

**REVISED**  
**NORTH COUNTY TRANSIT**  
**SAN DIEGO RAILROAD**

## Agenda

### **Performance, Administration and Finance (PAF) Committee**

Mike Sannella, Committee Chair  
Jewel Edson, Committee Vice-Chair  
Priya Bhat-Patel, Committee Member  
Corinna Contreras, Committee Member

Mary Dover – Staff Committee Liaison

**Date: Monday, December 15, 2025 at 12:00 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, operating as North County Transit – San Diego Railroad's mission is to operate an environmentally sustainable and fiscally responsible transit network that provides seamless mobility for all while achieving organizational and operational excellence.

#### **VISION**

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

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](mailto:clerk@nctd.org).

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Any writings or documents provided to a majority of the members of the NCTD Board of Directors regarding any item on this agenda will be made available for public inspection at the office of the Clerk of the Board located at 810 Mission Avenue, Oceanside, CA 92054, during normal business hours.

## **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](mailto: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/83141518005?pwd=tYKfRViJuZeqf78CxI2GQYTBY3cygb.1>

Passcode: 070693

### **Phone Participation:**

To join the meeting by phone, dial 669-900-6833

Webinar ID: 831 4151 8005

Passcode: 070693

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](mailto: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/>.

# PAF COMMITTEE MEETING BEGINNING AT 12:00 PM

- CALL TO ORDER
- ROLL CALL OF BOARD MEMBERS
- SAFETY BRIEF & EVACUATION PROCEDURES – Taylor Siwy, Deputy Clerk
- 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 timely received written and/or telephonic comments 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.**

## AGENDA ITEMS 1 - 5

1. **Receive FY2025 Unaudited Financial Statements**  
Staff will present the District's financial performance (unaudited) for Fiscal Year 2025.  
*(Eun Park-Lynch, Chief Financial Officer)*
2. **Receive Update on NCTD's Pension Liability GASB 68 Report**  
Staff will present the Pension Plan's funded status as of June 30, 2024 (the most recent valuation date), participant data, required Unfunded Accrued Liability (UAL) contributions for the next 10 fiscal years, and analysis of discount rate sensitivity.  
*(Eun Park-Lynch, Chief Financial Officer)*
3. **Receive Update on the Proposed FY2027 – FY2031 Capital Improvement Program**  
Staff will provide an update on the development of the FY2027-FY2031 Capital Improvement Program (CIP).  
*(Ornella Robert, Manager of Project Delivery)*
4. **Receive Update on Transit Fare Change Study**  
Staff will provide an update on the status of the Transit Fare Change Study in partnership with SANDAG and MTS.  
*(Mary Dover, Chief of Staff and Tim Garrett, SANDAG)*
5. **Review Updates to Internal Audit Program and Charters (Attachment 5A)**  
Staff will present the results of the Internal Audit Program for Calendar Year 2025.  
*(Karen Tucholski, Senior Legal Counsel – Regulatory Compliance)*

- BOARD MEMBER REPORTS, COMMENTS AND CORRESPONDENCE
- ADJOURNMENT
- CERTIFICATIONS AND RULES (FOR BOARD AND PUBLIC INFORMATION)
  - Posting of Board Agenda (Page 6)
  - Rules for Public Speakers at meetings of the North County Transit District (Page 7)

**Upcoming Meetings:**

- ***Executive Committee Meeting: Thursday, December 18, 2025 at 12:00 p.m.***
- ***Regular Board Meeting: Thursday, December 18, 2025 at 2:00 p.m.***

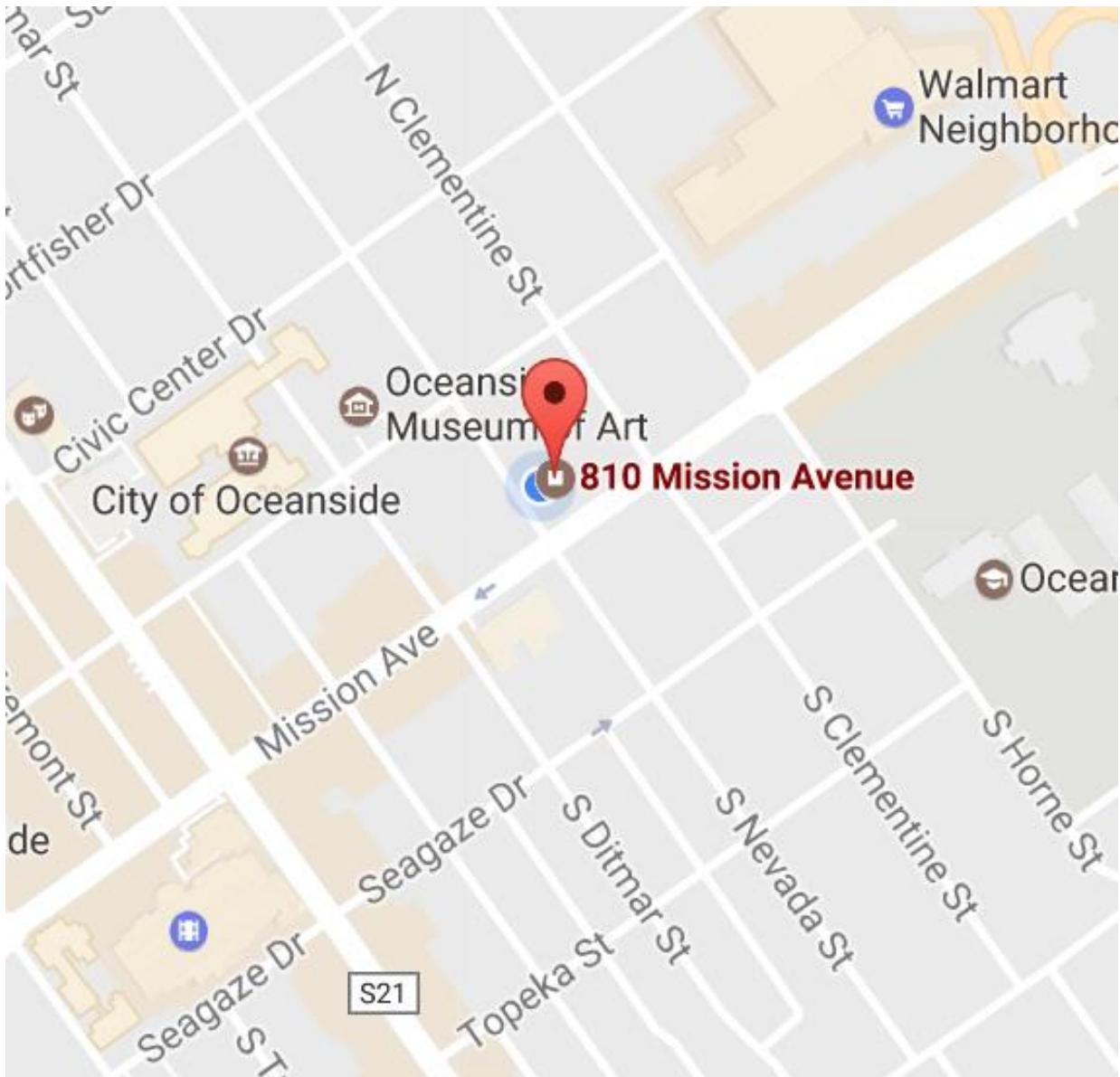
***All Regular Board and Committee Meetings will be held at NCTD Administrative Offices, 810 Mission Ave., Oceanside CA, unless otherwise provided on public notice.***

# **NORTH COUNTY TRANSIT**

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## **SAN DIEGO RAILROAD**

## 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](http://www.goNCTD.com) to check our current routes and schedules, or call 1-800-COMMUTE.

**NORTH COUNTY TRANSIT**  
**SAN DIEGO RAILROAD**

December 8, 2025

**To:** North County Transit – San Diego Railroad Board Members  
**From:** Suheil Rodriguez, Director of Administration  
**Subject:** POSTING OF PAF COMMITTEE AGENDA

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

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

**Committee Meeting:** December 15, 2025 at 12:00 p.m.

**Posted At:** 810 Mission Avenue, Oceanside, CA

**Posted Online At:** [www.goNCTD.com](http://www.goNCTD.com)

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

**Posted By:** Suheil Rodriguez, Director of Administration

**NORTH COUNTY TRANSIT**  
**SAN DIEGO RAILROAD**

## **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: 15 minutes
  - End of meeting: No time limit.
- B. Time limit per speaker per meeting: Three minutes, with no donation of time allowed.
- C. Priority: First come, first served. Speakers who registered to speak with the Clerk will be 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 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.

# Receive FY2025 Unaudited Financial Statements

PAF Committee  
December 15, 2025

COASTER SPRINTER BREEZE FLEX LIFT NCTD<sup>®</sup>

# FY2025 Financial Highlights

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

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

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

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

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

# FY2025 Financial Highlights

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

# FY2025 Operating Summary (Unaudited)

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

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

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

# Net Position

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

# Farebox Recovery

	FY2021	FY2022	FY2023	FY2024	FY2025
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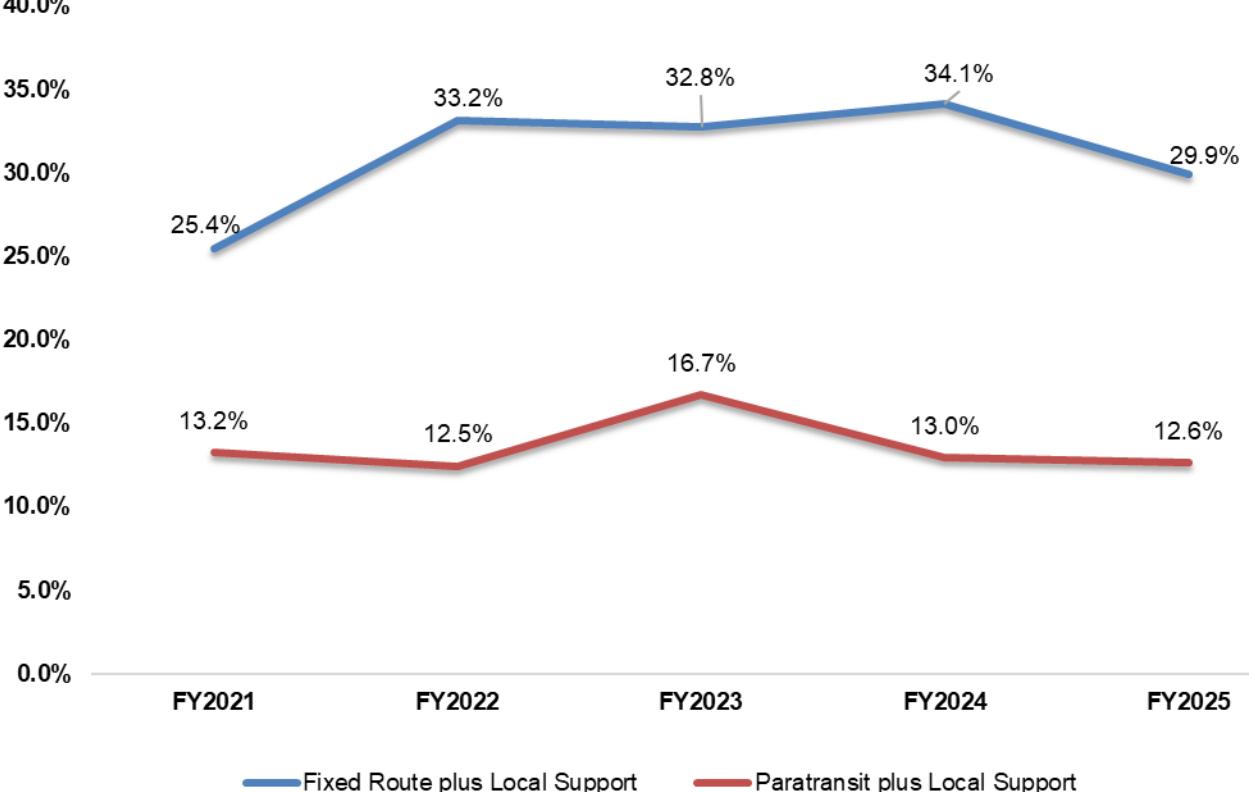
## FAREBOX PLUS LOCAL SUPPORT RATIO

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

## MINIMUM REQUIRED FAREBOX RECOVERY RATIO

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

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



# Questions?



# Update on GASB 68 Defined Benefit Pension Plan

PAF Committee  
December 15, 2025

COASTER SPRINTER BREEZE FLEX LIFT NCTD<sup>®</sup>

# Overview and Assumptions

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

# Covered Employees

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

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

\* Separated from employment from NCTD

\*\* First year of insourcing of rail operations and maintenance

# Net Pension Liability

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

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

# Sensitivity Analysis

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

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

# Pension Employer Contributions

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

# NCTD Pension Contributions

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

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

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

# Questions?

RELATED TO  
AGENDA ITEM 3



# UPDATE ON THE PROPOSED FY 2027 – 2031 CAPITAL IMPROVEMENT PROGRAM

PAF Committee Meeting  
December 15, 2025

COASTER SPRINTER BREEZE FLEX LIFT NCTD<sup>®</sup>

# Annual CIP Development

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



# Annual CIP Development

## Phase 1

 Capital Project  
Steering Committee  
Kick Off  
Aug 2025

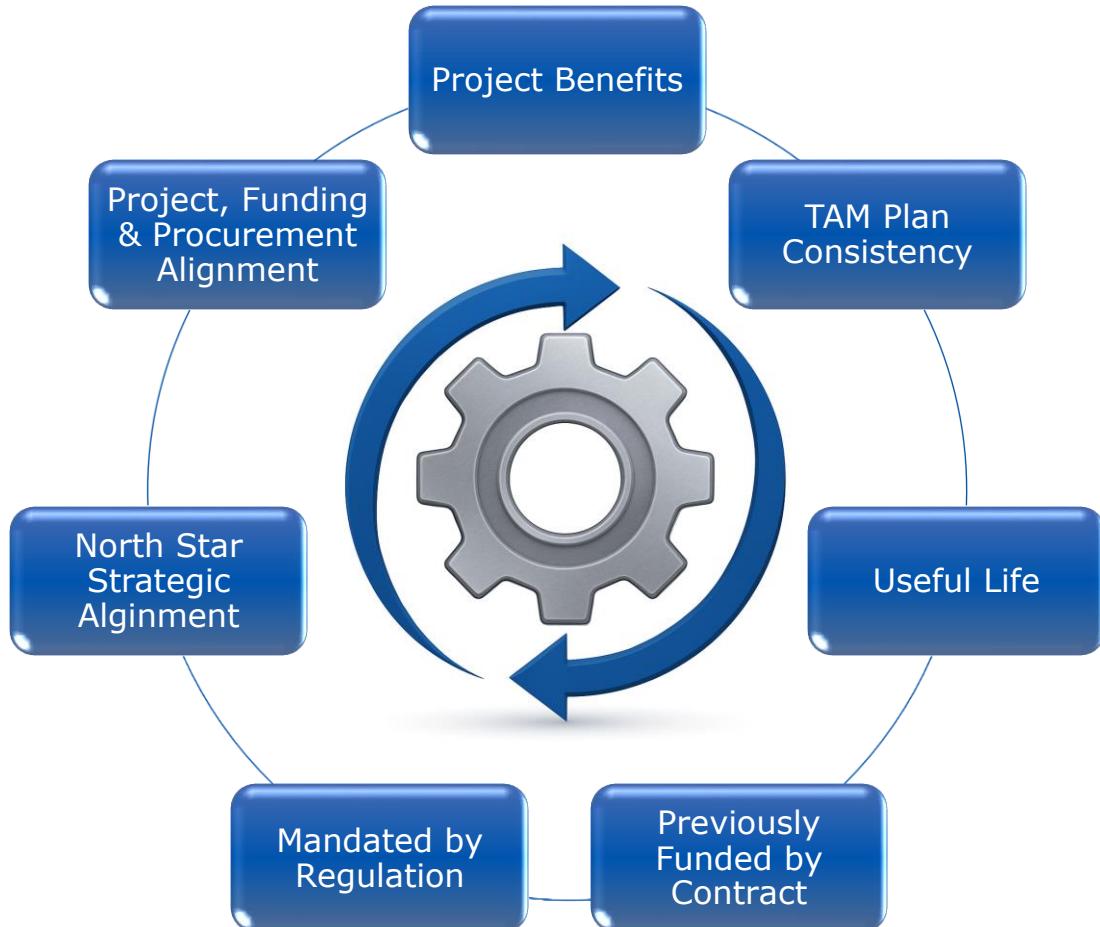
 Development phase:  
Ideas, target  
schedules, & funding  
requests

 Evaluation and  
Finalization of  
Initial CIP

 PAF Committee  
Meeting  
Dec 2025

 Board Approval  
of Initial CIP  
Dec 2025

# CIP Evaluation Considerations



# CIP Major Funding Sources



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

Federal Railroad Administration (FRA) discretionary grants

State Transit Assistance (match for federal funds)

Transportation Development Act (match for federal funds)

State Rail Assistance (restricted for commuter rail)

Federal and State discretionary grants

California SB-125 Transit Program

# Summary of FY 27 Requests – Constrained

## Constrained CIP

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

Ongoing  
Projects

**13**

\$8,118,500

High Priority  
Projects

**35**

\$43,272,385

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

# FY 2027 – 2031 High Priority CIP Needs

## Revenue Vehicles State of Good Repair

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

## Facilities State of Good Repair

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



# FY 2027 – 2031 High Priority CIP Needs

## Rail Infrastructure and Signals State of Good Repair

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

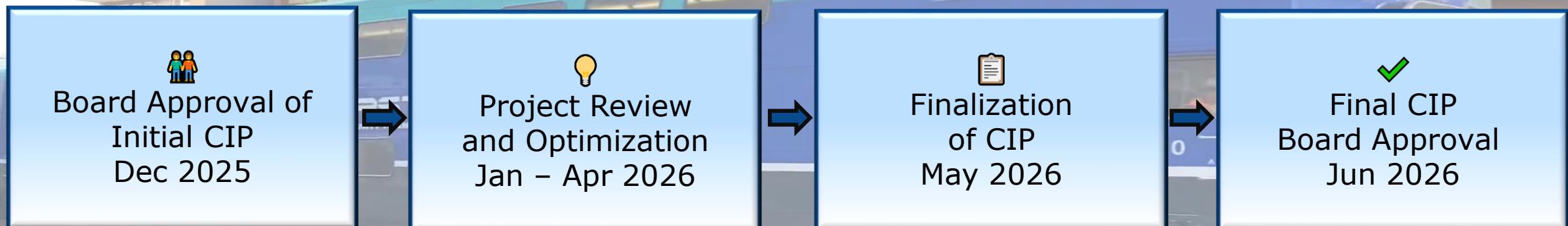
## Safety & Regulatory Compliance

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



# Next Steps

## Phase 2



# Questions?

RELATED TO  
AGENDA ITEM NO. 4



# Receive Update on Transit Fare Change Study

PAF Committee  
December 15, 2025

COASTER SPRINTER BREEZE FLEX LIFT NCTD<sup>®</sup>

# Current Fares

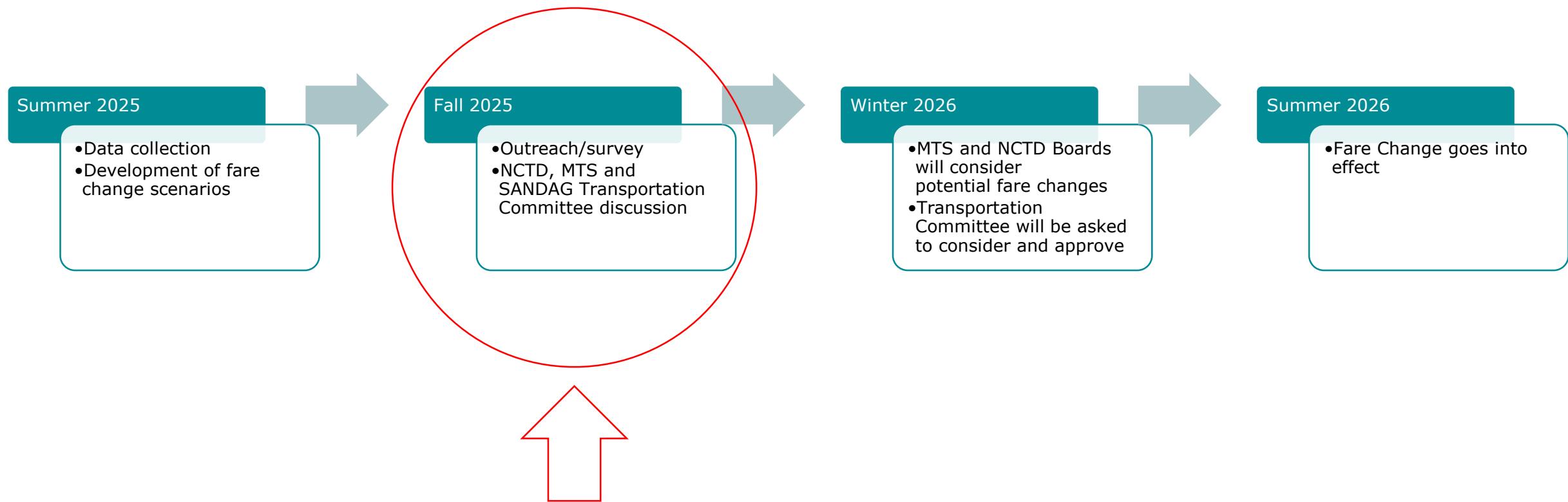
## One-Way Fares

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

## Monthly Fares

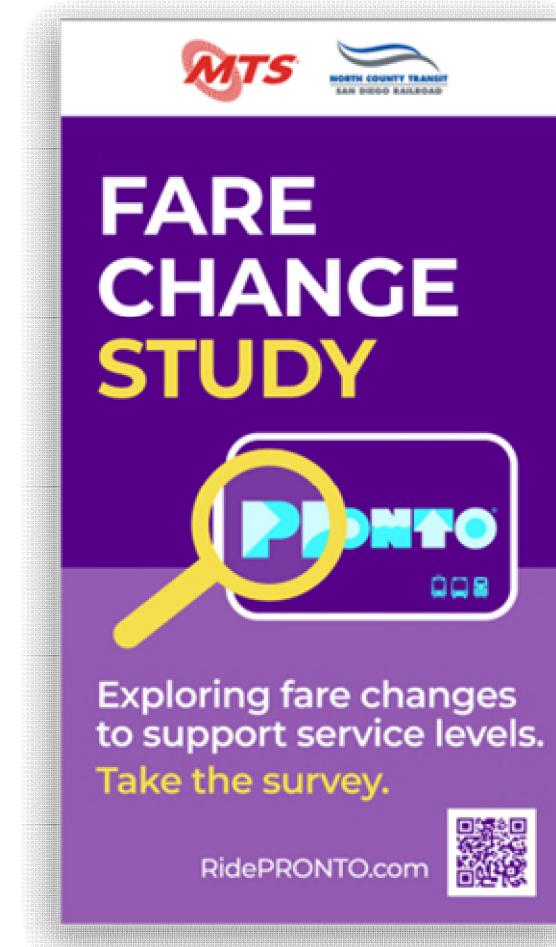
	Adult	Senior/Disabled /Medicare(SDM)
Regional	\$72	\$23
Premium Regional	\$100	\$32
SPRINTER/ BREEZE	\$59	\$19
COASTER Zone 1	\$140	\$58
COASTER Zone 2	\$161	\$58
COASTER Zone 3	\$182	\$58

# Fare Change Study Timeline

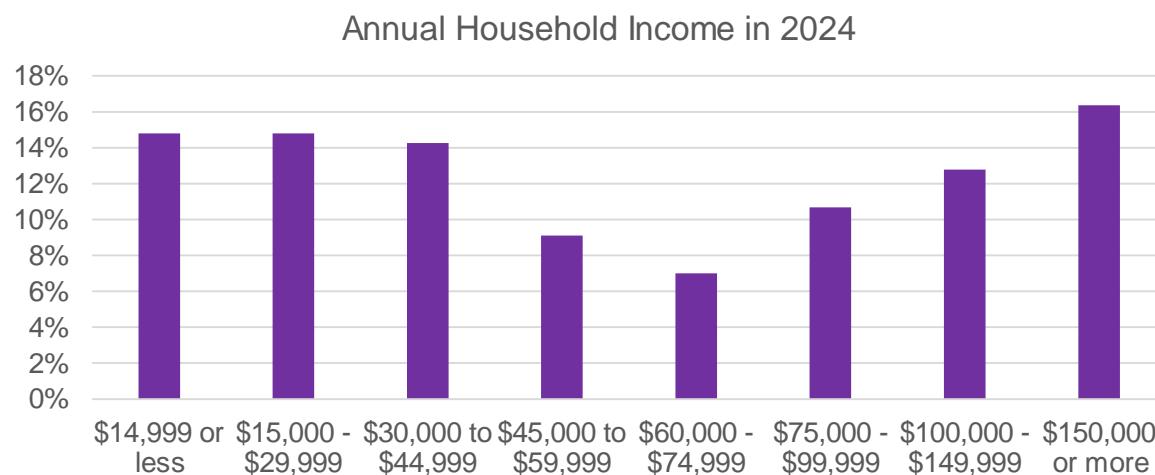
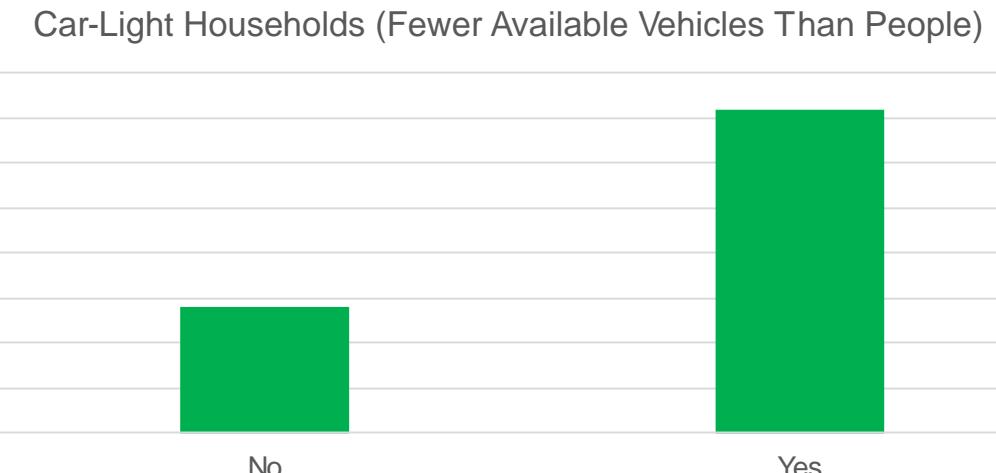
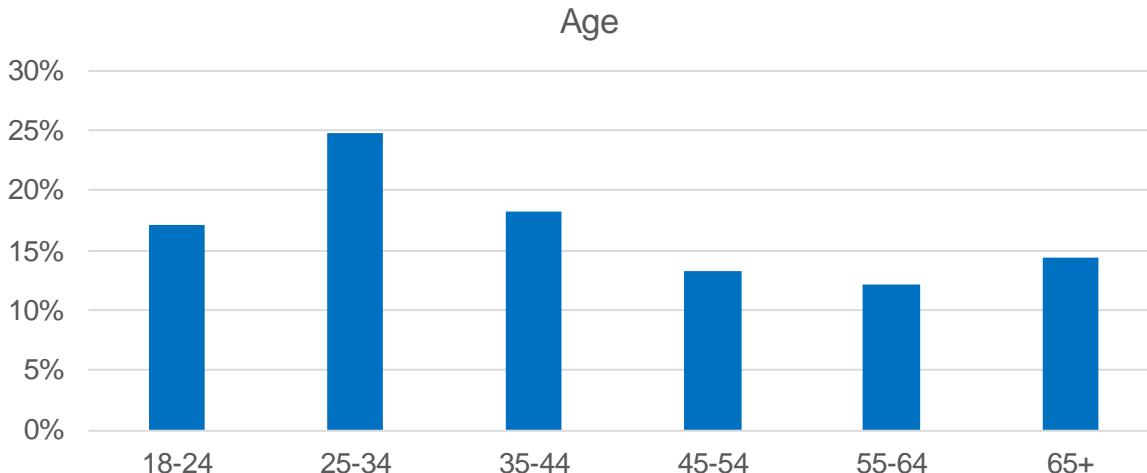


# Outreach

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

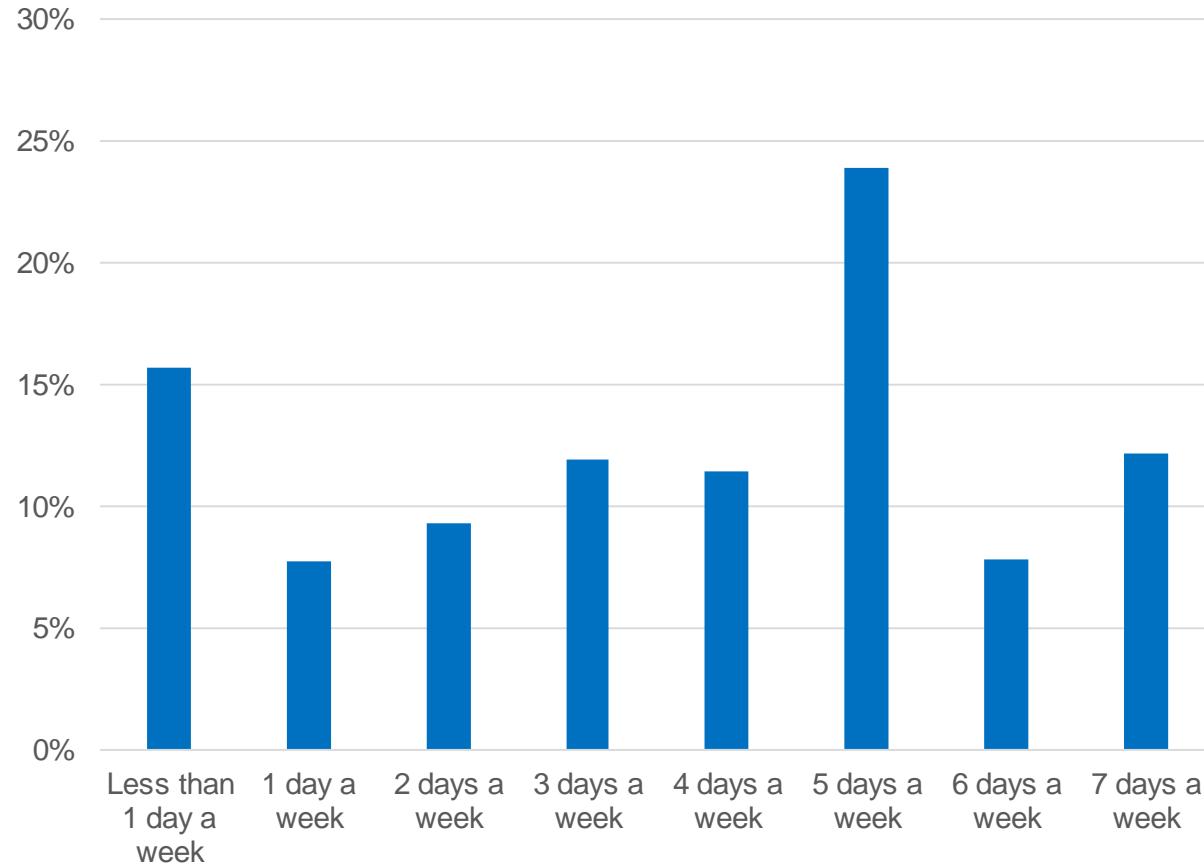


# Fare Change Study Draft Survey Results

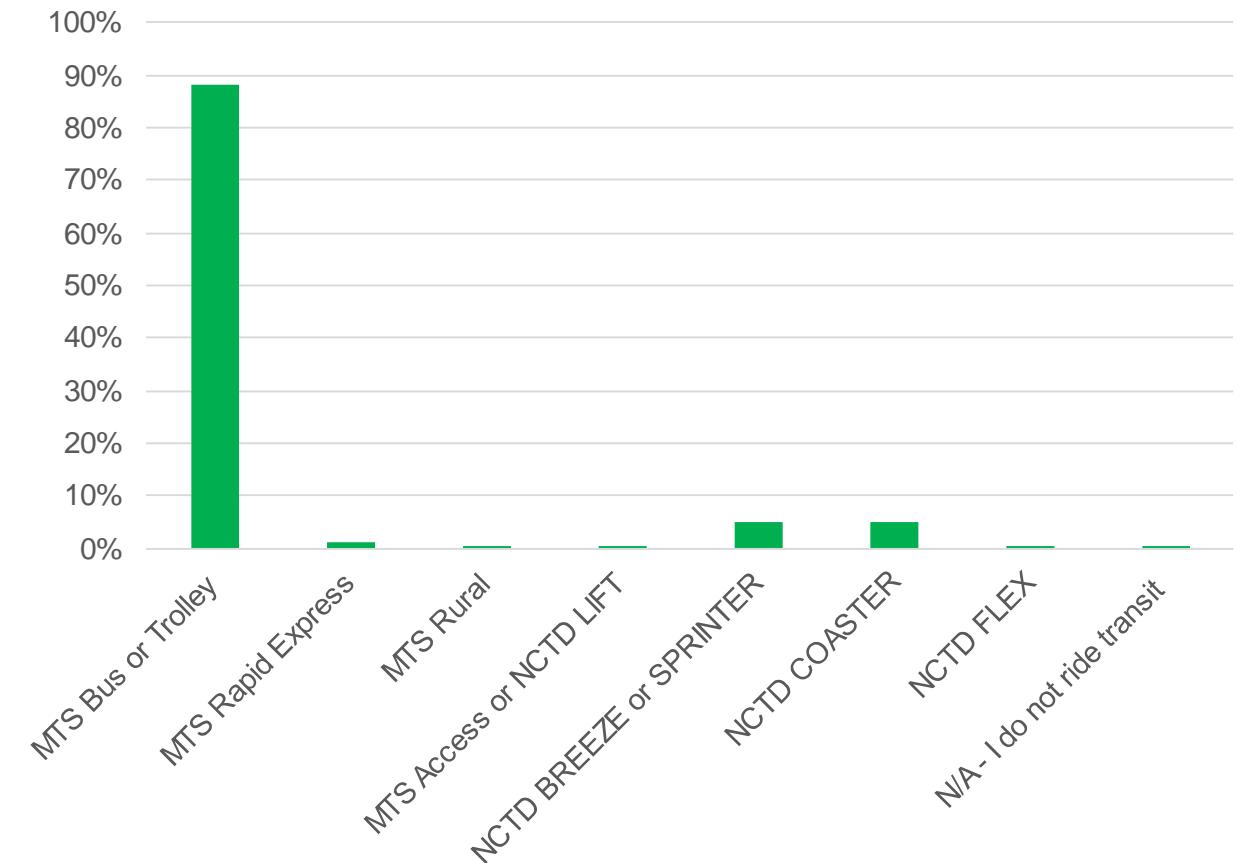


# Fare Change Study Draft Survey Results

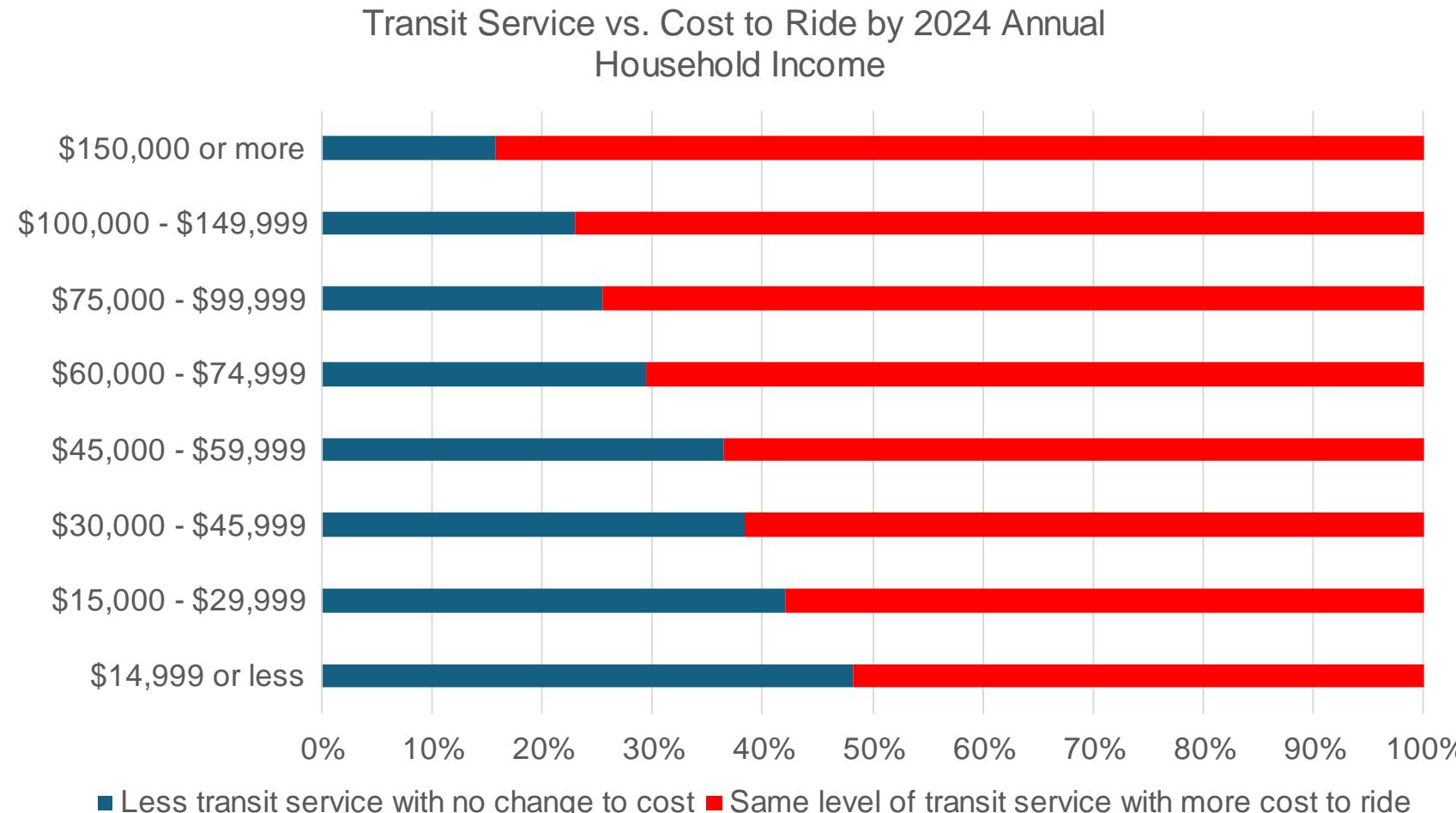
Frequency of Riding Transit



Most Frequent Transit Service

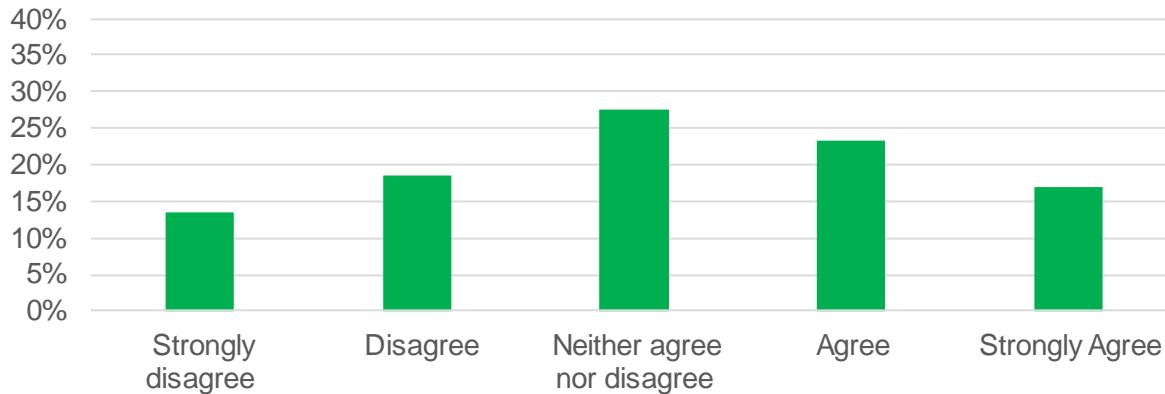


# Fare Change Study Draft Survey Results

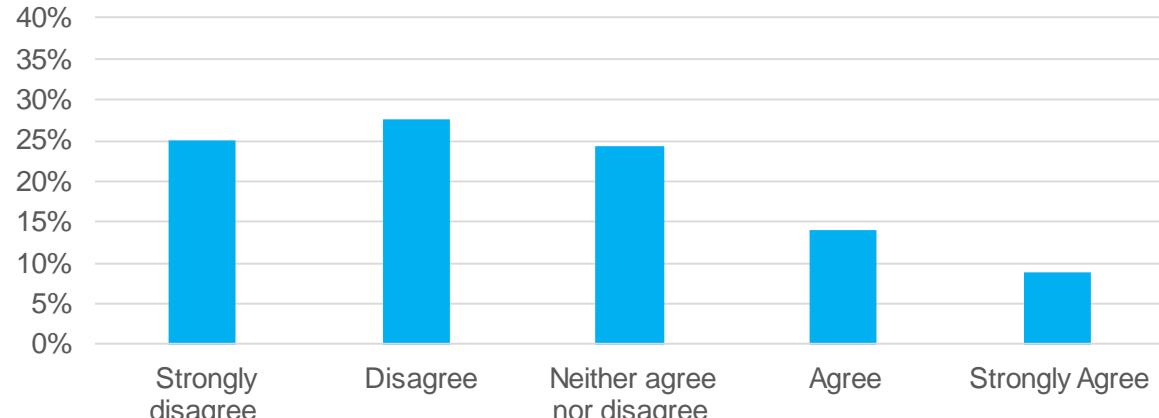


# Fare Change Study Draft Survey Results

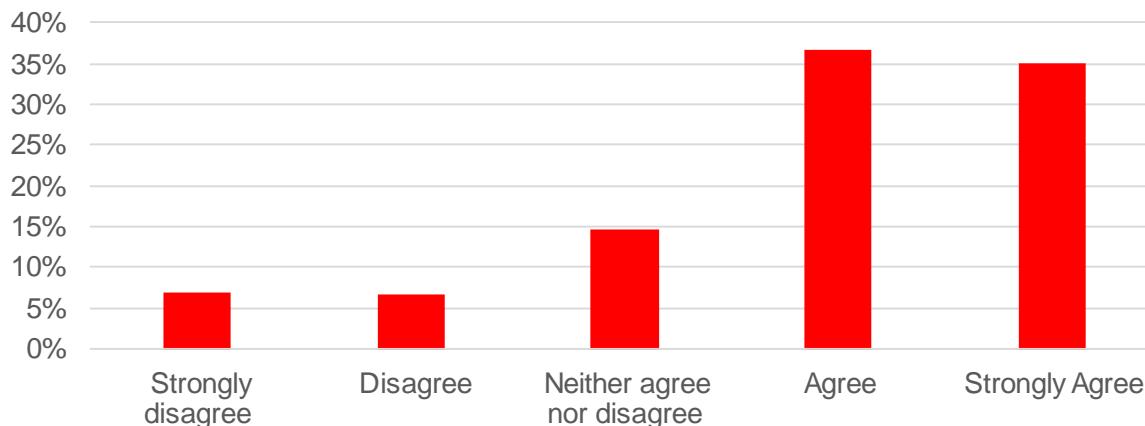
If Increasing Fares, Better to Increase One -Way and Day Passes



If Increasing Fares, Better to Increase Price of Monthly Passes

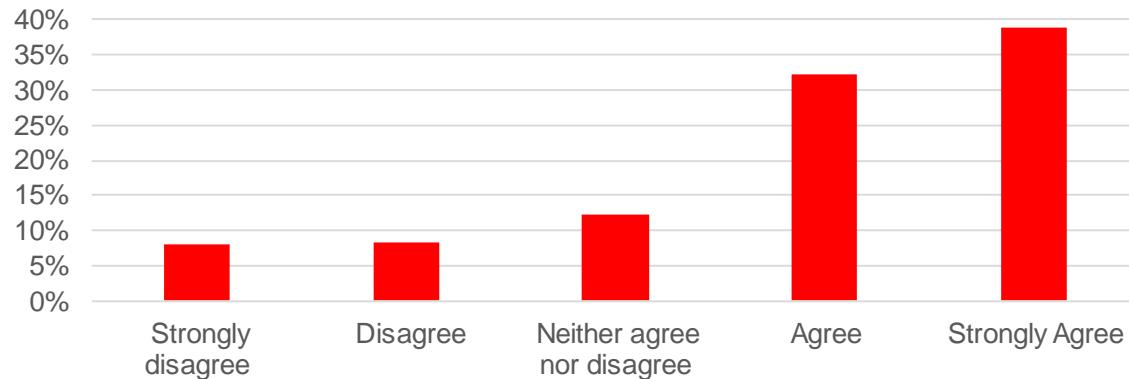


If Increasing Fares, Better Over Time Rather Than All At Once

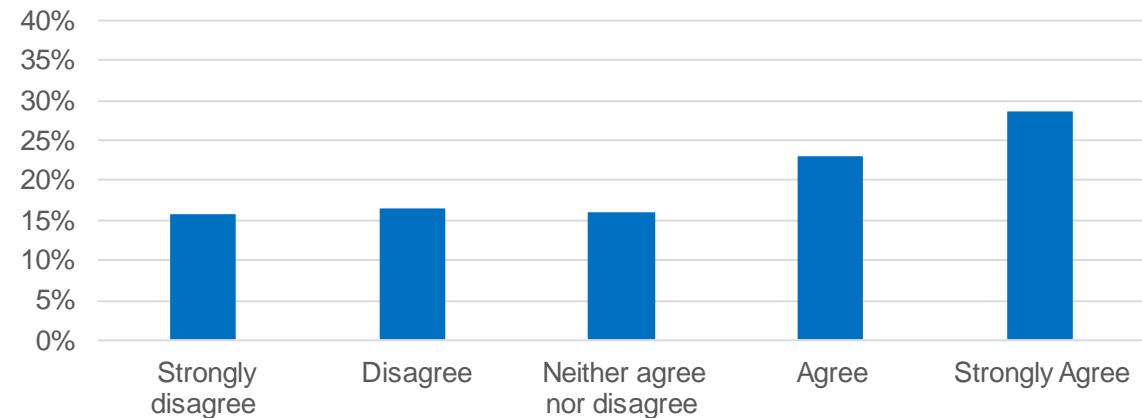


# Fare Change Study Draft Survey Results

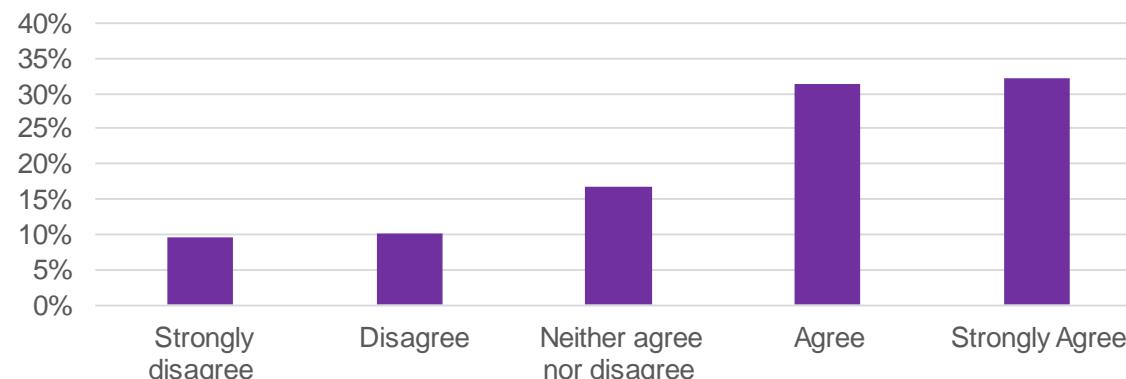
Keep Fares Same for Senior/Disabled/Medicare, Even if Others Pay More



Keep Youth Fares Free, Even if Others Pay More



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



# Next Steps

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



# Questions?

## **NORTH COUNTY TRANSIT** **SAN DIEGO RAILROAD**

### **Internal Audit Charter**

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#### **Introduction**

This Charter states the purpose and mission, reporting structure, authority, responsibilities and scope of operations for the internal audit function of the North County Transit District (NCTD or Agency).

This Charter is consistent with the *2024 Global Internal Audit Standards* published by The Institute of Internal Auditors (IIA).

The Institute of Internal Auditors has defined the internal audit activity as “an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.”

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#### **Purpose and Mission**

The internal audit program is guided by a philosophy to continuously improve NCTD’s fiscal management and overall operations. The mission of the internal audit activity is to strengthen NCTD’s ability to create, protect, and sustain value by providing the Board of Directors (Board) and management with independent, risk-based, and objective assurance, advice, insight and foresight.

Internal Audit enhances NCTD’s:

- Successful achievement of its objectives;
- Governance, risk management, and control processes;
- Decision making and oversight;
- Reputation and credibility with stakeholders; and
- Ability to serve the public interest.

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#### **Professionalism**

The NCTD Internal Audit program is committed to:

- Adhering to the Global Internal Audit Standards in performance of all internal audit activity;
- Understanding, respecting, meeting, and contributing to NCTD’s ethical expectations and standards of conduct;
- Encouraging and promoting an ethics-based culture;
- Reporting organizational behavior that is inconsistent with NCTD’s expectations, policies and procedures.

**NORTH COUNTY TRANSIT**  
**SAN DIEGO RAILROAD**

## **Internal Audit Charter**

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### **Independence and Objectivity**

As an independent organizational activity, NCTD's internal auditor(s) will be objective in all elements related to audit selection, scope, procedures, frequency, and report content. It is the responsibility of the internal auditor(s) to maintain independence and integrity in all services performed for NCTD, exhibiting the highest level of professionalism while gathering, evaluating, and communicating audit information.

It is the Deputy Chief Executive Officer/Chief General Counsel's responsibility to report anything that may impair the independence of the auditing activities to the Board in a timely manner and confirm the independence of the internal audit activity.

In order to maintain independence and objectivity, the NCTD Internal Audit Program shall not:

- Have direct operational responsibility or authority over any of the audited areas;
- Perform the implementation of internal controls, creation of procedures, or preparation of records; and
- Engage in any other activities that may impair judgment and obligations of the program.

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### **Authority**

The NCTD Internal Audit Program has the authority to:

- Access, without restriction, all NCTD records, physical properties, and personnel relevant to internal audit activities;
- Access the Board members without restriction (through the Deputy Chief Executive Officer/Chief General Counsel);
- Determine the areas to be audited, develop the scope of work, and allocate the necessary resources (with the Board's approval); and
- Request the assistance of NCTD personnel needed to conduct related audit activities.

All documents and information will be handled with strict accountability and confidentiality in order to protect the safeguarding of NCTD records, to the extent permitted by law.

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### **Organization and Reporting Structure**

The internal audit program is led by the Deputy Chief Executive Officer/Chief General Counsel who has a direct reporting relationship to the Board. The Deputy Chief Executive Officer/Chief General Counsel shall provide the Board with updates as necessary.

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**NORTH COUNTY TRANSIT**  
**SAN DIEGO RAILROAD**

## **Internal Audit Charter**

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### **Board Oversight**

North County Transit – San Diego Railroad’s Performance, Administration, and Finance Committee (PAF Committee or Committee) serves as NCTD’s internal “Audit Committee”. This Charter section provides a supplement to Board Policy No. 3 and includes the PAF Committee’s duties from an internal audit perspective.

The purpose of the NCTD PAF Committee, from an internal audit perspective, is to assist its Board of Directors (Board) by monitoring important business practices related to:

- Internal Controls;
- Internal Audit Results;
- Compliance with Legal and Regulatory Requirements.

The Committee will assist in the development of the annual audit plan and support communication between management, compliance, internal auditors, and external auditors.

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The Committee has the authority to direct staff to conduct investigations within its scope of responsibility. The Committee is also vested with the responsibility to:

- Receive the Internal Audit Annual Work Plan at its first meeting of the calendar year;
- Provide reports to the full Board of Directors regarding activities of the Internal Audit Program, as necessary and appropriate; and
- Make recommendations to the Chief Executive Officer and/or Deputy Chief Executive Officer/Chief General Counsel regarding areas of emphasis and/or concern.

It is the Committee’s responsibility to:

- Approve the Internal Audit Annual Workplan;
- Review the coordination of the internal audit efforts, status of the internal audit plan, and the status of the internal audit resources;
- Review the risk assessment results, any applicable budget proposed, organization of the internal audit function and provide recommendations.

The Committee will:

- Report to the Board about the Committee’s activities, including the review and discussion of periodic audit reports and may prepare a written report or communicate orally (which satisfies the reporting requirement);
- Foster open lines of communication between, management, internal auditors, external auditors, the Board, and other relevant parties; and
- Review reports released by NCTD relating to the Committee’s responsibilities.

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**NORTH COUNTY TRANSIT**  
**SAN DIEGO RAILROAD**

## **Internal Audit Charter**

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### **Scope and Responsibility**

The scope of the Internal Audit Program includes, but is not limited to, the examination and evaluation of the effectiveness of the organization's governance, risk management, and internal controls. As such the Internal Audit Program under the guidance of the Deputy Chief Executive Officer/Chief General Counsel will:

- Conduct a periodic enterprise-wide risk assessment to identify the primary areas of risk within NCTD and identify potential areas for future audit;
- Develop a flexible internal audit plan based on risk and control concerns identified by management;
- Determine the necessary resources needed to achieve the plan;
- Administer the daily operations of the internal audit activities to include procurement of any necessary resources and monitoring of the internal audit budget activity;
- Implement the approved annual internal audit plan;
- Coordinate with all internal compliance functions and external regulatory and audit organizations in an effort to avoid duplication of effort and minimize the interruption of daily NCTD activities;
- As appropriate, participate in the investigation and resolution of complaints or allegations regarding policy breaches or other irregularities;
- At the request of management, and with the Deputy Chief Executive Officer/Chief General Counsel's approval, participate in an advisory capacity, in ad-hoc reviews;
- Periodically issue reports and meet with the Performance, Administration, and Finance Committee to keep them apprised of internal audit accomplishments and any concerns with regard to significant internal control issues;
- Communicate all emerging risks of the internal audit activity that may negatively affect NCTD.

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### **Reporting and Monitoring**

At the conclusion of each internal audit, the Internal Audit team will effectively communicate the results of the audit (both orally and in writing), along with suggested solutions to address shortcomings identified to all relevant parties. The Deputy Chief Executive Officer/Chief General Counsel will submit a report to the Board and other relevant parties.

An action plan to address the individual observations, to include implementation dates, will be prepared. The Internal Audit Program will maintain records of all open audit observations and conduct periodic follow-up activities to assess the implementation of the applicable action plans. The status of open items will be reported to the Chief Executive Officer and PAF Committee members as appropriate.



## Receive Internal Audit Program Update

PAF Committee Meeting  
December 15, 2025

COASTER SPRINTER BREEZE FLEX LIFT NCTD<sup>®</sup>

# CY2024 Audit Implementation

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

Audit Observation	Recommendation	Status
Invoices are not always timely approved and/or routed through all steps in the Laserfiche electronic process (compliance, efficiency)	<ol style="list-style-type: none"><li>1. Enhance use of technology within Laserfiche to send auto-generated system reminders at applicable steps of process;</li><li>2. Timely remove terminated employees reassign open tasks to other staff</li><li>3. Expand training on invoice processing for all parties, especially Project Managers</li></ol>	<ol style="list-style-type: none"><li>1. In process – notifications ready for testing in Q1 2026</li><li>2. Complete</li><li>3. In process – completion target Q1 CY2026</li></ol>
Vendor Master File (VMF) function in JDEdwards is maintained by PCA Division, but doesn't establish clear guidelines for file setup, edits, etc.; VMF is accessible for editing by Finance Division staff (internal control risk)	<ol style="list-style-type: none"><li>1. PCA to develop standardized VMF guidelines; update internal policies accordingly</li><li>2. Limit access to Vendor Master File to "read-only" for Finance Division staff</li></ol>	<ol style="list-style-type: none"><li>1. Complete – detailed job instructions created and implemented</li><li>2. In process – with JDE consultant for programming. Completion target Q1 CY2026</li></ol>
No management reports or KPI's exist to monitor and drive AP processing efficiencies	<ol style="list-style-type: none"><li>1. Develop management reports and KPI's for AP processing</li></ol>	<ol style="list-style-type: none"><li>1. In process – NCTD's new Business Intelligence Department will be creating an AP dashboard as part of several new reporting tools.</li></ol>

# CY2024 Audit Implementation

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

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

# Internal Audit Program Charter

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

# Staff Recommendation

- Adopt proposed revised Internal Audit Program Charter

# Questions?