,000	542,360	1,992,360
2027	1,500,000	487,760	1,987,760
2028	1,550,000	431,340	1,981,340
2029	1,600,000	373,100	1,973,100
2030	1,600,000	314,860	1,914,860
2031-2035	8,650,000	642,460	9,292,460
Total	\$ 16,350,000	\$ 2,791,880	\$ 19,141,880

(1) Based on a 3.64% fixed rate that includes interest and support costs

2006 Interest Rate Swap

Objective of the interest rate swap. On February 24, 2006, NCTD entered into two interest rate swaps for \$17 million each in order to hedge the interest rate risk associated with variable-rate Certificates of Participation by “locking in” a fixed interest rate. The intention of NCTD in entering into the swaps was to lock in a relatively low cost of funds on the debt for the construction of the SPRINTER hybrid rail project.

Terms. The initial notional amounts of the swaps were \$17 million each (\$34 million total). The current notional amounts of the swaps are a combined \$16.35 million. In March 2023, with an effective date of July 1, 2023, NCTD adhered to the 2020 ISDA Fallback Protocol which replaced one-month LIBOR with SOFR, plus a spread of 11.448 basis points, as the variable payment rate NCTD receives. The notional amounts and maturity dates of the swaps match the notional amounts and the maturity dates of the Certificates of Participation that were issued in July 2004 and outstanding as of June 30, 2025.

Fair values. Because interest rates have declined since execution of the swaps, the UBS swaps had a total negative fair value of \$698,330 and \$527,574 as of June 30, 2025 and 2024, respectively. The fair values of the derivatives were estimated by an independent third-party based on mid-market levels as of the close of business on June 30, 2025 and 2024. The fair values take into consideration the contractual terms of the swap, including: the effective date; the termination date; the amortization schedule; the index or indices and fixed rates; and any day count modifications to the accrual and/or payment dates. Market-based parameters include: the term structure of interest rates as implied by the U. S. Treasury curve and by various swap curves; spreads for taxable and tax-exempt swap rates (risk premiums); spreads for credit risk(s); and discount factors derived from the Secured Overnight Financing Rate (SOFR) swap curve.

Basis risk. This is the risk of a mismatch between the actual variable interest rate on NCTD’s debt and the floating rate option index under the interest rate swap agreement. As of June 30, 2025, the average interest rate on NCTD’s hedged variable-rate debt was 3.35%.

Credit risk. This is the risk that the counterparty will fail to perform under the terms of these agreements. As of June 30, 2025 and 2024, NCTD was not exposed to credit risk on these swaps because they had negative fair values. However, should interest rates change and the fair values of the swaps become positive, NCTD would be exposed to credit risk in the amount of the swaps’ fair value.

The favorable credit ratings of the counterparty (UBS) mitigate this risk. As of June 30, 2025 and 2024, UBS long-term counterparty risk and credit rating was Aa2 by Moody’s and A+ by Standard & Poor’s. In addition, the fair value of the swaps will be fully collateralized by the counterparty with cash or United States government securities if the counterparty’s credit quality falls below a rating of Baa2 by Moody’s or BBB by Standard & Poor’s. Collateral would be posted with a third-party custodian.

7. LONG-TERM DEBT (continued)

Market-access risk. This is the risk that the markets may be closed or that NCTD may not be able to enter the credit markets due to its own credit quality deteriorating. As of June 30, 2025, NCTD had a Moody's credit rating of A1, which is considered upper-medium-grade and subject to low credit and market-access risk.

Termination risk and termination payments. This is the risk that the transaction is terminated in a market dictating a termination payment by NCTD. NCTD can terminate the swaps at the fair value by providing notice to the counterparty, while the counterparty may only terminate the swaps upon certain termination events under the terms of the agreements. NCTD or the counterparty may terminate the swaps if the other party fails to perform under the terms of the contracts, such as the failure to make swap payments. If the swaps are terminated, the expected variable-rate Certificates of Participation would no longer be hedged.

Given the negative fair values as of June 30, 2025 and 2024, NCTD was not in a favorable termination position relative to the market. The fair values and changes in fair values at June 30, 2025 and 2024 are shown below.

	Changes in Fair Value		Fair Value at June 30, 2025		Notional	Fair Value Hierarchy
	Classification	Amount	Classification	Amount		
Cash flow hedges:						
Pay-fixed interest rate swap	Deferred outflow	\$ (170,756)	Debt	\$ (698,330)	\$16,350,000	Level 2
	Changes in Fair Value		Fair Value at June 30, 2024		Notional	Fair Value Hierarchy
	Classification	Amount	Classification	Amount		
Cash flow hedges:						
Pay-fixed interest rate swap	Deferred outflow	\$ 286,768	Debt	\$ (527,574)	\$17,750,000	Level 2

Memorandum of Agreement with SANDAG

In September 2019, the SANDAG Board of Directors approved the allocation of \$58.8 million to NCTD for the purchase of two additional COASTER train sets to provide more frequent COASTER commuter rail service. In order to take advantage of existing contracts for the procurement of the locomotives and bi-level cars, NCTD was required to make advance payments to the contractors before the funding was received from SANDAG. In order to fund these payments, in June 2020, NCTD's Board authorized the execution of a Memorandum of Agreement with SANDAG for debt financing through the TransNet Program in an amount not-to-exceed \$46 million. Repayments of the principal amount are to be made as funding is received and interest is paid monthly from NCTD's TransNet revenues. No draws from the debt financing program were made as of June 30, 2025 and 2024.

8. ARBITRAGE REBATE LIABILITY

Arbitrage rebate applies to interest earned on the issuance of tax-exempt debt. The rebate is based on the difference between the interest earned from the investment of the debt proceeds and the interest expense on the debt issued. As of June 30, 2025 and 2024, there was no liability related to the NCTD's Certificates of Participation 2004 Series A debt.

9. LEASES

Lessee Activities

NCTD has four lease agreements that meet the criteria for capitalization. Two of the lease agreements, with principal and interest payments through fiscal year 2031, are for signal repeater sites throughout San Diego County used for vehicle operations communications systems. The third lease is for a building in the City of Oceanside utilized for signals maintenance and maintenance-of-way operations with principal and interest payments through fiscal year 2026. The fourth lease is for administrative offices in downtown Oceanside with principal and interest payments through fiscal year 2027. The initial lease liabilities were valued using annual discount rates between 1.29% and 5.45% depending on the length of the term of the lease and represent NCTD's incremental borrowing rate at the date of adoption. During the year ended June 30, 2025, NCTD terminated the lease for one signal repeater site and extended the leases for two signal repeater sites.

As of June 30, 2025 and 2024, NCTD had right-to-use assets of \$1,462,073 and \$1,498,533, respectively and accumulated amortization of \$894,859 and \$854,190, respectively. As of June 30, 2025 and 2024, NCTD had lease liabilities of \$636,195 and \$750,028, respectively.

During fiscal years 2025 and 2024, NCTD recognized interest expense associated with the leased assets of \$25,457 and \$36,751, respectively. For the fiscal years ended June 30, 2025 and 2024, amortization expense for the right-to-use leased assets was \$376,441 and \$375,083, respectively.

A summary of the changes in lease liabilities during the year ended June 30, 2025 and 2024 is as follows:

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025	Due Within One Year
Lease liabilities	\$ 750,028	\$ 299,312	\$ (413,145)	\$ 636,195	\$ 352,376
<hr/>					
	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
Lease liabilities	\$ 1,136,076	\$ -	\$ (386,048)	\$ 750,028	\$ 397,746

Remaining obligations associated with these leases are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2026	352,376	22,861
2027	95,486	12,108
2028	63,788	8,786
2029	70,219	5,258
2030	45,789	1,756
Thereafter	8,537	113
Total	\$ 636,195	\$ 50,882

Lessor Activities

NCTD has entered into lease and easement agreements that provide tenants access to real estate assets owned by NCTD. NCTD has identified 23 lease agreements in which NCTD is the lessor that meet the criteria established by GASB 87 for capitalization. Most lease agreements have annual rent escalations that are based on a certain Consumer Price Index (CPI) rate. The lease agreements will expire at various dates through fiscal year 2100. The lease receivable was valued using annual discount rates ranging from 1.29% to 5.81% depending on the length of the term of the lease and represent NCTD's incremental borrowing rate at the date of adoption.

9. LEASES (continued)

During FY2025, NCTD entered into two new lease agreements. The present value of the lease receivable was calculated using discount rates of 5.28% and 5.43% and 3% lease escalation rate. At initial measurement, the lease receivable and deferred inflows of resources for the two agreements totaled \$223,653.

As of June 30, 2025 and 2024, total lease receivable (including both the current and noncurrent portion) balances were \$17,507,045 and \$17,557,178, respectively. The deferred inflows related to leases balances were \$15,717,305 and \$16,092,825 as of June 30, 2025 and 2024, respectively. Receipts on principal were \$372,872 and \$300,981 during the years ended June 30, 2025 and 2024, respectively. Interest revenue recognized on these leases was \$474,606 and \$468,836 for the years ended June 30, 2025 and 2024, respectively.

Within the NCTD-as-lessor agreements is one agreement that includes a fixed monthly amount, however, calls for an additional annual payment that is completely variable and therefore was not included in calculation of the lease receivable or deferred inflow of resources for the lease. These variable payments are a result of a portion underlying lease measured not on a fixed rate, but rather variable due to the underlying payments derived from sublease rent. A total of \$126,133 and \$105,987 was recognized as revenue from these variable payments for the years ended June 30, 2025 and June 30, 2024, respectively.

10. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

NCTD has recorded 22 SBITA contracts as right-to-use assets and subscription liabilities. These subscription arrangements include services for finance and procurement enterprise resource planning (ERP) system; human resources and payroll system, operational real-time alerts, analytics and information systems; paratransit scheduling software; on-demand transit scheduling and operations software, PRONTO fare revenue back-office system, farebox system, and other operational and administrative software applications. NCTD is required to make principal and interest payments on monthly and annual terms, as specified in the agreements. The terms of these subscription agreements run through fiscal year 2043 and were recorded at the present value of their required fixed subscription payments, valued using annual discount rates ranging from 0.90% to 5.45% depending on the length of the term of the subscription arrangement and representing NCTD's incremental borrowing rate at the date of capitalization. NCTD entered into nine new contracts that met the criteria for capitalization during the year ended June 30, 2025.

During FY2025 and FY2024, principal payments of \$1,992,837 and \$1,245,350, respectively, and interest payments of \$208,269 and \$138,794, respectively, were made towards these agreements.

As of June 30, 2025, the right-to-use assets and accumulated amortization relating to all NCTD subscription agreements, was \$10,929,291 and \$4,283,095, respectively. As of June 30, 2024, the right-to-use assets and accumulated amortization relating to all NCTD subscription agreements, was \$8,307,291 and \$3,195,167, respectively.

These contracts also call for payments that are partially or completely variable and therefore were not included in subscription assets or subscription liabilities. These variable payments are a result of the underlying subscription measured not on a fixed rate, but rather variable due to the portion of underlying payments derived from variable license quantities, number of transit trips booked using software, information datasets processed, and other variable criteria. During fiscal years 2025 and 2024, operating expenses related to these variable payment components of the above agreements totaled \$106,464 and \$361,911, respectively.

10. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (continued)

A summary of the changes in SBITA liabilities during the years ended June 30, 2025 and June 30, 2024 is as follows:

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025	Due Within One Year
SBITA Liabilities	\$ 4,990,950	\$ 3,419,003	\$ (1,992,837)	\$ 6,417,116	\$ 1,608,202
<hr/>					
	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
SBITA Liabilities	\$ 6,236,300	\$ -	\$ (1,245,350)	\$ 4,990,950	\$ 1,052,997

Remaining principal and interest payments on subscriptions are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2026	\$ 1,608,202	\$ 228,754
2027	1,285,935	170,353
2028	860,345	128,517
2020	832,822	93,360
2030	556,221	63,002
2031-2025	659,265	150,939
2036-2040	344,258	69,875
2041-2044	270,068	9,434
Total	<u>\$ 6,417,116</u>	<u>\$ 914,234</u>

11. CONTRACTUAL COMMITMENTS

As of June 30, 2025 and 2024, NCTD had commitments of \$108,161,842 and \$151,409,187, respectively, for capital and operating projects, which are funded by eligible grants. NCTD's funding for capital projects consists primarily of Federal Transit Administration (FTA) formula funds, Federal Railroad Administration (FRA) discretionary grants, State Transit Assistance (STA) funds, Transportation Development Act (TDA) funds, State Rail Assistance (SRA) funds, and other discretionary federal and state awards.

12. DEFERRED COMPENSATION

NCTD offers its employees a deferred compensation plan (Plan) created in accordance with Internal Revenue Code Section (IRC) 457 and provisions of the Government Code of the State of California. The plan, available to all full-time employees, permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, total disability, death, or unforeseeable emergency.

The Plan is administered by NCTD and contracted to an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributed to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are held in trust for employees. NCTD is not the fiduciary of that trust and as such, employees' assets held in IRC Section 457 plans are not the property of NCTD and are not subject to the claims of NCTD's general creditors. In accordance with GASB Statement No. 84, and GASB 97, employees' assets are not reflected in NCTD's financial statements.

12. DEFERRED COMPENSATION (continued)

NCTD also offers its employees a qualified defined contribution retirement plan under IRS Code Sections 401(a) and 411(d). All full-time employees are eligible to participate in this plan. NCTD provides a matching contribution in an amount equal to 50% of the participating employee's salary deferrals under the 457(b) deferred compensation plan up to a maximum of 8% of the employee's compensation. The maximum employer match received will depend on the employee contribution, however, will not exceed 4% of the employee's compensation. The total cost paid by NCTD for the employer match was \$662,311 and \$587,289 for the fiscal years ended June 30, 2025 and 2024, respectively. During fiscal year 2024, employee forfeitures of \$60,862 were used to fund employer contributions. No forfeitures were used to fund employer contributions during fiscal year 2024.

13. PUBLIC EMPLOYEE RETIREMENT SYSTEM

A. General Information about the Pension Plan

Plan Description - All qualified permanent and probationary employees are eligible to participate in NCTD's Miscellaneous Plan (Plan), an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and NCTD resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 or 52, depending on member classification, with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is the Basic Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the California Public Employees' Retirement Law (PERL).

The Plan's provisions and benefits in effect at June 30, 2025, are summarized below:

Plan Benefits	Hire Date			
	Prior to December 23, 2012	On or after December 23, 2012 with prior CalPERS	On or after January 1, 2013	On or after January 9, 2022
Benefit Formula	2% @ 55	2% @ 60	2% @ 62	1.5% @ 65
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments*	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age (earliest)	50 or older	50 or older	52 or older	52 or older
Monthly benefits, as a % of eligible compensation	1.426 - 2.418%	1.092 - 2.418%	1.000 - 2.500%	0.500 - 1.500%
Required employee contribution rates	7.00%	7.00%	8.25%	5.25%
Required employer contribution rates	24.70%	24.70%	24.70%	24.70%

*Can take lump sum or designate recipient

The Plan's provisions and benefits in effect at June 30, 2024, are summarized below:

Plan Benefits	Hire Date			
	Prior to December 23, 2012	On or after December 23, 2012 with prior CalPERS	On or after January 1, 2013	On or after January 9, 2022
Benefit Formula	2% @ 55	2% @ 60	2% @ 62	1.5% @ 65
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments*	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age (earliest)	50 or older	50 or older	52 or older	52 or older
Monthly benefits, as a % of eligible compensation	1.426 - 2.418%	1.092 - 2.418%	1.000 - 2.500%	0.500 - 1.500%
Required employee contribution rates	7.00%	7.00%	7.75%	5.25%
Required employer contribution rates	33.63%	33.63%	33.63%	33.63%

*Can take lump sum or designate recipient

13. PUBLIC EMPLOYEE RETIREMENT SYSTEM (continued)

Employees Covered - The following employees were covered by the benefit terms of the Plan as of the June 30, 2024 and 2023 actuarial valuation reports:

Covered Employees	June 30, 2024	June 30, 2023
Inactive employees or beneficiaries currently receiving benefits	637	642
Inactive employees entitled to but not yet receiving benefits	506	470
Active employees	337	285
Total	1,480	1,397

Contributions - Section 20814(c) of the PERL requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

For the fiscal year ended June 30, 2025, the active employee contribution rate was 7.00% of annual pay for employees hired on or prior to December 23, 2012, 8.25% of annual pay for employees hired on or after January 1, 2013 but prior to January 9, 2022 and 5.25% of annual pay for employees hired on or after January 9, 2022. For the fiscal year ended June 30, 2024, the active employee contribution rate was 7.00% of annual pay for employees hired on or prior to December 23, 2012, 7.75% of annual pay for employees hired on or after January 1, 2013 but prior to January 9, 2022 and 5.25% of annual pay for employees hired on or after January 9, 2022. The employer's contribution rate was 24.70% and 33.63% of annual payroll based on the June 30, 2022 and 2021 actuarial valuation reports, respectively. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

B. Net Pension Liability

NCTD's net pension liability for the Miscellaneous Plan is measured as the total pension liability, less the pension plan's fiduciary net position.

Actuarial Assumptions - The June 30, 2023 and 2022 valuations were rolled forward to determine the June 30, 2024 and 2023 total pension liability, based on the following actuarial methods and assumptions:

	June 30, 2023	June 30, 2022
Actuarial Cost Method:	Entry Age Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions		
Discount rate:	6.90%	6.90%
Price inflation:	2.30%	2.30%
Payroll growth:	2.80%	2.80%
Salary increases:	Varies by Entry Age and Service	Varies by Entry Age and Service
Mortality rate table:	Based on CalPERS-specific data. The probabilities of mortality are based on the <i>2021 CalPERS Experience Study and Review of Actuarial Assumptions</i> . Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.	Based on CalPERS-specific data. The probabilities of mortality are based on the <i>2021 CalPERS Experience Study and Review of Actuarial Assumptions</i> . Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

13. PUBLIC EMPLOYEE RETIREMENT SYSTEM (continued)

Discount Rate - The discount rate used to measure the total pension liability as of the June 30, 2024 and the June 30, 2023 measurement dates was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

The expected real rates of return by asset class are as follows:

Asset Class ⁽¹⁾	Current Target Allocation	Real Return ^{(1)/(2)}
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.00%	2.27%
Emerging Debt Market	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.0%	

⁽¹⁾ An expected inflation of 2.30% used for this period.

⁽²⁾ Figures are based on the 2021 Asset Liability Management Study

C. Changes in the Net Pension Liability

Recognition of Gains and Losses - Under GASB Statement No. 68, gains and losses related to changes in the total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The net difference between projected and actual earnings on pension plan investments is amortized straight-line over five years. All other amounts are amortized straight-line over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

13. PUBLIC EMPLOYEE RETIREMENT SYSTEM (continued)

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSL for the Plan for the June 30, 2024 measurement date was 2.2 years, which was obtained by dividing the total service years of 3,080 (the sum of remaining service lifetimes of the active employees), by 1,397 (the total number of participants: active, inactive, and retired). The EARSL for the Plan for the June 30, 2023 measurement date was 2.0 years, which was obtained by dividing the total service years of 2,638 (the sum of remaining service lifetimes of the active employees), by 1,322 (the total number of participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to zero. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Pension Plan Fiduciary Net Position - Detailed information about NCTD's Miscellaneous Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

The following tables show the changes in NCTD's net pension liability recognized over the measurement periods.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2023	\$ 157,031,856	\$ 112,345,290	\$ 44,686,566
Changes during the measurement period:			
Service cost	3,468,166	-	3,468,166
Interest on total pension liability	10,741,968	-	10,741,968
Differences between expected and actual experience	2,226,127	-	2,226,127
Contributions-employer	-	5,883,594	(5,883,594)
Contributions-employees	-	1,677,746	(1,677,746)
Net investment income	-	10,683,353	(10,683,353)
Benefit payments, including refunds of employee contributions	(10,622,758)	(10,622,758)	-
Administrative expense	-	(91,416)	91,416
Net changes	5,813,503	7,530,519	(1,717,016)
Balance at June 30, 2024	\$ 162,845,359	\$ 119,875,809	\$ 42,969,550

13. PUBLIC EMPLOYEE RETIREMENT SYSTEM (continued)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2022	\$ 152,250,031	\$ 108,258,996	\$ 43,991,035
Changes during the measurement period:			
Service cost	2,944,712	-	2,944,712
Interest on total pension liability	10,372,511	-	10,372,511
Changes of benefit terms	370,422	-	370,422
Differences between expected and actual experience	1,372,675	-	1,372,675
Contributions-employer	-	6,371,487	(6,371,487)
Contributions-employees	-	1,377,077	(1,377,077)
Net investment income	-	6,695,834	(6,695,834)
Benefit payments, including refunds of employee contributions	(10,278,495)	(10,278,495)	-
Administrative expense	-	(79,609)	79,609
Net changes	4,781,825	4,086,294	695,531
Balance at June 30, 2023	\$ 157,031,856	\$ 112,345,290	\$ 44,686,566

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - This type of analysis gives a sense of the long-term risk to required contributions. The table below presents the net pension liability of NCTD's Miscellaneous Plan as of the measurement dates of June 30, 2024 and 2023 assuming alternate discount rates. The calculation uses the current discount rates shown in the tables, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Plan's Net Pension Liability At Measurement Date:	Discount Rate -1% 5.9%	Current Discount Rate 6.9%	Discount Rate +1% 7.9%
June 30, 2024	\$61,461,475	\$42,969,550	\$27,600,470

Plan's Net Pension Liability At Measurement Date:	Discount Rate -1% 5.9%	Current Discount Rate 6.9%	Discount Rate +1% 7.9%
June 30, 2023	\$62,450,919	\$44,686,566	\$29,869,970

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension

For the fiscal years ended June 30, 2024 and 2023, NCTD had pension expense of \$7,150,421 and \$5,029,319, respectively. As of June 30, 2024 and June 30, 2023, NCTD has deferred outflows and deferred inflows of resources related to pension as follows:

As of June 30, 2025	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	6,503,083	\$ -
Differences between expected and actual experience	1,214,251	-
Net differences between projected and actual earnings on pension plan investments	1,762,898	-
Total	\$ 9,480,232	\$ -

13. PUBLIC EMPLOYEE RETIREMENT SYSTEM (continued)

As of June 30, 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	5,883,633	\$ -
Differences between expected and actual experience	686,337	-
Net differences between projected and actual earnings on pension plan investments	5,102,002	-
Total	\$ 11,671,972	\$ -

Pension contributions made after the measurement date of June 30, 2024 in the amount of \$6,503,083 will be recognized as a reduction of the net pension liability during the fiscal year ending June 30, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Periods Ending June 30,	Deferred Outflows/Inflows of Resources
2025	\$ 868,850
2026	3,195,852
2027	(477,066)
2028	(610,487)
	\$ 2,977,149

14. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS

General Information about the OPEB Plan

Plan Description - NCTD participates in a single-employer medical health plan provided by CalPERS for employees and retirees. NCTD makes certain benefits available to retired employees that include medical insurance coverage provided through CalPERS medical health plan. Separate stand-alone financial statements for NCTD's OPEB plan are not issued. NCTD's OPEB plan is on a pay-as-you-go basis. A trust fund has not been established for the payment of OPEB benefits and accordingly, no assets have been accumulated in a trust. Benefit payments are recognized when due and payable in accordance with the benefit terms.

Eligibility - To be eligible for retiree health benefits, an employee must retire from NCTD and commence pension benefits under CalPERS (typically on or after age 50 with at least five years of service).

Employees Covered - The following employees were covered by the benefit terms as of the dates below:

	June 30, 2025*	June 30, 2024
Inactive plan members or beneficiaries currently receiving benefits	71	71
Inactive plan members entitled to but not yet receiving benefits	361	361
Active plan members	352	352
	784	784

* Due to a limited-year actuarial valuation for FY2025, the FY2024 employee counts were used as allowed by GASB 75

14. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS (continued)

Contributions - NCTD pays CalPERS the monthly health care premium (\$158 per month in 2025, \$157 per month in 2024, and indexed to medical CPI for future years) for retirees electing coverage. Total payments for retirees for the fiscal years ended June 30, 2025 and 2024 were \$133,604 and \$134,098, respectively.

Actuarial assumptions –

The total OPEB liability as of June 30, 2025 was determined in a limited-scope process, rolling forward the fiscal year 2024 actuarial assumptions and updating the discount rate below.

Actuarial Cost Method: Entry Age Normal Cost Method

Actuarial Assumptions

Inflation: 2.25%
 Salary increases: 2.50%
 Discount rate: 5.20%
 Mortality: Mortality rates based on the 2021 CalPERS Experience Study Report
 Medical cost trend rates: Medical costs are adjusted in future years by the following trends:

Year	PPO Medical Plans	HMO Medical Plans	CalPERS Minimum Required Plan
2026	6.6%	7.3%	3%
2027	6.4%	7.0%	3%
2028	6.2%	6.7%	3%
2029	6.0%	6.4%	3%
2030	5.8%	6.1%	3%
2031	5.6%	5.9%	3%
2032	5.4%	5.6%	3%
2033	5.2%	5.3%	3%
2034	5.0%	5.0%	3%

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method: Entry Age Normal Cost Method

Actuarial Assumptions

Inflation: 2.25%
 Salary increases: 2.50%
 Discount rate: 3.93%
 Mortality: Mortality rates based on the 2021 CalPERS Experience Study Report
 Medical cost trend rates: Medical costs are adjusted in future years by the following trends:

Year	PPO Medical Plans	HMO Medical Plans	CalPERS Minimum Required Plan
2025	6.8%	7.6%	3%
2026	6.6%	7.3%	3%
2027	6.4%	7.0%	3%
2028	6.2%	6.7%	3%
2029	6.0%	6.4%	3%
2030	5.8%	6.2%	3%
2031	5.6%	5.9%	3%
2032	5.4%	5.6%	3%
2033	5.2%	5.3%	3%
2034	5.0%	5.0%	3%

14. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS (continued)

The actuarial funding method used in the determination of the total OPEB liability is the Entry Age Normal Cost method (level percent of pay) as required by GASB Statement No. 75. The method allocates normal cost contributions by employee over the working career of the employee as a level percent of their pay. A calculation is performed of the present value of benefits for each participant at each potential retirement age, factoring in probabilities of survival thereafter by using the appropriate group tables to determine a probability that active members retire at each age. An adjustment is made by using the present value of future salaries at entry age, factoring in interest, salary, and probability of remaining active from entry age to current age, to obtain the normal cost.

The discount rate is based on the Bond Buyer 20-Bond GO Index (GO Index). The GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

Total OPEB Liability

The June 30, 2025 OPEB liability was rolled-forward in a limited-scope review from the June 30, 2024 actuarial valuation. The June 30, 2024 OPEB liability was determined by an actuarial valuation as of that date in accordance with the parameters of GASB Statement No. 75. The total OPEB liability measured as of June 30, 2025 and 2024 was \$3,860,890 and \$4,165,725, respectively. In fiscal year 2025, the total OPEB liability decreased by \$304,835. In fiscal year 2024, the total OPEB liability increased by \$437,588.

Changes in the Total OPEB Liability

The changes in the total OPEB liability for the OPEB Plan are as follows:

	Increase (Decrease) in Total OPEB Liability
Balance at June 30, 2024	\$ 4,165,725

Changes for the year:

Service cost	313,913
Interest	158,617
Changes in assumptions	(518,006)
Benefit payments	<u>(259,359)</u>
Net changes	<u>(304,835)</u>
Balance at June 30, 2025	<u><u>\$ 3,860,890</u></u>

	Increase (Decrease) in Total OPEB Liability
Balance at June 30, 2023	\$ 3,728,137

Changes for the year:

Service cost	149,580
Interest	131,716
Differences between expected and actual experience	444,067
Changes in assumptions	(48,808)
Benefit payments	<u>(238,967)</u>
Net changes	<u><u>437,588</u></u>
Balance at June 30, 2024	<u><u>\$ 4,165,725</u></u>

14. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS (continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following tables present the total OPEB liability, calculated using the discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 4.20%	Current Discount Rate 5.20%	1% Increase 6.20%
Measurement Date: June 30, 2025			
Total OPEB Liability	\$4,259,136	\$3,860,890	\$3,523,480

	1% Decrease 2.93%	Current Discount Rate 3.93%	1% Increase 4.93%
Measurement Date: June 30, 2024			
Total OPEB Liability	\$4,629,850	\$4,165,725	\$3,775,621

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates - The following table presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (Varies)	Current Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Total OPEB Liability at Measurement Date:			
June 30, 2025	\$3,434,098	\$3,860,890	\$4,377,460
June 30, 2024	\$3,721,746	\$4,165,725	\$4,705,117

OPEB Expense and Deferred Inflows of Resources Related to OPEB

As of June 30, 2025 and June 30, 2024, NCTD has deferred outflows and deferred inflows of resources related to pension as follows:

As of June 30, 2025	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	321,733	\$ (32,006)
Changes of assumptions	-	(872,071)
Total	\$ 321,733	\$ (904,077)

As of June 30, 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	382,900	\$ (46,826)
Changes of assumptions	-	(609,456)
Total	\$ 382,900	\$ (656,282)

14. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS (continued)

Amounts reported as deferred inflows of resources and deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Periods Ending June 30,	Net Deferred Outflows of Resources
2026	\$ (209,044)
2027	(209,044)
2028	(53,567)
2029	(18,033)
2030	(16,907)
Thereafter	<u>(75,749)</u>
	<u>\$ (582,344)</u>

15. CONTINGENT LIABILITIES

Legal Proceedings

From time to time, NCTD may be involved in a number of legal matters that occur within the normal course of business. Liabilities that arise from legal matters that are considered probable and estimable are accrued in the financial statements in the period in which they meet both criteria. A liability that is not probable or the amount cannot be reasonably estimated is not accrued, however, if the liability is reasonably possible and material, such matter must be disclosed. The matter described below, if decided adversely to or settled by NCTD, individually or in the aggregate, may result in a liability material to NCTD's financial condition or results of operations.

Minter v. Bombardier Transportation (Bombardier)/cross action against North County Transit District, et al.

This matter arises from a Request for Proposal ("RFP") for combined rail operations, maintenance of equipment, and maintenance of way services for NCTD's COASTER commuter rail and SPRINTER hybrid rail services that was posted in July 2015 and awarded to Bombardier in December 2015. On or around July 1, 2016, Bombardier began work under the Services Agreement ("Agreement").

On November 21, 2018, a class action lawsuit was filed against Bombardier alleging violations of the California Labor Code for failure to pay prevailing wage, among other claims. The lawsuit was filed by Plaintiffs on behalf of a class of approximately 170 current and former employees of Bombardier who were employed to perform services under the Agreement.

On June 24, 2022, Bombardier filed a Cross-Complaint against NCTD seeking defense, indemnity, and contribution related to the action filed by Plaintiffs against Bombardier. Specifically, Bombardier claims that NCTD erroneously provided special wage determinations for Maintenance of Signal (MOS) positions, rather than the required general wage determinations. Bombardier claims to have relied on the special wage determinations in paying its workers, resulting in the underpayment of per diem wages for holiday, overtime work, and fringe benefits. The cross-complaint filed by Bombardier against NCTD has been severed by the court and trial is scheduled for July 10, 2026.

NCTD and Bombardier entered into an agreement that caps any potential liability attributed to NCTD to \$7.5 million. NCTD believes that it has substantial factual and legal defenses to these claims and intends to vigorously defend against the claims.

16. RISK MANAGEMENT

NCTD is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. NCTD has established self-insurance programs for workers' compensation and property damage/public liability. Funds are used for the settlement of claims and for management services provided by two contracted insurance management firms. NCTD self-insures claims on a per-occurrence basis as follows: \$750,000 for workers' compensation claims and \$2 million for public liability claims. NCTD has a \$750,000 property insurance deductible for its rail vehicles and \$100,000 deductible for all other property damage. Upon meeting these deductibles, NCTD's insurance portfolio covers additional liability using excess liability policies with commercial insurance companies. NCTD did not have settlement amounts that exceeded insurance coverage in each of the last three fiscal years. The following is a summary of changes in claims payable for the fiscal years 2023 through 2025:

	Beginning of Fiscal Year Liability	Current Year		End of Fiscal Year Liability	Classification	
		Claims and Changes in Estimates	Claim Payments		Due in One Year	more than One Year
2022-2023	2,432,412	1,601,948	(338,136)	3,696,224	1,655,915	2,040,309
2023-2024	3,696,224	296,437	(306,987)	3,685,674	2,256,957	1,428,717
2024-2025	3,685,674	844,304	(1,925,702)	2,604,276	659,822	1,944,454

17. TRANSPORTATION DEVELOPMENT ACT (TDA)/CALIFORNIA ADMINISTRATIVE CODE

NCTD is subject to compliance with the Transportation Development Act provisions, Sections 6634 and 6637 of the California Administrative Code and Sections 99267, 99268.1 and 99314.6 of the Public Utilities Code.

Section 6634

Pursuant to Section 6634, a transit claimant is precluded from receiving monies from the Local Transportation Fund and the State Transit Assistance Fund in an amount that exceeds the claimant's capital and operating costs, less the required fares, and local support. NCTD did not receive Transportation Development Act or State Transit Assistance revenues in excess of the prescribed formula amounts.

Section 6637

Pursuant to Section 6637, a claimant must maintain its accounts and records in accordance with the Uniform System of Accounts and Records for Transit Operators adopted by the State Controller. NCTD did maintain its accounts and records in accordance with the Uniform System of Accounts and Records for Transit Operators.

18. STATE OF GOOD REPAIR (SGR)

The Road Repair and Accountability Act of 2017, Senate Bill (SB) 1 (Chapter 5, Statutes of 2017), created the SGR Program to provide additional revenues for transit infrastructure repair and service improvements. SGR funds are available for eligible transit maintenance, rehabilitation and capital projects. The following schedules show the activities related to the SGR funds during the fiscal years ended June 30, 2025 and 2024. Negative year-end balances reflect outstanding receivables for awarded State of Good Repair funds.

Project Name	Balance July 1, 2024	Receipts	Expenditures	Transfers	Balance June 30, 2025
Preventive maintenance	\$ (262,370)	\$ 2,063,220	\$ (2,030,635)	\$ -	\$ (229,785)
<hr/>					
Project Name	Balance July 1, 2023	Receipts	Expenditures	Transfers	Balance June 30, 2024
Preventive maintenance	\$ (32,011)	\$ 1,774,789	\$ (2,006,437)	\$ 1,289	\$ (262,370)
Unallocated	1,289			(1,289)	-
	\$ (30,722)	\$ 1,774,789	\$ (2,006,437)	\$ -	\$ (262,370)

**Required Supplementary Information
(Unaudited)**

1. DEFINED BENEFIT PENSION PLAN - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	Measurement Periods Ended June 30,				
	2024	2023	2022	2021	2020
TOTAL PENSION LIABILITY					
Service cost	\$ 3,468,166	\$ 2,944,712	\$ 1,970,486	\$ 1,615,945	\$ 1,487,670
Interest on total pension liability	10,741,968	10,372,511	10,092,952	10,188,025	10,043,214
Changes of assumptions	-	370,422	3,438,212	-	-
Difference between expected and actual experience	2,226,127	1,372,675	(1,589,577)	201,796	(923,704)
Benefit payments, including refunds of employee contributions	(10,622,758)	(10,278,495)	(10,205,650)	(9,884,519)	(9,658,453)
Net change in total pension liability	5,813,503	4,781,825	3,706,423	2,121,247	948,727
Total pension liability - Beginning	<u>157,031,856</u>	<u>152,250,031</u>	<u>148,543,608</u>	<u>146,422,361</u>	<u>145,473,634</u>
Total pension liability - Ending	<u>\$ 162,845,359</u>	<u>\$ 157,031,856</u>	<u>\$ 152,250,031</u>	<u>\$ 148,543,608</u>	<u>\$ 146,422,361</u>
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	\$ 5,883,594	\$ 6,371,487	\$ 5,507,275	\$ 3,892,655	\$ 3,447,428
Contributions - Employee	1,677,746	1,377,077	927,843	851,933	736,409
Net investment income (loss)	10,683,353	6,695,834	(9,140,756)	22,875,708	5,064,326
Benefit payments, including refunds of employee contributions	(10,622,758)	(10,278,495)	(10,205,650)	(9,884,519)	(9,658,453)
Net plan to plan resource movement	-	-	-	-	-
Administrative expense	(91,416)	(79,609)	(75,529)	(103,504)	(146,855)
Other miscellaneous income (expense) ⁽¹⁾	-	-	-	-	-
Net change in fiduciary net position	7,530,519	4,086,294	(12,986,817)	17,632,273	(557,145)
Plan fiduciary net position - Beginning ⁽²⁾	<u>112,345,290</u>	<u>108,258,996</u>	<u>121,245,813</u>	<u>103,613,540</u>	<u>104,170,685</u>
Plan fiduciary net position - Ending	<u>\$ 119,875,809</u>	<u>\$ 112,345,290</u>	<u>\$ 108,258,996</u>	<u>\$ 121,245,813</u>	<u>\$ 103,613,540</u>
Plan net pension liability - Ending	<u>\$ 42,969,550</u>	<u>\$ 44,686,566</u>	<u>\$ 43,991,035</u>	<u>\$ 27,297,795</u>	<u>\$ 42,808,821</u>
Plan fiduciary net position as a percentage of total pension liability	73.61%	71.54%	71.11%	81.62%	70.76%
Covered payroll ⁽³⁾	\$ 27,673,921	\$ 22,458,429	\$ 13,497,527	\$ 12,061,568	\$ 9,998,410
Plan net pension liability as a percentage of covered payroll	155.27%	198.97%	325.92%	226.32%	428.16%

⁽¹⁾ During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

⁽²⁾ Includes any beginning of year adjustment.

⁽³⁾ Includes one year's payroll growth using 2.80% payroll growth assumption for fiscal years ended in 2022 through 2024; 2.75% payroll growth assumption for fiscal years ended in 2018 through 2021; 3.00% payroll growth assumption for fiscal years ended in 2015 through 2017.

1. DEFINED BENEFIT PENSION PLAN - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(continued)

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	Measurement Periods Ended June 30,				
	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY					
Service cost	\$ 1,576,318	\$ 1,608,993	\$ 1,710,208	\$ 1,479,831	\$ 1,319,179
Interest on total pension liability	9,973,920	9,781,542	9,655,781	9,748,412	9,651,604
Changes of assumptions	-	(537,633)	7,124,162	-	(2,087,682)
Difference between expected and actual experience	747,277	129,435	(1,668,134)	(619,666)	(203,397)
Benefit payments, including refunds of employee contributions	(9,567,677)	(9,294,062)	(9,002,514)	(9,365,030)	(8,966,967)
Net change in total pension liability	2,729,838	1,688,275	7,819,503	1,243,547	(287,263)
Total pension liability - Beginning	142,743,796	141,055,521	133,236,018	131,992,471	132,279,734
Total pension liability - Ending	<u>\$ 145,473,634</u>	<u>\$ 142,743,796</u>	<u>\$ 141,055,521</u>	<u>\$ 133,236,018</u>	<u>\$ 131,992,471</u>
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	\$ 2,897,992	\$ 2,430,812	\$ 2,293,374	\$ 2,074,962	\$ 1,869,306
Contributions - Employee	642,278	715,546	750,129	740,253	726,973
Net investment income (loss)	6,589,325	8,499,446	10,635,775	505,684	2,346,127
Benefit payments, including refunds of employee contributions	(9,567,677)	(9,294,062)	(9,002,514)	(9,365,030)	(8,966,967)
Net plan to plan resource movement	(67,310)	106,509	-	-	-
Administrative expense	(74,038)	(158,557)	(143,536)	(62,971)	(116,378)
Other miscellaneous income (expense) ⁽¹⁾	241	(301,102)	-	-	-
Net change in fiduciary net position	420,811	1,998,592	4,533,228	(6,107,102)	(4,140,939)
Plan fiduciary net position - Beginning ⁽²⁾	103,749,874	101,751,282	97,218,054	103,325,156	107,466,095
Plan fiduciary net position - Ending	<u>\$ 104,170,685</u>	<u>\$ 103,749,874</u>	<u>\$ 101,751,282</u>	<u>\$ 97,218,054</u>	<u>\$ 103,325,156</u>
Plan net pension liability - Ending	<u>\$ 41,302,949</u>	<u>\$ 38,993,922</u>	<u>\$ 39,304,239</u>	<u>\$ 36,017,964</u>	<u>\$ 28,667,315</u>
Plan fiduciary net position as a percentage of total pension liability	71.61%	72.68%	72.14%	72.97%	78.28%
Covered payroll ⁽³⁾	\$ 10,470,659	\$ 10,269,359	\$ 10,220,730	\$ 10,324,006	\$ 10,009,331
Plan net pension liability as a percentage of covered payroll	394.46%	379.71%	384.55%	348.88%	286.41%

⁽¹⁾ During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

⁽²⁾ Includes any beginning of year adjustment.

⁽³⁾ Includes one year's payroll growth using 2.80% payroll growth assumption for fiscal years ended in 2022 through 2024; 2.75% payroll growth assumption for fiscal years ended in 2018 through 2021; 3.00% payroll growth assumption for fiscal years ended in 2015 through 2017.

**1. DEFINED BENEFIT PENSION PLAN - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
(continued)**

Notes to Schedule of Changes in the Net Pension Liability and Related Ratios:

1. Changes of Benefit Terms: The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.
2. Changes of Assumptions: There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021, valuation date (June 30, 2022, measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30, 2015, through June 30, 2016.

1. DEFINED BENEFIT PENSION PLAN - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

SCHEDULE OF PLAN CONTRIBUTIONS FOR THE FISCAL YEARS ENDED JUNE 30, ⁽¹⁾

	2025	2024	2023	2022	2021
Actuarially determined contribution ⁽²⁾	\$ 6,503,083	\$ 5,883,633	\$ 6,225,688	\$ 5,510,976	\$ 3,881,684
Contributions in relation to the actuarially determined contribution ⁽²⁾	<u>(6,503,083)</u>	<u>(5,883,633)</u>	<u>(6,225,688)</u>	<u>(5,510,976)</u>	<u>(3,881,684)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	\$ 23,825,709	\$ 27,673,921	\$ 22,458,429	\$ 13,497,527	\$ 12,061,568
Contributions as a percentage of covered payroll	27.29%	21.26%	27.72%	40.83%	32.18%

Notes to Schedule of Plan Contributions:

Valuation date: June 30, 2022 June 30, 2021 June 30, 2020 June 30, 2019 June 30, 2018

Methods and Assumptions used to Determine Contribution Rates:

Actuarial Cost Method	Entry age actuarial cost method	Entry age actuarial cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method
Amortization Method/Period	Level dollar amount	Level dollar amount	Level dollar amount	Level percent of payroll	Level percent of payroll
Asset Valuation Method	Market value of assets	Market value of assets	Market value of assets	Fair value of assets	Fair value of assets
Inflation	2.30%	2.30%	2.50%	2.50%	2.63%
Salary Increases	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service
Payroll Growth	2.80%	2.80%	2.75%	2.75%	2.88%
Discount Rate	6.800%	6.8%	6.9%	7.2%	7.3%
Retirement Age	The probabilities of Retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.	The probabilities of Retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board in November 2021. Mortality rates varies by age, type of retirement, and gender.	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board in November 2021. Mortality rates varies by age, type of retirement, and gender.	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

⁽¹⁾ As prescribed in GASB 68, paragraph 46, the information presented in the Schedule of Plan Contributions should also be presented as of the employer's most recent fiscal year-end. The employer is responsible for determining this information as prescribed by the standard as this data is not available to CalPERS.

⁽²⁾ Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

⁽³⁾ Includes one year's payroll growth using 2.80% payroll growth assumption for fiscal years ended in 2022 through 2024; 2.75% payroll growth assumption for fiscal years ended in 2018 through 2021; 3.00% payroll growth assumption for fiscal years ended in 2016 through 2017.

1. DEFINED BENEFIT PENSION PLAN - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)

SCHEDULE OF PLAN CONTRIBUTIONS FOR THE FISCAL YEARS ENDED JUNE 30, (continued) ⁽¹⁾

	2020	2019	2018	2017	2016
Actuarially determined contribution ⁽²⁾	\$ 3,449,635	\$ 2,899,316	\$ 2,400,544	\$ 2,207,370	\$ 2,064,509
Contributions in relation to the actuarially determined contribution ⁽²⁾	(3,449,635)	(2,899,316)	(2,400,544)	(2,207,370)	(2,064,509)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 9,998,410	\$ 10,470,659	\$ 10,269,359	\$ 10,220,730	\$ 10,324,006
Contributions as a percentage of covered payroll	34.50%	27.69%	23.38%	21.60%	20.00%

Notes to Schedule of Plan Contributions:

Valuation date: June 30, 2017 June 30, 2016 June 30, 2015 June 30, 2014 June 30, 2013

Methods and Assumptions used to Determine Contribution Rates:

Actuarial Cost Method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method
Amortization Method/Period	Level percent of payroll	Level percent of payroll			
Asset Valuation Method	Fair value of assets	Market value of assets	Market value of assets	Market value of assets	Market value of assets
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Salary Increases	Varies by entry age and service	Varies by entry age and service			
Payroll Growth	3.00%	3.00%	3.00%	3.00%	3.00%
Discount Rate	7.375%	7.4%	7.5%	7.5%	7.5%
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality using Scale AA published by the Society of Actuaries.

⁽¹⁾ As prescribed in GASB 68, paragraph 46, the information presented in the Schedule of Plan Contributions should also be presented as of the employer's most recent fiscal year-end. The employer is responsible for determining this information as prescribed by the standard as this data is not available to CalPERS.

⁽²⁾ Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

⁽³⁾ Includes one year's payroll growth using 2.80% payroll growth assumption for fiscal years ended in 2022 and 2023; 2.75% payroll growth assumption for fiscal years ended in 2018 through 2021; 3.00% payroll growth assumption for fiscal years ended in 2015 through 2017.

⁽⁴⁾ The above required supplementary pension schedule is intended to show information for ten years. NCTD began tracking this information beginning with the 2015 plan year and additional years' information will be displayed as they become available.

1. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB)

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

	Measurement Periods Ended June 30,							
	2025	2024	2023	2022	2021	2020	2019	2018 ⁽¹⁾
TOTAL OPEB LIABILITY								
Service cost	\$ 313,913	\$ 149,580	\$ 147,529	\$ 111,243	\$ 108,913	\$ 105,358	\$ 102,141	\$ 100,809
Interest	158,617	131,716	127,927	103,331	106,135	144,957	160,010	159,180
Differences between expected and actual experience	-	444,067	-	(91,286)	-	(291,184)	-	-
Changes of assumptions	(518,006)	(48,808)	(43,444)	(1,048,825)	27,909	482,426	196,194	(55,212)
Benefit payments	(259,359)	(238,967)	(235,236)	(253,914)	(269,275)	(269,275)	(326,127)	(306,223)
Net change in total OPEB liability	(304,835)	437,588	(3,224)	(1,179,451)	(26,318)	172,282	132,218	(101,446)
Total OPEB liability - Beginning	4,165,725	3,728,137	3,731,361	4,910,812	4,937,130	4,764,848	4,632,630	4,734,076
Total OPEB liability - Ending	<u>\$ 3,860,890</u>	<u>\$ 4,165,725</u>	<u>\$ 3,728,137</u>	<u>\$ 3,731,361</u>	<u>\$ 4,910,812</u>	<u>\$ 4,937,130</u>	<u>\$ 4,764,848</u>	<u>\$ 4,632,630</u>
Covered employee payroll	\$ 23,825,709	\$ 27,673,921	\$ 22,458,429	\$ 13,497,527	\$ 12,061,568	\$ 9,998,410	\$ 10,470,659	\$ 10,269,359
Total OPEB liability as a percentage of covered employee payroll	16.20%	15.05%	16.60%	27.64%	40.71%	49.38%	45.51%	45.11%

Notes to Schedule of Changes in the Total OPEB Liability and Related Ratios

Valuation date:	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Discount Rate	5.20%	3.93%	3.65%	3.54%	2.16%	2.21%	3.15%	3.50%

Benefit Payments: The OPEB plan is unfunded and there are no plan assets. The employer contributions reflect the estimated direct payments for benefits.

⁽¹⁾ The above required supplementary pension schedule is intended to show information for ten years. NCTD began tracking this information beginning with the 2018 OPEB plan year and additional years' information will be displayed as they become available.

Statistical Section (Unaudited)

Statistical Section Index

Section	Content	Page Number
Financial Trends	These schedules contain trend information intended to assist the reader in understanding and assessing NCTD's financial performance and well-being over time.	72
Revenue Capacity	These schedules contain information to assist the reader in understanding and assessing the factors that affect NCTD's funding sources and ability to generate passenger fare revenue.	74
Debt Capacity	This schedule presents information intended to assist the reader in understanding and assessing NCTD's current level of outstanding debt and its ability to issue additional debt in the future.	85
Demographic and Economic Statistics	These schedules provide demographic and economic indicators to assist the reader in understanding the environment within which NCTD operates and to facilitate comparisons of financial statement information over time.	86
Operating Information	These schedules contain information about NCTD's operations and resources to assist the reader in understanding how NCTD's financial information relates to the services it provides.	90

Financial Trends

**NORTH COUNTY TRANSIT DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Net investment in capital assets	\$ 728,982,659	\$ 745,785,581	\$ 752,465,365	\$ 805,166,067	\$ 769,310,507	\$ 468,428,473	\$ 500,819,718	\$ 531,669,768	\$ 517,514,713	\$ 550,360,076
Restricted net position	-	-	-	-	50,495	50,495	50,495	50,495	50,495	50,495
Unrestricted net position	41,119,376	26,271,540	20,841,562	17,200,380	11,652,974	10,626,049	8,891,837	9,589,273	18,826,821	17,175,267
Total Net Position	\$ 770,102,035	\$ 772,057,121	\$ 773,306,927	\$ 822,366,447	\$ 781,013,976	\$ 479,105,017	\$ 509,762,050	\$ 541,309,536	\$ 536,392,029	\$ 567,585,838

Source: Audited financial statements

Financial Trends (continued)

NORTH COUNTY TRANSIT DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
OPERATING REVENUES										
Fare revenue	\$ 11,669,967	\$ 10,732,805	\$ 9,988,460	\$ 8,775,892	\$ 5,704,716	\$ 12,842,154	\$ 15,819,330	\$ 15,591,645	\$ 16,386,260	\$ 18,147,101
Advertising and right-of-way	11,844,345	12,432,819	10,771,589	10,883,767	9,976,280	10,993,033	11,515,164	10,639,866	10,749,891	10,416,549
Lease and sublease revenue	2,364,421	2,369,918	2,651,075	2,318,609	1,862,857	2,111,491	1,820,342	1,710,568	1,758,764	1,646,667
Other revenue	2,350,858	2,707,353	2,324,651	2,539,250	1,918,798	3,588,587	1,045,710	704,294	517,876	1,341,594
Total operating revenues	28,229,591	28,242,895	25,735,775	24,517,518	19,462,651	29,535,265	30,200,546	28,646,373	29,412,791	31,551,911
OPERATING EXPENSES										
Vehicle operations	65,614,385	61,455,391	54,284,186	51,958,873	43,499,853	45,045,653	45,938,658	47,465,715	41,573,432	41,555,160
Vehicle maintenance	28,799,466	24,611,100	22,063,716	19,954,875	16,578,975	16,227,640	14,798,276	15,042,173	13,164,136	13,125,807
Facilities and non-vehicle maintenance	22,722,251	18,488,011	18,927,135	17,647,432	15,802,215	14,651,385	13,625,201	14,138,904	11,489,506	8,907,149
Administration	47,486,202	45,165,470	40,449,118	29,294,877	27,743,512	27,199,007	24,969,427	24,829,201	27,077,703	24,791,426
Right-of-way operations	10,268,801	8,618,075	8,763,935	9,371,848	8,956,377	7,517,730	7,843,662	6,404,629	6,112,602	5,218,738
Depreciation	84,225,390	78,882,666	97,714,713	85,009,776	70,395,120	84,358,830	57,804,385	53,009,097	64,635,379	63,493,023
Amortization - right-to-use assets ^(a)	376,441	375,083	422,093	317,487	317,487	-	-	-	-	-
Amortization - right-to-use assets ^(b)	1,721,038	1,302,032	1,110,612	770,688	-	-	-	-	-	-
Total operating expenses	261,213,974	238,897,828	243,735,508	214,325,856	183,293,539	195,000,245	164,979,609	160,889,719	164,052,758	157,091,303
Operating Loss	(232,984,383)	(210,654,933)	(217,999,733)	(189,808,338)	(163,830,888)	(165,464,980)	(134,779,063)	(132,243,346)	(134,639,967)	(125,539,392)
NONOPERATING REVENUES (EXPENSES)										
Operating grants	149,625,391	131,976,553	123,358,940	111,580,024	95,321,911	83,167,220	77,451,296	74,356,762	73,790,645	65,322,281
Interest revenue - leases ^(a)	474,606	468,836	465,058	470,538	473,100	-	-	-	-	-
Interest expenses - leases ^(a)	(25,457)	(36,751)	(21,166)	(8,794)	(12,002)	-	-	-	-	-
Interest expenses - SBITAs ^(b)	(208,269)	(138,794)	(90,723)	(67,600)	-	-	-	-	-	-
Investment income	3,229,892	2,450,414	1,205,801	287,474	342,066	977,319	990,706	377,864	278,092	317,367
Debt related expense	(555,630)	(622,260)	(616,656)	(724,782)	(763,062)	(818,643)	(866,287)	(910,905)	(990,658)	(942,170)
Gain (loss) on disposal of capital assets	(35,358)	(9,579)	88,104	140,431	(258,895)	40,702	8,157	36,823	13,441	26,658
Total nonoperating revenues	152,505,175	134,088,419	124,389,358	111,677,291	95,103,118	83,366,598	77,583,872	73,860,544	73,091,520	64,724,136
Loss Before Capital Contributions	(80,479,208)	(76,566,514)	(93,610,375)	(78,131,047)	(68,727,770)	(82,098,382)	(57,195,191)	(58,382,802)	(61,548,447)	(60,815,256)
CAPITAL CONTRIBUTIONS										
Capital grants	78,524,122	57,043,995	44,455,076	81,784,939	63,325,296	51,179,197	25,531,224	15,122,285	30,104,931	15,534,248
Donated capital assets	-	18,272,713	95,779	37,698,579	307,311,433	262,152	116,481	50,896,696	249,707	34,866,883
Total capital contributions	78,524,122	75,316,708	44,550,855	119,483,518	370,636,729	51,441,349	25,647,705	66,018,981	30,354,638	50,401,131
Change in net position	\$ (1,955,086)	\$ (1,249,806)	\$ (49,059,520)	\$ 41,352,471	\$ 301,908,959	\$ (30,657,033)	\$ (31,547,486)	\$ 7,636,179	\$ (31,193,809)	\$ (10,414,125)

(a) Adoption of GASB-87 - Leases during fiscal year 2022, with an effective date to the opening balance sheet as of July 1, 2020.

(b) Adoption of GASB-96 - SBITAs during fiscal year 2023, with an effective date to the opening balance sheet as of July 1, 2021.

Source: Audited financial statements

Revenue Capacity

**NORTH COUNTY TRANSIT DISTRICT
OPERATING REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

Fiscal Year	Passenger Fares	Special Contract Fares	Advertising	Right-of-way	Lease and Sublease	Other Revenue	Total Operating Revenue
2016	18,057,994	89,107	1,032,732	9,383,817	1,646,667	1,341,594	31,551,911
2017	16,293,510	92,750	1,373,977	9,375,914	1,758,764	517,876	29,412,791
2018	15,555,638	36,007	1,295,994	9,343,872	1,710,568	704,294	28,646,373
2019	15,801,066	18,264	1,645,655	9,869,509	1,820,342	1,045,710	30,200,546
2020	12,826,442	15,712	1,275,954	9,717,079	2,111,491	3,588,587	29,535,265
2021	5,692,271	12,445	1,281,600	8,694,680	1,862,857	1,918,798	19,462,651
2022	8,361,513	414,379	1,390,793	9,492,974	2,318,609	2,539,250	24,517,518
2023	9,652,297	336,163	1,470,993	9,300,596	2,651,075	2,324,651	25,735,775
2024	10,282,310	450,495	1,483,612	10,949,207	2,369,918	2,707,353	28,242,895
2025	11,271,901	398,066	820,861	11,023,484	2,364,421	2,350,858	28,229,591

Source: Audited financial statements

Revenue Capacity (continued)

**NORTH COUNTY TRANSIT DISTRICT
PUBLIC FUNDING SOURCES
LAST TEN FISCAL YEARS**

FEDERAL FUNDS				STATE FUNDS				LOCAL FUNDS			
Fiscal Year	Operating Grants		Capital Grants and Contributions	Operating Grants		Capital Grants and Contributions	Operating Grants		Capital Grants and Contributions		
	FTA	Other		STA	Other		TDA	TransNet	Other		
2016	\$ 12,568,370	\$ 151,232	\$ 7,885,351	\$ 4,978,430	\$ 98,221	\$ 35,993,356	\$ 36,756,027	\$ 10,760,000	\$ 10,000	\$ 6,522,424	
2017	17,992,711	1,817,752	19,998,684	4,213,157	378,351	2,283,323	34,011,798	15,376,876	-	8,072,631	
2018	22,056,755	372,175	27,067,680	4,600,147	403,405	11,041,974	34,509,280	12,415,000	-	27,909,327	
2019	22,916,632	187,873	9,613,525	4,770,311	407,068	12,206,963	34,783,765	14,385,647	-	3,827,217	
2020	36,168,415	305,335	20,079,992	4,716,976	136,863	23,291,434	27,917,278	13,922,353	-	8,069,923	
2021	48,843,187	828,582	27,634,410	5,754,629	80,483	26,430,847	25,272,515	14,542,515	-	316,571,472	
2022	51,326,656	1,299,834	34,256,092	4,058,481	846,878	21,702,578	30,167,245	23,675,392	205,538	63,524,848	
2023	42,206,795	60,672	15,398,542	8,029,564	2,629,351	16,605,700	44,264,061	24,935,257	1,233,240	12,546,613	
2024	46,113,030	(54,964)	23,836,050	7,929,927	2,126,404	42,058,238	47,059,669	27,569,247	1,233,240	9,422,420	
2025	53,229,807	-	38,968,443	10,360,763	8,250,713	26,947,122	50,190,233	26,360,635	1,233,240	12,608,557	

Source: Audited financial statements

Revenue Capacity (continued)

Federal Funds

Federal capital and operating assistance for transit purposes is subject to annual appropriation by Congress and is administered by the Federal Transit Administration (FTA). FTA formula programs generally provide 80% of the cost of eligible activities. Additional state and local funding sources supplement the FTA programs. NCTD's primary sources of Federal aid are FTA Section 5307, FTA 5337, and FTA 5339.

- Section 5307 Urbanized Area Program provides funding for transit capital and operating assistance in urbanized areas and for transportation-related planning. Eligible activities under this program include planning, engineering design, and evaluation of transit projects and other technical transportation-related studies; capital investments in bus and bus-related activities such as replacement of buses; overhaul and rebuilding of buses; crime prevention and security equipment; construction of maintenance and passenger facilities; and capital investments in new and existing fixed guideway systems including rolling stock, overhaul and rebuilding of vehicles, track, signals, communications, and computer hardware and software. All preventive maintenance and some Americans with Disabilities Act (ADA) complementary paratransit service, while recorded as operating expenditures, are considered capital costs for purposes of eligibility. The FTA defines preventive maintenance as all maintenance costs related to vehicles and non-vehicles. Specifically, it is all the activities, supplies, materials, labor, services, and associated costs required to preserve or extend the functionality and serviceability of the asset in a cost-effective manner, up to and including the current state-of-the-art for maintaining such an asset.

The formula for determining each metropolitan area's share of funds involves population, density, bus and rail vehicle miles, and rail route miles. The FTA publishes annually the allocations for the recipients. SANDAG is the designated recipient and then allocates 30% of the funds to NCTD and 70% of the funds to MTS. For FY2025, NCTD was allocated \$27.4 million of Section 5307 funds, \$1.1 million higher than FY2024.

- Section 5337 State of Good Repair Program provides capital assistance for maintenance, replacement, and rehabilitation projects of high-intensity fixed guideway and bus systems to help transit agencies maintain assets in a state of good repair. Additionally, Section 5337 funds are eligible for developing and implementing Transit Asset Management plans. This program reflects a commitment to ensuring that public transit operates safely, efficiently, reliably, and sustainably so that communities can offer balanced transportation choices that help to improve mobility, reduce congestion, and encourage economic development. Eligible activities include projects that maintain, rehabilitate, and replace capital assets as well as projects that implement transit asset management plans. High-intensity motorbus tier funds can only be used for vehicle state of good repair costs and not for roadway state of good repair costs.

Section 5337 funds for the San Diego region are allocated 30% to NCTD and 70% to MTS after MTS takes the allocation specific to High Intensity Motorbus. For FY2025, NCTD was allocated \$21.9 million of Section 5337 funds, \$3.3 million higher than FY2024.

- Section 5339 Bus and Bus Facilities Program makes federal funding available for the purpose of financing capital bus and bus-related projects which will support the continuation and expansion of public transportation services in the United States. There also is a sub-program that provides competitive grants for bus and bus facility projects that support low- and zero-emissions vehicles. The purpose of both formula and competitive programs is to provide capital funding to replace, rehabilitate, and purchase buses, vans, and related equipment, and to construct bus-related facilities. Section 5339 funds for the San Diego region are allocated 30% to NCTD and 70% to MTS. For FY2025, NCTD was allocated \$1.8 million of Section 5339 funds, which was similar to FY2024 levels.
- Section 5311 provides capital, planning, and operating assistance to states to support public transportation in rural areas with populations of less than 50,000, where many residents often rely on public transit to reach their destinations. NCTD receives FTA 5311 funding through the California Department of Transportation (Caltrans). Allocations to MTS and NCTD are based on service area rural population.

Revenue Capacity (continued)

State Funds

- The Mills-Alquist-Deddeh Act (SB 325), or Transportation Development Act of 1971, was enacted by the California Legislature to improve existing public transportation services and encourage regional transportation coordination. TDA provides funding to be allocated to transit and non-transit related purposes that comply with regional transportation plans. The TDA provides two funding sources: (1) Local Transportation Fund (LTf), which is derived from a one-quarter of a cent of the general sales tax collected statewide and (2) State Transit Assistance fund (STA), which is derived from the statewide sales tax on diesel fuel. TDA funds a wide variety of transportation programs, including planning and program activities, pedestrian and bicycle facilities, community transit services, public transportation, and bus and rail projects. Providing certain conditions are met, counties with a population under 500,000 (according to the 1970 federal census) may also use the LTF for local streets and roads, construction, and maintenance. The TDA LTF program is the major funding source that supports the San Diego region's public transit operators. The STA fund can only be used for transportation planning and mass transportation purposes.

The State Board of Equalization, based on sales tax collected in each county, returns the general sales tax revenues to each county. The San Diego Association of Governments (SANDAG), as the Regional Transportation Planning Agency, is responsible for apportionment of TDA funds each year in conformance with state statute. Pursuant to state statute, the County of San Diego Auditor has the responsibility for providing the TDA apportionment for the upcoming fiscal year. The County Auditor develops the apportionment in consultation with SANDAG staff and with the transit operators, based on actual sales tax receipts and projections. The legislative priorities established by state law include certain categories for which TDA funds are taken "off the top." These include the allocation to SANDAG for various planning, programming, and administrative-related expenses, funding of bike and pedestrian facilities, and support of community transit services. In addition, the County Auditor receives an allocation based on estimates of its costs to administer the TDA program. The remaining apportionment, along with any prior year carryover funds, is available to be claimed by NCTD and MTS).

- Senate Bill 1, the Road Repair and Accountability Act of 2017, was signed into law on April 28, 2017. The legislation increased both gasoline and diesel taxes, while also creating new vehicle taxes and fees to fund transportation. The tax increases took effect on November 1, 2017, and new vehicle registration fees began on January 1, 2018. Fees on zero-emission vehicles took effect on July 1, 2020. SB1 funds are programmed for:
 - (1) State Transit Assistance (STA) Program: Funding to help transit agencies fund their capital infrastructure and operational costs and is distributed via current funding formulas based on agency revenue and population.
 - (2) State of Good Repair Program (SGR): Funding for transit capital projects or services to maintain or repair existing transit fleets and facilities; new vehicles or facilities that improve existing transit services; or transit services that complement local efforts to repair and improve local transportation infrastructure. This money is made available to eligible transit operators based on the STA formula.
- Senate Bill 1 created the State Rail Assistance Program (SRA) by directing a portion of new revenue specifically to intercity rail and commuter rail. Most of the program funding is directed by statutory formula to rail operators. Funds are allocated among the five California commuter rail operators based on a formula that combines a fixed guaranteed amount and a variable amount based on service levels. SRA-funded projects are focused investments by the state to improve commuter and intercity rail service across the state, reduce air pollution and ease traffic congestion.

SRA funds provide California's commuter and intercity rail agencies with dependable supplemental revenue that they can use to improve rail service in various ways, including: operations funding for expanded service; increased customer amenities such as discounted tickets; capital investments such as new and clean emissions rolling stock to increase capacity and reduce emissions; and track and station investments that can reduce travel times, delays, improve accessibility, and enhance the customer experience.

Revenue Capacity (continued)

State Funds (continued)

- In July 2023, the State of California passed Senate Bill 125 (SB125), which served as a trailer bill to the State's FY2023-2024 budget and guides the distribution of \$4 billion in General Fund through the Transit and Intercity Rail Capital Program (TIRCP) on a population-based formula to regional transportation planning agencies, which will have the flexibility to use the money to fund transit operations or capital improvements. The transportation budget trailer bill also established the \$1.1 billion Zero-Emission Transit Capital Program (ZETCP) to be allocated to regional transportation planning agencies on a population-based formula and another formula based on revenues to fund zero-emission transit equipment and operations. SB 125 included an accountability program to govern the distribution of these funds. To be eligible to receive money from these funding sources, regional transportation planning agencies must submit a regional short-term financial plan to the California State Transportation Agency (CalSTA).

Local Funds

- TransNet – Transit Services is a funding source created originally by Proposition Z, the one-half cent local countywide sales tax originally enacted in November 1987 to fund a 20-year transportation program that expired at the end of 2008. In November 2004, San Diego County voters approved Proposition A, which extended TransNet an additional 40 years through 2048 (Ordinance). Proposition A mandates the formation of an Independent Taxpayer Oversight Committee (ITOC) to provide oversight for the expenditures of TransNet funds and ensure that voter mandates are carried out. In addition, the ITOC makes recommendations to improve the program's financial integrity and performance.

After deducting costs associated with administrative expenses; the operation of the TransNet Independent Taxpayer Oversight Committee (ITOC); and the Bicycle, Pedestrian, and Neighborhood Safety program; the TransNet program is divided into Major Corridor (42.4%), New Bus Rapid Transit/Rail Operations (8.1%), Local System Improvements (33%), and Transit System Improvements (16.5%). Within the Transit System Improvements, services provided pursuant to the Americans with Disabilities Act of 1990 (ADA) and subsidies for seniors have specific earmarks (2.5% and 3.25%, respectively). The remaining revenues can be used by the transit agencies for operating or miscellaneous capital purposes. Similar to TDA, the transit share between NCTD and MTS is allocated based upon the respective population of the two transit agencies' service areas.

- TransNet – New Major Corridor Transit Operations (NMCTO); after deducting the costs associated with administrative expense, the ITOC, and the bicycle/pedestrian program, the NMCTO receives 8.1% of TransNet revenues. This funding is for the operation of new or expanded services only and is not available for the operation of services in existence prior to the effective date of the Ordinance. The following NCTD services were listed in the Ordinance:
 - COASTER peak and midday frequency increases
 - SPRINTER peak and midday frequency increases

On October 25, 2021, COASTER service was increased to 30 weekday daily trips, 32 Friday daily trips, and 20 weekend daily trips. The expanded COASTER service receives support from TransNet NMCTO funds.

Other

- Other federal and state funding - NCTD also receives funding from other federal and state programs for capital projects and planning grants.

Revenue Capacity (continued)

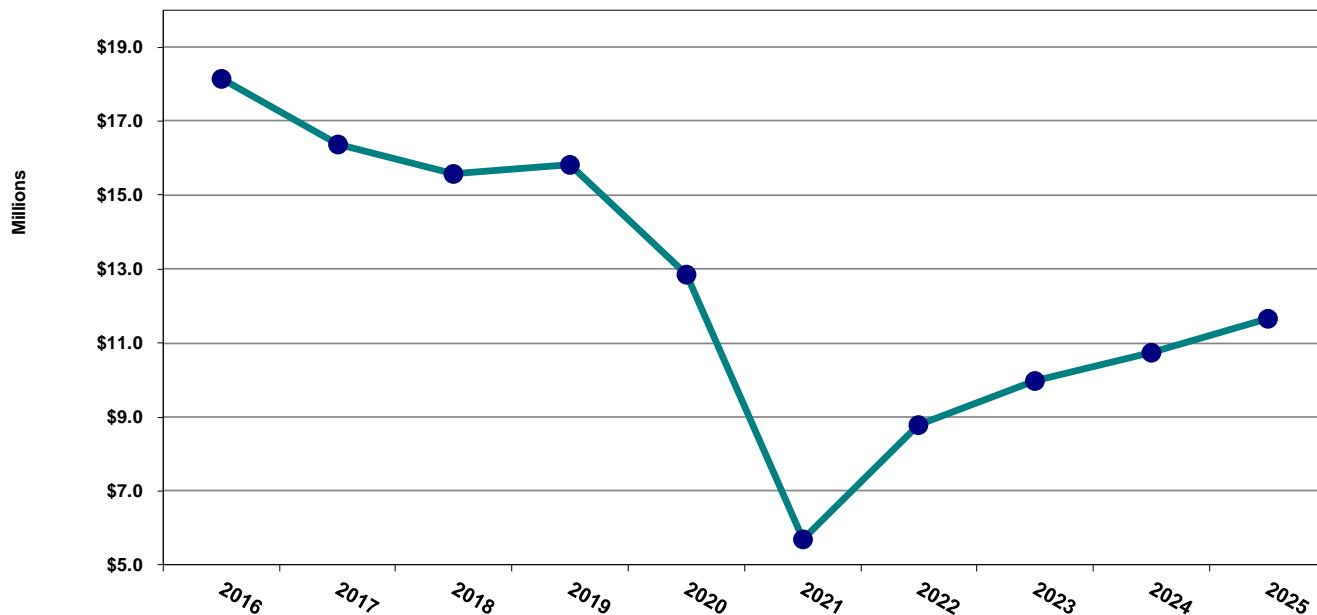
NORTH COUNTY TRANSIT DISTRICT
FARE REVENUE BY MODE
LAST TEN FISCAL YEARS

Fiscal Year	BREEZE Fixed Route Bus Service	LIFT ADA/ Paratransit	FLEX On Demand Bus Service	COASTER Commuter Train Service	SPRINTER Hybrid Rail Train Service	NCTD+ On Demand Microtransit ^(a)	Total Fare Revenue
2016	\$ 7,451,679	\$ 776,194	\$ 66,114	\$ 6,877,549	\$ 2,975,565	\$ -	\$ 18,147,101
2017	6,396,151	788,102	56,329	6,452,948	2,692,730	-	16,386,260
2018	6,464,872	742,766	180,946	5,453,047	2,750,014	-	15,591,645
2019	6,524,947	715,066	202,882	5,674,370	2,702,065	-	15,819,330
2020	5,286,127	680,517	155,713	4,333,924	2,385,873	-	12,842,154
2021	2,526,843	619,701	24,268	1,085,678	1,448,226	-	5,704,716
2022	4,261,828	621,970	32,436	2,743,214	1,116,444	-	8,775,892
2023	4,846,655	574,994	69,748	3,489,301	1,007,762	-	9,988,460
2024	5,144,552	808,434	127,188	3,575,431	1,077,007	193	10,732,805
2025	5,249,437	754,128	192,428	4,144,971	1,313,507	15,496	11,669,967
Change 2016-2025	(29.6)%	(2.8)%	191.1%	(39.7)%	(55.9)%	N/A	(35.7)%

(a) Pilot program introduced on June 10, 2024. Pilot programs are not reported in the National Transit Database (NTD).

Source: NCTD Internal Financial Information

North County Transit District
Total Fare Revenue



Revenue Capacity (continued)

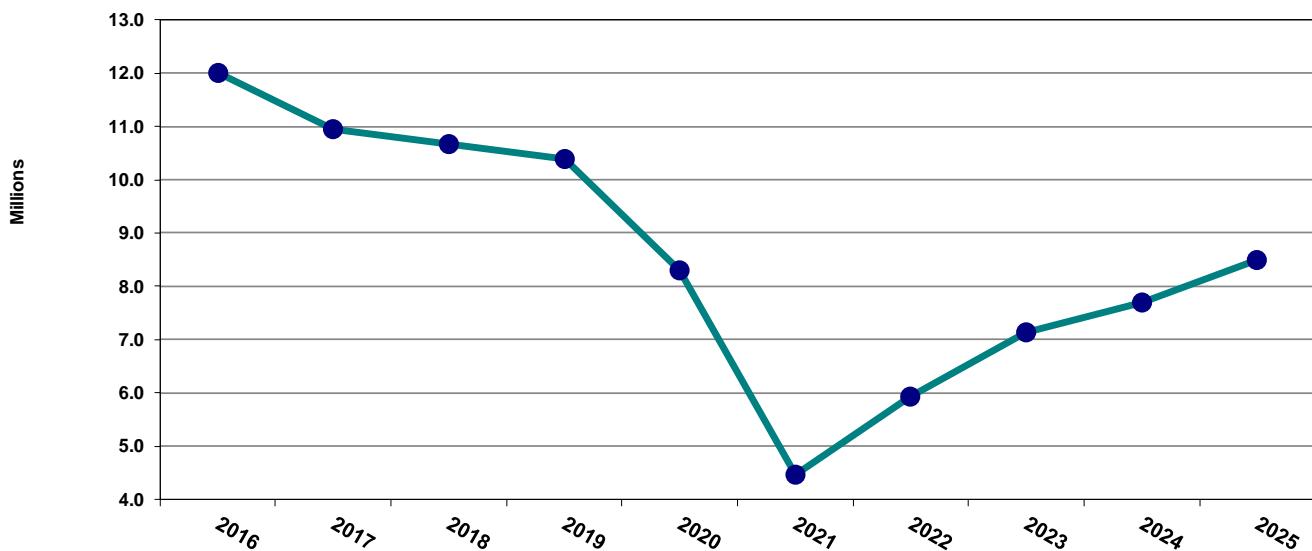
**NORTH COUNTY TRANSIT DISTRICT
PASSENGER BOARDINGS BY MODE
LAST TEN FISCAL YEARS**

Fiscal Year	BREEZE Fixed Route	LIFT ADA/ Paratransit	FLEX On Demand Bus Service	COASTER Commuter Train Service	SPRINTER Hybrid Rail Train Service	NCTD+ On Demand Microtransit ^(a)	Total Boardings
2016	7,547,119	199,670	24,890	1,556,056	2,677,929	-	12,005,664
2017	6,731,930	202,173	20,704	1,454,865	2,549,053	-	10,958,725
2018	6,482,912	186,120	27,646	1,433,125	2,532,731	-	10,662,534
2019	6,372,715	168,818	32,443	1,408,677	2,408,961	-	10,391,614
2020	5,135,360	116,437	30,813	944,109	2,066,091	-	8,292,810
2021	2,990,643	57,427	21,547	162,707	1,225,435	-	4,457,759
2022	3,918,669	72,376	25,332	588,409	1,322,380	-	5,927,166
2023	4,502,866	93,136	38,624	813,207	1,684,586	-	7,132,419
2024	4,876,019	105,244	48,663	852,993	1,822,849	146	7,705,914
2025	5,458,166	111,204	100,309	927,557	1,876,403	22,459	8,496,098
Change 2016-2025	(27.7)%	(44.3)%	303.0%	(40.4)%	(29.9)%	N/A	(29.2)%

(a) Pilot program introduced on June 10, 2024. Pilot programs are not reported in the National Transit Database (NTD).

Source: NCTD Internal Financial Information

**North County Transit District
Total Boardings**



Revenue Capacity (continued)

**NORTH COUNTY TRANSIT DISTRICT
PASSENGER FARE RATES
LAST TEN FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
BREEZE Fixed Route										
One-way Fare										
Adult	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 1.75	\$ 1.75	\$ 1.75	\$ 1.75
Senior/Disabled/Medicare	1.25	1.25	1.25	1.25	1.25	1.25	0.75	0.75	0.75	0.75
Youth	1.25	1.25	1.25	1.25	1.25	2.50	1.75	1.75	1.75	1.75
Regional Day Pass							*	*	*	*
Adult	6.00	6.00	6.00	6.00	6.00	6.00	*	*	*	*
Senior/Disabled/Medicare	3.00	3.00	3.00	3.00	3.00	3.00	*	*	*	*
Youth	3.00	3.00	3.00	3.00	3.00	3.00	*	*	*	*
Premium Day Pass							*	*	*	*
Adult	12.00	12.00	12.00	12.00	12.00	12.00	*	*	*	*
Senior/Disabled/Medicare	6.00	6.00	6.00	6.00	6.00	6.00	*	*	*	*
Youth	6.00	6.00	6.00	6.00	6.00	6.00	*	*	*	*
COASTER Regional Day Pass							*	*	*	*
Adult	15.00	15.00	15.00	15.00	15.00	15.00	*	*	*	*
Senior/Disabled/Medicare	7.50	7.50	7.50	7.50	7.50	7.50	*	*	*	*
Youth	7.50	7.50	7.50	7.50	7.50	7.50	*	*	*	*
SPRINTER/BREEZE Monthly Calendar or Rolling 30-Day Pass (a)										
Adult	59.00	59.00	59.00	59.00	*	*	59.00	59.00	59.00	59.00
Senior/Disabled/Medicare	19.00	19.00	19.00	19.00	*	*	59.00	59.00	59.00	59.00
Youth	19.00	19.00	19.00	19.00	*	*	59.00	59.00	59.00	59.00
Regional Monthly Calendar or Rolling 30-Day Pass (a)										
Adult	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00
Senior/Disabled/Medicare	23.00	23.00	23.00	23.00	23.00	23.00	18.00	18.00	18.00	18.00
Youth	23.00	23.00	23.00	23.00	23.00	23.00	36.00	36.00	36.00	36.00
Regional Premium Monthly Calendar or Rolling 30-Day Pass (a)										
Adult	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Senior/Disabled/Medicare	32.00	32.00	32.00	32.00	32.00	32.00	25.00	25.00	25.00	25.00
Youth	32.00	32.00	32.00	32.00	32.00	32.00	50.00	50.00	50.00	50.00
Day Pass										
Adult	*	*	*	*	*	*	5.00	5.00	5.00	5.00
Senior/Disabled/Medicare	*	*	*	*	*	*	2.25	2.25	2.25	2.25
Youth	*	*	*	*	*	*	*	*	*	*
Region Plus Day Pass	*	*	*	*	*	*	12.00	12.00	12.00	12.00
Regional 14 Day Pass	*	*	*	*	*	*	43.00	43.00	43.00	43.00
Regional Premium 14 Day Pass	*	*	*	*	*	*	60.00	60.00	60.00	60.00
College Monthly Pass	(b)	(b)	(b)	(b)	(b)	(b)	49.00	49.00	49.00	49.00
LIFT ADA/Paratransit										
One-way Fare	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 3.50	\$ 3.50	\$ 3.50	\$ 3.50
FLEX On Demand Bus Service										
One-way Fare										
Adult	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
Senior/Disabled/Medicare	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Youth	2.50	2.50	2.50	2.50	2.50	2.50	5.00	5.00	5.00	5.00

Revenue Capacity (continued)

**NORTH COUNTY TRANSIT DISTRICT
PASSENGER FARE RATES (continued)
LAST TEN FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
COASTER Commuter Train Service										
ZONE 1										
One-way Fare										
Adult	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00
Senior/Disabled/Medicare	2.50	2.50	2.50	2.50	2.50	2.50	2.00	2.00	2.00	2.00
Youth	2.50	2.50	2.50	2.50	2.50	2.50	4.00	4.00	4.00	4.00
Monthly Calendar or Rolling 30-Day Pass (a)										
Adult	140.00	140.00	140.00	140.00	140.00	140.00	120.00	120.00	120.00	120.00
ZONE 2										
One-way Fare										
Adult	5.75	5.75	5.75	5.75	5.75	5.75	5.00	5.00	5.00	5.00
Senior/Disabled/Medicare	2.75	2.75	2.75	2.75	2.75	2.75	2.50	2.50	2.50	2.50
Youth	2.75	2.75	2.75	2.75	2.75	2.75	5.00	5.00	5.00	5.00
Monthly Calendar or Rolling 30-Day Pass (a)										
Adult	161.00	161.00	161.00	161.00	161.00	161.00	150.00	150.00	150.00	150.00
ZONE 3										
One-way Fare										
Adult	6.50	6.50	6.50	6.50	6.50	6.50	5.50	5.50	5.50	5.50
Senior/Disabled/Medicare	3.25	3.25	3.25	3.25	3.25	3.25	2.75	2.75	2.75	2.75
Youth	3.25	3.25	3.25	3.25	3.25	3.25	5.50	5.50	5.50	5.50
Monthly Calendar or Rolling 30-Day Pass (a)										
Adult	182.00	182.00	182.00	182.00	182.00	182.00	165.00	165.00	165.00	165.00
Senior/Disabled/Medicare (all zones)	58.00	58.00	58.00	58.00	58.00	58.00	41.25	41.25	41.25	41.25
Youth (all zones)	58.00	58.00	58.00	58.00	58.00	58.00	82.50	82.50	82.50	82.50
COASTER Regional Day Pass										
Adult	15.00	15.00	15.00	15.00	15.00	15.00	*	*	*	*
Senior/Disabled/Medicare	7.50	7.50	7.50	7.50	7.50	7.50	*	*	*	*
Youth	7.50	7.50	7.50	7.50	7.50	7.50	*	*	*	*
COASTER Day 10-Pass Multi-Pack										
Adult	75.00	75.00	75.00	*	*	*	*	*	*	*
Senior/Disabled/Medicare	37.50	37.50	37.50	*	*	*	*	*	*	*
Youth	37.50	37.50	37.50	*	*	*	*	*	*	*
COASTER Day 5-Pass Multi-Pack										
Adult	45.00	45.00	45.00	*	*	*	*	*	*	*
Senior/Disabled/Medicare	22.50	22.50	22.50	*	*	*	*	*	*	*
Youth	22.50	22.50	22.50	*	*	*	*	*	*	*
Region Plus Day Pass	*	*	*	*	*	*	*	12.00	12.00	12.00
SPRINTER Hybrid Rail Train Service										
One-way Fare										
Adult	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00
Senior/Disabled/Medicare	1.25	1.25	1.25	1.25	1.25	1.25	1.00	1.00	1.00	1.00
Youth	1.25	1.25	1.25	1.25	1.25	1.25	2.00	2.00	2.00	2.00
Regional Day Pass										
Adult	6.00	6.00	6.00	6.00	6.00	6.00	*	*	*	*
Senior/Disabled/Medicare	3.00	3.00	3.00	3.00	3.00	3.00	*	*	*	*
Youth	3.00	3.00	3.00	3.00	3.00	3.00	*	*	*	*
Premium Day Pass										
Adult	12.00	12.00	12.00	12.00	12.00	12.00	12.00	*	*	*
Senior/Disabled/Medicare	6.00	6.00	6.00	6.00	6.00	6.00	6.00	*	*	*
Youth	6.00	6.00	6.00	6.00	6.00	6.00	6.00	*	*	*

Revenue Capacity (continued)

NORTH COUNTY TRANSIT DISTRICT
PASSENGER FARE RATES (continued)
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
SPRINTER Hybrid Rail Train Service (continued)										
COASTER Regional Day Pass										
Adult	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	*	*	*	*
Senior/Disabled/Medicare	7.50	7.50	7.50	7.50	7.50	7.50	*	*	*	*
Youth	7.50	7.50	7.50	7.50	7.50	7.50	*	*	*	*
SPRINTER/BREEZE Monthly Calendar or Rolling 30-Day Pass (a)										
Adult	59.00	59.00	59.00	59.00	*	*	59.00	59.00	59.00	59.00
Senior/Disabled/Medicare	19.00	19.00	19.00	19.00	*	*	59.00	59.00	59.00	59.00
Youth	19.00	19.00	19.00	19.00	*	*	59.00	59.00	59.00	59.00
Regional Monthly Calendar or Rolling 30-Day Pass (a)										
Adult	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00
Senior/Disabled/Medicare	23.00	23.00	23.00	23.00	23.00	23.00	18.00	18.00	18.00	18.00
Youth	23.00	23.00	23.00	23.00	23.00	23.00	36.00	36.00	36.00	36.00
Regional Premium Monthly Calendar or Rolling 30-Day Pass (a)										
Adult	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Senior/Disabled/Medicare	32.00	32.00	32.00	32.00	32.00	32.00	25.00	25.00	25.00	25.00
Youth	32.00	32.00	32.00	32.00	32.00	32.00	50.00	50.00	50.00	50.00
Day Pass										
Adult	*	*	*	*	*	*	5.00	5.00	5.00	5.00
Senior/Disabled/Medicare	*	*	*	*	*	*	2.25	2.25	2.25	2.25
Youth	*	*	*	*	*	*	*	*	*	*
Region Plus Day Pass	*	*	*	*	*	*	12.00	12.00	12.00	12.00
Regional 14 Day Pass	*	*	*	*	*	*	43.00	43.00	43.00	43.00
Regional Premium 14 Day Pass	*	*	*	*	*	*	60.00	60.00	60.00	60.00
College Monthly Pass	(b)	(b)	(b)	(b)	(b)	(b)	49.00	49.00	49.00	49.00
NCTD+ On Demand Microtransit										
One-way Fare										
Anywhere in service zone	\$ 3.00	\$ 3.00	*	*	*	*	*	*	*	*
To/from SPRINTER stations	1.50	1.50	*	*	*	*	*	*	*	*
Additional riders	1.50	1.50	*	*	*	*	*	*	*	*
Fare Capping (Pay As You Go) (c)										
Regional Daily Cap										
Adult	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	*	*	*	*	*	*
Senior/Disabled/Medicare/Youth	3.00	3.00	3.00	3.00	*	*	*	*	*	*
Regional Monthly Cap										
Adult	72.00	72.00	72.00	72.00	*	*	*	*	*	*
Senior/Disabled/Medicare/Youth	23.00	23.00	23.00	23.00	*	*	*	*	*	*
Premium Daily Cap										
Adult	12.00	12.00	12.00	12.00	*	*	*	*	*	*
Senior/Disabled/Medicare/Youth	6.00	6.00	6.00	6.00	*	*	*	*	*	*
Premium Monthly Cap										
Adult	100.00	100.00	100.00	100.00	*	*	*	*	*	*
Senior/Disabled/Medicare/Youth	32.00	32.00	32.00	32.00	*	*	*	*	*	*

(a) Effective September 1, 2022, rolling 30-day passes are no longer available for sale.

(b) College Monthly Passes no longer have prescribed rates and are negotiated between the college/university and MTS.

(c) Effective September 1, 2022 with the implementation of PRONTO, customers have the option to "pay-as-you-go" and reach daily and monthly caps of fares.

* Fare product not offered

NOTE: The SANDAG Board of Directors approves the region's Comprehensive Fare Ordinance encompassing fares charged on all public transit vehicles in San Diego County operated by Metropolitan Transit System (MTS) and the North County Transit District (NCTD).

Source: NCTD Rider's Guide

Revenue Capacity (continued)

NORTH COUNTY TRANSIT DISTRICT
PRINCIPAL FARE REVENUE
CURRENT YEAR, FIVE YEARS AGO AND TEN YEARS AGO

	Fiscal Year 2025		Fiscal Year 2020		Fiscal Year 2015	
	Fare Revenue	% of Total Fare Revenue	Fare Revenue	% of Total Fare Revenue	Fare Revenue	% of Total Fare Revenue
BREEZE	\$ 5,249,437	45.1%	\$ 5,286,127	41.2%	\$ 8,273,999	42.6%
LIFT	754,128	6.5%	680,517	5.3%	686,606	3.5%
FLEX	192,428	1.6%	155,713	1.2%	74,744	0.4%
COASTER	4,144,971	35.5%	4,333,924	33.7%	7,400,568	38.1%
SPRINTER	1,313,507	11.3%	2,385,873	18.6%	3,002,250	15.4%
NCTD+ ^(a)	15,496	0.1%	-	0.0%	-	0.0%
Total Fare Revenue	<u>\$ 11,669,967</u>	<u>100.1%</u>	<u>\$ 12,842,154</u>	<u>100.0%</u>	<u>\$ 19,438,167</u>	<u>100.0%</u>

(a) Pilot program introduced on June 10, 2024. Pilot programs are not reported in the National Transit Database (NTD).

Source: NCTD Internal Financial Information

Debt Capacity

NORTH COUNTY TRANSIT DISTRICT RATIOS OF OUTSTANDING DEBT LAST TEN FISCAL YEARS

Fiscal Year	Certificates of Participation	Lease Liabilities	SBITA Liabilities	Total Debt and Lease/SBITA Liabilities	Percentage of Personal Income ^(a)	Debt Per Capita ^(a)	Debt Per Passenger Boarding
2016	\$28,075,000	(b)	(c)	\$28,075,000	0.06%	\$31.72	\$2.34
2017	\$26,750,000	(b)	(c)	\$26,750,000	0.05%	\$29.89	\$2.44
2018	\$25,550,000	(b)	(c)	\$25,550,000	0.05%	\$28.33	\$2.40
2019	\$24,300,000	(b)	(c)	\$24,300,000	0.04%	\$26.80	\$2.34
2020	\$23,050,000	(b)	(c)	\$23,050,000	0.04%	\$25.55	\$2.78
2021	\$21,750,000	\$901,302	(c)	\$22,651,302	0.03%	\$25.23	\$5.08
2022	\$20,450,000	\$590,594	\$4,271,937	\$25,312,531	0.04%	\$28.46	\$4.27
2023	\$19,100,000	\$1,136,076	\$6,236,300	\$26,472,376	0.04%	\$29.66	\$3.71
2024	\$17,750,000	\$750,028	\$4,990,950	\$23,490,978	0.03%	\$26.32	\$3.05
2025	\$16,350,000	\$636,195	\$6,417,116	\$23,403,311	0.03%	\$26.15	\$2.75

(a) FY2025 calculated using personal income and population from the prior year.

(b) Lease liability data does not exist prior to the implementation of GASB 87 - Leases, effective July 1, 2020

(c) SBITA liability data does not exist prior to the implementation of GASB 96 - SBITAs, effective July 1, 2021

Source: NCTD Internal Financial Information

Demographic and Economic Statistics

NORTH COUNTY TRANSIT DISTRICT REGIONAL POPULATION AND PERSONAL INCOME STATISTICS LAST TEN CALENDAR YEARS

Calendar Year	Population ^(a)	Personal Income (in thousands)	Per Capita Personal Income ^(b)	San Diego County Unemployment Rate ^(c)	State Unemployment Rate ^(c)	US Unemployment Rate ^(d)
2015	878,823	\$46,839,508	\$53,298	5.0%	6.2%	5.3%
2016	885,084	\$49,895,725	\$56,374	4.1%	5.1%	4.9%
2017	894,852	\$51,823,564	\$57,913	4.0%	4.8%	4.4%
2018	901,849	\$55,360,903	\$61,386	3.3%	4.2%	3.9%
2019	906,645	\$57,779,579	\$63,729	3.2%	4.0%	3.7%
2020	902,178	\$61,194,734	\$67,830	9.2%	10.1%	8.1%
2021	897,647	\$65,603,633	\$73,084	6.5%	7.3%	5.3%
2022	889,257	\$66,228,304	\$74,476	3.5%	4.3%	3.6%
2023	892,674	\$70,630,152	\$79,122	3.9%	4.8%	3.6%
2024	894,991	\$70,813,478	\$79,122	4.3%	5.2%	4.0%

Sources:

- (a) SANDAG Open Data Portal information for North County West and East Metropolitan Service Areas (MSA).
Amount may differ from the geographic population of North San Diego County.
- (b) U.S. Dept. of Commerce, Bureau of Economic Analysis, per capita personal income are the calendar year averages for San Diego Metropolitan Statistical Area. Data for 2024 not yet released; 2024 same as 2023.
- (c) State of California Employment Development Department calendar year averages.
- (d) US Bureau of Labor Statistics calendar year averages.

Demographic and Economic Statistics (continued)

**NORTH COUNTY TRANSIT DISTRICT
MAJOR EMPLOYERS WITHIN SERVICE AREA
CURRENT YEAR**

Employer	Rank	2024		
		Number of Employees	Percent of Total Employment	Source
Marine Corps Base, Camp Pendleton	1	70,000	4.25%	a
ViaSat	2	4,135	0.25%	b
San Marcos Unified School District	3	3,239	0.20%	c
Palomar Medical Center	4	2,906	0.18%	d
California State University San Marcos	5	2,873	0.17%	c
Vista Unified School District	6	2,568	0.16%	e
Legoland California LLC	7	2,300	0.14%	b
Escondido Union School District	8	2,077	0.13%	d
Thermo Fisher Scientific (Life Technologies)	9	1,982	0.12%	b
Palomar Community College	10	1,941	0.12%	c
Total San Diego County Labor Force		1,648,500		f

Sources:

- a www.pendleton.marines.mil/Main-Menu/Introduction. Includes active duty personnel, reserve personnel, and civilian organizations.
- b City of Carlsbad, Annual Comprehensive Financial Report FY24
- c City of San Marcos, Annual Comprehensive Financial Report FY24
- d City of Escondido, Annual Comprehensive Financial Report FY24
- e City of Vista, Annual Comprehensive Financial Report FY24
- f State of California Employment Development Department:
<https://www.labormarketinfo.edd.ca.gov/geography/msa/san-diego-carlsbad.html>

Demographic and Economic Statistics (continued)

**NORTH COUNTY TRANSIT DISTRICT
MAJOR EMPLOYERS WITHIN SERVICE AREA
NINE YEARS AGO**

2015				
Employer	Rank	Number of Employees	Percent of Total Employment	Source
Marine Corps Base, Camp Pendleton	1	70,000	5.17%	a
Palomar Pomerado Health	2	4,411	0.33%	a
Palomar College	3	2,665	0.20%	a
Tri City Medical Center	4	2,279	0.17%	a
Naval Hospital Camp Pendleton	5	2,151	0.16%	a
Oceanside Unified School District	6	2,114	0.16%	a
Pala Casino Resort and Spa	7	2,010	0.15%	a
California State University San Marcos	8	1,900	0.14%	a
Escondido Union School District	9	1,898	0.14%	a
ViaSat	10	1,800	0.13%	a
Total San Diego County Labor Force		1,353,180		a

Source:

a FY2016 NCTD Annual Comprehensive Financial Report

Demographic and Economic Statistics (continued)

NORTH COUNTY TRANSIT DISTRICT BUDGETED EMPLOYEES BY DIVISION LAST TEN FISCAL YEARS

Division	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Administration	9.00	6.00	6.00	4.00	5.00	5.00	5.50	6.25	8.00	7.00
Bus Operations	6.00	6.00	7.00	6.00	5.00	7.00	6.00	6.00	6.00	7.00
Development Services	70.00	44.00	42.00	17.00	17.00	17.00	16.00	16.00	17.00	15.00
Finance	19.00	20.00	19.00	19.00	17.00	16.00	18.00	18.00	20.00	19.50
General Counsel	7.25	7.00	5.00	5.00	6.00	6.00	6.00	6.00	6.00	6.00
Information Technology	22.00	21.00	21.00	14.00	14.00	14.00	15.00	14.00	12.00	12.00
Office of the Chief Executive Officer	1.00	3.25	3.25	4.25	3.25	7.00	4.50	3.00	1.00	2.00
Operations - Rail	131.00	129.00	123.25	110.00	9.00	4.00	4.00	6.00	5.00	3.00
Operations Support Services	56.25	51.25	45.25	39.00	30.00	20.00	20.00	20.00	51.00	45.00
Planning and Communications	29.50	29.50	26.75	24.25	25.25	24.25	23.25	23.00	25.50	26.00
Procurement and Contract Administration	9.50	10.50	9.00	8.00	7.00	7.00	8.00	8.00	7.00	8.00
Rail Right-of-Way	50.25	47.25	60.00	2.00	2.00	2.00	3.00	3.00	3.00	2.00
Safety and Risk Assessment	10.00	8.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Total	420.75	382.75	372.50	257.50	145.50	134.25	134.25	134.25	166.50	157.50

Note: As a result of several organizational structure changes, prior data has been restated to make it comparable to the current year. Readers of this schedule should be aware that a comparison of the information contained above does not lend itself to comparison with previously published documents.

Source: NCTD Budget Documents

Operating Information

**NORTH COUNTY TRANSIT DISTRICT
OPERATING INDICATORS BY TRANSPORTATION MODE
LAST TEN FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
FARE REVENUES (thousands)										
BREEZE	\$ 5,249	\$ 5,145	\$ 4,847	\$ 4,262	\$ 2,527	\$ 5,286	\$ 6,525	\$ 6,465	\$ 6,396	\$ 7,452
LIFT	754	808	575	622	620	681	715	743	788	776
FLEX	192	127	70	32	24	156	203	181	56	66
COASTER	4,145	3,575	3,489	2,743	1,086	4,334	5,674	5,453	6,453	6,878
SPRINTER	1,314	1,077	1,008	1,116	1,448	2,386	2,702	2,750	2,693	2,976
NCTD+ ^(c)	15	0	-	-	-	-	-	-	-	-
TOTAL	\$ 11,670	\$ 10,733	\$ 9,988	\$ 8,776	\$ 5,705	\$ 12,842	\$ 15,819	\$ 15,592	\$ 16,386	\$ 18,147
OPERATING COSTS (thousands) ^(a)										
BREEZE	\$ 68,940	\$ 60,997	\$ 55,427	\$ 49,564	\$ 45,221	\$ 44,550	\$ 43,247	\$ 48,251	\$ 49,327	\$ 45,614
LIFT	15,165	13,328	11,238	9,127	9,662	9,522	10,483	10,149	9,504	8,434
FLEX	4,915	3,823	4,087	3,515	2,369	2,246	1,985	1,265	735	637
COASTER	41,091	38,613	36,548	34,197	23,987	21,210	19,969	17,049	18,653	17,386
SPRINTER	36,048	33,455	30,958	28,655	22,488	22,985	21,562	19,789	15,423	16,309
NCTD+ ^(c)	476	126	-	-	-	-	-	-	-	-
TOTAL	\$ 166,634	\$ 150,342	\$ 138,258	\$ 125,059	\$ 103,727	\$ 100,513	\$ 97,246	\$ 96,503	\$ 93,643	\$ 88,380
FARE REVENUE TO OPERATING COSTS ^(b)										
BREEZE	7.6%	8.4%	8.7%	8.6%	5.6%	11.9%	15.1%	13.4%	13.0%	16.3%
LIFT	5.0%	6.1%	5.1%	6.8%	6.4%	7.1%	6.8%	7.3%	8.3%	9.2%
FLEX	3.9%	3.3%	1.7%	0.9%	1.0%	6.9%	10.2%	14.3%	7.7%	10.4%
COASTER	10.1%	9.3%	9.5%	8.0%	4.5%	20.4%	28.4%	32.0%	34.6%	39.6%
SPRINTER	3.6%	3.2%	3.3%	3.9%	6.4%	10.4%	12.5%	13.9%	17.5%	18.2%
NCTD+ ^(c)	3.3%	0.2%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SYSTEM	7.0%	7.1%	7.2%	7.0%	5.5%	12.8%	16.3%	16.2%	17.5%	20.5%

(a) Operating costs exclude interest, depreciation, GASB68/GASB75 actuarial and non-cash expenses, GASB 87/GASB 96 expenses, and gain/loss on disposal of assets.

(b) Fare revenues divided by operating costs.

(c) Pilot program introduced on June 10, 2024. Pilot programs are not reported in the National Transit Database (NTD).

Source: NCTD Internal Financial Information

Operating Information (continued)

NORTH COUNTY TRANSIT DISTRICT
OPERATING INDICATORS BY TRANSPORTATION MODE (continued)
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
FAREBOX RECOVERY RATIO AS REPORTED TO THE CALIFORNIA STATE CONTROLLER'S OFFICE (WITH LOCAL SUPPORT) ^(a)										
FIXED ROUTE (BREEZE, FLEX, COASTER, SPRINTER, NCTD+)	29.9%	34.1%	32.8%	33.2%	25.4%	34.9%	38.9%	34.7%	*	*
LIFT/ADA PARATRANSIT	12.6%	13.0%	16.7%	12.5%	13.2%	13.4%	10.2%	10.9%	*	*
FAREBOX RECOVERY RATIO AS REPORTED TO THE CALIFORNIA STATE CONTROLLER'S OFFICE (WITHOUT LOCAL SUPPORT) ^(b)										
FIXED ROUTE (BREEZE, FLEX, COASTER, SPRINTER, NCTD+)	7.7%	8.6%	8.8%	7.6%	5.7%	13.5%	17.9%	17.6%	18.8%	22.3%
LIFT/ADA PARATRANSIT	5.1%	6.3%	5.4%	7.1%	6.6%	7.2%	6.8%	7.3%	8.3%	6.2%

(a) As reported to the California State Controller's Office, farebox recovery ratios with local support include other local revenue sources and exclude allowable operating costs.

(b) As reported to the California State Controller's Office, farebox recovery ratios exclude allowable operating costs.

* Adjusted farebox recovery ratios were not reported prior to FY2018.

Source: NCTD Internal Financial Information

Operating Information (continued)

NORTH COUNTY TRANSIT DISTRICT
OPERATING INDICATORS BY TRANSPORTATION MODE (continued)
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
PASSENGERS (thousands)										
BREEZE	5,458	4,876	4,503	3,919	2,991	5,135	6,373	6,483	6,732	7,547
LIFT	111	105	93	72	57	116	169	186	202	200
FLEX	100	49	39	25	22	31	32	28	21	25
COASTER	928	853	813	588	163	944	1,409	1,433	1,455	1,556
SPRINTER	1,876	1,823	1,685	1,322	1,225	2,066	2,409	2,533	2,549	2,678
NCTD+ ^(a)	22	0	-	-	-	-	-	-	-	-
TOTAL	8,496	7,706	7,132	5,927	4,458	8,293	10,392	10,663	10,959	12,006
FARE REVENUE PER PASSENGER										
BREEZE	\$ 0.96	\$ 1.06	\$ 1.08	\$ 1.09	\$ 0.84	\$ 1.03	\$ 1.02	\$ 1.00	\$ 0.95	\$ 0.99
LIFT	6.78	7.68	6.17	8.59	10.79	5.84	4.24	3.99	3.90	3.89
FLEX	1.92	2.61	1.81	1.28	1.13	5.05	6.25	6.55	2.72	2.66
COASTER	4.47	4.19	4.29	4.66	6.67	4.59	4.03	3.81	4.44	4.42
SPRINTER	0.70	0.59	0.60	0.84	1.18	1.15	1.12	1.09	1.06	1.11
NCTD+ ^(a)	0.69	1.32	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SYSTEM	\$ 1.37	\$ 1.39	\$ 1.40	\$ 1.48	\$ 1.28	\$ 1.55	\$ 1.52	\$ 1.46	\$ 1.50	\$ 1.51
COST PER PASSENGER										
BREEZE	\$ 12.63	\$ 12.51	\$ 12.31	\$ 12.65	\$ 15.12	\$ 8.68	\$ 6.79	\$ 7.44	\$ 7.33	\$ 6.04
LIFT	136.37	126.64	120.67	126.11	168.25	81.77	62.10	54.53	47.01	42.24
FLEX	49.00	78.57	105.80	138.75	109.95	72.90	61.18	45.75	35.52	25.59
COASTER	44.30	45.27	44.94	58.12	147.42	22.47	14.18	11.90	12.82	11.17
SPRINTER	19.21	18.35	18.38	21.67	18.35	11.13	8.95	7.81	6.05	6.09
NCTD+ ^(a)	21.22	864.23	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SYSTEM	\$ 19.61	\$ 19.51	\$ 19.38	\$ 21.10	\$ 23.27	\$ 12.12	\$ 9.36	\$ 9.05	\$ 8.55	\$ 7.36

(a) Pilot program introduced on June 10, 2024. Pilot programs are not reported in the National Transit Database (NTD).

Source: NCTD Internal Financial Information

Operating Information (continued)

NORTH COUNTY TRANSIT DISTRICT
OPERATING INDICATORS BY TRANSPORTATION MODE (continued)
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
REVENUE HOURS (thousands)										
BREEZE	431.0	411.9	376.8	404.8	420.4	424.7	424.0	448.7	478.1	462.0
LIFT	54.7	53.7	52.2	39.7	37.5	62.2	94.0	115.3	119.4	116.4
FLEX	26.6	17.4	17.0	16.9	17.3	17.0	16.5	16.5	7.6	8.5
COASTER ^(a)	12.2	12.3	12.4	11.4	4.6	7.3	8.5	6.9	6.9	6.9
SPRINTER	22.8	23.3	23.4	23.4	23.5	23.6	23.7	23.5	23.4	23.6
NCTD+ ^(b)	7.2	0.1	N/A							
TOTAL	554.5	518.6	481.9	496.1	503.3	534.8	566.6	610.8	635.4	617.4
FARE REVENUE PER REVENUE HOUR										
BREEZE	\$ 12.18	\$ 12.49	\$ 12.86	\$ 10.53	\$ 6.01	\$ 12.45	\$ 15.39	\$ 14.41	\$ 13.38	\$ 16.13
LIFT	13.78	15.07	11.01	15.68	16.53	10.93	7.61	6.44	6.60	6.67
FLEX	7.24	7.30	4.11	1.92	1.40	9.16	12.33	10.95	7.38	7.80
COASTER	339.78	291.30	282.05	240.97	233.83	597.37	669.70	795.25	940.53	994.87
SPRINTER	57.59	46.23	42.98	47.76	61.66	101.04	114.17	117.08	115.12	126.16
NCTD+ ^(b)	2.15	1.71	N/A							
SYSTEM	\$ 21.05	\$ 20.70	\$ 20.73	\$ 17.69	\$ 11.33	\$ 24.01	\$ 27.92	\$ 25.52	\$ 25.79	\$ 29.39
COST PER REVENUE HOUR										
BREEZE	\$ 159.96	\$ 148.10	\$ 147.09	\$ 122.45	\$ 107.56	\$ 104.90	\$ 102.00	\$ 107.55	\$ 103.17	\$ 98.74
LIFT	277.04	248.40	215.12	230.14	257.74	152.97	111.53	88.01	79.59	72.43
FLEX	185.03	219.55	240.67	208.06	137.02	132.14	120.62	76.54	96.35	75.14
COASTER	3,368.37	3,145.95	2,954.33	3,003.97	5,166.27	2,923.56	2,356.81	2,486.39	2,718.71	2,515.00
SPRINTER	1,580.50	1,436.08	1,320.22	1,225.90	957.38	973.42	911.04	842.48	659.40	691.48
NCTD+ ^(b)	65.99	1,115.62	N/A							
SYSTEM	\$ 300.51	\$ 289.90	\$ 286.93	\$ 252.10	\$ 206.08	\$ 187.94	\$ 171.63	\$ 157.98	\$ 147.37	\$ 143.15

(a) Includes in-service hours and adjusted layover hours.

(b) Pilot program introduced on June 10, 2024. Pilot programs are not reported in the National Transit Database (NTD).

Source: NCTD Internal Financial Information

Operating Information (continued)

NORTH COUNTY TRANSIT DISTRICT
OPERATING INDICATORS BY TRANSPORTATION MODE (continued)
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
REVENUE VEHICLE MILES (thousands)										
BREEZE	5,050	4,892	4,688	4,938	5,057	5,090	5,076	5,223	5,590	5,561
LIFT	938	904	912	735	685	1,078	1,593	1,814	1,995	2,028
FLEX	381	321	318	316	314	312	306	245	109	120
COASTER	397	400	401	363	146	230	270	272	271	274
SPRINTER	502	513	516	514	517	519	517	517	519	519
NCTD+ ^(a)	79	1	N/A							
TOTAL	7,348	7,030	6,835	6,866	6,719	7,230	7,762	8,071	8,484	8,501
FARE REVENUE PER REVENUE MILE										
BREEZE	\$ 1.04	\$ 1.05	\$ 1.03	\$ 0.86	\$ 0.50	\$ 1.04	\$ 1.29	\$ 1.24	\$ 1.14	\$ 1.34
LIFT	0.80	0.89	0.63	0.85	0.91	0.63	0.45	0.41	0.40	0.38
FLEX	0.50	0.40	0.22	0.10	0.08	0.50	0.66	0.74	0.52	0.55
COASTER	10.43	8.94	8.70	7.55	7.44	18.84	20.99	20.05	23.78	25.13
SPRINTER	2.62	2.10	1.95	2.17	2.80	4.60	5.23	5.32	5.19	5.74
NCTD+ ^(a)	0.20	0.34	N/A							
SYSTEM	\$ 1.59	\$ 1.53	\$ 1.46	\$ 1.28	\$ 0.85	\$ 1.78	\$ 2.04	\$ 1.93	\$ 1.93	\$ 2.13
COST PER REVENUE MILE										
BREEZE	\$ 13.65	\$ 12.47	\$ 11.82	\$ 10.04	\$ 8.94	\$ 8.75	\$ 8.52	\$ 9.24	\$ 8.82	\$ 8.20
LIFT	16.16	14.75	12.32	12.42	14.11	8.83	6.58	5.59	4.76	4.16
FLEX	12.89	11.91	12.87	11.13	7.54	7.19	6.49	5.16	6.77	5.31
COASTER	103.44	96.60	91.14	94.18	164.38	92.22	73.85	62.68	68.73	63.54
SPRINTER	71.86	65.24	60.00	55.70	43.51	44.28	41.73	38.28	29.72	31.43
NCTD+ ^(a)	6.02	N/A								
SYSTEM	\$ 22.68	\$ 21.39	\$ 20.23	\$ 18.21	\$ 15.44	\$ 13.90	\$ 12.53	\$ 11.96	\$ 11.04	\$ 10.40

(a) Pilot program introduced on June 10, 2024. Pilot programs are not reported in the National Transit Database (NTD).

Operating Information (continued)

NORTH COUNTY TRANSIT DISTRICT
OPERATING INDICATORS BY TRANSPORTATION MODE (continued)
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
PASSENGER MILES (thousands)										
BREEZE	25,748	30,595	28,246	16,894	12,970	22,100	27,431	27,892	28,939	37,794
LIFT	1,616	1,409	1,547	1,163	774	1,889	2,581	2,100	2,707	2,748
FLEX	910	293	243	105	93	120	161	123	242	290
COASTER	25,717	23,659	22,554	15,559	4,303	24,963	37,232	37,903	38,461	43,773
SPRINTER	12,659	13,140	13,035	9,849	8,939	15,992	20,677	21,730	21,868	23,329
NCTD+ ^(a)	72	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL	66,723	69,097	65,625	43,569	27,078	65,064	88,083	89,748	92,217	107,934
COST PER PASSENGER MILE										
BREEZE	\$ 2.68	\$ 1.99	\$ 1.96	\$ 2.93	\$ 3.49	\$ 2.02	\$ 1.58	\$ 1.73	\$ 1.70	\$ 1.21
LIFT	9.38	9.46	7.27	7.85	12.48	5.04	4.06	4.83	3.51	3.07
FLEX	5.40	13.04	16.79	33.44	25.48	18.77	12.32	10.29	3.04	2.19
COASTER	1.60	1.63	1.62	2.20	5.58	0.85	0.54	0.45	0.48	0.40
SPRINTER	2.85	2.55	2.38	2.91	2.52	1.44	1.04	0.91	0.71	0.70
NCTD+ ^(a)	6.58	376.99	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SYSTEM	\$ 2.50	\$ 2.18	\$ 2.11	\$ 2.87	\$ 3.83	\$ 1.54	\$ 1.10	\$ 1.08	\$ 1.02	\$ 0.82
SUBSIDY PER PASSENGER MILE										
BREEZE	\$ 2.47	\$ 1.83	\$ 1.79	\$ 2.68	\$ 3.29	\$ 1.78	\$ 1.34	\$ 1.50	\$ 1.48	\$ 1.01
LIFT	8.91	8.88	6.89	7.31	11.68	4.68	3.78	4.48	3.22	2.79
FLEX	5.19	12.61	16.51	33.13	25.22	17.47	11.06	8.82	2.81	1.97
COASTER	1.44	1.48	1.47	2.02	5.32	0.68	0.38	0.31	0.32	0.24
SPRINTER	2.74	2.46	2.30	2.80	2.35	1.29	0.91	0.78	0.58	0.57
NCTD+ ^(a)	6.37	376.41	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SYSTEM	\$ 18.24	\$ 18.12	\$ 17.98	\$ 19.62	\$ 21.99	\$ 10.57	\$ 7.84	\$ 7.59	\$ 7.05	\$ 5.85

(a) Pilot program introduced on June 10, 2024. Pilot programs are not reported in the National Transit Database (NTD).

Source: NCTD Internal Financial Information

Capital Asset Statistics

**NORTH COUNTY TRANSIT DISTRICT
CAPITAL ASSET STATISTICS BY TRANSPORTATION MODE
LAST TEN FISCAL YEARS**

Mode	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
REVENUE VEHICLES										
BREEZE										
Number of Buses	154	152	153	152	152	152	152	156	163	164
Total Miles	5,866,238	5,608,830	5,268,987	5,523,685	5,703,626	5,775,977	5,787,927	5,942,629	6,279,177	6,264,528
LIFT										
Number of Vehicles	42	42	40	42	46	53	52	54	53	53
Total Miles	1,019,494	995,221	1,044,598	874,311	826,351	1,262,750	1,888,532	2,155,682	2,339,137	2,258,758
FLEX ^(a)										
Number of Vehicles	12	12	10	12	11	9	10	15	8	8
Total Miles	473,179	337,743	329,158	328,136	331,156	329,927	326,102	269,206	133,673	147,160
COASTER										
Number of Vehicles	37	36	35	35	35	35	35	35	35	35
Total Miles	422,669	425,396	424,331	385,097	155,689	243,076	286,692	288,253	287,990	290,075
SPRINTER										
Number of Vehicles	12	12	12	12	12	12	12	12	12	12
Total Miles	504,792	516,671	518,392	518,217	520,111	522,540	519,731	518,986	520,886	520,809
NCTD+ ^(b)										
Number of Vehicles	10	10	N/A							
Total Miles	121,163	3,523	N/A							

Capital Asset Statistics (continued)

**NORTH COUNTY TRANSIT DISTRICT
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
FACILITIES										
Administrative Offices	3	3	3	2	2	2	2	2	2	2
Vehicles Maintenance Facilities	4	4	4	4	4	4	4	4	4	4
Right-of-Way Maintenance Facilities	1	1	1	1	1	1	1	1	1	1
Transit Centers	3	3	3	3	3	3	3	3	3	3
Commuter Rail Stations	8	8	8	8	8	8	8	8	8	8
Hybrid Rail Stations	15	15	15	15	15	15	15	15	15	15

(a) FY2024 includes the COASTER Connection, which began service in June 2024.

(b) Pilot program introduced on June 10, 2024. Pilot programs are not reported in the National Transit Database (NTD).

Source: NCTD Internal Financial Information

Industry Comparative Statistics

NORTH COUNTY TRANSIT DISTRICT
INDUSTRY COMPARATIVE STATISTICS

Transportation Mode/Operator	Vehicle Revenue Miles (000's)	Vehicle Revenue Hours (000's)	Total Passengers (000's)	Passenger Miles (000's)	Passenger per Revenue Mile	Passenger per Hour	Total Operating Expenses (000's) (a)	Operating Expenses per Revenue Mile	Operating Expenses per Passenger	Total Fare Revenues (000's)	Fare Revenue per Passenger	Farebox Ratio
MOTOR BUS												
North County Transit District ^(b)	5,213	429	4,925	30,878	0.94	11.47	\$ 64,554	\$ 12.38	\$ 13.11	\$ 5,994	\$ 1.22	9.3%
Orange County Transportation Authority	16,750	1,456	34,960	124,771	2.09	24.01	\$ 252,273	\$ 15.06	\$ 7.22	\$ 27,118	\$ 0.78	10.7%
Sacramento Regional Transit District	7,329	629	9,026	31,521	1.23	14.36	\$ 126,433	\$ 17.25	\$ 14.01	\$ 9,559	\$ 1.06	7.6%
San Mateo County Transit District	6,107	580	9,992	37,717	1.64	17.24	\$ 189,108	\$ 30.96	\$ 18.93	\$ 12,119	\$ 1.21	6.4%
Spokane Transit Authority	7,146	524	10,167	45,244	1.42	19.40	\$ 94,947	\$ 13.29	\$ 9.34	\$ 6,844	\$ 0.67	7.2%
DEMAND RESPONSE												
North County Transit District ^(c)	904	54	105	1,409	0.12	1.96	\$ 13,226	\$ 14.64	\$ 125.67	\$ 753	\$ 7.16	5.7%
Alameda-Contra Costa Transit District	5,025	368	480	4,628	0.10	1.30	\$ 55,408	\$ 11.03	\$ 115.41	\$ 1,883	\$ 3.92	3.4%
Omnitrans	1,376	92	157	1,664	0.11	1.71	\$ 14,903	\$ 10.83	\$ 94.82	\$ 737	\$ 4.69	4.9%
Riverside Transit Agency	2,469	145	287	2,545	0.12	1.98	\$ 19,086	\$ 7.73	\$ 66.61	\$ 1,013	\$ 3.53	5.3%
Santa Clara Valley Transportation Authority	3,817	236	361	3,791	0.09	1.53	\$ 26,884	\$ 7.04	\$ 74.42	\$ 1,363	\$ 3.77	5.1%
COMMUTER RAIL ^(d)												
North County Transit District	1,603	49	853	23,659	0.53	17.30	\$ 37,881	\$ 23.63	\$ 44.41	\$ 3,456	\$ 4.05	9.1%
Central Puget Sound Regional Transit Authority	1,708	56	1,916	45,962	1.12	34.26	\$ 91,631	\$ 53.64	\$ 47.81	\$ 6,442	\$ 3.36	7.0%
Dallas Area Rapid Transit	1,207	71	1,270	17,414	1.05	17.79	\$ 47,542	\$ 39.39	\$ 37.43	\$ 3,755	\$ 2.96	7.9%
Southern California Regional Rail Authority	11,347	314	4,321	170,265	0.38	13.76	\$ 309,214	\$ 27.25	\$ 71.56	\$ 35,825	\$ 8.29	11.6%
Utah Transit Authority	3,972	145	4,128	118,631	1.04	28.49	\$ 53,593	\$ 13.49	\$ 12.98	\$ 4,716	\$ 1.14	8.8%
HYBRID RAIL ^(d)												
North County Transit District	527	24	1,823	13,140	3.46	76.08	\$ 33,300	\$ 63.14	\$ 18.27	\$ 1,379	\$ 0.76	4.1%
Capital Metropolitan Transportation Authority	711	30	541	8,000	0.76	17.94	\$ 33,928	\$ 47.72	\$ 62.74	\$ 1,147	\$ 2.12	3.4%
Denton County Transportation Authority	770	36	262	3,967	0.34	7.20	\$ 16,582	\$ 21.55	\$ 63.41	\$ 413	\$ 1.58	2.5%
New Jersey Transit Corporation	950	38	1,859	27,024	1.96	48.64	\$ 36,376	\$ 38.30	\$ 19.57	\$ 858	\$ 0.46	2.4%
San Francisco Bay Area Rapid Transit District	1,114	40	1,273	8,987	1.14	31.77	\$ 22,464	\$ 20.17	\$ 17.64	\$ 3,938	\$ 3.09	17.5%

(a) Adjustments made to operating expenses in accordance with National Transit Database (NTD) guidelines. Operating expenses for NTD reporting will not agree to operating expenses as shown in Operating Information.

(b) Motor Bus for NCTD as reported to NTD is comprised of BREEZE Fixed Route, FLEX Routes 371, 392, 395, and COASTER Connection.

(c) Demand Response for NCTD is for ADA/Paratransit Service. MediCal Organization Paid Fares, which are included in Fare Revenues for NTD reporting, are excluded from this Comparative.

(d) Vehicle revenue miles and revenue hours for rail services are compared based on car miles and hours and will not agree with miles and hours as shown in Operating Information.

Source: National Transit Database, Report Year 2024

Federal Awards Reports in Accordance
with the Uniform Guidance
June 30, 2025

North County Transit District

North County Transit District
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Year Ended June 30, 2025

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**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards, and the Transportation Development Act**

Board of Directors
North County Transit District
Oceanside, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of North County Transit District (NCTD) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise North County Transit District's basic financial statements, and have issued our report thereon dated December 17, 2025. Our report included an emphasis of matter paragraph indicating the adoption of GASB Statement No. 100, *Accounting Changes and Error Corrections*, and No. 101, *Compensated Absences*, for the year ended June 30, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered NCTD's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NCTD's internal control. Accordingly, we do not express an opinion on the effectiveness of NCTD's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether NCTD's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 6667 of Title 21 of the California Code of Regulations, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NCTD's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NCTD's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eddie Baily, LLP". The signature is fluid and cursive, with "Eddie" and "Baily" connected by a single stroke, and "LLP" in a smaller, separate area.

Rancho Cucamonga, California

December 17, 2025



Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Directors
North County Transit District
Oceanside, California

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited North County Transit District's (NCTD) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on NCTD's major federal program for the year ended June 30, 2025. NCTD's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, NCTD complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of NCTD and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of NCTD's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to NCTD's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on NCTD's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about NCTD's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding NCTD's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of NCTD's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of NCTD's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of NCTD as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise NCTD's basic financial statements. We issued our report thereon dated December 17, 2025, which contained an unmodified opinion on those financial statements. Our report included an emphasis of matter paragraph indicating the adoption of GASB Statement No. 100, *Accounting Changes and Error Corrections*, and No. 101, *Compensated Absences*, for the year ended June 30, 2025. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Rancho Cucamonga, California
December 17, 2025

North County Transit District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

<u>Federal Grantor/Pass-through Grantor Program or Cluster Title</u>	<u>Federal Financial Assistance Listing</u>	<u>Pass-through Entity Identifying Number</u>	<u>Expenditures</u>
U.S. Department of Transportation:			
Federal Transit Cluster:			
Direct Assistance:			
Federal Transit - Capital Investment Grants (Fixed Guideway Capital - Investment Grants)	20.500	CA-2023-134	\$ 11,850
Subtotal - 20.500			<u>11,850</u>
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-2019-005	43,384
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-2019-084	5,820
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-2020-235	258,981
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-2022-038	711,917
ARPA - Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-2022-054	18,792,556
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-2023-011	1,161,529
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-2024-042	564,528
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-2025-004	<u>21,168,881</u>
Subtotal - 20.507			<u>42,707,596</u>
State of Good Repair Grants Program	20.525	CA-2017-021	30,833
State of Good Repair Grants Program	20.525	CA-2019-090	33,446
State of Good Repair Grants Program	20.525	CA-2020-275	10,400
State of Good Repair Grants Program	20.525	CA-2021-216	657,828
State of Good Repair Grants Program	20.525	CA-2023-015	3,305,259
State of Good Repair Grants Program	20.525	CA-2024-056	7,346,726
State of Good Repair Grants Program	20.525	CA-2025-037	12,699,551
State of Good Repair Grants Program	20.525	CA-2025-059	319
Subtotal - 20.525			<u>24,084,362</u>
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	CA-2019-010	55,533
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	CA-2021-205	662
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	CA-2022-202	410,712
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	CA-2024-051	128,772
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	CA-2024-166	21,287,810
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	CA-2025-058	<u>295,259</u>
Subtotal - 20.526			<u>22,178,748</u>
Subtotal - Federal Transit Cluster			<u>88,982,556</u>
Passed-through from California Department of Transportation Division of Rail:			
Formula Grants for Rural Areas	20.509	64BA24-02503	<u>627,375</u>
Subtotal - 20.509			<u>627,375</u>
Direct Assistance:			
Federal-State Partnership for Intercity Passenger Rail	20.326	69A36521402790FSPCA	<u>1,730,015</u>
Passed-through from San Diego Association of Governments:			
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	CA-2024-235	<u>248,558</u>
Direct Assistance:			
Community Project Funding Congressionally Directed Spending	20.534	CA-2023-072	233,773
Community Project Funding Congressionally Directed Spending	20.534	CA-2025-034	<u>373,397</u>
Subtotal - 20.534			<u>607,170</u>
Total - U.S. Department of Transportation			<u>92,195,674</u>
Total Federal Financial Assistance			<u>\$ 92,195,674</u>

North County Transit District
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the North County Transit District under programs of the federal government for the year ended June 30, 2025. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the NCTD, it is not intended to and does not present the financial position, changes in net position, or cash flows of NCTD.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

NCTD has not elected to use the 10% de minimis cost rate.

North County Transit District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section I – Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	No

Identification of major programs:

Name of Federal Program or Cluster	Federal Financial Assistance Listing
Federal Transit Cluster	20.500/ 20.507/ 20.525/ 20.526
Dollar threshold used to distinguish between Type A and Type B programs:	\$2,765,870
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None Reported.

North County Transit District
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2025

Financial Statement Findings:

None reported.

Federal Award Findings:

None reported.