

Agenda

Thursday, January 23, 2025

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

North County Transit District'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

North County Transit District 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.

For individuals with disabilities, NCTD will provide assistive services. To obtain such services or copies of documents in an alternate format, please call or write, a minimum of 72 hours prior to the event, to request these needed reasonable modifications. NCTD will make every attempt to accommodate requests that do not give 72-hour notice. Please contact the Clerk of the Board at (760) 966-6696 or clerk@nctd.org.

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.

Agenda materials can be made available in alternative languages upon request. To make a request, please call (760) 966-6696 or email clerk@nctd.org at least 72 hours in advance of the meeting.

Los materiales de la agenda de NCTD están disponibles en otros idiomas. Para hacer una solicitud, llame al (760) 966-6696 o por correo electrónico a clerk@nctd.org al menos 72 horas antes de la reunión.

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.

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 before entering the Board Room at NCTD, 810 Mission Avenue, Oceanside, CA. The completed form must be given to the Clerk of the Board before that agenda item is called. 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.

Zoom Participation:

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/82846871954?pwd=ePwWP5oOePYu8jLGGr4qBW7AVaTH9h.1>
Passcode: 507406

Phone Participation:

To join the meeting by phone, dial 669-900-6833
Webinar ID: 828 4687 1954
Passcode: 507406

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/>.

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.

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.

A. OTHER BUSINESS ITEM 1

1. Election of the NCTD's Board Chair and Board Vice-Chair for Calendar Year 2025
(*Suheil Rodriguez, Director of Administration/Clerk of the Board*)

B. MINUTES

Approve Minutes for NCTD's Regular Board Meeting of December 19, 2024
(*Suheil Rodriguez, Director of Administration/Clerk of the Board*)

C. CONSENT ITEMS 2 – 12

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

2. Receive the Monthly Intergovernmental Affairs Report (S) (Attachment 2A and 2B)
(*Mary Dover, Chief of Staff*)
3. Receive the Monthly Transit Operations Performance Report for November 2024 (S)
(Attachment 3A)
(*Katie Persons, Director of Service Planning*)
4. Receive Quarterly Safety and Security Report for the First Quarter of FY2025 (S)
(Attachment 4A)
(*Karen Tucholski, Chief of Safety and Security*)
5. Receive Quarterly Customer Experience Report for the First Quarter of FY2025 (S)
(Attachment 5A)
(*Alicia Peat-Watson, Director of Customer Experience*)

6. Receive the Unaudited Quarterly Financial Report for the First Quarter of FY2025 (FY2025-Q1) (S) (Attachment 6A)
(Eun Park-Lynch, Chief Financial Officer)
7. Award Agreement to Express Energy Services, Inc. for the Purchase and Installation of Closed-Circuit TV Cameras and Public Address Speakers for Various Stations and Facilities (S)
(Karen Tucholski, Chief of Safety and Security)
8. Authorize Staff to Finalize Agreement No. 25022 with Alliant Insurance Services, Inc. for Insurance Broker Services (S)
(Karen Harris, Director of Enterprise Risk Management)
9. Approve Supplemental Agreement No. 09 to Agreement No. 19041 with STV Incorporated for Zero Emissions Bus Infrastructure Planning and Design (S)
(Tracey Foster, Chief Development Officer)
10. Authorize the Chief Executive Officer to Execute Supplemental Agreement No. 04 to Agreement No. 12024 with Railcar Management, LLC for Rail Maintenance and Configuration Software (S)
(Justin Richardson, Chief Right-of-Way Officer)
11. Award Agreement No. 36912 to A-Z Bus Sales for the Purchase of 15 Paratransit Cutaway Shuttle Vans (S)
(Lilia Montoya, Chief Operations Officer – Bus)
12. Approve the NCTD's Board and External Appointments for Calendar Year 2025 (S) (Attachment 12A and 12B)
(Suheil Rodriguez, Director of Administration/Clerk of the Board)
13. Approve the FY2026-FY2030 Capital Improvement Program (S) (Attachments 13A – 13F)
(Scott Loeschke, Deputy Chief, Development Services)

D. INFORMATION ITEM 14

14. Receive the Fiscal Year 2024 Financial Audit Results and Annual Comprehensive Financial Report (Attachments 14A – 14D)
(Eun Park-Lynch, Chief Financial Officer)

E. CLOSED SESSION ITEM 15

15. Closed Session Pursuant to Government Code Section 54956.9(d)(1) – Conference with Legal Counsel – Existing Litigation – Jacoby v. Metropolitan Transit System, et al. (San Diego County Superior Court Case No. 37-2022-00008212-CU-PA-CTL)
(Lori A. Winfree, Deputy Chief Executive Officer/Chief General Counsel)

- **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**

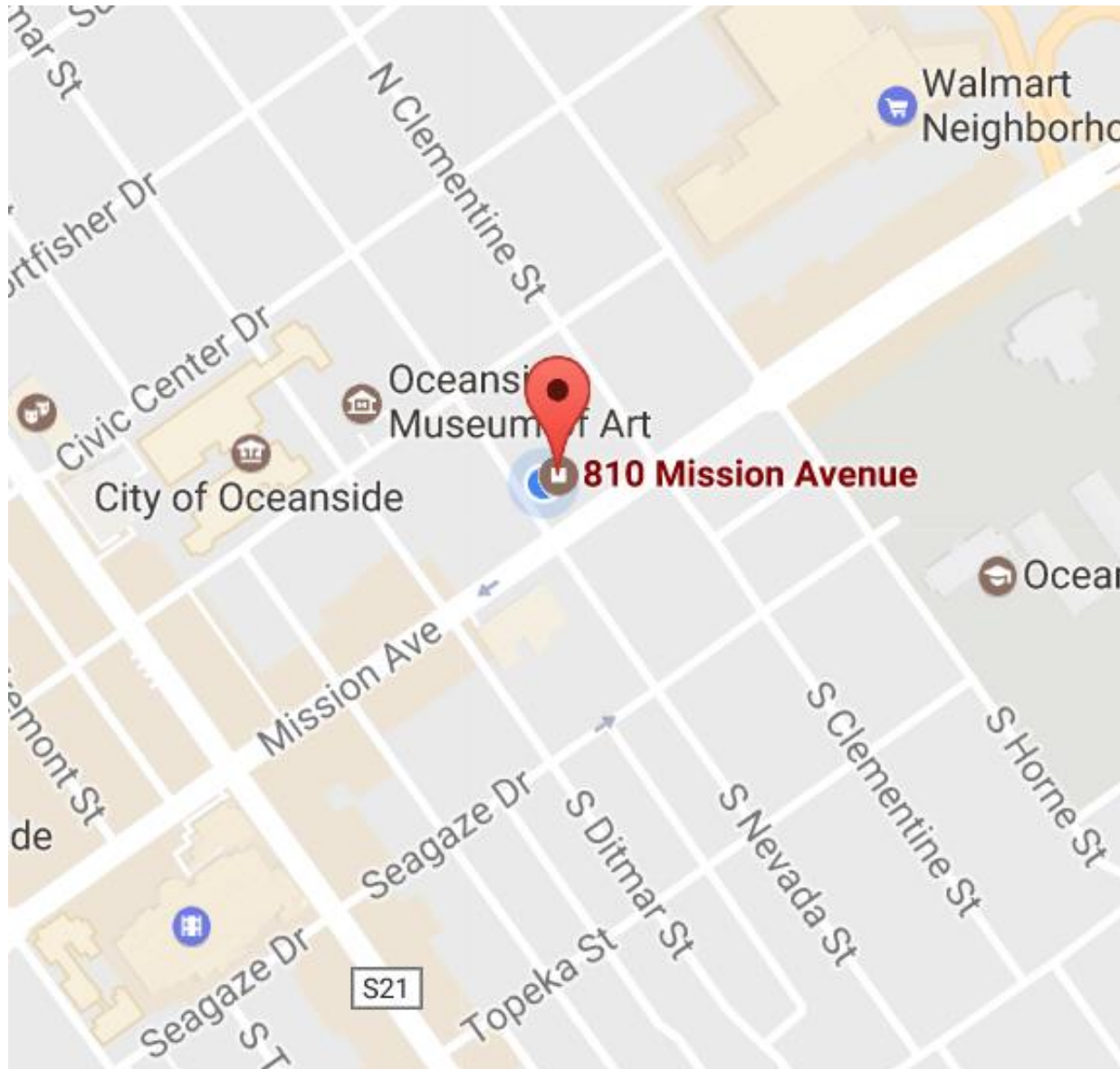
- **CERTIFICATIONS AND RULES (FOR BOARD AND PUBLIC INFORMATION)**
 - Posting of Board Agenda (Page 7)
 - Rules for Public Speakers at meetings of the North County Transit District (Page 8)
 - Quorum and Voting Information (Page 9)

Upcoming Meetings:

- ***Regular Board Meeting: Thursday, February 20, 2025 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.

MAP OF NORTH COUNTY TRANSIT DISTRICT 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.

January 16, 2025

To: North County Transit District 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 23, 2025 at 2:00 p.m.

Posted At: 810 Mission Avenue, Oceanside, CA

Posted Online At: www.goNCTD.com

Date & Time of Posting: January 16, 2025 by 5:00 p.m.

Posted By: Suheil Rodriguez, Clerk of the Board

Rules for Public Speakers at Meetings of the North County Transit District

Per Board policy, all public communications at meetings of the North County Transit District 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: Fifteen (15) minutes
 - End of meeting: No time limit.
- B. Time limit per speaker per meeting: Three (3) minutes, with no donation of time allowed.
- C. Priority: First come, first served. Speakers who registered to speak with the Clerk will be able to address the Board of Directors in the order they were 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 (3) 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 are 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.

4. MODIFICATION OF RULES BY CHAIR

- A. The Board Chair may, in his or her absolute discretion, relax the requirements of 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.

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
<i>Source: 2023 Estimate via SANDAG Open Data Portal – Updated November 2024</i>			

**MINUTES OF THE REGULAR MEETINGS OF THE
NORTH COUNTY TRANSIT DISTRICT BOARD OF DIRECTORS HELD ON DECEMBER 19, 2024**

REGULAR BOARD MEETING

CALL TO ORDER

Board Chair Jewel Edson called the Regular Meeting to order at 2:01 p.m.

ROLL CALL OF BOARD MEMBERS

1. Jewel Edson (City of Solana Beach)
2. Priya Bhat-Patel (City of Carlsbad) – Departed at 3:39 p.m.
3. Jim Desmond (County of San Diego)
4. Tracy Martinez (City of Del Mar)
5. Jim O'Hara (City of Encinitas) – Arrived at 2:09 p.m.
6. Joe Garcia (City of Escondido)
7. Eric Joyce (City of Oceanside)
8. Maria Nunez (City of San Marcos) – Alternate
9. Corinna Contreras (City of Vista)
10. Madison Coleman (City of San Diego) – Alternate – Departed at 3:01 p.m.

PLEDGE OF ALLEGIANCE TO THE AMERICAN FLAG

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

SAFETY BRIEF AND EVACUATION PROCEDURES

Taylor Siwy, Deputy Clerk, reviewed emergency evacuation procedures.

CHANGES TO THE AGENDA

None

PUBLIC COMMUNICATIONS

John Mosher, representing City of San Marcos, thanked Board Member Desmond for his efforts in mitigating the transient release of sexually violent predators back into the community. Mosher requested updated NCTD+ flyers for mobile home park where he resides. He also discussed that he will be attending the San Marcos Council meeting in January 2025 to advocate for improving transit options for residents of the senior mobile home park, including exploring a central pickup

point and potential funding through a corporate account or non-profit to subsidize the cost of the NCTD+ service.

PRESENTATION ITEM 1

1. Receive Employee Service Recognition Presentation

Joy Freeman, Chief People Officer, gave a presentation celebrating the dedication of tenured employees, recognizing five individuals for their outstanding service: Benjamin Rubia (31 years), David Alcoser (31 years), David Anderson (30 years), Donna Jordan (30 years), and Mark Mangan (30 years). Appreciation was expressed for their commitment and impact on the community, with awards and plaques to be presented. Chief Executive Officer, Shawn Donaghy, also acknowledged the exceptional service of these long-standing employees.

PRESENTATION ITEM 2

2. Receive Overview of Calendar Year 2024 Outreach and Marketing Efforts

Mary Dover, Chief of Staff, provided an overview of North County Transit District's (NCTD/District) Calendar Year 2024 outreach and marketing efforts. Mary highlighted the renewed focus on community engagement following CEO Donaghy's arrival in March, and emphasized the District's efforts to utilize traditional marketing, social media, and media relations to promote new and existing services. Key initiatives included the launch of the NCTD+ Microtransit pilot in San Marcos, targeted outreach to senior centers and mobile home parks, and outreach on the launch of the COASTER Connection service geared toward biotechnology companies. Special events, such as Padre's season and the Fair Tripper partnership with the San Diego County Fair, were successful in increasing visibility. Additionally, the Holiday Express event sold approximately 9,700 tickets, providing riders with a positive experience of NCTD. The Customer Experience Department conducted outreach to schools to distribute over 1,000 free transit passes to youth, encouraging school and leisure use.

Board Members emphasized continued communication regarding public transportation availability after late events, with a focus on improving access to venues like the Frontwave Arena. Advertising opportunities were also discussed, including the potential for Petco to continue its promotion of public transit.

APPROVAL OF THE MINUTES OF THE NOVEMBER 21, 2024 REGULAR BOARD MEETING

ON THE MOTION OF BOARD MEMBER CONTRERAS TO APPROVE THE MINUTES OF THE NOVEMBER 21, 2024 REGULAR BOARD MEETING, SECONDED BY VICE CHAIR BHAT-PATEL.

AYES: EDSON, BHAT-PATEL, MARTINEZ, O'HARA, GARCIA, DESMOND, NUNEZ, CONTRERAS
NOES: NONE
ABSENT: NONE
ABSTAIN: JOYCE

MOTION PASSES.

APPROVAL OF CONSENT ITEMS 3 – 11

3. Receive the Monthly Intergovernmental Affairs Report
4. Receive the Monthly Transit Operations Performance Report for October 2024
5. Receive the Chair Report for the Executive Committee for the December 3, 2024 Meeting
6. Adopt NCTD's Calendar Year 2025 Legislative Agenda
7. Receive Nominations for the North County Transit District's Board Leadership Positions for Calendar Year 2025
8. Adopt Regular Board Meeting Schedule for Calendar Year 2025
9. Approve Modification to Employment Agreement for Chief General Counsel
10. Authorize the Chief Executive Officer to Execute a Purchase Order to Agreement No. 21019 with Wabtec Railway Electronics (WRE) for the Procurement of Next Gen Onboard Global Navigation Satellite System Modules
11. Approve Memorandum of Agreement Between the North County Transit District and the Western States Regional Council of Carpenters – United Brotherhood of Carpenters & Joiners of America for all COASTER Maintenance of Equipment Personnel, Including Overhaul Mechanics

ON THE MOTION OF BOARD MEMBER DESMOND TO APPROVE CONSENT ITEMS 3 – 11, SECONDED BY BOARD MEMBER CONTRERAS.

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

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

MOTION PASSES.

OTHER BUSINESS ITEM 12

12. Authorize the Chief Executive Officer to Enter into an Exclusive Negotiation Agreement for the Redevelopment of the Vista Civic Center SPRINTER Station

Board Member Contreras disclosed on the record that she was recusing herself from consideration of Other Business Item 12.

Tracey Foster, Chief Development Officer, and Lillian Doherty, Director of Planning and Development, gave a presentation regarding the redevelopment of the Vista Civic Center SPRINTER Station. Following a competitive selection process, Tideline Partners, L.L.C. was chosen to redevelop the site.

Board Alternate Coleman inquired about the residential unit component, specifically asking for clarification on the Area Median Income (AMI) and whether the units are deed-restricted. Lillian Doherty confirmed that the units are deed-restricted for 55 years and that the AMI is based on Regional Housing Needs Assessment (REHNA) standards.

Board Member Desmond expressed concerns about the need for proper management, emphasizing the importance of a responsible property manager and well-maintained grounds, as the property will reflect the image of NCTD.

ON THE MOTION OF BOARD ALTERNATE NUNEZ TO APPROVE OTHER BUSINESS ITEM 12, SECONDED BY BOARD MEMBER MARTINEZ.

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

NOES: NONE

ABSENT: NONE

ABSTAIN: CONTRERAS

MOTION PASSES.

CLOSED SESSION ITEM 13

13. Closed Session Pursuant to Government Code Section 54957.6 – Public Employee Performance Evaluation, Title: Shawn M. Donaghy, Chief Executive Officer

Lori A. Winfree, Chief General Counsel, took the board into Closed Session at 2:57 p.m. The Closed Session concluded at 3:39 p.m. Lori Winfree stated that the Board met to evaluate the performance of the Chief Executive Officer. As a result of the discussion, the Board will consider a recommendation from the Executive Committee under agenda item No. 14, which will be reviewed by NCTD's Chief People Officer, Joy Freeman.

OTHER BUSINESS ITEM 14

Joy Freeman, Chief People Officer, provided an overview of the Executive Committee's performance review of the Chief Executive Officer wherein it determined that Chief Executive Officer, Shawn Donaghy's performance exceeded expectations for the review period and that, in accordance with his employment agreement he was entitled to an automatic 2.5% salary increase and the Executive Committee recommended a performance incentive of \$20,000 be considered by the full Board.

14. Approve Annual Performance Evaluation and Related Actions for Chief Executive Officer

ON THE MOTION OF BOARD CHAIR EDSON TO APPROVE OTHER BUSINESS ITEM 14, SECONDED BY VICE CHAIR BHAT-PATEL.

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

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

MOTION PASSES.

CHIEF EXECUTIVE OFFICER'S REPORT

Mr. Donaghy, CEO, expressed gratitude to the board and staff for a successful year, highlighting the leadership team's contributions.

- Congratulated Lori Winfree on her promotion to Deputy Chief Executive Officer and Chief General Counsel, recognizing her 11+ years of dedication and support to NCTD.
- Highlighted the success of the Holiday Express event, selling over 9,700 tickets and adding a night run.
- Announced upcoming initiatives, including free MTS and NCTD rides on New Year's Eve and a press conference in two weeks.
- Discussed agreements with UCSD for student passes, expanding access to COASTER, SPRINTER, and BREEZE services. Plans to engage with other educational partners for similar agreements are forthcoming.
- Mentioned attending a LOSSAN Rail Realignment meeting on December 20 and recent meetings in Washington D.C. and Salt Lake City on rail corridors and national security.
- Noted the arrival of new hydrogen buses in January and the grand opening of the fueling station later in 2025.
- Acknowledged the Carpenter's Union and successful contract negotiations for COASTER mechanics.
- Emphasized the importance of recognizing long-term employees and thanking Joy Freeman, Chief People Officer and Tom Tulley, Chief Operations Officer – Rail, for their efforts.

BOARD MEMBER REPORTS, COMMENTS, AND CORRESPONDENCE

Board Member Joyce congratulated, CEO Shawn M. Donaghy, for outstanding work for the last 10 months. He stated that even though he has not been on the Board, he has noticed positive changes.

REMAINING PUBLIC COMMUNICATIONS

None

ADJOURNMENT

Board Chair Edson adjourned the meeting at 3:48 p.m. Submitted by Taylor Siwy, Deputy Clerk, for the North County Transit District.

BOARD CHAIR
North County Transit District

CERTIFICATION

I, Taylor Siwy, duly appointed and qualified, Deputy Clerk of the North County Transit District, do hereby certify that the above is a true and correct copy of the Minutes of the Regular Board Meeting held on December 19, 2024 approved by the Board of Directors of the North County Transit District adopted at a legally convened meeting of the Board of Directors of the North County Transit District held on January 23, 2025.

DEPUTY CLERK
North County Transit District

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STAFF REPORT

**ELECTION OF THE NORTH COUNTY TRANSIT DISTRICT'S BOARD
CHAIR AND BOARD VICE-CHAIR FOR CALENDAR YEAR 2025**

Time Sensitive: ☒ **Consent:** ☐

**NOMINATING
COMMITTEE
RECOMMENDATION:**

Elect Priya Bhat-Patel (City of Carlsbad) as Board Chair and Corinna Contreras (City of Vista) as Board Vice-Chair of the North County Transit District for Calendar Year 2025.

**BACKGROUND
INFORMATION:**

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

At the November 21, 2024 Regular Board meeting, the Board selected a Nominating Committee for the Board leadership positions for CY2025 (Agenda Item No. 11) comprised of:

1. Kellie Hinze, Councilmember, City of Encinitas (Chair)
2. Jim Desmond, Supervisor, County of San Diego
3. Tracy Martinez, Councilmember, City of Del Mar

At the December 19, 2024 Regular Board meeting, the Board received the Nominating Committee report nominating Priya Bhat-Patel (City of Carlsbad) for Board Chair and Corinna Contreras (City of Vista) for Board Vice-Chair for Calendar Year 2025 (Agenda Item No. 7).

As a reminder, 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 Corinna Contreras as Board Vice-Chair for Calendar Year 2025. In making these recommendations, the Nominating Committee recognizes and appreciates the skillful and steadfast leadership of the current Board Chair and Vice-Chair as it relates to their respective roles on the Board.

ATTACHMENT:

None

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: srodiguez@nctd.org Phone: 760-966-6696

RELATED TO
AGENDA ITEM 1

NORTH COUNTY
TRANSIT DISTRICT



Election of NCTD's Board Chair and Board Vice-Chair for Calendar Year 2025

Regular Board Meeting
January 23, 2025

COASTER SPRINTER BREEZE FLEX LIFT

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 21, 2024 Regular Board meeting, the Board selected a Nominating Committee comprised of:**
 - Kellie Hinze, Councilmember, City of Encinitas (Chair of Nominating Committee)
 - Jim Desmond, Supervisor, County of San Diego
 - Tracy Martinez, Councilmember, City of Del Mar
- **At the December 19, 2024 Regular Board meeting, the Nominating Committee recommended the following nominations for Board Chair and Board Vice Chair for Calendar Year 2025 for consideration:**
 - Priya Bhat-Patel, City of Carlsbad for Board Chair;
 - Corinna Contreras, City of Vista for Board Vice-Chair



Recommendation

- **For Calendar Year 2025, the Nominating Committee recommends that the Board elect:**
 - Priya Bhat-Patel, City of Carlsbad, as Board Chair; and
 - Corinna Contreras, City of Vista, as Board Vice-Chair



Questions?



STAFF REPORT | RECEIVE THE MONTHLY INTERGOVERNMENTAL AFFAIRS REPORT

Time Sensitive: ☐ **Consent:** ☒

**STAFF
RECOMMENDATION:**

Receive the Monthly Intergovernmental Affairs Report for December 2024.

**BACKGROUND
INFORMATION:**

Attached are the Monthly Intergovernmental Affairs Reports for December 2024 (Attachments 2A and 2B) submitted by Holland & Knight and Townsend Public Affairs. The monthly report provides updates on federal and state legislative activity impacting the North County Transit District (NCTD). There will be no Status of Tracked Legislation Reports through the end of 2024. The Legislature adjourned on August 31 and will not reconvene for legislative activity until January 6, 2025. Highlights of the December report include:

Legislative Activity and Updates – Federal:

Appropriations Update – On December 20, 2024, Congress passed legislation to fund the government through March 14, provide disaster aid, and relief for American farmers. Congressional Democrats and Republicans had reached an agreement earlier during the week of December 16 on a continuing resolution (CR) to extend government funding but were unable to pass the bill after President-elect Trump announced his opposition to the measure. Congress opted for a slimmed-down CR, dropping some health, workforce, and research provisions. NCTD's Community Project Funding request for bus stop improvements is still pending and could potentially be addressed when Congress continues discussions on the FY2025 Transportation, Housing and Urban Development Appropriations Bill.

Legislative Activity and Updates – State:

Legislature Reconvenes for Organizational Session – December marked the beginning of the 2025-26 legislative session with freshman and incumbent members being sworn in during the Organizational Session on December 3 to welcome new legislators, adopt house rules, and elect their respective leadership teams. One notable change to the Standing Rules in each house is a reduction in how many bills legislators may introduce during a two-year session. Assemblymembers and Senators are now only permitted to introduce 35 bills, a change from 50 in the Assembly and 40 in the Senate, in order to allow more time for consideration of measures and improve the deliberative process. So far, approximately 140 bills, resolutions, and constitutional amendments have been introduced.

Grant Activity

Below is an overview of successful grant awards in Calendar Year (CY) 2023, as well as successful and pending awards year-to-date in CY 2024. NCTD was the lead applicant for these grant applications, except where otherwise noted.

CY 2023		CY 2024
Successful Awards		Pending Awards Successful Awards
San Dieguito Double Track Phase 2 \$100 million		Bus Stop Improvements (Community Project Funding) \$250,000 San Dieguito Double Track Phase 2 \$53.9 million
Hydrogen Fuel Cell Electric Bus Deployment \$29.3 million		Battery Electric Buses (Community Project Funding) \$500,000
Batiquitos Lagoon Double Track (SANDAG) \$103.3 million		San Dieguito Double Track Phase 2 (SANDAG – ITIP) \$62 million
SPRINTER Corridor Service Improvement Project \$7 million		SPRINTER Double Tracking – East (RAISE) \$10.2 million
Climate Adaptation and Infrastructure Resiliency Plan \$627,000		San Dieguito Double Track Phase 2 (SB 125) \$36.4 million
VTC Grade Separation Study (City of Vista) \$254,250		Eastbrook to Shell Double Track and DMB5 (TIRCP) \$38.5 million
Escondido Land Swap Study \$240,000		
OTC Pedestrian Tunnel Art Project \$144,000		
Total Successful: \$442,331,495		Total Pending: \$250,000

ATTACHMENT: 2A – Federal Monthly Legislative Report (Holland & Knight) – December 2024
2B – State Monthly Legislative Report (Townsend) – December 2024

FISCAL IMPACT: This staff report has no fiscal impact.

COMMITTEE REVIEW: None

STAFF CONTACT: **Mary Dover, Chief of Staff**
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Memorandum

Date: January 3, 2025

To: North County Transit District

From: Holland & Knight LLP

Re: Federal Update – December 2024

This memorandum provides an overview of federal policy developments of importance to the North County Transit District, including those related to:

- 119th Congress Begins
- Congress Avoids Government Shutdown
- Congressional Republicans Plan for Budget Reconciliation Effort in 119th Congress
- Round-Up of Open Grant Opportunities

119th Congress Begins

- On January 3, the new 119th Congress will begin, setting up at least two years of Republican control over the House and Senate. Republicans will chair all committees and determine the floor schedule for all bills. Once President-elect Trump is sworn in on January 20, Republicans will control all levers of power in Washington.
- In the 119th Congress, the following members will serve as chairs/ranking members in the committees relevant to NCTD:
 - House Appropriations: Tom Cole (Chair), Rosa DeLauro (Ranking Member)
 - THUD Subcommittee: Steve Womack (Chair), Mike Quigley (Ranking Member)
 - House Transportation and Infrastructure: Sam Graves (Chair), Rick Larsen (Ranking Member)
 - Senate Appropriations: Susan Collins (Chair), Patty Murray (Ranking Member)
 - THUD Subcommittee: Cindy Hyde-Smith (Chair), Brian Schatz (Ranking Member)
 - Senate Commerce, Science, and Transportation: Ted Cruz (Chair), Maria Cantwell (Ranking Member)
 - Senate Environment and Public Works: Shelley Moore Capito (Chair), Sheldon Whitehouse (Ranking Member)
 - Senate Banking, Housing, and Urban Affairs: Tim Scott (Chair), Elizabeth Warren (Ranking Member)

- Congressional Republicans are expected to take aggressive action to enact President-elect Trump's agenda. This includes confirming judges, using budget reconciliation to change some federal laws, and funding his initiatives. The Senate will also begin confirmation hearings for President-elect Trump's cabinet nominees. Sean Duffy, the President-elect's nominee to run the Department of Transportation, will likely receive a confirmation hearing in early January.
- On January 3, House Speaker Mike Johnson won the necessary votes within his conference to remain Speaker. Several key holdouts in the Republican conference made the voting process difficult for Johnson, but he was ultimately able to win the Speaker vote. This conflict is in stark contrast to the Senate, where Sen. John Thune (R-SD) is unopposed in his bid to serve as Senate Majority Leader for the 119th Congress.
- On January 2, 2025, Senate Minority Leader Chuck Schumer announced the Democratic Committee assignments for the 119th Congress:
 - Sen. Padilla will serve on the Judiciary; Rules (Chair); Environment and Public Works; Energy and Natural Resources; and Budget Committees.
 - Sen. Schiff will serve on the Agriculture; Environment and Public Works; Judiciary; and Small Business Committees.

Congress Avoids Government Shutdown

- On December 20, Congress passed legislation to fund the government through March 14, provide disaster aid, and relief for American farmers. Congressional Democrats and Republicans had reached an agreement earlier during the week of December 16 on a continuing resolution (CR) to extend government funding, but were unable to pass the bill after President-elect Trump announced his opposition to the measure.
- President-elect Trump intervened on the 11th hour of negotiations, demanding that Congressional Republicans also include a provision suspending the federal debt ceiling before he takes office on January 20. However, Republicans were not able to find agreement on the revised bill and failed to pass it on the night of December 19. Instead, Congress opted for a slimmed-down CR, dropping some health, workforce, and research provisions.
- The 119th Congress is expected to consider the pending FY 2025 bills once they take office on January 3. However, it is likely Congress will pass the bills closer to the March 14 deadline, given the extensive agenda laid out by House and Senate Republicans.

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Congressional Republicans Plan for Budget Reconciliation Effort in 119th Congress

- Congressional Republicans are planning to use budget reconciliation to address many of their goals and President-elect Trump's campaign promises. Budget reconciliation is a legislative process that allows Congress to pass certain revenue/spending bills with a simple majority in the Senate and House – especially useful for addressing contentious items. The process has been used at least 23 times by both Democrats and Republicans, including most recently to enact the Inflation Reduction Act (IRA).
- Republican leadership intends to use budget reconciliation to reauthorize the Tax Cuts and Jobs Act of 2017 (TCJA), expand the Opportunity Zone program, deal with some immigration issues, and potentially change other aspects of existing law.
- President Trump and Congressional Republicans have vowed to repeal unobligated funding and some of the tax credits provided by the IRA, including solar and battery tax credits and Environmental Justice/climate grant programs.

Round-Up of Open Grant Opportunities

- [RAISE Grant Program](#). \$1.5 billion available. All applications due January 30, 2025.
- [PROTECT Grant Program](#). \$576 million available. All applications due February 24, 2025.

MEMORANDUM

To: North County Transit District Board of Directors
Mary Dover, Chief of Staff

From: Townsend Public Affairs
Casey Elliott, Vice President
Spencer Street, Senior Associate

Date: December 30, 2024

Subject: December 2024 Legislative Monthly Report

STATE UPDATES

December marked the beginning of the 2025-26 legislative session with freshman and incumbent members being sworn in during the Organizational Session on December 3. Legislators hit the ground running introducing approximately 140 new bills, angled for committee membership, and building up their Capitol and District Office staff. Priorities have begun to emerge from both the Legislature and Governor's office setting the stage for another active year.

Below is an overview of pertinent state actions from the month of December.

STATE LEGISLATURE

Legislature Commences 2025-26 Session

This week, the California State Assembly and Senate reconvened for Organizational Session to welcome new legislators, adopt house rules, and elect their respective leadership teams. One notable change to the Standing Rules in each house is a reduction in how many bills legislators may introduce during a two-year Session. Assemblymembers and Senators are now only permitted to introduce 35 bills, a change from 50 in the Assembly and 40 in the Senate, in order to allow more time for consideration of measures and improve the deliberative process. So far, approximately 140 bills, resolutions, and constitutional amendments have been introduced since December 2nd.

Assemblymember Robert Rivas and Senator Mike McGuire were re-elected as Assembly Speaker and Senate pro Tempore, respectively, and both addressed their chambers kicking off their Regular and Special Sessions. Members from both houses introduced bills in the Special Session related to shoring up resources for the Department of Justice (DOJ) to pay for federal litigation expenses, one of which appropriates \$500,000 to the Department. More details on the Special Session and funding to DOJ are anticipated to coincide with the Governor's January Budget. Next, we can expect changes to committee chairs and membership as members and staff get settled in.

Wildfire Insurance Legislation Introduced

Assembly Member Connolly has kicked off the legislative session with the introduction of [AB 1](#) (a re-run of this year's AB 2416) which will require the Department of Insurance to include additional building hardening measures for property-level mitigation efforts and communitywide wildfire mitigation programs. The bill is co-authored by Assembly Speaker Rivas and aims to provide some relief to homeowners throughout the state who have been seeing cancellations and significant increases in insurance premiums based on updated modeling for climate intensified wildfire risk. Amidst California's insurance crisis, AB 1 offers a practical solution that enables consumers to lower their insurance costs while also enhancing disaster preparedness for vulnerable communities.

EXECUTIVE BRANCH ACTIVITY

Insurer Promises to Write More Policies in California

With the Department of Insurance set to implement new regulatory reforms to the state's insurance market, Farmers Insurance has committed to writing 9,500 new homeowners policies each month (up from 7,000) and starting December 14 it plans to insure additional condos and renters which it had previously paused. In 2023, Farmers instituted the 7,000 policy cap and paused condo and renters insurance, and the Department of Insurance has been working since last September on its Sustainable Insurance Strategy to stabilize insurance market conditions. Farmers' decision to once again expand in the California market is a key indicator the Department's pending regulations could bring other insurers back to California.

The new catastrophe modeling and ratemaking regulations have been posted by the Department and filed with the Secretary of State, officially concluding the rulemaking process. Members of the Legislature are already active introducing legislation geared toward home hardening and vegetation management as tools to prevent wildfires and make home insurance more available across the state and in high wildfire severity zones.

November Income Tax Withholdings Come in Below Projections

Overall, for fiscal year 2024-25 Personal Income Tax (PIT) withholdings have run about even with projections, but November withholdings came in \$806 million, or about 10%, below projections. Most withholding payments are for wages and salaries, but income tax withholding payments are also due on bonuses and stock options received by employees. With a later Thanksgiving holiday week, end-of-month and holiday bonuses were remitted to the state in December as opposed to November, which contributed to the lackluster collection.

The drop in withholdings could drive the state's General Fund revenues down, but other revenue sources are still pending. Also, the Legislative Analyst's Office notes the collection during the week after Thanksgiving came in approximately 20% higher than the same period last year, which would in turn be reflected in this year's December collection. The Department of Finance's next state budget projections will coincide with the Governor's January Budget Proposal early next month.

State of Emergency Declared Over Bird Flu

In response to the rapid spread of H5N1 avian influenza virus, Governor Gavin Newsom declared a state of emergency in California. Since March, the virus has spread through dairy cattle herds across the country raising concerns amongst virologists. No person-to-person spread of the Bird Flu has been detected in California, but there have been 34 human cases linked to infected birds or cows, and considering the state's dairy sector's susceptibility to H5N1 there is already a strong testing and monitoring network established. Declaring a state of emergency will provide local entities with additional flexibility around staffing, contracting, and other rules to support any necessary response.

The Department of Public Health, Department of Food and Agriculture, and Office of Emergency Services have joined other agencies to provide outreach to all Californians and seasonal flu vaccines to agriculture workers to reduce concurrent flu risks. The Food and Drug Administration has advertised that grocery shelf beef and dairy are safe to consume, but they recommend against consuming raw unpasteurized milk. Moving forward, more personal protective equipment will be delivered to dairy-farm workers and the state will continue to monitor and investigate the spread of the virus.

JUDICIAL BRANCH ACTIVITY

California Courts Upholds Local Sober Living Home Ordinance

This week, the United States Ninth Circuit Court of Appeals ruled in favor of Costa Mesa's ordinance on geographic distancing for sober living homes. In *The Ohio House LLC v. City of Costa Mesa*, the Court evaluated the City's separation ordinance, which aimed to prevent the overconcentration of sober living homes within residential areas. The suit originated over the Ohio House's sober living facility located in a multi-family residence district but violated the City's separation ordinance by operating within 550 feet of another sober living home.

While acknowledging the Fair Housing Act (FHA) and the California Fair Employment and Housing Act (FEHA) prohibit discriminatory treatment of protected classes, including recovering addicts who are considered disabled, the Court determined the City's ordinance ultimately served to benefit these individuals. To set out a successful case of intentional discrimination under FHA, a plaintiff needs to show that a protected group has been subjected to explicitly discriminatory treatment, but FEHA allows a facially discriminatory policy if it is the least-restrictive means of achieving its purpose. Instead, the Court opined that the ordinance promoted a balanced residential environment and prevented clustering that could undermine community integration and support.

This ruling marks a significant victory for numerous cities in California and beyond that have faced ongoing challenges to ordinances aimed at regulating the concentration of sober living facilities in residential neighborhoods. [AB 3](#) (Dixon) was also introduced this week to address this very issue. With this measure, the Legislature will continue to contemplate guidelines that strike an appropriate balance with community-based service provision while maintaining distancing standards that realize the intended de-institutionalized setting.



STAFF REPORT

**RECEIVE THE MONTHLY TRANSIT OPERATIONS PERFORMANCE
REPORT FOR NOVEMBER 2024**

Time Sensitive: ☐ **Consent:** ☒

**STAFF
RECOMMENDATION:**

Receive the monthly Transit Operations Report for November 2024.

**BACKGROUND
INFORMATION:**

The monthly Transit Operations Performance Report (TOPR) provides an overview of North County Transit District's (NCTD) performance trends by mode as they relate to budgeted goals and minimum performance standards for each month of the fiscal year. NCTD's performance goals are developed as part of the annual operations budget development process. Minimum performance standards are set forth in each modal operations and maintenance contract.

The monthly TOPR is intended to provide performance reporting on key performance indicators without the detailed analysis of trends that are included in the annual TOPR. The data contained in this staff report is unaudited and subject to change. Starting in FY2025, staff removed certain metrics from the TOPR attachment to improve legibility and allow for the inclusion of the NCTD+ mode. Metrics removed include passengers per revenue mile and metrics related to LIFT response time and pick-up windows. These metrics will continue to be tracked internally for performance management purposes. Attached to this staff report is a table that provides information on NCTD's modal performance compared to the established goals or standards, as well as a comparison to the previous fiscal year. The monthly TOPR uses the same symbology from the annual TOPR and is explained below:



STANDARD/GOAL MET:

Indicates goal or standard was met.



STANDARD/GOAL NEARLY MET:

Indicates actual performance was within 10% of the goal or standard.



STANDARD/GOAL NOT MET:

Indicates goal or standard was not met.

Systemwide Performance

November 2024 systemwide ridership was 696,920, which is 7.5% above the budgeted goal and 11.3% above the November 2023 ridership of 626,098. November 2024 was also at 82.4% of FY19 pre-pandemic levels.

BREEZE Performance

BREEZE boardings for November totaled 451,607, above the budgeted goal of 424,098 by 6.5% and a 9.5% increase compared to November 2023. November 2024 was also 85.1% of FY19 pre-pandemic levels. BREEZE on-time performance (OTP) was 82.3% for the month which is below the minimum performance standard of 88%.

COASTER Performance

COASTER boardings for November totaled 62,045, above the budgeted goal of 61,557 by 0.8% and a 4.9% increase compared to November 2023. November 2024 was also 57.3% of FY19 pre-pandemic levels. COASTER OTP was 89.8% for the month which is below the minimum performance standard of 95%.

SPRINTER Performance

SPRINTER boardings for November totaled 164,399, above the budgeted goal of 146,782 by 12% and a 15.5% increase compared to November 2023. November 2024 was also 86.5% of FY19 pre-pandemic levels. SPRINTER OTP was 97.6% for the month which is above the minimum performance standard of 95%.

FLEX Performance

FLEX boardings for November totaled 8,037, above the budgeted goal of 4,898 by 64.1% and a 115.5% increase compared to November 2023. November 2024 was also 311.6% of FY19 pre-pandemic levels. FLEX OTP was 79.3% for the month which is below the performance standard of 88%.

LIFT Performance

LIFT boardings for November totaled 9,022, above the budgeted goal of 8,733 by 3.3% and a 7.9% increase compared to November 2023. November 2024 was also 64.7% of FY19 pre-pandemic levels. LIFT OTP was 90.9% for the month which is below the minimum standard of 92%. LIFT productivity, measured by passengers transported per revenue hour, was 2.05 for the month, which is above the minimum performance standard of 1.80 passengers per revenue hour.

NCTD+ Performance

NCTD+ boardings for November totaled 1,810, below the budgeted goal of 1,980 by 8.6%. NCTD+ OTP was 91.6% for the month which meets the minimum standard of 92%.

Youth Opportunity Pass (YOP) Performance

Youth pass usage for November 2024 totaled 95,019, a 1.5% decrease compared to November 2023.

ATTACHMENT: 3A – Monthly Transit Operations Performance Report, November 2024

FISCAL IMPACT: This staff report has no fiscal impact.

COMMITTEE REVIEW: None

STAFF CONTACT: **Katie Persons, Director of Service Planning**
Email: kpersons@nctd.org Phone: 760-966-6683

Transit Performance Report - November 2024

SYSTEM Performance (All Modes)	Budget Goal ¹	November 2024	Variance from Goal/Standard	November 2023	Variance from Prior Year
Total Boardings	648,048	696,920	7.5%	626,098	11.3%
Average Weekday Boardings	26,689	27,354	2.5%	24,497	11.7%
Average Saturday Boardings	11,553	17,196	48.8%	13,801	24.6%
Average Sunday Boardings	11,301	12,773	13.0%	11,291	13.1%
BREEZE Performance	Budget Goal / Performance Standard ¹	November 2024	Variance from Goal/Standard	November 2023	Variance from Prior Year
Total Boardings	424,098	451,607	6.5%	412,570	9.5%
Average Weekday Boardings	17,670	17,751	0.5%	16,344	8.6%
Average Saturday Boardings	7,069	11,018	55.9%	8,499	29.6%
Average Sunday Boardings	7,070	8,298	17.4%	7,068	17.4%
Boardings per Revenue Hour	12.6	13.1	4.3%	11.8	10.8%
Percent of Scheduled Service Operated	99.98%	99.67%	-0.3%	99.47%	0.2%
Major Mechanical Failures	34	59	73.5%	40	47.5%
Other Mechanical Failures	0	0	0.0%	6	-100.0%
Chargeable Accidents	5	16	220.0%	10	60.0%
On-time Performance	88.0%	82.3%	-6.5%	84.8%	-2.9%
Passenger Concerns	77	78	1.3%	104	-25.0%
COASTER Performance	Budget Goal / Performance Standard ¹	November 2024	Variance from Goal/Standard	November 2023	Variance from Prior Year
Total Boardings	61,557	62,045	0.8%	59,135	4.9%
Average Weekday Boardings	2,366	2,318	-2.0%	2,156	7.5%
Average Saturday Boardings	1,618	2,036	25.8%	1,852	9.9%
Average Sunday Boardings	1,229	1,103	-10.3%	1,289	-14.4%
Boardings per Revenue Hour	61.5	64.3	4.6%	57.9	11.0%
Percent of Scheduled Service Operated	100.0%	99.4%	-0.6%	98.9%	0.5%
Major Mechanical Failures	1	1	0.0%	2	-50.0%
Other Mechanical Failures	0	0	0.0%	4	-100.0%
Chargeable Accidents	0	0	0.0%	0	0.0%
On-time Performance	95.0%	89.8%	-5.4%	94.9%	-5.3%
Passenger Concerns	4	3	-25.0%	3	0.0%
SPRINTER Performance	Budget Goal / Performance Standard ¹	November 2024	Variance from Goal/Standard	November 2023	Variance from Prior Year
Total Boardings	146,782	164,399	12.0%	142,299	15.5%
Average Weekday Boardings	5,980	6,473	8.2%	5,489	17.9%
Average Saturday Boardings	2,633	3,851	46.3%	3,253	18.4%
Average Sunday Boardings	2,804	3,137	11.9%	2,805	11.8%
Boardings per Revenue Hour	76.0	88.8	16.8%	74.1	19.8%
Percent of Scheduled Service Operated	100.0%	96.1%	-3.9%	99.5%	-3.4%
Major Mechanical Failures	1	9	800.0%	17	-47.1%
Other Mechanical Failures	0	9	900.0%	9	0.0%
Chargeable Accidents	0	0	0.0%	0	0.0%
On-time Performance	95.0%	97.6%	2.7%	95.8%	1.9%
Passenger Concerns	8	4	-50.0%	8	-50.0%
FLEX Performance	Budget Goal / Performance Standard ¹	November 2024	Variance from Goal/Standard	November 2023	Variance from Prior Year
Total Boardings	4,898	8,037	64.1%	3,730	115.5%
Average Weekday Boardings	205	333	62.2%	143	132.9%
Average Saturday Boardings	83	131	58.2%	91	44.0%
Average Sunday Boardings	76	145	91.8%	74	95.9%
Passengers per Revenue Hour	2.47	3.78	53.3%	2.68	41.1%
Major Mechanical Failures	2	2	0.0%	0	200.0%
Other Mechanical Failures	0	0	0.0%	0	0.0%
Chargeable Accidents	0	0	0.0%	0	0.0%
On-time Performance	88.0%	79.3%	-9.8%	82.7%	-4.1%
Passenger Concerns	4	1	-75.0%	0	100.0%
LIFT Performance	Budget Goal / Performance Standard ¹	November 2024	Variance from Goal/Standard	November 2023	Variance from Prior Year
Total Boardings	8,733	9,022	3.3%	8,364	7.9%
Average Weekday Boardings	401	403	0.4%	365	10.4%
Average Saturday Boardings	85	129	51.4%	106	21.7%
Average Sunday/Holiday Boardings	56	63	12.5%	55	14.5%
Passengers per Revenue Hour	1.80	2.05	14.0%	2.08	-1.6%
Major Mechanical Failures ²	2	1	-50.0%	2	-50.0%
Other Mechanical Failures ²	0	0	0.0%	0	0.0%
Chargeable Accidents	1	1	0.0%	0	100.0%
On-Time Performance	92.0%	90.9%	-1.2%	93.0%	-2.2%
Passenger Concerns	14	11	-21.4%	11	0.0%
NCTD+ Performance	Budget Goal / Performance Standard ¹	November 2024	Variance from Goal/Standard	November 2023	Variance from Prior Year
Total Boardings	1,980	1,810	-8.6%	0	100.0%
Average Weekday Boardings	66	76	15.2%	0	100.0%
Average Saturday Boardings	66	31	-53.0%	0	100.0%
Average Sunday Boardings	66	27	-59.1%	0	100.0%
Passengers per Revenue Hour	1.80	2.94	63.3%	0.00	100.0%
Chargeable Accidents	0	0	0.0%	0	0.0%
On-time Performance	92.0%	91.6%	-0.4%	0.0%	100.0%
Passenger Concerns	3	0	-100.0%	0	0.0%
Median Wait Time (minutes)	20:00	13:09	-34.3%	00:00	0.0%

¹ Budgeted goals are developed every fiscal year within budget documents and are based upon ridership projections and past performance while minimum performance standards are generally set forth in each modal operations and maintenance contract. Rail standards continue to adhere to the minimum performance standards established in past contracts.

STAFF REPORT

RECEIVE THE QUARTERLY SAFETY AND SECURITY REPORT FOR THE FIRST QUARTER OF FY2025

Time Sensitive: ☐ **Consent:** ☒

**STAFF
RECOMMENDATION:**

Receive the quarterly Safety & Security Report for the first quarter of FY 2025 (July 1, 2024 – September 30, 2024).

**BACKGROUND
INFORMATION:**

Safety and security are two of North County Transit District's (NCTD) core values. Staff provides the Board of Directors with a quarterly update covering key safety data and performance trends, as well as law enforcement and security related activities.

SAFETY REPORT:

The Quarterly Safety Report (Safety Report) analyzes NCTD's safety performance using the performance targets and goals listed in the District's Public Transportation Agency Safety Plan (PTSAP), and the System Safety Plan (SSP). The areas where the safety performance targets and goals are not achieved guide NCTD in its risk-reduction strategies and allocation of resources. Safety performance is tracked on a calendar year basis so the report for Q1 FY2025, reflects 2024 results from January through September. Highlights of the report are below:

Bus Performance Overview:

- Achieved the most important goal of zero fatalities.
- System reliability continues to experience challenges and remains slightly below goal as of September 30. With the deployment of New Hydrogen Fuel Cell Buses in the last quarter of 2024, NCTD expects reliability to increase moderately however it is unlikely the annual target goal will be achieved.
- Assaults on transit workers have decreased significantly during the third quarter, going from 7 in Q2 to 3 in Q3. However, due to the high number in the first and second quarters, NCTD has already exceeded the annual target. NCTD continues to monitor and track these reports and is working with closely with the Security Department and the Safety Committee to identify trends and implement mitigations.

Rail Performance Overview:

- Fatal and non-fatal trespasser accidents on both COASTER and SPRINTER remain high during 2024. NCTD is involved in multiple efforts to find and implement engineering and technical solutions that may mitigate this growing trend. NCTD also seeks to strengthen and increase its educational efforts through Operation Life Saver's Presenter Certification Program.
- SPRINTER mechanical failures continue to negatively impact NCTD's achievement of this performance target. NCTD continues to focus effort

on addressing failures, but we remain below target for 2024 and will not achieve the target by year end.

SECURITY REPORT:

Loitering/Vagrancy:

Loitering/vagrancy is higher overall than the same time period of Q1-FY2024, but shows a decreasing trend during Q1-FY2025. The overall increase is due to better reporting with the onboarding of the InterCon contract security officers who are currently deployed 24/7 at Oceanside and Escondido Transit Centers. While numbers are higher overall due to more accurate data, their efforts are also resulting in the decreasing trend which we anticipate continuing due to their presence.

Homeless Encampments:

As indicated in the chart, Homeless Encampments are showing an increasing trend in the first quarter of the fiscal year. This trend is due largely to movement of individuals from the southern portion of the County to the northern portion. NCTD's TESU team has conducted multiple directed patrols in high-concentration areas to help mitigate against the increase. They will continue to focus on this effort throughout FY2025 to help reduce the incidents and turn the trend downward. NCTD and the TESU Deputies continue to partner with the County's Homeless Outreach team and other local supportive agencies to offer resources to those in need.

Assaults/Battery:

Assaults/battery present an increasing trend during Q1-FY2025, with incidents among passengers remaining high at 17 and 18 in August and September respectively. NCTD Security is collaborating closely with Bus and Rail Operations and the TESU Deputies to identify and address the perpetrators so that we can reduce incidents and improve safety and security. Assaults against transit employees shows a decreasing trend during Q1-FY2025. NCTD Security will continue to monitor this area closely, also in coordination with Bus and Rail Operations and the TESU Deputies, to ensure we are taking all reasonable steps to protect our frontline personnel.

ATTACHMENT: 4A – Safety & Security Report Q1-FY2025

FISCAL IMPACT: This staff report has no fiscal impact.

COMMITTEE REVIEW: None

STAFF CONTACT: **Karen L. Tucholski, Chief Safety & Security Officer**
E-mail: ktucholski@nctd.org Phone: 760-966-6574

**NORTH COUNTY
TRANSIT DISTRICT**



Quarterly Safety and Security Report

For the Period
July 1, 2024 – September 30, 2024
(Q1 of FY2025)

SAFETY DEPARTMENT REPORT

SAFETY PLAN PERFORMANCE:

This section details the metrics used to measure the calendar-year safety performance of North County Transit District's (NCTD) various operating modes of its transportation network. The performance measures are those listed in our Safety Plans. The Public Transportation Agency Safety Plan (PTASP) is applicable to our Bus modes and SPRINTER Operations and specific safety metrics are required by the Federal Transit Administration. The System Safety Plan (SSP), and its broader goals, is applicable to COASTER and SPRINTER as part of Federal Railroad Administration regulations.

Definitions;

- Reportable Injuries are employee and passenger injuries that are reported to National Transit Database (NTD). The threshold for what is considered reportable injuries according to NTD are those requiring medical transportation from the scene.
- Reportable Safety Events are accidents and incidents as defined by NTD involving injuries or deaths, or with significant potential for injuries or deaths.
- Major Mechanical Issues are those events that require a swap out of equipment due to the malfunction of major mechanical components. HVAC related issues, while important to passenger comfort, are not included. Also not included are tire related issues that occur en route.

SPRINTER PTASP 2024 SAFETY PERFORMANCE

Safety Performance Target Measures	Calendar Q1 2024 (Jan-Mar)	Calendar Q2 2024 (Apr-Jun)	Calendar Q3 2024 (Jul-Sep)	Cumulative (Jan-Sep)	SPT (Benchmark) for 2024	On Target?
Vehicle Revenue Miles	127,885	127,525	128,235	383,645		
Total Number of Fatalities	2	0	0	2	0	Yes
Fatality Rate per 100,000 VRM	1.56	0	0.00	0.52	0.00	No
Total Number of Reportable Injuries*	0.00	1	2	3	<3	Yes
Injury Rate per 100,000 VRM	0.00	0.08	0.16	0.08	<.58	Yes
Total Number of Reportable Safety (and Security) Events	6.00	1	3	10	<5	No
Total Number of Safety (and Security) Events per 100,000 VRM	4.69	0.78	2.34	2.61	<1.16	No
System Reliability (Mean distance between major mechanical failures)	3,045	1,875	2,290	2,311	>10,000	No
Total Number of Transit Worker Assaults**	3	2	0	5	<5	No
Physical	2	1	0	3		
Non-Physical	1	1	0	2		
Transit Worker Assault Rate per 100,000 VRM	2.35	1.57	3.12	1.30	<.97	No

*Includes major (S&S 40) and non-major (S&S 50) reports

** Includes physical and non-physical

BUS PTASP 2024 SAFETY PERFORMANCE

Safety Performance Target Measures	Calendar Q1 2024 (Jan-Mar)	Calendar Q2 2024 (Apr-Jun)	Calendar Q3 2024 (Jul-Sep)	Cumulative (Jan-Sep)	SPT (Benchmark) for 2024	On Target?
Total Vehicle Revenue Miles (VRM)	1,511,354	1,568,283	1,629,109	3,079,637		
BREEZE Vehicle Revenue Miles (VRM)	1,229,567	1,237,651	1,277,881	3,745,099		
FLEX Vehicle Revenue Miles (VRM)	78,329	78,198	99,726	256,253		
LIFT Vehicle Revenue Miles (VRM) - Demand Response	203,458	252,434	251,502	455,892		
Total Number of Fatalities	0	0	0	0	0	Yes
Fatality Rate per 100,000 VRM	0.00	0	0.00	0.00	0.00	Yes
Total Number of Reportable Injuries*	8	3	1	12	<20	Yes
Alighting	1	2	0	3		
Other in Vehicle (not a securement Issue)	4	1	1	5		
Vehicle Collision	2	0	0	2		
Assault w/ reportable injury (facilities)	1	0	0	1		
Injury Rate per 100,000 VRM	0.53	0.19	0.06	0.39	<.3	No
Total Number of Reportable Safety (and Security) Events	13	9	3	25	<22	No
Total Number of Safety (and Security) Events per 100,000 VRM	0.86	0.57	0.18	0.81	<.33	No
BREEZE System Reliability (Mean distance between major mechanical failures)	9,176	11,355	7,745	10,432	>12,870	No
LIFT (Mean distance between mechanical failures)	33,910	252,434	49,863	45,589	>50,000	No
FLEX (Mean distance between mechanical failures)	13,055	78,198	N/A***	42,709	>50,000	No
Total Number of Transit Worker Assaults **	7	7	3	18	<8	No
Physical	5	2	1	9		
Non-Physical	2	5	2	9		
Operator Assault Rate per 100,000 VRM**	0.46	0.45	0.25	0.58	<.12	No

*Includes major (S&S 40) and non-major (S&S 50) reports

** Includes physical and non-physical

***There were no mechanical failures during this quarter

**COASTER AND SPRINTER – SYSTEM SAFETY PLAN (SSP)
2024 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 FRA) or the NTSB. A year-over-year comparison will be provided with the next Safety report.

	July	August	Sept
Death of a passenger or employee	0	0	0
Serious injury to a passenger or employee	0	0	0
Accident that would trigger an independent investigation by a regulator (FRA or FRA) or the NTSB	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-over-year comparison will be provided with the next Safety report.

	July	August	Sept
Employee Injuries - COASTER	0	0	1
Employee Injuries - SPRINTER	0	0	0
Employee Injuries - OTHER	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-over-year comparison will be provided with the next Safety report.

	July	August	Sept
Near Misses - COASTER	11	9	7
Near Misses - SPRINTER	1	2	5
Trespasser Strikes - COASTER	0	1	3
Trespasser Strikes - SPRINTER	0	1	0

4. **Voluntary Hazard Reporting:** This goal aims to increase the number of hazards reported by 20% year-over-year. This is a new metric and will not have any comparisons until CY 2025.

	July	August	Sept
Rail Related Hazard Reports	0	0	0

July 1, 2024 – September 30, 2024

SAFETY DEPARTMENT INTERNAL INSPECTIONS:

Internal Safety Inspection Activity	Number of Inspections Completed (July - September)	Total Number of Items Inspected (July - September)	Number of Defects (July - September)	Percent Compliance
Bus Compliance	28	376	13	96.5%
Rail Compliance	47	454	10	97.7%
Construction/Facilities	100	807	65	91.9%
Other Safety Inspections	16	159	6	96.2%
Total	191	1796	94	94.7%

EXTERNAL REGULATORY INSPECTIONS:

Internal Safety Inspection Activity	Number of Inspections Completed (July -September)	Number of Defects (July -September)
Bus Compliance	0	0
Rail Compliance	8	0
Construction/Facilities	3	1
Total	11	1

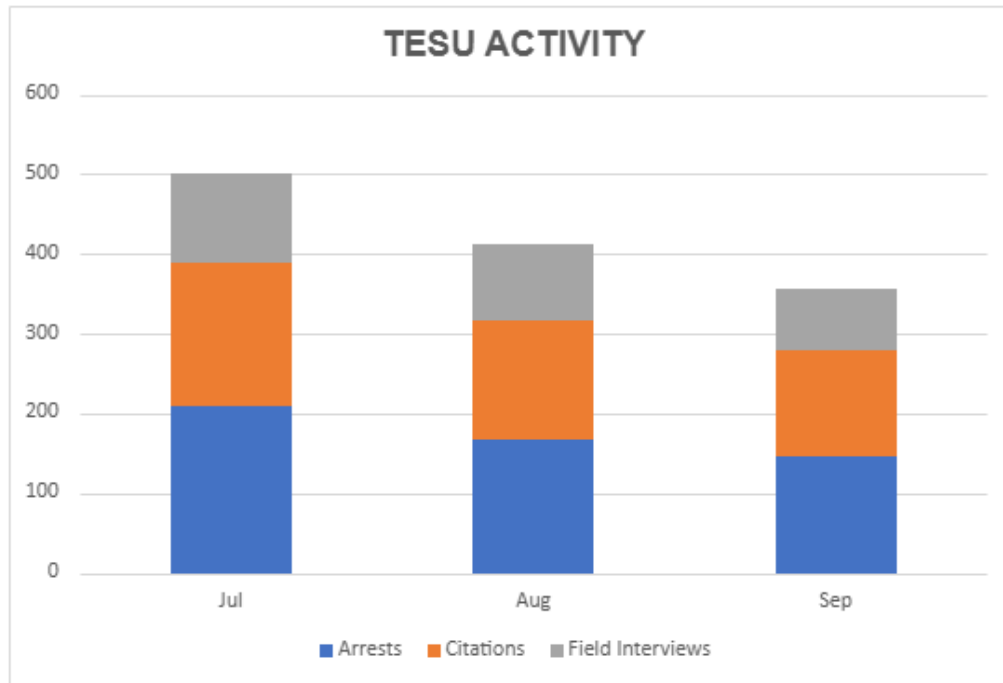
SECURITY DEPARTMENT REPORT

The North County Transit District (NCTD) places a high priority on providing a safe and security environment for employees, contractors, passengers and members of the public. To support that effort, NCTD contracts with the San Diego Sheriff's Department for law enforcement services and with Intercon Security for on-call security officers. NCTD Security also works with local jurisdictional law enforcement agencies. Additionally, NCTD directly employs Control Center Technicians who provide 24-hour CCTV monitoring, as well as field-based Code Compliance Inspectors who support Ordinance enforcement.

NCTD Security continues to incorporate several data driven processes to analyze a wide array of safety and security related issues. Using this data, NCTD's Security Department formulates solutions to problems, anticipates future issues, and develops programs and initiatives to address areas for improvement. The following sections provide an overview of the data that NCTD utilizes to support system security.

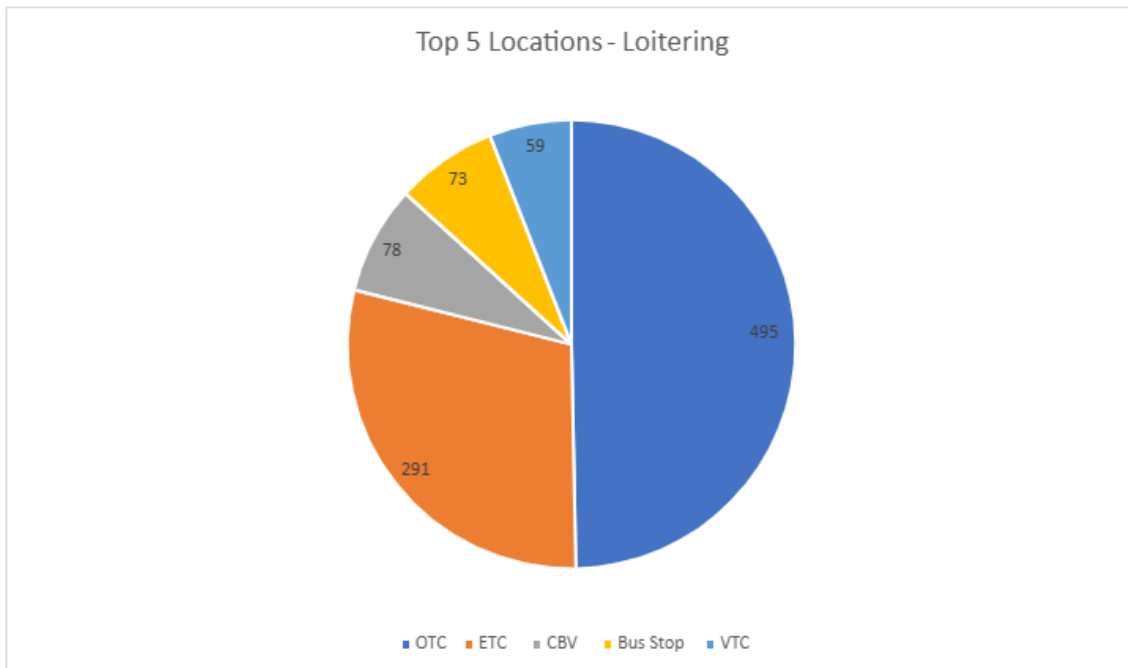
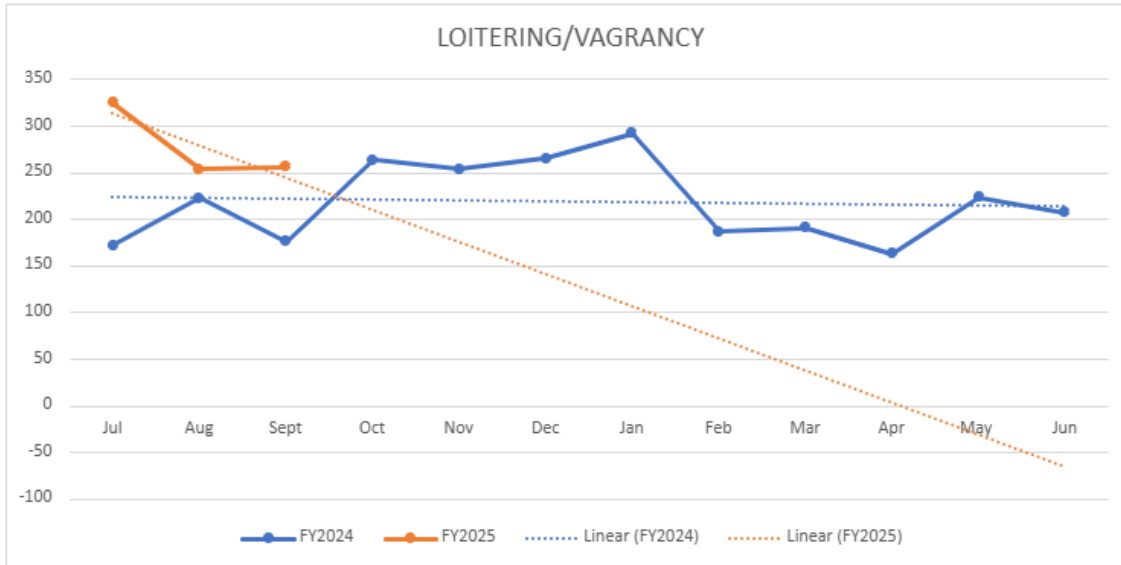
TRANSIT ENFORCEMENT SERVICES UNIT:

The Transit Enforcement Services Unit (TESU) team is engaged via contract with the San Diego County Sheriff's Office for a team of dedicated deputies who provide proactive patrols, response and investigation to reported crimes throughout the system, and rail incident response and investigation. The unit is comprised of 1 Sergeant, 2 Corporals, and 8 Deputies. The following chart shows TESU's arrests, field investigations and citations for the first quarter of FY2025 (Q1-FY2025).



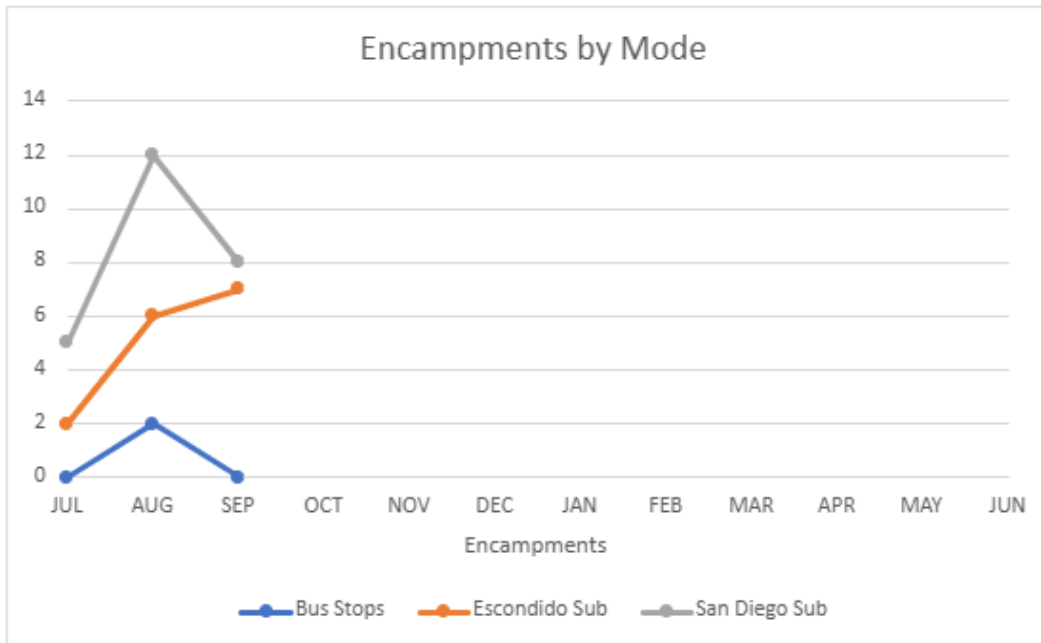
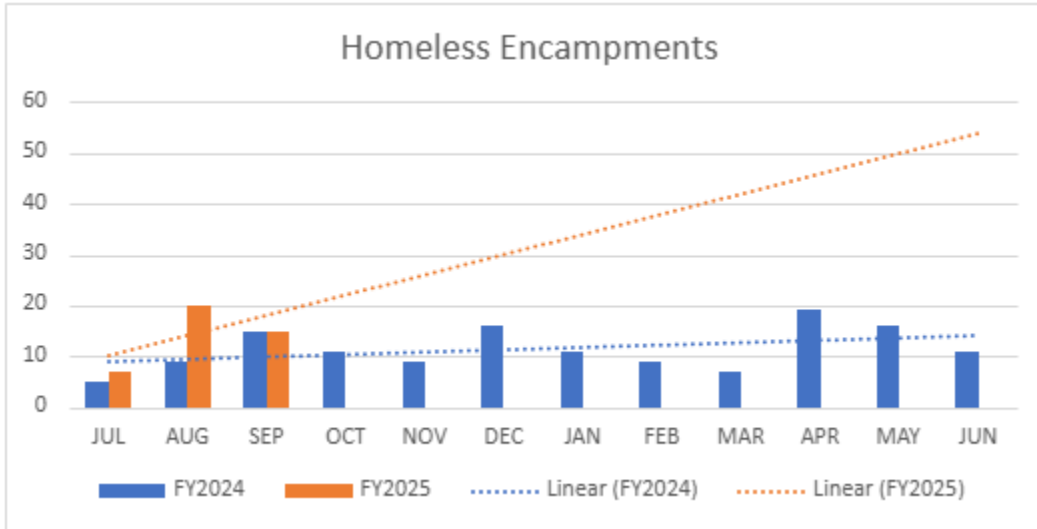
LOITERING / VAGRANCY:

The following charts represent reported loitering/vagrancy incidents during Q1-FY2025. The first chart shows the number of incidents for the quarter along with FY2024 data for comparison. The second chart shows the top 5 locations for reported incidents. NCTD's direct and contracted Security staff continue to focus efforts on mitigation for overall incidents, as well as the top locations, particularly Oceanside and Escondido Transit Centers which are staffed 24/7 by Intercon Security.



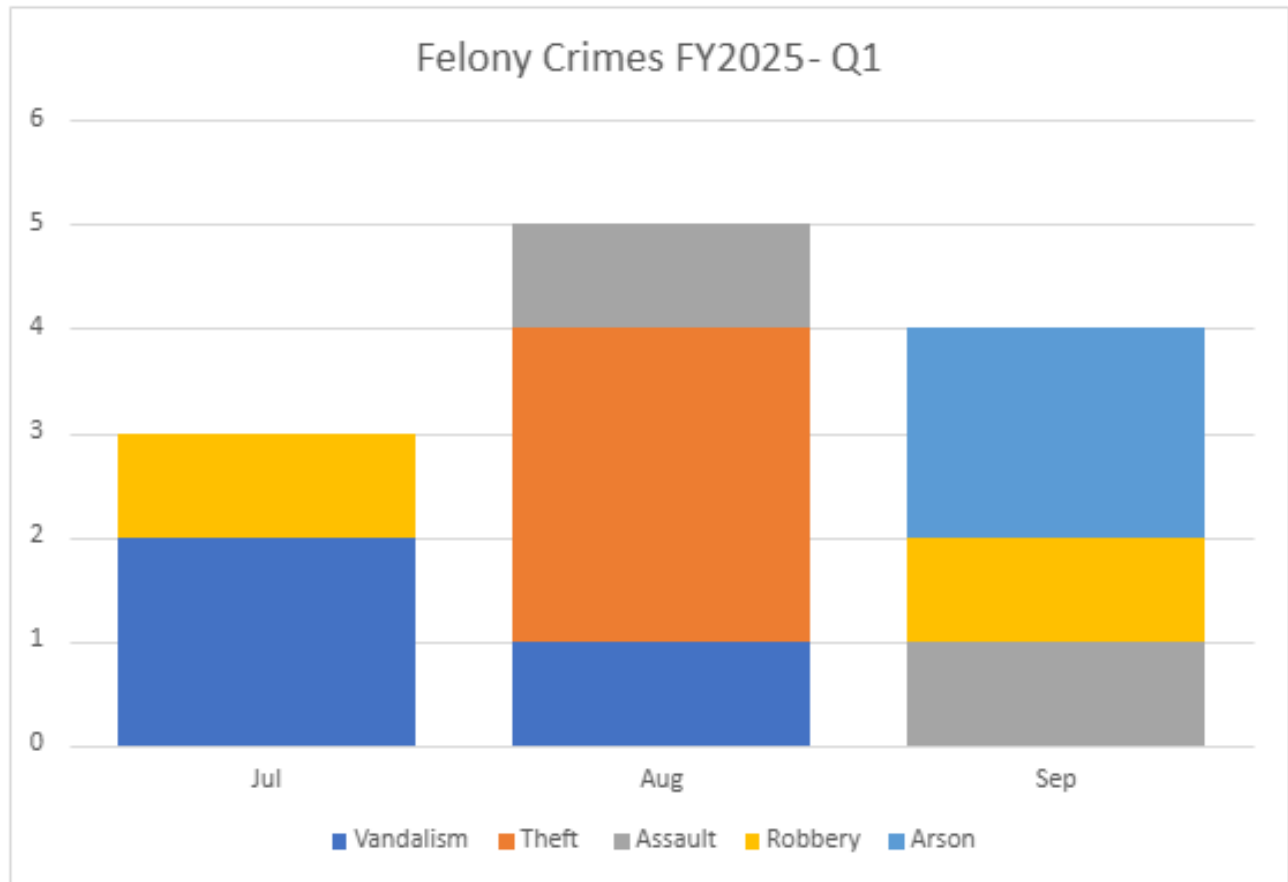
HOMELESS ENCAMPMENTS:

The following charts represent reported Homeless Encampments across NCTD system during Q1-FY2025. The first chart shows the total number of encampments in the system for the quarter and as compared to FY2024. The second chart shows a breakdown of encampments by location. NCTD security's goal is to have the encampment removed within 72 hours after notice to vacate is served to the occupants. NCTD Code Compliance Inspectors and TESU Deputies coordinate to identify, serve and vacate these encampments. The TESU Deputies engage in ongoing directed patrols along the San Diego Subdivision, which has the highest occurrence of encampments.



CRIMES

The following chart represents major felony crimes reported to NCTD and its contracted law enforcement agencies occurring on NCTD property during Q1-FY2025. Crimes reported include assaults, battery, robbery, burglary, arson, theft, vandalism, and vehicle theft. All felony crimes are reported to local law enforcement agencies for investigations.

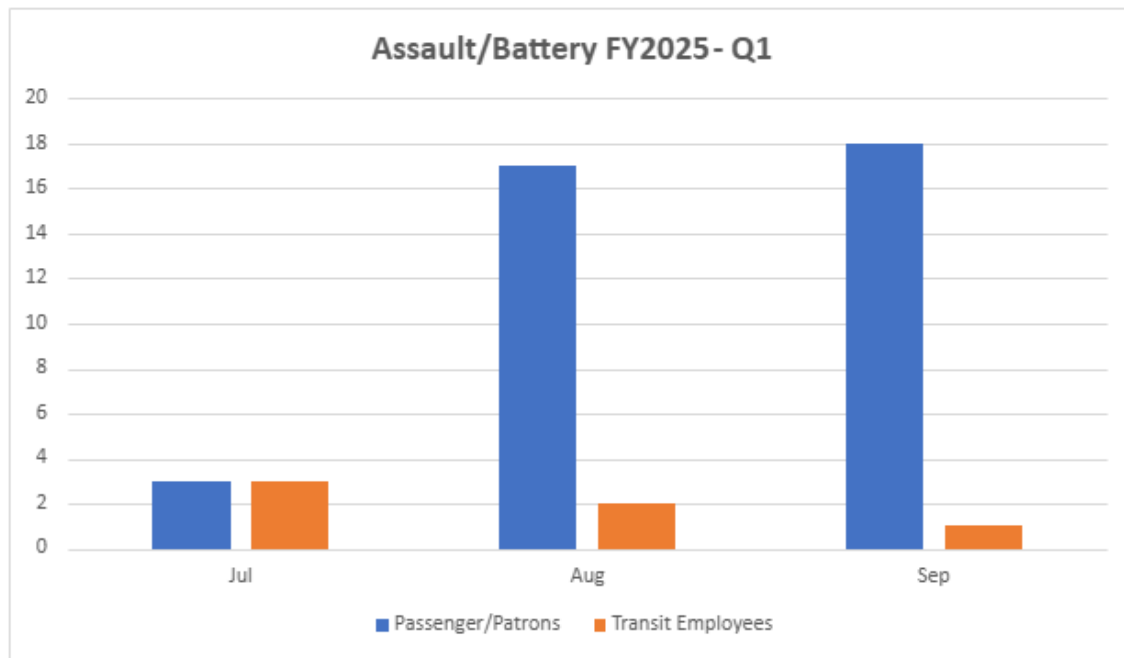


ASSAULTS/BATTERY

The following chart represents assaults/battery that have occurred on NCTD property or modes during Q1-FY2025, broken out by employees/contractors and passengers/patrons. All assaults/battery incidents are reported to security and are further referred to local law enforcement jurisdiction or to TESU for further investigation when the victim desires to pursue charges.

In the month of July there were three reports of passenger assaults and three transit employee assaults. In August seventeen passenger assaults and two transit employee assaults were reported. In September there were eighteen passenger assaults and one transit employee assault.

Future events will be mitigated through timely, proactive reporting which helps law enforcement personnel promptly identify and make contact with the offender(s) and de-escalation techniques that are discussed in contractor and NCTD training.



STAFF REPORT

RECEIVE THE QUARTERLY CUSTOMER EXPERIENCE REPORT FOR THE FIRST QUARTER OF FY2025

Time Sensitive: ☐ Consent: ☒

**STAFF
RECOMMENDATION:**

Receive the quarterly Customer Experience Report for the First Quarter (Q1) of FY2025 (July 1, 2024, through September 30, 2024).

**BACKGROUND
INFORMATION:**

Providing a positive customer experience is a key component of the North County Transit District's (NCTD) mission and supports the goals of increasing transit ridership and customer revenue. Staff provides the NCTD Board of Directors (Board) with a report on a quarterly basis to identify trends in public feedback, to affirm positive actions, and to implement corrective actions where necessary.

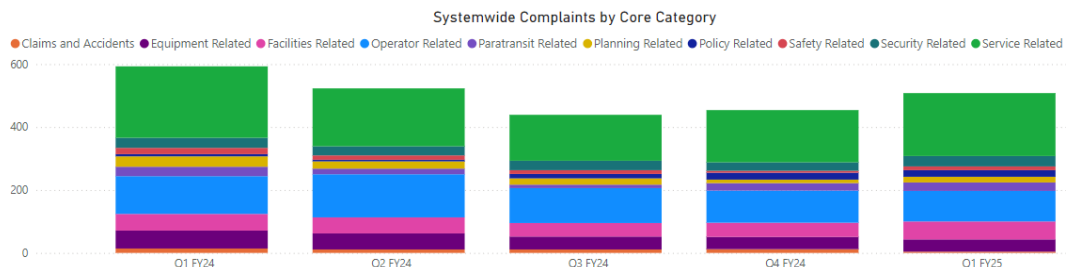
To help our operational teams (Rail, Bus, and Facilities) identify areas of concern, and develop actions to improve the overall customer experience, the Customer Experience team meets monthly to review customer concerns trends and discuss resolution of individual cases. The meetings are intended to increase the focus on improving the customer experience and to ensure areas of improvement are addressed.

Q1 FY2025 Results

A total of 26 positive feedback reports were received for this period, an increase of two when compared to the previous quarter. The reports were made to acknowledge a positive interaction with a Bus Operator, train crew member, customer service agent, or NCTD staff.

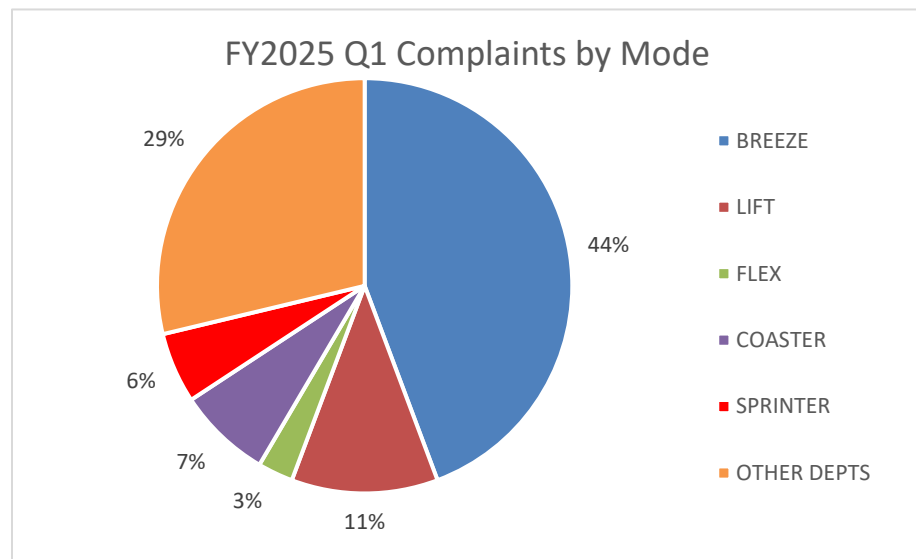
NCTD received a total of 508 negative feedback reports. Overall, systemwide complaints increased by 54; this is due to increases in Service, Facilities and Planning related feedback. Of that, 362 complaints were associated with the five modes of transit (BREEZE, LIFT, FLEX, COASTER, and SPRINTER). The remaining negative reports were across a variety of departments, including facilities (cleanliness issues, graffiti), right-of-way (graffiti or debris), and to a lesser extent, issues with safety and security.

The following graphs and charts show the breakdown of complaint reports by core category over the past year in quarter-year increments as well as the total complaint rate across all NCTD modes for FY2025-Q1.



Type	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25
Claims and Accidents	14	11	11	12	4
Equipment Related	57	51	41	39	39
Facilities Related	53	51	43	45	57
Operator Related	120	137	111	102	97
Paratransit Related	30	18	11	24	27
Planning Related	33	23	20	11	18
Policy Related	7	5	14	22	21
Safety Related	20	14	12	6	12
Security Related	32	29	30	27	33
Service Related	227	184	146	166	200
Total	593	523	439	454	508

Total Compliments	31	36	23	24	26
Total Complaints	593	523	439	454	508



Mystery Rider Scores – Overall Score by Mode

During the first quarter, NCTD's contracted Mystery Rider vendor performed a total of 342 rides on BREEZE, COASTER, and SPRINTER.

Of the 342 rides, BREEZE received 198 evaluations, SPRINTER 78 evaluations, and COASTER 65 evaluations. SPRINTER leads the modes at 94.62%, followed by COASTER at 87.48% and BREEZE at 86.46%.

<u>Overall</u>	<u>BREEZE</u>	<u>COASTER</u>	<u>SPRINTER</u>	<u>GOAL</u>
FY2025-Q1	86.46%	87.48%	94.62%	95%

ATTACHMENT: 5A - FY2025-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



ATTACHMENT 5A

JANUARY 23, 2025

Q1 FY2025 CUSTOMER EXPERIENCE REPORT

COMPLAINTS AND COMPLIMENTS BY MODE



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Introduction

The Customer Experience Department supports the North County Transit District's (NCTD) mission and vision established by the Board of Directors by proactively developing plans, training staff, and managing processes to foster positive customer experiences when utilizing NCTD's services, identifying opportunities for improvement, and ensuring action is taken when standards are not being met.

NCTD receives feedback from customers in-person and via phone, email, and website. All feedback is entered into NCTD's customer relationship management software (CRM) and forwarded to the appropriate department personnel for review, investigation, and potential action. Most customer feedback reports are complaints related to modal service or facilities. Tools like operator interviews, video, GPS data, and other technology are used to complete all investigations where applicable. NCTD's Customer Experience department has a goal of responding back to customer feedback within 10 business days of receipt.

In addition to customer feedback, NCTD's Customer Experience department also utilizes a third-party vendor to conduct 'mystery rides' on BREEZE, FLEX, COASTER, and SPRINTER. These mystery rides provide an additional independent assessment of the customer experience. The data collected from mystery riders is then examined against customer feedback complaint results and other data points to paint an overall picture of the customer experience on NCTD services or at our facilities.

Core Categories

To provide insight into customer feedback trends, all complaints are assigned to a core category via a sub-code. Each of the 10 core categories are defined below. Note, there may be a small number of feedback reports that fall outside of core categories; such instances are included in overall complaint totals.

Core Category Definitions:

Core Category	Definition
Service Related	Complaints involving transit services including late or early service, pass by, missed stop requests, no shows and cancellations, and incorrect pick up or drop off location (paratransit).
Operator Related	Complaints involving operators, including interpersonal operator behavior (rude), dangerous driving, driving off route, closing the door on passenger, refusal of service issues, left before seated.
Equipment Related	Complaints involving damaged or dirty vehicles or equipment, automated announcement issues, door malfunctions, HVAC (air conditioning) on board vehicles, ADA ramp issues, or signal issues (Rail), farebox, validator, TVM issues.
Safety	Complaints involving actual or perceived safety hazards, either on board vehicles or on NCTD property such as fencing.
Security	Complaints involving actual or perceived security risks, either on board vehicles or on NCTD property, customer altercation issues and trespassing.
Claims/Accidents	Complaints resulting in the initiation of the Claims process.
Paratransit Related	Complaints related to EZ-Wallet, mobility devices, MTS transfers, reservations and dispatch, and time onboard vehicle violations.
Facilities Related	Complaints related to graffiti, station cleanliness, electrical, plumbing, and landscaping at NCTD property including the right-of-way.

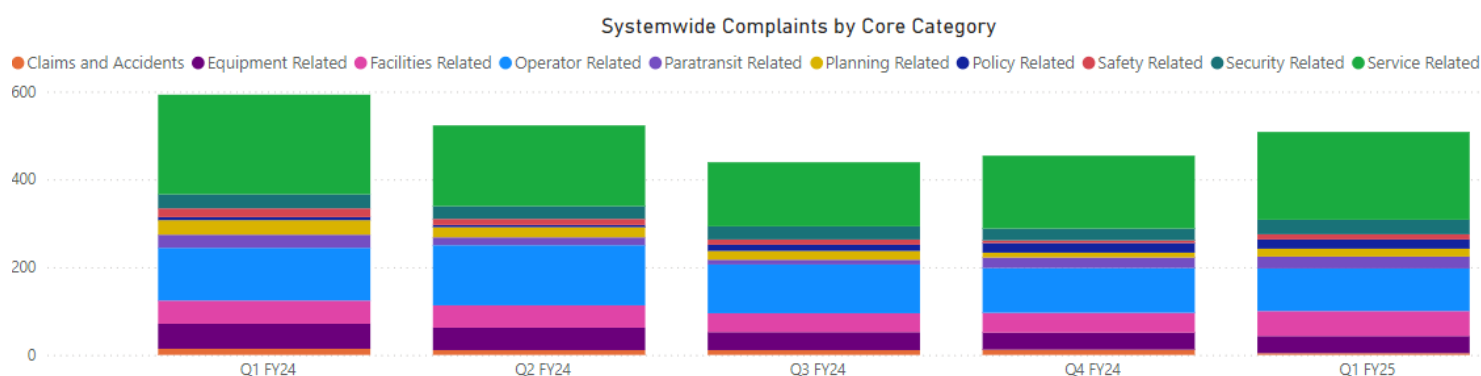
Policy Related	Complaints regarding E-bikes, PRONTO fare issues, rules of ridding and policy disputes on board vehicles or on NCTD property.
Planning Related	Complaints involving bus stop amenities, request for additional bus stops, issues pertaining to NCTD service planning and wayfinding requests.

Note: Our reporting methodology is department-based instead of mode based, so as not to unfairly represent a mode for complaints not directly related to the mode.

Q1 FY25 Systemwide Complaints by Core Category

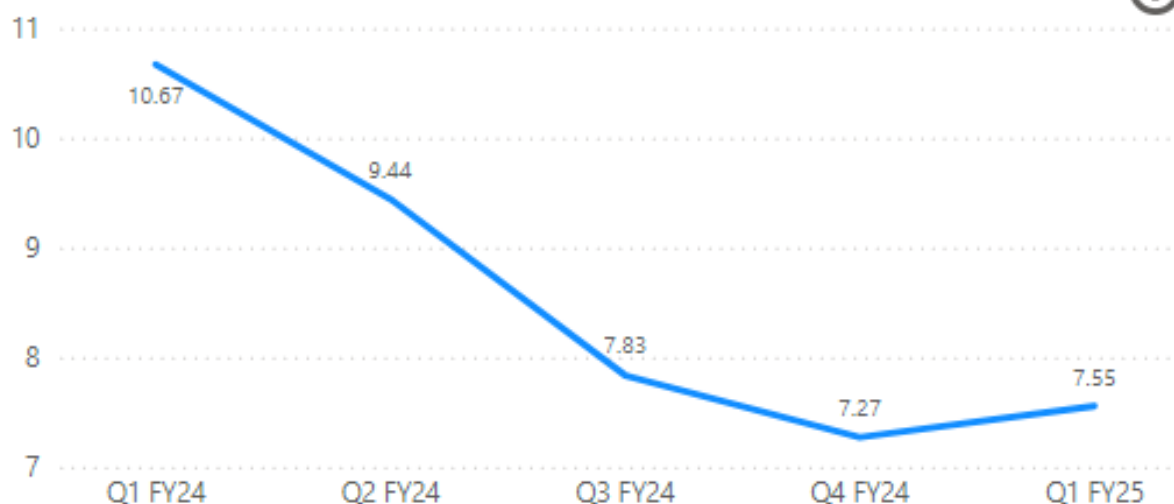
NCTD received a total of 508 negative feedback reports. Overall, systemwide complaints increased by 54; this is due to slight increases in Service-related, Facilities-related and Planning-related feedback.

Of the 508 complaints received in the first quarter of FY25, 362 were associated with the five modes of transit (BREEZE, LIFT, FLEX, COASTER, and SPRINTER). The remaining 146 complaints were across a variety of departments, including Planning (scheduling complaints), Facilities (cleanliness issues, graffiti), right-of-way (graffiti or debris), and Security, and Safety.



Type	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25
Claims and Accidents	14	11	11	12	4
Equipment Related	57	51	41	39	39
Facilities Related	53	51	43	45	57
Operator Related	120	137	111	102	97
Paratransit Related	30	18	11	24	27
Planning Related	33	23	20	11	18
Policy Related	7	5	14	22	21
Safety Related	20	14	12	6	12
Security Related	32	29	30	27	33
Service Related	227	184	146	166	200
Total	593	523	439	454	508
Total Compliments	31	36	23	24	26
Total Complaints	593	523	439	454	508

Systemwide Complaints 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 FLEX/LEFT are adjusted by 1K passengers.

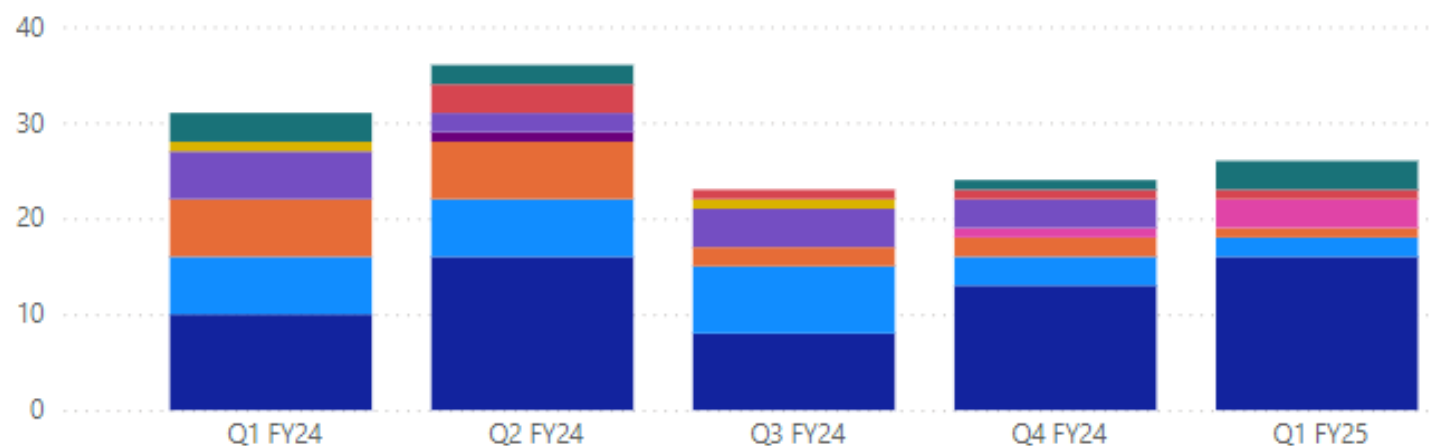
Q1 FY25 Systemwide Compliments

A total of 26 positive feedback reports were received for this period, an increase of two from FY2024-Q4.



Systemwide Compliments by Department

● BREEZE ● COASTER ● Customer Service ● Facilities ● FLEX ● LIFT ● ROW/MOW ● Security ● SPRINTER



Fiscal Quarter & Year	BREEZE	COASTER	Customer Service	Facilities	FLEX	LIFT	ROW/MOW	Security	SPRINTER
Q1 FY24	10	6	6			5	1		3
Q2 FY24	16	6	6	1		2		3	2
Q3 FY24	8	7	2			4	1	1	
Q4 FY24	13	3	2		1	3		1	1
Q1 FY25	16	2	1		3			1	3

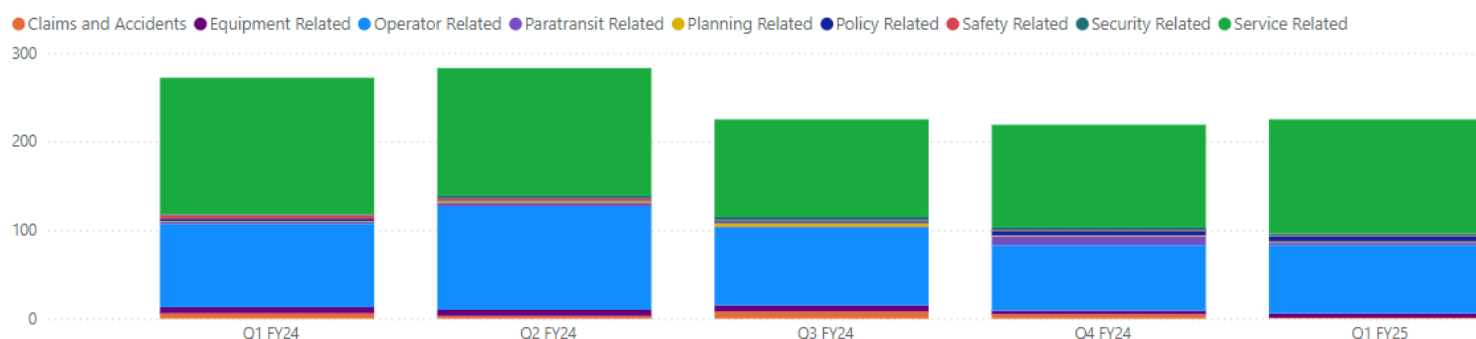
BREEZE

Q1 FY25 BREEZE Complaints by Core Category

Overall, BREEZE service received 225 complaints a slight increase of six complaints in Q1 FY25 when compared to the previous quarter. Service related and Operator related complaints comprise most of the feedback received.

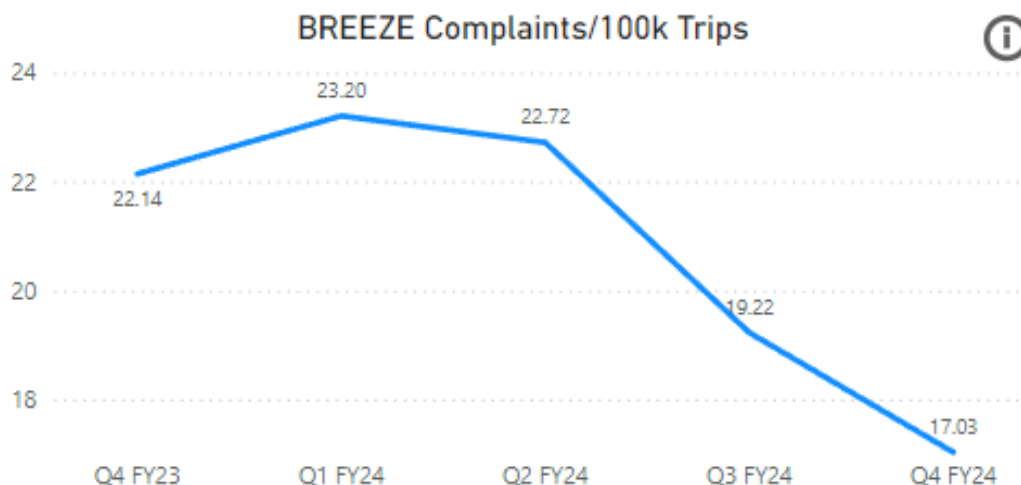
NCTD staff continues to work closely with our BREEZE contractor, MV Transit (MV), to place an increased focus on decreasing Operator-related reports through operator training and reinforcement to create a positive riding experience. NCTD staff advised MV to concentrate more time on one-on-one coaching in the field by management and increased examination of root causes of both individual customer reports and trends in complaints in which operator behavior does not meet NCTD's expectations.

BREEZE Complaints by Core Category



Type	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25
Claims and Accidents	6	3	8	5	1
Equipment Related	7	7	7	4	5
Operator Related	94	117	88	74	77
Paratransit Related	2	4	1	10	3
Planning Related	1	2	4	1	1
Policy Related	3	1	2	5	6
Safety Related	4	2	1	1	1
Security Related	1	3	4	3	2
Service Related	154	144	110	116	129
Total	272	283	225	219	225

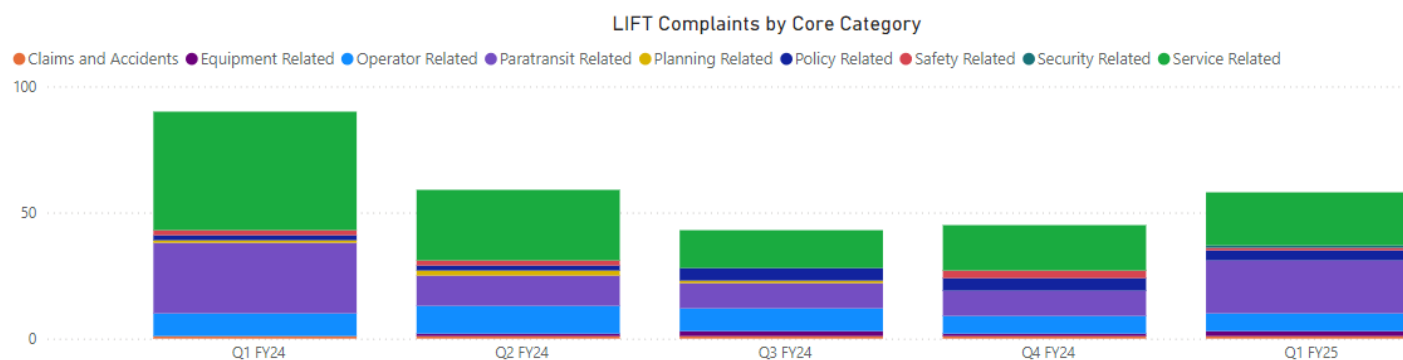
BREEZE Complaints/100k Trips



LIFT

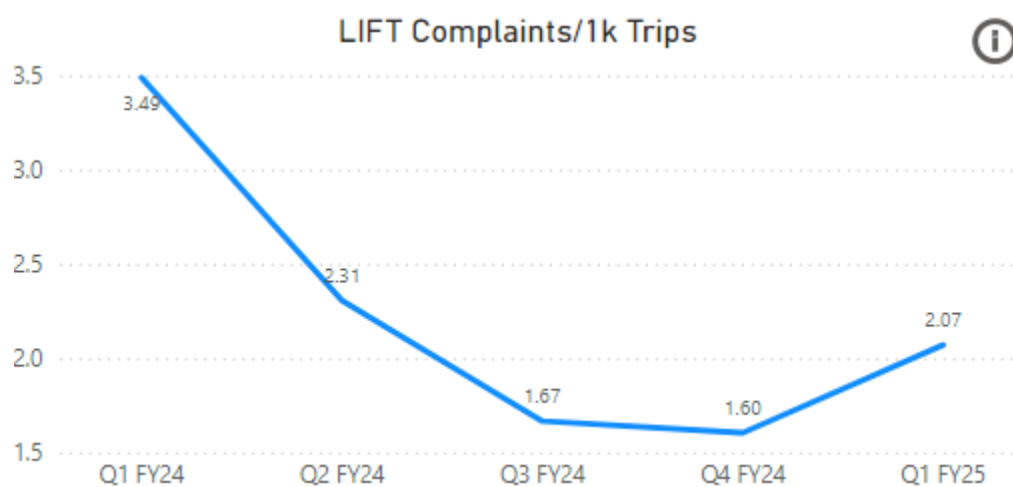
Q1 FY25 LIFT Complaints by Core Category

LIFT operations received 58 complaints in the first quarter of FY25, an increase of 13 when compared to the previous quarter. The increase was due to Paratransit and Service-related feedback.



Type	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25
Claims and Accidents	1	1	1	1	1
Equipment Related		1	2	1	2
Operator Related	9	11	9	7	7
Paratransit Related	28	12	10	10	21
Planning Related	1	2	1		
Policy Related	2	2	5	5	4
Safety Related	2	2		3	1
Security Related					1
Service Related	47	28	15	18	21
Total	90	59	43	45	58

Accordingly, the complaint rate per 1,000 passenger trips increased slightly when compared to the previous quarter.

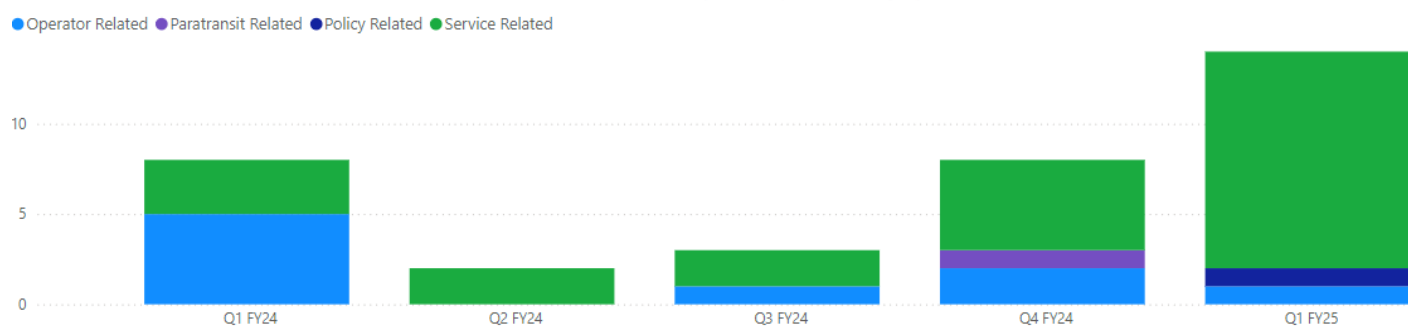


FLEX

Q1 FY25 FLEX Complaints by Core Category

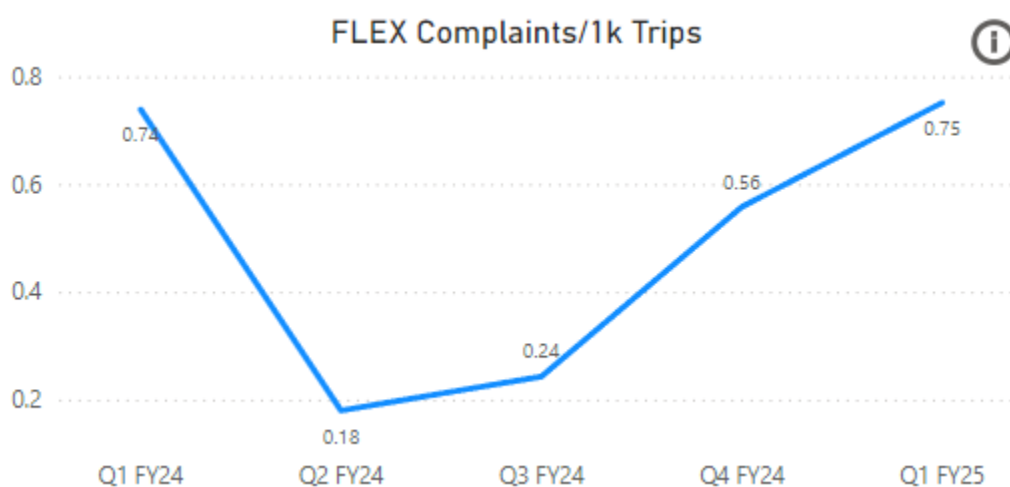
FLEX operations received 14 complaints in the first quarter of FY25, an increase of six when compared to the previous quarter.

FLEX Complaints by Core Category



Type	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25
Operator Related	5		1	2	1
Paratransit Related				1	
Policy Related					1
Service Related	3	2	2	5	12
Total	8	2	3	8	14

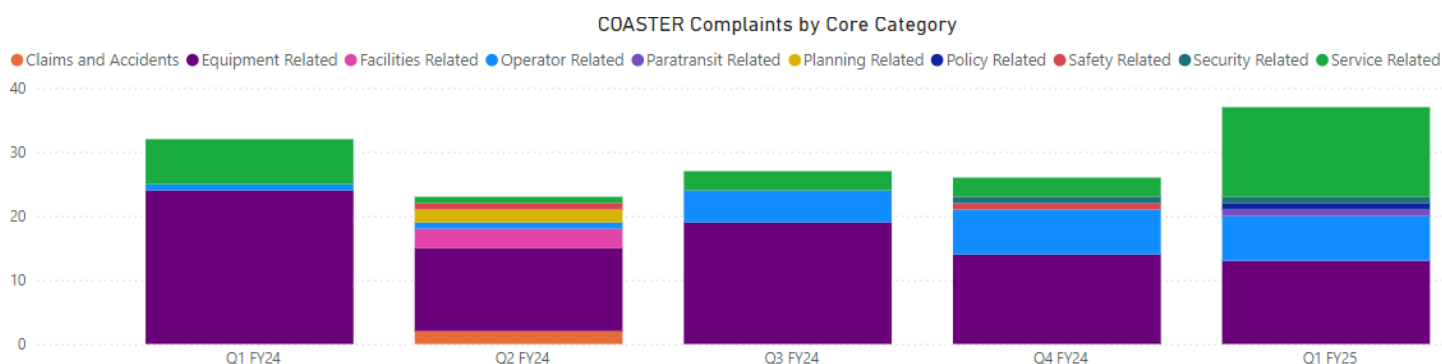
When complaints are adjusted for ridership, the first quarter increased slightly when compared to the previous quarter.



COASTER

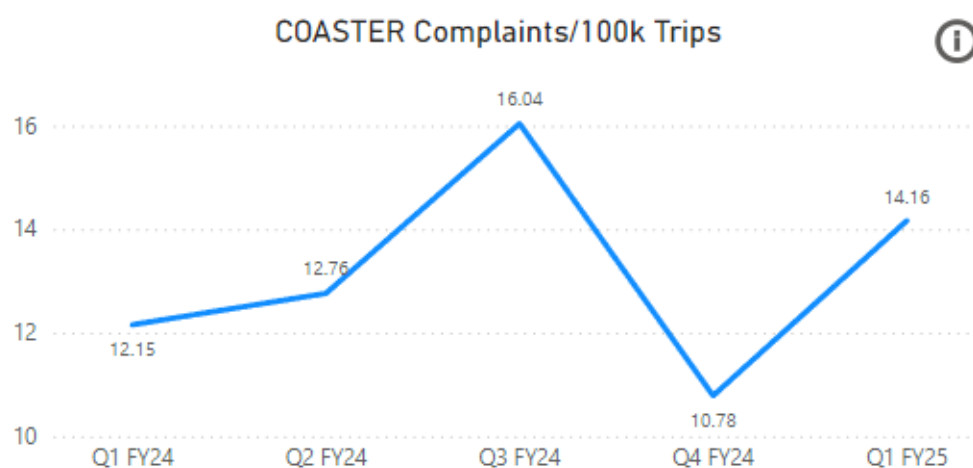
Q1 FY25 COASTER Complaints by Core Category

COASTER received 37 complaints, an increase of 11 when compared to the previous quarter. The feedback consists of primarily Equipment related issues (Damaged/Dirty, door malfunctions, announcement issues, HVAC) and service-related issues.



Type	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25
Claims and Accidents		2			
Equipment Related	24	13	19	14	13
Facilities Related		3			
Operator Related	1	1	5	7	7
Paratransit Related					1
Planning Related		2			
Policy Related					1
Safety Related		1		1	
Security Related				1	1
Service Related	7	1	3	3	14
Total	32	23	27	26	37

The COASTER complaint rate per 100,000 passenger trips increased by four when compared to the previous quarter.

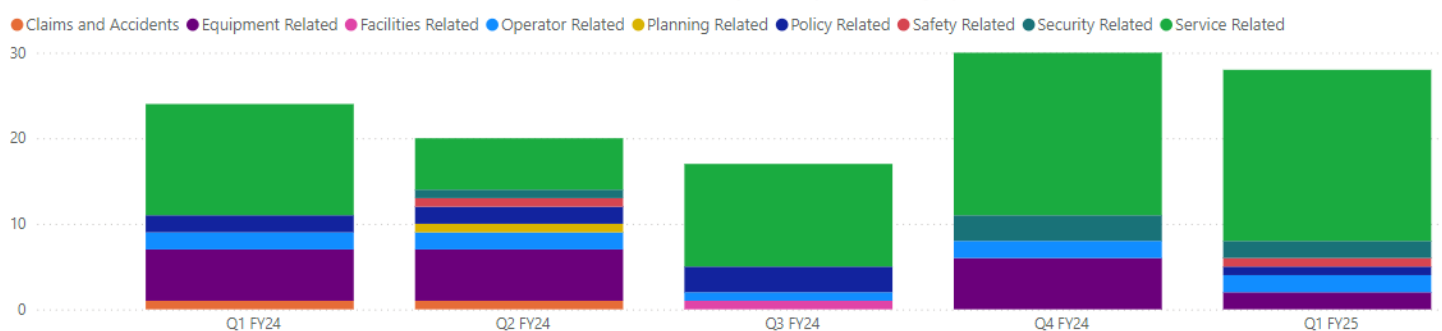


SPRINTER

Q1 FY25 SPRINTER Complaints by Core Category

SPRINTER received 28 complaints in the first quarter of FY25, a decrease of two when compared to the previous quarter. The majority of the feedback received for Q1 FY25 was Service-related issues.

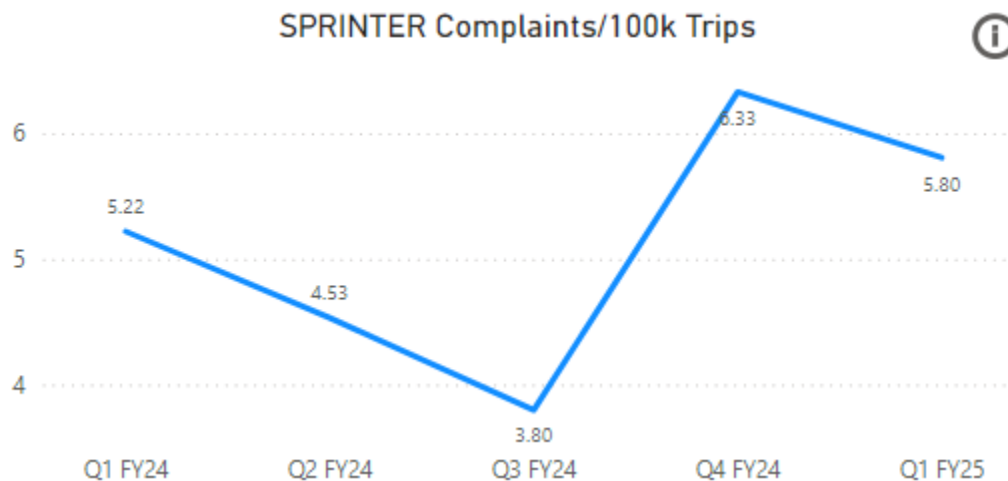
SPRINTER Complaints by Core Category



Type	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25
Claims and Accidents	1	1			
Equipment Related	6	6		6	2
Facilities Related			1		
Operator Related	2	2	1	2	2
Planning Related		1			
Policy Related	2	2	3		1
Safety Related		1			1
Security Related		1		3	2
Service Related	13	6	12	19	20
Total	24	20	17	30	28

Complaints per 100,000 passenger trips slightly decreased in the first quarter of FY25 when compared to the previous quarter.

SPRINTER Complaints/100k Trips



Mystery Rider Findings Q1 FY25

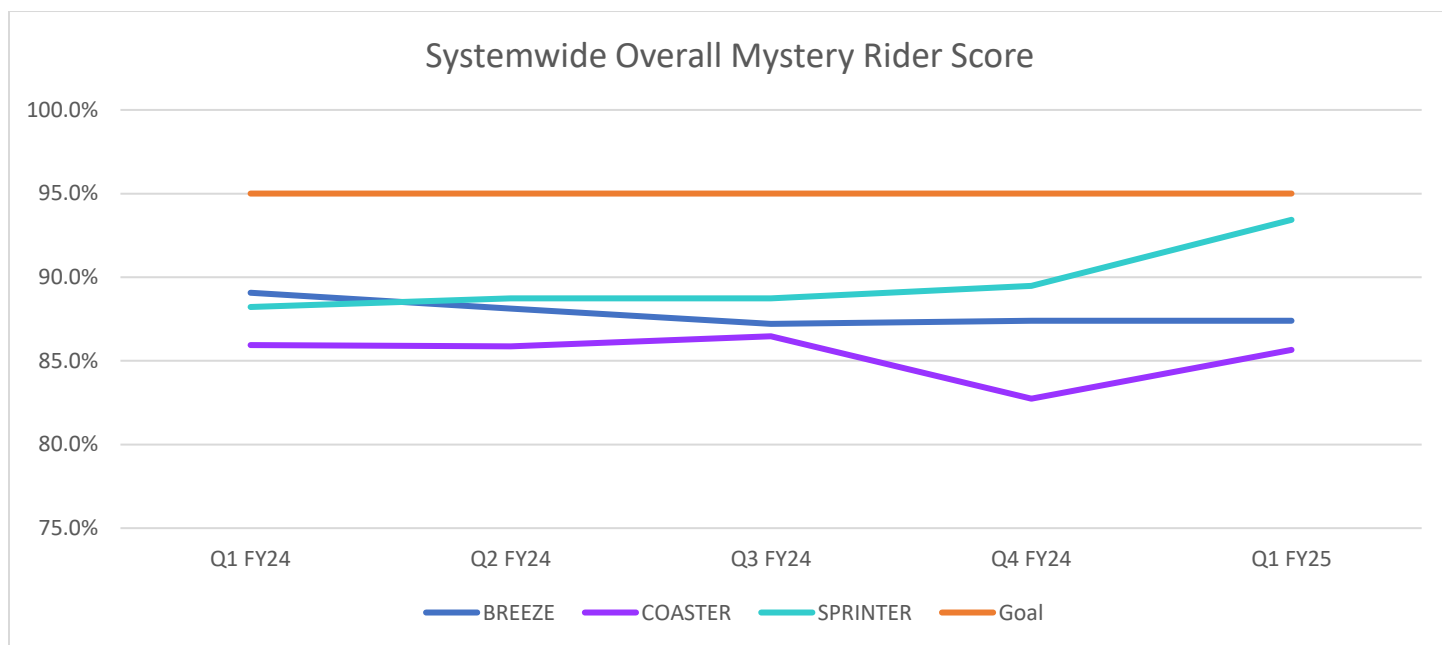
NCTD contracts with A Customer's Point of View (ACPOV) to provide 'mystery rider' services. ACPOV hires individuals to take a certain number of trips on BREEZE, COASTER, and SPRINTER on a quarterly basis to record their experiences on-board and at transit stations. NCTD Customer Experience staff provides itineraries for routes on each mode as well as an extensive questionnaire to be filled out for each trip.

This method allows for an independent, objective perspective on NCTD's service delivery. While the standard protocols and procedures are observed and reported on, ACPOV mystery riders are also asked to provide a brief narrative of each trip, in their own words, to describe their experiences. Having a non-transit professional provide these insights, combined with the general public's feedback, gives NCTD and its contractor additional perspective of trends and or perceptions of service that would otherwise go unnoticed. Further, the scores represented, in conjunction with customer feedback data, offer better insight to where we apply resources that will best support NCTD's goals.

Given the unique nature of each mode, the questionnaires and guidelines for mystery riders are slightly different.

Systemwide Results

In the first quarter of FY25, 342 trips on BREEZE, COASTER, and SPRINTER were evaluated. Of the 342 rides, BREEZE received 198 evaluations, SPRINTER 78 evaluations, and COASTER 65 evaluations. SPRINTER leads the modes at 94.62%, followed by COASTER at 87.48% and BREEZE at 86.46%. All modes are below the goal of 95%.



BREEZE Results

Summary Evaluation Criteria:

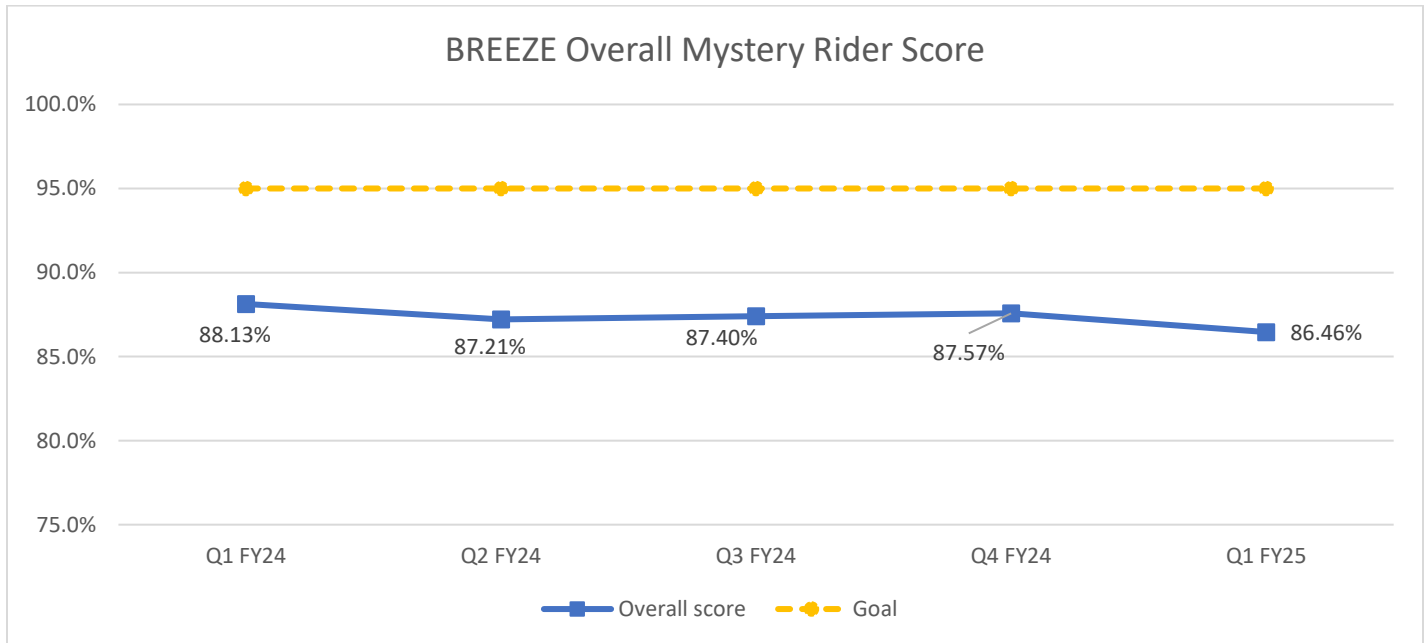
- Operator Conduct: Overall behavior of the Operator; uniform condition; timepoint and bus stop callouts; potential operator safety violations
- Ride Information: On-Time performance; weather conditions; ordinance violations
- ADA: ADA ramp usage; mobility device tie-down procedures
- Equipment/Vehicle: Exterior cleanliness; interior cleanliness; customer information on board

Results:

BREEZE received an overall score of 86.46% in Q1 FY25 from a total of 198 evaluations a slight decrease from 87.57% in Q4 FY24. All category scores remained relatively the same as the previous quarter with a slight decrease from 100% in Q4 FY24 to 98.57% this quarter. Key issues identified in Q1 FY25 are gaining better compliance with operators providing departing remarks, the availability of Rider's Guides on buses and ensuring the clarity and visibility of the destination signs is consistent across routes. NCTD staff will continue to support MV management with tools and resources to reach our goal of 95.

Mystery Rider Scores – BREEZE 1st Quarter – FY25, 198 Trips Sampled

BREEZE	Operator Conduct	Ride Information	ADA	Equipment/Vehicle	Overall
Score (out of 100%)	78.30	87.12	98.57	95.20	86.46

**COASTER Results****Summary Evaluation Criteria:**

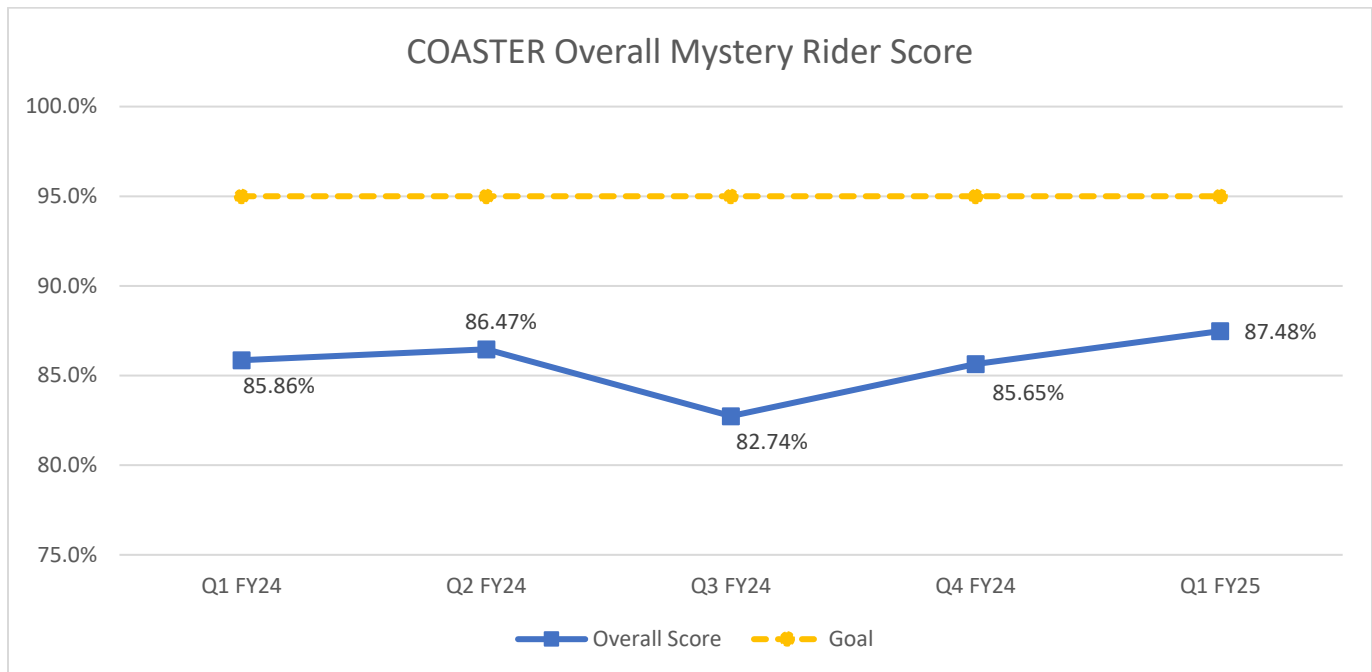
- Rail Station: station cleanliness; safety hazards; customer information
- Ride Information: On-time performance
- Announcements: ADA announcements for arrivals and departures
- Rail Ride: Conductor interaction (including fare enforcement); vehicle cleanliness; customer information on board

Results:

COASTER received an overall Mystery Rider score of 87.48% in Q1 FY25 from a total of 65 evaluations a 2% increase from Q4 FY24. COASTER stations were described as having no safety hazards with improvements in Announcements. With opportunities to improve our on-time performance, cleanliness of the rail car interiors and rail car restroom cleanliness and enhancing fare enforcement practices.

Mystery Rider Scores – COASTER 1st Quarter – FY25, 65 Trips Sampled

COASTER	Rail Station	Ride Information	Announcements	Rail Ride	Overall
Score (out of 100%)	96.54	77.69	87.88	86.00	87.48

**SPRINTER Results****Summary Evaluation Criteria:**

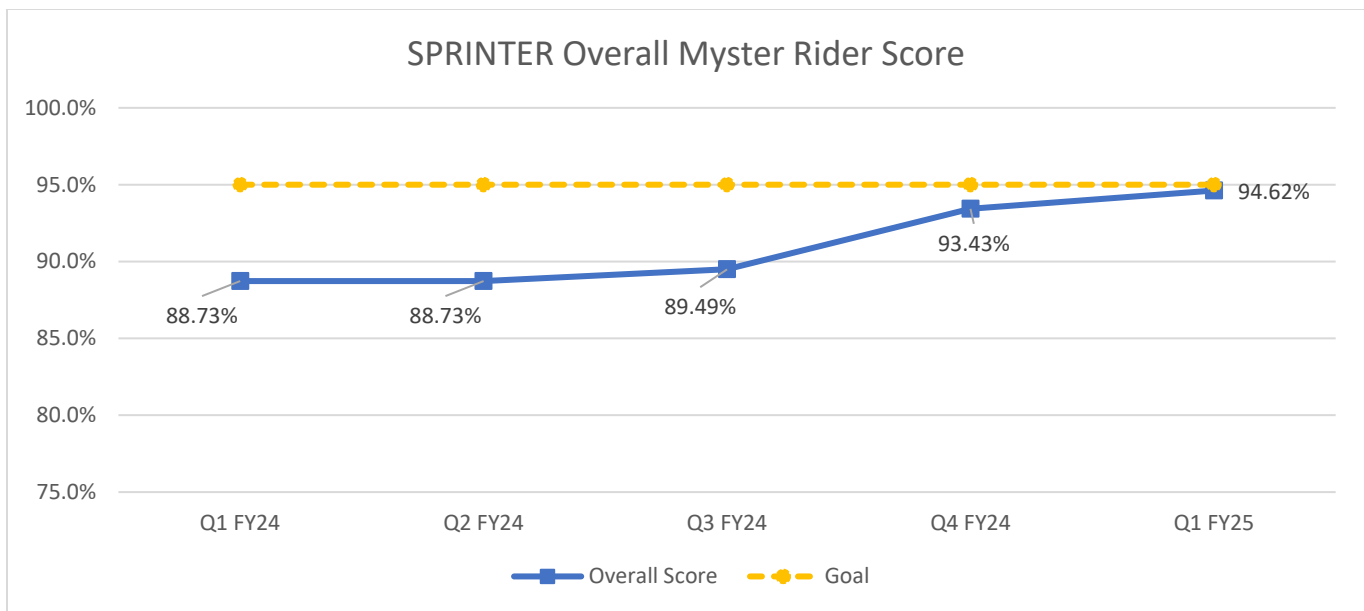
- Rail Station: station cleanliness; safety hazards; customer information
- Ride Information: On-time performance
- Announcements: ADA announcements for arrivals and departures
- Rail Ride: Conductor interaction (including fare enforcement); vehicle cleanliness; customer information on board

Results:

SPRINTER received an overall Mystery Rider score of 94.62% from a total of 78 evaluations an increase of 1% from Q4 FY24. SPRINTER has maintained a strong overall performance in Q1 FY25, with opportunities to improve our on-time performance, rail car cleanliness, station restroom cleanliness and fare enforcement.

Mystery Rider Scores – SPRINTER 1st Quarter – FY25, 78 Trips Sampled

SPRINTER	Rail Station	Ride Information	Announcements	Rail Ride	Overall
Score (out of 100%)	94.42	97.44	99.68	92.62	94.62





STAFF REPORT

**RECEIVE THE UNAUDITED QUARTERLY FINANCIAL REPORT FOR
THE FIRST QUARTER OF FY2025**

Time Sensitive: ☐ **Consent:** ☒

**STAFF
RECOMMENDATION:**

Receive the unaudited Quarterly Financial Report for the first quarter of FY2025 (FY2025-Q1) (July 1, 2024 through September 30, 2024).

**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 FY2025-Q1:

- Cash and investments of \$93.9 million as of September 30, 2024
- Operating income of \$0.8 million for the first three months of FY2025 (excluding depreciation and loss on disposal of assets)
- Operating expenses lower by \$7.7 million compared to the budget (excluding depreciation) for the first three months of FY2025
- Capital projects expenditures of \$12.5 million for the first three months of FY2025

ATTACHMENT:

6A – FY2025-Q1 Financial Report

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 DISTRICT



FINANCIAL REPORT

For the Period

**July 1, 2024 – September 30, 2024
(FY2025-Q1)**

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FINANCIAL PERFORMANCE

Economic Environment

According to the estimate released by the U.S. Bureau of Economic Analysis on December 19th, the US Real Gross Domestic Product (GDP) increased at an annual rate of 3.1% on the quarter ended on September 30, 2024. The increase in real GDP primarily reflected increases in consumer spending, exports, nonresidential fixed investment, and federal government spending. These movements were partly offset by a downturn in private inventory investment and a larger decrease in residential fixed investment. From September 2023 to September 2024, the Consumer Price Index for All Urban Consumers (CPI-U) rose 2.4%, the smallest year-over-year increase since the 12 months ended February 2021 and moved closer to the Federal Reserve (Fed) 2% inflation target.

The Conference Board predicts that the US economy is set to end 2024 with a robust growth of 2.7% year-over-year. However, a series of uncertainties loom in the future and growth is forecasted to be 2.0% for 2025 and 1.8% for 2026. After reaching a low of 3.4% in January 2023, the unemployment rate has risen to a more sustainable level of 4.2%, bringing the labor market back to a more balanced state and there will be less upward wage inflation pressure going forward. Inflation is expected to stabilize at the Fed's 2% target in the last calendar quarter of 2025.

In October 2024, the UCLA Anderson School of Management released its annual Anderson Forecast, an analysis of the state and national economy. For California, the economists predict the state will continue to experience sub-par growth through 2024 but estimate that California will once again outpace the nation's economic growth in 2025 and 2026.

Report Highlights

For the quarter ended September 30, 2024 (FY2025-Q1), customer ridership increased by 9.4% compared to the same quarter in the prior year. The most significant recovery (in terms of individual riders) was for BREEZE, which was higher by 12.8%. Net operating income was \$0.8 million (excluding depreciation and loss on disposal of assets) and operating expenses (excluding depreciation, which is not budgeted) were lower by \$7.7 million compared to the budget.

STATEMENTS OF NET POSITION

	June 30, 2024 (Audited)	September 30, 2024 (Unaudited)
ASSETS		
Current assets		
Cash and investments	\$ 109,036,254	\$ 93,948,334
Investments with fiscal agent	1,839,741	1,806,851
Accounts receivable	6,715,342	7,457,868
Grants receivable	40,446,699	49,518,838
Lease receivables	221,180	221,180
Parts and supplies inventory	1,916,454	1,916,454
Prepaid expenses	3,054,473	4,157,666
Restricted assets	4,501,679	3,154,650
Total current assets	167,731,822	162,181,841
Noncurrent assets		
Lease receivables - due in more than one year	17,335,998	17,335,998
Capital assets		
Nondepreciable capital assets	237,803,541	250,331,812
Depreciable capital assets, net of accumulated depreciation	528,481,392	510,933,072
Right-to-use assets, net of accumulated amortization	5,756,467	5,756,467
Total capital assets	772,041,400	767,021,351
Total assets	\$ 957,109,220	\$ 946,539,190
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated decrease in fair value of interest rate swap	527,574	926,385
Outflows of resources as related to pension	11,671,972	11,671,972
Outflows of resources as related to OPEB	382,900	382,900
Total deferred outflows of resources	12,582,446	12,981,257
LIABILITIES		
Current liabilities payable from current assets		
Accounts payable	\$ 27,204,365	\$ 20,993,175
Accrued liabilities	887,296	2,405,009
Deposits payable	325,094	331,696
Lease payable - due within one year	397,746	397,746
SBITA payable - due within one year	1,052,997	1,052,997
Unearned grant revenue - due within one year	19,831,521	23,314,326
Certificates of participation - due within one year	1,400,000	-
Claims payable - due within one year	2,256,957	2,256,957
Compensated absences - due within one year	2,017,176	1,847,919
Total current liabilities payable from current assets	55,373,152	52,599,825
Noncurrent liabilities		
Certificates of participation - due in more than one year	16,350,000	16,350,000
Lease payable - due in more than one year	352,282	352,282
SBITA payable - due in more than one year	3,937,953	3,937,953
Claims payable - due in more than one year	1,428,717	1,428,717
Compensated absences due in more than one year	32,019	32,019
Net other post employment benefits obligation	4,165,725	4,165,725
Unearned grant revenue - due in more than one year	54,031,450	55,045,272
Net Pension liability	44,686,566	40,043,980
Negative fair value of interest rate swap	527,574	926,385
Total noncurrent liabilities	125,512,286	122,282,333
Total liabilities	\$ 180,885,438	\$ 174,882,158
DEFERRED INFLOWS OF RESOURCES		
Inflows of resources related to leases	16,092,825	16,092,825
Inflows of resources related to OPEB	656,282	656,282
Total deferred inflows of resources	16,749,107	16,749,107
NET POSITION		
Net investment in capital assets	\$ 749,605,848	\$ 746,737,224
Unrestricted	22,451,273	21,151,958
Total net position	\$ 772,057,121	\$ 767,889,182

Significant Balances

Significant balances as of each period are as follows:

	June 30, 2024 (Audited)	September 30, 2024 (Unaudited)
Assets		
Cash and investments	\$ 109,036,254	\$ 93,948,334
Receivables	47,383,221	57,197,886
Capital assets, net	772,041,400	767,021,351
Liabilities		
Accounts payable	28,091,661	23,398,184
Unearned grant revenue	73,862,971	78,359,598
Certificates of participation	17,750,000	16,350,000
Net pension liability	44,686,566	40,043,980
Net position	772,057,121	767,889,182

As of September 30, 2024, cash and investments decreased by \$15.1 million from June 30, 2024 due to payments of \$7.2 million made on the new COASTER bi-level cars, \$4.6 million to CalPERS towards the pension liability, \$1.4 million for hydrogen fuel cell electric buses, and \$3.1 million for property insurance premiums. In addition, Federal Transit Administration (FTA) reimbursements for preventive maintenance costs were outstanding, which reduced the amount of cash as NCTD is required to pay its contractors prior to receiving FTA reimbursements and the grant awards were in process with the FTA.

Accounts Receivable

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

	June 30, 2024 (Audited)	September 30, 2024 (Unaudited)
SANDAG	906,638	2,742,757
Shared Use Agreements	1,573,073	1,602,336
Interest	1,159,142	1,074,569
Fare Revenue	978,412	942,038
Compressed Natural Gas (CNG) and Low Carbon Fuel Standards (LCFS) credits	1,538,135	636,586
Leases	287,564	143,322
Other	272,378	316,260
	\$ 6,715,342	\$ 7,457,868

As of September 30, 2024, there were no outstanding balances past 90 days. The amount due from SANDAG included \$2.6 million for the COASTER expansion train sets, which are reimbursed from TransNet funds.

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, 2024 (Audited)	September 30, 2024 (Unaudited)
Federal Transit Administration	29,394,060	34,639,057
California Department of Transportation	3,568,892	5,623,307
San Joaquin Valley Air Pollution Control District	3,199,968	3,199,968
San Diego Association of Governments (SANDAG)	2,423,474	2,748,227
California State Transportation Agency	341,143	1,361,511
Other	550,884	933,390
Federal Railroad Administration	556,483	417,325
California Energy Commission	307,477	307,477
California Transportation Commission	104,318	288,576
	\$ 40,446,699	\$ 49,518,838

Accounts Payable

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

	June 30, 2024 (Audited)	September 30, 2024 (Unaudited)
Purchased Transportation	11,302,244	11,242,148
IT, Software, and Licenses	1,333,192	2,836,183
Maintenance Contracts	3,452,614	2,131,712
Other	2,312,896	1,200,093
Capital Projects	5,428,321	1,190,763
Security	750,014	966,936
Utilities	1,258,760	856,911
Fuel	512,660	525,750
Payroll Liabilities	509,654	29,601
Flagging	344,010	13,078
	\$ 27,204,365	\$ 20,993,175

The accounts payable balance as of September 30, 2024 decreased by \$6.2 million from June 30, 2024 primarily after payments made for capital projects invoices and maintenance contracts. Purchased transportation costs represent amounts due to NCTD's contractor, MV Transportation, for the operations and maintenance of the BREEZE, LIFT, and FLEX services.

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 quarter of FY2025 (FY2025-Q1) compared to the same quarter in the prior fiscal year (FY2024-Q1).

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

	FY2024-Q1 Actual (Unaudited)	FY2025-Q1 Actual (Unaudited)	Variance (\$)	Variance (%)
OPERATING REVENUES				
Fare Revenue	\$ 2,910,305	\$ 2,928,074	\$ 17,769	0.6%
Advertising and right-of-way	3,149,778	3,150,618	840	0.0%
Lease and sublease revenue	682,627	726,517	43,890	6.0%
Other revenue	434,793	610,728	175,935	28.8%
Total operating revenues	7,177,503	7,415,937	238,434	3.2%
OPERATING EXPENSES				
Bus operations				
Vehicle operations	9,022,393	9,287,857	265,464	2.9%
Vehicle maintenance	2,890,658	2,863,102	(27,556)	-1.0%
Non-vehicle maintenance	1,505,684	1,666,839	161,155	9.7%
Administration	4,330,153	4,609,934	279,781	6.1%
Rail operations				
Vehicle operations	5,130,203	5,511,541	381,338	6.9%
Vehicle maintenance	2,583,136	3,067,396	484,260	15.8%
Non-vehicle maintenance	2,562,249	3,543,688	981,439	27.7%
Administration	5,826,799	5,973,622	146,823	2.5%
Right-of-way operations	2,406,321	2,643,611	237,290	9.0%
Depreciation	21,670,453	17,503,332	(4,167,121)	-23.8%
Total operating expenses	57,928,049	56,670,922	(1,257,127)	-2.2%
Operating loss	(50,750,546)	(49,254,985)	1,495,561	-3.0%
NON-OPERATING REVENUES (EXPENSES)				
Operating grants	32,936,473	32,143,292	(793,181)	-2.5%
Investment income	511,934	598,204	86,270	14.4%
Debt related expense	(163,061)	(157,421)	5,640	-3.6%
Loss on disposal of capital assets	(19,247)	(36,079)	(16,832)	46.7%
Total non-operating revenues	33,266,099	32,547,996	(718,103)	-2.2%
Loss before capital contributions	(17,484,447)	(16,706,989)	777,458	-4.7%
CAPITAL CONTRIBUTIONS				
Capital grants	7,049,166	12,539,050	5,489,884	43.8%
Total capital contributions	7,049,166	12,539,050	5,489,884	43.8%
Change in Net Position	\$ (10,435,281)	\$ (4,167,939)	\$ 6,267,342	-150.4%
Operating income excluding depreciation and loss on disposal of assets	\$ 4,205,253	\$ 832,422	\$ (3,372,831)	-405.2%

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ACTUAL VS. BUDGET**

	FY2025-Q1 Actual	FY2025-Q1 Budget	Over (Under) Budget (\$)	Over (Under) Budget (%)
OPERATING REVENUES				
Fare Revenue	\$ 2,928,074	\$ 2,747,567	\$ 180,507	6.6%
Advertising and right-of-way	3,150,618	2,918,638	231,980	7.9%
Lease and sublease revenue	726,517	590,499	136,018	23.0%
Other revenue	610,728	138,400	472,328	341.3%
Total operating revenues	7,415,937	6,395,104	1,020,833	16.0%
OPERATING EXPENSES				
Bus operations				
Vehicle operations	9,287,857	10,819,040	(1,531,183)	-14.2%
Vehicle maintenance	2,863,102	2,994,627	(131,525)	-4.4%
Non-vehicle maintenance	1,666,839	1,747,249	(80,410)	-4.6%
Administration	4,609,934	6,134,963	(1,525,029)	-24.9%
Rail operations				
Vehicle operations	5,511,541	6,268,018	(756,477)	-12.1%
Vehicle maintenance	3,067,396	3,728,127	(660,731)	-17.7%
Non-vehicle maintenance	3,543,688	3,814,143	(270,455)	-7.1%
Administration	5,973,622	7,306,571	(1,332,949)	-18.2%
Right-of-way operations	2,643,611	4,025,530	(1,381,919)	-34.3%
Depreciation	17,503,332	-	17,503,332	N/A
Total operating expenses	56,670,922	46,838,268	9,832,654	21.0%
Operating loss	(49,254,985)	(40,443,164)	(8,811,821)	21.8%
NON-OPERATING REVENUES (EXPENSES)				
Operating grants	32,143,292	40,383,964	(8,240,672)	-20.4%
Investment income	598,204	250,000	348,204	139.3%
Debt related expense	(157,421)	(190,800)	33,379	-17.5%
Loss on disposal of capital assets	(36,079)	-	(36,079)	N/A
Total non-operating revenues	32,547,996	40,443,164	(7,895,168)	-19.5%
Loss before capital contributions	(16,706,989)	-	(16,706,989)	NCM
CAPITAL CONTRIBUTIONS				
Capital grants	12,539,050	-	12,539,050	NCM
Total capital contributions	12,539,050	-	12,539,050	NCM
Change in Net Position	\$ (4,167,939)	\$ -	\$ (4,167,939)	NCM
Operating income excluding depreciation and loss on disposal of assets	\$ 832,422	\$ -	\$ 832,422	NCM

FY2025-Q1 OVERVIEW

COMPARISON TO THE PRIOR YEAR

Operating revenues for the first quarter of FY2025 were higher by \$0.2 million compared to the same quarter in FY2024, which was mostly due to higher credits from the District's Renewable Identification Number (RIN) and state Low Carbon Fuel Standard (LCFS) programs.

Total operating expenses, excluding depreciation, were higher by \$2.9 million for the first quarter of FY2025 compared to the same quarter in FY2024, of which \$0.7 million was attributed to bus operations, \$2 million to rail operations, and \$0.2 million to right-of-way operations. The increase in bus operations was mainly due to the annual contractual adjustment of 3% with MV Transportation (MV) for purchased transportation. The increase in rail operations was due to higher employee benefits cost as certain employees were transitioned to the Railroad Retirement Board pension plan from CalPERS, Wabtec software licenses for Positive Train Control (PTC), materials for the COASTER bi-level cars, and HVAC repairs and maintenance. Costs also increased in the right-of-way for Wabtec PTC licenses and support.

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 quarter of FY2025 were lower by \$0.8 million compared to the first quarter of FY2024 due to timing in Transportation Development Act (TDA) revenues.

COMPARISON TO BUDGET

Operating revenues were higher than budget by \$1 million due to higher fare revenues driven by increased ridership, higher RIN/LCFS program revenues, and higher advertising revenue than budgeted.

Operating expenses (excluding depreciation which is not budgeted) for the first quarter of FY2025 were lower than budget by \$7.7 million. Employee payroll expenses, including benefits, were lower than budget by \$0.7 million due to position vacancies. Professional and consulting services across all departments were under budget by \$3.7 million due to timing differences for the provision of services or other budgeted expenses that have not yet materialized in the fiscal year. Fuel budget was under budget by \$1.2 million as market prices have been below budgeted assumptions for diesel and compressed natural gas (CNG). Budgeted purchased transportation includes the MV contract, micro-transit, and contracted taxi services. Final payment to MV is determined following a quarterly audit.

Reimbursements from Federal preventive maintenance and American Rescue Plan Act (ARPA) funds are directly associated with the level of expenditures as reimbursements cannot exceed costs incurred. Lower revenues than budgeted are due to lower expenses than budgeted.

STATEMENTS OF REVENUES AND EXPENSES BY DEPARTMENT FY2025-Q1 vs FY2024-Q1 AND BUDGET

DEPARTMENT	Actual FY2025-Q1	Actual FY2024-Q1	Budget ** FY2025-Q1	Over (Under) Budget (\$)	Over (Under) Budget (%)
REVENUE					
100 - REVENUES					
FAREBOX REVENUES					
BREEZE FIXED ROUTE	\$ 1,241,044	\$ 1,262,051	\$ 1,163,027	\$ 78,017	6.7%
ADA/PARATRANSIT	191,211	227,223	125,368	65,843	52.5%
FLEX	38,197	28,631	34,673	3,524	10.2%
COASTER	1,189,710	1,101,492	1,140,719	48,991	4.3%
SPRINTER	266,025	290,908	268,600	(2,575)	-1.0%
MICRO-TRANSIT	1,887	-	15,180	(13,293)	-87.6%
TOTAL FARE REVENUE	2,928,074	2,910,305	2,747,567	193,800	7.1%
GRANT REVENUE					
FEDERAL GRANTS	18,476,291	6,723,077	12,810,941	5,665,350	44.2%
STATE GRANTS	31,935	283,795	6,172,928	(6,140,993)	-99.5%
LOCAL GRANTS	13,635,066	25,929,601	21,400,095	(7,765,029)	-36.3%
TOTAL GRANT REVENUE	32,143,292	32,936,473	40,383,964	(8,240,672)	-20.4%
100 - OTHER REVENUES	997,853	801,963	323,081	674,772	208.9%
100 - INVESTMENT INCOME	598,204	511,934	250,000	348,204	139.3%
101 - REVENUES - MAINTENANCE OF WAY	2,736,060	2,780,414	2,714,457	21,603	0.8%
102 - REVENUES - REAL ESTATE	753,950	684,821	609,999	143,951	23.6%
REVENUE TOTAL	40,157,433	40,625,910	47,029,068	(6,858,342)	-14.6%
EXPENSES					
130 - BUS OPERATIONS AND FLEET MAINTENANCE	12,908,145	12,541,543	14,677,891	(1,769,746)	-12.1%
150 - COASTER OPERATORS *	1,045,380	-	1,309,515	(264,135)	-20.2%
155 - SPRINTER OPERATORS *	763,775	-	863,784	(100,009)	-11.6%
160 - RAIL OPERATIONS	1,692,955	3,571,541	2,156,659	(463,704)	-21.5%
165 - OPERATIONS CONTROL CENTER	826,949	646,135	763,698	63,251	8.3%
175 - RAIL VEHICLES MAINTENANCE	2,856,141	2,669,488	3,595,302	(739,161)	-20.6%
180 - NON-REVENUE VEHICLES AND SPECIALITY EQUIPMENT	290,342	92,949	440,855	(150,513)	-34.1%
185 - MAINTENANCE OF SIGNAL	1,623,373	811,796	1,850,319	(226,946)	-12.3%
220 - FACILITIES MANAGEMENT	2,864,279	2,595,373	3,460,845	(596,566)	-17.2%
230 - SECURITY OVERSIGHT	1,916,792	1,651,814	1,864,405	52,387	2.8%
240 - DEVELOPMENT SERVICES OVERSIGHT	666,361	548,091	982,069	(315,708)	-32.1%
245 - PROJECT MANAGEMENT OFFICE	109,899	-	148,578	(38,679)	-26.0%
250 - RAIL TECHNOLOGIES	778,867	481,765	331,098	447,769	135.2%
260 - SERVICE PLANNING	166,806	560,342	786,447	(619,641)	-78.8%
261 - SAFETY OVERSIGHT	448,892	2,136,342	557,549	(108,657)	-19.5%
270 - COMMUNICATIONS AND MARKETING	431,571	483,471	656,932	(225,361)	-34.3%
280 - TRANSIT SYSTEMS MANAGEMENT	124,197	-	242,740	(118,543)	-48.8%
290 - ACCOUNTING	171,439	137,506	199,425	(27,986)	-14.0%
300 - REVENUE COLLECTION	21,784	184,194	204,754	(182,970)	-89.4%
320 - INFORMATION TECHNOLOGY	1,954,004	1,645,393	2,069,804	(115,800)	-5.6%
330 - PROCUREMENT AND CONTRACT ADMINISTRATION	404,911	398,644	386,268	18,643	4.8%
335 - GOVERNMENT RELATIONS	314,602	59,895	235,204	79,398	33.8%
337 - GRANTS	70,715	85,583	100,215	(29,500)	-29.4%
339 - ADMINISTRATION	149,137	190,482	285,471	(136,334)	-47.8%
340 - FINANCIAL OVERSIGHT	336,808	326,612	401,998	(65,190)	-16.2%
350 - HUMAN RESOURCES	390,992	250,438	582,503	(191,511)	-32.9%
351 - TRAINING	347,158	232,536	447,132	(99,974)	-22.4%
356 - ENGINEERING	406,545	527,087	798,730	(392,185)	-49.1%
357 - GENERAL COUNSEL	2,504,469	727,543	2,978,095	(473,626)	-15.9%
359 - DEVELOPMENT SERVICES SUPPORT SERVICES	123,091	113,913	129,088	(5,997)	-4.6%
360 - OFFICE OF THE CHIEF EXECUTIVE OFFICER	112,386	205,312	266,733	(154,347)	-57.9%
365 - CUSTOMER SERVICE	327,316	570,103	400,986	(73,670)	-18.4%
370 - BOARD OF DIRECTORS	8,651	7,567	21,999	(13,348)	-60.7%
400 - OPERATIONS SUPPORT SERVICES	80,991	96,315	98,235	(17,244)	-17.6%
510 - MAINTENANCE OF WAY	1,575,448	1,335,509	1,908,435	(332,987)	-17.4%
515 - RAIL RIGHT OF WAY OVERSIGHT	122,821	71,861	294,168	(171,347)	-58.2%
520 - REAL ESTATE	229,598	300,453	340,339	(110,741)	-32.5%
600 - DEBT	157,421	163,061	190,800	(33,379)	-17.5%
OPERATING EXPENSE TOTAL	39,325,011	36,420,657	47,029,068	(7,704,057)	-16.4%
OPERATING INCOME EXCLUDING DEPRECIATION AND LOSS ON DISPOSAL OF ASSETS					
	\$ 832,422	\$ 4,205,253	-	\$ 832,422	NCM

* Previously included in Dept. 160. New departments created for FY25.

** Includes budget transfers during the fiscal year.

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 FY2020	Actual FY2021	Actual FY2022	Actual FY2023	Actual FY2024	Actual FY2025-Q1
Fare revenue and local support	\$ 31,380,391	\$ 22,579,947	\$ 35,631,103	\$ 39,423,871	\$ 44,562,602	Not reported
Operating Costs	\$ 89,910,567	\$ 88,780,331	\$ 107,448,402	\$ 120,329,443	\$ 130,519,772	Not reported
Fares plus Local Funds Recovery Ratio:	34.9%	25.4%	33.2%	32.8%	34.1%	Not reported
LIFT (PARATRANSIT)	Actual FY2020	Actual FY2021	Actual FY2022	Actual FY2023	Actual FY2024	Actual FY2025-Q1
Fare revenue and local support	\$ 1,275,203	\$ 1,240,302	\$ 1,087,970	\$ 1,789,172	\$ 1,675,401	Not reported
Operating Costs	\$ 9,487,531	\$ 9,367,547	\$ 8,735,519	\$ 10,682,711	\$ 12,913,004	Not reported
Fares plus Local Funds Recovery Ratio:	13.4%	13.2%	12.5%	16.7%	13.0%	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 FY2020	Actual FY2021	Actual FY2022	Actual FY2023	Actual FY2024	Actual FY2025-Q1
Fare Revenue	\$ 12,161,637	\$ 5,085,015	\$ 8,153,922	\$ 10,646,706	\$ 11,157,611	Not reported
Operating Costs	\$ 89,910,567	\$ 88,780,331	\$ 107,377,052	\$ 120,329,443	\$ 130,519,772	Not reported
Fare Recovery Ratio	13.5%	5.7%	7.6%	8.8%	8.5%	Not reported
LIFT (PARATRANSIT)	Actual FY2020	Actual FY2021	Actual FY2022	Actual FY2023	Actual FY2024	Actual FY2025-Q1
Fare Revenue	\$ 680,517	\$ 619,702	\$ 621,970	\$ 574,994	\$ 808,434	Not reported
Operating Costs	\$ 9,487,531	\$ 9,367,547	\$ 8,717,490	\$ 10,682,711	\$ 12,913,004	Not reported
Fare Recovery Ratio	7.2%	6.6%	7.1%	5.4%	6.3%	Not reported

Pure Fare Recovery Ratio ^(c)						
BREEZE, FLEX, COASTER, SPRINTER, and NCTD+	Actual FY2020	Actual FY2021	Actual FY2022	Actual FY2023	Actual FY2024	Actual FY2025-Q1
Fare Revenue	\$ 12,161,637	\$ 5,085,015	\$ 8,153,922	\$ 10,646,706	\$ 11,157,611	\$ 2,736,863
Operating Costs	\$ 92,364,721	\$ 95,156,629	\$ 116,656,005	\$ 127,019,759	\$ 137,272,434	\$ 33,598,642
Fare Revenue to Operating Costs	13.2%	5.3%	7.0%	8.4%	8.1%	8.1%
LIFT (PARATRANSIT)	Actual FY2020	Actual FY2021	Actual FY2022	Actual FY2023	Actual FY2024	Actual FY2025-Q1
Fare Revenue	\$ 680,517	\$ 619,702	\$ 621,970	\$ 574,994	\$ 808,434	\$ 191,211
Operating Costs	\$ 9,487,531	\$ 9,679,276	\$ 9,127,233	\$ 11,238,341	\$ 13,312,686	\$ 3,082,758
Fare Revenue to Operating Costs	7.2%	6.4%	6.8%	5.1%	6.1%	6.2%

(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 depreciation, GASB 68 and GASB 75 actuarial adjustments, and non-cash expenses)

SOURCES OF OPERATING GRANTS REVENUE

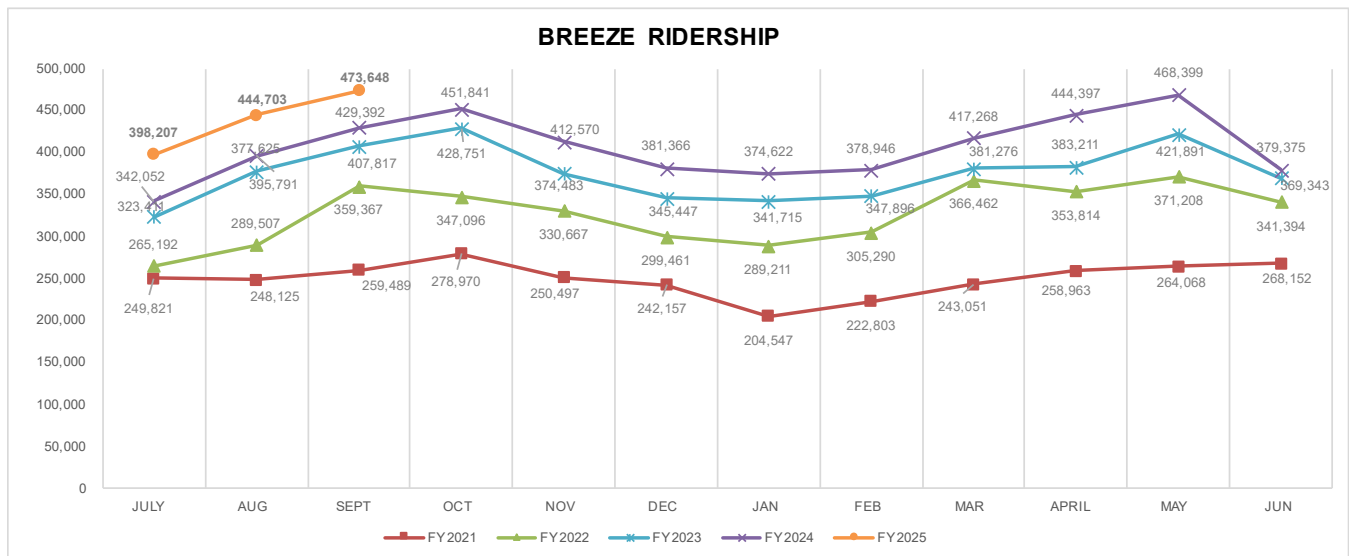
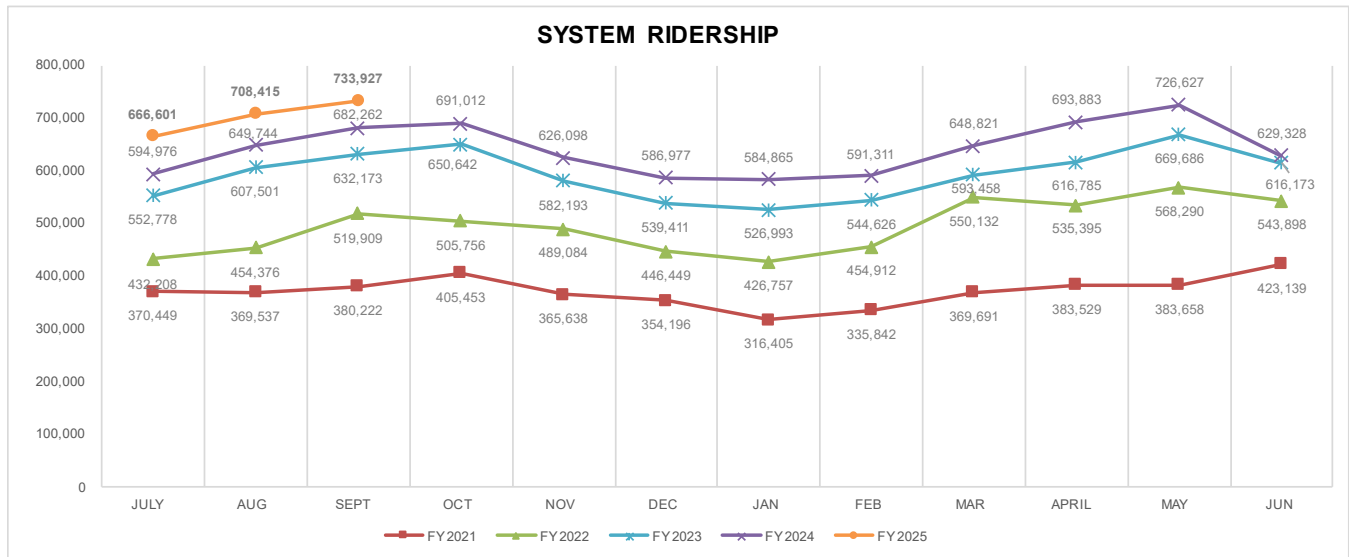
Federal Grant Program	Actual FY2020	Actual FY2021	Actual FY2022	Actual FY2023	Actual FY2024	Actual FY2025-Q1
49 USC 5304 - State Planning and Research Program	\$ 247,122	\$ 71,843	\$ 38,720	\$ 174,106	\$ 13,441	\$ -
49 USC 5307 - Urbanized Area Formula	15,619,356	1,629,607	2,223,162	19,866,495	25,706,331	7,100,084
49 USC 5311 - Rural Area Formula Grant	465,994	483,838	-	677,635	641,568	-
49 USC 5311 - Rural Area Formula Grant (ARPA)	-	-	-	-	480,520	-
49 USC 5311 - Rural Area Formula Grant (CARES)	-	-	1,055,187	-	-	-
49 USC 5311 - Rural Area Formula Grant (CRRSAA)	-	-	-	988,024	-	-
49 USC 5337 - (MAP 21) State of Good Repair Formula Grants	183,672	7,774,818	1,458,136	5,792,142	1,590,495	-
49 USC 5337 - American Rescue Plan Act (ARPA)	-	-	15,670,887	13,044,836	16,505,472	11,372,743
49 USC 5337 - CARES Act	19,652,272	39,490,604	31,935,750	1,663,555	1,050,069	-
49 USC 5338 - Transit-Oriented Development Planning	-	-	-	-	125,134	3,464
Medi-Cal	305,335	221,059	244,647	60,672	(54,964)	-
Total Federal Grants	\$ 36,473,751	\$ 49,671,769	\$ 52,626,489	\$ 42,267,465	\$ 46,058,066	\$ 18,476,291

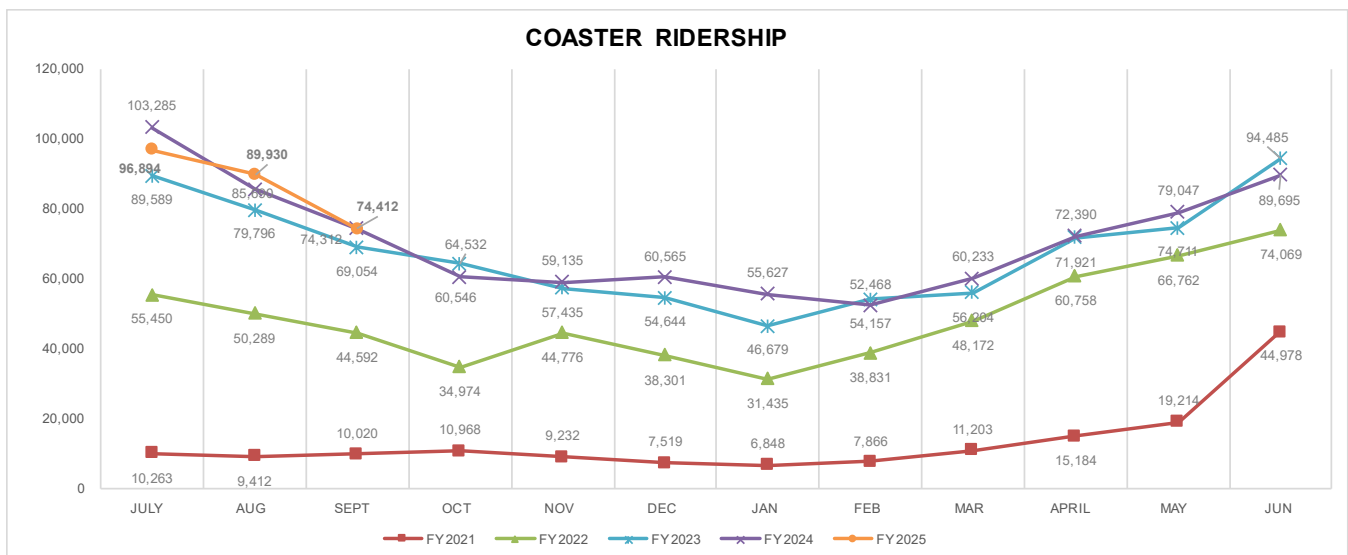
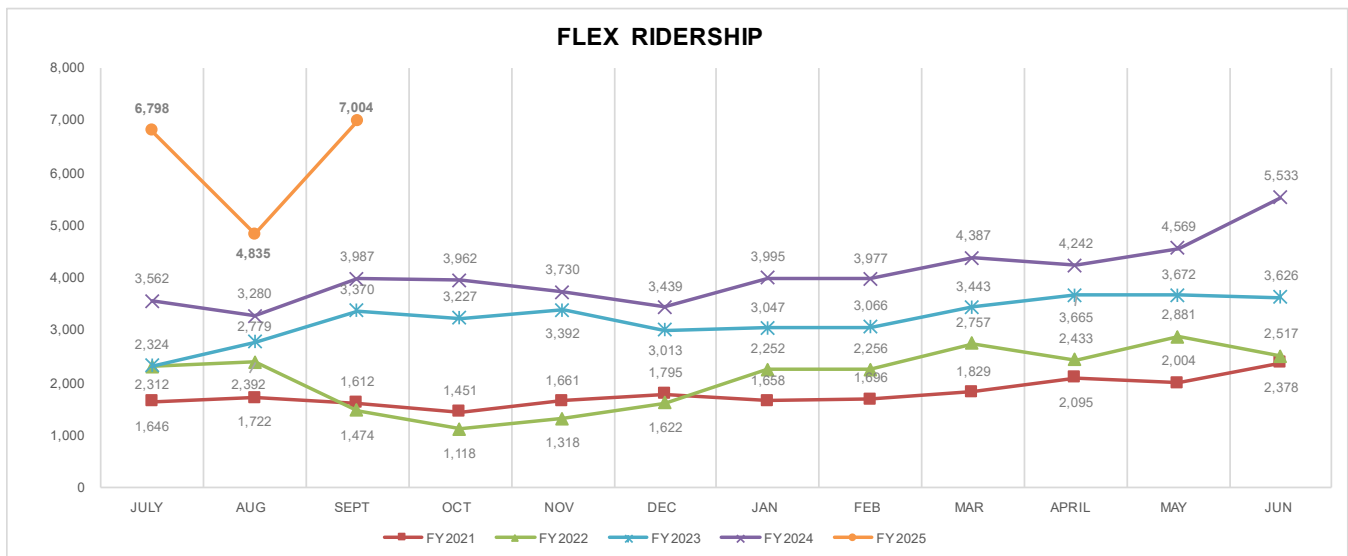
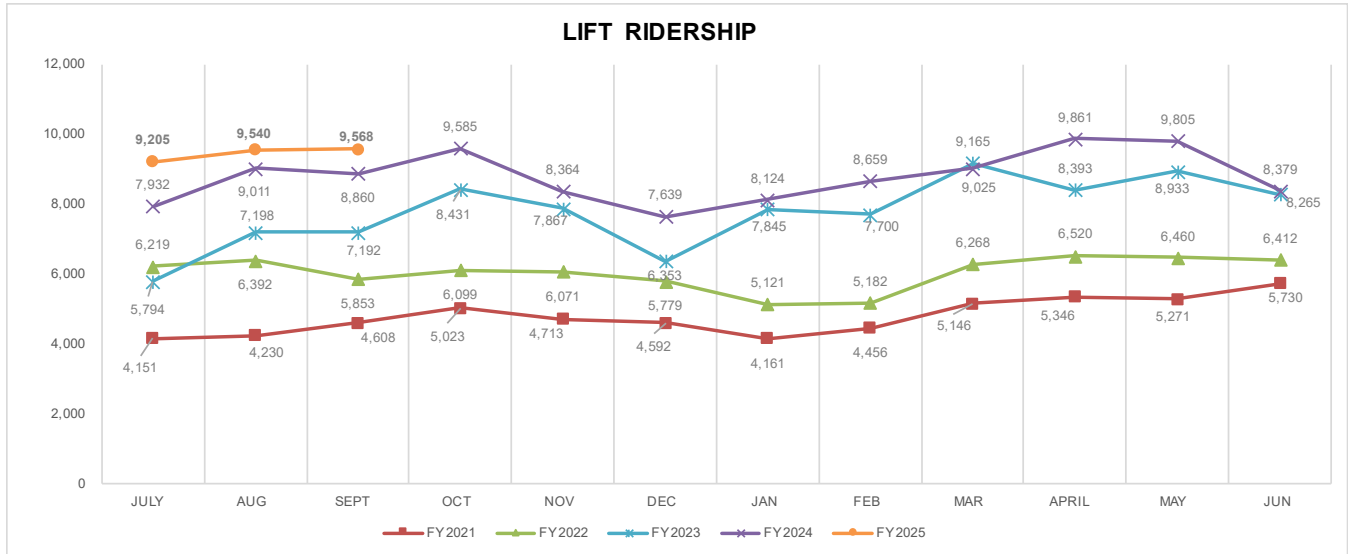
State Grant Program	Actual FY2020	Actual FY2021	Actual FY2022	Actual FY2023	Actual FY2024	Actual FY2025-Q1
State Transit Assistance (STA)	\$ 4,716,976	\$ 5,754,629	\$ 4,058,481	\$ 8,029,564	\$ 7,929,927	\$ -
STA State of Good Repair (SGR)	-	-	759,757	2,539,107	2,006,437	31,069
California Public Utilities Commission (CPUC)*	79,175	79,176	87,121	90,246	88,683	-
Other State Grants	57,687	1,307	-	-	31,284	866
Total State Grants	\$ 4,853,838	\$ 5,835,112	\$ 4,905,358	\$ 10,658,917	\$ 10,056,331	\$ 31,935

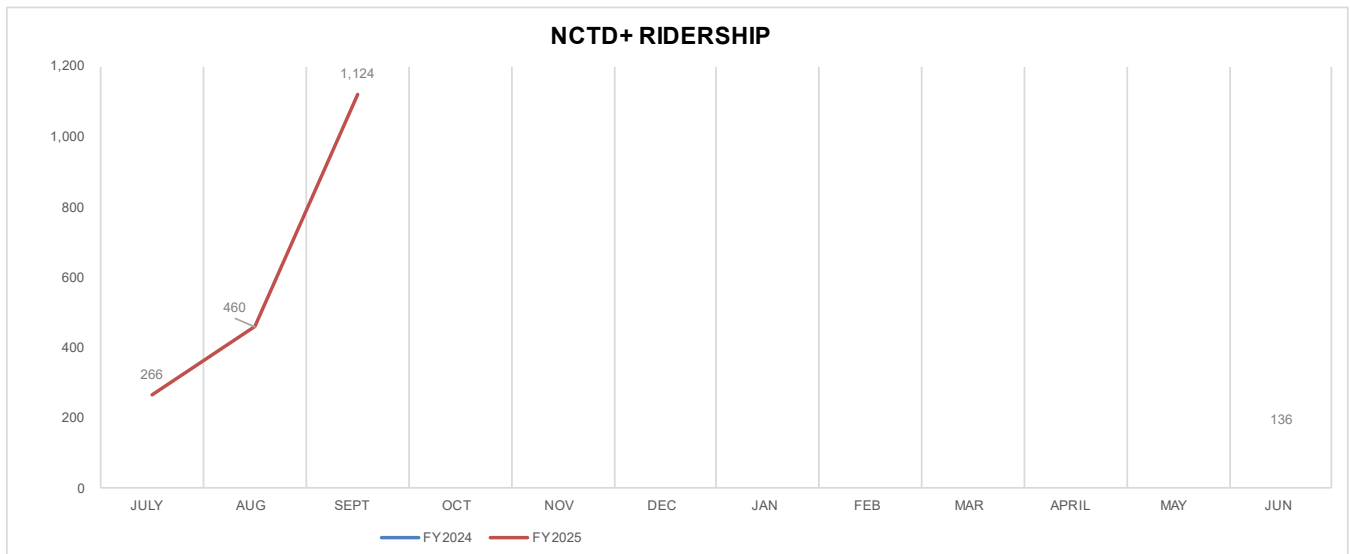
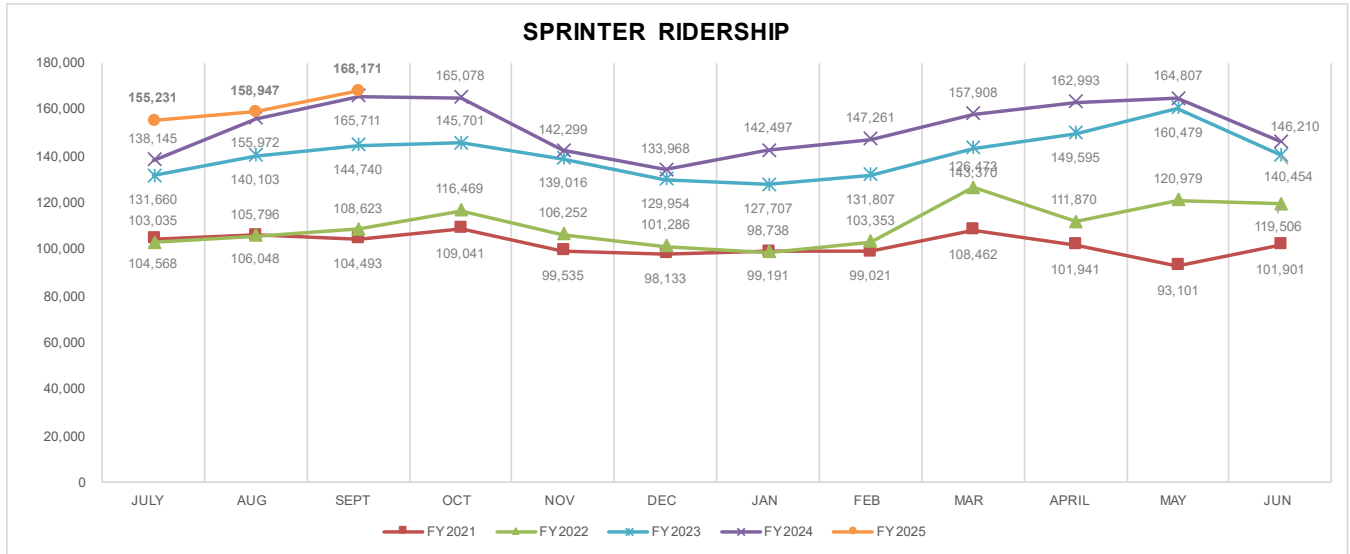
Local Grant Program	Actual FY2020	Actual FY2021	Actual FY2022	Actual FY2023	Actual FY2024	Actual FY2025-Q1
TDA - Transportation Development Act	\$ 27,917,278	\$ 25,272,515	\$ 30,167,244	\$ 44,264,061	\$ 47,059,669	\$ 8,338,403
Transnet	13,922,353	14,542,515	18,146,000	17,725,000	20,124,438	3,250,000
Transnet 8.1%	-	-	5,529,392	7,210,257	7,444,809	1,738,353
Local Fare Assistance	-	-	205,540	1,233,240	1,233,240	308,310
Total Local Grants	\$ 41,839,631	\$ 39,815,030	\$ 54,048,176	\$ 70,432,558	\$ 75,862,156	\$ 13,635,066

Total Operating Grants	\$ 83,167,220	\$ 95,321,911	\$ 111,580,024	\$ 123,358,940	\$ 131,976,553	\$ 32,143,292
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RIDERSHIP BY MODE (FY2021 – FY2025-Q1)







**STAFF REPORT****AWARD AGREEMENT TO EXPRESS ENERGY SERVICES, INC. FOR THE PURCHASE AND INSTALLATION OF CLOSED-CIRCUIT TV CAMERAS AND PUBLIC ADDRESS SPEAKERS FOR VARIOUS STATIONS AND FACILITIES**Time Sensitive: ☐ Consent: ☒**STAFF
RECOMMENDATION:**

Award an agreement to Express Energy Services, Inc. in an amount not-to-exceed \$1,283,671, plus 10% contingency, for the purchase and installation of closed-circuit television cameras, public address speakers, and associated software licenses at various stations and facilities.

**BACKGROUND
INFORMATION:**

Providing a safe and secure environment for passengers, employees and members of the public is a top priority for the North County Transit District (NCTD). NCTD maintains a security program which includes both field and virtual patrols of stations and facilities on a 24/7 basis. A key component of the security program are closed-circuit TVs and public address speakers, which provide both proactive and responsive measures. To support continuous improvement in NCTD's security measures, it is necessary to purchase and install additional CCTV cameras and public address speakers at various NCTD stations and facilities.

On October 25, 2024, NCTD issued a request for a task order proposal to Express Energy Services, Inc., through the EZ-ICQ job order Agreement No. XA-R9-E-101723-EES awarded to the Gordian Group by Sourcewell, a public procurement cooperative. A job order contract (JOC) is a competitively solicited construction contract based on fixed pricing for over 300,000 construction-related tasks. JOC is a project delivery method utilized by many public agencies to streamline the completion of a wide variety of renovation, repair, and minor construction projects in a cost-effective manner. When a project is assigned, NCTD and the contractor jointly develop a project proposal based on the tasks required to complete the work and the corresponding pre-determined cost for each task.

On December 13, 2024, Express Energy Services, Inc. submitted a task order proposal to NCTD in the amount of \$1,283,671. The proposal costs have been compared to the independent cost estimate and determined to be fair and reasonable.

Staff recommends that the Board approve the award of a task order to Express Energy Services, Inc., for the purchase and installation of closed-circuit TV cameras and public address speakers at NCTD stations and facilities in an amount not-to-exceed \$1,283,671, plus 10% contingency, to be utilized only at NCTD's discretion, for unforeseen conditions.

ATTACHMENT: None

FISCAL IMPACT: The fiscal impact of this proposed contract action is not-to-exceed \$1,283,671, plus 10% contingency of \$128,367, for a total of \$1,412,038, which will be funded with Transit and Intercity Rail Capital Program (TIRCP) SB125 funds programmed in project No. 125007, which has a total budget of \$2,000,000. If the

Board of Directors approve this proposed contract action, the balance available in project No. 125007 will be reduced to \$587,962.

COMMITTEE REVIEW: None

STAFF CONTACT: **Karen L. Tucholski, Chief Safety & Security Officer**
E-mail: ktucholski@nctd.org Phone: 760-966-6574



STAFF REPORT

**AUTHORIZE STAFF TO FINALIZE AGREEMENT NO. 25022 WITH
ALLIANT INSURANCE SERVICES, INC. FOR INSURANCE BROKER
SERVICES**

Time Sensitive: ☐ **Consent:** ☒

**STAFF
RECOMMENDATION:**

Authorize staff to finalize Agreement No. 25022 with Alliant Insurance Services, Inc., for insurance brokerage services, for a period of five years in an amount not-to-exceed \$562,500.

**BACKGROUND
INFORMATION:**

The North County Transit District (NCTD) requires insurance brokerage services for NCTD's property and casualty insurance programs. The broker will represent NCTD's interests relating to risk management strategies, including, without limitation, securing of insurance for these programs and providing consulting services as needed.

On October 28, 2024, NCTD issued a Request for Proposals (RFP) for Broker Services. On November 21, 2024, NCTD received one proposal in response to the RFP that was deemed responsive and responsible by the selection committee.

Based on the foregoing, staff recommends that the Board of Directors (Board) authorize staff to negotiate and finalize Agreement No. 25022 with Alliant Insurance Services, Inc. for insurance brokerage services for a period of five years in an amount not-to-exceed \$562,500, which includes basic services and a contingency for as-needed services, subject to review and approval by the Deputy Chief Executive Officer/Chief General Counsel.

ATTACHMENT:

None

FISCAL IMPACT:

The total fiscal impact of this proposed contract action is a total not-to-exceed amount of \$562,500 for a period of five years. The costs for brokerage services are funded with local funds and budgeted within the Casualty and Liability line item in the budget approved by NCTD's Board. The total approved FY2025 budget for Casualty and Liability is \$8,651,736.

COMMITTEE REVIEW:

None

STAFF CONTACT:

Karen Harris, Director of Enterprise Risk Management
E-mail: kharris@nctd.org Phone: 760-967-2861

STAFF REPORT

APPROVE SUPPLEMENTAL AGREEMENT NO. 09 TO AGREEMENT NO. 19041 WITH STV INCORPORATED FOR ZERO EMISSIONS BUS INFRASTRUCTURE PLANNING AND DESIGN

Time Sensitive: ☐ **Consent:** ☒

**STAFF
RECOMMENDATION:**

Authorize the Chief Executive Officer to approve Supplemental Agreement No. 09 to Agreement No. 19041 with STV, Inc. for zero emissions bus infrastructure planning, design, and design support services in an amount not-to-exceed \$197,636.

**BACKGROUND
INFORMATION:**

The Innovative Clean Transit (ICT) regulation was adopted in December 2018 and requires all public transit agencies to gradually transition to a 100% zero emission bus (ZEB) fleet. Beginning in 2029, 100% of new purchases by transit agencies must be ZEBs, with a goal for full transition by 2040.

On March 21, 2019, the North County Transit District's (NCTD) Board of Directors (Board) approved Agreement No. 19041 with STV Incorporated (STV) for planning services for the transition from current fueling infrastructure to ZEB infrastructure (Agenda Item No. 4). The infrastructure planning services supports a phased transition to ZEB and included four tasks including a needs assessment, development of master plans, preparation of project study reports, and design of infrastructure requirements for up to six battery electric buses (BEB).

On July 16, 2020, the Board approved Supplemental Agreement No. 02 to Agreement No. 19041 with STV, which added a fifth task (Task No. 5) to the agreement for design services for hydrogen fueling station and compressed natural gas (CNG) capital improvements, in an amount not-to-exceed \$364,793.

This item for Supplemental Agreement No. 09 is for additional design support services as follows:

- Task No. 5: Additional design support services to what was originally included in Task No. 5 approved in July 2020 for modifications to the construction of the hydrogen fuel station.
- Task No. 6: Provide post-commissioning support for data collection and quarterly reporting to the California Energy Commission (CEC). This support is to fulfill the CEC requirement to provide 12 months of station throughput for 25 fuel cell electric buses usage and operations data, per CEC agreement ARV-20-013.
- Task No. 7: Design the expansion of the gas detection system for hydrogen detection at the BREEZE Operations West maintenance facility.

STV's negotiated costs for the services, in the amount of \$197,636, has been determined to be fair and reasonable for the additional scope.

Staff recommends that the Board approve Supplemental Agreement No. 09 to Agreement No. 19041 with STV for ZEB infrastructure services in an amount not-to-exceed \$197,636.

ATTACHMENT: None

FISCAL IMPACT: The fiscal impact of Supplemental Agreement No. 09 to Agreement No. 19041 with STV is an amount not-to-exceed \$197,636, which is funded with Federal Transit Administration and matching Transportation Development Act and State Transit Assistance funds in Project 121003, which has a total budget of \$520,454. If the Board approves this proposed contract action, the balance available in project No. 121003 will be reduced to zero.

COMMITTEE REVIEW: None

STAFF CONTACT: Tracey Foster, Chief Development Officer
E-mail: tfoster@nctd.org Phone: 760-966-6674



STAFF REPORT

**AUTHORIZE THE CHIEF EXECUTIVE OFFICER TO EXECUTE
SUPPLEMENTAL AGREEMENT NO. 04 TO AGREEMENT NO.
12024 WITH RAILCAR MANAGEMENT, LLC. FOR RAIL
MAINTENANCE AND CONFIGURATION SOFTWARE**

Time Sensitive: ☐ **Consent:** ☒

**STAFF
RECOMMENDATION:**

Authorize the Chief Executive Officer to execute Supplemental Agreement No. 04 to Agreement No. 12024 with Railcar Management, LLC for rail maintenance management and configuration software to extend the contract term by two additional years in a not-to-exceed amount of \$654,570.51.

**BACKGROUND
INFORMATION:**

The North County Transit District's (NCTD) rail operations rely on a web-based rail maintenance management and configuration software system. The system is essential for Positive Train Control (PTC) configuration management, signal and track inspections, and bridge maintenance tracking. It is utilized by NCTD staff and its contractors, including the right-of-way and signals maintenance contractor and bridge inspection contractor. PTC uses GPS, onboard and wayside hardware to prevent certain train accidents and maximize safety.

On July 26, 2012, the NCTD Board of Directors (Board) authorized the Executive Director to execute Agreement No. 12024 with Railcar Management, LLC (RailDOCS) for the rail maintenance management and configuration software system, which included five years of software licensing and an additional five-year option (Agenda Item No. 3). RailDOCS is a rail focused software utilized by many transit agencies for managing the configuration of in-service PTC and signal equipment, signal, track, and bridge inspections and storage of related documentation to comply with 49 CFR 236.917, the Federal Railroad Administration's electronic recordkeeping requirements.

In 2018, Supplemental Agreement No. 02 was approved, which revised licensing quantities and pricing. On July 21, 2022, the Board approved Supplemental Agreement No. 03, which extended the agreement for three years to September 30, 2025 (Agenda Item No. 12).

This item for Supplemental Agreement No. 04 will extend the agreement by an additional two years through September 30, 2027. NCTD is currently in the process of researching and preparing specifications to issue a competitive solicitation for the next generation of rail maintenance management and configuration software system software. The extension will allow time to finalize the solicitation and contract, configure and test the replacement system, and migrate all data from RailDOCS to the replacement system. The extension will ensure continuity of operations and compliance with NCTD's asset management goals.

Staff recommends that the Board authorize the Chief Executive Officer to execute Supplemental Agreement No. 04 to Agreement No. 12024 with RailDOCS in an amount not-to-exceed \$654,570.51.

ATTACHMENT:	None
FISCAL IMPACT:	The fiscal impact of Supplemental Agreement No. 04 to Agreement No. 12024 is a not-to-exceed amount of \$654,570.51 over a two-year period. Jacobs Engineering will reimburse NCTD for licenses above the agreed levels. This supplemental agreement will be budgeted in FY26 and FY27 operating budgets as required.
COMMITTEE REVIEW:	None
STAFF CONTACT:	Justin Richardson, Chief Operations Officer – Rail Right-of-Way E-mail: jrichardson@nctd.org Phone: 760-435-9125



STAFF REPORT

**AWARD AGREEMENT NO. 36912 TO A-Z BUS SALES FOR THE
PURCHASE OF 15 PARATRANSIT CUTAWAY SHUTTLE VANS**

Time Sensitive: ☐ **Consent:** ☒

**STAFF
RECOMMENDATION:**

Award Agreement No. 36912 to A-Z Bus Sales, Inc. for the purchase of 15 paratransit cutaway vans, in the amount not-to-exceed \$2,297,391.

**BACKGROUND
INFORMATION:**

The FY2025 Capital Improvement Program (CIP) approved by the North County Transit District (NCTD) Board of Directors (Board) included the purchase of 20 (20 passenger) LIFT vans with capacity for two wheelchairs each. Upon further evaluation, the Bus Operations Division has determined that in order to improve paratransit efficiency and customer experience, NCTD will instead purchase 15 cutaway vans with a higher capacity for wheelchair seating. The 15 cutaway vans will ensure state-of-good-repair of the LIFT paratransit fleet by replacing existing fleet that has exceeded the Federal Transit Administration (FTA) useful life benchmark (ULB) of 10 years. The average age of the fleet being replaced is 15 years with an average mileage of 375,745 miles. The cutaway vans will primarily support LIFT paratransit service, which experienced a 13% ridership growth in FY2024. The 15 cutaway vans will also ensure that NCTD has accessible seating necessary to fulfill its legal obligations under the Americans with Disabilities Act (ADA).

All 15 cutaway vans will be ordered to meet paratransit specifications, including a wheelchair lift on the passenger-side (right) rear of the vehicle, safe and secure seating for up to six wheelchairs with four seated passengers or up to 16 seated passengers without wheelchair use. Additionally, each vehicle will include updated technology that will improve safety, reliability, and operational efficiency.

The Ford E-450 model cutaways are available for purchase by NCTD under a pre-negotiated contract from the California Association for Coordinated Transportation (CalACT). NCTD released a Request for Quotes (RFQ) on November 15, 2024 that closed on December 13, 2024. The lowest responsive, responsible bidder was A-Z Bus Sales.

Staff recommends that the Board award Agreement No. 36912 to A-Z Bus Sales for the purchase of 15 paratransit cutaway vans in an amount not-to-exceed \$2,297,391.

ATTACHMENT:

None

FISCAL IMPACT:

The 15 paratransit cutaway vans will be funded with state Transit and Intercity Rail Capital Program (TIRCP) SB125 funds programmed in project No. 225001, which has a total budget of \$2,700,000. If the Board approves this contract action, the budget available in project No. 225001 will be reduced to \$402,609.

COMMITTEE REVIEW:

None

STAFF CONTACT:

Lilia Montoya, Chief Operations Officer - Bus
E-mail: lmontoya@nctd.org Phone: 760-966-6665

STAFF REPORT

**APPROVE NORTH COUNTY TRANSIT DISTRICT'S BOARD AND
EXTERNAL COMMITTEE APPOINTMENTS FOR CALENDAR YEAR
2025**

Time Sensitive: ☒ **Consent:** ☒

**STAFF
RECOMMENDATION:**

Staff recommends that the North County Transit District's (NCTD) Board of Directors (Board) approve the recommendations of the Board Chair for internal and external committee appointments for Calendar Year 2025 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: At the November 21, 2024 Regular Board meeting, Board members received a 2025 Committee Preference Memo (Agenda Item No. 12). On or before December 19, 2024, the Board members provided their requested choice of assignment.

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 PAF Committee and 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 once a month on the second Friday of the month at 10:00 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 third Friday of each month at 9:00 a.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 first Friday every other month from 1:00 p.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 1:15 p.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 2025 provided in Attachment 12A.

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

**GOAL/STRATEGIC
DIRECTION:** N/A

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 DISTRICT BOARD
CY2025 INTERNAL COMMITTEE AND EXTERNAL APPOINTMENTS ATTACHMENT 14A**

COMMITTEES 2024 BOARD MEMBER APPOINTMENTS		COMMITTEE APPOINTMENTS 2025 RECOMMENDATIONS
INTERNAL COMMITTEES		
EXECUTIVE COMMITTEE		
Jewel Edson		*Board Chair
Priya Bhat-Patel		*Board Vice Chair
Sharon Jenkins		**Vice Chair of PAF
Corinna Contreras		***Chair of MSPBD
PERFORMANCE, ADMINISTRATION AND FINANCE COMMITTEE (PAF)		
Priya Bhat-Patel		Corinna Contreras
Sharon Jenkins		Priya Bhat-Patel
Joe Garcia		Jewel Edson
Jewel Edson		Mike Sannella
MARKETING, SERVICE PLANNING AND BUSINESS DEVELOPMENT COMMITTEE (MSPBD)		
Corinna Contreras		Joe Garcia
Kellie Hinze		Jim O'Hara
Tracy Martinez		Tracy Martinez
Rick Robinson		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
Sharon Jenkins, 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
Corinna Contreras, 2nd Alternate		Eric Joyce, 2nd Alternate
SANDAG REGIONAL PLANNING COMMITTEE (Advisory Member)		
Joe Garcia, Member		Joe Garcia, Member
Rick Robinson, 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.

CY2025 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 10:30 AM & 4 th Friday at 9:00 AM unless otherwise indicated	Normally 1 st Friday at 1:00 PM & 3 rd Friday 9:00 AM unless otherwise indicated	Normally 1 st Friday 1:00 PM unless otherwise indicated	Normally 3 rd Monday 10:00 AM at OCTA unless otherwise indicated
January 10 January 24	January 17	January 3	-----
February 14 February 28	February 7 February 21	-----	February 6 - Executive February 18
March 14 March 28	March 21	March 7	March 6 - Executive March 17
April 11 April 25	April 4 April 18	-----	-----
May 9 May 23	May 16	May 2	May 1 - Executive May 19
June 13 June 27	June 6 June 20	-----	June 5 - Executive June 16

ATTACHMENT 12B

SANDAG Board of Directors (Advisory Member)	SANDAG Transportation Committee (Voting Member)	SANDAG Regional Planning Committee (Advisory Member)	LOSSAN Corridor Board of Directors
July 11 July 25	July 18	July 18	July 8 - Executive July 21
No Meeting Scheduled in August			
September 12 September 26	September 5 September 19	-----	September 4 - Executive September 15
October 10 October 24	October 17	October 3	October 2 - Executive October 20
November 7 November 21	November 14	-----	November 6 - Executive November 17
December 12	December 5	-----	-----

STAFF REPORT

APPROVE THE FY2026-FY2030 CAPITAL IMPROVEMENT PROGRAM

Time Sensitive: ☐ **Consent:** ☒

**STAFF
RECOMMENDATION:**

Staff recommends that the North County Transit District's Board of Directors:

- 1) Approve the proposed FY2026-FY2030 Capital Improvement Program (CIP) budget based on estimated federal and non-federal funding levels (Attachments 13A and 13B);
- 2) Forward a recommendation to the San Diego Association of Governments' (SANDAG) Board of Directors to approve the proposed FY2026 CIP (Attachment 13C) and operating expenses (Attachment 13B) for inclusion in the 2025 Regional Transportation Improvement Program (RTIP); and
- 3) Approve that *TransNet* funds be used for operating expenses with a pledge that the District will expend the funds in compliance with the requirements of the *TransNet* Ordinance and Expenditure Plan.

**BACKGROUND
INFORMATION:**

Each year, the North County Transit District (NCTD/District) prepares and submits an update of its baseline five-year CIP by ranking ongoing and new capital investments according to internally established criteria, which ranks state of good repair, regulatory requirements, and safety and security as the highest priorities. District staff also continually review previously approved capital projects to ensure that they are advancing as planned, reallocate funding from projects that have anticipated savings or are no longer being pursued for various reasons, and review capital projects spending regularly to ensure that funds are being spent according to the projects budgets.

Per federal requirements, in order to receive funding, a final list of capital projects must be submitted to SANDAG for approval and incorporated into the RTIP and, subsequently, in the State of California Transportation Improvement Plan. The District will have the opportunity to make adjustments to this proposed FY2026-FY2030 CIP during the FY2026 annual budget process that will take place in the first half of calendar year 2025.

CAPITAL NEEDS

For the five fiscal years FY2026-FY2030, NCTD's capital needs total \$472.7 million for primarily state of good repair projects that NCTD implements and \$1.7 billion for capacity enhancing projects implemented by SANDAG under the *TransNet* Program. NCTD's Board of Directors (Board) approves the CIP for projects that are funded and implemented by NCTD.

Attachment 13F identifies Unconstrained CIP needs of \$114.7 million for FY2026 and \$472.7 million for the five-year period. Following is a summary of the major needs of District managed projects in the next five years:

- \$92.4 million for Control Point Songs double-track design and construction
- \$77.8 million for BREEZE East and West operations and maintenance facilities master plan improvements
- \$68.6 million for Positive Train Control and rail signals
- \$50.8 million for BREEZE fleet replacements and engines overhauls

- \$36.4 million for the Del Mar Fairgrounds Station Platform
- \$24.2 million for bus maintenance facilities improvements
- \$22.6 million for bridge repairs and replacements
- \$17.4 million for rail right-of-way improvements
- \$15.7 million for COASTER and SPRINTER maintenance facilities improvements
- \$13.2 million for SPRINTER corridor improvements
- \$12.8 million for stations and platforms improvements
- \$6.8 million for wireless mesh nodes
- \$6.6 million for SPRINTER fleet overhauls
- \$6.1 million for various software
- \$3 million for COASTER image recorders
- \$2.8 million for wayfinding and signage
- \$2.5 million for non-revenue vehicles
- \$2.0 million for bus stop improvements
- \$2.0 million for Buena Creek grade separation design

Following is a summary of the major unfunded capacity enhancement projects to be implemented by SANDAG (excluding the San Diego LOSSAN Rail Realignment):

- \$610.2 million for Carlsbad Village Trench
- \$500 million for Leucadia Grade Separation and Trench
- \$246.9 million for Sorrento to Miramar Phase 2
- \$238.4 million for Leucadia Double-Track
- \$79.5 million for Eastbrook to Shell double-track

FUNDING FORECASTS

NCTD receives federal, state, and local revenue to support both capital projects and ongoing operations. SANDAG is responsible for the apportionment of these various funds, as well as forecasting revenues for the Transportation Development Act (TDA) and *TransNet* local sales tax programs. The State of California State Controller's Office estimates the state apportionments of the State Transit Assistance (STA) and State of Good Repair (SGR) programs by January 31 of each year pursuant to statutory requirements. The Federal Register provides the apportionments for the federal programs, which are subject to Congressional appropriations. Federal Transit Administration (FTA) formula programs generally provide 80% of the cost of eligible activities. Additional state and local funding sources supplement the FTA programs.

Senate Bill 1 (SB1), the Road Repair and Accountability Act of 2017, increased gasoline and diesel taxes and added new vehicle taxes and fees to fund transportation. SB1 also created the State Rail Assistance Program by directing a portion of new revenue specifically to intercity rail and commuter rail operators. Most of the program funding is directed by statutory formula to rail operators.

California Assembly Bill 102 (AB 102) and Senate Bill 125 (SB 125) amended the Budget Act of 2023 to appropriate \$4 billion of General Fund to the Transit and Intercity Rail Capital Program (TIRCP), as well as \$910 million of Greenhouse Gas (GHG) Reduction Fund (GGRF) funding and \$190 million of Public Transportation Account (PTA) funding to establish the Zero-Emission Transit Capital Program

(ZETCP). NCTD was allocated \$53.3 million of SB125 and ZETCP in FY2025. Funding from FY2026 through FY2028 is dependent on the State's budget approval and release of the funds. SB125 funds of \$36.4 million have been allocated in FY2026 for the Del Mar Fairgrounds Station Platform.

The funding forecasts also includes discretionary grants that have been awarded to NCTD under the FTA Rebuilding American Infrastructure with Sustainability and Equity (RAISE) and the State of California Affordable Housing and Sustainable Communities programs.

The proposed FY2026-FY2030 CIP is based on the next five years grants revenue assumptions detailed in Attachment 13B.

PROPOSED FY2026-FY2030 CIP

District staff is proposing a capital budget of \$80.4 million for FY2026, which is \$34.3 million below the unconstrained needs of \$114.7 million, \$65.4 million above the Board target of \$15 million for capital investment, and \$34.1 million above the \$46.3 million funded in FY2025.

The CIP investment proposed over FY2026-FY2030 (Attachment 13A) is \$100.8 million, which is \$371.9 million below the unconstrained needs of \$472.7 million.

A detailed list of the proposed FY2026-FY2030 projects is included in Attachments 13C through 13E. The FY2026-FY2030 CIP will be reauthorized with the approval of the FY2026 operating budget. All years beyond FY2026 are subject to change.

DISCRETIONARY GRANT PROGRAMS

The District's Discretionary Grant Program identifies grant opportunities to support projects contained in the District's CIP. District staff will continue to aggressively pursue discretionary grant opportunities to help meet the needs of the District's CIP.

STAFF RECOMMENDATION

Staff recommends that the Board:

- 1) Approve the proposed FY2026-FY2030 CIP budget based on estimated federal and non-federal funding levels (Attachments 13A and 13B);
- 2) Forward a recommendation to the SANDAG Board of Directors to approve the proposed FY2026 CIP (Attachment 13C) and operating expenses (Attachment 13B) for inclusion in the 2025 RTIP; and
- 3) Approve that *TransNet* funds be used for operating expenses with a pledge that the District will expend the funds in compliance with the requirements of the *TransNet* Ordinance and Expenditure Plan.

ATTACHMENTS: 13A - FY2026-FY2030 CIP Constrained Baseline
13B - FY2026-FY2030 Grant Funding Summary
13C - FY2026 CIP Constrained Projects
13D - FY2027 CIP Constrained Projects
13E - FY2028 CIP Constrained Projects
13F - FY2026-FY2030 CIP Unconstrained Baseline

FISCAL IMPACT: The fiscal impact for FY2026 is estimated grant revenues of \$227.5 million, with \$80.4 million used for the FY2026 CIP and \$147.1 million available for operating and preventative maintenance expenditures.

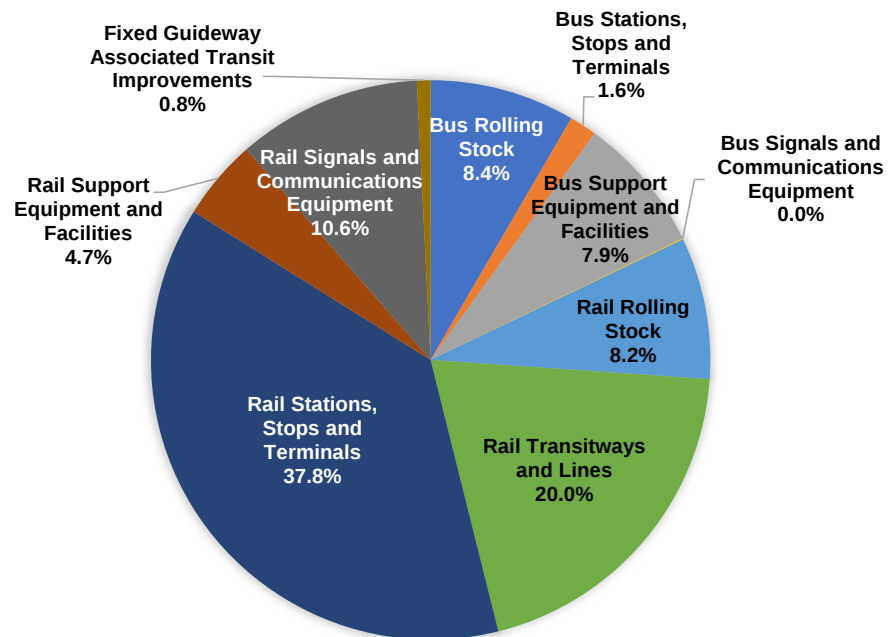
**COMMITTEE
REVIEW:**

None

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

**NORTH COUNTY TRANSIT DISTRICT
CAPITAL IMPROVEMENT PROGRAM
FY2026 - FY2030
CONSTRAINED BASELINE**

FTA Scope	FTA Scope Description	FY2026	FY2027	FY2028	FY2029	FY2030	5-Year
111	Bus Rolling Stock	\$ -	\$ 5,878,000	\$ 2,582,741	\$ -	\$ -	\$ 8,460,741
113	Bus Stations, Stops and Terminals	1,585,000	-	-	-	-	1,585,000
114	Bus Support Equipment and Facilities	5,724,500	2,070,000	150,000	-	-	7,944,500
116	Bus Signals and Communications Equipment	45,000	-	-	-	-	45,000
121	Rail Rolling Stock	1,410,000	5,948,783	901,690	-	-	8,260,473
122	Rail Transitways and Lines	19,177,815	1,005,060	-	-	-	20,182,875
123	Rail Stations, Stops and Terminals	38,091,621	-	-	-	-	38,091,621
124	Rail Support Equipment and Facilities	2,906,500	1,800,000	-	-	-	4,706,500
126	Rail Signals and Communications Equipment	10,705,000	20,000	-	-	-	10,725,000
129	Fixed Guideway Associated Transit Improvements	800,000	-	-	-	-	800,000
Total Constrained CIP		\$ 80,445,436	\$ 16,721,843	\$ 3,634,431	\$ -	\$ -	\$ 100,801,710



**NORTH COUNTY TRANSIT DISTRICT
GRANT FUNDING SUMMARY
FY2026 - FY2030**

Grant	FY2026	FY2027	FY2028	FY2029	FY2030	5-Year Total
Federal Transit Administration (FTA) Section 5307	\$ 27,935,334	\$ 28,519,182	\$ 29,115,233	\$ 29,723,742	\$ 30,344,968	\$ 145,638,459
Federal Transit Administration (FTA) Section 5337	20,340,722	20,669,835	21,004,273	21,344,122	21,689,470	105,048,422
Federal Transit Administration (FTA) Section 5339	1,830,702	1,849,833	1,869,164	1,888,696	1,908,433	9,346,828
Federal Transit Administration (FTA) Section 5311	641,568	641,568	641,568	641,568	641,568	3,207,840
Transportation Development Act (TDA) 4.0	53,199,000	53,661,000	54,923,000	55,999,000	57,678,970	275,460,970
Transportation Development Act (TDA) 4.5	2,791,000	2,815,000	2,881,000	2,938,000	3,026,140	14,451,140
State Transit Assistance (STA)	13,960,445	13,960,445	13,960,445	13,960,445	13,960,445	69,802,225
STA State of Good Repair	2,088,577	2,088,577	2,088,577	2,088,577	2,088,577	10,442,885
State Rail Assistance (SRA)	3,800,000	3,800,000	3,800,000	3,800,000	3,800,000	19,000,000
TransNet - Transit Services (Senior and Disabled)	504,000	511,000	525,000	539,000	555,170	2,634,170
TransNet - Transit Services (Operations and Capital)	19,016,000	19,256,000	19,806,000	20,312,000	20,921,360	99,311,360
TransNet - New Major Corridor Transit Operations	8,343,023	8,593,314	8,851,113	9,116,646	9,390,145	44,294,241
Low Carbon Transit Operations Program (LCTOP)	2,901,294	2,901,294	2,901,294	2,901,294	2,901,294	14,506,470
SB 125 Transit and Intercity Rail Capital Program (TIRCP)	43,578,110	4,755,681	-	-	-	48,333,791
Zero-Emission Transit Capital Program	3,467,415	3,467,415	3,467,415	-	-	10,402,245
Rebuilding American Infrastructure with Sustainability and Equity (RAISE)	10,208,557	-	-	-	-	10,208,557
Affordable Housing and Sustainable Communities	12,900,000	-	-	-	-	12,900,000
Total Grants Revenue	\$ 227,505,747	\$ 167,490,144	\$ 165,834,082	\$ 165,253,090	\$ 168,906,540	\$ 894,989,603

Allocations

Capital Improvement Program	\$ 80,445,436	\$ 16,721,843	\$ 3,634,431	\$ -	\$ -	\$ 100,801,710
Preventive Maintenance	45,850,328	48,054,720	63,934,148	66,195,700	67,428,589	291,463,485
Available for Operating Expenses	101,209,983	102,713,581	98,265,503	99,057,390	101,477,951	502,724,408
Total Allocations	\$ 227,505,747	\$ 167,490,144	\$ 165,834,082	\$ 165,253,090	\$ 168,906,540	\$ 894,989,603

NOTE: Grant revenues subject to change based on State allocation of funding and revised estimates from SANDAG and the State Controller's Office

**NORTH COUNTY TRANSIT DISTRICT
FY2026 CAPITAL IMPROVEMENT PROGRAM
CONSTRAINED PROJECTS**

Scope and Project Name	FY2026 CIP	% of Total
113 Bus Stations, Stops, and Terminals	\$ 1,585,000	2.0%
Bus Stops Improvements Phase II (Construction)	850,000	
Bus Stop Improvement Phase III (Construction)	625,000	
Sorrento Valley Bus Parking (Design)	110,000	
114 Bus Support Equipment and Facilities	5,724,500	7.1%
Non-Revenue Vehicles	965,000	
HVAC Various Replacements	885,000	
Trapeze Enterprise Asset Management	685,000	
HASTUS Scheduling Software	600,000	
Fire Alarm System (Construction)	550,000	
Battery Electric and Fuel Cell Electric Buses On-Board Equipment	540,000	
BREEZE Operations West Unleaded Dispensers	275,000	
BREEZE Operations East Conference Room	250,000	
Network Upgrades	175,000	
BREEZE Operations West Employee Parking (Design)	150,000	
BREEZE Hydrogen Sensors (Construction)	120,000	
PRONTO Enhancements	100,000	
BREEZE Operations East Offices Remodel	100,000	
BREEZE Operations West Hydrogen Fueling Station (Design)	85,000	
Server Upgrades	72,000	
BREEZE Operations East and West Gate System	70,000	
BREEZE Operations East and West Signage	52,000	
Hydro Enhance Elevator Upgrade	50,500	
116 Bus Signals and Communication Equipment	45,000	0.1%
RTMS Battery Replacement	45,000	
121 Rail Rolling Stock	1,410,000	1.8%
COASTER Image Recorders (Construction)	750,000	
SPRINTER WiTronix System	380,000	
COASTER Wheelset Refurbishment	280,000	
122 Rail Transitways and Lines	19,177,815	23.8%
SPRINTER Corridor Service Improvement (Environmental and Design)	12,760,695	
Miramar Rail Replacement	2,610,000	
Bridge 257.2 (Construction)	2,157,120	
Bridge 209.9 (Construction)	900,000	
Carlsbad Grade Crossing Safety Improvements	750,000	
123 Rail Stations, Stops and Terminals	38,091,621	47.4%
San Dieguito Lagoon Double-Track and Fairgrounds Station	36,396,621	
Oceanside Transit Center Pedestrian Crossing	795,000	
Platform Improvements	500,000	
Drought Tolerant Landscaping	200,000	
Oceanside Transit Center Platform Stormwater Improvements	200,000	

**NORTH COUNTY TRANSIT DISTRICT
FY2026 CAPITAL IMPROVEMENT PROGRAM
CONSTRAINED PROJECTS**

Scope and Project Name	FY2026 CIP	% of Total
124 Rail Support Equipment and Facilities	2,906,500	3.6%
Non-Revenue Vehicles	810,000	
Maintenance-of-Way Building Improvements (Construction)	540,000	
PRONTO Fare Collection Equipment (Convention Center)	500,000	
COASTER Train Wash (Construction)	500,000	
SPRINTER Fuel Dispenser	205,000	
COASTER Fuel Dispensing System (Design)	150,000	
COASTER Turntables (Design)	100,000	
COASTER Waste Rigs Carts	60,500	
Waste Pumping Carts	41,000	
126 Rail Signals and Communications Equipment	10,705,000	13.3%
Escondido Signal Modernization - Phase 8	5,675,000	
Escondido Signal Modernization - Phase 9	4,900,000	
Positive Train Control Disaster Recovery	130,000	
129 Fixed Guideway Associated Transit Improvements	800,000	1.0%
Wayfinding Master Plan	800,000	
TOTAL FY2026 CIP	\$ 80,445,436	100.0%

**NORTH COUNTY TRANSIT DISTRICT
FY2027 CAPITAL IMPROVEMENT PROGRAM
CONSTRAINED PROJECTS**

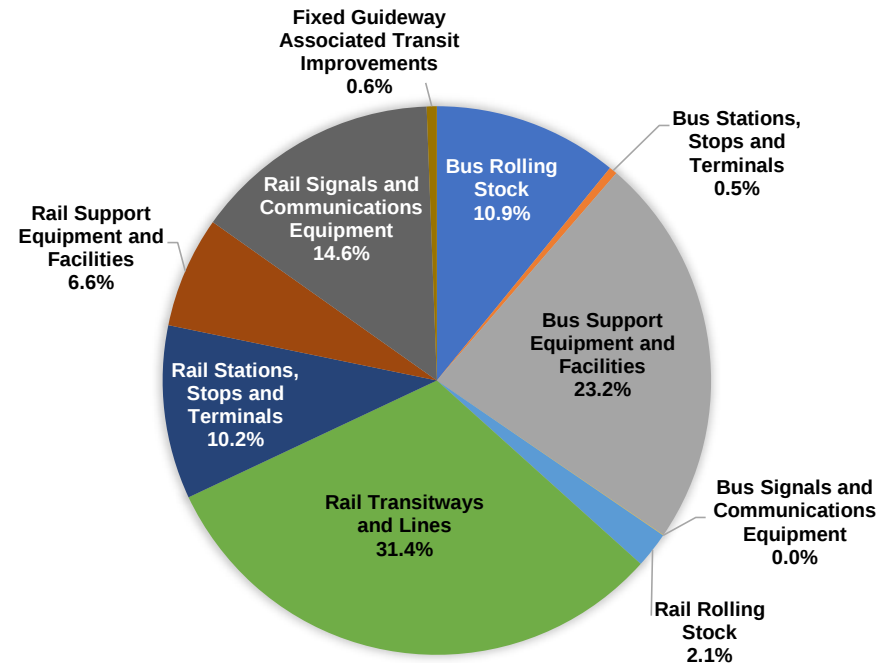
Description	FY2027 CIP	% of Total
111 Bus Rolling Stock	\$ 5,878,000	35.2%
Six (6) Battery Electric Buses	4,900,000	
Twenty-three (23) Hydrogen Fuel Buses	978,000	
114 Bus Support Equipment and Facilities	2,070,000	12.4%
Non-Revenue Vehicles	710,000	
Trapeze Enterprise Asset Management	685,000	
PRONTO Enhancements	400,000	
HASTUS Scheduling Software	150,000	
BREEZE Operations West Unleaded Dispensers	125,000	
121 Rail Rolling Stock	5,948,783	35.6%
COASTER Image Recorders (Construction)	2,250,000	
SPRINTER Engine Overhauls	2,200,000	
SPRINTER WiTronix System	888,783	
SPRINTER Wheelset Overhauls	320,000	
SPRINTER Axle Gearbox Overhauls	290,000	
122 Rail Transitways and Lines	1,005,060	6.0%
Bridge 257.2 (Construction)	1,005,060	
124 Rail Support Equipment and Facilities	1,800,000	10.8%
COASTER Train Wash (Construction)	1,800,000	
126 Rail Signals and Communications Equipment	20,000	0.1%
Positive Train Control Disaster Recovery	20,000	
TOTAL FY2027 CIP	\$ 16,721,843	100.0%

**NORTH COUNTY TRANSIT DISTRICT
FY2028 CAPITAL IMPROVEMENT PROGRAM
CONSTRAINED PROJECTS**

Description		FY2028 CIP	% of Total
111 Bus Rolling Stock		\$ 2,582,741	71.1%
	Twenty-three (23) Hydrogen Fuel Buses	2,582,741	
114 Bus Support Equipment and Facilities		150,000	4.1%
	PRONTO Enhancements	150,000	
121 Rail Rolling Stock		901,690	24.8%
	SPRINTER WiTronix System	901,690	
TOTAL FY2028 CIP		\$ 3,634,431	100.0%

**NORTH COUNTY TRANSIT DISTRICT
CAPITAL IMPROVEMENT PROGRAM
FY2026 - FY2030
UNCONSTRAINED BASELINE**

FTA Scope	FTA Scope Description	FY2026	FY2027	FY2028	FY2029	FY2030	5-Year
111	Bus Rolling Stock	\$ -	\$ 28,665,260	\$ 21,592,741	\$ 1,200,000	\$ -	\$ 51,458,001
113	Bus Stations, Stops and Terminals	1,905,000	345,000	-	-	-	2,250,000
114	Bus Support Equipment and Facilities	8,730,400	21,786,500	3,830,000	25,685,000	49,535,000	109,566,900
116	Bus Signals and Communications Equipment	45,000	-	-	-	-	45,000
121	Rail Rolling Stock	3,070,000	5,948,783	901,690	-	-	9,920,473
122	Rail Transitways and Lines	30,212,815	19,170,789	46,376,152	36,039,875	16,421,552	148,221,183
123	Rail Stations, Stops and Terminals	41,898,621	3,113,000	3,366,000	-	-	48,377,621
124	Rail Support Equipment and Facilities	7,646,000	10,550,000	5,148,000	4,705,000	3,000,000	31,049,000
126	Rail Signals and Communications Equipment	18,445,000	33,972,500	16,650,000	-	-	69,067,500
129	Fixed Guideway Associated Transit Improvements	2,765,900	-	-	-	-	2,765,900
Total Constrained CIP		\$ 114,718,736	\$ 123,551,832	\$ 97,864,583	\$ 67,629,875	\$ 68,956,552	\$ 472,721,578



STAFF REPORT

RECEIVE THE FISCAL YEAR 2024 FINANCIAL AUDIT RESULTS AND ANNUAL COMPREHENSIVE FINANCIAL REPORT

Time Sensitive: ☐ **Consent:** ☒

**STAFF
RECOMMENDATION:**

Receive the Fiscal Year 2024 (FY2024) 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 (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, 2024 and will be presenting the audit results and auditor's communication with those charged with governance.

Below are some of the FY2024 financial highlights:

- Cash and investments of \$109 million as of June 30, 2024 and maintained the minimum cash reserve required by Board Policy No. 10 *Cash Reserve Funds*
- Net operating income of \$5 million (excluding depreciation, amortization, and GASB 68/GASB 75 actuarial adjustments)
- Capital expenditures of \$57 million

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

ATTACHMENTS:

14A – Eide Bailly Presentation FY2024
14B – Eide Bailly Letter to the Board FY2024
14C – Audited Annual Comprehensive Financial Report FY2024
14D – Single Audit and TDA Report FY2024

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



NORTH COUNTY TRANSIT DISTRICT

Communication With Those Charged With Governance

AUDIT SERVICES

- Audit of the Annual Comprehensive Financial Report (Annual Report or Financial Statements)
- Reports on internal control over financial reporting and on compliance 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 that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with U.S. GAAP.
- Express an opinion on whether NCTD complied with compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each major federal program.
- 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 the ACFR

Government Auditing Standards

- No material weaknesses reported
- No instances of noncompliance reported

Single Audit

- Major Programs
 - 20.500/20.507/20.525/20.526: *Federal Transit Cluster*
- Unmodified opinion on compliance
- No material weaknesses reported

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
- No initial selection of accounting policies and no changes in significant account policies

Significant Risks Identified

- The potential for management override
- Revenue recognition
- Estimates related to NCTD's net pension liability, related deferred inflows/outflows of resources and expenses

AUDITOR COMMUNICATIONS

Significant Estimates / Sensitive Disclosures

- Fair Value of Interest Rate Swaps (Note 7)
- Net Pension Liability (Note 13)
- Other Postemployment Benefits (OPEB) Liability (Note 14)

Uncorrected Misstatements

- There were no uncorrected or corrected misstatements identified as a result of our audit procedures.

AUDITOR COMMUNICATIONS

Consultations with Other Accountants

- Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Significant Difficulties

- We encountered no significant difficulties in dealing with management.

Disagreements with Management

- No disagreements arose during the course of the audit.

THANK YOU

Kinnaly Soukhaseum

Partner

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909.466.4410



CPAs & BUSINESS ADVISORS

This presentation is presented with the understanding that the information contained does not constitute legal, accounting or other professional advice. It is not intended to be responsive to any individual situation or concerns, as the contents of this presentation are intended for general information purposes only. Viewers are urged not to act upon the information contained in this presentation without first consulting competent legal, accounting or other professional advice regarding implications of a particular factual situation. Questions and additional information can be submitted to your Eide Bailly representative, or to the presenter of this session.



December 20, 2024

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, 2024, and have issued our report thereon dated December 20, 2024. 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 September 11, 2024, 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 20, 2024. 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 20, 2024.

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.

Significant Risks Identified

As stated in our auditor's report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as "significant risks." We have identified the following as significant risks.

- The potential for management override of internal control
- Revenue recognition
- Estimate related to NCTD's net pension liability, related deferred inflows/outflows of resources and expenses

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. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application as of June 30, 2024. 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.

Significant Accounting Estimates

Accounting estimates 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. There were no uncorrected or corrected misstatements identified as a result of our audit procedures.

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 identify any circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated December 20, 2024.

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.

Eide Bailly LLP

Rancho Cucamonga, California



NORTH COUNTY TRANSIT DISTRICT



Annual Comprehensive Financial Report

**For the Fiscal Years Ended
June 30, 2024 and 2023**



Prepared by: Finance Division, North County Transit District



WHO WE ARE

North County Transit District's services are a vital part of San Diego's regional transportation network. During fiscal year 2024, NCTD moved approximately 7.7 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

North County Transit District'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

North County Transit District 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 the District's "North Star", which provides the framework on how the District prioritizes business initiatives and projects. The District's North Star guides the District's focus and commitment to the communities it serves, its customers, the environment, and its employees, with the following strategic areas of focus:

- World-Class Customer Experience, Safety, and Security
- Fiscal Duty
- Equity, Environmental, and Economic Justice
- Community and Governmental Stewardship
- Our Team

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Introductory Section (Unaudited)

Letter of Transmittal



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(760) 967-2001 (fax)
GoNCTD.com

December 20, 2024

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

On behalf of the North County Transit District (NCTD and/or District), we are pleased to present you with the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. 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 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 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 operations for Fiscal Year 2024 (FY2024) and Fiscal Year 2023 (FY2023).

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. 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.

Operations, Services and Activities

During FY2023 and FY2024, 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 November 12, 2024, NCTD formally notified MV that NCTD will assume bus operations on July 1, 2025.

Facilities maintenance, maintenance-of-way, and signal functions were insourced on June 25, 2023, the end of fiscal year 2023. NCTD had 382.75 full-time equivalents (FTEs) employees budgeted for FY2024 and an additional 494 FTEs budgeted under the MV contract.

On June 10, 2024, the first NCTD+ microtransit pilot program was launched in San Marcos. Microtransit is one of several mobility solutions included in a category frequently referenced in the region as “Flexible Fleets.” Microtransit utilizes smaller capacity buses and vans to provide on-demand trips within defined service zones. All trips must start and end within the same service zone. Microtransit is a context sensitive solution that can meet a variety of mobility needs.

NCTD will launch two zones each fiscal year over the next two fiscal years, subject to vehicle, operator, and funding availability. This staged implementation of microtransit will enable NCTD to assess the program effectiveness as it considers broader deployment of microtransit zones. Each NCTD+ microtransit pilot will last 12 months. During each pilot, service zones will be monitored and evaluated based on industry best practices for measures of effectiveness, efficiency, and overall customer satisfaction.

On June 10, 2024, NCTD also launched the new COASTER Connection, which provides a first and last mile solution for COASTER passengers traveling to or from the Sorrento Valley COASTER Station. The service includes five routes in the Sorrento Valley, University Town Center, and Torrey Pines areas of the City of San Diego. NCTD staff conducted outreach to existing and prospective riders, businesses and property owners in the area, University of California, San Diego (UCSD), and other stakeholders to gather feedback on the proposed service plan. Sorrento Valley and the surrounding area is the largest of 79 regional employment centers. There are more than 129,000 employees in the area and 57,000 residents. The Sorrento Valley COASTER Station is the third most utilized NCTD COASTER station. COASTER Connection makes it more convenient for Sorrento Valley to choose transit to commute to work and more.

FY2024 also marked another year of advancing several critical bus and rail projects, as well as NCTD's redevelopment projects. NCTD has started to transition its bus fleet to zero emission operations and has received funding for 35 hydrogen fuel cell electric buses and eight battery electric buses. NCTD has also commissioned a study to guide the transition of the rail fleet to zero emission operations with the understanding that the SPRINTER fleet must be replaced as soon as possible to maintain reliability of the service. Construction began on the Del Mar Bluffs Phase 5 stabilization project and full funding has been secured to build a COASTER platform at the San Diego Convention Center in downtown San Diego, as well as the replacement of the Batiquitos Lagoon and San Dieguito River Railway bridges. NCTD has entered into Exclusive Negotiating Agreements or is in the due diligence period for redevelopment at the Oceanside Transit Center, Rancho Del Oro and Melrose SPRINTER stations, Escondido Transit Center, Carlsbad Village COASTER station, and Carlsbad Poinsettia COASTER station. A Request for Proposals was issued for the Vista Civic Center SPRINTER station.

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 29% of NCTD's total operating revenues and 32% of NCTD's capital revenues during FY2024.

State and local sales taxes revenue are a significant source of funding for NCTD. The Mills-Alquist-Deddeh Act (SB 325), or Transportation Development Act of 1971 (TDA), was enacted by the California Legislature to improve existing public transportation services and encourage regional transportation coordination. 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. In 1987, San Diego County residents approved the 20-year TransNet program, a half-cent sales tax to fund a variety of transportation projects throughout San Diego County. In November 2004, voters approved an extension ordinance and expenditure plan (Proposition A) that extends the TransNet program to 2048. Authorized usage of TransNet funds include highway, transit, and local road projects that reduce traffic congestion in San Diego County. SANDAG administers the funds generated by TransNet. The share of LTF and TransNet fund between NCTD and MTS is allocated based on the population of each transit agency's service areas. NCTD COASTER service is also eligible to receive TransNet 8.1% funding for frequency increases to 30 daily weekday trains and 20 daily weekend trains. TDA and TransNet revenues comprised 29% and 17%, respectively, of NCTD's operating revenues during FY2024.

Slowing sales tax revenues in the coming years reinforces the need for the District to diversify its revenue sources and manage expenses. Although new transit funding was appropriated at both the federal and state level in the past few years, the challenging State budget outlook could impact the availability of dedicated funding for transit. For capital improvements, NCTD will continue to aggressively pursue discretionary grant opportunities to maintain a state of good repair for all modes and infrastructure as well as support capacity enhancing projects. We are looking to improve the management of contracted services and leveraging existing resources to achieve outcomes. NCTD is also continuing to advance redevelopment projects at our SPRINTER and COASTER stations to create a dedicated revenue stream and grow ridership.

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 District operations and adopts the debt by resolution.

NCTD's FY2024 operating expenses were under budget by \$32.5 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 \$109 million as of June 30, 2024 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.

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 the District. The budget document includes a 5-Year Plan that provides a long-term outlook of the District'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 2025 (FY2025) to Fiscal Year 2029 (FY2029) 5-Year Plan forecasts that NCTD will achieve balanced operating

budgets in the next five years. However, there will be a significant decline in funding available for capital investments from formula funding and NCTD will need to rely on discretionary grants to meet NCTD's annual needs for capital investment. NCTD develops an annual discretionary grants strategy to highlight capital needs and prioritize and focus the pursuit of grant opportunities. NCTD's capital budget for FY2025 is \$46.2 million, exceeding the Board's annual capital investment goal of \$15 million.

NCTD's pension plan was funded at 71.5% as of the measurement period ended June 30, 2023, mostly unchanged from 71.1% for the measurement period ended June 30, 2022. NCTD has fully met its annual actuarially determined contributions each year since fiscal year 2009. Beginning in FY2022, NCTD began making additional contributions towards the unfunded pension liability with the goal of fully funding the pension plan by 2035, which would result in significant interest savings to the District.

Strategic Areas of Focus

Each year, NCTD staff, its Board of Directors, customers, and key stakeholders identify Areas of Focus for the District. 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 the District. Below are the strategic areas of focus for the District:

- World Class Customer Experience, Safety and Security
 - Improving Reliability, Frequency, and the Customer Experience
 - Build for Service Expansion
 - More Real Time Information
 - Explore Ability to Manage Corridor / Planning Studies Independently
 - Upgrade of Positive Train Control System
 - Continued Focus by the District's Sheriff's Team
 - Additional Security on Service and Transit Centers
- Fiscal Duty
 - Pursue Additional Funding Sources
 - Actively and Aggressively Find Grant Opportunities for Capital
 - Focus on Management of Consultants
 - Evaluate Fare Simplification / COASTER Fare Zones
 - Seek SPRINTER Replacement Funding Now
 - Explore Opportunities to Manage Projects In-House vs. Metropolitan Planning Organization (MPO)
 - Ensure North County Communities Benefit from Project Opportunities
- Equity, Environmental and Economic Justice
 - Protect and Manage Land Use in Transit Projects
 - Understand the Impacts of Alternative Fuels on Agency Expenses
 - Continue Efforts on Bluff Erosion Mitigation
 - Understand Workforce / Affordable Housing Impacts in Developments
 - Managing Service Needs for Essential Workers
 - Building Frequency for Access to Jobs, Education, Healthcare
 - Supporting Local Economies Through Robust Transit Options
 - Focus on Youth Opportunity Pass
- Community and Governmental Stewardship
 - 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 (e.g. Sorrento Valley COASTER Connection)
 - Attend Community Events and Expanded Involvement at City / County Planning Levels

- Relationships with Federal Transit Administration (FTA), Federal Railroad Administration (FRA), Department of Transportation (DOT), and Elected Officials to Enact Policy Changes
 - Provide Feedback to Federal Reauthorization and Funding Opportunities
 - Los Angeles-San Diego-San Luis Obispo (LOSSAN) Corridor Opportunities
- Our Team
- Employees Must Have Tools Necessary to Be Successful
 - Succession Planning for Future Leaders
 - Learning and Development Opportunities Available for All Employees
 - Front Line Employee Safety and Security
 - Managing the Cost of Employee Benefit Contribution
 - Ensuring 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 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 the District.

Respectfully submitted,



Shawn Donaghy
Chief Executive Officer



Eun Park-Lynch
Chief Financial Officer

Board of Directors



Jewel Edson
Council Member, City of Solana Beach
Board Chair
Chair of Executive Committee
Member of Performance, Administration,
and Finance Committee
SANDAG Board of Directors, Advisory
Member
SANDAG Transportation Committee, Alternate
LOSSAN Corridor Board of Directors, Chair
LOSSAN Corridor Executive Committee



Priya Bhat-Patel
Council Member, City of Carlsbad
Board Vice-Chair
Vice-Chair of Executive Committee
Chair of Performance, Administration,
and Finance Committee
SANDAG Board of Directors, Alternate
SANDAG Transportation Committee, Voting
Member



Tracy Martinez
Council Member, City of Del Mar
**Member of Marketing, Service Planning,
and Business Development Committee**
LOSSAN Corridor Board of Directors,
Alternate



Kellie Hinze
Council Member, City of Encinitas
**Vice-Chair of Marketing, Service
Planning, and Business Development
Committee**



Joe Garcia
Deputy Mayor, City of Escondido
**Member of Performance, Administration,
and Finance Committee**
SANDAG Regional Planning Committee,
Advisory Member



Rick Robinson
Council Member, City of Oceanside
**Member of Marketing, Service Planning,
and Business Development Committee**
SANDAG Regional Planning Committee,
Alternate Member



Jim Desmond
District 5 Supervisor,
County of San Diego



Sharon Jenkins
Deputy Mayor, City of San Marcos
**Vice-Chair of Performance,
Administration, and Finance Committee**
Member of Executive Committee
SANDAG Board of Directors, 2nd [Alternate](#)



Corinna Contreras
Council Member, City of Vista
**Chair of Marketing, Service Planning,
and Business Development Committee**
Member of Executive Committee
SANDAG Transportation Committee, 2nd
[Alternate](#)



Kent Lee
Council Member, District 6,
City of San Diego
Non-Voting Board Member

Board of Directors (continued)



Shawn Donaghy
Chief Executive Officer
North County Transit District



Lori A. Winfree
General Counsel
North County Transit District



Mary Dover
Chief of Staff
North County Transit District



Suheil Rodriguez
Director of Administration
Clerk of the Board
North County Transit District



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, 2023. 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 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

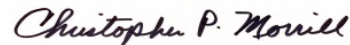
Certificate of Achievement for Excellence in Financial Reporting

Presented to

**North County Transit District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023



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.



NCTD provides integrated public transit service primarily within North San Diego County with its BREEZE buses, FLEX deviated fixed-route, LIFT ADA-certified paratransit, COASTER commuter rail, and SPRINTER hybrid rail modes of transportation. 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 951,394 (SANDAG Data Surfer 2023 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, 2024, the active fleet consisted of 152 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 FY2024, the BREEZE had 4.9 million boarding compared to 4.5 million boardings for FY2023, which represented an increase of 8.3% from FY2023.



LIFT ADA Paratransit

NCTD has a fleet of 42 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. 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.



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. LIFT is provided by NCTD through its contractors, ADARide and MV Transportation (MV). ADARide is responsible for determining eligibility and certification, while MV is responsible for providing reservations, dispatching, and transportation.

In FY2024, NCTD provided 105,244 rides to LIFT paratransit passengers throughout Northern San Diego County compared to 93,136 boardings in FY2023, representing a 13.0% increase from FY2023.

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.



FLEX Deviated Fixed-Route and Point-Deviated Fixed-Route (continued)

The FLEX fleet is comprised of 12 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 that allow passengers to use a transit card for seamless travel.

In FY2024, NCTD provided 48,663 FLEX rides compared to 38,624 boardings in FY2023, representing a 26.0% increase from FY2023.

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.

COASTER service is provided with nine state-of-the-art Siemens Tier-4 locomotives and 28 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 FY2024 the COASTER transported 852,993 passengers, comprised primarily of workers, tourists, and special event attendees, which represented an increase of 4.9% compared to FY2023 with 813,207 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 FY2024, SPRINTER had 1.82 million boarding compared to 1.68 million boardings for FY2023, which represented an increase of 8.2% from FY2023.

NCTD+ Microtransit Services

NCTD+ is NCTD's new on-demand microtransit mode that was introduced on June 10, 2024, with the launch of the San Marcos pilot zone. Microtransit is one of several mobility solutions included in a category frequently referenced in the San Diego region as "Flexible Fleets." 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 is a context sensitive solution that 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; 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); and supplying local circulation to connect community scale destinations, particularly when there is inadequate pedestrian or bicycle infrastructure. As a demand response service, microtransit has a higher cost on a per passenger basis when compared to fixed routes.

During the last month of FY2024, NCTD+ transported 136 passengers.

Bus Operations and Vehicle Maintenance

NCTD contracts the responsibility for bus operations and vehicle maintenance to MV Transportation (MV). NCTD's BREEZE, FLEX, LIFT, and NCTD+ service had an FY2024 budget of 292 vehicle operators and 70 mechanics that work under its contractor.

MV operates and maintains buses, vans, and numerous other transit support vehicles. To maintain this fleet, mechanics work 24 hours a day, seven days a week at two locations: the West Division facility in Oceanside and the East Division in Escondido. These bus yards include fueling stations, maintenance and administration buildings, parking areas for buses, service vehicles, and bus operators' vehicles. Inside the maintenance buildings there are bus repair bays, pits for general servicing, bus lifts, hoists, forklifts, engine repair benches, a body shop, a parts inventory storeroom, and a paint shop. Maintenance continues around the clock to keep the buses in a state of good repair and keep road calls and service interruptions to a minimum. In addition to servicing and repairing the bus fleet, the maintenance contractors also maintain a fleet of service vehicles, administrative automobiles, forklifts, and ride-on sweepers.



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, 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, 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. NCTD contracts with MV Transportation for the maintenance of its bus operations facilities.

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, the Office of Chief of Staff, and 10 Divisional Chiefs that oversee each of the functional divisions. These divisions include Rail Operations; Rail Right-of-Way; Safety and Security; Development Services; Procurement and Contract Administration; Finance; Planning and Customer Experience; Bus Operations; Information Technology; 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).

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 and 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 Rail Right-of-Way Division is responsible for the maintenance of the railroad right-of-way and signals and communication systems to support safe and efficient rail operations in compliance with the specifications and regulations of the FTA, FRA, CPUC, and other applicable regulatory and governing agencies.

The Safety and Security Division oversees the District's security program including monitoring center staff and external law enforcement resources, and has the overall responsibility for NCTD's comprehensive safety programs to foster a proactive organizational safety culture to ensure a safe, secure and healthy environment for all employees, passengers, contractors, and the general public.

The Development Services Division oversees NCTD real estate interests, facility and equipment maintenance operations, asset management, projects management, and development of rail capital improvement projects.

Management and Oversight (continued)

The Procurement and Contract Administration Division is responsible for the procurement of goods and services and contract administration for the District in accordance with State of California Public Contracting Code, Federal Transportation Administration Circular 4220.1F, NCTD Board policies, and internal compliance standards.

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 Planning and Customer Experience Division coordinates the multimodal transit service operations planning, which includes reviewing, maintaining, and revising schedules to ensure reliable service to the public. Customer service staff serve in-person retail outlets, a call center, and the ADA Eligibility Center.

The Bus Operations Division manages the outsourced contract for bus operations and maintenance to ensure compliance with state and federal regulatory requirements. This includes monitoring, directing, and auditing the contractors that deliver BREEZE, LIFT, FLEX, and NCTD+ transit services.

The Information Technology Division supports the operational and administrative technology for the District. This Division is responsible for the delivery of technology projects and programs necessary to deliver safe, convenient, reliable, and compliant public transportation services including Positive Train Control (PTC), railroad signal, and train control system projects.

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, 2024 and 2023, 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, 2024 and 2023, and the changes in financial position and 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.

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 20, 2024, 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 20, 2024

Management's Discussion and Analysis
(Required Supplementary Information)
(Unaudited)
June 30, 2024 and 2023

Introduction

The following discussion and analysis of the financial performance and activity of the North County Transit District (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 three components: net investment in capital assets, restricted, 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, 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	772,041,400	777,645,753	(5,604,353)	(1%)
Total assets	957,109,220	954,202,333	2,906,887	0%
Deferred outflows of resources	12,582,446	13,282,236	(699,790)	(5%)
Current liabilities	55,373,152	68,961,759	(13,588,607)	(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	10,444,270	12,625,393	(2,181,123)	(17%)
Total liabilities	180,885,438	176,608,281	4,277,157	2%
Deferred inflows of resources	16,749,107	17,569,361	(820,254)	(5%)
Net position:				
Net investment in capital assets	749,605,848	752,465,365	(2,859,517)	(0%)
Unrestricted	22,451,273	20,841,562	1,609,711	8%
Total net position	\$ 772,057,121	\$ 773,306,927	\$ (1,249,806)	(0%)

In fiscal year 2024, current assets increased by \$8.4 million (5%) and current liabilities decreased by \$13.6 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, the District received \$18.3 million of contributed assets from SANDAG for improvements along the COASTER rail corridor. Additional details surrounding the District'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 the District'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, 2023 and June 30, 2022:

	2023	(As restated) 2022	Increase (Decrease) \$	Increase (Decrease) %
Current assets	\$ 159,306,712	\$ 147,224,179	\$ 12,082,533	8%
Long-term assets	17,249,868	17,529,676	(279,808)	(2%)
Capital assets	777,645,753	828,296,259	(50,650,506)	(6%)
Total assets	954,202,333	993,050,114	(38,847,781)	(4%)
Deferred outflows of resources	13,282,236	7,362,378	5,919,858	80%
Current liabilities	68,961,759	60,795,302	8,166,457	13%
Long-term debt	17,750,000	19,100,000	(1,350,000)	(7%)
Long-term unearned grant revenue	33,280,094	30,769,430	2,510,664	8%
Net pension liability	43,991,035	27,297,795	16,693,240	61%
Other noncurrent liabilities	12,625,393	10,677,003	1,948,390	18%
Total liabilities	176,608,281	148,639,530	27,968,751	19%
Deferred inflows of resources	17,569,361	29,406,515	(11,837,154)	(40%)
Net position:				
Net investment in capital assets	752,465,365	804,537,851	(52,072,486)	(6%)
Unrestricted	20,841,562	17,828,596	3,012,966	17%
Total net position	\$ 773,306,927	\$ 822,366,447	\$ (49,059,520)	(6%)

In fiscal year 2023, current assets increased by \$12.1 million (8%) and current liabilities increased by \$8.2 million (13%) as compared to fiscal year 2022; overall working capital increased by \$3.9 million from FY2022 to FY2023. The increase in working capital was mainly attributed to additional Transportation Development Act (TDA) funds that were programmed for future capital projects that are anticipated to be completed beyond 12 months. Cash and investments increased mainly as result of collections on outstanding receivables in the prior fiscal year from the California Department of Transportation (\$5.0 million), SANDAG (\$7.0 million), California State Transportation Agency (\$3.6 million), Federal Railroad Administration (FRA) (\$2.2 million), and the California Transportation Commission (\$3.7 million).

Capital assets decreased in fiscal year 2023 as result of a higher depreciation expense by \$53.6 million compared to FY2022, which was partially offset by new capital investments of \$44.5 million. Major capital expenditures during FY2023 included \$10.4 million for COASTER expansion train sets, \$3.1 million for San Diego Subdivision signal replacements, \$2.8 million for Positive Train Control (PTC), \$2.7 million for six battery electric buses, \$2.4 million for various SPRINTER overhauls, \$2 million for COASTER bi-level overhauls, \$1.9 million for Oceanside and Encinitas right-of-way fencing, \$1.7 million for a new COASTER bi-level cab car, \$1.6 million in radio upgrades. Other additions related to an increase in right-to-use assets. Additional details surrounding the District's capital assets can be found in Note 5.

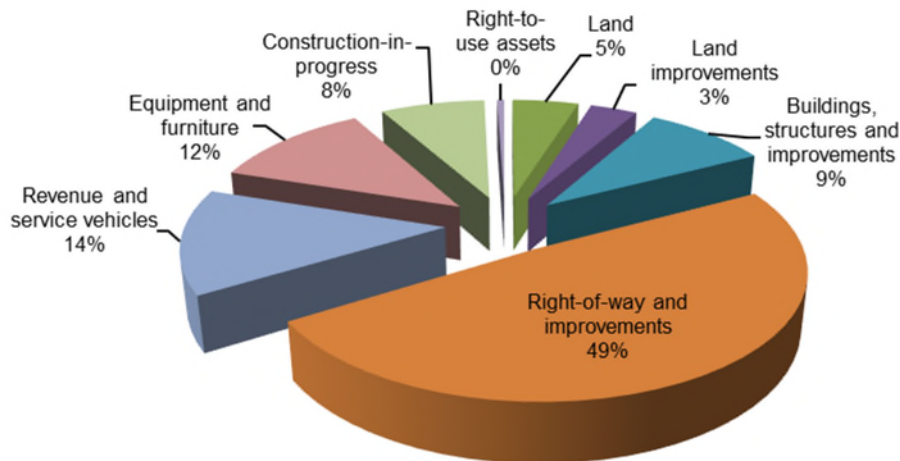
Long-term debt decreased by \$1.35 million in FY2023 due to principal payments made on the Certificates of Participation. Long-term unearned grant revenues increased by \$2.5 million (8%) for local funds that are anticipated to be spent after June 30, 2024. Additional details surrounding the District's long-term debt can be found in Note 7.

Net Capital Assets

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	Increase (Decrease) \$	Increase (Decrease) %
Capital Assets				
Land	\$ 92,246,158	\$ 92,274,014	\$ (27,856.00)	(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:

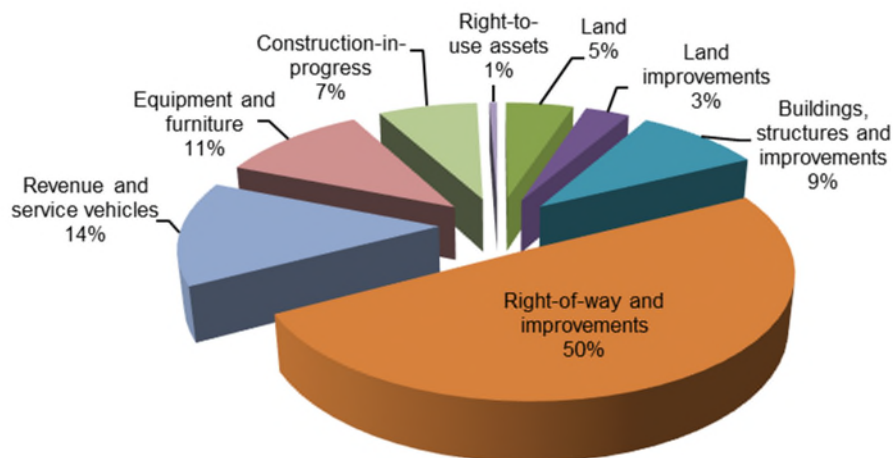
- Major capital expenditures during FY2024 included \$16.6 million for hydrogen fuel cell electric buses, \$8.4 million for various maintenance buildings improvements and repairs, \$7.8 million for COASTER expansion train sets, \$5.8 million for signals replacements and improvements, \$2.6 million for 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.

Net Capital Assets (continued)

During fiscal year 2023, the amount of net capital assets decreased by \$50.6 million. Below is a more detailed analysis of the changes in NCTD's capital assets and accumulated depreciation during the year ended June 30, 2023:

	2023	(As restated) 2022	Increase (Decrease) \$	Increase (Decrease) %
Capital Assets				
Land	\$ 92,274,014	\$ 92,274,014	\$ -	0%
Land improvements	60,399,626	60,090,788	308,838	1%
Buildings, structures and improvements	170,694,684	170,394,169	300,515	0%
Right-of-way and improvements	906,216,603	912,483,512	(6,266,909)	(1%)
Revenue and service vehicles	252,086,051	253,242,747	(1,156,696)	(0%)
Equipment and furniture	200,790,943	211,416,007	(10,625,064)	(5%)
Construction-in-progress	135,000,746	118,588,802	16,411,944	14%
Right-to-use assets	10,433,235	6,469,001	3,964,234	61%
Total	1,827,895,902	1,824,959,040	2,936,862	0%
Less: accumulated depreciation/ amortization	1,050,250,149	996,662,781	53,587,368	5%
Net Capital Assets	\$ 777,645,753	\$ 828,296,259	\$ (50,650,506)	(6%)

Below is a graph that shows the percentages by asset class for capital assets at June 30, 2023:



Below are some of the significant changes in net capital assets during fiscal year 2023:

- Capital asset expenditures in fiscal year 2023 included \$10.4 million for COASTER expansion train sets, \$3.1 million for San Diego Subdivision signal replacements, \$2.8 million for Positive Train Control (PTC), \$2.7 million for six battery electric buses, \$2.4 million for various SPRINTER overhauls, \$2 million for COASTER bi-level overhauls, \$1.9 million for Oceanside and Encinitas right-of-way fencing, \$1.7 million for a new COASTER bi-level cab car, \$1.6 million in radio upgrades, and \$3.1 million in SBITA right-to-use assets upon adoption of Government Accounting Standards Board (GASB) Statement 96 – *Subscription-based Information Technology Arrangements (SBITAs)*.
- Increased depreciation expense in FY2023 as result of the start of depreciation of \$307.3 million of right-of-way contributed assets from SANDAG in FY2022 was offset against capital asset expenditures of \$44.5 million.

Condensed Statements of Revenue, Expenses, and Change in Net Position

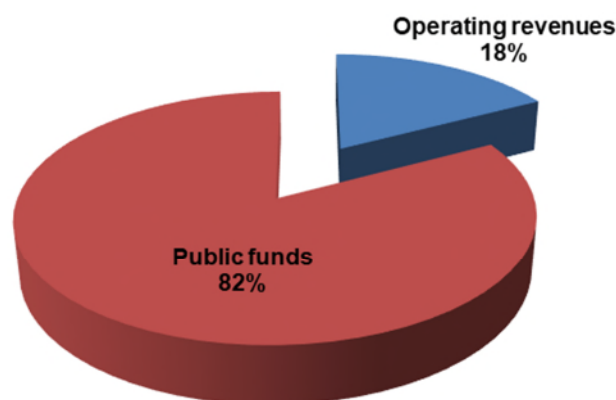
Below is a summary of NCTD's Statements of Revenues, Expenses and Changes in Net Position for the fiscal years 2024 and 2023:

	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	<u>\$ 772,057,121</u>	<u>\$ 773,306,927</u>	<u>\$ (1,249,806)</u>	(0%)

The overall change in net position for fiscal year 2024 was an increase of \$47.8 million compared to fiscal year 2023, 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%.



Condensed Statements of Revenue, Expenses, and Change in Net Position (continued)

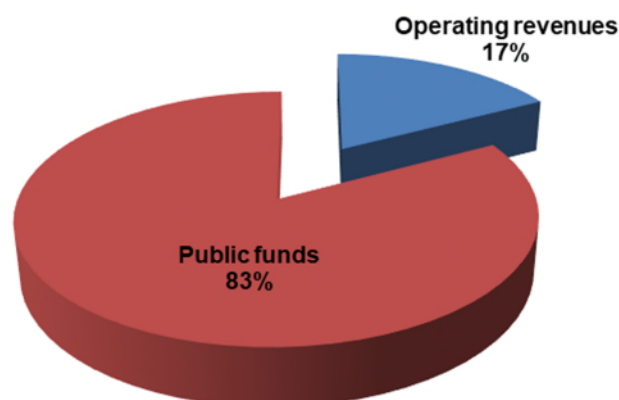
Below is a summary of NCTD's Statements of Revenues, Expenses and Changes in Net Position for the fiscal years 2023 and 2022:

	2023	(As restated) 2022	Favorable (Unfavorable) \$	Favorable (Unfavorable) %
Operating revenues	\$ 25,735,775	\$ 24,517,518	\$ 1,218,257	5%
Operating expenses	(243,735,508)	(214,325,856)	(29,409,652)	(14%)
Operating loss	(217,999,733)	(189,808,338)	(28,191,395)	(15%)
Nonoperating revenues/expenses, net	124,389,358	111,677,291	12,712,067	11%
Capital grants and contributions	44,550,855	119,483,518	(74,932,663)	(63%)
Change in net position	(49,059,520)	41,352,471	(90,411,991)	219%
Net position				
Beginning of year	822,366,447	781,013,976	41,352,471	5%
End of year	\$ 773,306,927	\$ 822,366,447	\$ (49,059,520)	(6%)

The overall change in net position for fiscal year 2023 was a decrease of \$90.4 million compared to fiscal year 2022, which was primarily due to lower SANDAG contributed assets in FY2023 (\$0.1 million in FY2022 compared to \$37.7 million in FY2022). SANDAG's contributed assets are recorded after projects are completed along the COASTER rail line and NCTD takes over maintenance responsibilities. In addition, capital grants revenues, which are directly related to capital expenditures, were lower by \$37.3 million in FY2023 compared to FY2022.

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 2023, of the total non-capital funding, operating revenues of \$25.7 million accounted for 17% and public funds (operating grants) of \$123.4 million accounted for 83%.

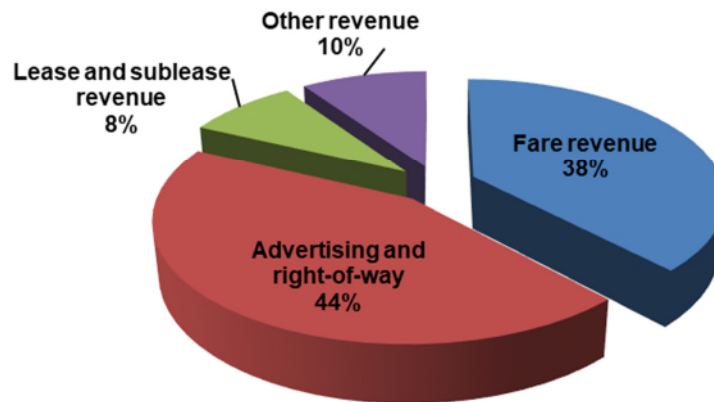


Operating Revenues

During fiscal year 2024, NCTD's operating revenues increased by 10%, as compared to fiscal year 2023. Below is a more 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	<u>\$ 28,242,895</u>	<u>\$ 25,735,775</u>	<u>\$ 2,507,120</u>	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.

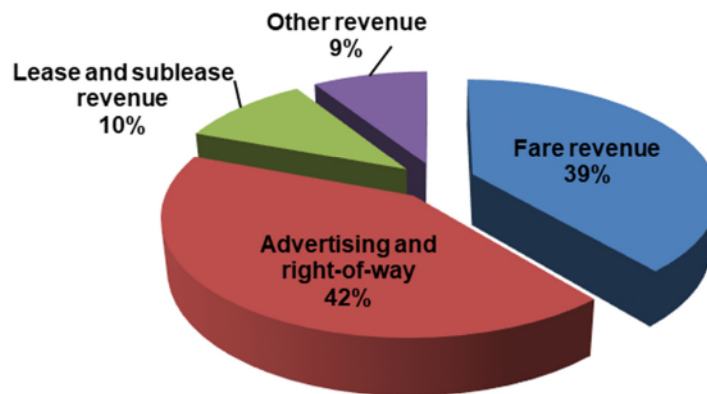
Right-of-way revenues increased as result of higher reimbursements for rail maintenance and dispatching from Amtrak and BNSF, which were adjusted upwards based on the Consumer Price Index (CPI) and the AAR Railroad Cost Index, respectively, as specified in the individual shared use agreements.

Operating Revenues (continued)

During fiscal year 2023, NCTD's operating revenues increased by 5%, as compared to fiscal year 2022. Below is a more detailed breakdown of NCTD's operating revenues:

	2023	(As restated) 2022	Increase (Decrease) \$	Increase (Decrease) %
Fare revenue	\$ 9,988,460	\$ 8,775,892	\$ 1,212,568	14%
Advertising and right-of-way	10,771,589	10,883,767	(112,178)	(1%)
Lease and sublease revenue	2,651,075	2,318,609	332,466	14%
Other revenue	2,324,651	2,539,250	(214,599)	(8%)
Total operating revenues	<u>\$ 25,735,775</u>	<u>\$ 24,517,518</u>	<u>\$ 1,218,257</u>	5%

FY23 Operating Revenues



Ridership in FY2023 showed continued improvements from FY2022, where NCTD's system ridership increased from 5.9 million passengers to 7.1 million passengers, an increase of 20.3%. The increase in fare revenue of \$1.2 million was directly associated with higher ridership in FY2023 compared to FY2022.

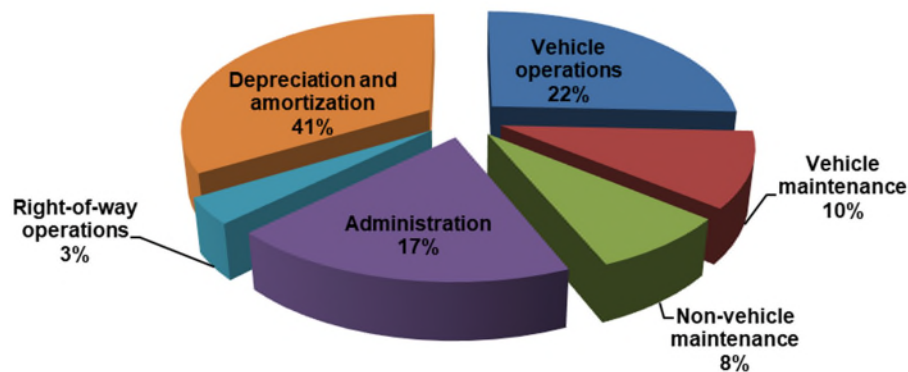
Right-of-way revenues were lower in FY2023 due to decreased reimbursements for rail maintenance and dispatching from Amtrak as result of service suspensions caused by landslides along the right-of-way in southern Orange County, California. Revenues from the state Low Carbon Fuel Standard (LCFS) program and the federal Renewable Fuel Standard (RFS) program, which are credits generated from NCTD's use of renewable natural gas for its BREEZE fleet and are included in other revenue, remained relatively flat from the prior year. Lease and sublease revenue increased due to the volume of fees charged during the year and also from the release of deferred inflows related to GASB 87 leases.

Operating Expenses

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	80,559,781	99,247,418	(18,687,637)	(19%)
Total operating expenses	<u>\$ 238,897,828</u>	<u>\$ 243,735,508</u>	<u>\$ (4,837,680)</u>	(2%)

FY24 Operating Expenses



Below are the main reasons behind the decrease of \$4.8 million in operating expenses in FY2024 compared to FY2023:

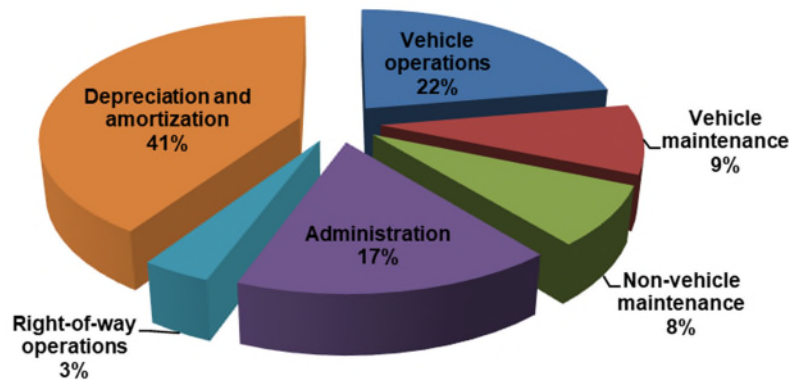
- Vehicle operations costs increased by \$5.4 million for bus operations due to higher labor costs for bus operators, which are from a combination of overtime pay and the contractual adjustments under the purchased transportation contract with MV Transportation (MV), which is subject to annual escalations 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 the District'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.

Operating Expenses (continued)

During fiscal year 2023, NCTD's operating expenses increased to \$243.8 million from \$214.3 million in fiscal year 2022. Below is a breakdown of NCTD's operating expenses:

	2023	(As restated) 2022	Increase (Decrease) \$	Increase (Decrease) %
Vehicle operations	\$ 54,284,186	\$ 51,958,873	\$ 2,325,313	4%
Vehicle maintenance	22,063,716	19,954,875	2,108,841	11%
Non-vehicle maintenance	18,927,135	17,647,432	1,279,703	7%
Administration	40,449,118	29,294,877	11,154,241	38%
Right-of-way operations	8,763,935	9,371,848	(607,913)	(6%)
Depreciation and amortization	99,247,418	86,097,951	13,149,467	15%
Total operating expenses	<u>\$ 243,735,508</u>	<u>\$ 214,325,856</u>	<u>\$ 29,409,652</u>	14%

FY23 Operating Expenses



Below are the main reasons behind the increase of \$29.4 million in operating expenses in FY2023 compared to FY2022:

- \$13.1 million is related to increased depreciation expense, mainly as result of the additional depreciation from SANDAG contributed assets in FY2022 (\$37.7 million) and FY2021 (\$307.3 million) and equipment placed in service during FY2023.
- Vehicle operations costs increased mainly due to higher labor costs and contractual adjustments under the purchased transportation contract with MV Transportation (MV), which is subject to annual escalations not to exceed 3%.
- Vehicle maintenance costs increased by \$2.1 million for the SPRINTER fleet under the technical support and materials management agreement with Siemens, which also included mobilization and implementation costs of Siemens' proprietary Maintenance of Equipment Asset Management System, CoreMAP.
- Administration costs increased by \$11.1 million, of which \$7.8 million was related to non-cash valuation adjustments to the District's CalPERS pension retirement liability and the amortization of the unfunded accrued liability payments for NCTD's CalPERS pension plan; \$1 million was related to higher casualty and liability costs; and \$1.6 million was for increased consulting and professional services, which included the BREEZE Speed and Reliability Study, the Deloitte Market Research and Analysis, and onsite support for the insourcing of rail operations and maintenance, facilities maintenance, maintenance of way, and maintenance of signals.

Nonoperating Revenues and Expenses, net

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	<u>\$ 134,088,419</u>	<u>\$ 124,389,358</u>	<u>\$ 9,699,061</u>	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 the District'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.

During fiscal year 2023, NCTD's nonoperating revenues and expenses increased on a net basis of \$12.7 million compared to FY2022. Below is a breakdown of NCTD's nonoperating revenues and expenses:

	2023	(As restated) 2022	Increase (Decrease) \$	Increase (Decrease) %
Operating grants	\$ 123,358,940	\$ 111,580,024	\$ 11,778,916	11%
Interest revenue - leases	465,058	470,538	(5,480)	(1%)
Interest expense - leases	(21,166)	(8,794)	(12,372)	141%
Interest expense - SBITAs	(90,723)	(67,600)	(23,123)	34%
Investment income	1,205,801	287,474	918,327	319%
Debt related expense	(616,656)	(724,782)	108,126	(15%)
Gain (loss) on disposal of capital assets	88,104	140,431	(52,327)	(37%)
Total nonoperating revenues	<u>\$ 124,389,358</u>	<u>\$ 111,677,291</u>	<u>\$ 12,712,067</u>	11%

Most of the increase in FY2023 relates to higher revenues from Transportation Development Act (TDA) funds (\$14.1 million), TransNet (\$1.3 million), and State Transit Assistance (STA) (\$4 million), which were offset by lower reimbursements of \$9.2 million from the Federal Transit Administration (FTA). The increased reimbursements are directly related to increased operating expenses in FY2023.

Investment income was higher by \$0.9 million in FY2023 compared to FY2022 due to higher returns on the District'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, 2024 and 2023, NCTD had commitments of \$151,409,187 and \$119,646,050, 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 \$17,750,000 as of June 30, 2024. 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, 2024 AND 2023**

	2024	2023
ASSETS		
Current assets		
Cash and investments	\$ 109,036,254	\$ 99,728,603
Investments with fiscal agent	1,839,741	1,947,773
Accounts receivable	6,715,342	7,268,534
Grants receivable	40,446,699	35,508,744
Lease receivables	221,180	279,806
Parts and supplies inventory, net of reserve	1,916,454	3,287,007
Prepaid expenses	3,054,473	3,061,761
Restricted cash	4,501,679	8,224,484
Total current assets	<u>167,731,822</u>	<u>159,306,712</u>
Noncurrent assets		
Lease receivables - due in more than one year	17,335,998	17,249,868
Capital assets		
Nondepreciable capital assets	237,803,541	227,274,760
Depreciable capital assets, net of accumulated depreciation	528,481,392	542,876,125
Right-to-use assets, net of accumulated amortization	5,756,467	7,494,868
Total capital assets	<u>772,041,400</u>	<u>777,645,753</u>
Total assets	<u>957,109,220</u>	<u>954,202,333</u>
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated decrease in fair value of interest rate swap	527,574	814,342
Outflows of resources related to pension	11,671,972	12,464,255
Outflows of resources related to OPEB	382,900	3,639
Total deferred outflows of resources	<u>12,582,446</u>	<u>13,282,236</u>
LIABILITIES		
Current liabilities payable from current assets		
Accounts payable	27,204,365	33,642,246
Accrued liabilities	887,296	826,985
Deposits payable	325,094	194,058
Lease payable - due within one year	397,746	388,585
SBITA payable - due within one year	1,052,997	1,240,767
Unearned grant revenue - due within one year	19,831,521	28,042,836
Certificates of participation - due within one year	1,400,000	1,350,000
Claims payable - due within one year	2,256,957	1,655,915
Compensated absences - due within one year	2,017,176	1,620,367
Total current liabilities payable from current assets	<u>55,373,152</u>	<u>68,961,759</u>
Noncurrent liabilities		
Certificates of participation - due in more than one year	16,350,000	17,750,000
Lease payable - due in more than one year	352,282	747,491
SBITA payable - due in more than one year	3,937,953	4,995,533
Claims payable - due in more than one year	1,428,717	2,040,309
Compensated absences - due in more than one year	32,019	299,581
Total other postemployment benefits liability	4,165,725	3,728,137
Unearned grant revenue - due in more than one year	54,031,450	33,280,094
Net pension liability	44,686,566	43,991,035
Negative fair value of interest rate swap	527,574	814,342
Total noncurrent liabilities	<u>125,512,286</u>	<u>107,646,522</u>
Total liabilities	<u>180,885,438</u>	<u>176,608,281</u>
DEFERRED INFLOWS OF RESOURCES		
Inflows of resources related to leases	16,092,825	16,396,202
Inflows of resources related to pension	-	366,825
Inflows of resources related to OPEB	656,282	806,334
Total deferred inflows of resources	<u>16,749,107</u>	<u>17,569,361</u>
NET POSITION		
Net investment in capital assets	749,605,848	752,465,365
Unrestricted position	22,451,273	20,841,562
Total net position	<u>\$ 772,057,121</u>	<u>\$ 773,306,927</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, 2024 AND 2023**

	2024	2023
OPERATING REVENUES		
Fare revenue	\$ 10,732,805	\$ 9,988,460
Advertising and right-of-way	12,432,819	10,771,589
Lease and sublease revenue	2,369,918	2,651,075
Other revenue	2,707,353	2,324,651
Total operating revenues	<u>28,242,895</u>	<u>25,735,775</u>
OPERATING EXPENSES		
Vehicle operations	61,455,391	54,284,186
Vehicle maintenance	24,611,100	22,063,716
Facilities and non-vehicle maintenance	18,488,011	18,927,135
Administration	45,165,470	40,449,118
Right-of-way operations	8,618,075	8,763,935
Depreciation	78,882,666	97,714,713
Amortization - right-to-use assets (leases)	375,083	422,093
Amortization - right-to-use assets (SBITAs)	1,302,032	1,110,612
Total operating expenses	<u>238,897,828</u>	<u>243,735,508</u>
Operating Loss	<u>(210,654,933)</u>	<u>(217,999,733)</u>
NONOPERATING REVENUES (EXPENSES)		
Operating grants	131,976,553	123,358,940
Interest revenue - leases	468,836	465,058
Interest expense - leases	(36,751)	(21,166)
Interest expense - SBITAs	(138,794)	(90,723)
Investment income	2,450,414	1,205,801
Debt related expense	(622,260)	(616,656)
(Loss) gain on disposal of capital assets	(9,579)	88,104
Total nonoperating revenues	<u>134,088,419</u>	<u>124,389,358</u>
Loss Before Capital Contributions	<u>(76,566,514)</u>	<u>(93,610,375)</u>
CAPITAL CONTRIBUTIONS		
Capital grants	57,043,995	44,455,076
Donated capital assets	18,272,713	95,779
Total capital contributions	<u>75,316,708</u>	<u>44,550,855</u>
Change in Net Position	(1,249,806)	(49,059,520)
NET POSITION		
Beginning of year	<u>773,306,927</u>	<u>822,366,447</u>
End of year	<u>\$ 772,057,121</u>	<u>\$ 773,306,927</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, 2024 AND 2023**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 28,492,710	\$ 27,933,992
Payments to suppliers	(114,728,626)	(105,618,156)
Payments to employees	(47,330,153)	(36,269,375)
Net cash used by operating activities	<u>(133,566,069)</u>	<u>(113,953,539)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants received	<u>133,337,691</u>	<u>114,950,720</u>
Net cash provided by noncapital financing activities	<u>133,337,691</u>	<u>114,950,720</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants received	61,568,383	70,369,053
Purchase of capital assets	(57,011,200)	(45,840,036)
Interest payments on lease payables	(36,751)	(21,166)
Interest payments on SBITA payables	(138,794)	(90,723)
Interest receipts on lease receivables	468,836	465,058
Financing receipts on lease receivables	300,981	329,910
Financing payments on lease payables	(386,048)	(332,230)
Financing payments on SBITA payables	(1,245,350)	(1,122,159)
Loss (gain) on disposal of capital assets	(9,579)	88,104
Payments on certificates of participation	(1,350,000)	(1,350,000)
Payment of interest and fees	<u>(622,260)</u>	<u>(616,656)</u>
Net cash provided by (used in) capital and related financing activities	<u>1,538,218</u>	<u>21,879,155</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>4,166,974</u>	<u>1,825,028</u>
Net cash provided by investing activities	<u>4,166,974</u>	<u>1,825,028</u>
Net increase (decrease) in cash and cash equivalents	5,476,814	24,701,364
Cash and cash equivalents		
Beginning of year	<u>109,900,860</u>	<u>85,199,496</u>
End of year	<u>\$ 115,377,674</u>	<u>\$ 109,900,860</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION		
Cash and investments	\$ 109,036,254	\$ 99,728,603
Investments with fiscal agent	1,839,741	1,947,773
Restricted cash	<u>4,501,679</u>	<u>8,224,484</u>
Cash and cash equivalents	<u>\$ 115,377,674</u>	<u>\$ 109,900,860</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, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (210,654,933)	\$ (217,999,733)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	78,882,666	97,714,713
Amortization of right-to-use assets	1,677,115	1,532,705
Increase in reserve for obsolete inventory	164,988	161,328
Decrease in accounts receivable	553,192	2,385,158
Decrease in parts and supplies inventory	1,205,565	576,008
Decrease (increase) in prepaid expenses	7,288	(182,838)
Decrease (increase) in outflows of resources related to pension	792,283	(6,919,646)
(Increase) decrease in outflows of resources related to OPEB	(379,261)	71,458
(Decrease) increase in accounts payable	(6,437,881)	2,776,117
Increase (decrease) in accrued liabilities	60,311	(466,411)
Increase (decrease) in deposit payable	131,036	(237,113)
(Decrease) increase in claims payable	(10,550)	1,263,812
Increase in compensated absences	129,247	518,041
Increase in pension liability	695,531	16,693,240
Increase (decrease) in total OPEB liability	437,588	(3,224)
Decrease in inflows of resources related to leases	(303,377)	(683,951)
Decrease in inflows of resources related to pension	(366,825)	(10,966,262)
Decrease in inflows of resources related to OPEB	(150,052)	(186,941)
Total adjustments	<u>77,088,864</u>	<u>104,046,194</u>
Net cash used in operating activities	<u><u>\$ (133,566,069)</u></u>	<u><u>\$ (113,953,539)</u></u>
NONCASH CAPITAL FINANCING ACTIVITIES		
Decrease in the fair value of interest rate swaps	\$ 286,768	\$ 928,330
NONCASH INVESTING ACTIVITIES		
Capital assets contributed by SANDAG	\$ 18,272,713	\$ 95,779
Construction-in-process capital assets in accounts payable	\$ 1,980,526	\$ 9,345,961
Interest earned on unearned grant revenue	\$ 1,716,560	\$ 619,227
Subscription liability for the acquisition of a right-to-use asset	\$ -	\$ 3,086,522
Lease liability for the acquisition of a right-to-use asset	\$ -	\$ 877,712

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, NCTD commenced operations by providing bus services to the region. In 1992, NCTD was designated by SANDAG as the lead agency for providing commuter rail service in San Diego County. NCTD 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 NCTD 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 NCTD and MTS into SANDAG. NCTD's activities are focused on operating public transit systems in its service area.

Under California Assembly Bill 1238, the North San Diego County Transit Development Board's name was changed to North County Transit District (NCTD) in January 2006. 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.

The NCTD 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 and expenses are those that generally result from providing services in connection with the entity's principal ongoing operational activities. Charges to customers represent NCTD's principal operating revenues and include passenger fares and revenues from use of its capital assets for advertising, right-of-way, and other leasing activities. Operating expenses include the cost of operating, maintaining, and supporting transit services and related capital assets, administrative expenses, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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, 2024 and 2023, 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.

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, 2024, and 2023, management determined that reserves of \$724,143 and \$559,155, respectively, were required for the impairment of parts for the legacy COASTER locomotives and for SPRINTER parts that were no longer needed after the District 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 2 to 4 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 3 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 noncancellable 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. Employees hired prior to January 9, 2022 are allowed to carry a maximum paid time off balance of 400 hours. 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. The liability is 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.

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

New Accounting Pronouncements

The following pronouncements were implemented during FY2024 and FY2023:

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. LIBOR is a commonly used interest rate in both government debt and hedging arrangements in which variable payments made or received depend on an IBOR. The sunset of LIBOR has 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. Previously issued GASB guidance requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with GASB Statement No. 87, *Leases* (GASB 87), as amended, the replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable. GASB 93 addresses the identification of replacement reference rates, provides exceptions and clarification surrounding hedge and lease accounting treatments, and other related concerns. Effective March 2023, NCTD adopted the International Swaps and Derivatives Association (ISDA) 2020 Fallback Protocol (Protocol), which replaces references to LIBOR with references to the Secured Overnight Financing Rate (SOFR), which along with required adjustments

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements (continued)

to approximate LIBOR, was determined to be the replacement fallback rate. The adoption of the Protocol does not constitute a renegotiation, an amendment, or termination of any of NCTD's agreements, and as a result, there is no financial impact to these financial statements as of June 30, 2024 and 2023 and disclosures in Note 7 have been updated to reflect the adherence to the Protocol.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94), among other topics, addresses matters related to public-private and public-public partnership arrangements (PPPs), as well as Service Concession Arrangements (SCA). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. GASB 94 provides accounting and financial reporting improvements for all PPPs that meet classification criteria as (1) a lease under GASB 87, (2) meet the definition of an SCA, or (3) are not within the scope of GASB 87, as amended (as clarified by GASB 94). NCTD currently does not have any arrangements meeting the criteria for accounting under GASB 94.

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) enhances reporting requirements surrounding account changes and error corrections. GASB 100 clarifies that for certain changes in accounting principles and accounting estimates, the detail of the change must justify the reasoning that the new principle or estimate is preferable to the previous principle or estimate. This preferability evaluation should be based on the qualitative characteristics of financial reporting: understandability, reliability, relevance, timeliness, consistency, and comparability. GASB 100 also addresses corrections of errors in previously issued financial statements, prescribing the accounting and financial reporting for each type of accounting change and error correction. Furthermore, 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. The requirements of GASB 100 for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. GASB 100 also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. GASB 100 requires disclosure in the notes to the financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. NCTD implemented GASB 100 without material impact to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements (continued)

The following pronouncements are currently under the review of management:

GASB Statement No. 101, *Compensated Absences* (GASB 101) clarifies the recognition and measurement of compensated absence liabilities for reporting entities. GASB 101 also provides an abbreviated footnote disclosure whereby the net change in the liability can be presented from each year, rather than the previous requirement which specified that additions and reductions to the liability be reported separately. The requirements of this pronouncement are effective for fiscal years beginning after December 15, 2023, with earlier application encouraged.

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. GASB 102 is effective for fiscal years beginning after June 15, 2024, with earlier application encouraged.

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. Furthermore, GASB 103 stresses that 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 as the last presented flow(s) of resources prior to the net change in resource flows. 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.

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.

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, 2024 and 2023:

	2024	2023
Cash and investments	\$ 109,036,254	\$ 99,728,603
Investments with fiscal agent	1,839,741	1,947,773
Restricted cash	4,501,679	8,224,484
	<u>\$ 115,377,674</u>	<u>\$ 109,900,860</u>

Cash and investments consist of the following at June 30, 2024 and 2023:

	2024	2023
Cash:		
Cash on hand	\$ 191,082	\$ 212,918
Demand deposits	13,220,799	12,934,115
Total cash	<u>13,411,881</u>	<u>13,147,033</u>
Investments:		
Deposits in Local Agency Investment Fund (LAIF)	57,569,205	53,641,723
Deposits in San Diego County Investment Pool	42,556,846	41,164,331
Investments with fiscal agent	1,839,741	1,947,773
Total investments	<u>101,965,792</u>	<u>96,753,827</u>
Total cash and investments	<u>\$ 115,377,673</u>	<u>\$ 109,900,860</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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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.

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	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, 2024 and 2023, respectively:

<u>Investment Type</u>	<u>Amount at June 30, 2024</u>	<u>Remaining Maturity 12 Months or Less</u>
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>

<u>Investment Type</u>	<u>Amount at June 30, 2023</u>	<u>Remaining Maturity 12 Months or Less</u>
Local Agency Investment Fund	\$ 53,641,723	\$ 53,641,723
San Diego County Pooled Investment Funds	41,164,331	41,164,331
Held by fiscal agent - Money Market Mutual Fund	1,947,773	1,947,773
	<u>\$ 96,753,827</u>	<u>\$ 96,753,827</u>

2. CASH AND INVESTMENTS (continued)

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, 2024 and 2023, respectively, for each investment type.

Investment Type	Amount at June 30, 2024	Minimum Legal Rating	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>		

Investment Type	Amount at June 30, 2023	Minimum Legal Rating	Rating as of Year End
Local Agency Investment Fund	\$ 53,641,723	N/A	Not Rated
San Diego County Pooled Investment Funds	41,164,331	N/A	AAAf/S1- Fitch
Held by fiscal agent - Money Market Mutual Fund	1,947,773	N/A	Not Rated
	<u>\$ 96,753,827</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, 2024 and 2023, NCTD had investments with LAIF (an external investment pool), San Diego County Investment Pool (external investment pool), and money market mutual funds.

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 market 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 market 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.

2. CASH AND INVESTMENTS (continued)

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, 2024 and 2023, NCTD had \$57,569,205 and \$53,641,723, respectively, invested in LAIF, which had invested 3.00% and 2.78%, 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. The Pool holds investments in asset-backed securities with companies such as Honda, BMW, Nissan, and General Motors.

As of June 30, 2024 and 2023, NCTD had \$42,556,846 and \$41,164,331 invested in the San Diego County Investment Pool, which had invested 30.66% and 28.98% of the pooled investment funds in commercial paper, supranational securities, and medium-term notes and 6.62% and 5.21% 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:

	2024	2023
Trade accounts receivable	\$ 3,710,745	\$ 5,410,684
Other receivables	3,004,597	1,857,850
	<u>\$ 6,715,342</u>	<u>\$ 7,268,534</u>

Management has evaluated the receivables as of June 30, 2024 and 2023 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:

	2024	2023
Federal Transit Administration	\$ 29,394,060	\$ 27,822,563
California Department of Transportation	3,568,892	3,549,177
San Joaquin Valley Air Pollution Control District	3,199,968	-
San Diego Association of Governments (SANDAG)	2,423,474	1,726,893
Federal Railroad Administration	556,483	540,873
Other	462,201	879,406
California State Transportation Agency	341,143	877,726
California Energy Commission	307,477	23,423
California Transportation Commission	104,318	-
California Public Utilities Commission	88,683	88,683
	<u>\$ 40,446,699</u>	<u>\$ 35,508,744</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:

	2024	2023
Federal Transit Administration (FTA)	\$ 46,113,030	\$ 42,206,795
Transportation Development Act (TDA) Article 4	44,294,300	41,596,051
TransNet	27,569,247	24,935,257
State Transit Assistance (STA)	7,929,927	8,029,564
Transportation Development Act (TDA) Article 4.5	2,765,369	2,668,010
State of Good Repair (SGR)	2,006,437	2,539,107
Other Operating Grants	1,298,243	1,384,156
	<u>\$ 131,976,553</u>	<u>\$ 123,358,940</u>

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, 2024 and 2023, NCTD recorded \$47,059,669 and \$44,264,061, 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, 2024 and 2023, NCTD received \$27,569,247 and \$24,935,257, respectively, in operating funds from the TransNet program.

During the fiscal years ended June 30, 2024 and 2023, NCTD earned \$46,113,030 and \$42,206,795, 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 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 American Rescue Plan Act (ARPA), respectively. For fiscal year 2023, FTA operating grant revenue includes \$1,663,555 and \$13,044,837 claimed from NCTD's apportionment under the CARES Act and ARPA, respectively.

4. GRANTS AND GRANTS RECEIVABLE (continued)

During the fiscal years ended June 30, 2024 and 2023, NCTD earned \$11,234,607 and \$11,952,827, respectively, from state and other operating grants.

NCTD expended \$57,043,995 and \$44,455,076 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, 2024 and 2023, respectively.

5. CAPITAL ASSETS

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 nondepreciable 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)	(374,641)	577,518	-	-	(854,190)
SBITAs	(1,881,300)	(1,363,760)	49,893	-	-	(3,195,167)
Total RTU accumulated amortization	(2,938,367)	(1,738,401)	627,411	-	-	(4,049,357)
Total right-to-use assets, net	7,494,868	(1,738,401)	-	-	-	5,756,467
Total capital assets	\$ 777,645,753	\$ (23,566,976)	\$ (310,090)	\$ -	\$ 18,272,713	\$ 772,041,400

5. CAPITAL ASSETS (continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2023:

	(Restated) Balance June 30, 2022	Additions	Disposals	Transfers	Contributions	Balance June 30, 2023
Nondepreciable assets						
Land	\$ 92,274,014	\$ -	\$ -	\$ -	\$ -	\$ 92,274,014
Construction-in-progress	118,588,802	44,555,822	-	(28,143,878)	-	135,000,746
Total nondepreciable assets	210,862,816	44,555,822	-	(28,143,878)	-	227,274,760
Depreciable assets						
Land improvements	60,090,788	-	(928,485)	1,237,323	-	60,399,626
Buildings, structures and improvements	170,394,169	-	(2,195,195)	2,495,710	-	170,694,684
Right-of-way and improvements	912,483,512	-	(6,268,501)	(94,187)	95,779	906,216,603
Revenue and service vehicles	253,242,747	-	(9,740,044)	8,583,348	-	252,086,051
Equipment and furniture	211,416,007	-	(26,546,748)	15,921,684	-	200,790,943
Total depreciable assets	1,607,627,223	-	(45,678,973)	28,143,878	95,779	1,590,187,907
Less accumulated depreciation						
Land improvements	(57,533,864)	(636,987)	928,485	-	-	(57,242,366)
Buildings, structures and improvements	(109,182,334)	(6,988,186)	2,195,195	-	-	(113,975,325)
Right-of-way and improvements	(516,069,436)	(53,649,643)	6,258,275	-	-	(563,460,804)
Revenue and service vehicles	(137,211,527)	(13,421,822)	9,744,261	-	-	(140,889,088)
Equipment and furniture	(175,259,958)	(23,018,075)	26,533,834	-	-	(171,744,199)
Total accumulated depreciation	(995,257,119)	(97,714,713)	45,660,050	-	-	(1,047,311,782)
Total depreciable assets, net	612,370,104	(97,714,713)	(18,923)	28,143,878	95,779	542,876,125
Right-to-use (RTU) assets						
Building and signal stations	1,198,339	877,712	-	-	-	2,076,051
SBITAS	5,270,662	3,086,522	-	-	-	8,357,184
Total amortizable right-to-use assets	6,469,001	3,964,234	-	-	-	10,433,235
Less accumulated amortization on RTU assets						
Building and signal stations	(634,974)	(422,093)	-	-	-	(1,057,067)
SBITAS	(770,688)	(1,110,612)	-	-	-	(1,881,300)
Total RTU accumulated amortization	(1,405,662)	(1,532,705)	-	-	-	(2,938,367)
Total right-to-use assets, net	5,063,339	2,431,529	-	-	-	7,494,868
Total capital assets	\$ 828,296,259	\$ (50,727,362)	\$ (18,923)	\$ -	\$ 95,779	\$ 777,645,753

Additions to capital assets totaling \$18,272,713 and 95,779 for the fiscal years 2024 and 2023, respectively, 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, 2024 and 2023 was \$80,559,781 and \$99,247,418, respectively. Amortization for right-to-use assets was \$1,738,401 and \$1,532,705 for the years ended June 30, 2024 and 2023, respectively.

6. COMPENSATED ABSENCES

Compensated absences activity for the fiscal years ended June 30, 2024 and 2023 was as follows:

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

Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Classification	
				Due in one year	Due in more than one year
\$ 1,401,907	\$ 3,300,136	\$ (2,782,095)	\$ 1,919,948	\$ 1,620,367	\$ 299,581

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, 2024 and 2023 was as follows:

	Original Issue Amount	Balance at July 1, 2023	Additions	Retirements	Balance at June 30, 2024	Due Within One Year
Certificates of Participation, 2004 Series A	\$114,000,000	\$19,100,000	\$ -	\$(1,350,000)	\$17,750,000	\$1,400,000
	Original Issue Amount	Balance at July 1, 2022	Additions	Retirements	Balance at June 30, 2023	Due Within One Year
Certificates of Participation, 2004 Series A	\$114,000,000	\$20,450,000	\$ -	\$(1,350,000)	\$19,100,000	\$1,350,000

7. LONG-TERM DEBT (continued)

The remaining principal balance on the Certificates of Participation was \$17,750,000 at June 30, 2024. 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
2025	1,400,000	646,100	2,046,100
2026	1,450,000	595,140	2,045,140
2027	1,500,000	542,360	2,042,360
2028	1,550,000	487,760	2,037,760
2029	1,600,000	431,340	2,031,340
2030-2034	8,450,000	1,264,900	9,714,900
2035	1,800,000	65,520	1,865,520
Total	<u>\$ 17,750,000</u>	<u>\$ 4,033,120</u>	<u>\$ 21,783,120</u>

(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. The current notional amounts of the swaps are a combined \$17.75 million. During FY2023, NCTD paid the counterparty a fixed payment of 3.369% and received a variable payment based on 65% of one-month London Interbank Offered Rate (LIBOR). 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, 2024.

Fair values. Because interest rates have declined since execution of the swaps, the UBS swaps had a total negative fair value of \$527,574 and \$814,342 as of June 30, 2024 and 2023, 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, 2024 and 2023. 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, 2024, the average interest rate on NCTD's hedged variable-rate debt was 3.46%.

Credit risk. This is the risk that the counterparty will fail to perform under the terms of these agreements. As of June 30, 2024 and 2023, 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.

7. LONG-TERM DEBT (continued)

The favorable credit ratings of the counterparty (UBS) mitigate this risk. As of June 30, 2024 and 2023, 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.

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, 2024, 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, 2024 and 2023, NCTD was not in a favorable termination position relative to the market.

The fair values and changes in fair values at June 30, 2024 and 2023 are shown below.

	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
	Changes in Fair Value		Fair Value at June 30, 2023		Notional	Fair Value Hierarchy
	Classification	Amount	Classification	Amount		
Cash flow hedges:						
Pay-fixed interest rate swap	Deferred outflow	\$ 928,330	Debt	\$ (814,342)	\$ 19,100,000	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, 2024 and 2023.

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, 2024 and 2023, there was no liability related to the NCTD's Certificates of Participation 2004 Series A debt.

9. LEASES

Lessee Activities

NCTD has five lease agreements that meet the criteria for capitalization. Three of the lease agreements, with principal and interest payments through fiscal year 2026, are for signal repeater sites throughout San Diego County used for vehicle operations communications systems. The fourth 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 fifth 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 the District's incremental borrowing rate at the date of adoption. The District did not enter into any new lease agreements that met the criteria for capitalization during the year ended June 30, 2024.

As of June 30, 2024 and 2023, NCTD had right-to-use assets of \$1,498,533 and \$2,076,051, respectively and accumulated amortization of \$854,190 and \$1,057,067, respectively. As of June 30, 2024 and 2023, NCTD had lease liabilities of \$750,028 and \$1,136,076, respectively.

During fiscal years 2024 and 2023, NCTD recognized interest expense associated with the leased assets of \$36,751 and \$21,166, respectively. For the fiscal years ended June 30, 2024 and 2023, amortization expense for the right-to-use leased assets was \$375,083 and \$422,093, respectively.

A summary of the changes in lease liabilities during the year ended June 30, 2024 and 2023 is as follows:

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
Lease liabilities	<u>\$ 1,136,076</u>	<u>\$ -</u>	<u>\$ (386,048)</u>	<u>\$ 750,028</u>	<u>\$ 397,746</u>

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
Lease liabilities	<u>\$ 590,594</u>	<u>\$ 877,712</u>	<u>\$ (332,230)</u>	<u>\$ 1,136,076</u>	<u>\$ 388,585</u>

Remaining obligations associated with these leases are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2025	397,746	22,505
2026	314,593	8,051
2027	<u>37,689</u>	<u>122</u>
Total	<u>\$ 750,028</u>	<u>\$ 30,678</u>

Lessor Activities

NCTD has entered into lease and easement agreements that provide tenants access to real estate assets owned by NCTD. NCTD has identified 21 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 0.65% to 5.11% depending on the length of the term of the lease and represent the District's incremental borrowing rate at the date of adoption.

9. LEASES (continued)

During FY2024, the District entered into three new lease agreements. The present value of the lease receivable was calculated using a 5.11% discount rate and 3% lease escalation rate. At initial measurement, the lease receivable and deferred inflows of resources for the three agreements totaled \$328,485.

As of June 30, 2024 and 2023, total lease receivable (including both the current and noncurrent portion) balances were \$17,557,178 and \$17,529,674, respectively. The deferred inflows related to leases balances were \$16,092,825 and \$16,396,202 as of June 30, 2024 and 2023, respectively. Receipts on principal were \$300,981 and \$329,910 during the years ended June 30, 2024 and 2023, respectively. Interest revenue recognized on these leases was \$468,836 and \$465,058 for the years ended June 30, 2024 and 2023, 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 \$105,987 and \$109,695 was recognized as revenue from these variable payments for the years ended June 30, 2024 and June 30, 2023, respectively.

10. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The District has recorded 17 SBITA contracts as right-to-use assets and subscription liabilities. These subscription arrangements include services for the District's finance and procurement enterprise resource planning (ERP) system; operational real-time alerts, analytics and information systems; paratransit scheduling and administration software; on-demand transit scheduling and operations software, PRONTO fare revenue back-office system, the District's new farebox system, and other operational and administrative software applications. The District 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 4.80% depending on the length of the term of the subscription arrangement and representing the District's incremental borrowing rate at the date of capitalization. The District did not enter into any new contracts that met the criteria for capitalization during the year ended June 30, 2024.

During FY2024 and FY2023, principal payments of \$1,245,350 and \$1,122,159, respectively, and interest payments of \$138,794 and \$90,723, respectively, were made towards these agreements.

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. As of June 30, 2023, the right-to-use assets and accumulated amortization relating to all NCTD subscription agreements, was \$8,357,184 and \$1,881,300, 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 2024 and 2023, operating expenses related to these variable payment components of the above agreements totaled \$361,911 and \$119,204, respectively.

10. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (continued)

A summary of the changes in SBITA liabilities during the years ended June 30, 2024 and June 30, 2023 is as follows:

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
SBITA Liabilities	<u>\$ 6,236,300</u>	<u>\$ -</u>	<u>\$ (1,245,350)</u>	<u>\$ 4,990,950</u>	<u>\$ 1,052,997</u>

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
SBITA Liabilities	<u>\$ 4,271,937</u>	<u>\$ 3,086,522</u>	<u>\$ (1,122,159)</u>	<u>\$ 6,236,300</u>	<u>\$ 1,240,767</u>

Remaining principal and interest payments on subscriptions are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2025	\$ 1,052,997	\$ 113,712
2026	926,932	91,936
2027	656,780	73,458
2028	515,738	60,661
2029	541,039	48,586
2030-2034	627,972	143,171
2035-2039	320,670	81,400
2040-2044	348,822	18,475
Total	<u>\$ 4,990,950</u>	<u>\$ 631,399</u>

11. CONTRACTUAL COMMITMENTS

As of June 30, 2024 and 2023, NCTD had commitments of \$151,409,187 and \$119,646,050, 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 \$587,289 and \$460,077 for the fiscal years ended June 30, 2024 and 2023, respectively. During fiscal year 2023, employee forfeitures of \$21,716 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, 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

The Plan's provisions and benefits in effect at June 30, 2023, 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%	4.75%
Required employer contribution rates	38.56%	38.56%	38.56%	38.56%

*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, 2023 and 2022 actuarial valuation reports:

Covered Employees	June 30, 2023	June 30, 2022
Inactive employees or beneficiaries currently receiving benefits	642	642
Inactive employees entitled to but not yet receiving benefits	470	435
Active employees	285	245
Total	1,397	1,322

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, 2024, the active employee contribution rate was 7.00% of annual pay for employees hired 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, 2023, the active employee contribution rate was 7.00% of annual pay for employees hired prior to January 9, 2022 and 4.75% of annual pay for employees hired on or after January 9, 2022. The employer's contribution rate was 33.63% and 38.56% of annual payroll, respectively, based on the June 30, 2021 and 2020 actuarial valuation reports. 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, 2022 and 2021 valuations were rolled forward to determine the June 30, 2023 and 2022 total pension liability, based on the following actuarial methods and assumptions:

	June 30, 2022	June 30, 2021
Actuarial Cost Method:	Entry Age Normal Cost Method	Entry Age Normal 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:	Derived Using CalPERS' Membership Data for all Funds. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.	Derived Using CalPERS' Membership Data for all Funds. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Mortality rates include 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, 2023 and the June 30, 2022 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, 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). The EARSL for the Plan for the June 30, 2022 measurement date was 1.3 years, which was obtained by dividing the total service years of 1,594 (the sum of remaining service lifetimes of the active employees), by 1,213 (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, 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 loss	-	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

13. PUBLIC EMPLOYEE RETIREMENT SYSTEM (continued)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2021	\$ 148,543,608	\$ 121,245,813	\$ 27,297,795
Changes during the measurement period:			
Service cost	1,970,486	-	1,970,486
Interest on total pension liability	10,092,952	-	10,092,952
Changes of assumptions	3,438,212	-	3,438,212
Differences between expected and actual experience	(1,589,577)	-	(1,589,577)
Contributions-employer	-	5,507,275	(5,507,275)
Contributions-employees	-	927,843	(927,843)
Net investment loss	-	(9,140,756)	9,140,756
Benefit payments, including refunds of employee contributions	(10,205,650)	(10,205,650)	-
Administrative expense	-	(75,529)	75,529
Net changes	3,706,423	(12,986,817)	16,693,240
Balance at June 30, 2021	\$ 152,250,031	\$ 108,258,996	\$ 43,991,035

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, 2023 and 2022 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%	Current Discount Rate	Discount Rate +1%
June 30, 2023	5.9%	6.9%	7.9%
	\$62,450,919	\$44,686,566	\$29,869,970

Plan's Net Pension Liability At Measurement Date:	Discount Rate -1%	Current Discount Rate	Discount Rate +1%
June 30, 2022	5.9%	6.9%	7.9%
	\$61,367,940	\$43,991,035	\$29,519,795

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, 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	\$ -

13. PUBLIC EMPLOYEE RETIREMENT SYSTEM (continued)

As of June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	6,225,688	\$ -
Changes of assumptions	793,434	-
Differences between expected and actual experience	-	(366,825)
Net differences between projected and actual earnings on pension plan investments	5,445,133	-
Total	<u>\$ 12,464,255</u>	<u>\$ (366,825)</u>

Pension contributions made after the measurement date of June 30, 2023 in the amount of \$5,883,633 will be recognized as a reduction of the net pension liability during the fiscal year ending June 30, 2025. 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
2024	\$ 1,583,496
2025	467,460
2026	3,603,963
2027	133,420
	<u>\$ 5,788,339</u>

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, 2024	June 30, 2023
Inactive plan members or beneficiaries currently receiving benefits	71	78
Inactive plan members entitled to but not yet receiving benefits	361	370
Active plan members	<u>352</u>	<u>248</u>
	<u>784</u>	<u>696</u>

14. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS (continued)

Contributions - NCTD pays CalPERS the monthly health care premium (\$157 per month in 2024, \$151 per month in 2023, and indexed to medical CPI for future years) for retirees electing coverage. Total payments for 71 and 78 retirees for the fiscal years ended June 30, 2024 and 2023 were \$134,098 and \$137,940, respectively.

Actuarial assumptions –

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:

	PPO Medical Plans	HMO Medical Plans	CalPERS Minimum Required Plan
Year			
2024	6.8%	7.6%	Actual
2025	6.6%	7.3%	3%
2026	6.4%	7.0%	3%
2027	6.2%	6.7%	3%
Thereafter	6.0%	6.4%	3%

The total OPEB liability as of June 30, 2023 was determined in a limited-scope process, rolling forward the fiscal year 2022 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% plus merit
Discount rate:	3.65%
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:

	All Medical Plans	CalPERS Minimum Required Plan
Year		
2023	6.0%	Actual
2024	6.0%	3.0%
2025	5.5%	3.0%
2026	5.5%	3.0%
Thereafter	5.0%	3.0%

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 and average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

Total OPEB Liability

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 June 30, 2023 OPEB liability was rolled-forward in a limited-scope review from the June 30, 2022 actuarial valuation. The total OPEB liability measured as of June 30, 2024 and 2023 was \$4,165,725 and \$3,728,137, respectively. In fiscal year 2024, the total OPEB liability increased by \$437,588. In fiscal year 2023, the total OPEB liability decreased by \$3,224.

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, 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	(238,967)
Net changes	437,588
Balance at June 30, 2024	\$ 4,165,725

14. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS (continued)

	Increase (Decrease) in Total OPEB Liability
Balance at June 30, 2022	\$ 3,731,361
Changes for the year:	
Service cost	147,529
Interest	127,927
Changes of assumptions	(43,444)
Benefit payments	(235,236)
Net changes	(3,224)
Balance at June 30, 2023	\$ 3,728,137

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	Current Discount Rate	1% Increase
Measurement Date: June 30, 2024	2.93%	3.93%	4.93%
Total OPEB Liability	\$4,629,850	\$4,165,725	\$3,775,621

	1% Decrease	Current Discount Rate	1% Increase
Measurement Date: June 30, 2023	2.65%	3.65%	4.65%
Total OPEB Liability	\$4,157,775	\$3,728,137	\$3,370,302

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, 2024	\$3,721,746	\$4,165,725	\$4,705,117
June 30, 2023	\$3,305,745	\$3,728,137	\$4,242,021

14. OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS (continued)**OPEB Expense and Deferred Inflows of Resources Related to OPEB**

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, 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	<u>\$ 382,900</u>	<u>\$ (656,282)</u>

As of June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	\$ (61,646)
Changes of assumptions	3,639	(744,688)
Total	<u>\$ 3,639</u>	<u>\$ (806,334)</u>

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
2025	\$ (137,693)
2026	(137,693)
2027	(137,693)
2028	17,784
2029	53,318
Thereafter	<u>68,595</u>
	<u>\$ (273,382)</u>

15. CONTINGENT LIABILITIES***Legal Proceedings***

From time to time, the District 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 the District, individually or in the aggregate, may result in a liability material to the District's financial condition or results of operations.

15. CONTINGENT LIABILITIES (continued)*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 February 7, 2025.

At present, the District cannot predict the outcome of such claims and cannot reasonably estimate any loss or range of loss that may arise from these proceedings. The District and Bombardier entered into an agreement that caps any potential liability attributed to the District to \$7.5 million. That said, the District 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.

The following is a summary of changes in claims payable for the fiscal years 2022 through 2024:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability	Classification	
					Due in One Year	Due in more than One Year
2021-2022	\$ 1,738,911	\$ 735,632	\$ (42,131)	\$ 2,432,412	\$ 830,073	\$ 1,602,339
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

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, 2024 and 2023. Negative year-end balances reflect outstanding receivables for awarded State of Good Repair funds.

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)	-
	<u>\$ (30,722)</u>	<u>\$1,774,789</u>	<u>\$(2,006,437)</u>	<u>\$ -</u>	<u>\$ (262,370)</u>

Project Name	Balance July 1, 2022	Receipts	Expenditures	Transfers	Balance June 30, 2023
Preventive maintenance	\$ 702,870	\$1,804,227	\$(2,539,108)	\$ -	\$ (32,011)
Unallocated	1,289	-	-	-	1,289
	<u>\$ 704,159</u>	<u>\$1,804,227</u>	<u>\$(2,539,108)</u>	<u>\$ -</u>	<u>\$ (30,722)</u>

**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,								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY									
Service cost	\$ 2,944,712	\$ 1,970,486	\$ 1,615,945	\$ 1,487,670	\$ 1,576,318	\$ 1,608,993	\$ 1,710,208	\$ 1,479,831	\$ 1,319,179
Interest on total pension liability	10,372,511	10,092,952	10,188,025	10,043,214	9,973,920	9,781,542	9,655,781	9,748,412	9,651,604
Changes of assumptions	370,422	3,438,212	-	-	-	(537,633)	7,124,162	-	(2,087,682)
Difference between expected and actual experience	1,372,675	(1,589,577)	201,796	(923,704)	747,277	129,435	(1,668,134)	(619,666)	(203,397)
Benefit payments, including refunds of employee contributions	(10,278,495)	(10,205,650)	(9,884,519)	(9,658,453)	(9,567,677)	(9,294,062)	(9,002,514)	(9,365,030)	(8,966,967)
Net change in total pension liability	4,781,825	3,706,423	2,121,247	948,727	2,729,838	1,688,275	7,819,503	1,243,547	(287,263)
Total pension liability - Beginning	152,250,031	148,543,608	146,422,361	145,473,634	142,743,796	141,055,521	133,236,018	131,992,471	132,279,734
Total pension liability - Ending	\$ 157,031,856	\$ 152,250,031	\$ 148,543,608	\$ 146,422,361	\$ 145,473,634	\$ 142,743,796	\$ 141,055,521	\$ 133,236,018	\$ 131,992,471
PLAN FIDUCIARY NET POSITION									
Contributions - Employer	\$ 6,371,487	\$ 5,507,275	\$ 3,892,655	\$ 3,447,428	\$ 2,897,992	\$ 2,430,812	\$ 2,293,374	\$ 2,074,962	\$ 1,869,306
Contributions - Employee	1,377,077	927,843	851,933	736,409	642,278	715,546	750,129	740,253	726,973
Net investment income	6,695,834	(9,140,756)	22,875,708	5,064,326	6,589,325	8,499,446	10,635,775	505,684	2,346,127
Benefit payments, including refunds of employee contributions	(10,278,495)	(10,205,650)	(9,884,519)	(9,658,453)	(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	(79,609)	(75,529)	(103,504)	(146,855)	(74,038)	(158,557)	(143,536)	(62,971)	(116,378)
Other miscellaneous income (expense) ⁽¹⁾	-	-	-	-	241	(301,102)	-	-	-
Net change in fiduciary net position	4,086,294	(12,986,817)	17,632,273	(557,145)	420,811	1,998,592	4,533,228	(6,107,102)	(4,140,939)
Plan fiduciary net position - Beginning ⁽²⁾	108,258,996	121,245,813	103,613,540	104,170,685	103,749,874	101,751,282	97,218,054	103,325,156	107,466,095
Plan fiduciary net position - Ending	\$ 112,345,290	\$ 108,258,996	\$ 121,245,813	\$ 103,613,540	\$ 104,170,685	\$ 103,749,874	\$ 101,751,282	\$ 97,218,054	\$ 103,325,156
Plan net pension liability - Ending	\$ 44,686,566	\$ 43,991,035	\$ 27,297,795	\$ 42,808,821	\$ 41,302,949	\$ 38,993,922	\$ 39,304,239	\$ 36,017,964	\$ 28,667,315
Plan fiduciary net position as a percentage of total pension liability	71.54%	71.11%	81.62%	70.76%	71.61%	72.68%	72.14%	72.97%	78.28%
Covered payroll ⁽³⁾	\$ 22,458,429	\$ 13,497,527	\$ 12,061,568	\$ 9,998,410	\$ 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	198.97%	325.92%	226.32%	428.16%	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 and 2023; 2.75% payroll growth assumption for fiscal years ended in 2018 through 2021; 3.00% payroll growth assumption for fiscal years

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.

In 2022, SB 1168 increased the standard retiree lump sum death benefit from \$500 to \$2,000 for any death occurring on or after July 1, 2023. The impact, if any, is included in the changes of benefit terms.

2. Changes of Assumptions: There were no assumption changes in 2023. 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, 7.65% for measurement dates June 30, 2015 through June 30, 2016, and 7.50% for measurement date June 30, 2014.

1. DEFINED BENEFIT PENSION PLAN - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)**SCHEDULE OF PLAN CONTRIBUTIONS FOR THE FISCAL YEARS ENDED JUNE 30, ⁽¹⁾**

	2024	2023	2022	2021
Actuarially determined contribution ⁽²⁾	\$ 5,883,633	\$ 6,225,688	\$ 5,510,976	\$ 3,881,684
Contributions in relation to the actuarially determined contribution ⁽²⁾	(5,883,633)	(6,225,688)	(5,510,976)	(3,881,684)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 27,673,921	\$ 22,458,429	\$ 13,497,527	\$ 12,061,568
Contributions as a percentage of covered payroll	21.26%	27.72%	40.83%	32.18%

Notes to Schedule of Plan Contributions:

Valuation date:	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 normal cost method	Entry age normal cost method	Entry age normal cost method
Amortization Method/Period	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	Fair value of assets	Fair value of assets
Inflation	2.300%	2.500%	2.500%	2.625%
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
Payroll Growth	2.800%	2.750%	2.750%	2.875%
Discount Rate	6.800%	6.900%	7.150%	7.250%
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 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.	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 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 Scale MP-2016 published by the Society of Actuaries.

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
Actuarially determined contribution ⁽²⁾	\$ 3,449,635	\$ 2,899,316	\$ 2,400,544	\$ 2,207,370
Contributions in relation to the actuarially determined contribution ⁽²⁾	<u>(3,449,635)</u>	<u>(2,899,316)</u>	<u>(2,400,544)</u>	<u>(2,207,370)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 9,998,410	\$ 10,470,659	\$ 10,269,359	\$ 10,220,730
Contributions as a percentage of covered payroll	34.50%	27.69%	23.38%	21.60%

Notes to Schedule of Plan Contributions:

Valuation date:	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
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
Amortization Method/Period	Level percent of payroll	Level percent of payroll	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
Inflation	2.75%	2.75%	2.75%	2.75%
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
Payroll Growth	3.00%	3.00%	3.00%	3.00%
Discount Rate	7.375%	7.375%	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.
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.

1. DEFINED BENEFIT PENSION PLAN - CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (continued)**SCHEDULE OF PLAN CONTRIBUTIONS FOR THE FISCAL YEARS ENDED JUNE 30, (continued) ⁽¹⁾**

	2016	2015 ⁽⁴⁾
Actuarially determined contribution ⁽²⁾	\$ 2,064,509	\$ 1,868,650
Contributions in relation to the actuarially determined contribution ⁽²⁾	(2,064,509)	(1,868,650)
Contribution deficiency (excess)	\$ -	\$ -
Covered payroll	\$10,324,006	\$10,009,331
Contributions as a percentage of covered payroll	20.00%	18.67%

Notes to Schedule of Plan Contributions:

Valuation date:	June 30, 2013	June 30, 2012
Methods and Assumptions used to Determine Contribution Rates:		
Actuarial 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	Market value of assets	Actuarial value of assets
Inflation	2.75%	2.75%
Salary Increases	Varies by entry age and service	Varies by entry age and service
Payroll Growth	3.00%	3.00%
Discount Rate	7.5%	7.5%
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.	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 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.	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 2014 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.

2. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB)**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**

	Measurement Periods Ended June 30,						
	2024	2023	2022	2021	2020	2019	2018 ⁽¹⁾
TOTAL OPEB LIABILITY							
Service cost	\$ 149,580	\$ 147,529	\$ 111,243	\$ 108,913	\$ 105,358	\$ 102,141	\$ 100,809
Interest	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	(48,808)	(43,444)	(1,048,825)	27,909	482,426	196,194	(55,212)
Benefit payments	(238,967)	(235,236)	(253,914)	(269,275)	(269,275)	(326,127)	(306,223)
Net change in total OPEB liability	437,588	(3,224)	(1,179,451)	(26,318)	172,282	132,218	(101,446)
Total OPEB liability - Beginning	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>\$ 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	\$ 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	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

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Valuation date:							
Discount Rate	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.	76
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.	78
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.	89
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.	90
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.	93

Financial Trends

NORTH COUNTY TRANSIT DISTRICT NET POSITION BY COMPONENT LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Net investment in capital assets	\$ 749,605,848	\$ 752,465,365	\$ 805,166,067	\$ 769,310,507	\$ 468,428,473	\$ 500,819,718	\$ 531,669,768	\$ 517,514,713	\$ 550,360,076	\$ 562,144,871
Restricted net position	-	-	-	50,495	50,495	50,495	50,495	50,495	50,495	50,495
Unrestricted net position	22,451,273	20,841,562	17,200,380	11,652,974	10,626,049	8,891,837	9,589,273	18,826,821	17,175,267	15,804,597
Total Net Position	\$ 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	\$ 577,999,963

Source: Audited financial statements

Financial Trends (continued)

**NORTH COUNTY TRANSIT DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
OPERATING REVENUES										
Fare revenue	\$ 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	\$ 19,438,167
Advertising and right-of-way	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	9,502,115
Lease and sublease revenue	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	1,602,676
Other revenue	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	949,065
Total operating revenues	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	31,492,023
OPERATING EXPENSES										
Vehicle operations	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	43,331,766
Vehicle maintenance	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	12,307,320
Facilities and non-vehicle maintenance	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	8,559,735
Administration	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	22,776,865
Right-of-way operations	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	5,713,276
Depreciation	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	69,120,603
Amortization - right-to-use assets ^(a)	375,083	422,093	317,487	317,487	-	-	-	-	-	-
Amortization - right-to-use assets ^(b)	1,302,032	1,110,612	770,688	-	-	-	-	-	-	-
Total operating expenses	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	161,809,565
Operating Loss	(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)	(130,317,542)
NONOPERATING REVENUES (EXPENSES)										
Operating grants	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	66,462,938
Interest revenue - leases ^(a)	468,836	465,058	470,538	473,100	-	-	-	-	-	-
Interest expenses - leases ^(a)	(36,751)	(21,166)	(8,794)	(12,002)	-	-	-	-	-	-
Interest expenses - SBITAs ^(b)	(138,794)	(90,723)	(67,600)	-	-	-	-	-	-	-
Investment income	2,450,414	1,205,801	287,474	342,066	977,319	990,706	377,864	278,092	317,367	250,086
Debt related expense	(622,260)	(616,656)	(724,782)	(763,062)	(818,643)	(866,287)	(910,905)	(990,658)	(942,170)	(1,086,335)
Gain (loss) on disposal of capital assets	(9,579)	88,104	140,431	(258,895)	40,702	8,157	36,823	13,441	26,658	1,159
Total nonoperating revenues	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	65,627,848
Loss Before Capital Contributions	(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)	(64,689,694)
CAPITAL CONTRIBUTIONS										
Capital grants	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	16,976,048
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	83,943,559
Total capital contributions	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	100,919,607
Change in net position	\$ (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)	\$ 36,229,913

(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
2015	\$ 18,944,087	\$ 494,080	\$ 952,555	\$ 8,549,560	\$ 1,602,676	\$ 949,065	\$ 31,492,023
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

* On January 31, 2020, the Secretary of Health and Human Services (HHS) under Section 319 of the Public Health Service Act, declared the COVID-19 outbreak a Public Health Emergency (PHE). The federal COVID-19 PHE declaration ended on May 11, 2023.

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	
2015	\$ 13,155,905	\$ 170,000	\$ 9,089,131	\$ 5,506,123	\$ 41,305	\$ 5,290,728	\$ 35,730,748	\$ 11,858,857	\$ -	\$ 86,539,748
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

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. The 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 2021 Bipartisan Infrastructure Law increased funding for this Program by \$33.5 billion over a five-year period (FY2022-FY2026) to support transit operations in 500 communities across the country. 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 FY2024, NCTD was allocated \$26.2 million of Section 5307 funds, \$0.5 million higher than FY2023.

- This 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, State of Good Repair grants 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.

The 2021 Bipartisan Infrastructure Law increased funding for this Program by \$23.1 billion over a five-year period (FY2022-FY2026) to assist in financing capital projects to maintain public transit systems. 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 FY2024, NCTD was allocated \$18.6 million of Section 5337 funds, \$0.2 million higher than FY2023.

- 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 FY2024, NCTD was allocated \$1.8 million of Section 5339 funds, which was similar to FY2023 levels.

Revenue Capacity (continued)

- 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 Caltrans. Allocations to MTS and NCTD are based on service area rural population.

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 also created the State Rail Assistance Program 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.

Revenue Capacity (continued)

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. Since May 1, 2022, NCTD receives funding from SANDAG for the Youth Opportunity Pass program, a program in the San Diego region that provides free public transit to youth riders ages 18 and under.

Revenue Capacity (continued)

**NORTH COUNTY TRANSIT DISTRICT
FARE REVENUE BY MODE
LAST TEN FISCAL YEARS**

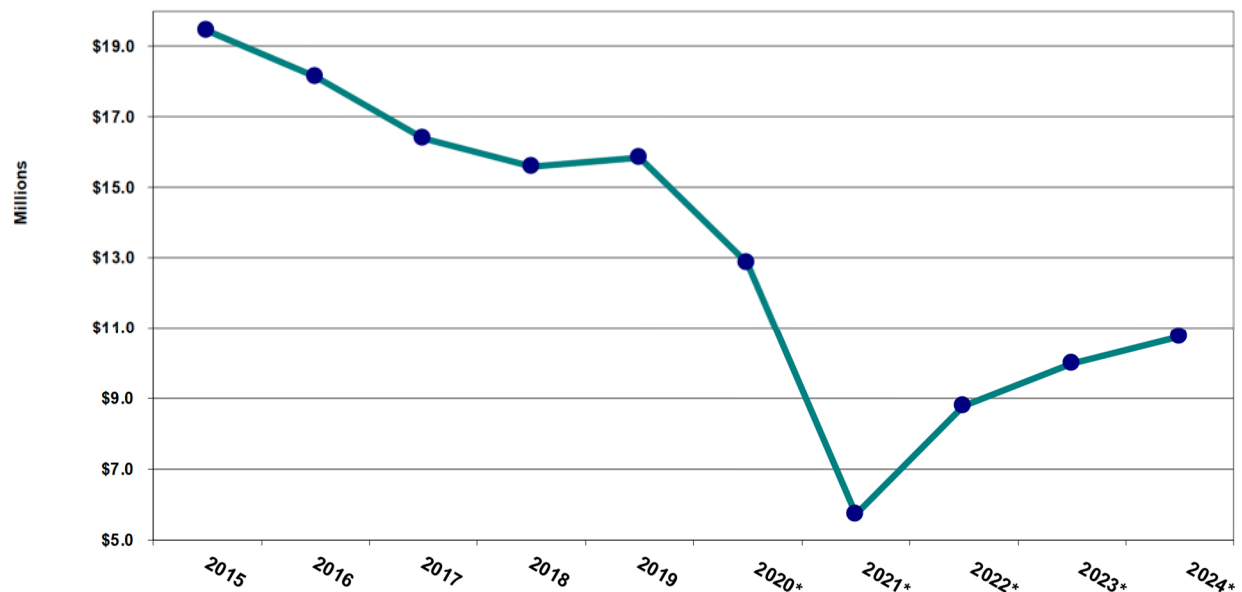
Fiscal Year	BREEZE Fixed Route Bus Service	LIFT ADA/ Paratransit	FLEX On Demand Bus Service	COASTER Commuter Train Service	SPRINTER Hybrid Rail Train Service	NCTD+ On Demand Microtransit ^(a)	Total Fare Revenue
2015	\$ 8,273,999	\$ 686,606	\$ 74,744	\$ 7,400,568	\$ 3,002,250	\$ -	\$19,438,167
2016	7,451,679	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
Change 2015-2024	(37.8)%	17.7%	70.2%	(51.7)%	(64.1)%	N/A	(44.8)%

(a) Pilot program introduced on June 10, 2024. Pilot programs are not reported in the National Transit Database (NTD).

* On January 31, 2020, the Secretary of Health and Human Services (HHS) under Section 319 of the Public Health Service Act, declared the COVID-19 outbreak a Public Health Emergency (PHE). The federal COVID-19 PHE declaration ended on May 11, 2023. Fare revenues negatively impacted by the effects of COVID-19.

Source: NCTD Internal Financial Information

**North County Transit District
Total Fare Revenue**



Revenue Capacity (continued)

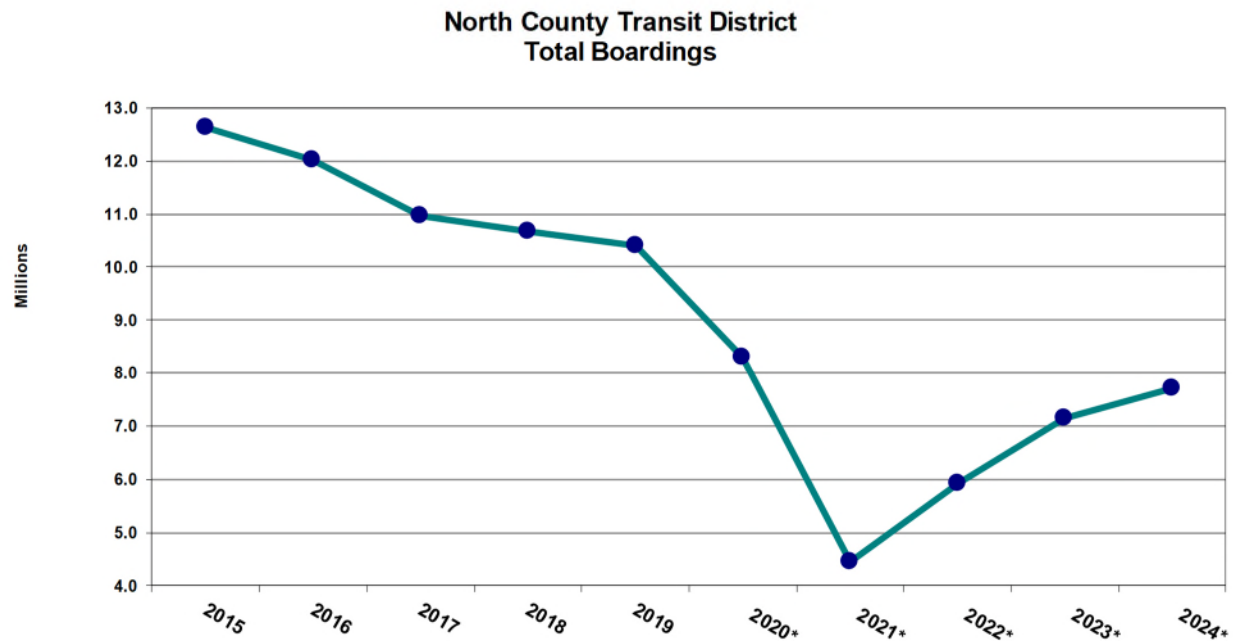
**NORTH COUNTY TRANSIT DISTRICT
PASSENGER BOARDINGS BY MODE
LAST TEN FISCAL YEARS**

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
2015	8,018,531	184,845	25,705	1,641,525	2,769,686	-	12,640,292
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
Change 2015-2024	(39.2)%	(43.1)%	89.3%	(48.0)%	(34.2)%	N/A	(39.0)%

(a) Pilot program introduced on June 10, 2024. Pilot programs are not reported in the National Transit Database (NTD).

* On January 31, 2020, the Secretary of Health and Human Services (HHS) under Section 319 of the Public Health Service Act, declared the COVID-19 outbreak a Public Health Emergency (PHE). The federal COVID-19 PHE declaration ended on May 11, 2023. Passenger boardings negatively impacted by the effects of COVID-19.

Source: NCTD Internal Financial Information



Revenue Capacity (continued)

**NORTH COUNTY TRANSIT DISTRICT
PASSENGER FARE RATES
LAST TEN FISCAL YEARS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
BREEZE Fixed Route										
One-way Fare										
Adult	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 1.75	\$ 1.75	\$ 1.75	\$ 1.75	\$ 1.75
Senior/Disabled/Medicare	1.25	1.25	1.25	1.25	1.25	0.75	0.75	0.75	0.75	0.75
Youth	1.25	1.25	1.25	1.25	2.50	1.75	1.75	1.75	1.75	1.75
Day Pass										
Adult	*	*	*	*	*	5.00	5.00	5.00	5.00	4.50
Senior/Disabled/Medicare	*	*	*	*	*	2.25	2.25	2.25	2.25	2.25
Youth	*	*	*	*	*	*	*	*	*	*
Regional Day Pass										
Adult	6.00	6.00	6.00	6.00	6.00	*	*	*	*	*
Senior/Disabled/Medicare	3.00	3.00	3.00	3.00	3.00	*	*	*	*	*
Youth	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	*	*	*	*	*
Senior/Disabled/Medicare	7.50	7.50	7.50	7.50	7.50	*	*	*	*	*
Youth	7.50	7.50	7.50	7.50	7.50	*	*	*	*	*
Region Plus Day Pass	*	*	*	*	*	12.00	12.00	12.00	12.00	12.00
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	*	*	59.00	59.00	59.00	59.00	59.00
Youth	19.00	19.00	19.00	*	*	59.00	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	18.00	18.00	18.00	18.00	18.00
Youth	23.00	23.00	23.00	23.00	23.00	36.00	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	25.00	25.00	25.00	25.00	25.00
Youth	32.00	32.00	32.00	32.00	32.00	50.00	50.00	50.00	50.00	50.00
Regional 14 Day Pass	*	*	*	*	*	43.00	43.00	43.00	43.00	43.00
Regional Premium 14 Day Pass	*	*	*	*	*	60.00	60.00	60.00	60.00	60.00
College Monthly Pass	(b)	(b)	(b)	(b)	(b)	49.00	49.00	49.00	49.00	49.00
LIFT ADA/Paratransit										
One-way Fare	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 3.50	\$ 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	5.00	5.00	5.00	5.00	5.00

Revenue Capacity (continued)

**NORTH COUNTY TRANSIT DISTRICT
PASSENGER FARE RATES (continued)
LAST TEN FISCAL YEARS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
COASTER Commuter Train Service										
ZONE 1										
One-way Fare										
Adult	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00
Senior/Disabled/Medicare	2.50	2.50	2.50	2.50	2.50	2.00	2.00	2.00	2.00	2.00
Youth	2.50	2.50	2.50	2.50	2.50	4.00	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	120.00	120.00	120.00	120.00	120.00
ZONE 2										
One-way Fare										
Adult	5.75	5.75	5.75	5.75	5.75	5.00	5.00	5.00	5.00	5.00
Senior/Disabled/Medicare	2.75	2.75	2.75	2.75	2.75	2.50	2.50	2.50	2.50	2.50
Youth	2.75	2.75	2.75	2.75	2.75	5.00	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	150.00	150.00	150.00	150.00	150.00
ZONE 3										
One-way Fare										
Adult	6.50	6.50	6.50	6.50	6.50	5.50	5.50	5.50	5.50	5.50
Senior/Disabled/Medicare	3.25	3.25	3.25	3.25	3.25	2.75	2.75	2.75	2.75	2.75
Youth	3.25	3.25	3.25	3.25	3.25	5.50	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	165.00	165.00	165.00	165.00	165.00
Senior/Disabled/Medicare (all zones)	58.00	58.00	58.00	58.00	58.00	41.25	41.25	41.25	41.25	41.25
Youth (all zones)	58.00	58.00	58.00	58.00	58.00	82.50	82.50	82.50	82.50	82.50
COASTER Day 10-Pass Multi-Pack										
Adult	75.00	75.00	*	*	*	*	*	*	*	*
Senior/Disabled/Medicare	37.50	37.50	*	*	*	*	*	*	*	*
Youth	37.50	37.50	*	*	*	*	*	*	*	*
COASTER Day 5-Pass Multi-Pack										
Adult	45.00	45.00	*	*	*	*	*	*	*	*
Senior/Disabled/Medicare	22.50	22.50	*	*	*	*	*	*	*	*
Youth	22.50	22.50	*	*	*	*	*	*	*	*
SPRINTER Hybrid Rail Train Service										
One-way Fare										
Adult	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00
Senior/Disabled/Medicare	1.25	1.25	1.25	1.25	1.25	1.00	1.00	1.00	1.00	1.00
Youth	1.25	1.25	1.25	1.25	2.50	2.00	2.00	2.00	2.00	2.00
Day Pass										
Adult	*	*	*	*	*	5.00	5.00	5.00	5.00	4.50
Senior/Disabled/Medicare	*	*	*	*	*	2.25	2.25	2.25	2.25	2.25
Youth	*	*	*	*	*	*	*	*	*	*
Regional Day Pass										
Adult	6.00	6.00	6.00	6.00	6.00	*	*	*	*	*
Senior/Disabled/Medicare	3.00	3.00	3.00	3.00	3.00	*	*	*	*	*
Youth	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	*	*	*	*	*
Senior/Disabled/Medicare	7.50	7.50	7.50	7.50	7.50	*	*	*	*	*
Youth	7.50	7.50	7.50	7.50	7.50	*	*	*	*	*

Revenue Capacity (continued)

**NORTH COUNTY TRANSIT DISTRICT
PASSENGER FARE RATES (continued)
LAST TEN FISCAL YEARS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
SPRINTER Hybrid Rail Train Service (continued)										
Region Plus Day Pass	*	*	*	*	*	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00
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	*	*	59.00	59.00	59.00	59.00	59.00
Youth	19.00	19.00	19.00	*	*	59.00	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	18.00	18.00	18.00	18.00	18.00
Youth	23.00	23.00	23.00	23.00	23.00	36.00	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	25.00	25.00	25.00	25.00	25.00
Youth	32.00	32.00	32.00	32.00	32.00	50.00	50.00	50.00	50.00	50.00
Regional 14 Day Pass	*	*	*	*	*	43.00	43.00	43.00	43.00	43.00
Regional Premium 14 Day Pass	*	*	*	*	*	60.00	60.00	60.00	60.00	60.00
College Monthly Pass	(b)	(b)	(b)	(b)	(b)	49.00	49.00	49.00	49.00	49.00
NCTD+ On Demand Microtransit										
One-way Fare										
Anywhere in service zone	\$ 3.00	*	*	*	*	*	*	*	*	*
To/from SPRINTER stations	1.50	*	*	*	*	*	*	*	*	*
Additional riders	1.50	*	*	*	*	*	*	*	*	*
Fare Capping (Pay As You Go) (c)										
Regional Daily Cap										
Adult	\$ 6.00	\$ 6.00	\$ 6.00	*	*	*	*	*	*	*
Senior/Disabled/Medicare/Youth	3.00	3.00	3.00	*	*	*	*	*	*	*
Regional Monthly Cap										
Adult	72.00	72.00	72.00	*	*	*	*	*	*	*
Senior/Disabled/Medicare/Youth	23.00	23.00	23.00	*	*	*	*	*	*	*
Premium Daily Cap										
Adult	12.00	12.00	12.00	*	*	*	*	*	*	*
Senior/Disabled/Medicare/Youth	6.00	6.00	6.00	*	*	*	*	*	*	*
Premium Monthly Cap										
Adult	100.00	100.00	100.00	*	*	*	*	*	*	*
Senior/Disabled/Medicare/Youth	32.00	32.00	32.00	*	*	*	*	*	*	*

(a) Effective September 1, 2022 with the implementation of the PRONTO fare revenue system, 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, following which they ride for free.

* 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). All fare changes, including fare increases or changes in fare types, must be approved by the SANDAG Board of Directors or the Transportation Committee. Effective September 2019, the region enacted a new fare program and rate increase. Effective April 2021, additional regional fare program changes were made in advance of the PRONTO Fare System roll-out in September 2021 (fare capping) and to lower certain single-ride trips for Youth riders.

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 2024 *		Fiscal Year 2019		Fiscal Year 2014	
	Fare Revenue	% of Total Fare Revenue	Fare Revenue	% of Total Fare Revenue	Fare Revenue	% of Total Fare Revenue
BREEZE	\$ 5,144,552	48.0%	\$ 6,524,947	41.2%	\$ 8,240,099	42.8%
LIFT	808,434	7.5%	715,066	4.5%	567,825	2.9%
FLEX	127,188	1.2%	202,882	1.3%	75,968	0.4%
COASTER	3,575,431	33.3%	5,674,370	35.9%	7,627,368	39.6%
SPRINTER	1,077,007	10.0%	2,702,065	17.1%	2,763,574	14.3%
NCTD+ ^(a)	193	0.0%	-	0.0%	-	0.0%
Total Fare Revenue	<u>\$ 10,732,805</u>	<u>100.0%</u>	<u>\$ 15,819,330</u>	<u>100.0%</u>	<u>\$ 19,274,834</u>	<u>100.0%</u>

(a) Pilot program introduced on June 10, 2024. Pilot programs are not reported in the National Transit Database (NTD).

* On January 31, 2020, the Secretary of Health and Human Services (HHS) under Section 319 of the Public Health Service Act, declared the COVID-19 outbreak a Public Health Emergency (PHE). The federal COVID-19 PHE declaration ended on May 11, 2023. Fare revenues negatively impacted by the effects of COVID-19.

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
2015	\$29,350,000	(b)	(c)	\$29,350,000	0.06%	\$33.40	\$2.32
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%	\$29.86	\$3.71
2024	\$17,750,000	\$750,028	\$4,990,950	\$23,490,978	0.03%	\$26.49	\$3.05

(a) FY2024 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)
2014	871,660	\$44,854,752	\$51,459	5.5%	7.1%	6.2%
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	886,655	\$70,153,917	\$79,122	3.9%	4.8%	3.6%

Sources: (a) SANDAG Data Surfer 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.
 (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 AND NINE YEARS AGO**

2023				
Employer	Rank	Number of Employees	Percent of Total Employment	Source
Marine Corps Base, Camp Pendleton	1	70,000	4.38%	a
ViaSat	2	4,010	0.25%	e
San Marcos Unified School District	3	3,519	0.22%	d
Vista Unified School District	4	2,865	0.18%	b
Palomar Medical Center	5	2,906	0.18%	c
Thermo Fischer Scientific (Life Technologies)	6	2,332	0.15%	e
Legoland California LLC	7	2,300	0.14%	e
Tri City Medical Center	8	2,100	0.13%	f
Palomar Community College	9	2,014	0.13%	d
Escondido Union School District	10	2,077	0.13%	c
Total San Diego County Labor Force		1,596,400		g

Sources:

- a www.pendleton.marines.mil/Main-Menu/Introduction
- b *City of Vista, Annual Consolidated Financial Report FY23*
- c *City of Escondido, Annual Consolidated Financial Report FY23*
- d *City of San Marcos, Annual Consolidated Financial Report FY23*
- e *City of Carlsbad, Annual Consolidated Financial Report FY23*
- f *Tri City Medical Center website*
- g *State of California Employment Development Department:*
<https://www.labormarketinfo.edd.ca.gov/geography/msa/san-diego-carlsbad.html>

2014				
Employer	Rank	Number of Employees	Percent of Total Employment	Source
Marine Corps Base, Camp Pendleton	1	70,000	4.41%	a
Palomar Pomerado Health	2	3,045	0.19%	a
Palomar College	3	2,665	0.17%	a
Tri City Medical Center	4	2,279	0.14%	a
Naval Hospital Camp Pendleton	5	2,151	0.14%	a
Vista Unified School District	6	2,141	0.13%	a
Pala Casino Resort and Spa	7	2,010	0.13%	a
Oceanside Unified School District	8	2,000	0.13%	a
Escondido Union School District	9	1,900	0.12%	a
California State University San Marcos	10	1,900	0.12%	a
Total San Diego County Labor Force		1,588,500		a

Source:

- a *FY2015 NCTD Comprehensive Annual Financial Report*

Demographic and Economic Statistics (continued)

**NORTH COUNTY TRANSIT DISTRICT
BUDGETED EMPLOYEES BY DIVISION
LAST TEN FISCAL YEARS**

Division	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Administration	6.00	6.00	4.00	5.00	5.00	5.50	6.25	8.00	7.00	9.50
Bus Operations	6.00	7.00	6.00	5.00	7.00	6.00	6.00	6.00	7.00	8.00
Development Services	44.00	42.00	17.00	17.00	17.00	16.00	16.00	17.00	15.00	15.00
Finance	20.00	19.00	19.00	17.00	16.00	18.00	18.00	20.00	19.50	14.00
General Counsel	7.00	5.00	5.00	6.00	6.00	6.00	6.00	6.00	6.00	5.00
Information Technology	21.00	21.00	14.00	14.00	14.00	15.00	14.00	12.00	12.00	15.00
Office of the Chief Executive Officer	3.25	3.25	4.25	3.25	7.00	4.50	3.00	1.00	2.00	2.00
Operations - Rail	129.00	123.25	110.00	9.00	4.00	4.00	6.00	5.00	3.00	3.00
Operations Support Services	51.25	45.25	39.00	30.00	20.00	20.00	20.00	51.00	45.00	54.00
Planning and Communications	29.50	26.75	24.25	25.25	24.25	23.25	23.00	25.50	26.00	11.00
Procurement and Contract Administration	10.50	9.00	8.00	7.00	7.00	8.00	8.00	7.00	8.00	13.00
Rail Right-of-Way	47.25	60.00	2.00	2.00	2.00	3.00	3.00	3.00	2.00	0.00
Safety and Risk Assessment	8.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00
Total	382.75	372.50	257.50	145.50	134.25	134.25	134.25	166.50	157.50	153.50

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**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
FARE REVENUES (thousands) ^(a)										
BREEZE	\$ 5,145	\$ 4,847	\$ 4,262	\$ 2,527	\$ 5,286	\$ 6,525	\$ 6,465	\$ 6,396	\$ 7,452	\$ 8,274
LIFT	808	575	622	620	681	715	743	788	776	687
FLEX	127	70	32	24	156	203	181	56	66	75
COASTER	3,575	3,489	2,743	1,086	4,334	5,674	5,453	6,453	6,878	7,401
SPRINTER	1,077	1,008	1,116	1,448	2,386	2,702	2,750	2,693	2,976	3,002
NCTD+ ^(d)	0	-	-	-	-	-	-	-	-	-
TOTAL	\$ 10,733	\$ 9,988	\$ 8,776	\$ 5,705	\$ 12,842	\$ 15,819	\$ 15,592	\$ 16,386	\$ 18,147	\$ 19,438
OPERATING COSTS (thousands) ^(b)										
BREEZE	\$ 60,997	\$ 55,427	\$ 49,564	\$ 45,221	\$ 44,550	\$ 43,247	\$ 48,251	\$ 49,327	\$ 45,614	\$ 42,582
LIFT	13,328	11,238	9,127	9,662	9,522	10,483	10,149	9,504	8,434	7,402
FLEX	3,823	4,087	3,515	2,369	2,246	1,985	1,265	735	637	605
COASTER	38,613	36,548	34,197	23,987	21,210	19,969	17,049	18,653	17,386	20,212
SPRINTER	33,455	30,958	28,655	22,488	22,985	21,562	19,789	15,423	16,309	16,175
NCTD+ ^(d)	126	-	-	-	-	-	-	-	-	-
TOTAL	\$ 150,342	\$ 138,258	\$ 125,059	\$ 103,727	\$ 100,513	\$ 97,246	\$ 96,503	\$ 93,643	\$ 88,380	\$ 86,976
FARE REVENUE TO OPERATING COSTS ^(c)										
BREEZE	8.4%	8.7%	8.6%	5.6%	11.9%	15.1%	13.4%	13.0%	16.3%	19.4%
LIFT	6.1%	5.1%	6.8%	6.4%	7.1%	6.8%	7.3%	8.3%	9.2%	9.3%
FLEX	3.3%	1.7%	0.9%	1.0%	6.9%	10.2%	14.3%	7.7%	10.4%	12.4%
COASTER	9.3%	9.5%	8.0%	4.5%	20.4%	28.4%	32.0%	34.6%	39.6%	36.6%
SPRINTER	3.2%	3.3%	3.9%	6.4%	10.4%	12.5%	13.9%	17.5%	18.2%	18.6%
NCTD+ ^(d)	0.2%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SYSTEM	7.1%	7.2%	7.0%	5.5%	12.8%	16.3%	16.2%	17.5%	20.5%	22.3%

(a) On January 31, 2020, the Secretary of Health and Human Services (HHS) under Section 319 of the Public Health Service Act, declared the COVID-19 outbreak a Public Health Emergency (PHE). The federal COVID-19 PHE declaration ended on May 11, 2023. Fare revenues negatively impacted by the effects of COVID-19.

(b) Operating costs exclude interest, depreciation, GASB68/GASB75 actuarial and non-cash expenses, GASB 87/GASB 96 expenses, and gain/loss on disposal of assets.

(c) Fare revenues divided by operating costs.

(d) 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**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
FAREBOX RECOVERY RATIO AS REPORTED TO THE CALIFORNIA STATE CONTROLLER'S OFFICE (WITH LOCAL SUPPORT) ^{(a) (c)}										
FIXED ROUTE (BREEZE, FLEX, COASTER, SPRINTER)	34.1%	32.8%	33.2%	25.4%	34.9%	38.9%	34.7%	*	*	*
LIFT/ADA PARATRANSIT	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) (c)}										
FIXED ROUTE (BREEZE, FLEX, COASTER, SPRINTER)	8.6%	8.8%	7.6%	5.7%	13.5%	17.9%	17.6%	18.8%	22.3%	23.8%
LIFT/ADA PARATRANSIT	6.3%	5.4%	7.1%	6.6%	7.2%	6.8%	7.3%	8.3%	6.2%	9.3%

(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.

(c) Farebox recovery ratios negatively impacted by the effects of COVID-19 on ridership and the resulting fare revenues.

* 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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
PASSENGERS (thousands) ^(a)										
BREEZE	4,876	4,503	3,919	2,991	5,135	6,373	6,483	6,732	7,547	8,019
LIFT	105	93	72	57	116	169	186	202	200	185
FLEX	49	39	25	22	31	32	28	21	25	26
COASTER	853	813	588	163	944	1,409	1,433	1,455	1,556	1,642
SPRINTER	1,823	1,685	1,322	1,225	2,066	2,409	2,533	2,549	2,678	2,770
NCTD+ ^(b)	0	-	-	-	-	-	-	-	-	-
TOTAL	7,706	7,132	5,927	4,458	8,293	10,392	10,663	10,959	12,006	12,640
REVENUE PER PASSENGER										
BREEZE	\$ 1.06	\$ 1.08	\$ 1.09	\$ 0.84	\$ 1.03	\$ 1.02	\$ 1.00	\$ 0.95	\$ 0.99	\$ 1.03
LIFT	7.68	6.17	8.59	10.79	5.84	4.24	3.99	3.90	3.89	3.71
FLEX	2.61	1.81	1.28	1.13	5.05	6.25	6.55	2.72	2.66	2.91
COASTER	4.19	4.29	4.66	6.67	4.59	4.03	3.81	4.44	4.42	4.51
SPRINTER	0.59	0.60	0.84	1.18	1.15	1.12	1.09	1.06	1.11	1.08
NCTD+ ^(b)	1.32	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SYSTEM	\$ 1.39	\$ 1.40	\$ 1.48	\$ 1.28	\$ 1.55	\$ 1.52	\$ 1.46	\$ 1.50	\$ 1.51	\$ 1.54
COST PER PASSENGER										
BREEZE	\$ 12.51	\$ 12.31	\$ 12.65	\$ 15.12	\$ 8.68	\$ 6.79	\$ 7.44	\$ 7.33	\$ 6.04	\$ 5.31
LIFT	126.64	120.67	126.11	168.25	81.77	62.10	54.53	47.01	42.24	40.04
FLEX	78.57	105.80	138.75	109.95	72.90	61.18	45.75	35.52	25.59	23.52
COASTER	45.27	44.94	58.12	147.42	22.47	14.18	11.90	12.82	11.17	12.31
SPRINTER	18.35	18.38	21.67	18.35	11.13	8.95	7.81	6.05	6.09	5.84
NCTD+ ^(b)	864.23	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SYSTEM	\$ 19.51	\$ 19.38	\$ 21.10	\$ 23.27	\$ 12.12	\$ 9.36	\$ 9.05	\$ 8.55	\$ 7.36	\$ 6.88

(a) On January 31, 2020, the Secretary of Health and Human Services (HHS) under Section 319 of the Public Health Service Act, declared the COVID-19 outbreak a Public Health Emergency (PHE). The federal COVID-19 PHE declaration ended on May 11, 2023. Passenger boardings negatively impacted by the effects of COVID-19.

(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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
REVENUE HOURS (thousands)										
BREEZE	411.9	376.8	404.8	420.4	424.7	424.0	448.7	478.1	462.0	462.7
LIFT	53.7	52.2	39.7	37.5	62.2	94.0	115.3	119.4	116.4	112.7
FLEX	17.4	17.0	16.9	17.3	17.0	16.5	16.5	7.6	8.5	8.3
COASTER ^(a)	10.0	10.0	9.2	3.8	6.0	6.9	6.9	6.9	6.9	7.0
SPRINTER	23.3	23.4	23.4	23.5	23.6	23.7	23.5	23.4	23.6	23.5
NCTD+ ^(b)	0.1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL	516.3	479.5	493.9	502.5	533.5	565.1	610.8	635.4	617.4	614.1
REVENUE PER REVENUE HOUR										
BREEZE	\$ 12.49	\$ 12.86	\$ 10.53	\$ 6.01	\$ 12.45	\$ 15.39	\$ 14.41	\$ 13.38	\$ 16.13	\$ 17.88
LIFT	15.07	11.01	15.68	16.53	10.93	7.61	6.44	6.60	6.67	6.09
FLEX	7.30	4.11	1.92	1.40	9.16	12.33	10.95	7.38	7.80	9.01
COASTER	358.80	348.86	298.69	284.36	722.92	818.10	795.25	940.53	994.87	1,057.98
SPRINTER	46.23	42.98	47.76	61.66	101.04	114.17	117.08	115.12	126.16	127.62
NCTD+ ^(b)	1.71	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SYSTEM	\$ 20.79	\$ 20.83	\$ 17.77	\$ 11.35	\$ 24.07	\$ 28.00	\$ 25.52	\$ 25.79	\$ 29.39	\$ 31.65
COST PER REVENUE HOUR										
BREEZE	\$ 148.10	\$ 147.09	\$ 122.45	\$ 107.56	\$ 104.90	\$ 102.00	\$ 107.55	\$ 103.17	\$ 98.74	\$ 92.04
LIFT	248.40	215.12	230.14	257.74	152.97	111.53	88.01	79.59	72.43	65.70
FLEX	219.55	240.67	208.06	137.02	132.14	120.62	76.54	96.35	75.14	72.89
COASTER	3,874.90	3,654.08	3,723.56	6,282.61	3,538.02	2,879.08	2,486.39	2,718.71	2,515.00	2,889.56
SPRINTER	1,436.08	1,320.22	1,225.90	957.38	973.42	911.04	842.48	659.40	691.48	687.55
NCTD+ ^(b)	1,115.62	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SYSTEM	\$ 291.20	\$ 288.34	\$ 253.22	\$ 206.42	\$ 188.39	\$ 172.10	\$ 157.98	\$ 147.37	\$ 143.15	\$ 141.62

(a) Based on running time; does not include layover. May differ from National Transit Database reports.

(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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
REVENUE VEHICLE MILES (thousands)										
BREEZE	4,892	4,688	4,938	5,057	5,090	5,076	5,223	5,590	5,561	5,626
LIFT	904	912	735	685	1,078	1,593	1,814	1,995	2,028	1,979
FLEX	321	318	316	314	312	306	245	109	120	118
COASTER	400	401	363	146	230	270	272	271	274	277
SPRINTER	513	516	514	517	519	517	517	519	519	518
NCTD+ ^(a)	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL	7,030	6,835	6,866	6,719	7,230	7,762	8,071	8,484	8,501	8,517
REVENUE PER REVENUE MILE										
BREEZE	\$ 1.05	\$ 1.03	\$ 0.86	\$ 0.50	\$ 1.04	\$ 1.29	\$ 1.24	\$ 1.14	\$ 1.34	\$ 1.47
LIFT	0.89	0.63	0.85	0.91	0.63	0.45	0.41	0.40	0.38	0.35
FLEX	0.40	0.22	0.10	0.08	0.50	0.66	0.74	0.52	0.55	0.63
COASTER	8.94	8.70	7.55	7.44	18.84	20.99	20.05	23.78	25.13	26.73
SPRINTER	2.10	1.95	2.17	2.80	4.60	5.23	5.32	5.19	5.74	5.80
NCTD+ ^(a)	0.34	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SYSTEM	\$ 1.53	\$ 1.46	\$ 1.28	\$ 0.85	\$ 1.78	\$ 2.04	\$ 1.93	\$ 1.93	\$ 2.13	\$ 2.28
COST PER REVENUE MILE										
BREEZE	\$ 12.47	\$ 11.82	\$ 10.04	\$ 8.94	\$ 8.75	\$ 8.52	\$ 9.24	\$ 8.82	\$ 8.20	\$ 7.57
LIFT	14.75	12.32	12.42	14.11	8.83	6.58	5.59	4.76	4.16	3.74
FLEX	11.91	12.87	11.13	7.54	7.19	6.49	5.16	6.77	5.31	5.13
COASTER	96.60	91.14	94.18	164.38	92.22	73.85	62.68	68.73	63.54	73.02
SPRINTER	65.24	60.00	55.70	43.51	44.28	41.73	38.28	29.72	31.43	31.23
NCTD+ ^(a)	224.67	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SYSTEM	\$ 21.39	\$ 20.23	\$ 18.21	\$ 15.44	\$ 13.90	\$ 12.53	\$ 11.96	\$ 11.04	\$ 10.40	\$ 10.21

(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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
PASSENGER MILES (thousands) ^(a)										
BREEZE	30,595	28,246	16,894	12,970	22,100	27,431	27,892	28,939	37,794	38,535
LIFT	1,409	1,547	1,163	774	1,889	2,581	2,100	2,707	2,748	2,350
FLEX	293	243	105	93	120	161	123	242	290	302
COASTER	23,659	22,554	15,559	4,303	24,963	37,232	37,903	38,461	43,773	45,886
SPRINTER	13,140	13,035	9,849	8,939	15,992	20,677	21,730	21,868	23,329	24,355
NCTD+ ^(b)	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL	69,097	65,625	43,569	27,078	65,064	88,083	89,748	92,217	107,934	111,427
PASSENGERS PER REVENUE MILE										
BREEZE	1.00	0.96	0.79	0.59	1.01	1.26	1.24	1.20	1.36	1.43
LIFT	0.12	0.10	0.10	0.08	0.11	0.11	0.10	0.10	0.10	0.09
FLEX	0.15	0.12	0.08	0.07	0.10	0.11	0.11	0.19	0.21	0.22
COASTER	2.13	2.03	1.62	1.11	4.10	5.21	5.27	5.36	5.69	5.93
SPRINTER	3.55	3.26	2.57	2.37	3.98	4.66	4.90	4.91	5.16	5.35
NCTD+ ^(b)	0.26	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SYSTEM	1.10	1.04	0.86	0.66	1.15	1.34	1.32	1.29	1.41	1.48
SUBSIDY PER PASSENGER										
BREEZE	\$ 11.45	\$ 11.23	\$ 11.56	\$ 14.28	\$ 7.65	\$ 5.76	\$ 6.45	\$ 6.38	\$ 5.06	\$ 4.28
LIFT	118.96	114.49	117.52	157.46	75.93	57.86	50.54	43.11	38.35	36.33
FLEX	75.95	104.00	137.47	108.82	67.85	54.93	39.21	32.80	22.93	20.61
COASTER	41.08	40.65	53.46	140.75	17.88	10.15	8.09	8.39	6.75	7.80
SPRINTER	17.76	17.78	20.83	17.17	9.97	7.83	6.73	4.99	4.98	4.76
NCTD+ ^(b)	862.90	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SYSTEM	\$ 18.12	\$ 17.98	\$ 19.62	\$ 21.99	\$ 10.57	\$ 7.84	\$ 7.59	\$ 7.05	\$ 5.85	\$ 5.34

(a) On January 31, 2020, the Secretary of Health and Human Services (HHS) under Section 319 of the Public Health Service Act, declared the COVID-19 outbreak a Public Health Emergency (PHE). The federal COVID-19 PHE declaration ended on May 11, 2023. Passenger miles negatively impacted by the effects of COVID-19.

(b) 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 FUNCTION AND TRANSPORTATION MODE
LAST TEN FISCAL YEARS**

Function/Mode	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
REVENUE VEHICLES										
BREEZE										
Number of Buses	152	153	152	152	152	152	156	163	164	164
Total Miles	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	6,318,860
Number of Trips	389,849	368,935	397,786	412,981	413,240	411,198	422,756	457,517	462,571	468,513
LIFT										
Number of Vehicles	42	40	42	46	53	52	54	53	53	53
Total Miles	995,221	1,044,598	874,311	826,351	1,262,750	1,888,532	2,155,682	2,339,137	2,258,758	2,458,596
Number of Trips	99,629	87,013	65,707	52,287	108,468	154,403	172,285	184,937	180,207	170,843
FLEX^(a)										
Number of Vehicles	12	10	12	11	9	10	15	8	8	8
Total Miles	337,743	329,158	328,136	331,156	329,927	326,102	269,206	133,673	147,160	147,675
Number of Trips	15,726	14,917	14,806	15,354	14,834	14,227	12,565	12,736	15,178	14,981
COASTER										
Number of Vehicles	36	35	35	35	35	35	35	35	35	35
Total Miles	425,483	424,331	385,097	155,689	243,076	286,692	288,253	287,990	290,075	292,668
Number of Trips	9,756	9,772	8,855	3,580	5,633	6,616	6,635	6,647	6,662	6,737
SPRINTER										
Number of Vehicles	12	12	12	12	12	12	12	12	12	12
Total Miles	516,671	518,392	518,217	520,111	522,540	519,731	518,986	520,886	520,809	519,761
Number of Trips	23,452	23,653	23,606	23,673	23,779	23,612	23,590	23,667	23,933	23,603

Capital Asset Statistics (continued)

NORTH COUNTY TRANSIT DISTRICT
CAPITAL ASSET STATISTICS BY FUNCTION AND TRANSPORTATION MODE (continued)
LAST TEN FISCAL YEARS

Function/Mode	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
REVENUE VEHICLES										
NCTD+^(b)										
Number of Vehicles	10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Miles	3,523	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of Trips	128	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
FACILITIES										
Administrative Offices	3	3	2	2	2	2	2	2	2	2
Maintenance Facilities	4	4	4	4	4	4	4	4	4	4
Transit Centers	7	7	7	7	7	7	7	7	7	7
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

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 Revenue 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)	5,006	394	4,541	28,490	0.91	11.53	\$ 58,817	\$ 11.75	\$ 12.95	\$ 4,916	\$ 1.08	8.4%
City of Charlotte North Carolina	8,597	627	7,852	34,214	0.91	12.52	111,695	12.99	14.23	6,379	0.81	5.7%
Metropolitan Transit Authority of Harris County	7,991	618	10,086	54,318	1.26	16.32	86,335	10.80	8.56	4,763	0.47	5.5%
New Jersey Transit Corporation	6,146	504	6,948	30,019	1.13	13.79	61,010	9.93	8.78	5,906	0.85	9.7%
Orange County Transportation Authority	6,076	515	8,726	33,762	1.44	16.94	82,347	13.55	9.44	5,734	0.66	7.0%
Pioneer Valley Transit Authority	4,543	316	6,903	26,148	1.52	21.84	46,526	10.24	6.74	5,768	0.84	12.4%
DEMAND RESPONSE												
North County Transit District ^(c)	912	52	93	1,547	0.10	1.78	\$ 10,965	\$ 12.02	\$ 117.73	\$ 636	\$ 6.83	5.8%
Central Contra Costa Transit Authority	997	61	114	1,195	0.11	1.87	7,676	7.70	67.33	479	4.20	6.2%
Central County Transportation Authority	975	64	124	1,241	0.13	1.94	6,343	6.51	51.15	471	3.80	7.4%
Greater Peoria Mass Transit District	948	58	136	1,352	0.14	2.34	5,059	5.34	37.20	341	2.51	6.7%
San Francisco Municipal Transportation Agency	1,248	166	237	1,376	0.19	1.43	22,581	18.09	95.28	542	2.29	2.4%
Stanislaus Regional Transit Authority	912	62	140	1,300	0.15	2.26	6,801	7.46	48.58	358	2.56	5.3%
COMMUTER RAIL ^(d)												
North County Transit District	1,658	51	813	22,554	0.49	15.84	\$ 36,043	\$ 21.73	\$ 44.32	\$ 3,237	\$ 3.98	9.0%
Central Puget Sound Regional Transit Authority	1,650	54	1,756	43,432	1.06	32.52	76,112	46.13	43.34	5,005	2.85	6.6%
Dallas Area Rapid Transit	1,195	61	1,136	18,537	0.95	18.62	43,526	36.42	38.32	3,579	3.15	8.2%
Rio Metro Regional Transit District	1,438	40	546	26,779	0.38	13.65	44,384	30.87	81.29	936	1.71	2.1%
HYBRID RAIL ^(d)												
North County Transit District	627	29	1,685	13,035	2.69	59.10	\$ 29,883	\$ 47.65	\$ 17.74	\$ 1,008	\$ 0.60	3.4%
Capital MTA	666	28	477	7,331	0.72	17.04	34,843	52.32	73.05	1,311	2.75	3.8%
Denton County Transportation Authority	768	36	225	3,357	0.29	6.25	16,322	21.25	72.54	335	1.49	2.1%
New Jersey Transit Corporation	1,019	41	1,758	26,112	1.73	42.88	37,020	36.33	21.06	1,019	0.58	2.8%
San Francisco BART	1,192	35	1,264	9,190	1.06	36.11	19,617	16.46	15.52	3,685	2.92	18.8%

(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 and FLEX Routes 371,392,395.

(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 2023



Federal Awards Reports in Accordance
with the Uniform Guidance
June 30, 2024

North County Transit District

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 1

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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, 2024, 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 20, 2024.

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 "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 20, 2024



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, 2024. 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, 2024.

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, 2024, and the related notes to the financial statements, which collectively comprise NCTD's basic financial statements. We issued our report thereon dated December 20, 2024, which contained an unmodified opinion on those financial statements. 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.

The image shows a handwritten signature in black ink that reads "Eric Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 20, 2024

North County Transit District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-through Grantor Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures
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	\$ 125,134
Subtotal - 20.500			125,134
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-2019-005	28,983
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-2019-084	92,200
CARES - Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-2020-069	1,050,069
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-2020-235	262,138
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-2022-038	2,954,672
ARPA - Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-2022-054	16,505,472
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-2023-011	3,601,043
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-2024-042	23,695,629
Subtotal - 20.507			48,190,206
State of Good Repair Grants Program	20.525	CA-2017-021	150,804
State of Good Repair Grants Program	20.525	CA-2017-133	31,631
State of Good Repair Grants Program	20.525	CA-2019-090	112,371
State of Good Repair Grants Program	20.525	CA-2020-275	246,011
State of Good Repair Grants Program	20.525	CA-2021-216	1,509,113
State of Good Repair Grants Program	20.525	CA-2023-015	1,493,729
State of Good Repair Grants Program	20.525	CA-2024-056	6,256,392
Subtotal - 20.525			9,800,051
Bus and Bus Facilities Formula & Discretionary Programs (Bus Program)	20.526	CA-2019-010	93,573
Bus and Bus Facilities Formula & Discretionary Programs (Bus Program)	20.526	CA-2020-026	(29,064)
Bus and Bus Facilities Formula & Discretionary Programs (Bus Program)	20.526	CA-2021-205	100,818
Bus and Bus Facilities Formula & Discretionary Programs (Bus Program)	20.526	CA-2022-202	766,714
Bus and Bus Facilities Formula & Discretionary Programs (Bus Program)	20.526	CA-2023-108	4,800,000
Bus and Bus Facilities Formula & Discretionary Programs (Bus Program)	20.526	CA-2024-051	1,119,582
Subtotal - 20.526			6,851,623
Subtotal - Federal Transit Cluster			64,967,014
Passed-through from California Department of Transportation Division of Rail:			
Formula Grants for Rural Areas	20.509	64TO21-01867	480,520
Formula Grants for Rural Areas	20.509	64BA22-02061-01	641,568
Subtotal - 20.509			1,122,088
Direct Assistance:			
Capital Assistance to States - Intercity Passenger Rail Service	20.317	FRA	6,742
Direct Assistance:			
Federal-State Partnership for Intercity Passenger Rail	20.326	FRA Partnership Program	1,687,796
Passed-through from San Diego Association of Governments:			
Metropolitan Transportation Planning and State and			
Non-Metropolitan Planning and Research	20.505	Federal Transit Administration, 5304 - Strategic Partnerships (#3102500)	13,441
Direct Assistance:			
Community Project Funding Congressionally Directed Spending	20.534	CA-2023-072	265,433
Total - U.S. Department of Transportation			68,062,514
Total Federal Financial Assistance			<u>\$ 68,062,514</u>

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, 2024. 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.

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:	\$2,041,875
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None Reported.

Financial Statement Findings:

None reported.

Federal Award Findings:

Note reported.