

# NORTH COUNTY TRANSIT DISTRICT



## Adopted FY2023 Operating Budget and FY2023-FY2027 Capital Improvement Program

For the Fiscal Year Ending June 30, 2023



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Board of Directors



**Jewel Edson**  
Council Member, City of Solana Beach  
**Board Chair**  
**Chair of Executive Committee**  
Member of SANDAG Board of Directors  
Member of SANDAG Transportation Committee  
(1st Alternate)  
Vice-Chair of LOSSAN Corridor Board of Directors  
Member of LOSSAN Corridor Executive Committee



**Priya Bhat-Patel**  
Council Member, City of Carlsbad  
**Board Vice-Chair**  
**Chair of Performance, Administration, and Finance Committee**  
Member of SANDAG Transportation Committee  
Member of SANDAG Board of Directors  
(1st Alternate)



**Dan Quirk**  
Council Member, City of Del Mar  
**Member of Performance, Administration, and Finance Committee**



**Kellie Hinze**  
Council Member, City of Encinitas  
**Member of Performance, Administration, and Finance Committee**  
Member of LOSSAN Corridor Board of Directors  
(Alternate)



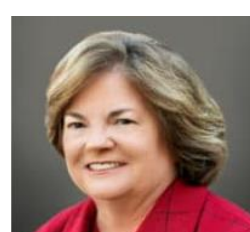
**Paul McNamara**  
Mayor, City of Escondido  
**Member of Marketing, Service Planning, and Business Development Committee**  
Member of SANDAG Regional Planning Committee



**Christopher Rodriguez**  
Council Member, City of Oceanside  
**Member of Marketing, Service Planning, and Business Development Committee**



**Jim Desmond**  
District 5 Supervisor,  
County of San Diego  
**Vice-Chair of Marketing, Service Planning, and Business Development Committee**



**Sharon Jenkins**  
Mayor Pro Tem, City of San Marcos  
**Vice-Chair of Performance, Administration, and Finance Committee**  
**Member of Executive Committee**  
Member of SANDAG Regional Planning Committee  
(Alternate)



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



**Stephen Whitburn**  
Council Member, District 3  
City of San Diego  
**Non-Voting Advisory Member**



**Matthew O. Tucker**  
Executive Director  
North County Transit District

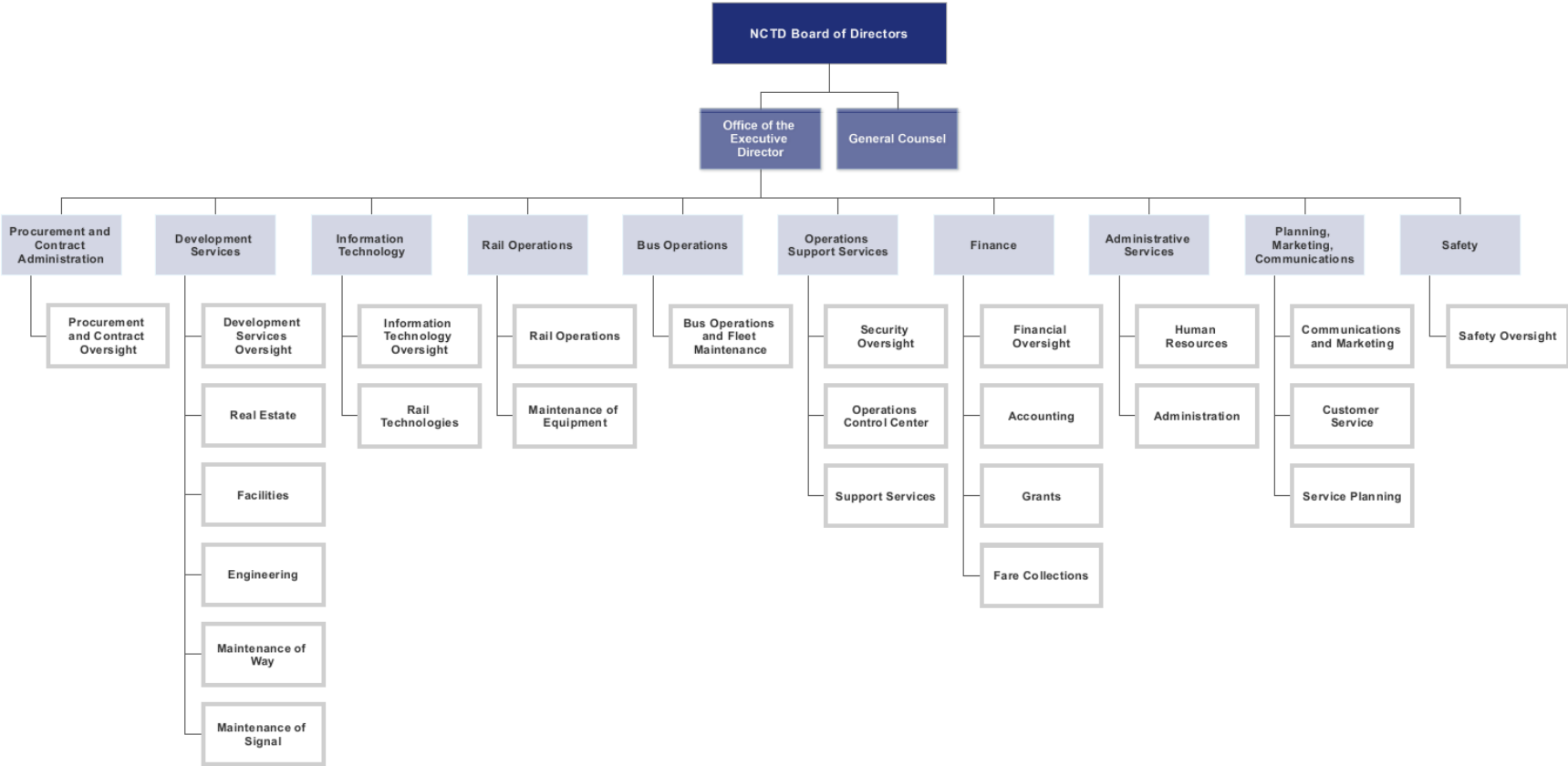


**Lori A. Winfree**  
General Counsel  
North County Transit District



**Anthony Flores**  
Clerk of the Board  
North County Transit District

Organizational Chart



## **Message from the Executive Director**

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June 1, 2022

On behalf of the Board of Directors (Board) and staff, I am pleased to submit the Fiscal Year 2023 (FY2023) Operating Budget and the FY2023-FY2027 Capital Improvement Program, which have been developed to support the key strategic priorities of the North County Transit District (“NCTD” or “District”).

For FY2023, NCTD anticipates continued impacts from the COVID-19 pandemic, in particular reduced ridership and customer revenues when compared to fiscal year 2019 (FY2016), overwhelmed supply chains, higher inflation, high fuel costs, staff shortages, and wage pressures to attract and retain employees. At the same time, new opportunities have arisen for NCTD, the additional federal funds that are available from the Infrastructure Investment and Jobs Act, which provides \$106.9 billion for public transit agencies, an increase of \$41.1 billion (63 percent) from current levels combined with increases in local and state funding sources due to increased sales tax revenues.

The FY2023 Operating Budget and Capital Improvement Program continues NCTD’s focus on increasing customer ridership by implementing improvements to the BREEZE bus network to improve speed and reliability; improvements to COASTER and SPRINTER lines to enhance service frequencies; implementation of micro-transit service and build out of mobility as a service program known as NCTD+ to support improved first and last mile connections, and upgrading of technologies to improve the customer riding experience. To support future revenue generation, the FY2023 Operating Budget makes significant investments in real estate development activities and the naming rights program that was implemented in FY2022.

The FY2023 Capital Improvement Program shows continued growth and NCTD’s progress in addressing state of good repair needs along with implementing improvements including advancing key projects such as the COASTER Convention Center Platform, Del Mar Bluffs Stabilization, and significant investments in infrastructure to support the transition to zero emissions bus operations.

The FY2023 Operating Budget also reflects a significant shift in NCTD’s business model: the Board approved insourcing of rail operations and maintenance along with insourcing facilities maintenance. The personnel headcount contained in this budget is significantly increased as employees transfer from contracted to direct employment and administrative staff are added to provide the required support. During FY2023, NCTD will be evaluating the current business model for delivering bus and paratransit service to support Board consideration of alternatives ahead of contracts that will be expiring on June 30, 2024.

The NCTD Board of Directors has approved the following guidance to the Chief Financial Officer to support the development of the FY2023 Operating Budget:

- COVID-19 transition from pandemic to endemic
  - Advance key studies to understand current and future mobility patterns and needs
  - Conduct direct mail, online, and onboard surveys to gather feedback from customers, businesses, and other key stakeholders
  - Increase investment in Government Affairs, Planning, Marketing, and Communications
  - Improve hiring and retention of bus operators and other front-line positions
  - Implement micro-transit services in San Marcos and expand in Carlsbad
  - Implement new technologies
  - Enhance safety and security resources

- Manage inflation impacts and optimize expenses
  - Closely scrutinize all new agreements to fully understand long-term impacts
  - Identify areas where expenses can be reduced
  - Leverage current and future technology investments
  - Seek partnerships to reduce costs while simultaneously improving services
- Strategic Plan Update
  - Advance significant updates to NCTD's strategic plan
  - Actively engage customers, and internal and external stakeholders
- Social Equity (State and Federal Funding Area of Emphasis)
  - Conduct equity analysis related to NCTD transit operations
  - Advance low-income fare for COASTER service
  - Permanently add the SPRINTER/BREEZE fare to the Regional Fare Ordinance
  - Implement new Disadvantaged Business Enterprise goals
- Climate Action Plan (State and Federal Funding Area of Emphasis)
  - Develop Climate Change Action Plan
  - Advance fleet zero emission transition
  - Include performance measures related to reduction of Greenhouse Gas (GHG) in project planning to enhance NCTD's competitiveness for grant funding
- Service Quality Improvement
  - Successfully complete in-sourcing of rail operations
  - Evaluate bus, paratransit, and ADA paratransit service delivery model
  - Enhance data analytics capabilities to support improved on-time performance
  - Continued focus on Zero Delay by implementing technical services and material management agreements across all modes
- Revenue and real estate development
  - Continue to advance Oceanside Transit Center Development Project
  - Advance development projects for Solana Beach, Carlsbad, and select SPRINTER stations
  - Implement Naming Rights and Sponsorships Contracts
- Fund and successfully implement state of good repair and priority capital needs
  - NCTD will need to invest in personnel and other resources to support success in seeking discretionary funding
  - NCTD will need to invest in personnel and other resources to timely implement projects
- Outreach and Strategic Partnerships
  - Enhance proactive communications with key stakeholders
  - Enhance collaboration with public agencies to support mutually beneficial goals



The complete list of NCTD's key strategies and other organizational goals are included within this budget document. NCTD will need the support of all key stakeholders (employees, customers, elected officials, and funding partners) to achieve the strategic priorities included in this 5-Year Plan. With support from key stakeholders, combined with staff putting forth their best efforts, NCTD will achieve its goals.

In conclusion, I am confident that the FY2023 Operating Budget and the FY2023-FY2027 Capital Improvement Program that have been developed are responsive to the challenges and opportunities that we face. NCTD staff will continue to work to ensure that opportunities for improvement and efficiencies are captured and that dollars are wisely invested. The entire District team looks forward to successfully executing this budget and exceeding the expectations and needs of our customers and key stakeholders.

Sincerely,

A handwritten signature in blue ink that reads "Matt O. Tucker" with a long horizontal line extending to the right.

Matthew O. Tucker  
Executive Director

## **Overview of North County Transit District**

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North County Transit District's services are a vital part of San Diego's regional transportation network. During fiscal year 2019, prior to the effects on ridership caused by the COVID-19 pandemic, NCTD moved approximately 10.4 million passengers by providing public transportation for North San Diego County. NCTD continued providing vital public transit services to the many essential workers throughout the COVID-19 pandemic. The family of transit services includes:

- BREEZE Fixed-route bus
- LIFT ADA paratransit
- FLEX On-demand, deviated fixed-route, and point-deviated fixed-route
- COASTER Commuter rail
- SPRINTER Hybrid rail

### **Mission**

Our mission is to deliver safe, convenient, reliable, and user-friendly public transportation services.

### **Vision**

Our vision is to build an integrated transit system that enables our customers to travel easily and efficiently throughout our growing region.

We will achieve our Mission and Vision by:

- Placing service to our customers first
- Ensuring the safety and security of our employees and customers
- Delivering high-quality transit services
- Developing and maintaining facilities that sustain and promote current and future transportation services
- Securing adequate revenue, protecting our assets, and getting the maximum return on the public investment
- Working in partnership with our communities and other stakeholders
- Encouraging innovation, creativity, and leadership

## 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. NSDCTDB commenced operations in July 1976 by providing bus services to the region and was renamed as the North County Transit District (NCTD) in January 2006. 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 (SB 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). The SPRINTER project consisted of reconstructing 22 miles of railroad in the existing east-west corridor. The SPRINTER hybrid rail service commenced operations in March 2008.



NCTD provides integrated public transit service in North San Diego County with its BREEZE buses, FLEX on-demand, 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 approximately 30 commuter rail agencies in the United States that operate service like the COASTER and approximately five 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.

NCTD provides bus, van, and train service in San Diego County from the rural areas of Fallbrook and 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 1,043,734.

## Service Area

NCTD provides bus, van, and train service in San Diego County from the rural areas of Fallbrook and 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 1,043,734.



NCTD provides connecting service to other transit agencies including the Metropolitan Transit Service (MTS) in San Diego via the Trolley, MTS buses and ACCESS; Riverside Transit Association (RTA) buses; 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**

NCTD provided safe and efficient bus service to nearly 6.4 million passengers prior to the COVID-19 pandemic. The BREEZE currently operates 30 routes in the North County service area, from early morning to late at night, seven days a week. Of the active fleet of 152 buses, 145 are compressed natural gas (CNG) vehicles.

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 that allow passengers to pay with cash or use a regional transit card for seamless travel throughout San Diego County on all public transportation. Customers can load value, day passes, and monthly passes to ride transit throughout the San Diego region.



### **LIFT ADA Paratransit**

NCTD provided over 168,000 rides to LIFT paratransit passengers throughout Northern San Diego County prior to the COVID-19 pandemic. 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 service is operated within a ¾ mile corridor of fixed-route services and its operating hours are consistent with fixed-route service in accordance with NCTD Board Policy No. 21 - *Complementary ADA Paratransit Program*.



### **FLEX Demand Response Zones and Deviated Fixed-Route**

FLEX on-demand service ended in FY2022 with the discontinuation of FLEX Route 372 on October 25, 2021. The midday demand response service connecting Escondido and Ramona had been in operation since 2011 but was approved for removal in January 2021 due to poor performance. NCTD intends to enhance its FLEX Demand Response brand in FY2023 by utilizing an on-demand application that supports real-time trip requests on 12-passenger vans. The intent of this service enhancement is to support phased implementation of improved BREEZE, COASTER, and SPRINTER frequencies by providing more efficient first-last mile connections and promoting shared rides within specified geographical areas. NCTD is proposing to implement expanded services in the City of Carlsbad and new service in the City of San Marcos in the of Fall 2022, pending operator availability.

FLEX deviated fixed-route service has a set schedule and route but can deviate from the route up to a certain distance to pick-up or drop-off customers. Reservations are required by 5:00 PM the day before for any on-demand service and allowable deviation. The FLEX fleet is comprised of 8 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 pay with cash or use a transit card for seamless travel. Currently, FLEX route 371 travels between Ramona and Escondido and routes 392 and 395 serve the Camp Pendleton area.

NCTD launched the NCTD+ pilot program with Lyft, Uber, and TripShot on January 6, 2022. The program provides discounted first and last mile connections for commuters using the Sorrento Valley and Carlsbad Poinsettia COASTER stations. The pilot gives riders a \$7.50 credit toward trips to or from the Sorrento Valley or Carlsbad Poinsettia COASTER stations within defined geographic zones. This pilot program is part of the District's broader mobility-as-a-service program.



### **COASTER Commuter Rail**

The COASTER provides 41 directional miles of commuter rail service seven days a week, north and south paralleling the busy Interstate 5 corridor between Oceanside and San Diego, including trains for special events and for every Padres baseball game. Currently, the COASTER service is provided with seven locomotives and 28 bi-level passenger coaches. In February 2021, NCTD placed into service five new, state-of-the-art Siemens locomotives and several renovated COASTER passenger cars. The new Siemens



Tier-4 locomotives are among the cleanest passenger locomotives in the nation and reduce emissions by nearly 90% compared to the Tier-0 locomotives previously used by NCTD.

The COASTER carried approximately 1.4 million passengers prior to the COVID-19 pandemic, comprised primarily of workers, tourists, and special event attendees. The total trip duration is about one hour. Eight 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 implemented service reductions beginning in March 2020 in response to the Governor's Stay-at-Home order which resulted in significant declines in ridership for commuter rail. All weekend service was suspended, and weekday trips were reduced from 22 daily trips to 12 daily trips. COASTER service was restored to pre-COVID-19 levels on May 29, 2021, as the economy partially reopened and higher vaccination rates were achieved among the San Diego region's population. On October 25, 2021, COASTER service was increased to 30 weekday daily trips, 32 Friday daily trips, and 20 weekend daily trips. The increase in service allows commuters and recreational travelers an affordable and more flexible transportation option and helps reduce congestion along the Interstate-5 corridor. Just as important, the increased service supports regional goals to reduce vehicle miles traveled and greenhouse gas emissions. The increased service is fully funded through TransNet.

On September 27, 2019, SANDAG's Board of Directors allocated \$58.8 million to NCTD for the purchase of two additional capacity enhancement train sets to provide more frequent COASTER commuter rail service, including 30-minute peak period service. The first phase for increased COASTER service started on October 25, 2021. The second phase of the increased service is contingent upon the receipt and commissioning of the two new capacity enhancement train sets and provision of operating funds from SANDAG and/or other sources.

### **SPRINTER Hybrid Rail**

The SPRINTER hybrid rail extends 22 miles, roughly paralleling State Route 78, providing connections between Oceanside and Escondido. SPRINTER service is operated with twelve diesel multiple units (DMUs). Passenger service runs seven days a week from approximately 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 carried a total of 2.4 million passengers prior to the COVID-19 pandemic, comprised primarily of workers, students, and tourists.

### **Facilities Maintenance**

NCTD has two administration buildings in Oceanside, two bus maintenance buildings located in Oceanside and Escondido, three transit centers, eight multi-modal train stations along the coastal railroad, 15 train stations along the inland railroad, two 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 the CNG filling 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.

### **Rail Maintenance-of-Way**

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 miles of track. San Diego Metropolitan Transit System (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 miles of track. NCTD also owns the east-west railroad right-of-way between Escondido and Oceanside, which is 22 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 also responsible for 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 leased facility located in Oceanside.

**Transit Services and Contracted Providers**

Below is a summary detail for each of the District modes and the supporting transit services and contracted providers:

| <b>Combined Rail Operations and Maintenance Contract</b> |   |
|--|---|
| Contractor   | Bombardier Transportation (Holdings) USA, Inc. (Bombardier)   |
| Contract Term Limits                                     | January 1, 2016, to June 30, 2023   |
| Contract Value   | \$198,281,697 (at time of contract award)   |
| Scope of Contract  | <p>COASTER commuter rail and SPRINTER hybrid rail operations, vehicle maintenance, on-going management of a cost-effective and customer focused rail organization and service, and train crews and vehicle maintenance technicians to maintain the operations of the commuter rail network in accordance with all state and federal regulations. COASTER and SPRINTER operations and maintenance of equipment will transition to in-house at the end of fiscal year 2022 and will no longer be contracted beginning in fiscal year 2023.</p> <p>Maintenance-of-way, signals, and communications for all NCTD-owned and controlled railroad, including the San Diego Subdivision from 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). Maintenance-of-way includes the maintenance of all District-owned yard and shop tracks on both subdivisions and facility and equipment maintenance for the SPRINTER and COASTER operations facilities. Maintenance of signals and communications includes the maintenance of all District-owned signals and communications equipment on both subdivisions. Maintenance-of-way, signals, and communications will transition to in-house at the end of fiscal year 2023. Some maintenance-of-way activities will be re-procured and contracted under specialty contracts.</p> |

| <b>Combined BREEZE Fixed Route Service, LIFT ADA Complementary Paratransit Service, and FLEX Specialized Transportation Service Contract</b> |   |
|--|---|
| Contractor   | MV Transportation, Inc.   |
| Contract Term Limits   | July 1, 2017 to June 30, 2024 (with a single three-year option)   |
| Contract Value   | \$304,620,005 (at time of contract award)   |
| Scope of Contract  | <p>BREEZE service, bus dispatching, employing and managing bus operators, vehicle maintenance, and facility maintenance. Managing and operating LIFT ADA paratransit service, taking customer reservations, responding to complaints, scheduling, dispatching, maintaining telephone recordings and records, maintaining a current ADA paratransit buffer map, and maintaining all necessary records and data needed to assess its performance against contractual requirements and those required for Federal reporting. Managing FLEX specialized transportation services which includes demand response, deviated fixed-route, and other low-density services.</p> |

| <b>Comprehensive Facilities Maintenance</b> |  |
|---|--|
| Contractor                                  | Bombardier Transportation (Holdings) USA, Inc. (Bombardier)  |
| Contract Term Limits                        | July 1, 2016 to July 30, 2023 (with a single three-year option)  |
| Contract Value                              | \$27,413,400 (at time of contract award)   |
| Scope of Contract                           | Maintenance of operational equipment, janitorial services, and structural maintenance of the COASTER and SPRINTER rail operations facilities. Janitorial services and structural maintenance of the Maintenance-of-Way facility, layover yard trailer, transit centers, COASTER stations, and SPRINTER stations. Certain facilities maintenance functions will transition to in-house at the end of fiscal year 2023 and will no longer be contracted after the transition is completed. |

## Debt Overview

### **SPRINTER Certificates of Participation**

In 2003, the Federal Transit Administration grant agreement for the SPRINTER project included a local match requirement of state and local funds. Of the local match, \$80 million was to be provided by the State of California Traffic Congestion Relief Program (TCRP). However, allocations to the TCRP were suspended at that time, and NCTD did not receive the TCRP funding as scheduled. Due to the delay in the receipt of the \$80 million of TCRP funds, 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 provided an additional \$34 million to cover additional project costs of approximately \$24 million, to fund the debt service reserve fund of approximately \$8 million, and to cover costs of issuance of approximately \$2 million. NCTD received the proceeds of \$114 million of Certificates of Participation, 2004 Series A Auction Rate Certificates issued as Auction Rate Securities by CTFC. In conjunction with this financing, NCTD entered into a lease agreement with CTFC whereby NCTD agreed to make lease payments to CTFC to retire the Certificates. The Certificates represent the proportionate interest of the registered owners in the lease payments NCTD is obligated to make from all funds legally available to NCTD. NCTD has granted a security interest in such funds to CTFC. The Certificates mature in 2035.

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.

During late 2007, subprime mortgage losses caused significant financial stress on bond insurers, who guaranteed the payment of municipal bonds in the event of default. NCTD had secured insurance from the bond insurer MBIA for the \$34 million of outstanding debt. Stresses on the bond insurers, along with other aspects of the national credit crunch, created dislocations in the municipal bond market and in the market for auction rate securities. The market for auction rate securities was large, estimated between \$325 and \$350 billion. However, during February 2008, widespread failures were reported in the auction rate market. NCTD's debt was affected by the disruptions in the overall market, and NCTD was notified in February 2008 that there were failures in the auctions for NCTD's debt. It is important to note that the disruptions in the auction rate securities market generally had nothing to do with the creditworthiness of individual issuers. In fact, the rating on NCTD's outstanding debt was upgraded by Moody's on February 22, 2008.



In May 2008, the Board of Directors for NCTD and for SANDAG approved to restructure 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. If market conditions merit in the future, NCTD can consider such alternatives as refinancing at a fixed rate or move back into the auction rate security market. If this were to occur, NCTD would pay down the outstanding commercial paper and the agreement with SANDAG would be terminated.

The Certificates mature on September 1, 2034. Estimated future debt payments are as follows:

| Year Ending<br>June 30, | Principal            | Estimated<br>Interest<br>and Support<br>Costs <sup>(1)</sup> | Total<br>Payments    |
|-------------------------|----------------------|--|----------------------|
| 2023                    | 1,350,000            | 744,380  | 2,094,380            |
| 2024                    | 1,350,000            | 695,240  | 2,045,240            |
| 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            |
| 2028-2032               | 8,100,000            | 1,861,860  | 9,961,860            |
| 2033-2035               | 5,300,000            | 387,660  | 5,687,660            |
| Total                   | <u>\$ 20,450,000</u> | <u>\$ 5,472,740</u>  | <u>\$ 25,922,740</u> |

*(1) Based on a 3.64% fixed rate that includes interest and support costs*

### **COASTER Commercial Paper Program with SANDAG**

On September 27, 2019, the San Diego Association of Governments (SANDAG) Board of Directors approved an amendment to the FY2020 Program Budget: Capital Improvement Program, which allocated \$58.8 million to NCTD for the purchase of two additional train sets to provide more frequent COASTER commuter rail service. Funding from SANDAG was programmed for FY2021 through FY2024, with most of the funding programmed for FY2023 and FY2024.

In order to take advantage of existing contracts and execute the procurement of the two train sets, in July 2020, NCTD entered into a debt financing agreement through the TransNet program with SANDAG that provides for advanced funding. The agreement provides up to \$46 million in a revolving amount and repayment of the principal amount commences within five years of the receipt of the proceeds and is due within ten years from the first receipt. Interest is payable monthly and is deducted from NCTD’s monthly TransNet distributions.

### **Investments Policy**

Board Policy No. 9 - *Investment Policy*, provides guidance and direction for the prudent investment of NCTD funds. The investment policies and practices of NCTD are based upon state law and prudent money management. All funds are invested in accordance with the Investment Policy and the California Government Code. The primary objectives of this policy are:

- a) Safety. Investments shall be undertaken in a manner that seeks to ensure preservation of capital in the portfolio.
- b) Liquidity. The investment portfolio will remain sufficiently liquid to enable NCTD to meet its cash flow requirements.
- c) Return on Investment. The investment portfolio shall be designed with the objective of attaining a market rate of return on its investments consistent with the constraints imposed by its safety objective and cash flow considerations.

All NCTD investments are made in accordance with California Government Code Section 53600 et seq. The portfolio is diversified by security type and institution to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions. At least annually, NCTD staff may review and suggest revisions to existing Board policies as appropriate and bring to the Board for consideration and approval. The Investment Policy was last updated in October 2019.

## **San Diego County Profile and Economic Indicators**

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### **County Population**

San Diego County (County) is the southernmost major metropolitan area in the state of California. According to the State of California Department of Finance, the County's population estimate was 3.32 million as of January 1, 2021, which declined 0.5 percent from the January 1, 2020 estimate. San Diego County is the second largest county by population in California and the fifth largest county by population in the nation, as measured by the U.S. Census Bureau based on 2020 population estimates.

North San Diego County (North County) includes nine incorporated cities, Carlsbad, Encinitas, Escondido, Del Mar, Oceanside, San Marcos, Solana Beach, Poway, and Vista, as well as unincorporated communities such as Bonsall, Fallbrook, Julian, Ramona, and Rancho Santa Fe. In January 2022, North County had about 1.22 million residents, just over 468,000 jobs, and approximately \$81 billion in gross regional product for 2021. If North County was its own county in California, it would have the ninth largest population in the state, just below Sacramento and above Contra Costa counties. In terms of economic output, it would be the 11th most productive county in California, with considerably more economic output than Ventura or Fresno counties.

North County's population reached 1.2 million in 2018 and kept growing through 2019 and 2020. This represents over one-third (36%) of San Diego County's total population and is just over 3% of California's residents. In the past, much of the population growth in North County came from births and the formation of families. However, currently, the majority of North County's population growth is from an aging population that is living longer and staying in the region. North County's population continues to grow considerably older, with the 65-to-74 age group growing 26% since 2015. The trend will continue, as those aged between 45 and 64 make up about 26% of North County's population. This shift will have an immediate impact on demand for healthcare and other aging-related services as a growing portion of the population becomes 65 years and older and moves out of the workforce.

The shrinking workforce is a potential challenge facing the North County region as the median age of North County residents continues to rise and a growing percentage of residents move into the 55 and older age group and out of their primary working age (25 to 54 years old). This phenomenon has occurred all over the country, but has been felt acutely in North County, as employers struggle to find qualified job applicants particularly in industries like hospitality, healthcare, and retail.

### **Economic Environment**

In 2020, San Diego County accounted for more than \$207.7 billion (7.8%) of California's Gross Domestic Product (GDP), based on data from the Bureau of Economic Analysis (BEA). The San Diego region includes the largest concentration of U.S. military in the world, making the military presence an important driver of the region's economy. Overall, San Diego has a diversified economy and is a hub for the life sciences/biomedical and technology-oriented industries and a popular travel destination. The region's quality of life attracts a well-educated, talented workforce, and well-off retirees which contribute to local consumer spending. The San Diego region fares well in industries like healthcare, education, and government. These sectors are population-driven (rising in tandem with population) and together account for nearly 27% of the San Diego region's economy.

The COVID-19 recession hit a strong and healthy San Diego economy, leading to massive job and income losses in 2020. Quick and strong monetary and fiscal stimulus reduced the immediate depth of the contraction. The U.S. real GDP contracted by 31.4%, annualized, in the second quarter of 2020; after a strong 33% rebound in the third quarter, U.S. GDP overall contracted by 3.5% in calendar year 2020. 2021 featured robust growth in three of four quarters (modest growth in Quarter 3), and ended the year with a 5.7% real gain, the highest rate of growth since 1984. Forecasts from the Federal Reserve, as well as their survey of professional forecasters, point to 4% growth during calendar year 2022, but risks remain

high. The most recent indicators suggest some easing of the growth momentum as consumer spending and confidence weaken amid a resurgence of COVID-19 cases and high inflation, compounded by supply-chain issues and worker shortages.

Despite the lingering pandemic, sales tax revenue collections continued robust growth in the first half of FY 2022, coming in over 20% higher than the prior year to this point. This partly resulted from the COVID-19-related surge in online sales, and the higher-than-expected spending on taxable items as a result of public income support (stimulus check and supplemental unemployment benefits), the fast recovery in high-paying jobs, and the strong stock market. Behavior changes also have led to strong increases in spending on taxable goods, when spending on services decreased due to COVID-19-related restrictions. This shift has more than offset the revenue losses in the service sector, particularly tourism and hospitality. For FY2023, as the economy reopens and confidence returns, it is anticipated a return to spending patterns that more closely resemble pre-COVID-19, meaning a shift back toward non-taxable service spending. This will result in modest sales taxes revenue growth for FY2023 of only 0.7%.

In the long-term, the region retains key assets such as a highly skilled workforce and a well-diversified economic fabric where only about 43% of jobs are in traditional sectors (e.g., manufacturing, construction, finance, and retail and wholesale trade), and no sector accounts for more than 17% of the regional economy. While no sector has been shielded from the recession and the tourism and retail sectors have taken a sharp hit, the impact has been somewhat cushioned by the strong innovation sector and the military sector.

In March of 2022, San Diego County's unemployment rate was 3.4%, with even lower unemployment rates among residents in several North County cities such as Carlsbad (3.1%), Del Mar (1.1%), Encinitas (2.6%), Escondido (3.1%), Poway (2.2%), San Marcos (3.1%), and Solana Beach (1.3%). The tight labor market and the lack of talent to drive economic recovery will be change for North County both in the near-term and in the long-term.

The economic recovery from the COVID-19 pandemic has been both faster and more robust in North County. Average household income in North County is above California and national averages, and educational attainment levels for adults are also above state and national average. North County has an average household income close to \$128,000 annually, higher than the \$112,000 in California and the \$92,000 national averages. However, North County has some sizeable pockets of economic distress that were hit hard by the pandemic and will likely face a different recovery path than those with more resources. A zip code analysis of North County indicates that there are several communities in North County that are facing multiple measures of economic distress, which include the cities of Escondido, Oceanside, and Vista.

The largest challenges for the upcoming years are anticipated to include labor shortages, high inflation, and supply chain disruptions. San Diego County's relatively high debt-to-income ratio is also a cause for concern. Consumer prices in San Diego County went by over 8% in 2021; the biggest increases were in fuel and energy, costs that saw an increase of almost 40% since January 2021. Housing costs, one of the largest expenditures for San Diego households, rose by almost 7% during 2021.

### State of Public Transit

A 2018 report prepared by the Southern California Association of Governments, *Falling Transit Ridership: California and Southern California*, analyzed the decline of transit use in the last ten years. The study examined patterns of transit service and patronage over time and across the region and considered an array of explanations for falling transit use: declining transit service levels, eroding transit service quality, rising fares, falling fuel prices, the growth of Lyft and Uber, the migration of frequent transit users to outlying neighborhoods with less transit service, and rising vehicle ownership. While all of these factors probably play some role, the study concluded that the most significant factor is increased motor vehicle

access, particularly among low-income households that have traditionally supplied the region with its most frequent and reliable transit users.

It is important to note that transit ridership nationwide peaked in 2015 and declined thereafter. It is reasonable to discern that as employment rates improved, combined with low interest rates, more people were able to buy automobiles. California Assembly Bill 60 (AB 60), which provided drivers licenses to undocumented residents, also became effective in January 2015. Sufficient information exists to infer that some low-income workers transitioned from public transportation to automobile ownership to gain access to jobs or to reduce commute times. A long-studied and growing body of research indicates that commute time has emerged as one of the single strongest factors in upward social mobility. Based on census data, low-income workers experience longer commutes and are more impacted by the spatial mismatch between where jobs are located and where low-income workers live.

Furthermore, public transit ridership has been devastated by the lockdowns and social distancing implemented to mitigate the impacts of COVID-19. Across the nation, transit agencies are focusing on recovery and restoration from the impacts of COVID-19. Transit agencies have significantly enhanced cleaning for vehicles and at transit facilities and are working with suppliers and manufacturers to design and install equipment to protect the workforce and public. Transit agencies will be at the forefront of any technological innovations to ensure continued safety. Transit agencies will also need to enhance communications with the public to provide confidence in safe and reliable travel.

Commuter rail systems nationwide reported to the National Transit Database that ridership declined an average of 79% from September 2019 to September 2020. Because a commuter rail system is generally designed to transport a large number of people from outlying areas to and within urban centers, pandemic-related restrictions, among other factors, significantly affected these services. It is important to recognize that commuter rail provides a number of economic and quality-of-life benefits, particularly for communities in less urbanized areas. Commuter rail can increase mobility and transportation options, as well as access to employment and essential services for individuals who live in the service area and provide for opportunities for transit-oriented developments and increased business investments. However, due to considerable infrastructure and operational costs, commuter rail is more expensive to provide compared to some other transit modes.

NCTD recognizes the importance of demographics and how behavior may be dramatically different in terms of customer willingness to return to our transit systems post COVID-19. For example, 49% of non-COASTER riders in a 2019 intercept survey reported household income under \$45,000, and 27% with a household income under \$15,000. The same survey indicated that 54% of COASTER riders reported household income above \$75,000, with 20% having a household income between \$100,000 and \$150,000. Similarly, transit dependency appears to track closely with income levels. For respondents with household income under \$15,000, 34% indicated that they would not have made their trip if transit had not been available, followed by 26% stating they would be driven by someone else. Conversely, for riders with household incomes greater than \$100,000, 66% of respondents indicated they would drive alone, followed by 12% stating they would take a taxi, Uber, or Lyft.

The COVID-19 pandemic led to changes in consumer behavior. Tracking the consumer activity, Google Mobility, a source of aggregated, anonymous big data that analyzes the movement of a community based on map location, shows retail and recreation, grocery and pharmacy, parks, transit stations and workplaces visits in San Diego below the baseline, while residential continues to be above the baseline (Google COVID-19 Mobility Report. California Mobility Data. March 28, 2022). Even if government restrictions are not as tight as they were 12 months ago, mobility data across San Diego shows people being a little more cautious, spending more time at home either for leisure or from working at home (San Diego Business Journal. Outlook Cautiously Upbeat at SDBJ's 2022 Economic Trends Summit. January 2022).

Traditionally, public transportation has not sufficiently met the needs of low-income workers that have long commutes or work during off-peak periods. This challenge remains and is part of the overall discussion about improving future land use and creating housing that meets the needs of all income earners. Public transportation will be key in the future as the region increases density and works to close the spatial mismatch between jobs and housing. As it relates to rail ridership, the San Diego Subdivision is undergoing major construction during this period and lacks the capacity to run the types of frequencies that broadly meet the needs of commuters and freight. The good news is that over the next three to five years, projects will be completed which will support increases in freight and passenger rail frequencies commensurate with the needs and goals of the region. A significant portion of the funding includes a recent \$202 million grant award from the California Trade Corridor Enhancement Program that will incrementally fund passenger and freight infrastructure improvements.

Commute times in North County Inland have declined over the past five years, giving North County an average commute time equal to or lower than the surrounding areas and the state average. The mean commute time for North County workers is 27 minutes. North County's residents' choice of commuting methods has also changed. Carpooling became less popular since 2015, declining by 6%, while walking and driving alone have increased in popularity over the same period. The number of North County residents that work from home increased by 36% from 2015 to 2020, largely driven by the effects of the COVID-19 pandemic.

The cost of owning an automobile is expensive from both an individual and societal perspective. The State of California has recognized the expense and environmental impacts by enacting mandates to create a future that is less dependent upon single-occupant automobile travel (reductions in vehicle miles traveled or VMT) and recognizes the need to stem the tide of greenhouse gas emissions. NCTD believes that future technologies like zero-emission and autonomous vehicles will assist in those efforts. Public transportation and freight rail will continue to play a vital role in supporting the multi-modal and defense needs of the country.

## Coordination with Regional Metropolitan Planning Organization

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On January 1, 2003, Senate Bill 1703 (SB 1703) consolidated all the roles and responsibilities of SANDAG with many of the transit functions of the Metropolitan Transit Development Board (now MTS) and the North San Diego County Transit Development Board (now NCTD). The consolidation allowed SANDAG to assume transit planning, funding allocation, project development, and eventually construction in the San Diego region in addition to its ongoing transportation responsibilities and other regional roles. Pursuant to SB 1703, responsibility for planning and construction of NCTD major projects of regional significance was transferred to SANDAG.

SANDAG Board Policy No. 18 - *Transit Service Planning and Implementation* outlines the framework for transit service planning and roles and responsibilities for project development planning. This policy allows the transit system to quickly and efficiently respond to changes in travel demand and operating/fiscal environment, while ensuring that the system is adjusted and developed consistent with longer range regional transportation and land use goals as incorporated into the Regional Plan (the combined Regional Comprehensive Plan (RCP) and the Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS), the TransNet Ordinance, the Coordinated Plan (the Regional Short-Range Transit Plan and Coordinated Public-Transit-Human Services Transportation Plan), or any other regional planning or legislative documents concerning regional projects.

SANDAG responsibilities for planning and project development include:

- Prepare long-range transit plans and corridor studies consistent with Regional Planning Documents and prepare, no less often than every two years, the 5-Year Coordinated Plan;
- Conduct regional and subarea planning studies as prioritized in the Regional Planning Documents;
- Develop proposals and service plans for new services or for service adjustments with regional significance, with active participation from the transit agencies, in response to changes in regional travel demand, to address regional service gaps and deficiencies, and to implement plans and programs identified in Regional Planning Documents;
- Plan, locate, and design transit infrastructure and facilities (stations, priority treatments, supporting facilities, etc.) for regionally significant transit projects and services identified in Regional Planning Documents with active participation from the transit agencies;
- Coordinate with transit agencies to provide community outreach and conduct market research;
- Develop and update, as required, with input from the transit agencies, the Coordinated Transportation Plan for San Diego County as required by legislation. SANDAG also manages the competitive process for granting FTA funds available as a result of production of a Coordinated Transportation Plan;
- Prepare Environmental Justice and Title VI compliance reports for fare and service changes; and
- Adopt the regional fare policy.

As a transit agency, NCTD responsibilities include:

- Implement and operate service, including scheduling, run-cutting, operations, contract services, service management, and labor contract administration;
- Develop service and schedule adjustments to ensure system optimization and respond to immediate operational issues;
- Conduct local transit studies and analyses within the transit agency's service area in response to changes in local travel demand, to address service gaps and deficiencies, to develop service reductions/efficiencies, to address operating budget deficits, and to address goals and implement plans developed in the Coordinated Plan;

- Develop proposals for new and revised services to be included in the Regional Service Implementation Plan;
- Develop a public input process and hold required public hearings for service changes. The transit agencies should ensure that the public input process for public hearings on service changes would be conducted in a manner to facilitate public input from the affected area;
- Provide community outreach and conduct market research, in coordination with SANDAG;
- Conduct bus stop location planning;
- Provide input on long- and short-range transit plans, and regional performance monitoring;
- Actively participate in the development of service plans for service adjustments with regional significance, in response to changes in regional travel demand, to address regional service gaps and deficiencies and to implement plans and programs identified in Regional Planning Documents;
- Actively participate in the planning, location, and design of transit infrastructure and facilities (stations, priority treatments, supporting facilities, etc.) for regionally significant transit projects and services identified in Regional Planning Documents; and
- Develop transit vehicle specifications, with active participation from SANDAG, for vehicles for all service types, including local bus, shuttles, bus rapid transit, rail, and others.

### Regional Transportation Plan (RTP)

Every four years, SANDAG prepares and updates a Regional Plan in collaboration with the 18 cities and County of San Diego along with regional, state, and federal partners. The SANDAG Board of Directors adopted the 2021 Regional Plan on December 10, 2021, which provides the blueprint for how the San Diego region will grow through 2050 and beyond. The Regional Plan is updated every four years and combines three planning documents that SANDAG must complete per state and federal laws. The Regional Transportation Plan, Sustainable Communities Strategy, and Regional Comprehensive Plan.

The 2021 Regional Plan includes the implementation of five key transportation strategies referred to as the 5 Big Moves, which include:

- *Complete Corridors*: Smart, connected routes that provide a variety of travel choices and a balance of dedicated, safe space for everyone, including freight vehicles and people who walk, bike, drive, ride transit, and use Flexible Fleets.
- *Transit Leap*: A complete network of fast, high-capacity, high-frequency transit services that connect major residential areas with employment centers and attractions throughout the San Diego region.
- *Mobility Hubs*: Places of connectivity where an integrated suite of mobility services, amenities, and supporting technologies converge to better connect high-frequency transit to an individual's origin of destination.
- *Flexible Fleets*: Shared mobility services such as on-demand rideshare, bikeshare, or scooter share that provide a last-mile connection or fulfill a complete trip.
- *Next Operating System (OS)*: The "brain" of the entire transportation system which collectively analyze information from sources like passenger vehicles, delivery trucks, e-bikes, and scooters to improve how transportation is planned, operated, and experienced.

The 2021 Regional Plan has identified eleven major corridors of travel in the San Diego region, as well as improvements for each corridor, which includes the Interstate 5 North Coast Corridor and the North County Corridor.



### Interstate 5 (I-5) North Coast Corridor

The I-5 North Coast Corridor provides people with vital connections to the San Diego metropolitan area, beach communities from Oceanside to Imperial Beach, dynamic academic and research communities at UC San Diego and the Torrey Pines Mesa, high tech employment centers in Sorrento Valley and in North County, numerous family attractions along the coast, coastal neighborhoods from La Jolla to Oceanside, and Orange County and beyond to the north. The LOSSAN Rail Corridor, which stretches 351 miles from San Diego north, includes NCTD's COASTER and SPRINTER service, along with Amtrak passenger trains and goods movement on the Union Pacific and BNSF railways. Recreation and commuting along the Coastal Rail Trail provides quality access for active transportation users. The 2021 Regional Plan focuses on highway capacity improvements on facilities that move more people, not just cars. The projects detailed in the 2021 Regional Plan will improve reliability and capacity along the rail corridor, increase facilities for walking and biking, and protect and enhance environmental resources.

### North County Corridor

The North County Corridor stretches from the region's North County beaches to its inland valleys and covers the cities of Oceanside, Vista, Carlsbad, San Marcos, and Escondido. It also includes unincorporated areas of San Diego County. Major transportation infrastructure in this area includes the SPRINTER hybrid rail between the Oceanside and Escondido transit centers; major local arterials, such as Palomar Airport Road, that connect residential neighborhoods with centers of employment and major highways including State Route 78 (SR 78) between I-5 and Interstate 15 (I-15); and western portions of SR 76. This corridor also includes the Inland Rail Trail bike path between Oceanside and Escondido. New mobility hubs situated along this corridor, and served by flexible fleets, will be vital for offering travelers numerous mobility options for the shorter trips they frequently take in this part of the region.

The 2021 Regional Plan approach to the North County Corridor is to greatly expand transit offerings, while enhancing existing SPRINTER service. Numerous Rapid routes and an extension of the SPRINTER hybrid rail will provide access to North County employment, activity centers, and mobility hubs.

### Regional Transit Capital Improvement Program

The Regional Transit Capital Improvement Program (CIP) is a rolling 5-Year Plan, which outlines current transit needs and planned investments in transit capital, rehabilitation, and replacement projects. The program is updated annually and is designed to meet ongoing transit operational and infrastructure needs in a responsive and efficient manner.

As the Metropolitan Planning Organization (MPO) for the San Diego region, SANDAG is the designated recipient for Federal Transit Administration (FTA) formula funds and is responsible for approving the grant applications for the San Diego region and programming the FTA Regional Transportation Improvement Program (RTIP). The RTIP is fiscally constrained, meaning that sufficient revenue is committed or reasonably assumed to be available from local, state, and/or federal sources for each phase of the project that is included in the RTIP.

Three FTA formula programs: Section 5307 Urbanized Area Formula Program, Section 5337 State of Good Repair Program, and Section 5339 Bus and Bus Facilities Program, are the primary source of funding for the transit agency CIP and generally provide 80 percent of the cost of eligible activities. Additional state and local funding sources supplement the FTA programs. NCTD reviews and prioritizes its capital projects to ensure that operationally critical projects are funded. The NCTD Board of Directors approved the constrained FY2023-FY2027 CIP on December 16, 2021. The FY2023-FY2027 was subsequently revised and is scheduled to be approved by the Board on June 16, 2022.

**NCTD Capital Improvement Program**

The Capital Improvement Program (CIP) is a financial plan of adopted capital projects. The CIP is designed to meet NCTD’s ongoing operational and infrastructure needs in a responsive and efficient manner. It incorporates the current and future needs of NCTD and is updated annually. To aid in this process, NCTD project managers are directed to clearly identify projects that fully represent the ongoing operational and infrastructure needs that are in line with the District’s business plan, and proactively identify projects that can mitigate any potential service and safety issues. Each year, project needs always exceed available funding. Accordingly, NCTD has implemented the Capital Projects Steering Committee and a project evaluation and ranking tool to ensure that the most critical projects are funded.

Below are the criteria considered by the CPSC during project evaluation for advancement in the CIP:

| Criterion                              | Description   |
|--|---|
| Safety and Security                    | Does the project help to ensure the safety and security of our employees and customers?   |
| Previously Funded by Contract          | Is this a previously funded project and is NCTD obligated under contract?   |
| Capital Management Plan Consistency    | How or to what extent is this project consistent with the capital / asset management plan?  |
| Good Stewardship of Funds              | Does the project help to provide effective, efficient, and sustainable federal, state, or local transit services?   |
| Partnership with our Communities       | Does the project help to develop community, employer, and business partnerships?  |
| Revenue Assets and Return              | Does the project sustain, secure, and / or advance existing revenue streams and sustain maintenance programs across all modes and facilities?   |
| High Quality Transit Services          | Does the project aid in operating safe, reliable, convenient, comfortable, and clean bus, rail, ADA Paratransit, and demand response service?   |
| Service to our Customer                | Does the project help to expediently assess and respond to customer feedback?   |
| Promote Current/ Future Transportation | Does the project help maintain NCTD assets consistent with regulatory requirements and with forecasted service needs and regional plans?  |
| Encourage Innovation and Leadership    | Does the project help to deploy technology to improve the customer experience and comply with federal/state mandates, evaluate new ways to meet customer needs, and attract and retain a competent workforce? |
| Mandated by Law                        | Is the project required to meet legal obligations set forth by the state or federal government?   |

As capital projects may require a significant investment, projects are evaluated individually. Before a capital project is programmed in the budget, the scope of work must go through a capital submission and review process. All projects are ranked according to established criteria and prioritized on how well the respective project meets NCTD goals and objectives. Safety improvements, mandated by law, previously funded by contract, and state of good repair projects are prioritized along with an evaluation of funding sources and limitations. Many capital programs are funded by non-local grant sources, provided they meet certain criteria and are matched either with state and/or local funding sources.

NCTD actively seeks non-local sources of funds prior to committing local funds for capital projects. NCTD's Capital Program Manager in collaboration with the CPSC oversee the project proposal process, and the final list of projects that is advanced is approved by the Executive Director in consultation with the Chief Financial Officer with consideration of financial constraints.

The CIP is approved by the Board in December or January. The FY2023-FY2027 CIP is reauthorized with the approval of the operating budget; approval of the subsequent year is done to facilitate the submittal of corresponding funding applications. This allows for the availability of funds for approved projects at the beginning of the subsequent fiscal year. All years beyond the current year are subject to change and specific approval of the Board upon adoption of the annual operating budget.

NCTD's Capital Improvement Program is highly contingent on receiving discretionary grant awards. Each year, NCTD develops a Discretionary Grants Program Strategy to support its goal of increased discretionary grant awards. The award of discretionary grants is critical in achieving a state of good repair as current dedicated funding sources are insufficient to meet NCTD's annual needs for capital investment.

## Strategic Framework

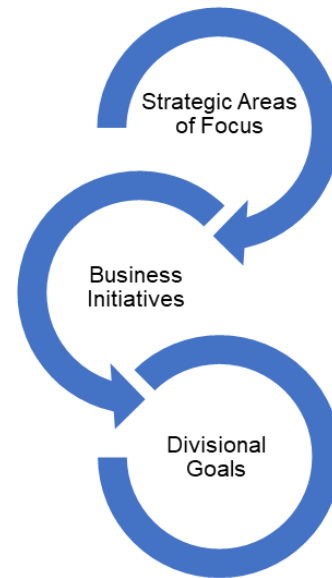
The FY2023 Budget was developed to support strategic investments that can be implemented over a five-year period to foster increased ridership and customer revenues, and address state of good repair and capital priority needs.

The COVID-19 pandemic introduced new and significant challenges for NCTD and other transit agencies over the past two years. The impacts of the pandemic on travel patterns and the overall economy have affected ridership and customer revenues, caused supply chain disruptions, driven inflation and higher fuel costs, and created staffing shortages. These challenges inform this section and the overall FY2023 budget process.

The following sections include several key components of NCTD's strategic framework that guide capital and service investments, as well as NCTD's Operating Budget.

The Strategic Framework includes:

- **Areas of Focus:** Near-term, District-wide objectives that are implemented within one to two fiscal years to advance NCTD's mission
- **Business Initiatives:** Specific programs, activities, and actions that directly support achieving the objectives identified within the Areas of Focus
- **Divisional Goals:** Established metrics for each department at the District to assess progress toward achieving the objectives articulated in the Areas of Focus



## 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 FY2023:

- **Promote Systemwide Ridership Recovery** - Address the lasting impacts of the COVID-19 pandemic on ridership by identifying key market opportunities and aggressively promoting NCTD's modes of service
- **Manage Expenses** - Mitigate the effects of inflation and optimize NCTD's available resources by actively managing expenses and improving efficiency District-wide
- **Update Strategic Plan** - Complete comprehensive update to NCTD's strategic plan, engaging customers, internal audiences, and stakeholders to align strategies with the post-pandemic environment
- **Advance Social Equity** - Emphasize importance of advancing social equity in the delivery of NCTD's services and the execution of its operations
- **Address Climate Change** – Maximize NCTD's role in supporting regional and national efforts to address climate change

- **Improve Service Quality and Continue to Enhance Safety** - Improve quality across all modes and lines of business and maintain NCTD's continued focus on safety
- **Maximize Revenue and Development Opportunities** - Generate consistent streams of revenue for NCTD by furthering transit-oriented development opportunities on District-owned real property
- **Fund and Implement Strategic Projects** - Capitalize on the historic increase in federal and state funding to fund and implement strategic projects
- **Increase Outreach and Strategic Partnerships** - Enhance proactive communications and collaboration with key stakeholders and public agencies to support mutually beneficial goals

### Strategic Business Initiatives

NCTD's operating expenditures and capital investments are intended to directly support the Areas of Focus. This is accomplished through Strategic Business Initiatives in the individual focus areas. Progress on these initiatives is reported to the Board of Directors on a quarterly basis. Below is a summary of the Business Initiatives for FY2023 in the respective focus areas:

#### **Promote Systemwide Ridership Recovery**

This Area of Focus will help NCTD mitigate the lasting effects of COVID-19 on ridership, in part by making NCTD's modes of service more attractive to riders. The following projects and initiatives will support this effort:

Complete Deloitte Market Research and Analysis Project: This project includes market research and data analysis to identify key scenarios based on mobility trends and local market insights post COVID-19. It will utilize Deloitte's human-centered design approach to research customers' needs and travel behaviors. The project includes modeling and impact analysis of proposed initiatives and policies as well as stakeholder outreach, onboard surveys, and other activities to assess NCTD's market. The project deliverable is a recommended strategy and implementation plan to guide the District's ridership recovery efforts over the next three-to-five years.

Implement Micro-transit Service: This business plan initiative supports the continued planning and implementation of micro-transit pilot programs in FY2023. Near-term pilot goals include micro-transit zones in Carlsbad, San Marcos, and Vista. A scope of work was approved and NCTD applied for funding from the State of California Transit and Intercity Rail Capital Program (TIRCP) for the project. Implementation is pending until funding is secured and operator staffing capacity is assessed.

Improve Hiring and Retention of Bus Operators: The nationwide worker shortage and a lack of available bus operators have impacted service levels and constrained NCTD's ability to grow ridership. NCTD is working with its contractor, MV Transportation (MV), to actively recruit new operators. As a part of that effort, NCTD and MV are offering new hire bonuses and increasing wages to attract new operators. These initiatives, which are reflected in the FY2023 Operating Budget, are critical to increasing ridership in the fiscal year.

Increase Investment in Government Affairs, Planning, Marketing and Communications: NCTD is actively recruiting roles that will directly support ridership growth, including marketing and ridership development and strategic planning positions.

#### **Manage Expenses**

This Area of Focus will help NCTD manage the effects of inflation and optimize NCTD's expenses. The following initiative will support this effort:

Positive Train Control (PTC) Maintenance and Cost Containment: This initiative supports the ongoing operations and maintenance of Positive Train Control (PTC) with a focus on identifying increased

efficiencies and cost containment strategies. PTC costs transitioned in mid-FY2022 from the capital budget to the operating budget; the annual budgeted cost for FY2023 is \$3.3 million. NCTD and BNSF are actively discussing rolling NCTD's PTC and Centralized Train Control systems into BNSF's systems. This would result in significant cost savings and support improved performance compared with the current support being received from the PTC contractor, Wabtec. In the event that BNSF and NCTD do not reach an agreement, NCTD has concurrently advanced a review to identify changes to the current contract with Wabtec to improve efficiencies and reduce costs.

### **Update Strategic Plan**

This area of focus will advance significant updates to NCTD's Strategic Plan. The following initiative will support this effort:

Complete Strategic Planning Process: In FY2022, NCTD initiated a strategic planning process to create a roadmap for NCTD's future that addresses culture, operations, and key performance strategies. The Strategic Plan development process includes active engagement with customers, internal audiences, and external stakeholders. Project completion is anticipated by the second quarter of FY2023.

### **Advance Social Equity**

This Area of Focus will further efforts to promote social equity within NCTD's transit system and operations. Federal and state funding programs have placed great importance on ensuring that disadvantaged communities benefit from increased investment in infrastructure projects. The following projects and initiatives will support this effort:

Conduct Equity Analysis: In FY2023, NCTD will initiate a comprehensive Equity Analysis to assess the impact of the District's services and operations on disadvantaged communities and to identify areas in which it can increase equitable access to transit within its service area.

Implement Fare Programs that Promote Equity: NCTD is implementing several fare programs to promote equity and increase transit access for communities of need. The regionwide Youth Opportunity Pass, which is funded through the San Diego Association of Governments (SANDAG) and the County of San Diego, was launched in the fourth quarter of FY2022 and will continue through the end of FY2023. It provides free fares for youth riders eighteen (18) years of age and under. NCTD is also working with SANDAG to make the SPRINTER/BREEZE Monthly Pass, which was launched as a promotional fare in the second quarter of FY2022, a permanent part of the Regional Fare Ordinance. In addition, NCTD will explore the implementation of a discounted COASTER fare for low-income riders.

### **Address Climate Change**

This strategic Area of Focus includes the development of NCTD's Climate Action Plan. Both federal and state funding programs have placed great emphasis on directing funding to projects that reduce greenhouse gas emissions and vehicle miles travelled (VMT), making the development of the Climate Action Plan an important component of NCTD's funding strategy. The following projects and initiatives will support this effort:

Develop Climate Action Plan: In FY2023, NCTD will initiate the development of a comprehensive Climate Action Plan to assess the impact of its services and operations on the environment and to identify areas in which it can further support federal and state efforts to reduce greenhouse gas emissions and VMT.

Implement Zero Emission Bus Infrastructure: On December 14, 2018, the California Air Resources Board adopted the Innovative Clean Transit Regulation (Regulation). The Regulation requires all public transit agencies to gradually transition to a 100-percent zero-emission bus fleet by 2040. NCTD has secured funding for six battery electric buses (BEB) that will be placed into revenue service in FY2023 as a part of NCTD's fleet transition. NCTD has also secured funding for a hydrogen fueling station and eight

hydrogen fuel cell electric buses (FCEB) in support of the District's broader goal to deploy twenty-five FCEBs by 2025.

Near Zero and Zero Emissions Train Operations: NCTD is exploring various technologies as the market moves toward zero or near zero emission locomotives and zero emission multiple units. NCTD is technologically agnostic to one particular method of zero emissions technology, focusing on operational requirements for distance, availability and reliability, while working with other public agencies and the private sector to develop, test and commission emerging zero emission rail power.

### **Improve Service Quality and Continue to Enhance Safety**

This strategic Area of Focus will help NCTD improve the quality of service across all modes. The following projects and initiatives will support this effort:

Complete Rail Insourcing: In April 2021, NCTD's Board of Directors approved the insourcing of the rail operations and maintenance functions. The initial phase of the insourcing will be completed in June 2022, just prior to the start of FY2023.

Evaluate Bus, Paratransit and ADA Paratransit Delivery Model: In FY2023, NCTD will initiate a comprehensive assessment of its bus, paratransit, and ADA paratransit delivery model. The objective will be to evaluate the cost, performance, and service quality of the current contracted delivery model and explore strategic alternatives.

Continue Focus on Zero Delay: NCTD's Zero Delay program emphasizes engaging and empowering employees to focus on the betterment of NCTD's customer experience. Zero Delay is a District-wide framework for improving the quality of our services, reducing mechanical failures, increasing safety, and improving overall performance. It includes enhanced training, operational programs, and other initiatives designed to improve quality. Zero Delay will be furthered in FY2023 through the implementation of technical services and materials management agreements across all modes.

Implement Customer Wayfinding Program: This business plan initiative supports the development and implementation of a comprehensive and cohesive customer wayfinding program at transit stops, centers, and stations throughout the service area to improve the ease of using NCTD transit services. NCTD will advance the procurement and installation of real time information signs on all COASTER and SPRINTER platforms during FY2023.

Positive Train Control 2.0 (PTC 2.0): PTC 2.0 has the potential to improve vehicle collision avoidance, enhance roadway worker protection, and improve safety at grade crossings. The first steps to interface the PTC and crossing systems will be accomplished through the Signal Optimization Legacy Equipment Replacement Project phases, which extends the PTC network to crossing houses and upgrades the crossing controllers. With this key infrastructure in place by December 2023, NCTD will be better positioned to implement future PTC 2.0 projects.

### **Maximize Revenue and Development Opportunities**

This Area of Focus seeks to generate consistent streams of revenue for NCTD and increase transit-oriented development. The following projects and initiatives will support this effort:

Advance Strategic Development Opportunities: NCTD is advancing several strategic transit-oriented development opportunities that will create revenue for the District, generate ridership demands near transit stations, and maximize NCTD-owned assets. Key projects include: (1) Oceanside Transit Center Redevelopment Project; (2) SPRINTER Parking Lot Redevelopment, and (3) Carlsbad Village and Poinsettia Station Redevelopment. These projects, and other development efforts, will be advanced in FY2023.

**Naming Rights Initiative:** In the fourth quarter of FY2022, NCTD engaged a vendor to assist with developing and initiating a strategy and sales program to market NCTD facilities and assets for potential naming rights agreements. The initiative, which is intended to generate revenue for the District by maximizing the value of its assets, will be conducted in FY2023.

**Implement Parking Management Program:** This business initiative supports the development of a parking management program. NCTD staff are making significant progress on towing of abandoned vehicles and ensuring that lots are available for transit users. Formal implementation of the Administrative Citation Program remains in a pending status due to the continued impacts of the COVID-19 pandemic. In light of these impacts, NCTD has extended the contract start date to July 1, 2022 (FY 2023), which will take the five-year agreement term to June 30, 2027. Information regarding the formal implementation plan will be shared with NCTD's Board and the public well in advance of initiation.

### **Fund and Implement Strategic Projects**

This Area of Focus will help NCTD implement its discretionary grant strategy and capitalize on the increase in state and federal funding opportunities. The following projects and initiatives will support this effort:

**Execute Discretionary Grants Strategy:** Each year, NCTD prepares an update of its baseline 5-Year Capital Improvement Program (CIP) to review and adjust existing capital needs and plan for future capital needs. The Discretionary Grant Strategy is a strategic planning document to support project needs as specified in NCTD's CIP. The recently enacted Infrastructure Investment and Jobs Act (IIJA) provides \$106.9 billion in federal funding for public transit projects. NCTD's FY2023 Discretionary Grants Strategy will seek to maximize potential funding opportunities to support NCTD's operational and capital needs.

The following is a list of NCTD's top project priorities in need of additional funding:

- *State of Good Repair Bridge Replacements:* The San Onofre and Rose Canyon railroad bridges have an average age of 80 years and require replacement. These bridges are identified for repair, modification, or replacement under NCTD's federally-mandated Bridge Management Plan. NCTD will consider applying for funding from the Federal Railroad Administration's State of Good Repair program, as well as other relevant state and federal programs.
- *LOSSAN Corridor Double Tracking and Capacity Enhancement:* Five projects (Batiquitos Lagoon Double Track, San Dieguito Double Track and Platform Phase 2, Sorrento to Miramar Phase 2, Eastbrook to Shell Double Track, and CP Songs Double Track) include the construction of capacity-enhancing double track to improve frequency of service on COASTER and support NCTD's goal of increasing ridership. NCTD will consider applying for funding from the Fixed Guideway Capital Investment Grants (CIG) program as well as other relevant state and federal programs.
- *SPRINTER Corridor Double Tracking and Signal Modernization:* The SPRINTER Corridor Service Improvement Project includes the modernization of the SPRINTER system signals and advances double tracking of 9.5 miles of track along the corridor. The SPRINTER is a vital resource for North County residents and frequency improvements will support growing ridership.
- *Bus Fleet Replacement (Zero Emission Buses):* NCTD will need to invest in zero-emission buses, equipment purchases, and facility improvements to comply with the California Air Resources Board's ruling to transition public transit bus fleets to 100 percent zero-emission by 2040. The IIJA made available a large amount of funding for zero-emission vehicles.
- *Facilities Improvements:* Key facilities improvements include the construction of a new general administrative office at the Oceanside Transit Center; the construction of a maintenance-of-way building at a feasible location to be determined by a study; needed bus stop improvements; and wayfinding and real-time arrival information at transit centers and stations.



San Diego Sub-Division Signal Modernization: NCTD has received funding from the Federal Railroad Administration (FRA) and State of California TIRCP for the modernization of signaling and positive train control systems along the Los Angeles-San Diego-San Luis Obispo (LOSSAN) rail corridor. Construction activities are underway, with the first of ten (10) locations planned for cutover in July 2022. NCTD received authorization to finalize and execute a construction agreement with BNSF, a Class 1 freight rail operator, for the subsequent project phases.

BREEZE Speed and Reliability Study: NCTD received funding from Caltrans to complete a phased infrastructure and technology implementation plan that will support improved BREEZE bus speed and reliability for ten high-priority BREEZE corridors. The completion of this plan and phased implementation will support NCTD's ambitious 5-Year Plan to increase frequency on its core BREEZE bus network to provide fast, frequent, and reliable service on its highest ridership routes combined with shifting lower ridership routes to on-demand service.

SPRINTER Corridor 15-Minute Headways Project Study Report (PSR): NCTD conducted a preliminary study that determined that by adding approximately 9.5 miles of additional double track along the SPRINTER corridor, NCTD could improve service levels from 30-minute frequencies to 15-minute frequencies. The PSR is anticipated to be complete in early FY2023 and will advance the project to 5% design.

### **Increase Outreach and Strategic Partnerships**

This Area of Focus will help NCTD enhance proactive communications and collaboration with key stakeholders and public agencies to support mutually beneficial goals. The following initiatives will support this effort:

Enhance Proactive Stakeholder Communications: The newly added Governmental Affairs Officer position will develop and implement strategies to increase the competitiveness of NCTD's funding applications, expand involvement with industry, and enhance proactive engagement with key stakeholders.

Rail Crossing Elimination: Local governments will soon be eligible to apply for federal funding from the newly created Railroad Crossing Elimination program. NCTD will work with interested cities to advance their applications to secure funding for safe rail crossings within NCTD's service area.

**Divisional Goals**

In addition to the Strategic Business Initiatives, the Areas of Focus are support by a series of metrics across all NCTD divisions that set specific benchmarks to measure progress toward meeting the objectives articulated in the Areas of Focus. The table below describes the Divisional Goals for FY2023.

| <b>Metric Name</b>                               | <b>Definition/Calculation Methodology</b>  | <b>FY2023 Goal</b>   | <b>Primary Division Lead for Goal</b> | <b>Performance Report</b>                     |
|--|--|--|---------------------------------------|---|
| Ridership  | The number of passengers who board public transportation vehicles. Passengers are counted each time they board vehicles no matter how many vehicles they use to travel from their origin to their destination.   | Re-baseline customer ridership post COVID-19   | District-Wide                         | Transit Operations Performance Report         |
| Fare Revenue                                     | All income received directly from passengers, paid either in cash or through pre-paid tickets, passes, etc.  | Analyze the impacts of the Youth Opportunity Pass Program and begin to re-baseline customer revenue projections post COVID-19            | District-Wide                         | Quarterly Financial Report                    |
| Cost Management                                  | San Diego Area Consumer Price Index (CPI)  | Contain costs within San Diego Area CPI  | District-Wide                         | Monthly Departmental Budget to Actual Reports |
| On-Time Delivery of Capital Improvement Projects | Measurement from Project Online baseline schedule for projects completed within FY2023. On time delivery shall exclude delays outside of the Project Managers control, (i.e., funding availability, procurement issues, unforeseen conditions) and concludes when work is completed. | Revise project delivery guidelines and project schedules to reflect project management, financial, and procurement timelines and inputs. | District-Wide                         | Quarterly Capital Projects Report             |
| Customer Complaints BREEZE                       | Per contract with MV Transportation, the maximum is 17 per 100,000 boardings   | Meet contractual standard  | Bus Operations                        | Transit Operations Performance Report         |
| Customer Complaints LIFT                         | Per contract with MV Transportation, the maximum is 1.5 per 1,000 boardings  | Meet contractual standard  | Bus Operations                        | Transit Operations Performance Report         |

| <b>Metric Name</b>            | <b>Definition/Calculation Methodology</b>   | <b>FY2023 Goal</b>        | <b>Primary Division Lead for Goal</b> | <b>Performance Report</b>             |
|-------------------------------|---|---------------------------|---------------------------------------|---------------------------------------|
| Customer Complaints FLEX      | Per contract with MV Transportation, the maximum is 0.5 per 1000 boardings  | Meet contractual standard | Bus Operations                        | Transit Operations Performance Report |
| Customer Complaints COASTER   | Maximum of 7 per 100,000 boardings  | Meet standard             | Operations - Rail                     | Transit Operations Performance Report |
| Customer Complaints SPRINTER  | Maximum of 5 per 100,000 boardings  | Meet standard             | Operations - Rail                     | Transit Operations Performance Report |
| On-Time Performance BREEZE    | On-time performance is calculated using arrival times at time points with the RTMS system. A bus is considered on time if it arrives at a time point no more than 5 minutes 59 seconds after the scheduled time.  | ≥88%                      | Bus Operations                        | Transit Operations Performance Report |
| On-Time Performance LIFT      | On-time performance is calculated using arrival times at time points with the Trapeze system. A bus is considered on time if it arrives in the 30-minute pickup window.   | ≥92%                      | Bus Operations                        | Transit Operations Performance Report |
| On-Time Performance FLEX      | On-time performance is calculated using arrival times at time points with the Trapeze system. A bus is considered on time if it arrives at a time point no more than 5 minutes 59 seconds after the scheduled time or if it arrives in the 30-minute pickup window. | ≥95%                      | Bus Operations                        | Transit Operations Performance Report |
| On-Time Performance - COASTER | On-time performance is calculated based on the scheduled run time from Oceanside to Santa Fe Depot. A train is considered on time if it arrives at the terminal location no more than 5 minutes and 59 seconds after the scheduled arrival time.                    | 95%                       | Operations - Rail                     | Transit Operations Performance Report |

| <b>Metric Name</b>  | <b>Definition/Calculation Methodology</b>  | <b>FY2023 Goal</b>           | <b>Primary Division Lead for Goal</b> | <b>Performance Report</b>             |
|---|--|------------------------------|---------------------------------------|---------------------------------------|
| On-Time Performance - SPRINTER                                  | On-time performance is calculated based on the scheduled run time from Oceanside to Escondido. A train is considered on time if it arrives at the terminal location no more than 5 minutes and 59 seconds after the scheduled arrival time.  | 95%                          | Operations - Rail                     | Transit Operations Performance Report |
| Mean Distance Between Mechanical Failure BREEZE                 | Any trip that cannot be completed or started due to a mechanical issue is considered a mechanical failure. Mean distance between mechanical failure is calculated by dividing the total miles traveled by the number of mechanical failures. | ≤ 1 failure per 14,000 miles | Bus Operations                        | Transit Operations Performance Report |
| Mean Distance Between Mechanical Failure LIFT and FLEX Combined | Any trip that cannot be completed or started due to a mechanical issue is considered a mechanical failure. Mean distance between mechanical failure is calculated by dividing the total miles traveled by the number of mechanical failures. | ≤ 1 failure per 55,000 miles | Bus Operations                        | Transit Operations Performance Report |
| Mean Distance Between Mechanical Failure COASTER                | Any trip that cannot be completed or started due to a mechanical issue is considered a mechanical failure. Mean distance between mechanical failure is calculated by dividing the total miles traveled by the number of mechanical failures. | 22,847                       | Operations - Rail                     | Transit Operations Performance Report |
| Mean Distance Between Mechanical Failure SPRINTER               | Any trip that cannot be completed or started due to a mechanical issue is considered a mechanical failure. Mean distance between mechanical failure is calculated by dividing the total miles traveled by the number of mechanical failures. | 36,044                       | Operations - Rail                     | Transit Operations Performance Report |
| Average Time to Process Right of Entry Request                  | Processing Time = Agreement Execution Date - Complete Submittal Received Date (Initial submittal received date will also be tracked, but not measured in this goal)  | 4 weeks                      | Development Services                  | Quarterly Report to the Chief of DSD  |
| Timely Payment of Invoices                                      | Invoices should be paid based on contractor/vendor terms. NCTD standard is Net 30.   | Pay within terms             | Finance                               | Accounts Payable Aging                |
| Monthly Financial Close   | Accrual basis monthly financial transactions to be recorded within 20 business days after the last day of the calendar month   | 20 business days             | Finance                               | Finance Closing Schedule              |

| <b>Metric Name</b>                | <b>Definition/Calculation Methodology</b>  | <b>FY2023 Goal</b>    | <b>Primary Division Lead for Goal</b>    | <b>Performance Report</b>  |
|-----------------------------------|--|-----------------------|--|--|
| Critical Business Systems Uptime  | Percentage of time that NCTD critical business systems are available for use (24/7)  | 99.90%                | Information Technology                   | Quarterly Technology Report  |
| TVM Systems Customer Availability | Percentage of time that NCTD TVMs are fully functional and available to customers during transit hours (7 Days, 5:00 AM - 9:00 PM)   | 98%                   | Information Technology                   | Transit Operations Performance Report  |
| Core Business Network Uptime      | Percentage of time that major NCTD remote facilities can be reached from GAO (24/7)  | 99.90%                | Information Technology                   | Quarterly Technology Report  |
| IT Help Desk Response Times       | Percentage of IT Help Desk Tickets responded to within 30 minutes during work hours (M-F, 7:00 AM - 6:00 PM)   | 100%                  | Information Technology                   | Quarterly Technology Report  |
| Average Time to Post RFP/IFB      | Average duration between an approved requisition and posting to Planetbids   | 30 days               | Procurement and Contract Administration  | Quarterly Report of Contract Actions Issued Under Executive Director Authority |
| Negotiated Cost Savings/Avoidance | Cost Savings = Actual Purchasing Price - Lowest Price Quoted<br>Cost Avoidance = Actual Purchasing Price - Last Price Paid   | >\$100,000            | Procurement and Contract Administration  | Quarterly Report of Contract Actions Issued Under Executive Director Authority |
| Preventable Accidents BREEZE      | A Preventable Accident is defined as an event that involves a loss of life, serious injury to a person, collision, runaway train, or derailment of a rail vehicle that could have been averted but for an act, or failure to act, by the vehicle operator or engineer. | Reduction from FY2022 | Safety and Operations - Support Services | Quarterly Safety Report  |

| <b>Metric Name</b>             | <b>Definition/Calculation Methodology</b>  | <b>FY2023 Goal</b>    | <b>Primary Division Lead for Goal</b>    | <b>Performance Report</b> |
|--------------------------------|--|-----------------------|--|---------------------------|
| Preventable Accidents LIFT     | A Preventable Accident is defined as an event that involves a loss of life, serious injury to a person, collision, runaway train, or derailment of a rail vehicle that could have been averted but for an act, or failure to act, by the vehicle operator or engineer. | Reduction from FY2022 | Safety and Operations - Support Services | Quarterly Safety Report   |
| Preventable Accidents COASTER  | A Preventable Accident is defined as an event that involves a loss of life, serious injury to a person, collision, runaway train, or derailment of a rail vehicle that could have been averted but for an act, or failure to act, by the vehicle operator or engineer. | Zero                  | Safety and Operations - Support Services | Quarterly Safety Report   |
| Preventable Accidents SPRINTER | A Preventable Accident is defined as an event that involves a loss of life, serious injury to a person, collision, runaway train, or derailment of a rail vehicle that could have been averted but for an act, or failure to act, by the vehicle operator or engineer. | Zero                  | Safety and Operations - Support Services | Quarterly Safety Report   |

**Government Finance Officers Association Distinguished Budget Award**

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**North County Transit District  
California**

For the Fiscal Year Beginning

**July 01, 2021**

*Christopher P. Morill*

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the North San Diego County Transit District, California, for its annual budget for the fiscal year beginning July 1, 2021. In order to receive the budget award, a governmental unit has to satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to assess how well a budget serves as a policy document, financial plan, operations guide, and communications device. This award is valid for a period of one year only.

## **Budget Development Policy**

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. This policy covers the basis of accounting and financial principles, budget development guidelines and conditions, budget development procedures, budget monitoring, and budget controls.

## **Ongoing Operations**

NCTD funds ongoing operations with current revenues in a changing environment in which safety, compliance, and effectiveness are paramount.

## **Balanced Budget**

NCTD adopts an annual balanced budget in which total revenues equal or exceed total expenses to support service, operations, and capital decisions by engaging staff and Board members to identify significant budget issues, focus on anticipated revenues and expenses, and integrate business capital needs to focus on maintaining an adequate level of capital investment into the Capital Improvement Program. Additionally, NCTD coordinates its long-range financial planning with the San Diego Association of Governments (SANDAG).

## **Basis of Accounting**

NCTD accounting records are maintained in accordance with generally accepted accounting principles (GAAP) as established by the Government Accounting Standards Board (GASB). NCTD uses the accrual basis of accounting for its audited financial statements. The budget for the enterprise fund is also prepared on the accrual basis except for depreciation expense, which is not budgeted. Accrual accounting records financial events based on economic rather than cash activity. Revenues are recognized when they are earned and realized, regardless of when actual payment is received. Expenses are recognized when incurred, regardless of when such expenses are paid.

## **Finance Division Role**

The Finance Division is responsible for maintaining the records in accordance with GAAP, maintaining an effective capital assets financial record system, producing regular financial reports to the Board, overseeing the annual external audit, and adopting an investment policy that emphasizes safety, compliance, and liquidity before yield.

## **Conservative Estimates of Revenues**

Revenues are estimated conservatively bearing in mind federal, state, and local conditions, considering new sources, and assessing fare and route changes as needed. One-time revenues generally should be used for one-time expenses or capital investments.

## **Expenses**

Expenses are planned to support effective transportation by identifying priority services, establishing service levels, delivering efficient service, and ensuring fiscal stability.

## **Capital Improvement Program**

NCTD adopts an annual Capital Improvement Program (CIP) based on need and in accordance with the long-term capital program. The District CIP has received scrutiny for cost, value, and priority to the District, and relevant details for each item have been reviewed for conformance to CIP requirements. Projects are funded only when revenues are already committed, or where budget savings or one-time



revenues can pay for such items, and for which consideration has been given to all funding sources and grants where applicable.

Capital project expense differs from operating expense as capital expenses ordinarily result in the addition of a capital asset. NCTD Board Policy No. 29 - *Capitalization and Asset Management*, and Administrative Policy FIN-5054 - *Capital Asset Determination and Recordkeeping*, contain guidelines for defining a capital asset, generally described as an asset that costs \$5,000 or more with an expected life of more than one year. Once funding for a capital project is secured, the Grants department sets up each project with an expense and funding source budget.

Some projects may not be capital but instead may be “operating projects”. This usually occurs when a grant is available to fund planning projects or other studies or operating activities that do not result in the creation of a capital asset. The expense that is charged to that project will ultimately be recorded as an expense in the operating accounts and must be budgeted in the operating budget. These operating expenses are set up as projects to facilitate grant reporting requirements and/or to track costs on special projects.

### **Intergovernmental Relations**

NCTD maintains constructive relations with other government bodies that encourage shared use of facilities, joint purchases, and shared cost-of-service delivery to the end that transit services, connections, and accessibility will be improved. The NCTD Board of Directors adopted the calendar year 2022 Legislative Agenda on February 17, 2022. The priorities for calendar year 2022 include supporting legislative plans and proposals that provide increased funding to support NCTD’s state of good repair and capacity enhancing needs, grade crossings projects, transition of rail and non-revenue vehicles to zero emissions technologies, as well as mitigating the financial impact of the COVID-19 pandemic to ongoing operations; and supporting reform to modernize the Transportation Development Act.

### **Debt**

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.

### **Fund Balance**

The District utilizes a single enterprise fund for operating and capital purposes; NCTD elected to have the enterprise fund as allowed under GASB Statement No. 20. Accordingly, the District does not have traditional fund balances as typically found at other government agencies. The enterprise fund is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the expenses, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered through user charges and grants. Although the District does budget for capital improvement projects, the related capital outlays are recorded as increases in “capital assets” and “net position - invested in capital assets” on the statement of net position of the enterprise fund.

The FY2023 Operating Budget shows a balanced budget where total revenues equal total expenses; therefore, no changes are forecast for unrestricted net assets.

### **Functional Level Budgeting**

The budget is prepared at the functional level by department to allow for accountability and control. After the initial functional budgets are prepared by department managers, budgets are reviewed by the Division Chiefs and executive staff.

### **Cash Reserve Policy**

NCTD demonstrates prudence by maintaining reserves to adequately provide for unforeseen or special events. Board Policy No. 10 - *Cash Reserve Funds*, requires NCTD to maintain a minimum working capital balance of the lower of \$15 million or fifteen (15) percent of the annually budgeted operating expenditures. In the event of unanticipated and unusual financial circumstances, including but not limited to spikes in the cost of fuel or other materials; urgent, high-priority needs; and unforeseen withdrawal or cutback of a revenue source, NCTD will propose an operating budget amendment per Board Policy No. 17.

### **Budget Management**

NCTD maintains budget control through the formal adoption of an operating budget and CIP. Following approval, the budget is incorporated into the accounting system, at which point the budget is compared with actual performance throughout the fiscal year. Any unexpended appropriations from the operating budget automatically lapse at the end of the fiscal year.

The budget is an evolving document that will change as economic and business conditions warrant. Changes to the budget take the form of budget transfers or Board-approved amendments. Budget transfers do not change the total appropriated amount and do not require Board action. Depending on the budget category affected by the transfer, approval may be granted as follows:

- Division Chiefs have the discretion to reapportion funds between line items within their department or between departments in their division, except for salaries and wages, unless it is an adjustment to fund temporary staffing due to vacancies. Division Chiefs may not exceed the total appropriated amounts within their division.
- The Executive Director may transfer funds between divisions but may not exceed the total appropriated amount for NCTD.

An increase in the total appropriated amount for NCTD requires a budget amendment. Budget amendments require formal action by the Board of Directors.

### **Budget Monitoring and Controls**

NCTD uses JD Edwards EnterpriseOne, an Enterprise Resource System (ERP), to process and record all its financial, accounting and procurement activities. The NCTD structure for operating revenue and expense accounts is driven by the Federal Transit Administration (FTA) National Transit Database (NTD) system of accounts. NTD is the primary repository for information and statistics on the transit systems of the United States. Recipients or beneficiaries of FTA grant funds are required to submit data in a standardized format to the NTD.

The adopted budget becomes the main internal control document used to monitor and manage the District's financial transactions. The Project or Department Manager must complete all the required documentation to support a request for procurement. These documents are reviewed by the department Management Analyst (MA) and, when complete, a requisition with the supporting documentation is routed through the ERP system for the required approvals. Once fully approved, the requisition is routed for processing by the Procurement and Contract Administration department. Special procurement requirements apply to purchases that use federal funds and may extend the time required for procurement.

The Finance Division produces monthly budget to actual expenditures reports that are distributed to Division Chiefs and Department Managers intended to help staff control expenditures. The Finance Division also produces quarterly financial statements for the Board, which include the statement of changes and statement of net position compared to prior periods and budget, and explanations for significant variances.

## **Budget Process**

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Every year, NCTD develops its personnel, operating, and capital plans for the following fiscal year. This effort results in a Board-approved fiscal year budget. The budget outlines the expected funding sources and expenses that represent the District commitment to providing transit services and projects to serve the needs of our stakeholders and to maintain a state of good repair.

Budget preparation takes approximately nine months. The Finance Division is responsible for distributing budget instructions and materials to each division and department for the operating budget as well as budget instructions and materials for the Capital Improvement Program (CIP). Work typically begins in July/August with project managers submitting projects to be considered in the 5-Year CIP budget. The operating budget cycle begins in January with departmental operating requirements and application of revised revenue projections and culminates by June with a public hearing and Board adoption of the budget.

The operating budget is prepared from the bottom up to arrive at a functional-level and then a District-level budget. Functional budgets are prepared first by Department Managers in collaboration with the Finance Division. The Finance Division then compiles the budget at the Division and District level. Additionally, the Finance Division is responsible for ensuring that the following critical documents for the upcoming fiscal year are submitted with the budget:

1. Classification and Compensation Schedule
2. Cost Recovery Fee Schedule
3. Service Implementation Plan
4. Allocation of Federal, State, and Local Funds
5. Preventive Maintenance Funding Plan

The proposed budget is typically first reviewed at the policy level by the Performance, Administration, and Finance (PAF) Committee of the Board to ensure the appropriateness of programs and expenses and to ensure that they meet District goals and objectives for the upcoming budget year. After final review and budget adjustments based on policy direction and final revenue and expense estimates, the Executive Director and Chief Financial Officer present the draft operating budget to the NCTD Board for consideration and review in the month of May.

## **Stakeholders**

Responsibilities are assigned as follows:

- The Chief Financial Officer (CFO) has the overall responsibility for planning, coordinating, analyzing, preparing, and issuing the budget, drafts the overall budget document, and presents the budget to the NCTD PAF Committee and the Board of Directors.
- The Capital Program Manager oversees the Capital Improvement Program and leads the Capital Project Steering Committee (CPSC).
- The Chief of Planning, Marketing and Communications and the Director of Service Planning are responsible for overseeing the development of the Service Implementation Plan (SIP) for the upcoming year comprised of service levels and ridership forecasts by mode of transportation.
- Division Chiefs are responsible for preparing and submitting their Division budgets in accordance with the budget instructions.

- Department Managers are responsible for preparing their departmental budgets in accordance with the budget instructions.
- The Chief Administrative Officer and the Director of Human Resources review staffing levels and reviews requests for increased staffing or salary adjustments.
- The CPSC is responsible for evaluating and ranking projects to ensure that the most critical projects are funded.
- Management Analysts coordinate the budget development process for their respective departments and divisions.
- The Executive Director, in close consultation with the Division Chiefs and the CFO, is responsible for making the final determination of the proposed budget to be submitted for approval to the Board of Directors.
- The Performance, Administration, and Finance (PAF) Committee of the Board reviews the appropriateness of programs and expenses and ensures that they meet NCTD goals and objectives for the upcoming budget year. The PAF Committee advances the budget for adoption by the Board of Directors.
- The public reviews the proposed budget during the public hearing period conducted fifteen (15) days prior to the budget submission to the Board of Directors for approval.
- The Board of Directors is responsible for adopting the annual operating budget and supplemental schedules, the annual CIP, and the 5-Year CIP.
- Finance staff uploads the approved budget into the NCTD Enterprise Resource Planning (ERP) system.

**Budget Calendar**

The District Fiscal Year begins on July 1 and ends on June 30. The timeline for the Fiscal Year 2023 Operating Budget and FY2023-FY2027 Capital Improvement Program (CIP) is summarized below:

| <b>Month(s)</b>              | <b>Description of Action</b>  |
|------------------------------|---|
| July 2021                    | Kick-off meeting for the Capital Improvement Program where project managers and stakeholders received an overview of the CIP process, projects evaluation criteria, strategic priorities, roles and responsibilities, and timeline.   |
| July 2021 - August 2021      | Project managers updated and added project information, funding requests, and project delivery schedules in the District's project management software for consideration in the 5-Year CIP.   |
| August 2021 - September 2021 | Division Chiefs and the CPSC performed the initial review of funding requests for existing projects. District staff reviewed previously approved capital projects to ensure that they were advancing as planned and reallocated funding from projects that had anticipated savings or were no longer advocated for various reasons. |
| October 2021                 | Capital projects were evaluated, ranked, and scored according to established criteria and prioritized on how well the respective project meets District goals and objectives. State of good repair, regulatory requirements, and safety and security are the highest priorities.  |

| <b>Month(s)</b>            | <b>Description of Action</b>   |
|----------------------------|--|
| October 2021               | The CFO calculated the preliminary revenue estimates to determine the funding availability for the constrained CIP.  |
| November 2021              | The CPSC proposed the list of projects eligible for advancement in the constrained CIP based on established criteria. The Executive Director approved the final constrained CIP based on the preliminary revenue estimates.  |
| December 2021              | NCTD Board approved the proposed FY2023-FY2027 Capital Improvement Program.  |
| January 2021               | The California State Controller Officer publishes the allocations for FY2023 for State Transit Assistance and State of Good Repair funds.  |
| February 2021              | SANDAG staff provides the funding estimates for Federal Transit Administration (FTA), Transportation Development Act (TDA), and Transnet Funds for FY2023, as well as projections for the next four fiscal years to plan for capital projects and determine operating subsidies.   |
| February 2021              | FY2023-FY2027 CIP was programmed in SANDAG's ProjectTrak system for inclusion in the Regional Transportation Improvement Plan (RTIP).  |
| February 2022              | The CFO launched the kick-off for the development of the FY2023 Operating Budget with a presentation to Department Managers, Division Chiefs, Management Analysts, and Finance staff that included: Executive Director budget goals, overview of Board Policy No. 17, budget timeline, considerations for budgeting revenues and expenses, required supplemental information, and assigned responsibilities. |
| February 2022 - March 2022 | Management Analysts met with Division Chiefs and Department Managers with budget responsibilities to review prior year fiscal results and trends, base budget assumptions, and changes for their respective division/department. Open encumbrances were reviewed for rollovers to FY2023 due to timing of services and receipt of goods. Budget worksheets were created and entered in Hubble.               |
| February 2022 - March 2022 | The Service Planning department developed and submitted the proposed service plan recommendation to the Executive Director for approval to be incorporated in the baseline budget assumption.  |
| March 2022                 | The NCTD Executive Committee received a presentation from the Executive Director regarding the proposed FY2023 Operating Budget guidance and strategic areas of focus.   |
| March 2022                 | NCTD's Board set a public hearing date for June 16, 2022, for consideration of adoption of the proposed FY2023 Operating Budget and ratification of the FY2023-FY2027 Capital Improvement Plan and received the Executive Director's report on the proposed FY2023 budget guidance and strategic areas of focus.   |
| April 2022                 | The FTA published the final apportionment table, which included additional funding from the Bipartisan Infrastructure Law.   |
| April 2022                 | The NCTD Marketing, Service Planning, and Business Development (MSPBD) Committee received details of the proposed FY2023 Service Implementation Plan, which included ridership projections and revenue hour and revenue mile projections for all modes.  |

| <b>Month(s)</b> | <b>Description of Action</b>   |
|-----------------|--|
| April 2022      | NCTD's Board received an update on the FY2023 Service Implementation Plan assumptions and forecasts.   |
| April 2022      | The Chief Administrative Officer and Human Resources Director completed the staffing plan in collaboration with all Division Chiefs and incorporated the staff transition related to the insourcing of rail operations, rail equipment maintenance, facilities maintenance, maintenance-of-way, and maintenance of signals. The proposed staffing plan recommendation was submitted to the Executive Director for approval to be incorporated in the baseline budget assumption. |
| April 2022      | Constrained capital projects are re-evaluated, including considerations for funding needs and project readiness to determine whether these projects continue to be eligible for ratification by NCTD's Board.  |
| May 2022        | The NCTD Performance, Administration, and Finance (PAF) Committee received an update on the FY2023 Operating Budget, which included significant assumptions for revenues and expenses.   |
| May 2022        | The CFO presented the proposed FY2022 Operating Budget to the full Board along with the key assumptions used and primary drivers for revenues and expenses. Revisions to the constrained FY2023-FY2027 Capital Improvement Program are also presented to the Board.  |
| June 2022       | The FY2023 Operating Budget and FY2023-FY2027 Capital Improvement Plan documents are released for public review and comment.   |
| June 2022       | The Board receives and considers public comment, closes the public hearing, considers adoption of the Operating Budget and Capital Improvement Program, approves the Service Implementation Plan, Employee Classification and Compensation Schedule, and Cost Recovery Fee Schedule.   |
| June 2022       | The approved budget is entered into the District financial system. NCTD staff submits applications as needed to funding agencies.  |

## Service Implementation Plan

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The Service Implementation Plan (SIP) outlines the District's plans to provide multimodal transit services over the next ten (10) years. The SIP is a requirement under the Master Memorandum of Understanding (MOU) with the San Diego Association of Governments (SANDAG) and is used to inform NCTD's annual operating budget.

The SIP development process consists of the compilation and review of historic service levels, ridership, and studies that outline capital and operating investments for the District. Planning coordinates with Finance, Bus Operations, Rail Operations, and the Executive Director to review and approve the assumptions. Finance staff calculates the cost associated with the proposed services based on contractual agreements that NCTD has or will negotiate with private sector contractors and public partners. The costs are then included in the NCTD annual operating budget.

COVID-19's negative impacts to service, customer revenue, and ridership are ongoing and have now spanned multiple fiscal years. On May 29, 2021, NCTD ended temporary weekday service reductions on the COASTER and restored its weekend service that had been suspended since late March 2020 due to the COVID-19 pandemic. NCTD was able to maintain pre-COVID-19 employment levels based on federal funding that was provided to mitigate and support recovery from the impacts of COVID-19. However, in early FY2022, NCTD began to be impacted by the national labor shortage, which significantly impacted the District's ability to provide full scheduled service. This labor shortage, which has impacted transit agencies and other industries nationwide, led to cancelled trips primarily on its BREEZE fixed-route bus service.

As of March 2022, year-to-date (YTD) systemwide ridership was at 53.9% of pre-pandemic levels, up from 42.9% in FY2021 and 27.5% in April 2020, the first full month of the pandemic. COASTER ridership recovery remained comparatively low at 37.2% due to changing commute patterns. However, due to an expanded schedule and increased weekend ridership, that figure was up from 11.6% in FY2021. Similarly, LIFT ridership remained at 41% of pre-pandemic ridership, up from 34% in FY2021. BREEZE, SPRINTER, and FLEX continued to see higher rates of recovery at 60.1%, 48.5%, and 74% respectively. National public transit ridership experienced similar trends as NCTD.

Prior to the pandemic, NCTD was advancing major studies and initiatives to attract new passengers. The short-term and long-term impacts of COVID-19 require significant analysis and financial investment. In response to the uncertainties of COVID-19, NCTD launched a market research and analysis project in October 2021, which is intended to provide a detailed understanding of post-COVID-19 market trends, possible outcomes, and potential new service delivery models and technologies in order to properly inform key business decisions over the next three to five years. This work effort will provide NCTD with valuable quantitative and qualitative data that is necessary to make informed decisions about the post-COVID-19 environment. This market research will serve as a key component of NCTD's efforts to recover and grow ridership across the system. The project includes the following work effort:

- *Strategic Scenario Planning*: Develop key scenarios based on mobility trends and local market insights to support mobility innovation post-COVID-19.
- *Human-Centered Design & Research*: Identify key profiles in the NCTD market and conduct human-centered research to support customers' post-COVID-19 needs and travel behaviors.
- *Modeling & Impact Analysis*: Rapidly and iteratively evaluate and test the impact of proposed NCTD initiatives, regional policies, and scenario dependencies.
- *Strategy, Roadmap, & Implementation Plan*: Define key initiatives and "no-regret" moves post-COVID-19 to support NCTD in executing its strategy over the next three to five years.

**FY2023 Service Levels**

NCTD used conservative estimates to forecast ridership. The conservative projection is consistent with Board Policy No. 17 - *Budget Development*, which requires staff to conservatively estimate revenues and expenses. The conservative forecast allows NCTD to stress test and confirm that the budget for FY2023 will be balanced under the assumed worst-case scenario.

Ridership estimates for this year’s SIP were based on observed ridership trends on a mode-specific level to reflect the unique factors that impact each mode to varying degrees. These influences may include factors such as in-person schooling, commute patterns, and labor availability, among others. The FY2023 forecasts remain below FY2019 and FY2020 ridership. NCTD plans to conduct targeted surveys over the next fiscal year which in combination with business intelligence, will provide more targeted assumptions for post-pandemic ridership. This information will support the development FY2024 SIP and future years. Table 1 summarizes NCTD’s recovery projections relative to a FY2019 baseline.

**Table 1. FY2023 Projected Pre-Pandemic Ridership Recovery by Mode**

| Mode              | First Half | Second Half |
|-------------------|------------|-------------|
| <b>BREEZE</b>     | 60%        | 65%         |
| <b>LIFT</b>       | 60%        | 60%         |
| <b>FLEX</b>       | 60%        | 60%         |
| <b>COASTER</b>    | 55%        | 60%         |
| <b>SPRINTER</b>   | 65%        | 70%         |
| <b>Systemwide</b> | <b>60%</b> | <b>63%</b>  |

***BREEZE***

NCTD began to experience operator staffing constraints in April 2021, which led to varying degrees of service cancellations on NCTD’s BREEZE service throughout FY2022. As result of the operator shortage, NCTD had to temporarily reduce peak frequencies on several BREEZE routes effective on April 3, 2022. This measure is considered temporary and was implemented to allow NCTD to communicate service cancellations in advance to its customers. NCTD is actively working with its service Contractor to hire and retain operators so that service can be restored. For the purposes of the FY2023 SIP, NCTD has assumed that this reduced BREEZE service will be in place through the first quarter of FY2023 (July through September 2022).

In FY2023, NCTD will reclassify BREEZE routes with school tripper deviations as Supplemental Routes and assign them to a new 600-numbering series. These routes include: 304, 308, 309, 332, 334, and 445. The changes are expected to improve communication with riders and parents and simplify internal operations and tracking functions. This change will be complemented by the region’s Youth Opportunity Pass pilot program, which provides free transit in San Diego County for youth ages 18 and under through June 30, 2023.

For FY 2023, NCTD is projecting BREEZE ridership to recover to 60% of FY2019 levels in the first half of the fiscal year and 65% of FY2019 levels in the second half of the fiscal year.

***LIFT***

LIFT ridership in FY2023 is projected to recover to 60% of FY2019 levels. Because LIFT is a demand response service, any increase in ridership will result in an increase in hours and miles operated.



### ***FLEX Deviated Fixed Routes***

NCTD is projecting FY2023 ridership to recover to 60% of FY2019 levels in the first half of the fiscal year and to 65% of FY2019 levels in the second half of the fiscal year.

### ***FLEX Demand Response Zones***

Existing FLEX Demand Response service ended in FY2022 with the discontinuation of FLEX Route 372 on October 25, 2021. NCTD intends to enhance its FLEX Demand Response brand in FY2023 by utilizing an on-demand application that supports real-time trip requests on 12-passenger vans. The intent of this service enhancement is to support phased implementation of improved BREEZE, COASTER, and SPRINTER frequencies by providing more efficient first-last mile connections and promoting shared rides within specified geographical areas. NCTD is proposing to implement expanded services in the City of Carlsbad and new service in the City of San Marcos in the Fall of 2022, pending operator availability.

To project service levels and ridership for the new FLEX Demand Response zones, NCTD used data generated by software modeling exercises from the Carlsbad Connector service provider. This information was supplemented with average daily ridership and hours and miles between September 2019 and February 2020 for the Carlsbad Connector. While this data is pre-COVID-19, it serves as a quantifiable baseline for service that will be implemented once the economy reopens following the COVID-19 pandemic. Prior to launch of the micro-transit zones, NCTD will work with its selected software vendor to model demand and generate updated key performance indicators.

### ***COASTER***

Throughout the past decade, the region has advanced and completed several major capital projects that enabled NCTD to expand COASTER service for the first time since the COASTER's inception in 1995. On October 25, 2021, the District increased weekday and weekend COASTER service to better serve riders who may travel during the mid-day and/or weekend for leisure trips or flexible work schedules, which may comprise a larger share of the passenger market going forward.

While the effects of COVID-19 and its variants continue to impact COASTER ridership, NCTD has seen a steady growth in daily ridership since the service expansion. This ridership increase is especially evident in NCTD's growing weekend market. NCTD recognizes that the traditional commuter market for COASTER and other services may continue to be impacted as employers allow workers more flexible schedules. However, initial ridership data in FY2022 shows a strong demand for COASTER service to weekend, late night, and special events (i.e. Padres games and concerts).

In 2019, NCTD's Board of Directors approved the purchase of two new COASTER trainsets. These trainsets are expected to arrive in late FY2023 and will enable NCTD to expand COASTER service to 36 weekday trips per day. The FY2023 SIP assumes this expanded service beginning in April 2023 but is subject to delivery and acceptance of the trainsets prior to service launch.

Based upon FY2022 ridership, NCTD is projecting FY2023 ridership to recover to 60% of FY2019 levels through April 2023 and grow to 65% of FY2019 levels after COASTER service is expanded to 36 weekday trips.

### ***SPRINTER***

No SPRINTER service changes are proposed for FY2023. All hours and miles are based upon scheduled daily service and applied to the number of weekdays, Saturdays, and Sundays in FY2023. SPRINTER provides direct service to Cal State San Marcos and Palomar College. Student ridership is expected to return in FY2023 as schools return to in-person learning in the Fall. In FY2023, NCTD projects SPRINTER ridership to recover to 65% of FY2019 levels in the first half of the fiscal year and to 70% of FY2019 levels in the second half of the fiscal year.

Table 2 shows the projected operating statistics by mode for FY2023. Table 3 shows the projected ridership by mode for FY2023. Figure 1 shows a graphical perspective of NCTD boardings over the last ten fiscal years.

**Table 2. FY2023 Budget - Service Implementation Plan**

|                 | FY2021<br>Actual | FY2022<br>Budget | FY2022<br>Forecast | FY2023<br>Adopted<br>Budget | Increase/<br>(Decrease)<br>from FY2022<br>Budget<br>(%) | Increase/<br>(Decrease)<br>from FY2022<br>Forecast<br>(%) |
|-----------------|------------------|------------------|--------------------|-----------------------------|---|---|
| <b>BREEZE</b>   |                  |                  |                    |                             |   |   |
| Revenue Miles   | 5,056,999        | 5,109,923        | 5,079,220          | 5,044,988                   | -1.3%   | -0.7%   |
| Total Miles     | 5,703,626        | 5,767,447        | 5,693,057          | 5,691,100                   | -1.3%   | 0.0%  |
| Revenue Hours   | 420,426          | 426,660          | 420,404            | 410,066                     | -3.9%   | -2.5%   |
| Total Hours     | 452,855          | 459,782          | 480,580            | 442,011                     | -3.9%   | -8.0%   |
| Ridership       | 2,990,643        | 4,314,010        | 3,718,567          | 4,001,104                   | -7%   | 7.6%  |
| <b>LIFT</b>     |                  |                  |                    |                             |   |   |
| Revenue Miles   | 684,642          | 1,075,797        | 724,407            | 963,464                     | -10.4%  | 33.0%   |
| Total Miles     | 826,351          | 1,273,964        | 869,971            | 1,142,086                   | -10.4%  | 31.3%   |
| Revenue Hours   | 37,488           | 63,259           | 38,648             | 56,873                      | -10.1%  | 47.2%   |
| Total Hours     | 46,543           | 78,440           | 47,372             | 70,513                      | -10.1%  | 48.8%   |
| Ridership       | 57,427           | 114,327          | 70,807             | 102,132                     | -10.7%  | 44.2%   |
| <b>FLEX</b>     |                  |                  |                    |                             |   |   |
| Revenue Miles   | 314,171          | 1,016,186        | 314,518            | 739,852                     | -27.2%  | 135.2%  |
| Total Miles     | 331,156          | 1,030,198        | 328,804            | 805,510                     | -21.8%  | 145.0%  |
| Revenue Hours   | 17,289           | 70,814           | 16,964             | 49,687                      | -29.8%  | 192.9%  |
| Total Hours     | 18,192           | 71,609           | 17,750             | 52,997                      | -26.0%  | 198.6%  |
| Ridership       | 21,547           | 175,126          | 21,275             | 127,103                     | -27.4%  | 497.4%  |
| <b>COASTER</b>  |                  |                  |                    |                             |   |   |
| Revenue Miles   | 145,927          | 370,558          | 363,245            | 418,234                     | 12.9%   | 15.1%   |
| Total Miles     | 155,689          | 389,530          | 383,915            | 441,830                     | 13.4%   | 15.1%   |
| Revenue Hours * | 3,818            | 11,657           | 11,519             | 12,837                      | 10.1%   | 11.4%   |
| Total Hours     | 5,299            | 13,086           | 13,056             | 14,036                      | 7.3%  | 7.5%  |
| Ridership       | 162,707          | 960,239          | 512,079            | 804,219                     | -16.2%  | 57.0%   |
| <b>SPRINTER</b> |                  |                  |                    |                             |   |   |
| Revenue Miles   | 516,818          | 519,779          | 518,022            | 519,924                     | 0.0%  | 0.4%  |
| Total Miles     | 520,111          | 523,014          | 521,613            | 523,183                     | 0.0%  | 0.3%  |
| Revenue Hours   | 23,489           | 23,621           | 23,539             | 23,627                      | 0.0%  | 0.4%  |
| Total Hours     | 23,638           | 23,772           | 23,704             | 23,779                      | 0.0%  | 0.3%  |
| Ridership       | 1,225,435        | 1,637,009        | 1,264,524          | 1,635,632                   | -0.1%   | 29.3%   |
| <b>SYSTEM</b>   |                  |                  |                    |                             |   |   |
| Revenue Miles   | 6,718,557        | 8,092,243        | 6,999,412          | 7,686,462                   | -5.0%   | 9.8%  |
| Total Miles     | 7,536,933        | 8,984,153        | 7,797,360          | 8,603,709                   | -4.2%   | 10.3%   |
| Revenue Hours   | 502,510          | 596,011          | 511,074            | 553,090                     | -7.2%   | 8.2%  |
| Total Hours     | 546,527          | 646,689          | 582,462            | 603,336                     | -6.7%   | 3.6%  |
| Ridership       | 4,457,759        | 7,200,711        | 5,587,252          | 6,670,190                   | -7.4%   | 19.4%   |

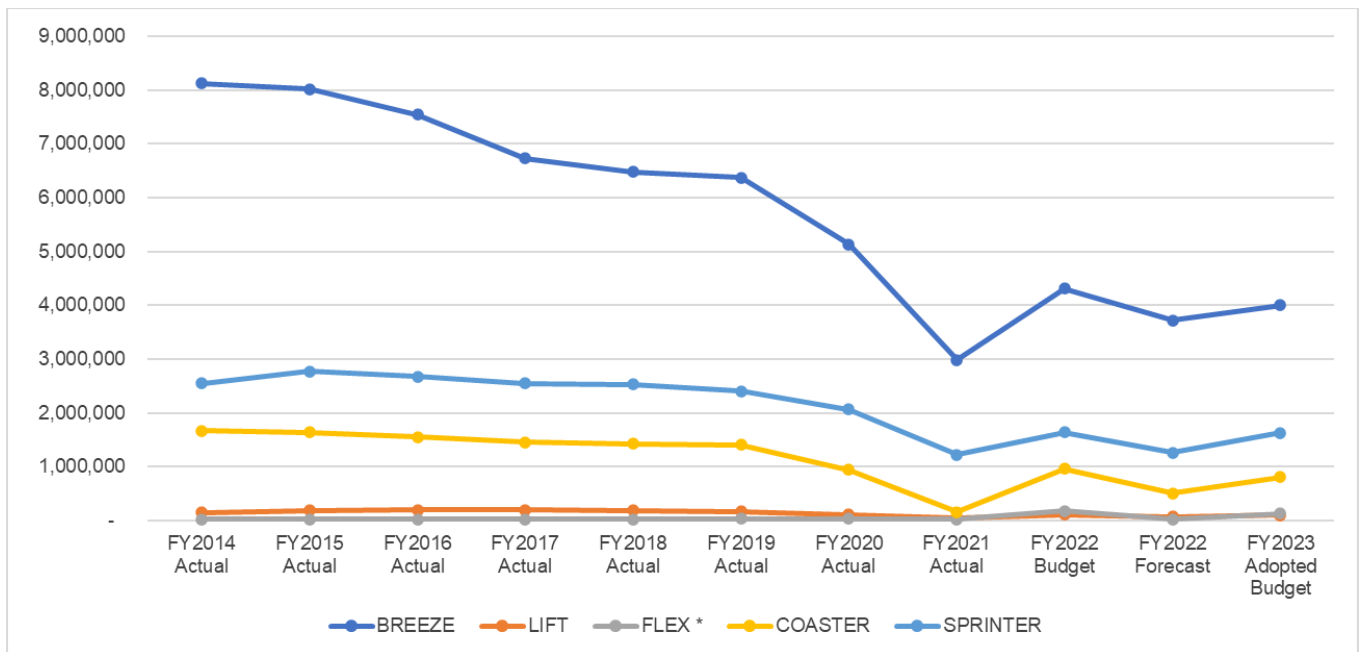
\* Based on running time; does not include layover. May differ from National Transit Database reports.

Table 3. FY2023 Forecast - Ridership

| Mode     | FY2021 Actual    | FY2022 Budget    | FY2022 Forecast  | FY2023 Adopted Budget | Increase/ (Decrease) from FY2022 Budget (#) | Increase/ (Decrease) from FY2022 Budget (%) | Trend | Increase/ (Decrease) from FY2022 Forecast (#) | Increase/ (Decrease) from FY2022 Forecast (%) | Trend |
|----------|------------------|------------------|------------------|-----------------------|---|---|-------|---|---|-------|
| BREEZE   | 2,990,643        | 4,314,010        | 3,718,567        | 4,001,104             | (312,906)                                   | -7.25%                                      | ●     | 282,537                                       | 7.60%   | ●     |
| LIFT     | 57,427           | 114,327          | 70,807           | 102,132               | (12,195)                                    | -10.67%                                     | ●     | 31,325  | 44.24%  | ●     |
| FLEX *   | 21,547           | 175,126          | 21,275           | 127,103               | (48,023)                                    | -27.42%                                     | ●     | 105,828                                       | 497.43%                                       | ●     |
| COASTER  | 162,707          | 960,239          | 512,079          | 804,219               | (156,020)                                   | -16.25%                                     | ●     | 292,140                                       | 57.05%  | ●     |
| SPRINTER | 1,225,435        | 1,637,009        | 1,264,524        | 1,635,632             | (1,377)                                     | -0.08%                                      | ●     | 371,108                                       | 29.35%  | ●     |
|          | <b>4,457,759</b> | <b>7,200,711</b> | <b>5,587,252</b> | <b>6,670,190</b>      | <b>(530,521)</b>                            | <b>-7.37%</b>                               | ●     | <b>1,082,938</b>                              | <b>19.38%</b>                                 | ●     |

\* Includes micro-transit

Figure 1. NCTD Ridership - Last Ten Years



## **Financial Forecast and Significant Assumptions**

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### **Grant Revenue**

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. The District's financial health is dependent on economic and political conditions that affect these revenue sources.

### ***Federal Transit Administration (FTA) Formula Programs***

#### **Section 5307**

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 the funds between NCTD and MTS. The FY2023 allocation is 30% for NCTD and 70% for MTS after SANDAG deductions for the Regional Vanpool Program. For FY2023, NCTD was allocated \$25.7 million of Section 5307 funds, \$5.7 million higher than FY2022 (increase of 28.3%).

#### **Section 5337**

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. The Fixing America's Surface Transportation (FAST) Act clarifies that 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. The FY2023 allocation for the San Diego region is 30% for NCTD and 70% for MTS after MTS takes the allocation specific to High Intensity Motorbus. For FY2023, NCTD was allocated \$18.3 million of Section 5337 funds, \$6.2 million higher than FY2022 (increase of 51.1%).

### **Section 5339**

The FAST Act provides both formula and discretionary programs for this section as developed under the Moving Ahead for Progress in the 21st Century Act (MAP-21). The 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. The FY2023 allocation for the San Diego region is 30% for NCTD and 70% for MTS.

### **Section 5311**

FTA 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.

### **Bipartisan Infrastructure Law**

The Bipartisan Infrastructure Law, as enacted in the Infrastructure Investment and Jobs Act (IIJA) and signed into law on November 15, 2021, authorized up to \$108 billion for public transportation (including \$91 billion in guaranteed funding) - the largest federal investment in public transportation in the nation's history. The legislation reauthorizes surface transportation programs for federal fiscal years FY2022-2026 and provides advance appropriations for certain programs. Key priorities for public transportation under the legislation include:

- *Safety:* The law will enhance state safety oversight programs by strengthening rail inspection practices, protecting transit workers and riders from injuries, and ensuring safe access to transit.
- *Modernization:* The law will reduce the maintenance backlog by repairing and upgrading aging transit infrastructure and modernizing bus and rail fleets.
- *Climate:* Funding in the law will support replacement of thousands of transit vehicles, including buses and ferries, with cleaner, greener vehicles.
- *Equity:* Investments in the law will improve transit service for communities that have historically had more limited access to transit and provide for substantial upgrades to accessibility.

### **Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act**

The CARES Act was signed in March 2020, which provided emergency assistance and health care response for individuals, families and businesses affected by the COVID-19 pandemic and provide emergency appropriations to support Executive Branch agency operations during the COVID-19 pandemic. A total of \$25 billion was allocated to the U.S. Department of Transportation's Federal Transit Administration to help the nation's public transportation systems respond to COVID-19. The FTA allocated \$25 billion to recipients of urbanized area and rural area formula funds, with \$22.7 billion allocated to large and small urban areas and \$2.2 billion allocated to rural areas. Funding is provided at a 100% federal share, with no local match required, and is available to support capital, operating, and other expenses generally eligible under those programs to prevent, prepare for, and respond to COVID-19. Operating expenses incurred beginning on January 20, 2020, for all rural and urban recipients, even

those in large urban areas, are eligible, including operating expenses to maintain transit services as well as paying for administrative leave for transit personnel due to reduced operations during an emergency.

The CARES Act allocated \$314.3 million of Section 5307 funds and \$2.4 million of Section 5311 funds to the San Diego region. Section 5307 funds were allocated 30% (\$94.3 million) for NCTD and 70% (\$220 million) for MTS. Section 5311 funds were allocated 59% (\$1.4 million) for NCTD and 41% (\$1 million) for MTS based on service area rural population. CARES Act funds are anticipated to be fully expended by the end of FY2022 and there are no CARES Act funds included in the FY2023 budget.

### ***American Rescue Plan Act of 2021***

The American Rescue Plan Act of 2021 (ARP) included \$30.5 billion in federal funding to support the nation's public transportation systems during the COVID-19 public health emergency. The relief fund included \$26.6 billion to be allocated by statutory formulas to urbanized and rural areas and tribal governments. ARP allocated \$200.6 million of Section 5307 funds to the San Diego region, of which 30% (\$60.2 million) are allocated to NCTD and 70% (\$140.4 million) to MTS.

Operating expenses incurred beginning on January 20, 2020, are eligible. ARP funds shall to the maximum extent possible, be directed to payroll and operations of public transit (including payroll and expenses of private providers of public transportation), unless the recipient certifies to the FTA that the recipient has not furloughed any employees. Recipients must have spent at least 90% of their CARES Act funding before applying for ARP funds. Funds must be obligated by September 30, 2024 and disbursed by September 30, 2029.

### ***State Grant Revenue***

#### ***Transportation Development Act (TDA) and State Transit Assistance (STA)***

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 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. Pursuant to state statute, the County of San Diego Auditor has the responsibility for providing the TDA LTF 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 annual apportionment determines the amount of funds available to each agency to claim. The STA funds are appropriated by the Legislature to the State Controller's Office. That Office then allocates the tax revenue, by formula, to planning agencies and other selected agencies. Statute requires that 50% of STA funds be allocated according to population and 50% be allocated according to operator revenues from the prior fiscal year. SANDAG, as the Regional Transportation Planning Agency, is responsible to release the apportionment of TDA funds each year in conformance with state statute. TDA is the major subsidy source that supports NCTD's operations and non-motorized transportation projects.

### **Senate Bill 1 (SB1)**

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:

- 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.
- 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.

### **State Rail Assistance (SRA)**

Senate Bill 1 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.

State Rail Assistance provides California's commuter and intercity rail agencies with dependable supplemental revenue that they can use to improve rail service in various ways, including:

- Operations funding for expanded service;
- Increased customer amenities such as discounted tickets;
- Capital investments such as new and clean emissions rolling stock to increase capacity and reduce emissions; and
- Track and station investments that can reduce travel times, delays, improve accessibility, and enhance the customer experience.

### **Local Grant Revenue**

#### **TransNet - Transit Services**

TransNet 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 the costs associated with administrative expense, the ITOC, and the bicycle/pedestrian program, the TransNet program is divided into major corridor projects, new bus rapid transit/rail operations (New Major Corridor Transit Operations), local system improvements, and transit system improvements (Transit Services). Within the Transit Services share (16.5% of TransNet funds), services provided pursuant to ADA and subsidies for seniors have specific earmarks. The remaining revenues

can be used by the transit agencies for operating or capital purposes. Similar to TDA LTF, the share between NCTD and MTS is allocated upon the population of each transit agency's 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 services were listed in the Ordinance:

- Rapids: SuperLoop, I-15, Mira Mesa, Mid-City, South Bay
- Mid-Coast Trolley
- COASTER peak and midday frequency increases
- SPRINTER peak and midday frequency increases
- Blue Line midday frequency increases
- San Ysidro-Sorrento Rapid

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.

### **Fare Revenue**

Fare revenues include fare receipts collected from money deposited in the farebox and ticket vending machines (TVMs) or collected through sales of tickets and passes at various transit centers, ticket outlets, college agreements, employer agreements, mobile ticketing, and online. Fare revenues are based on ridership of the various modes of transportation. The COASTER and BREEZE generate the largest share of fare revenue. Despite the COASTER having a lower percentage of ridership in comparison to the BREEZE or SPRINTER modes, the COASTER's higher fare generates significantly more revenue per trip than the other modes.

### **Other Operating Revenue**

Other operating revenues are composed of auxiliary revenues and non-transportation revenues. Auxiliary revenues include transit-system generated revenues such as advertising, shared use of the railroads, dispatching, and concession revenues. Non-transportation revenues include leases, permits, investment income, administrative fees, and Low Carbon Fuel Standard (LCFS) credits managed by the California Air Resources Board.

### **Operating Expenses**

The most significant cost drivers for NCTD are purchased transportation, contracted professional services, staff salaries, wages and benefits, and fuel costs. Since 2009, NCTD has contracted with private operators for the provision of all modes of public transit service to include facilities maintenance in accordance with State of California Public Utilities Code §125105(a). These contracts, which are largely fixed-price contracts that may be adjusted for changes in service levels, bear future cost escalators at the maximum of the San Diego Consumer Price Index (CPI) year-over-year percentage increase or 3%.

The base terms of the agreements with Bombardier for rail operations and maintenance will end in FY2022. The facilities maintenance agreement will end in FY2023. On April 22, 2021, NCTD's Board of Directors supported a change in business model by allowing the insourcing of train operations, maintenance of equipment for COASTER and SPRINTER, and facilities maintenance over fiscal years 2022 and 2023 to improve accountability, performance, and efficiency. NCTD had previously and successfully insourced rail dispatch and certain safety and security functions services. The insourcing of these functions largely impacts labor costs since NCTD already has an agreement in place with Siemens



for technical services and materials management for the COASTER locomotives and SPRINTER fleet. NCTD plans to procure similar services for the COASTER bilevel cars. The scope of the rail contract during FY2023 will be limited to include vehicle parts for the COASTER bi-level cab and coach cars, two months train cleaning, maintenance-of-way, and maintenance of signals.

Maintenance-of-way and signal functions will be insourced at the end of FY2023, however, certain functions, such as tree inspections and trimming, bridge inspections and repairs, and graffiti removal are anticipated to be performed under specialty contracts. NCTD will procure either separate or bundled contracts for right-of-way and signal maintenance that will complement specialized contracts executed between NCTD and third-party contractors.

The proposed facilities maintenance business model assumes NCTD personnel performing preventative maintenance, minor reactive maintenance, and work order requests. Outsourced specialty service contracts would include expanded cleaning/janitorial services, expanded reactive maintenance and current subcontracted functions such as train wash and crane maintenance. The transition of facilities maintenance is planned to occur in late FY2023.

NCTD will experience an increase in staffing levels related to the in-house phased transition of rail operations and facilities maintenance contracts. The increase in staffing will occur in two phases, the first phase will include train operations and rail equipment maintenance (transition will occur in late June 2022), and the second phase will include railroad maintenance of signal, maintenance of way, and facilities maintenance (transition will occur in late June 2023).

The FY2023 budget includes mobilization and transition costs for maintenance-of-way, maintenance of signals, and facilities maintenance. As services are re-procured, costs are anticipated to increase due to inflation and more robust scopes of work. The implementation of the new rail and facilities business model will result in some duplicative costs that will be resolved as contracts expire.

The FY2023 Operating Budget includes continued funding for dedicated law enforcement from the County of San Diego Sheriff's Department. The FY2023 Operating Budget also includes significant one-time professional services that will support NCTD's readiness for service improvements and ridership growth; increased investments in market analysis, customer research, marketing and communications; and the advancement of studies for future revenue-generating and development projects that will provide new revenue streams for NCTD (Carlsbad Village and Poinsettia COASTER stations redevelopment, SPRINTER stations/parking lots and rail corridor redevelopment, Escondido land swap study, Naming rights).

## **Fiscal Year 2023 Assumptions**

The significant assumptions used in the development of the FY2023 Operating Budget include:

### **Operating Revenues**

- Formula-based federal grants are derived from the Federal Transit Administration's (FTA) published apportionment tables. In November 2021, the Bipartisan Infrastructure Deal was signed into law. The new law authorized up to \$108 billion, including \$91 billion in guaranteed funding for public transportation - the most significant federal investment in transit in the nation's history. The Bipartisan Infrastructure Law will boost transit funding for communities all over the country by an average of 30%. The FTA published the FY2023 apportionment tables in April 2022 and NCTD anticipates receiving an additional \$11.8 million in funding from FTA Sections 5307, 5337, and 5339 programs compared to FY2022 (increase of 35%).
- The Transportation Development Act (TDA) has two major funding sources, the Local Transportation Fund (LTF) and the State Transit Assistance (STA). LTF is derived from a 1/4-cent general sales tax and STA is derived from sales tax on diesel fuel. LTF apportionment estimates are provided by the County Auditor in January/February before the start of the new fiscal year. Revised estimates were provided by SANDAG staff on April 15, 2022. LTF funds are apportioned to NCTD and the San Diego Metropolitan Transit System (MTS) based on population estimates published by the California Department of Finance. NCTD receives 29% of the County's LTF apportionment. FY2023 LTF revenue estimates for NCTD are \$53.7 million (including a rebate from SANDAG of \$0.2 million), of which \$52.7 million will be utilized to support operations and \$1 million for the capital program.
- STA funds are appropriated by the legislature to the State Controller's Office (SCO). The SCO then allocates the tax revenue, by formula, to planning agencies and other selected agencies. Statute requires that 50% of STA funds be allocated according to population and 50% be allocated according to transit operator revenues from the prior fiscal year. The FY2023 allocated STA funds are \$11.1 million, of which \$8 million will be utilized to support operations and \$3.1 million for the capital program.
- TransNet revenue is forecasted by SANDAG in January/February before the start of the new fiscal year based on the growth rate in taxable sales in San Diego County. Revised estimates were provided by SANDAG staff on April 15, 2022. The distribution to NCTD is based on the January 2021 population. FY2023 TransNet revenue estimates for NCTD are \$18.8 million, which will be utilized to support operations.
- The TransNet Extension Ordinance requires that 8.1% of all TransNet revenue be used to fund transit operations for ten (10) specified projects, which includes COASTER frequency enhancements. The FY2023 Operating Budget includes additional costs that will be incurred for expanded COASTER weekend and midday weekday service that began in October 2021. The FY2023 Operating Budget includes \$7.3 million of TransNet 8.1% revenues.
- The State Rail Assistance FY2023 estimate of \$3.8 million was provided by the California State Transportation Agency (CalSTA).
- Customer ridership and revenue is based on the FY2023 SIP and ridership recovery assumptions vary by mode. NCTD anticipates receiving a subsidy of \$1.2 million from SANDAG for its participation in the Youth Opportunity Pass program, which will allow youth riders age 18 and under to ride free on NCTD services (except LIFT) through June 2023.
- American Rescue Plan Act (ARPA) funds of \$24.5 million will be utilized to support preventive maintenance, purchased transportation, and salaries and wages costs.

- Revenue projections for operations, use, maintenance fees, and dispatching (auxiliary revenues) from BNSF, Amtrak, and Metrolink are based on the terms specified in shared use/operating agreements.
- Projections for other operating revenues such as permits, leases, administrative fees, and advertising are based on FY2022 levels.

### **Operating Expenses**

- NCTD's contracts for purchased transportation and facilities maintenance are subject to contractual escalation clauses based on the lowest of the Consumer Price Index (CPI) or 3%. The FY2023 CPI adjustment for the rail contract is 3%. The scope of the rail contract will be limited to include vehicle parts for the COASTER bi-level cab and coach cars, two months train cleaning, maintenance-of-way, and maintenance of signals. The adjustment for the facilities contract is pending the data for the first half of calendar 2022. The bus operations and maintenance contract is subject to both a CPI adjustment (not to exceed 3%) and wages agreed upon from the contractor's collective bargaining agreements. Increased wages for bus operators, beyond the collective bargaining agreement, are included in the FY2023 Operating Budget.
- Professional services include the Bombardier facilities maintenance contract, technical support and material management services, law enforcement and security contract with the San Diego Sheriff's Department, legal services, fare collection costs, bridge inspections and repairs, PTC costs, audit costs, software maintenance, electrical, plumbing, various maintenance costs, train cleaning, project study reports, micro-transit software, studies for future revenue-generating projects, studies for service improvements, and studies to support discretionary grants applications. Some studies were funded but not completed in FY2022 and/or are ongoing through FY2023.
- The fuel budget is based on the FY2023 Service Implementation Plan. Fuel costs are anticipated to remain high during FY2023. The FY2023 budget assumes a pre-tax cost of \$3.92 per gallon for diesel (higher by 76% compared to the FY2022 budget) and Compressed Natural Gas (CNG) prices higher by 28% compared to the FY2022 budget. Diesel consumed for the increased COASTER service frequencies will be funded with TransNet 8.1% funds.
- Total budgeted full-time equivalents (FTEs) will increase due to the in-house phased transition of rail operations, rail equipment maintenance, maintenance-of-way, maintenance of signals, and facilities maintenance. Additional details are provided on page 60. The FY2023 Operating Budget also assumes capitalized labor for staff time working on capital projects of \$1.2 million. Actual expenses will vary from budgeted amounts depending on staff vacancies, timing of hires, benefits elections, and the amount of staff time spent on capital projects.
- Property and liability insurance premiums are anticipated to increase in FY2023. FY2022 actual liability insurance costs were under budget by \$1.2 million; however, there is no assurance that budget savings will be realized in FY2023. The insurance market continues to be challenging due to factors well beyond NCTD's control. As a result, NCTD budgets for rates to significantly increase year-over-year.
- FY2023 will be the first year that includes a full year of Positive Train Control (PTC) operating expenses. Prior costs were funded by the PTC capital project and these funds will be spent and/or encumbered by December 2022. PTC operating costs of \$3.3 million are included in the FY2023 Operating Budget.
- On December 16, 2021, NCTD's Board authorized the execution of an agreement with Siemens (Agenda Item No. 11) for the provision of SPRINTER materials to support routine maintenance under a base cost and overhaul materials provided pursuant to issuance of a task order, dedicated

on-site and remote staff to support vehicle maintenance and administration of asset management system, and use of Siemens's CORMAP asset management system. A portion of the materials costs under the Siemens agreement was reduced from Bombardier's rail operations and maintenance agreement. A net increase in costs of \$1.6 million is included in the FY2023 Operating Budget.

- A contingency expense of \$1 million has been established for unforeseen circumstances or emergencies.
- Other recurring operating expenses are projected to increase around 3%-5% compared to FY2022 based on anticipated inflation rates.
- The pension unfunded accrued liability payment of \$4.8 million and SPRINTER debt principal payment of \$1.35 million will be paid from net assets and are not included in the FY2023 Operating Budget.

The FY2023 Operating Budget will increase by \$25.5 million compared to the FY2022 Adopted Budget. Baseline expenses are anticipated to increase due to higher costs caused by inflation. The table below summarizes the cost drivers that make-up \$20.4 million of the \$25.5 million increase in expenses:

| Description   | Baseline Increase    | One-Time Expense    | Total                |
|---|----------------------|---------------------|----------------------|
| Fuel  | \$ 4,385,996         | \$ -                | \$ 4,385,996         |
| Bus Operations and Maintenance Contract                 | 2,691,736            |                     | 2,691,736            |
| Positive Train Control                                  | 1,760,077            |                     | 1,760,077            |
| COASTER Expansion Rail Operations and Maintenance Staff | 1,644,412            |                     | 1,644,412            |
| General Legal Services                                  | 1,530,000            |                     | 1,530,000            |
| SPRINTER TSMMS  | 1,232,232            |                     | 1,232,232            |
| Facilities Reactive Maintenance                         | 984,357              |                     | 984,357              |
| Maintenance-of-Way Mobilization and Transition          |                      | 725,000             | 725,000              |
| Insurance   | 651,580              |                     | 651,580              |
| Maintenance of Equipment Asset Management               | 400,000              |                     | 400,000              |
| Environmental Management                                |                      | 375,000             | 375,000              |
| COASTER Bi-level cars TSMMS Mobilization                |                      | 350,000             | 350,000              |
| Escondido Land Swap Study                               |                      | 300,000             | 300,000              |
| Cyber Assessment  |                      | 250,000             | 250,000              |
| Rail and Facilities Transition Furniture                |                      | 250,000             | 250,000              |
| Threat and Vulnerability Study                          |                      | 250,000             | 250,000              |
| COASTER and SPRINTER Service Expansion Study            |                      | 250,000             | 250,000              |
| Maintenance-of-Signals Mobilization and Transition      |                      | 234,000             | 234,000              |
| Emergency Communication Equipment                       |                      | 230,000             | 230,000              |
| Bombardier State of Good Repair Audit                   |                      | 200,000             | 200,000              |
| Service Equity Assessment                               |                      | 200,000             | 200,000              |
| Disadvantaged Business Enterprise (DBE) Program         |                      | 200,000             | 200,000              |
| Sustainability Plan                                     |                      | 175,000             | 175,000              |
| Signal Back-up Batteries                                |                      | 160,000             | 160,000              |
| Additional Office Space Lease                           | 150,000              |                     | 150,000              |
| Human Resources Strategic Plan and Leadership Program   |                      | 150,000             | 150,000              |
| Human Resources Compensation Program Study              |                      | 150,000             | 150,000              |
| Transit Accessibility Analysis                          |                      | 125,000             | 125,000              |
| Bus Operations Crane Assessments                        |                      | 120,000             | 120,000              |
| ADA Ride Certifications                                 | 103,735              |                     | 103,735              |
| Service Implementation Plan Study                       |                      | 100,000             | 100,000              |
| Freight Pathing Study                                   |                      | 100,000             | 100,000              |
|   | <b>\$ 15,534,125</b> | <b>\$ 4,894,000</b> | <b>\$ 20,428,125</b> |

## FY2023 Operating Budget

The Adopted FY2023 Operating Budget is submitted at \$170,177,625 (includes contingency funds of \$1,000,000), an increase of \$25,472,648 (17.6%) from the FY2022 Operating Budget and an increase of \$35,898,308 (26.73%) from the FY2022 Forecast. Table 4 below shows the adopted operating revenues and expenditures for FY2023.

### Operating Summary

**Table 4. FY2023 Operating Budget - Summary**

| Operating Revenues            | FY2021<br>Actual    | FY2022<br>Budget   | FY2022<br>Forecast  | FY2023<br>Adopted<br>Budget | Increase/<br>(Decrease)      | Increase/<br>(Decrease)      | Trend | Increase/<br>(Decrease)        | Increase/<br>(Decrease)        | Trend |
|-------------------------------|---------------------|--------------------|---------------------|-----------------------------|------------------------------|------------------------------|-------|--------------------------------|--------------------------------|-------|
|                               |                     |                    |                     |                             | from FY2022<br>Budget<br>(#) | from FY2022<br>Budget<br>(%) |       | from FY2022<br>Forecast<br>(#) | from FY2022<br>Forecast<br>(%) |       |
| Passenger Fares               | \$ 5,704,716        | \$ 11,934,188      | \$ 8,069,623        | \$ 9,717,148                | \$ (2,217,040)               | -18.58%                      | ●     | \$ 1,647,525                   | 20.42%                         | ●     |
| Non-Transportation Revenues   | 4,267,796           | 2,663,012          | 3,721,511           | 2,752,052                   | 89,040                       | 3.34%                        | ●     | (969,459)                      | -26.05%                        | ●     |
| Auxiliary Revenues            | 9,898,891           | 9,813,372          | 10,311,346          | 10,862,105                  | 1,048,733                    | 10.69%                       | ●     | 550,759                        | 5.34%                          | ●     |
| Federal Grants                | 49,671,769          | 58,190,340         | 61,000,197          | 56,815,483                  | (1,374,857)                  | -2.36%                       | ●     | (4,184,714)                    | -6.86%                         | ●     |
| State Grants                  | 5,835,113           | 5,924,042          | 5,838,364           | 9,949,151                   | 4,025,109                    | 67.95%                       | ●     | 4,110,787                      | 70.41%                         | ●     |
| Local Grants                  | 39,815,029          | 56,180,023         | 44,561,686          | 80,081,686                  | 23,901,663                   | 42.54%                       | ●     | 35,520,000                     | 79.71%                         | ●     |
|                               | <b>115,193,314</b>  | <b>144,704,977</b> | <b>133,502,727</b>  | <b>170,177,625</b>          | <b>25,472,648</b>            | <b>17.60%</b>                | ●     | <b>\$ 36,674,898</b>           | <b>27.47%</b>                  | ●     |
| <b>Operating Expenditures</b> |                     |                    |                     |                             |                              |                              |       |                                |                                |       |
| Salaries and Wages            | \$ 10,505,304       | \$ 14,729,595      | \$ 12,424,941       | \$ 26,658,611               | \$ 11,929,016                | 80.99%                       | ●     | \$ 14,233,670                  | 114.56%                        | ●     |
| Employee Benefits *           | 5,402,292           | 5,180,429          | 5,282,029           | 10,623,481                  | 5,443,052                    | 105.07%                      | ●     | 5,341,452                      | 101.13%                        | ●     |
| Professional Services         | 18,545,564          | 32,313,953         | 27,020,707          | 45,467,880                  | 13,153,927                   | 40.71%                       | ●     | 18,447,173                     | 68.27%                         | ●     |
| Materials and Supplies        | 5,081,385           | 8,641,365          | 7,858,574           | 13,411,754                  | 4,770,389                    | 55.20%                       | ●     | 5,553,180                      | 70.66%                         | ●     |
| Utilities                     | 2,379,280           | 2,907,540          | 2,746,479           | 3,618,306                   | 710,766                      | 24.45%                       | ●     | 871,827                        | 31.74%                         | ●     |
| Casualty and Liability        | 4,916,951           | 8,101,000          | 8,202,829           | 8,437,400                   | 336,400                      | 4.15%                        | ●     | 234,571                        | 2.86%                          | ●     |
| Taxes                         | 376,432             | 1,153,798          | 1,452,024           | 1,529,796                   | 375,998                      | 32.59%                       | ●     | 77,772                         | 5.36%                          | ●     |
| Purchased Transportation      | 61,614,872          | 67,293,978         | 66,702,648          | 55,720,386                  | (11,573,592)                 | -17.20%                      | ●     | (10,982,262)                   | -16.46%                        | ●     |
| Miscellaneous Expenses        | 562,504             | 1,505,637          | 861,671             | 1,831,718                   | 326,081                      | 21.66%                       | ●     | 970,047                        | 112.58%                        | ●     |
| Debt-Related Expense          | 763,061             | 1,125,259          | 898,919             | 1,054,262                   | (70,997)                     | -6.31%                       | ●     | 155,343                        | 17.28%                         | ●     |
| Leases and Rentals            | 711,870             | 752,423            | 828,496             | 824,031                     | 71,608                       | 9.52%                        | ●     | (4,465)                        | -0.54%                         | ●     |
| Contingency                   | -                   | 1,000,000          | -                   | 1,000,000                   | -                            | 0.00%                        | ●     | 1,000,000                      | 100.00%                        | ●     |
|                               | <b>110,859,515</b>  | <b>144,704,977</b> | <b>134,279,317</b>  | <b>170,177,625</b>          | <b>25,472,648</b>            | <b>17.60%</b>                | ●     | <b>\$ 35,898,308</b>           | <b>26.73%</b>                  | ●     |
|                               | <b>\$ 4,333,799</b> | <b>\$ -</b>        | <b>\$ (776,590)</b> | <b>\$ -</b>                 | <b>\$ -</b>                  |                              |       | <b>\$ 776,590</b>              |                                |       |

\* Excludes GASB 68 and GASB 75 non-cash adjustments and the required Unfunded Accrued Liability (UAL) pension contribution

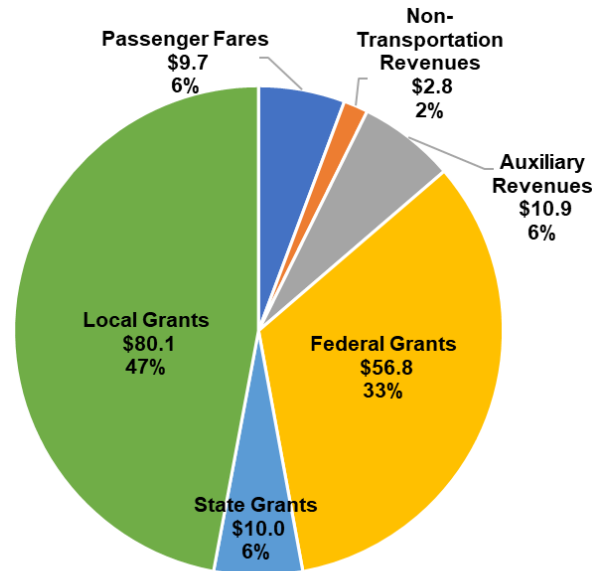
### Operating Revenues

Table 5 below summarizes the FY2023 budgeted operating revenues compared to FY2021 Actual, FY2022 Budget, and FY2022 Forecast. Figure 2 shows the percentage composition and amounts (in millions) of operating revenues.

**Table 5. FY2023 Budget - Operating Revenues**

| Operating Revenues          | FY2021<br>Actual   | FY2022<br>Budget   | FY2022<br>Forecast | FY2023<br>Adopted<br>Budget | Increase/<br>(Decrease)      | Increase/<br>(Decrease)      | Trend | Increase/<br>(Decrease)        | Increase/<br>(Decrease)        | Trend |
|-----------------------------|--------------------|--------------------|--------------------|-----------------------------|------------------------------|------------------------------|-------|--------------------------------|--------------------------------|-------|
|                             |                    |                    |                    |                             | from FY2022<br>Budget<br>(#) | from FY2022<br>Budget<br>(%) |       | from FY2022<br>Forecast<br>(#) | from FY2022<br>Forecast<br>(%) |       |
| Passenger Fares             | \$ 5,704,716       | \$ 11,934,188      | \$ 8,069,623       | \$ 9,717,148                | \$ (2,217,040)               | -18.58%                      | ●     | \$ 1,647,525                   | 20.42%                         | ●     |
| Non-Transportation Revenues | 4,267,796          | 2,663,012          | 3,721,511          | 2,752,052                   | 89,040                       | 3.34%                        | ●     | (969,459)                      | -26.05%                        | ●     |
| Auxiliary Revenues          | 9,898,891          | 9,813,372          | 10,311,346         | 10,862,105                  | 1,048,733                    | 10.69%                       | ●     | 550,759                        | 5.34%                          | ●     |
| Federal Grants              | 49,671,769         | 58,190,340         | 61,000,197         | 56,815,483                  | (1,374,857)                  | -2.36%                       | ●     | (4,184,714)                    | -6.86%                         | ●     |
| State Grants                | 5,835,113          | 5,924,042          | 5,838,364          | 9,949,151                   | 4,025,109                    | 67.95%                       | ●     | 4,110,787                      | 70.41%                         | ●     |
| Local Grants                | 39,815,029         | 56,180,023         | 44,561,686         | 80,081,686                  | 23,901,663                   | 42.54%                       | ●     | 35,520,000                     | 79.71%                         | ●     |
|                             | <b>115,193,314</b> | <b>144,704,977</b> | <b>133,502,727</b> | <b>170,177,625</b>          | <b>25,472,648</b>            | <b>17.60%</b>                | ●     | <b>\$ 36,674,898</b>           | <b>27.47%</b>                  | ●     |

Figure 2. FY2023 Budget - Operating Revenues



**Passenger Fares**

The FY2023 Budget forecasts system ridership at 6.7 million boardings (see Table 3), a decrease of 7.37% from the FY2022 Budget and an increase of 19.38% from the FY20221 Forecast. The FY2022 Budget assumed that ridership would be at 60% of FY2019 levels during the first half of the fiscal year and 75% of FY2019 levels during the second half of the fiscal year. Due to the ongoing COVID-19 pandemic during FY2022, ridership did not recover at these anticipated levels during FY2022.

Revenues generated from passenger fares vary across modes. The highest level of average revenue per passenger is generated by commuter rail and the lowest level is from fixed-route bus. Fare revenues for FY2023 were projected by estimating the number of passengers by mode and rider category (adult, senior and disabled) that pay fares for a single trip, day passes, or monthly passes, and multiplying by the average fare per boarding. Beginning in May 2022, NCTD teamed up with SANDAG, MTS, and the County of San Diego to provide free transit to anyone age 18 and under through June 2023 (14-months pilot program). NCTD anticipates receiving \$1.2 million in subsidies from SANDAG during FY2023 under the Youth Opportunity Pass (YOP) program, which is included in Local Grants revenues. There are no youth fares included in passenger fares since NCTD will be receiving the subsidy in lieu of collecting fares from youth passengers.

Table 6 below shows the projected passenger fare revenues by mode for FY2023.

Table 6. FY2023 Budget - Passenger Fares Revenue

| Mode     | FY2021 Actual       | FY2022 Budget        | FY2022 Forecast     | FY2023 Adopted Budget | Increase/ (Decrease) from FY2022 Budget (#) | Increase/ (Decrease) from FY2022 Budget (%) | Trend | Increase/ (Decrease) from FY2022 Forecast (#) | Increase/ (Decrease) from FY2022 Forecast (%) | Trend |
|----------|---------------------|----------------------|---------------------|-----------------------|---|---|-------|---|---|-------|
| BREEZE   | \$ 2,526,843        | \$ 4,574,899         | \$ 4,139,756        | \$ 4,305,192          | \$ (269,707)                                | -5.90%                                      | ●     | \$ 165,436                                    | 4.00%   | ●     |
| LIFT     | 619,701             | 532,191              | 570,617             | 475,425               | (56,766)                                    | -10.67%                                     | ●     | (95,192)                                      | -16.68%                                       | ●     |
| FLEX     | 24,268              | 662,893              | 32,533              | 410,045               | (252,848)                                   | -38.14%                                     | ●     | 377,512                                       | 1160.40%                                      | ●     |
| COASTER  | 1,085,678           | 4,260,250            | 2,273,087           | 3,407,728             | (852,522)                                   | -20.01%                                     | ●     | 1,134,641                                     | 49.92%  | ●     |
| SPRINTER | 1,448,226           | 1,903,955            | 1,053,630           | 1,118,758             | (785,197)                                   | -41.24%                                     | ●     | 65,128  | 6.18%   | ●     |
|          | <b>\$ 5,704,716</b> | <b>\$ 11,934,188</b> | <b>\$ 8,069,623</b> | <b>\$ 9,717,148</b>   | <b>\$ (2,217,040)</b>                       | <b>-18.58%</b>                              | ●     | <b>\$ 1,647,525</b>                           | <b>20.42%</b>                                 | ●     |

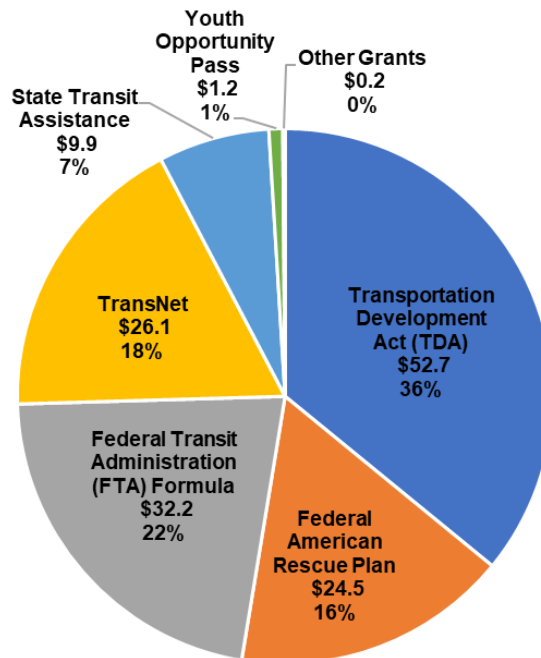
**Grant Revenues**

Transportation Development Act (TDA) and TransNet revenues estimates are provided by SANDAG. SANDAG uses a two-step method to forecast sales tax revenues, which includes a near-term forecast and long-term estimates. In the long term, sales tax revenue forecasts are based on three variables: (1) the population forecast from the California Department of Finance; (2) a consensus (simple average) of three independent nationally recognized forecasts of real rates of growth in per capita retail sales (IHS Markit, Moody’s, and Oxford Economic Forecasting); and (3) the average projected inflation rates from the same independent sources. The real per-capita growth rate is considered as the best way to form a consensus of how retail sales will behave because individual forecasts differ substantially in the assumptions about population, CPI, and even current levels of taxable sales. The underlying assumptions and the resulting forecasts are reviewed in a Peer Review Process meeting including external experts, which concluded that the methodology is valid and the forecast is reasonable. FY2023 TDA and TransNet revenue estimates were approved by the SANDAG Board of Directors on April 15, 2022.

Federal revenues include Section 5307 and Section 5337 funds that are used for 80% of eligible preventive maintenance expenses and Section 5311 funds as subsidy for service to rural routes. Federal funds also include American Rescue Plan Act funds that will be utilized to support preventive maintenance, purchased transportation, and salaries and wages costs.

Figure 3 shows the percentage composition and amounts (in millions) of operating grant revenues budgeted for FY2023.

**Figure 3. FY2023 Budget - Operating Grant Revenues**



**Non-Transportation Revenues**

Non-transportation revenues include property lease and permitting revenues, investment income, and Low Carbon Fuel Standard (LCFS) program credits. These revenues are projected based on FY2022 levels.

**Auxiliary Revenues**

Auxiliary revenues include advertising, transit facility concession revenues, dispatching, and right-of-way shared-use agreements. Revenue projections for operations, use, maintenance fees, and dispatching (auxiliary revenues) from BNSF, Amtrak, and Metrolink are based on the terms specified in shared use/operating agreements.

**Operating Expenses**

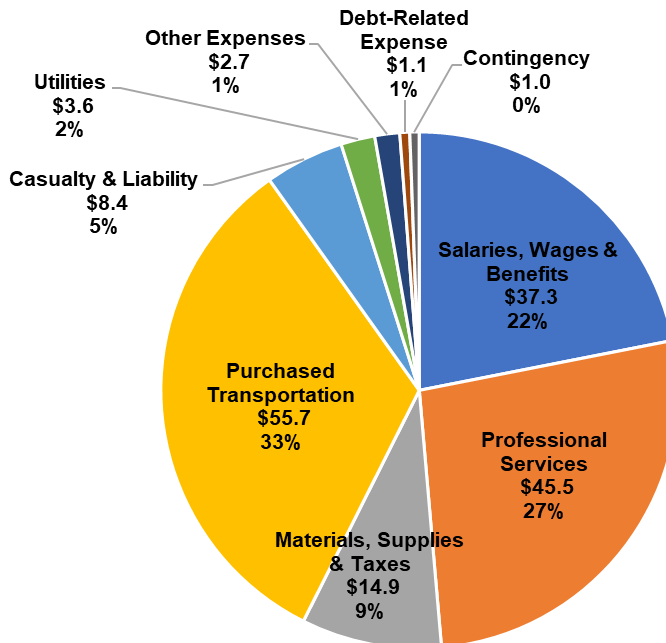
Table 7 below summarizes the FY2023 budgeted operating expenses compared to FY2021 Actual, FY2022 Budget, and FY2022 Forecast. Figure 4 shows the percentage composition and amounts (in millions) of operating expenses.

**Table 7. FY2023 Budget - Operating Expenses**

| Operating Expenditures   | FY2021 Actual        | FY2022 Budget        | FY2022 Forecast      | FY2023 Adopted Budget | Increase/ (Decrease) from FY2022 Budget (#) | Increase/ (Decrease) from FY2022 Budget (%) | Trend | Increase/ (Decrease) from FY2022 Forecast (#) | Increase/ (Decrease) from FY2022 Forecast (%) | Trend |
|--------------------------|----------------------|----------------------|----------------------|-----------------------|---|---|-------|---|---|-------|
| Salaries and Wages       | \$ 10,505,304        | \$ 14,729,595        | \$ 12,424,941        | \$ 26,658,611         | \$ 11,929,016                               | 80.99%                                      | ●     | \$ 14,233,670                                 | 114.56%                                       | ●     |
| Employee Benefits *      | 5,402,292            | 5,180,429            | 5,282,029            | 10,623,481            | 5,443,052                                   | 105.07%                                     | ●     | 5,341,452                                     | 101.13%                                       | ●     |
| Professional Services    | 18,545,564           | 32,313,953           | 27,020,707           | 45,467,880            | 13,153,927                                  | 40.71%                                      | ●     | 18,447,173                                    | 68.27%  | ●     |
| Materials and Supplies   | 5,081,385            | 8,641,365            | 7,858,574            | 13,411,754            | 4,770,389                                   | 55.20%                                      | ●     | 5,553,180                                     | 70.66%  | ●     |
| Utilities                | 2,379,280            | 2,907,540            | 2,746,479            | 3,618,306             | 710,766                                     | 24.45%                                      | ●     | 871,827                                       | 31.74%  | ●     |
| Casualty and Liability   | 4,916,951            | 8,101,000            | 8,202,829            | 8,437,400             | 336,400                                     | 4.15%                                       | ●     | 234,571                                       | 2.86%   | ●     |
| Taxes                    | 376,432              | 1,153,798            | 1,452,024            | 1,529,796             | 375,998                                     | 32.59%                                      | ●     | 77,772  | 5.36%   | ●     |
| Purchased Transportation | 61,614,872           | 67,293,978           | 66,702,648           | 55,720,386            | (11,573,592)                                | -17.20%                                     | ●     | (10,982,262)                                  | -16.46%                                       | ●     |
| Miscellaneous Expenses   | 562,504              | 1,505,637            | 861,671              | 1,831,718             | 326,081                                     | 21.66%                                      | ●     | 970,047                                       | 112.58%                                       | ●     |
| Debt-Related Expense     | 763,061              | 1,125,259            | 898,919              | 1,054,262             | (70,997)                                    | -6.31%                                      | ●     | 155,343                                       | 17.28%  | ●     |
| Leases and Rentals       | 711,870              | 752,423              | 828,496              | 824,031               | 71,608                                      | 9.52%                                       | ●     | (4,465)                                       | -0.54%  | ●     |
| Contingency              | -                    | 1,000,000            | -                    | 1,000,000             | -   | 0.00%                                       | ●     | 1,000,000                                     | 100.00%                                       | ●     |
|                          | <b>\$110,859,515</b> | <b>\$144,704,977</b> | <b>\$134,279,317</b> | <b>\$170,177,625</b>  | <b>\$ 25,472,648</b>                        | <b>17.60%</b>                               | ●     | <b>\$ 35,898,308</b>                          | <b>26.73%</b>                                 | ●     |

\* Excludes GASB 68 non-cash adjustments and the required Unfunded Accrued Liability (UAL) pension contribution

**Figure 4. FY2023 Budget - Operating Expenses**





**Salaries, Wages, and Benefits**

Budgeted salaries and wages include holidays and paid time-off. When employees take the actual holidays and time-off, these are reported as fringe benefits instead of salaries and wages. Budgeted fringe benefits include the normal cost of the CalPERS pension (the unfunded accrued liability payment is not included in the FY2023 Operating Budget and is funded from net assets), employer-paid healthcare, 401(a) employer matching contributions, railroad retirement, railroad unemployment insurance, and basic life and disability insurance. Fringe benefits also include the pay-as-you-go payments for health insurance for eligible retirees that participate in the postemployment benefit health plan.

NCTD will experience an increase in staffing levels related to the in-house phased transition of rail operations and facilities maintenance contracts. The increase in staffing will occur in two phases, the first phase will include train operations and rail equipment maintenance (transition will occur in late June 2022), and the second phase will include railroad maintenance of signal, maintenance of way, and facilities maintenance (transition will occur in late June 2023). The FY2023 Operating Budget also assumes capitalized labor for staff time working on capital projects of \$1.2 million. Actual expenses will vary from budgeted amounts depending on staff vacancies, timing of hires, benefits elections, and the amount of staff time spent on capital projects.

Table 8 below illustrates the phased transition of staff by department from the FY2022 Budget to the FY2023 Budget:

**Table 8. FY2023 Staff Transition**

| Department                              | Beginning<br>FY2022 | New Hires/<br>Reclassifications<br>FY2022 | New Hires<br>COASTER<br>Expansion<br>FY2022 | End<br>FY2022 | New Hires/<br>Reclassifications |                                    | End<br>FY2023 |
|---|---------------------|---|---|---------------|---------------------------------|------------------------------------|---------------|
|   |                     |   |   |               | First Half<br>FY2023            | New Hires<br>Second Half<br>FY2023 |               |
| Accounting                              | 4.00                | 1.00                                      | -   | 5.00          | -                               | -                                  | 5.00          |
| Administration                          | 5.00                | (1.00)                                    | -   | 4.00          | 2.00                            | -                                  | 6.00          |
| Bus Operations and Fleet Maintenance    | 5.00                | 1.00                                      | -   | 6.00          | -                               | 1.00                               | 7.00          |
| Communications and Marketing            | 3.25                | 1.00                                      | -   | 4.25          | 2.50                            | -                                  | 6.75          |
| Customer Service                        | 17.00               | (1.00)                                    | -   | 16.00         | (2.00)                          | -                                  | 14.00         |
| Development Services Oversight          | 3.00                | (1.00)                                    | -   | 2.00          | -                               | 1.00                               | 3.00          |
| Engineering                             | 3.00                | (1.00)                                    | -   | 2.00          | 4.00                            | -                                  | 6.00          |
| Facilities                              | 8.00                | 2.00                                      | -   | 10.00         | (2.00)                          | 22.00                              | 30.00         |
| Fare Collection                         | 1.00                | -   | -   | 1.00          | -                               | -                                  | 1.00          |
| Financial Oversight                     | 7.00                | 1.00                                      | -   | 8.00          | -                               | -                                  | 8.00          |
| General Counsel                         | 6.00                | (1.00)                                    | -   | 5.00          | -                               | -                                  | 5.00          |
| General Management                      | 3.25                | 1.00                                      | -   | 4.25          | (1.00)                          | -                                  | 3.25          |
| Grants                                  | 5.00                | -   | -   | 5.00          | -                               | -                                  | 5.00          |
| Human Resources                         | 5.00                | 1.00                                      | -   | 6.00          | 1.25                            | -                                  | 7.25          |
| Information Technology                  | 12.00               | (1.00)                                    | -   | 11.00         | 7.00                            | -                                  | 18.00         |
| Maintenance-of-Way                      | 2.00                | -   | -   | 2.00          | 5.00                            | 36.00                              | 43.00         |
| Operations Control Center               | 15.00               | 5.00                                      | -   | 20.00         | -                               | -                                  | 20.00         |
| Procurement and Contract Administration | 7.00                | 1.00                                      | -   | 8.00          | 1.00                            | -                                  | 9.00          |
| Rail Operations                         | 9.00                | 59.00                                     | 10.00                                       | 78.00         | 9.25                            | 1.00                               | 88.25         |
| Rail Signals Maintenance                | -                   | -   | -   | -             | -                               | 17.00                              | 17.00         |
| Rail Systems                            | 2.00                | 1.00                                      | -   | 3.00          | -                               | -                                  | 3.00          |
| Rail Vehicles Maintenance               | -                   | 28.00                                     | 4.00  | 32.00         | 3.00                            | -                                  | 35.00         |
| Real Estate                             | 3.00                | -   | -   | 3.00          | -                               | -                                  | 3.00          |
| Safety Oversight                        | 5.00                | -   | -   | 5.00          | -                               | -                                  | 5.00          |
| Security Oversight                      | 10.00               | -   | -   | 10.00         | 4.00                            | 2.00                               | 16.00         |
| Service Planning                        | 5.00                | (1.00)                                    | -   | 4.00          | 2.00                            | -                                  | 6.00          |
| Support Services                        | -                   | 3.00                                      | -   | 3.00          | (1.00)                          | -                                  | 2.00          |
|   | <b>145.50</b>       | <b>98.00</b>                              | <b>14.00</b>                                | <b>257.50</b> | <b>35.00</b>                    | <b>80.00</b>                       | <b>372.50</b> |

Table 9 below shows the FY2023 budgeted FTEs by Department and Table 10 shows the FY2023 budgeted FTEs by Division (updated based on organizational changes) for the last five fiscal year budgets.

**Table 9. FY2023 Budget - FTEs by Department**

| Department                              | Budget Positions |               |               |               |               |
|---|------------------|---------------|---------------|---------------|---------------|
|   | FY2019           | FY2020        | FY2021        | FY2022        | FY2023        |
| Accounting                              | 4.00             | 4.00          | 4.00          | 5.00          | 5.00          |
| Administration                          | 5.50             | 5.00          | 5.00          | 4.00          | 6.00          |
| Bus Operations and Fleet Maintenance    | 6.00             | 7.00          | 5.00          | 6.00          | 7.00          |
| Communications and Marketing            | 3.25             | 3.25          | 3.25          | 4.25          | 6.75          |
| Customer Service                        | 15.00            | 16.00         | 17.00         | 16.00         | 14.00         |
| Development Services Oversight          | 2.00             | 2.00          | 3.00          | 2.00          | 3.00          |
| Engineering                             | 3.00             | 3.00          | 3.00          | 2.00          | 6.00          |
| Facilities                              | 8.00             | 9.00          | 8.00          | 10.00         | 30.00         |
| Fare Collection                         | 1.00             | 1.00          | 1.00          | 1.00          | 1.00          |
| Financial Oversight                     | 11.00            | 8.00          | 7.00          | 8.00          | 8.00          |
| General Counsel                         | 6.00             | 6.00          | 6.00          | 5.00          | 5.00          |
| General Management                      | 4.50             | 7.00          | 3.25          | 4.25          | 3.25          |
| Grants                                  | 2.00             | 3.00          | 5.00          | 5.00          | 5.00          |
| Human Resources                         | 4.00             | 4.00          | 5.00          | 6.00          | 7.25          |
| Information Technology                  | 12.00            | 12.00         | 12.00         | 11.00         | 18.00         |
| Maintenance-of-Way                      | 3.00             | 2.00          | 2.00          | 2.00          | 43.00         |
| Operations Control Center               | -                | -             | 15.00         | 20.00         | 20.00         |
| Procurement and Contract Administration | 8.00             | 7.00          | 7.00          | 8.00          | 9.00          |
| Rail Operations                         | 4.00             | 4.00          | 9.00          | 78.00         | 88.25         |
| Rail Signals Maintenance *              | -                | -             | -             | -             | 17.00         |
| Rail Systems                            | 3.00             | 2.00          | 2.00          | 3.00          | 3.00          |
| Rail Vehicles Maintenance               | -                | -             | -             | 32.00         | 35.00         |
| Real Estate                             | 3.00             | 3.00          | 3.00          | 3.00          | 3.00          |
| Safety Oversight                        | 5.00             | 5.00          | 5.00          | 5.00          | 5.00          |
| Security Oversight                      | 16.00            | 16.00         | 10.00         | 10.00         | 16.00         |
| Service Planning                        | 5.00             | 5.00          | 5.00          | 4.00          | 6.00          |
| Support Services                        | -                | -             | -             | 3.00          | 2.00          |
| <b>Total</b>                            | <b>134.25</b>    | <b>134.25</b> | <b>145.50</b> | <b>257.50</b> | <b>372.50</b> |

\* New department in FY2023

**Table 10. FY2023 Budget - FTEs by Division**

| Division **                             | Budget Positions |               |               |               |               |
|---|------------------|---------------|---------------|---------------|---------------|
|   | FY2019           | FY2020        | FY2021        | FY2022        | FY2023        |
| Administrative Services                 | 9.50             | 9.00          | 10.00         | 10.00         | 13.25         |
| Bus Operations                          | 6.00             | 7.00          | 5.00          | 6.00          | 7.00          |
| Development Services                    | 19.00            | 19.00         | 19.00         | 19.00         | 102.00        |
| Finance                                 | 18.00            | 16.00         | 17.00         | 19.00         | 19.00         |
| General Counsel                         | 6.00             | 6.00          | 6.00          | 5.00          | 5.00          |
| Information Technology                  | 15.00            | 14.00         | 14.00         | 14.00         | 21.00         |
| Office of the Executive Director        | 4.50             | 7.00          | 3.25          | 4.25          | 3.25          |
| Operations - Rail                       | 4.00             | 4.00          | 9.00          | 110.00        | 123.25        |
| Operations - Support Services           | 16.00            | 16.00         | 25.00         | 33.00         | 38.00         |
| Planning, Marketing and Communications  | 23.25            | 24.25         | 25.25         | 24.25         | 26.75         |
| Procurement and Contract Administration | 8.00             | 7.00          | 7.00          | 8.00          | 9.00          |
| Safety                                  | 5.00             | 5.00          | 5.00          | 5.00          | 5.00          |
| <b>Total</b>                            | <b>134.25</b>    | <b>134.25</b> | <b>145.50</b> | <b>257.50</b> | <b>372.50</b> |

\*\* Departments have been reclassified to conform with current assigned Divisions

**Professional Services**

The increase in the FY2023 budget for professional services includes a budgeted 3% CPI contractual adjustment on the facilities maintenance contract (final CPI is pending data for the first half of 2022); increased costs associated with the Siemens technical support and materials management agreement and CORMAP asset management system; increased PTC costs; studies for future revenue-generating projects (real estate redevelopments and naming rights); investments for service improvements (market analysis, business strategy, and micro-transit software); and studies to support discretionary grants applications. Table 11 shows the detail of major professional services of \$29.7 million (65% of the total of \$45.5 million) that are budgeted for FY2023 and Figure 5 provides the distribution of the costs by division.

**Table 11. FY2023 Budget - Major Professional Services**

| Major Professional Services                                   | FY2023<br>Budget |
|---|------------------|
| Bombardier Facilities Maintenance Contract                    | \$ 4,713,132     |
| Sheriff Dedicated Law Enforcement                             | 4,500,000        |
| SPRINTER Technical Support and Material Management            | 2,424,530        |
| General Legal Services  | 1,880,000        |
| COASTER Locomotives Technical Support and Material Management | 1,751,574        |
| Marketing Analysis and Business Strategy                      | 1,200,000 *      |
| Bridge Repairs  | 1,100,000        |
| Landscape Preventive Maintenance                              | 980,000          |
| Train Cleaning  | 750,000          |
| PTC Maintenance Software Support                              | 736,225          |
| Loma Alta Creek   | 500,000 *        |
| MS4 Permit Consultant   | 425,279          |
| Maintenance of Equipment Asset Management                     | 400,000          |
| Bridge Inspections and Management                             | 400,000          |
| Environmental Management                                      | 375,000          |
| COASTER Bi-Level Technical Support and Material Management    | 350,000          |
| RailDocs Asset Management Software                            | 350,000          |
| Electrical Preventive Maintenance                             | 326,700          |
| Grade Crossing Risk Reduction Study                           | 315,000 *        |
| PTC Maintenance Manager                                       | 313,163          |
| Electrical Reactive Maintenance                               | 308,000          |
| RTMS Radio Equipment Maintenance                              | 300,000          |
| Escondido Land Swap Study                                     | 300,000 *        |
| SPRINTER Redevelopment Support                                | 300,000 *        |
| On Call Marketing Consultant                                  | 300,000          |
| Right-of-Way Embankment Monitoring and Mitigation             | 293,413          |
| ADA Certification   | 283,735          |
| JDEdwards Oracle Maintenance and Support                      | 274,000          |
| Threat and Vulnerability Study                                | 250,000 *        |
| Swiftly License   | 250,000          |
| SPRINTER and COASTER Operations Analysis                      | 250,000 *        |
| Cyber Assessment  | 250,000 *        |
| Tree Trimming   | 250,000          |
| PTC Maintenance Software Defect Resolution                    | 248,314          |
| Emergency Communications Equipment                            | 230,000          |

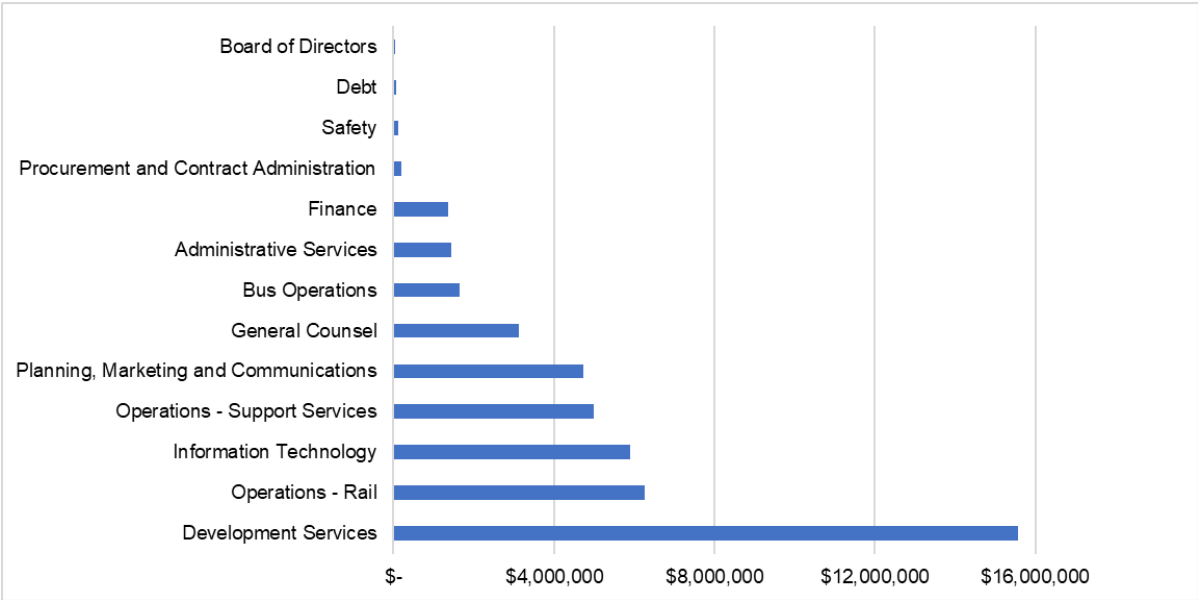
**Table 11. FY2023 Budget - Major Professional Services (continued)**

| Major Professional Services                     | FY2023 Budget        |
|---|----------------------|
| Trash and Vegetation Cleanup                    | 225,000              |
| PTC Work Orders Allowance                       | 200,293              |
| Rail Inventory Audit                            | 200,000 *            |
| Caltrans Planning Grant                         | 200,000 *            |
| Discretionary Grant Applications Support        | 200,000              |
| Platform Train Interface Study                  | 200,000 *            |
| SPRINTER 15-Minute Headway Project Study Report | 200,000 *            |
| Disadvantaged Business Enterprise Program       | 200,000              |
| Service Equity Assessment                       | 200,000 *            |
|   | <b>\$ 29,703,358</b> |

Total Professional Services \$ 45,467,880  
As % of Total Professional Services 65%

\* One-Time Expenses \$ 4,365,000

**Figure 5. FY2023 Budget - Professional Services by Division**

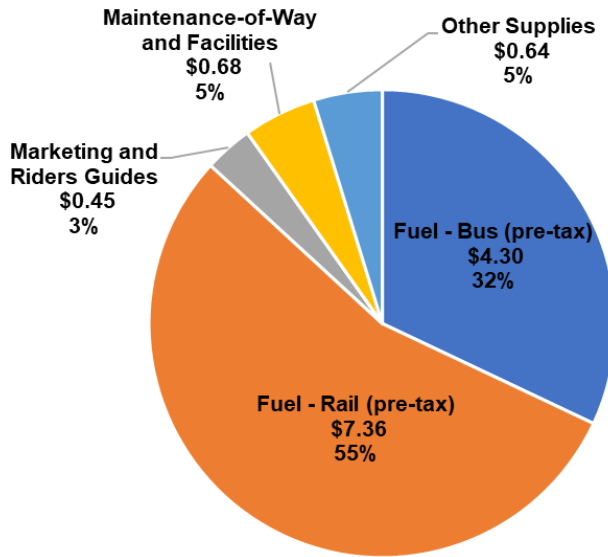


**Materials and Supplies**

87% of the FY2023 budget are for fuel costs (diesel, unleaded gasoline, CNG) for operations of bus and rail services. The fuel budget is based on the FY2023 Service Implementation Plan, which includes increased COASTER service that began in October 2021. The FY2023 budget assumes a pre-tax cost of \$3.92 per gallon for diesel (higher by 76% compared to the FY2022 budget) and CNG prices higher by 28% compared to the FY2022 budget.

Figure 6 illustrates the major categories for material and supplies expenditures (in millions).

**Figure 6. FY2023 Budget - Materials and Supplies**



**Utilities**

These expenditures are for electricity, gas, water, and trash collection services located at the various District facilities, transit centers throughout its service area, and right-of-way.

**Casualty and Liability**

This expenditure category represents costs incurred to purchase various business, liability, property, and right-of-way insurance to mitigate risk beyond the District self-insured coverage. Property and liability insurance premiums are anticipated to increase in FY2023. The insurance market continues to be challenging due to factors well beyond NCTD's control. As a result, NCTD budgets for rates to significantly increase year-over-year.

**Taxes**

The taxes in this expenditure class are related to fuel purchases in the Material and Supplies category above.

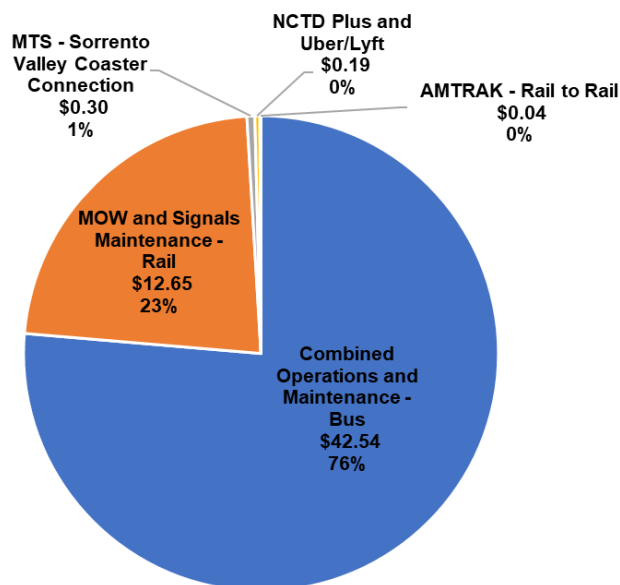
### **Purchased Transportation Services**

Although the FY2023 purchased transportation services budget has a lower share of the total expenses compared to the FY2022 budget, it continues to be the largest cost in the District’s operating budget (\$55.7 million representing 33% of the FY2023 budget). During FY2023, purchased transportation services includes the combined operations and maintenance contract for BREEZE, LIFT, and FLEX with MV Transportation; and maintenance-of-way (MOW), signals maintenance, and a reduced scope for equipment maintenance contract with Bombardier. The MV Transportation and Bombardier contracts are capped at increases associated with the San Diego Area Consumer Price Index not-to-exceed 3% on an annual contract year basis.

The base term of the agreement with Bombardier will end in FY2023. On April 22, 2021, NCTD's Board of Directors supported a change in business model by allowing the insourcing of train operations and maintenance of equipment for COASTER and SPRINTER at the end of FY2022, with full transition in FY2023. Bus operations and maintenance, maintenance-of-way, and signals maintenance will continue to be contracted out in FY2023.

Figure 7 illustrates the major categories for purchased transportation expenditures (in millions).

**Figure 7. FY2023 Budget - Purchased Transportation**



### **Miscellaneous Expenses**

This category of expense includes items such as advertising, permits, dues, memberships, travel, recruiting costs, and training.

### **Debt-Related Expense**

This category represents the interest payments on the Certificates of Participation and short-term financing from the SANDAG Commercial Paper Program.

### **Contingency**

A contingency expense of \$1 million has been established for unforeseen circumstances or emergencies.

FY2023 Budget Expenses by Mode and Department

Summary of Expenses by Mode

Table 12. FY2023 Budget - Operating Expenses by Mode

| Mode                  | FY2021 Actual         | FY2022 Budget         | FY2022 Forecast       | FY2023 Adopted Budget | Increase/ (Decrease) from FY2022 Budget (#) | Increase/ (Decrease) from FY2022 Budget (%) | Trend | Increase/ (Decrease) from FY2022 Forecast (#) | Increase/ (Decrease) from FY2022 Forecast (%) | Trend |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---|---|-------|---|---|-------|
| BREEZE                | \$ 44,451,667         | \$ 53,372,354         | \$ 49,082,199         | \$ 59,982,421         | \$ 6,610,067                                | 12.38%                                      | ●     | \$ 10,900,222                                 | 22.21%  | ●     |
| LIFT                  | 9,446,305             | 11,120,881            | 9,269,105             | 12,675,477            | 1,554,596                                   | 13.98%                                      | ●     | 3,406,372                                     | 36.75%  | ●     |
| FLEX                  | 2,285,288             | 4,835,939             | 3,727,531             | 5,259,530             | 423,591                                     | 8.76%                                       | ●     | 1,531,999                                     | 41.10%  | ●     |
| COASTER               | 23,249,445            | 31,659,716            | 31,001,233            | 43,353,153            | 11,693,437                                  | 36.93%                                      | ●     | 12,351,920                                    | 39.84%  | ●     |
| COASTER RIGHT-OF-WAY  | 8,685,595             | 10,676,722            | 12,433,858            | 11,166,699            | 489,977                                     | 4.59%                                       | ●     | (1,267,159)                                   | -10.19%                                       | ●     |
| SPRINTER              | 22,542,955            | 32,734,072            | 28,656,065            | 37,345,292            | 4,611,220                                   | 14.09%                                      | ●     | 8,689,227                                     | 30.32%  | ●     |
| SPRINTER RIGHT-OF-WAY | 198,260               | 305,293               | 109,326               | 395,053               | 89,760                                      | 29.40%                                      | ●     | 285,727                                       | 261.35%                                       | ●     |
|                       | <b>\$ 110,859,515</b> | <b>\$ 144,704,977</b> | <b>\$ 134,279,317</b> | <b>\$ 170,177,625</b> | <b>\$ 25,472,648</b>                        | <b>17.60%</b>                               | ●     | <b>\$ 35,898,308</b>                          | <b>26.73%</b>                                 | ●     |

Summary of Expenses by Department

Table 13. FY2023 Budget - Operating Expenses by Department

| Operating Expenditures *                | FY2021 Actual         | FY2022 ** Budget      | FY2022 Forecast       | FY2023 Adopted Budget | Increase/ (Decrease) from FY2022 Budget (\$) | Increase/ (Decrease) from FY2022 Budget (%) | Trend | Increase/ (Decrease) from FY2022 Forecast (\$) | Increase/ (Decrease) from FY2022 Forecast (%) | Trend |
|---|-----------------------|-----------------------|-----------------------|-----------------------|--|---|-------|--|---|-------|
| Board of Directors                      | \$ 44,267             | \$ 85,000             | \$ 50,060             | \$ 85,000             | \$ -   | 0.00%                                       | ●     | \$ 34,940                                      | 69.80%  | ●     |
| Office of the Executive Director        | 1,504,424             | 4,265,282             | 2,528,158             | 902,439               | (3,362,843)                                  | -78.84%                                     | ●     | (1,625,719)                                    | -64.30%                                       | ●     |
| Office of General Counsel               | 6,711,268             | 10,587,427            | 10,746,958            | 13,283,963            | 2,696,536                                    | 25.47%                                      | ●     | 2,537,005                                      | 23.61%  | ●     |
| Procurement and Contract Administration | 965,107               | 1,182,849             | 1,078,746             | 1,721,209             | 538,360                                      | 45.51%                                      | ●     | 642,463  | 59.56%  | ●     |
| Development Services Oversight          | 514,671               | 1,949,296             | 849,344               | 1,832,605             | (116,691)                                    | -5.99%                                      | ●     | 983,261  | 115.77%                                       | ●     |
| Real Estate                             | 1,238,564             | 1,174,583             | 1,032,003             | 1,342,636             | 168,053                                      | 14.31%                                      | ●     | 310,633  | 30.10%  | ●     |
| Facilities                              | 10,220,076            | 11,687,802            | 10,880,266            | 14,693,500            | 3,005,698                                    | 25.72%                                      | ●     | 3,813,234                                      | 35.05%  | ●     |
| Engineering                             | 1,041,937             | 1,586,317             | 1,350,802             | 2,670,180             | 1,083,863                                    | 68.33%                                      | ●     | 1,319,378                                      | 97.67%  | ●     |
| Maintenance-of-Way                      | 7,106,439             | 8,157,779             | 9,066,169             | 10,218,834            | 2,061,055                                    | 25.26%                                      | ●     | 1,152,665                                      | 12.71%  | ●     |
| Maintenance of Signal                   | -                     | 1,983,019             | 1,796,779             | 2,380,738             | 397,719                                      | 20.06%                                      | ●     | 583,959  | 32.50%  | ●     |
| Information Technology Oversight        | 2,992,019             | 4,052,454             | 3,382,164             | 5,797,848             | 1,745,394                                    | 43.07%                                      | ●     | 2,415,684                                      | 71.42%  | ●     |
| Rail Technologies                       | 3,171,916             | 3,712,634             | 3,576,439             | 5,654,852             | 1,942,218                                    | 52.31%                                      | ●     | 2,078,413                                      | 58.11%  | ●     |
| Rail Operations                         | 18,467,448            | 21,547,254            | 19,116,553            | 21,455,769            | (91,485)                                     | -0.42%                                      | ●     | 2,339,216                                      | 12.24%  | ●     |
| Rail Vehicles Maintenance               | -                     | 5,745,045             | 6,828,328             | 10,760,860            | 5,015,815                                    | 87.31%                                      | ●     | 3,932,532                                      | 57.59%  | ●     |
| Security Oversight                      | 4,238,001             | 5,361,286             | 4,628,989             | 5,965,597             | 604,311                                      | 11.27%                                      | ●     | 1,336,608                                      | 28.87%  | ●     |
| Support Services                        | 6,112                 | 442,570               | 482,538               | 492,018               | 49,448                                       | 11.17%                                      | ●     | 9,480  | 1.96%   | ●     |
| Operations Control Center               | 2,346,296             | 2,460,691             | 2,474,544             | 2,535,201             | 74,510                                       | 3.03%                                       | ●     | 60,657   | 2.45%   | ●     |
| Financial Oversight                     | 1,099,572             | 1,212,147             | 1,031,946             | 1,314,539             | 102,392                                      | 8.45%                                       | ●     | 282,593  | 27.38%  | ●     |
| Accounting                              | 344,986               | 493,471               | 375,339               | 541,651               | 48,180                                       | 9.76%                                       | ●     | 166,312  | 44.31%  | ●     |
| Grants                                  | 415,622               | 603,639               | 559,609               | 642,592               | 38,953                                       | 6.45%                                       | ●     | 82,983   | 14.83%  | ●     |
| Fare Collection                         | 630,122               | 1,194,426             | 987,862               | 1,357,224             | 162,798                                      | 13.63%                                      | ●     | 369,362  | 37.39%  | ●     |
| Bus Operations and Fleet Maintenance    | 41,471,578            | 44,578,561            | 44,227,058            | 48,779,390            | 4,200,829                                    | 9.42%                                       | ●     | 4,552,332                                      | 10.29%  | ●     |
| Human Resources                         | 1,429,461             | 2,256,282             | 1,498,173             | 3,201,686             | 945,404                                      | 41.90%                                      | ●     | 1,703,513                                      | 113.71%                                       | ●     |
| Administration                          | 545,111               | 663,587               | 595,108               | 872,350               | 208,763                                      | 31.46%                                      | ●     | 277,242  | 46.59%  | ●     |
| Communications and Marketing            | 689,961               | 1,635,362             | 1,207,652             | 2,324,031             | 688,669                                      | 42.11%                                      | ●     | 1,116,379                                      | 92.44%  | ●     |
| Customer Service                        | 1,351,537             | 1,828,813             | 1,288,399             | 1,647,926             | (180,887)                                    | -9.89%                                      | ●     | 359,527  | 27.90%  | ●     |
| Service Planning                        | 901,317               | 1,264,826             | 1,099,336             | 4,669,095             | 3,404,269                                    | 269.15%                                     | ●     | 3,569,759                                      | 324.72%                                       | ●     |
| Safety Oversight                        | 648,642               | 846,516               | 606,076               | 916,880               | 70,364                                       | 8.31%                                       | ●     | 310,804  | 51.28%  | ●     |
| Debt                                    | 763,061               | 1,146,059             | 933,919               | 1,117,012             | (29,047)                                     | -2.53%                                      | ●     | 183,093  | 19.60%  | ●     |
| Contingency                             | -                     | 1,000,000             | -                     | 1,000,000             | -  | 0.00%                                       | ●     | 1,000,000                                      | 0.00%   | ●     |
|   | <b>\$ 110,859,515</b> | <b>\$ 144,704,977</b> | <b>\$ 134,279,317</b> | <b>\$ 170,177,625</b> | <b>\$ 25,472,648</b>                         | <b>17.60%</b>                               | ●     | <b>\$ 35,898,308</b>                           | <b>26.73%</b>                                 | ●     |

\* Excludes GASB 68 and GASB 75 non-cash adjustments and the required Unfunded Accrued Liability (UAL) pension contribution

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

### Board of Directors

The 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 FY2023 budget primarily includes funding to support attendance of meetings and travel.

| Operating Expenditures   | FY2021<br>Actual | FY2022<br>Budget | FY2022<br>Forecast | FY2023<br>Adopted<br>Budget | Increase/<br>(Decrease)       | Increase/<br>(Decrease)      | Trend | Increase/<br>(Decrease)         | Increase/<br>(Decrease)        | Trend |
|--------------------------|------------------|------------------|--------------------|-----------------------------|-------------------------------|------------------------------|-------|---------------------------------|--------------------------------|-------|
|                          |                  |                  |                    |                             | from FY2022<br>Budget<br>(\$) | from FY2022<br>Budget<br>(%) |       | from FY2022<br>Forecast<br>(\$) | from FY2022<br>Forecast<br>(%) |       |
| Salaries and Wages       | \$ -             | \$ -             | \$ -               | \$ -                        | \$ -                          | 0.00%                        | ●     | \$ -                            | 0.00%                          | ●     |
| Employee Benefits        | -                | -                | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Professional Services    | 33,425           | 41,000           | 32,414             | 41,000                      | -                             | 0.00%                        | ●     | 8,586                           | 26.49%                         | ●     |
| Materials and Supplies   | -                | -                | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Utilities                | -                | -                | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Casualty and Liability   | -                | -                | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Taxes                    | -                | -                | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Purchased Transportation | -                | -                | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Miscellaneous Expenses   | 10,842           | 44,000           | 17,646             | 44,000                      | -                             | 0.00%                        | ●     | 26,354                          | 149.35%                        | ●     |
| Debt-Related Expense     | -                | -                | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Leases and Rentals       | -                | -                | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Contingency              | -                | -                | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
|                          | <b>\$ 44,267</b> | <b>\$ 85,000</b> | <b>\$ 50,060</b>   | <b>\$ 85,000</b>            | <b>\$ -</b>                   | <b>0.00%</b>                 | ●     | <b>\$ 34,940</b>                | <b>69.80%</b>                  | ●     |

### Office of the Executive Director

The Office of the Executive Director 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 oversight for intergovernmental affairs and management of the application of discretionary grants was transferred to the Division of Planning, Marketing and Communications in late FY2022.

| Operating Expenditures   | FY2021<br>Actual    | FY2022<br>Budget    | FY2022<br>Forecast  | FY2023<br>Adopted<br>Budget | Increase/<br>(Decrease)       | Increase/<br>(Decrease)      | Trend | Increase/<br>(Decrease)         | Increase/<br>(Decrease)        | Trend |
|--------------------------|---------------------|---------------------|---------------------|-----------------------------|-------------------------------|------------------------------|-------|---------------------------------|--------------------------------|-------|
|                          |                     |                     |                     |                             | from FY2022<br>Budget<br>(\$) | from FY2022<br>Budget<br>(%) |       | from FY2022<br>Forecast<br>(\$) | from FY2022<br>Forecast<br>(%) |       |
| Salaries and Wages       | \$ 589,648          | \$ 710,685          | \$ 642,257          | \$ 649,727                  | \$ (60,958)                   | -8.58%                       | ●     | \$ 7,470                        | 1.16%                          | ●     |
| Employee Benefits        | 260,104             | 181,945             | 229,660             | 195,662                     | 13,717                        | 7.54%                        | ●     | (33,998)                        | -14.80%                        | ●     |
| Professional Services    | 567,168             | 3,186,652           | 1,493,953           | -                           | (3,186,652)                   | -100.00%                     | ●     | (1,493,953)                     | -100.00%                       | ●     |
| Materials and Supplies   | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Utilities                | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Casualty and Liability   | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Taxes                    | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Purchased Transportation | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Miscellaneous Expenses   | 87,504              | 186,000             | 162,288             | 57,050                      | (128,950)                     | -69.33%                      | ●     | (105,238)                       | -64.85%                        | ●     |
| Debt-Related Expense     | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Leases and Rentals       | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Contingency              | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
|                          | <b>\$ 1,504,424</b> | <b>\$ 4,265,282</b> | <b>\$ 2,528,158</b> | <b>\$ 902,439</b>           | <b>\$ (3,362,843)</b>         | <b>-78.84%</b>               | ●     | <b>\$ (1,625,719)</b>           | <b>-64.30%</b>                 | ●     |



### Office of General Counsel

The Office of General Counsel provides in-house legal counsel and compliance functions to support NCTD’s focus on safety, contract management and regulatory/legal compliance in all business transactions. The Office of General Counsel is responsible for District-wide compliance and oversight and the management of all legal matters and claims, and includes internal audit, contract compliance, environmental compliance, civil rights (Disadvantaged Business Enterprise [DBE], Equal Employment Opportunity [EEO], Title VI, and Americans with Disabilities Act [ADA] compliance), claims and risk/insurance management. This strategic function provides legal advice and oversight in all NCTD business transactions and promotes legal and regulatory compliance District-wide. The increase in the FY2023 budget is due to anticipated increases in professional legal services.

| Operating Expenditures   | FY2021<br>Actual    | FY2022<br>Budget     | FY2022<br>Forecast   | FY2023<br>Adopted<br>Budget | Increase/<br>(Decrease)<br>from FY2022<br>Budget<br>(\$) | Increase/<br>(Decrease)<br>from FY2022<br>Budget<br>(%) | Trend | Increase/<br>(Decrease)<br>from FY2022<br>Forecast<br>(\$) | Increase/<br>(Decrease)<br>from FY2022<br>Forecast<br>(%) | Trend |
|--------------------------|---------------------|----------------------|----------------------|-----------------------------|--|---|-------|--|---|-------|
| Salaries and Wages       | \$ 671,784          | \$ 751,735           | \$ 630,016           | \$ 806,041                  | \$ 54,306  | 7.22%   | ●     | \$ 176,025   | 27.94%  | ●     |
| Employee Benefits        | 387,512             | 303,946              | 262,921              | 839,536                     | 535,590  | 176.21%   | ●     | 576,615  | 219.31%   | ●     |
| Professional Services    | 662,228             | 1,376,506            | 1,613,521            | 3,124,642                   | 1,748,136  | 127.00%   | ●     | 1,511,121  | 93.65%  | ●     |
| Materials and Supplies   | 2,357               | 10,000               | 6,378                | 10,000                      | -  | 0.00%   | ●     | 3,622  | 56.79%  | ●     |
| Utilities                | -                   | -                    | -                    | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Casualty and Liability   | 4,965,726           | 8,101,000            | 8,202,829            | 8,437,400                   | 336,400  | 4.15%   | ●     | 234,571  | 2.86%   | ●     |
| Taxes                    | -                   | -                    | -                    | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Purchased Transportation | -                   | -                    | -                    | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Miscellaneous Expenses   | 21,661              | 44,240               | 31,293               | 66,344                      | 22,104   | 49.96%  | ●     | 35,051   | 112.01%   | ●     |
| Debt-Related Expense     | -                   | -                    | -                    | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Leases and Rentals       | -                   | -                    | -                    | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Contingency              | -                   | -                    | -                    | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
|                          | <b>\$ 6,711,268</b> | <b>\$ 10,587,427</b> | <b>\$ 10,746,958</b> | <b>\$ 13,283,963</b>        | <b>\$ 2,696,536</b>                                      | <b>25.47%</b>   | ●     | <b>\$ 2,537,005</b>  | <b>23.61%</b>   | ●     |

### Procurement and Contract Administration

The Procurement and Contract Administration Division is responsible for the procurement of goods and services 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. This Division ensures that there is fair and open competition from prospective vendors and suppliers.

| Operating Expenditures   | FY2021<br>Actual  | FY2022<br>Budget    | FY2022<br>Forecast  | FY2023<br>Adopted<br>Budget | Increase/<br>(Decrease)<br>from FY2022<br>Budget<br>(\$) | Increase/<br>(Decrease)<br>from FY2022<br>Budget<br>(%) | Trend | Increase/<br>(Decrease)<br>from FY2022<br>Forecast<br>(\$) | Increase/<br>(Decrease)<br>from FY2022<br>Forecast<br>(%) | Trend |
|--------------------------|-------------------|---------------------|---------------------|-----------------------------|--|---|-------|--|---|-------|
| Salaries and Wages       | \$ 589,612        | \$ 819,372          | \$ 704,099          | \$ 1,163,394                | \$ 344,022   | 41.99%  | ●     | \$ 459,295   | 65.23%  | ●     |
| Employee Benefits        | 270,983           | 244,727             | 307,919             | 333,315                     | 88,588   | 36.20%  | ●     | 25,396   | 8.25%   | ●     |
| Professional Services    | 100,242           | 95,000              | 58,908              | 201,500                     | 106,500  | 112.11%   | ●     | 142,592  | 242.06%   | ●     |
| Materials and Supplies   | -                 | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Utilities                | -                 | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Casualty and Liability   | -                 | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Taxes                    | -                 | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Purchased Transportation | -                 | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Miscellaneous Expenses   | 4,270             | 23,750              | 7,820               | 23,000                      | (750)  | -3.16%  | ●     | 15,180   | 194.12%   | ●     |
| Debt-Related Expense     | -                 | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Leases and Rentals       | -                 | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Contingency              | -                 | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
|                          | <b>\$ 965,107</b> | <b>\$ 1,182,849</b> | <b>\$ 1,078,746</b> | <b>\$ 1,721,209</b>         | <b>\$ 538,360</b>  | <b>45.51%</b>   | ●     | <b>\$ 642,463</b>  | <b>59.56%</b>   | ●     |

**Development Services**

The Development Services Division is comprised of the following six departments: Development Services Oversight, Real Estate, Facilities, Engineering, Maintenance-of-Way, and Maintenance of Signal (previously under the Operations - Rail Division).

**Development Services Oversight**

The Development Services Oversight department oversees NCTD real estate interests, facility and equipment maintenance operations, and facilities and right-of-way projects management. The FY2023 budget includes studies for redevelopment projects that will provide new revenue streams for NCTD (Carlsbad and Poinsettia COASTER stations, Escondido Transit Center, and select SPRINTER stations).

| Operating Expenditures   | FY2021<br>Actual  | FY2022<br>Budget    | FY2022<br>Forecast | FY2023<br>Adopted<br>Budget | Increase/<br>(Decrease)<br>from FY2022<br>Budget<br>(\$) | Increase/<br>(Decrease)<br>from FY2022<br>Budget<br>(%) | Trend | Increase/<br>(Decrease)<br>from FY2022<br>Forecast<br>(\$) | Increase/<br>(Decrease)<br>from FY2022<br>Forecast<br>(%) | Trend |
|--------------------------|-------------------|---------------------|--------------------|-----------------------------|--|---|-------|--|---|-------|
|                          |                   |                     |                    |                             |  |   |       |  |   |       |
| Salaries and Wages       | \$ 312,574        | \$ 286,435          | \$ 221,605         | \$ 403,536                  | \$ 117,101   | 40.88%  | ●     | \$ 181,931   | 82.10%  | ●     |
| Employee Benefits        | 139,988           | 78,609              | 88,861             | 110,341                     | 31,732   | 40.37%  | ●     | 21,480   | 24.17%  | ●     |
| Professional Services    | 62,109            | 1,578,797           | 536,538            | 1,312,728                   | (266,069)  | -16.85%   | ●     | 776,190  | 144.67%   | ●     |
| Materials and Supplies   | -                 | -                   | -                  | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Utilities                | -                 | -                   | -                  | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Casualty and Liability   | -                 | -                   | -                  | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Taxes                    | -                 | -                   | -                  | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Purchased Transportation | -                 | -                   | -                  | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Miscellaneous Expenses   | -                 | 5,455               | 2,340              | 6,000                       | 545  | 9.99%   | ●     | 3,660  | 156.41%   | ●     |
| Debt-Related Expense     | -                 | -                   | -                  | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Leases and Rentals       | -                 | -                   | -                  | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Contingency              | -                 | -                   | -                  | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
|                          | <b>\$ 514,671</b> | <b>\$ 1,949,296</b> | <b>\$ 849,344</b>  | <b>\$ 1,832,605</b>         | <b>\$ (116,691)</b>                                      | <b>-5.99%</b>   | ●     | <b>\$ 983,261</b>  | <b>115.77%</b>  | ●     |

**Real Estate**

The Real Estate department acquires and manages NCTD real estate through leases, licenses (crossings), and right-of-entry permitting, and actively pursues new development opportunities to maximize the return on existing real estate assets.

| Operating Expenditures   | FY2021<br>Actual    | FY2022<br>Budget    | FY2022<br>Forecast  | FY2023<br>Adopted<br>Budget | Increase/<br>(Decrease)<br>from FY2022<br>Budget<br>(\$) | Increase/<br>(Decrease)<br>from FY2022<br>Budget<br>(%) | Trend | Increase/<br>(Decrease)<br>from FY2022<br>Forecast<br>(\$) | Increase/<br>(Decrease)<br>from FY2022<br>Forecast<br>(%) | Trend |
|--------------------------|---------------------|---------------------|---------------------|-----------------------------|--|---|-------|--|---|-------|
|                          |                     |                     |                     |                             |  |   |       |  |   |       |
| Salaries and Wages       | \$ 216,862          | \$ 258,325          | \$ 218,416          | \$ 301,665                  | \$ 43,340  | 16.78%  | ●     | \$ 83,249  | 38.11%  | ●     |
| Employee Benefits        | 91,492              | 65,195              | 82,235              | 72,333                      | 7,138  | 10.95%  | ●     | (9,902)  | -12.04%   | ●     |
| Professional Services    | 287,078             | 158,600             | 78,701              | 210,257                     | 51,657   | 32.57%  | ●     | 131,556  | 167.16%   | ●     |
| Materials and Supplies   | -                   | -                   | -                   | 500                         | 500  | 100.00%   | ●     | 500  | 100.00%   | ●     |
| Utilities                | -                   | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Casualty and Liability   | -                   | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Taxes                    | -                   | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Purchased Transportation | -                   | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Miscellaneous Expenses   | 59                  | 5,000               | 4,052               | 31,810                      | 26,810   | 536.20%   | ●     | 27,758   | 685.04%   | ●     |
| Debt-Related Expense     | -                   | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Leases and Rentals       | 643,073             | 687,463             | 648,599             | 726,071                     | 38,608   | 5.62%   | ●     | 77,472   | 11.94%  | ●     |
| Contingency              | -                   | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
|                          | <b>\$ 1,238,564</b> | <b>\$ 1,174,583</b> | <b>\$ 1,032,003</b> | <b>\$ 1,342,636</b>         | <b>\$ 168,053</b>  | <b>14.31%</b>   | ●     | <b>\$ 310,633</b>  | <b>30.10%</b>   | ●     |

**Facilities**

The Facilities department manages and/or maintains transit centers, maintenance facilities, administrative offices, and bus stops. The costs associated with the Bombardier Facilities Maintenance contract are included in this department. The salaries, wages, and benefits budget reflect the in-house transition of staffing at the end of FY2023. Increased professional services have been budgeted for environmental management, reactive maintenance (electrical, plumbing, HVAC, fire systems, etc.), removal and replacement of palm trees, and repairs at the Carlsbad Village COASTER station.

| Operating Expenditures   | FY2021               | FY2022               | FY2022               | FY2023               | Increase/<br>(Decrease)       | Increase/<br>(Decrease)      | Trend | Increase/<br>(Decrease)         | Increase/<br>(Decrease)        | Trend |
|--------------------------|----------------------|----------------------|----------------------|----------------------|-------------------------------|------------------------------|-------|---------------------------------|--------------------------------|-------|
|                          | Actual               | Budget               | Forecast             | Adopted<br>Budget    | from FY2022<br>Budget<br>(\$) | from FY2022<br>Budget<br>(%) |       | from FY2022<br>Forecast<br>(\$) | from FY2022<br>Forecast<br>(%) |       |
| Salaries and Wages       | \$ 513,343           | \$ 907,079           | \$ 702,871           | \$ 896,647           | \$ (10,432)                   | -1.15%                       | ●     | \$ 193,776                      | 27.57%                         | ●     |
| Employee Benefits        | 233,474              | 230,580              | 257,868              | 257,336              | 26,756                        | 11.60%                       | ●     | (532)                           | -0.21%                         | ●     |
| Professional Services    | 6,341,008            | 6,994,223            | 6,543,114            | 9,165,075            | 2,170,852                     | 31.04%                       | ●     | 2,621,961                       | 40.07%                         | ●     |
| Materials and Supplies   | 70,148               | 180,195              | 79,469               | 514,000              | 333,805                       | 185.25%                      | ●     | 434,531                         | 546.79%                        | ●     |
| Utilities                | 1,859,804            | 2,113,354            | 2,110,483            | 2,500,261            | 386,907                       | 18.31%                       | ●     | 389,778                         | 18.47%                         | ●     |
| Casualty and Liability   | -                    | -                    | -                    | -                    | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Taxes                    | -                    | -                    | -                    | -                    | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Purchased Transportation | 1,171,954            | 1,221,403            | 1,165,496            | 1,258,519            | 37,116                        | 3.04%                        | ●     | 93,023                          | 7.98%                          | ●     |
| Miscellaneous Expenses   | 29,225               | 40,008               | 20,645               | 100,702              | 60,694                        | 151.70%                      | ●     | 80,057                          | 387.78%                        | ●     |
| Debt-Related Expense     | -                    | -                    | -                    | -                    | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Leases and Rentals       | 1,120                | 960                  | 320                  | 960                  | -                             | 0.00%                        | ●     | 640                             | 200.00%                        | ●     |
| Contingency              | -                    | -                    | -                    | -                    | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
|                          | <b>\$ 10,220,076</b> | <b>\$ 11,687,802</b> | <b>\$ 10,880,266</b> | <b>\$ 14,693,500</b> | <b>\$ 3,005,698</b>           | <b>25.72%</b>                | ●     | <b>\$ 3,813,234</b>             | <b>35.05%</b>                  | ●     |

**Engineering**

The Engineering department is responsible for developing and completing rail capital improvement projects managed by NCTD and for providing oversight over projects managed by SANDAG on the Los Angeles-San Diego-San Luis Obispo (LOSSAN) Corridor. Beginning in FY2023, facilities engineers will be transferred from the Facilities department to the Engineering department. Costs associated with bridge repairs and inspections, grade crossing risk studies, platform train interface study, and right-of-way embankment monitoring and mitigation, are included in this department.

| Operating Expenditures   | FY2021              | FY2022              | FY2022              | FY2023              | Increase/<br>(Decrease)       | Increase/<br>(Decrease)      | Trend | Increase/<br>(Decrease)         | Increase/<br>(Decrease)        | Trend |
|--------------------------|---------------------|---------------------|---------------------|---------------------|-------------------------------|------------------------------|-------|---------------------------------|--------------------------------|-------|
|                          | Actual              | Budget              | Forecast            | Adopted<br>Budget   | from FY2022<br>Budget<br>(\$) | from FY2022<br>Budget<br>(%) |       | from FY2022<br>Forecast<br>(\$) | from FY2022<br>Forecast<br>(%) |       |
| Salaries and Wages       | \$ 121,564          | \$ 93,922           | \$ 126,386          | \$ 320,430          | \$ 226,508                    | 241.17%                      | ●     | \$ 194,044                      | 153.53%                        | ●     |
| Employee Benefits        | 61,932              | 26,545              | 61,828              | 96,384              | 69,839                        | 263.10%                      | ●     | 34,556                          | 55.89%                         | ●     |
| Professional Services    | 849,458             | 1,425,000           | 1,141,976           | 2,237,261           | 812,261                       | 57.00%                       | ●     | 1,095,285                       | 95.91%                         | ●     |
| Materials and Supplies   | 747                 | 2,500               | 833                 | 2,500               | -                             | 0.00%                        | ●     | 1,667                           | 200.12%                        | ●     |
| Utilities                | -                   | -                   | -                   | -                   | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Casualty and Liability   | -                   | -                   | -                   | -                   | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Taxes                    | -                   | -                   | -                   | -                   | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Purchased Transportation | -                   | -                   | -                   | -                   | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Miscellaneous Expenses   | 8,236               | 38,350              | 19,779              | 13,605              | (24,745)                      | -64.52%                      | ●     | (6,174)                         | -31.21%                        | ●     |
| Debt-Related Expense     | -                   | -                   | -                   | -                   | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Leases and Rentals       | -                   | -                   | -                   | -                   | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Contingency              | -                   | -                   | -                   | -                   | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
|                          | <b>\$ 1,041,937</b> | <b>\$ 1,586,317</b> | <b>\$ 1,350,802</b> | <b>\$ 2,670,180</b> | <b>\$ 1,083,863</b>           | <b>68.33%</b>                | ●     | <b>\$ 1,319,378</b>             | <b>97.67%</b>                  | ●     |

**Maintenance-of-Way**

The Maintenance-of-Way department manages the maintenance, construction, and repair activities in NCTD right-of-way performed by contractor and/or NCTD personnel. This department is also responsible for planning tasks such as tracks surfacing, rail replacement, rail flaw detection, spot ballast program, vegetation control program, tie replacement program, and rail grinding program. The contract with Bombardier will end in FY2023; NCTD will bring in-house staffing to support maintenance-of-way and will reprocure other services under specialty contracts. As services are re-procured, costs are anticipated to increase due to inflation and more robust scopes of work. The implementation of the new rail and facilities business model will result in some duplicative costs that will be resolved as contracts expire.

| Operating Expenditures   | FY2021              | FY2022              | FY2022              | FY2023<br>Adopted<br>Budget | Increase/<br>(Decrease)<br>from FY2022<br>Budget<br>(\$) | Increase/<br>(Decrease)<br>from FY2022<br>Budget<br>(%) | Trend    | Increase/<br>(Decrease)<br>from FY2022<br>Forecast<br>(\$) | Increase/<br>(Decrease)<br>from FY2022<br>Forecast<br>(%) | Trend    |
|--------------------------|---------------------|---------------------|---------------------|-----------------------------|--|---|----------|--|---|----------|
|                          | Actual              | Budget              | Forecast            |                             | Budget   | Budget  |          | Forecast   | Forecast  |          |
| Salaries and Wages       | \$ 99,520           | \$ 221,382          | \$ 143,461          | \$ 828,806                  | \$ 607,424   | 274.38%   | ●        | \$ 685,345   | 477.72%   | ●        |
| Employee Benefits        | 49,570              | 77,680              | 61,298              | 280,351                     | 202,671  | 260.90%   | ●        | 219,053  | 357.36%   | ●        |
| Professional Services    | 56,356              | 1,220,500           | 921,427             | 2,235,500                   | 1,015,000  | 83.16%  | ●        | 1,314,073  | 142.61%   | ●        |
| Materials and Supplies   | 7,665               | 35,000              | 11,826              | 163,500                     | 128,500  | 367.14%   | ●        | 151,674  | 1282.55%  | ●        |
| Utilities                | -                   | -                   | -                   | 10,000                      | 10,000   | 100.00%   | ●        | 10,000   | 100.00%   | ●        |
| Casualty and Liability   | (41,130)            | -                   | -                   | -                           | -  | 0.00%   | ●        | -  | 0.00%   | ●        |
| Taxes                    | -                   | -                   | -                   | -                           | -  | 0.00%   | ●        | -  | 0.00%   | ●        |
| Purchased Transportation | 6,934,732           | 6,577,217           | 7,919,522           | 6,663,243                   | 86,026   | 1.31%   | ●        | (1,256,279)  | -15.86%   | ●        |
| Miscellaneous Expenses   | (274)               | 26,000              | 8,635               | 37,434                      | 11,434   | 43.98%  | ●        | 28,799   | 333.51%   | ●        |
| Debt-Related Expense     | -                   | -                   | -                   | -                           | -  | 0.00%   | ●        | -  | 0.00%   | ●        |
| Leases and Rentals       | -                   | -                   | -                   | -                           | -  | 0.00%   | ●        | -  | 0.00%   | ●        |
| Contingency              | -                   | -                   | -                   | -                           | -  | 0.00%   | ●        | -  | 0.00%   | ●        |
|                          | <b>\$ 7,106,439</b> | <b>\$ 8,157,779</b> | <b>\$ 9,066,169</b> | <b>\$ 10,218,834</b>        | <b>\$ 2,061,055</b>                                      | <b>25.26%</b>   | <b>●</b> | <b>\$ 1,152,665</b>  | <b>12.71%</b>   | <b>●</b> |

**Maintenance of Signal**

The Maintenance of Signal department is responsible for the oversight, coordination, and administration of contractors, consultants, and staff on projects within the District in the planning, maintenance, and construction of railroad signal, communication facilities, and systems. Maintenance of signal will be provided under the Bombardier contract through June 30, 2023. The FY2023 budget includes the in-house staff transition in late June 2023.

| Operating Expenditures   | FY2021      | FY2022              | FY2022              | FY2023<br>Adopted<br>Budget | Increase/<br>(Decrease)<br>from FY2022<br>Budget<br>(\$) | Increase/<br>(Decrease)<br>from FY2022<br>Budget<br>(%) | Trend    | Increase/<br>(Decrease)<br>from FY2022<br>Forecast<br>(\$) | Increase/<br>(Decrease)<br>from FY2022<br>Forecast<br>(%) | Trend    |
|--------------------------|-------------|---------------------|---------------------|-----------------------------|--|---|----------|--|---|----------|
|                          | Actual      | Budget              | Forecast            |                             | Budget   | Budget  |          | Forecast   | Forecast  |          |
| Salaries and Wages       | \$ -        | \$ -                | \$ -                | \$ 19,632                   | \$ 19,632  | 100.00%   | ●        | \$ 19,632  | 100.00%   | ●        |
| Employee Benefits        | -           | -                   | -                   | 8,525                       | 8,525  | 100.00%   | ●        | 8,525  | 100.00%   | ●        |
| Professional Services    | -           | 201,000             | 25,576              | 406,400                     | 205,400  | 102.19%   | ●        | 380,824  | 1488.99%  | ●        |
| Materials and Supplies   | -           | -                   | -                   | -                           | -  | 0.00%   | ●        | -  | 0.00%   | ●        |
| Utilities                | -           | 300,000             | 295,852             | 420,000                     | 120,000  | 40.00%  | ●        | 124,148  | 41.96%  | ●        |
| Casualty and Liability   | -           | -                   | -                   | -                           | -  | 0.00%   | ●        | -  | 0.00%   | ●        |
| Taxes                    | -           | -                   | -                   | -                           | -  | 0.00%   | ●        | -  | 0.00%   | ●        |
| Purchased Transportation | -           | 1,472,019           | 1,472,018           | 1,516,181                   | 44,162   | 3.00%   | ●        | 44,163   | 3.00%   | ●        |
| Miscellaneous Expenses   | -           | 10,000              | 3,333               | 10,000                      | -  | 0.00%   | ●        | 6,667  | 200.03%   | ●        |
| Debt-Related Expense     | -           | -                   | -                   | -                           | -  | 0.00%   | ●        | -  | 0.00%   | ●        |
| Leases and Rentals       | -           | -                   | -                   | -                           | -  | 0.00%   | ●        | -  | 0.00%   | ●        |
| Contingency              | -           | -                   | -                   | -                           | -  | 0.00%   | ●        | -  | 0.00%   | ●        |
|                          | <b>\$ -</b> | <b>\$ 1,983,019</b> | <b>\$ 1,796,779</b> | <b>\$ 2,380,738</b>         | <b>\$ 397,719</b>  | <b>20.06%</b>   | <b>●</b> | <b>\$ 583,959</b>  | <b>32.50%</b>   | <b>●</b> |

## Information Technology

The Information Technology Division supports operational, administrative, and rail technologies for the District. The Information Technology is comprised of two departments: Information Technology Oversight and Rail Technologies.

### Information Technology Oversight

The Information Technology Oversight department supports the operational and administrative technology for the District. This Division provides computer, software, security, and data integrity in addition to advancing transportation technology to support NCTD customers. The FY2023 budget includes additional staffing and a cybersecurity assessment.

| Operating Expenditures   | FY2021<br>Actual    | FY2022<br>Budget    | FY2022<br>Forecast  | FY2023<br>Adopted<br>Budget | Increase/<br>(Decrease)<br>from FY2022<br>Budget<br>(\$) | Increase/<br>(Decrease)<br>from FY2022<br>Budget<br>(%) | Trend | Increase/<br>(Decrease)<br>from FY2022<br>Forecast<br>(\$) | Increase/<br>(Decrease)<br>from FY2022<br>Forecast<br>(%) | Trend |
|--------------------------|---------------------|---------------------|---------------------|-----------------------------|--|---|-------|--|---|-------|
| Salaries and Wages       | \$ 738,491          | 916,610             | 873,849             | 1,667,721                   | \$ 751,111   | 81.94%  | ●     | \$ 793,872   | 90.85%  | ●     |
| Employee Benefits        | 384,653             | 270,174             | 397,358             | 547,293                     | 277,119  | 102.57%   | ●     | 149,935  | 37.73%  | ●     |
| Professional Services    | 1,461,310           | 2,394,390           | 1,500,836           | 2,898,424                   | 504,034  | 21.05%  | ●     | 1,397,588  | 93.12%  | ●     |
| Materials and Supplies   | 18,655              | 40,000              | 75,562              | 153,000                     | 113,000  | 282.50%   | ●     | 77,438   | 102.48%   | ●     |
| Utilities                | 299,675             | 336,430             | 323,132             | 388,310                     | 51,880   | 15.42%  | ●     | 65,178   | 20.17%  | ●     |
| Casualty and Liability   | -                   | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Taxes                    | -                   | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Purchased Transportation | -                   | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Miscellaneous Expenses   | 21,558              | 32,850              | 32,518              | 49,100                      | 16,250   | 49.47%  | ●     | 16,582   | 50.99%  | ●     |
| Debt-Related Expense     | -                   | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Leases and Rentals       | 67,677              | 62,000              | 178,909             | 94,000                      | 32,000   | 51.61%  | ●     | (84,909)   | -47.46%   | ●     |
| Contingency              | -                   | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
|                          | <b>\$ 2,992,019</b> | <b>\$ 4,052,454</b> | <b>\$ 3,382,164</b> | <b>\$ 5,797,848</b>         | <b>\$ 1,745,394</b>                                      | <b>43.07%</b>   | ●     | <b>\$ 2,415,684</b>  | <b>71.42%</b>   | ●     |

### Rail Technologies

The Rail Technologies department 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. FY2023 will be the first year that includes a full year of PTC costs, as prior costs had been funded by a capital project that is scheduled to end by December 2022.

| Operating Expenditures   | FY2021<br>Actual    | FY2022<br>Budget    | FY2022<br>Forecast  | FY2023<br>Adopted<br>Budget | Increase/<br>(Decrease)<br>from FY2022<br>Budget<br>(\$) | Increase/<br>(Decrease)<br>from FY2022<br>Budget<br>(%) | Trend | Increase/<br>(Decrease)<br>from FY2022<br>Forecast<br>(\$) | Increase/<br>(Decrease)<br>from FY2022<br>Forecast<br>(%) | Trend |
|--------------------------|---------------------|---------------------|---------------------|-----------------------------|--|---|-------|--|---|-------|
| Salaries and Wages       | \$ 15,845           | \$ 167,969          | \$ 215,690          | \$ 261,113                  | \$ 93,144  | 55.45%  | ●     | \$ 45,423  | 21.06%  | ●     |
| Employee Benefits        | 11,936              | 58,339              | 103,537             | 79,809                      | 21,470   | 36.80%  | ●     | (23,728)   | -22.92%   | ●     |
| Professional Services    | (164,932)           | 1,381,223           | 1,303,859           | 2,996,665                   | 1,615,442  | 116.96%   | ●     | 1,692,806  | 129.83%   | ●     |
| Materials and Supplies   | 512                 | 880                 | 412                 | 20,236                      | 19,356   | 2199.55%  | ●     | 19,824   | 4811.65%  | ●     |
| Utilities                | -                   | 128,256             | 200                 | 253,535                     | 125,279  | 97.68%  | ●     | 253,335  | 126667.50%  | ●     |
| Casualty and Liability   | -                   | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Taxes                    | -                   | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Purchased Transportation | 3,308,555           | 1,950,967           | 1,947,543           | 2,009,494                   | 58,527   | 3.00%   | ●     | 61,951   | 3.18%   | ●     |
| Miscellaneous Expenses   | -                   | 25,000              | 5,198               | 34,000                      | 9,000  | 36.00%  | ●     | 28,802   | 554.10%   | ●     |
| Debt-Related Expense     | -                   | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Leases and Rentals       | -                   | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Contingency              | -                   | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
|                          | <b>\$ 3,171,916</b> | <b>\$ 3,712,634</b> | <b>\$ 3,576,439</b> | <b>\$ 5,654,852</b>         | <b>\$ 1,942,218</b>                                      | <b>52.31%</b>   | ●     | <b>\$ 2,078,413</b>  | <b>58.11%</b>   | ●     |

## Operations - Rail

The Division of Operations-Rail is responsible for rail operations and maintenance for COASTER and SPRINTER equipment. NCTD began the in-house transition of rail operations and rail vehicles maintenance in late June 2022, resulting in increased costs for salaries, wages, and benefits; which will be offset by the decrease in purchased transportation costs. The Operations-Rail Division is comprised of two departments: Rail Operations and Rail Vehicles Maintenance.

### Rail Operations

The Rail Operations department manages the daily operations of NCTD's COASTER and SPRINTER services. This department is responsible for 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 increase in materials and supplies is attributed to higher fuel prices and the increased COASTER service that began in October 2021.

| Operating Expenditures   | FY2021               | FY2022               | FY2022               | FY2023               | Increase/<br>(Decrease)       | Increase/<br>(Decrease)      | Trend | Increase/<br>(Decrease) | Increase/<br>(Decrease) | Trend |
|--------------------------|----------------------|----------------------|----------------------|----------------------|-------------------------------|------------------------------|-------|-------------------------|-------------------------|-------|
|                          | Actual               | Budget               | Forecast             | Adopted<br>Budget    | from FY2022<br>Budget<br>(\$) | from FY2022<br>Budget<br>(%) |       | Forecast<br>(\$)        | Forecast<br>(%)         |       |
| Salaries and Wages       | \$ 572,521           | \$ 1,032,707         | \$ 806,389           | \$ 7,133,903         | \$ 6,101,196                  | 590.80%                      | ●     | \$ 6,327,514            | 784.67%                 | ●     |
| Employee Benefits        | 280,657              | 328,138              | 319,793              | 3,099,079            | 2,770,941                     | 844.44%                      | ●     | 2,779,286               | 869.09%                 | ●     |
| Professional Services    | 1,350,410            | 509,088              | 818,316              | 496,000              | (13,088)                      | -2.57%                       | ●     | (322,316)               | -39.39%                 | ●     |
| Materials and Supplies   | 2,240,729            | 4,892,988            | 3,892,804            | 7,385,383            | 2,492,395                     | 50.94%                       | ●     | 3,492,579               | 89.72%                  | ●     |
| Utilities                | 211,829              | -                    | -                    | -                    | -                             | 0.00%                        | ●     | -                       | 0.00%                   | ●     |
| Casualty and Liability   | -                    | -                    | -                    | -                    | -                             | 0.00%                        | ●     | -                       | 0.00%                   | ●     |
| Taxes                    | 236,545              | 875,654              | 1,206,417            | 1,200,172            | 324,518                       | 37.06%                       | ●     | (6,245)                 | -0.52%                  | ●     |
| Purchased Transportation | 13,501,230           | 13,791,065           | 12,028,426           | 2,014,618            | (11,776,447)                  | -85.39%                      | ●     | (10,013,808)            | -83.25%                 | ●     |
| Miscellaneous Expenses   | 73,527               | 117,614              | 44,408               | 126,614              | 9,000                         | 7.65%                        | ●     | 82,206                  | 185.12%                 | ●     |
| Debt-Related Expense     | -                    | -                    | -                    | -                    | -                             | 0.00%                        | ●     | -                       | 0.00%                   | ●     |
| Leases and Rentals       | -                    | -                    | -                    | -                    | -                             | 0.00%                        | ●     | -                       | 0.00%                   | ●     |
| Contingency              | -                    | -                    | -                    | -                    | -                             | 0.00%                        | ●     | -                       | 0.00%                   | ●     |
|                          | <b>\$ 18,467,448</b> | <b>\$ 21,547,254</b> | <b>\$ 19,116,553</b> | <b>\$ 21,455,769</b> | <b>\$ (91,485)</b>            | <b>-0.42%</b>                | ●     | <b>\$ 2,339,216</b>     | <b>12.24%</b>           | ●     |

### Rail Vehicles Maintenance

The Rail Vehicles Maintenance department has the responsibility for ensuring that commuter and hybrid rail equipment are compliant with NCTD and regulatory requirements. Professional services include the technical support and materials management agreements for COASTER and SPRINTER to support routine maintenance under a base cost and overhaul materials provided pursuant to issuance of a task order, dedicated on-site and remote staff to support vehicle maintenance and administration of asset management system, and use of Siemen's CORMAP asset management system.

| Operating Expenditures   | FY2021      | FY2022              | FY2022              | FY2023               | Increase/<br>(Decrease)       | Increase/<br>(Decrease)      | Trend | Increase/<br>(Decrease) | Increase/<br>(Decrease) | Trend |
|--------------------------|-------------|---------------------|---------------------|----------------------|-------------------------------|------------------------------|-------|-------------------------|-------------------------|-------|
|                          | Actual      | Budget              | Forecast            | Adopted<br>Budget    | from FY2022<br>Budget<br>(\$) | from FY2022<br>Budget<br>(%) |       | Forecast<br>(\$)        | Forecast<br>(%)         |       |
| Salaries and Wages       | \$ -        | \$ 319,513          | \$ 136,165          | \$ 2,847,574         | \$ 2,528,061                  | 791.22%                      | ●     | \$ 2,711,409            | 1991.27%                | ●     |
| Employee Benefits        | -           | 118,122             | 57,499              | 1,128,592            | 1,010,470                     | 855.45%                      | ●     | 1,071,093               | 1862.80%                | ●     |
| Professional Services    | -           | 1,616,724           | 3,099,679           | 5,776,104            | 4,159,380                     | 257.27%                      | ●     | 2,676,425               | 86.35%                  | ●     |
| Materials and Supplies   | -           | 19,500              | 6,499               | 65,000               | 45,500                        | 233.33%                      | ●     | 58,501                  | 900.15%                 | ●     |
| Utilities                | -           | -                   | -                   | -                    | -                             | 0.00%                        | ●     | -                       | 0.00%                   | ●     |
| Casualty and Liability   | -           | -                   | -                   | -                    | -                             | 0.00%                        | ●     | -                       | 0.00%                   | ●     |
| Taxes                    | -           | -                   | -                   | -                    | -                             | 0.00%                        | ●     | -                       | 0.00%                   | ●     |
| Purchased Transportation | -           | 3,651,186           | 3,521,799           | 923,590              | (2,727,596)                   | -74.70%                      | ●     | (2,598,209)             | -73.78%                 | ●     |
| Miscellaneous Expenses   | -           | 20,000              | 6,687               | 20,000               | -                             | 0.00%                        | ●     | 13,313                  | 199.09%                 | ●     |
| Debt-Related Expense     | -           | -                   | -                   | -                    | -                             | 0.00%                        | ●     | -                       | 0.00%                   | ●     |
| Leases and Rentals       | -           | -                   | -                   | -                    | -                             | 0.00%                        | ●     | -                       | 0.00%                   | ●     |
| Contingency              | -           | -                   | -                   | -                    | -                             | 0.00%                        | ●     | -                       | 0.00%                   | ●     |
|                          | <b>\$ -</b> | <b>\$ 5,745,045</b> | <b>\$ 6,828,328</b> | <b>\$ 10,760,860</b> | <b>\$ 5,015,815</b>           | <b>87.31%</b>                | ●     | <b>\$ 3,932,532</b>     | <b>57.59%</b>           | ●     |

**Operations Support Services**

The Operations Support Services Division was added in FY2022 to align the District's organization with the changes in the rail business model. The Operations - Support Services Division is comprised of three departments: Security Oversight, Support Services, and Operations Control Center (previously under the Operations - Rail Division).

**Security Oversight**

The Security Oversight department implements and monitors security and emergency management programs for NCTD. Essential responsibilities include management and oversight of the Memorandums of Understanding with the San Diego Sheriff's Department for armed law enforcement services as well as planning, coordination, and delivery of emergency training exercises for NCTD staff, contractors, and local public safety agencies. Additionally, the department has direct staff that monitor and provide 24/7 response for various physical security technologies and emergency notification systems throughout NCTD from the Monitoring Center in Oceanside.

| Operating Expenditures   | FY2021              | FY2022              | FY2022              | FY2023              | Increase/                          | Increase/                         | Trend    | Increase/                            | Increase/                           | Trend    |
|--------------------------|---------------------|---------------------|---------------------|---------------------|------------------------------------|-----------------------------------|----------|--------------------------------------|-------------------------------------|----------|
|                          | Actual              | Budget              | Forecast            | Adopted Budget      | (Decrease) from FY2022 Budget (\$) | (Decrease) from FY2022 Budget (%) |          | (Decrease) from FY2022 Forecast (\$) | (Decrease) from FY2022 Forecast (%) |          |
| Salaries and Wages       | \$ 407,789          | \$ 510,573          | \$ 453,988          | \$ 717,959          | \$ 207,386                         | 40.62%                            | ●        | \$ 263,971                           | 58.14%                              | ●        |
| Employee Benefits        | 241,833             | 202,713             | 237,876             | 322,638             | 119,925                            | 59.16%                            | ●        | 84,762                               | 35.63%                              | ●        |
| Professional Services    | 3,587,034           | 4,626,500           | 3,924,382           | 4,876,500           | 250,000                            | 5.40%                             | ●        | 952,118                              | 24.26%                              | ●        |
| Materials and Supplies   | -                   | 6,000               | 6,936               | 30,000              | 24,000                             | 400.00%                           | ●        | 23,064                               | 332.53%                             | ●        |
| Utilities                | -                   | -                   | -                   | -                   | -                                  | 0.00%                             | ●        | -                                    | 0.00%                               | ●        |
| Casualty and Liability   | -                   | -                   | -                   | -                   | -                                  | 0.00%                             | ●        | -                                    | 0.00%                               | ●        |
| Taxes                    | -                   | -                   | -                   | -                   | -                                  | 0.00%                             | ●        | -                                    | 0.00%                               | ●        |
| Purchased Transportation | -                   | -                   | -                   | -                   | -                                  | 0.00%                             | ●        | -                                    | 0.00%                               | ●        |
| Miscellaneous Expenses   | 1,345               | 13,500              | 5,139               | 15,500              | 2,000                              | 14.81%                            | ●        | 10,361                               | 201.62%                             | ●        |
| Debt-Related Expense     | -                   | -                   | -                   | -                   | -                                  | 0.00%                             | ●        | -                                    | 0.00%                               | ●        |
| Leases and Rentals       | -                   | 2,000               | 668                 | 3,000               | 1,000                              | 50.00%                            | ●        | 2,332                                | 349.10%                             | ●        |
| Contingency              | -                   | -                   | -                   | -                   | -                                  | 0.00%                             | ●        | -                                    | 0.00%                               | ●        |
|                          | <b>\$ 4,238,001</b> | <b>\$ 5,361,286</b> | <b>\$ 4,628,989</b> | <b>\$ 5,965,597</b> | <b>\$ 604,311</b>                  | <b>11.27%</b>                     | <b>●</b> | <b>\$ 1,336,608</b>                  | <b>28.87%</b>                       | <b>●</b> |

**Support Services**

The Support Services department partners with the Operations-Rail and Bus Operations and Fleet Maintenance divisions to provide operations support services and programs. This department oversees the District's instructional design function, in support of direct and contractor staff training program development, implementation and delivery that meets both regulatory and District standards.

| Operating Expenditures   | FY2021          | FY2022            | FY2022            | FY2023            | Increase/                          | Increase/                         | Trend | Increase/                            | Increase/                           | Trend |
|--------------------------|-----------------|-------------------|-------------------|-------------------|------------------------------------|-----------------------------------|-------|--------------------------------------|-------------------------------------|-------|
|                          | Actual          | Budget            | Forecast          | Adopted Budget    | (Decrease) from FY2022 Budget (\$) | (Decrease) from FY2022 Budget (%) |       | (Decrease) from FY2022 Forecast (\$) | (Decrease) from FY2022 Forecast (%) |       |
| Salaries and Wages       | \$ 3,207        | \$ 351,071        | \$ 357,116        | \$ 312,940        | \$ (38,131)                        | -10.86%                           | ●     | \$ (44,176)                          | -12.37%                             | ●     |
| Employee Benefits        | 1,560           | 81,499            | 122,086           | 64,078            | (17,421)                           | -21.38%                           | ●     | (58,008)                             | -47.51%                             | ●     |
| Professional Services    | -               | -                 | -                 | 105,000           | 105,000                            | 100.00%                           | ●     | 105,000                              | 100.00%                             | ●     |
| Materials and Supplies   | -               | 1,000             | 336               | 1,000             | -                                  | 0.00%                             | ●     | 664                                  | 197.62%                             | ●     |
| Utilities                | -               | -                 | -                 | -                 | -                                  | 0.00%                             | ●     | -                                    | 0.00%                               | ●     |
| Casualty and Liability   | -               | -                 | -                 | -                 | -                                  | 0.00%                             | ●     | -                                    | 0.00%                               | ●     |
| Taxes                    | -               | -                 | -                 | -                 | -                                  | 0.00%                             | ●     | -                                    | 0.00%                               | ●     |
| Purchased Transportation | -               | -                 | -                 | -                 | -                                  | 0.00%                             | ●     | -                                    | 0.00%                               | ●     |
| Miscellaneous Expenses   | 1,345           | 9,000             | 3,000             | 9,000             | -                                  | 0.00%                             | ●     | 6,000                                | 200.00%                             | ●     |
| Debt-Related Expense     | -               | -                 | -                 | -                 | -                                  | 0.00%                             | ●     | -                                    | 0.00%                               | ●     |
| Leases and Rentals       | -               | -                 | -                 | -                 | -                                  | 0.00%                             | ●     | -                                    | 0.00%                               | ●     |
| Contingency              | -               | -                 | -                 | -                 | -                                  | 0.00%                             | ●     | -                                    | 0.00%                               | ●     |
|                          | <b>\$ 6,112</b> | <b>\$ 442,570</b> | <b>\$ 482,538</b> | <b>\$ 492,018</b> | <b>\$ 49,448</b>                   |                                   |       | <b>\$ 9,480</b>                      |                                     |       |

**Operations Control Center**

The Operations Control Center (OCC) coordinates communications from bus, rail, paratransit operations, public safety personnel, customers, and other sources to support safe, efficient, and reliable operations. The OCC also supports service management for transit operations which includes the dispatch of passenger and freight services.

| Operating Expenditures   | FY2021<br>Actual    | FY2022<br>Budget    | FY2022<br>Forecast  | FY2023<br>Adopted<br>Budget | Increase/<br>(Decrease)       | Increase/<br>(Decrease)      | Trend    | Increase/<br>(Decrease)         | Increase/<br>(Decrease)        | Trend    |
|--------------------------|---------------------|---------------------|---------------------|-----------------------------|-------------------------------|------------------------------|----------|---------------------------------|--------------------------------|----------|
|                          |                     |                     |                     |                             | from FY2022<br>Budget<br>(\$) | from FY2022<br>Budget<br>(%) |          | from FY2022<br>Forecast<br>(\$) | from FY2022<br>Forecast<br>(%) |          |
| Salaries and Wages       | \$ 1,591,134        | \$ 1,833,554        | \$ 1,745,272        | \$ 1,882,185                | \$ 48,631                     | 2.65%                        | ●        | \$ 136,913                      | 7.84%                          | ●        |
| Employee Benefits        | 754,733             | 606,137             | 715,235             | 625,016                     | 18,879                        | 3.11%                        | ●        | (90,219)                        | -12.61%                        | ●        |
| Professional Services    | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Materials and Supplies   | (4,898)             | 5,000               | 4,480               | 5,000                       | -                             | 0.00%                        | ●        | 520                             | 11.61%                         | ●        |
| Utilities                | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Casualty and Liability   | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Taxes                    | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Purchased Transportation | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Miscellaneous Expenses   | 5,327               | 16,000              | 9,557               | 23,000                      | 7,000                         | 43.75%                       | ●        | 13,443                          | 140.66%                        | ●        |
| Debt-Related Expense     | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Leases and Rentals       | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Contingency              | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
|                          | <b>\$ 2,346,296</b> | <b>\$ 2,460,691</b> | <b>\$ 2,474,544</b> | <b>\$ 2,535,201</b>         | <b>\$ 74,510</b>              | <b>3.03%</b>                 | <b>●</b> | <b>\$ 60,657</b>                | <b>2.45%</b>                   | <b>●</b> |

**Finance**

The Finance Division is comprised of four departments: Financial Oversight, Accounting, Grants, and Fare Collection.

**Financial Oversight**

The Financial Oversight department is responsible for financial management leadership. This department has oversight of the operating budget, financial compliance, and internal controls in all the Finance Division areas. It is responsible for ensuring that financial transactions are recorded accurately in accordance with generally accepted accounting principles (GAAP) and Governmental Accounting Standards Board (GASB) standards. In addition, this department maintains NCTD fixed assets records in accordance with promulgated compliance standards and prepares the Annual Comprehensive Financial Report and other financial compliance reports for the District.

| Operating Expenditures   | FY2021<br>Actual    | FY2022<br>Budget    | FY2022<br>Forecast  | FY2023<br>Adopted<br>Budget | Increase/<br>(Decrease)       | Increase/<br>(Decrease)      | Trend    | Increase/<br>(Decrease)         | Increase/<br>(Decrease)        | Trend    |
|--------------------------|---------------------|---------------------|---------------------|-----------------------------|-------------------------------|------------------------------|----------|---------------------------------|--------------------------------|----------|
|                          |                     |                     |                     |                             | from FY2022<br>Budget<br>(\$) | from FY2022<br>Budget<br>(%) |          | from FY2022<br>Forecast<br>(\$) | from FY2022<br>Forecast<br>(%) |          |
| Salaries and Wages       | \$ 560,071          | \$ 822,650          | \$ 640,044          | \$ 897,663                  | \$ 75,013                     | 9.12%                        | ●        | \$ 257,619                      | 40.25%                         | ●        |
| Employee Benefits        | 279,824             | 257,897             | 276,681             | 261,126                     | 3,229                         | 1.25%                        | ●        | (15,555)                        | -5.62%                         | ●        |
| Professional Services    | 257,156             | 110,500             | 105,324             | 131,500                     | 21,000                        | 19.00%                       | ●        | 26,176                          | 24.85%                         | ●        |
| Materials and Supplies   | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Utilities                | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Casualty and Liability   | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Taxes                    | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Purchased Transportation | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Miscellaneous Expenses   | 2,521               | 21,100              | 9,897               | 24,250                      | 3,150                         | 14.93%                       | ●        | 14,353                          | 145.02%                        | ●        |
| Debt-Related Expense     | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Leases and Rentals       | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Contingency              | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
|                          | <b>\$ 1,099,572</b> | <b>\$ 1,212,147</b> | <b>\$ 1,031,946</b> | <b>\$ 1,314,539</b>         | <b>\$ 102,392</b>             | <b>8.45%</b>                 | <b>●</b> | <b>\$ 282,593</b>               | <b>27.38%</b>                  | <b>●</b> |



**Accounting**

The Accounting department is responsible for financial transactions in the areas of accounts payable, accounts receivable, and payroll.

| Operating Expenditures   | FY2021            | FY2022            | FY2022            | FY2023            | Increase/<br>(Decrease)       | Increase/<br>(Decrease)      | Trend    | Increase/<br>(Decrease)         | Increase/<br>(Decrease)        | Trend    |
|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------------------|------------------------------|----------|---------------------------------|--------------------------------|----------|
|                          | Actual            | Budget            | Forecast          | Adopted<br>Budget | from FY2022<br>Budget<br>(\$) | from FY2022<br>Budget<br>(%) |          | from FY2022<br>Forecast<br>(\$) | from FY2022<br>Forecast<br>(%) |          |
| Salaries and Wages       | \$ 213,846        | \$ 327,346        | \$ 219,351        | \$ 360,858        | \$ 33,512                     | 10.24%                       | ●        | \$ 141,507                      | 64.51%                         | ●        |
| Employee Benefits        | 116,162           | 119,945           | 106,254           | 134,193           | 14,248                        | 11.88%                       | ●        | 27,939                          | 26.29%                         | ●        |
| Professional Services    | 13,130            | 36,000            | 45,088            | 36,000            | -                             | 0.00%                        | ●        | (9,088)                         | -20.16%                        | ●        |
| Materials and Supplies   | 114               | 400               | -                 | 1,000             | 600                           | 150.00%                      | ●        | 1,000                           | 100.00%                        | ●        |
| Utilities                | -                 | -                 | -                 | -                 | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Casualty and Liability   | -                 | -                 | -                 | -                 | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Taxes                    | -                 | -                 | -                 | -                 | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Purchased Transportation | -                 | -                 | -                 | -                 | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Miscellaneous Expenses   | 1,734             | 9,780             | 4,646             | 9,600             | (180)                         | -1.84%                       | ●        | 4,954                           | 106.63%                        | ●        |
| Debt-Related Expense     | -                 | -                 | -                 | -                 | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Leases and Rentals       | -                 | -                 | -                 | -                 | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Contingency              | -                 | -                 | -                 | -                 | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
|                          | <b>\$ 344,986</b> | <b>\$ 493,471</b> | <b>\$ 375,339</b> | <b>\$ 541,651</b> | <b>\$ 48,180</b>              | <b>9.76%</b>                 | <b>●</b> | <b>\$ 166,312</b>               | <b>44.31%</b>                  | <b>●</b> |

**Grants**

The Grants department is responsible for ensuring the proper accounting, billing, and financial reporting of projects and grants activities in accordance with generally accepted accounting principles and relevant local, state, and federal regulations. This department is also responsible for oversight of the Capital Improvement Program (CIP) and Transit Asset Management (TAM) Plan.

| Operating Expenditures   | FY2021            | FY2022            | FY2022            | FY2023            | Increase/<br>(Decrease)       | Increase/<br>(Decrease)      | Trend    | Increase/<br>(Decrease)         | Increase/<br>(Decrease)        | Trend    |
|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------------------|------------------------------|----------|---------------------------------|--------------------------------|----------|
|                          | Actual            | Budget            | Forecast          | Adopted<br>Budget | from FY2022<br>Budget<br>(\$) | from FY2022<br>Budget<br>(%) |          | from FY2022<br>Forecast<br>(\$) | from FY2022<br>Forecast<br>(%) |          |
| Salaries and Wages       | \$ 276,823        | \$ 396,670        | \$ 344,879        | \$ 437,953        | \$ 41,283                     | 10.41%                       | ●        | \$ 93,074                       | 26.99%                         | ●        |
| Employee Benefits        | 138,466           | 139,129           | 158,944           | 136,218           | (2,911)                       | -2.09%                       | ●        | (22,726)                        | -14.30%                        | ●        |
| Professional Services    | -                 | 55,000            | 50,328            | 53,181            | (1,819)                       | -3.31%                       | ●        | 2,853                           | 5.67%                          | ●        |
| Materials and Supplies   | -                 | -                 | -                 | -                 | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Utilities                | -                 | -                 | -                 | -                 | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Casualty and Liability   | -                 | -                 | -                 | -                 | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Taxes                    | -                 | -                 | -                 | -                 | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Purchased Transportation | -                 | -                 | -                 | -                 | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Miscellaneous Expenses   | 333               | 12,840            | 5,458             | 15,240            | 2,400                         | 18.69%                       | ●        | 9,782                           | 179.22%                        | ●        |
| Debt-Related Expense     | -                 | -                 | -                 | -                 | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Leases and Rentals       | -                 | -                 | -                 | -                 | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Contingency              | -                 | -                 | -                 | -                 | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
|                          | <b>\$ 415,622</b> | <b>\$ 603,639</b> | <b>\$ 559,609</b> | <b>\$ 642,592</b> | <b>\$ 38,953</b>              | <b>6.45%</b>                 | <b>●</b> | <b>\$ 82,983</b>                | <b>14.83%</b>                  | <b>●</b> |

**Fare Collection**

The Fare Collection department is responsible for the operations, accounting, and reconciliations of fare revenue. This department oversees revenue reporting, control of revenue collection, contractor oversight for armored services, servicing of transit centers and ticket vending machines, ticket inventory management, and fare products analysis.

| Operating Expenditures   | FY2021<br>Actual  | FY2022<br>Budget    | FY2022<br>Forecast | FY2023<br>Adopted<br>Budget | Increase/<br>(Decrease)       | Increase/<br>(Decrease)      | Trend | Increase/<br>(Decrease)         | Increase/<br>(Decrease)        | Trend |
|--------------------------|-------------------|---------------------|--------------------|-----------------------------|-------------------------------|------------------------------|-------|---------------------------------|--------------------------------|-------|
|                          |                   |                     |                    |                             | from FY2022<br>Budget<br>(\$) | from FY2022<br>Budget<br>(%) |       | from FY2022<br>Forecast<br>(\$) | from FY2022<br>Forecast<br>(%) |       |
| Salaries and Wages       | \$ 37,233         | \$ 51,769           | \$ 45,534          | \$ 56,051                   | \$ 4,282                      | 8.27%                        | ●     | \$ 10,517                       | 23.10%                         | ●     |
| Employee Benefits        | 23,317            | 22,248              | 26,899             | 22,884                      | 636                           | 2.86%                        | ●     | (4,015)                         | -14.93%                        | ●     |
| Professional Services    | 564,512           | 998,870             | 863,755            | 1,146,170                   | 147,300                       | 14.75%                       | ●     | 282,415                         | 32.70%                         | ●     |
| Materials and Supplies   | 5,060             | 119,019             | 50,834             | 129,599                     | 10,580                        | 8.89%                        | ●     | 78,765                          | 154.95%                        | ●     |
| Utilities                | -                 | -                   | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Casualty and Liability   | -                 | -                   | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Taxes                    | -                 | -                   | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Purchased Transportation | -                 | -                   | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Miscellaneous Expenses   | -                 | 2,520               | 840                | 2,520                       | -                             | 0.00%                        | ●     | 1,680                           | 200.00%                        | ●     |
| Debt-Related Expense     | -                 | -                   | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Leases and Rentals       | -                 | -                   | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Contingency              | -                 | -                   | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
|                          | <b>\$ 630,122</b> | <b>\$ 1,194,426</b> | <b>\$ 987,862</b>  | <b>\$ 1,357,224</b>         | <b>\$ 162,798</b>             | <b>13.63%</b>                | ●     | <b>\$ 369,362</b>               | <b>37.39%</b>                  | ●     |

**Bus Operations**

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

**Bus Operations and Fleet Maintenance**

The Bus Operations and Fleet Maintenance department is the single department under the Bus Operations Division.

| Operating Expenditures   | FY2021<br>Actual     | FY2022<br>Budget     | FY2022<br>Forecast   | FY2023<br>Adopted<br>Budget | Increase/<br>(Decrease)       | Increase/<br>(Decrease)      | Trend | Increase/<br>(Decrease)         | Increase/<br>(Decrease)        | Trend |
|--------------------------|----------------------|----------------------|----------------------|-----------------------------|-------------------------------|------------------------------|-------|---------------------------------|--------------------------------|-------|
|                          |                      |                      |                      |                             | from FY2022<br>Budget<br>(\$) | from FY2022<br>Budget<br>(%) |       | from FY2022<br>Forecast<br>(\$) | from FY2022<br>Forecast<br>(%) |       |
| Salaries and Wages       | \$ 404,859           | \$ 725,986           | \$ 636,618           | \$ 798,427                  | \$ 72,441                     | 9.98%                        | ●     | \$ 161,809                      | 25.42%                         | ●     |
| Employee Benefits        | 203,738              | 223,072              | 262,821              | 243,308                     | 20,236                        | 9.07%                        | ●     | (19,513)                        | -7.42%                         | ●     |
| Professional Services    | 1,436,923            | 1,798,425            | 1,139,039            | 1,656,274                   | (142,151)                     | -7.90%                       | ●     | 517,235                         | 45.41%                         | ●     |
| Materials and Supplies   | 2,582,477            | 2,853,083            | 3,510,513            | 4,366,736                   | 1,513,653                     | 53.05%                       | ●     | 856,223                         | 24.39%                         | ●     |
| Utilities                | 7,972                | 29,500               | 16,812               | 46,200                      | 16,700                        | 56.61%                       | ●     | 29,388                          | 174.80%                        | ●     |
| Casualty and Liability   | (7,645)              | -                    | -                    | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Taxes                    | 139,887              | 278,144              | 245,607              | 329,624                     | 51,480                        | 18.51%                       | ●     | 84,017                          | 34.21%                         | ●     |
| Purchased Transportation | 36,698,401           | 38,630,121           | 38,397,729           | 41,284,740                  | 2,654,619                     | 6.87%                        | ●     | 2,887,011                       | 7.52%                          | ●     |
| Miscellaneous Expenses   | 4,966                | 40,230               | 17,919               | 54,081                      | 13,851                        | 34.43%                       | ●     | 36,162                          | 201.81%                        | ●     |
| Debt-Related Expense     | -                    | -                    | -                    | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Leases and Rentals       | -                    | -                    | -                    | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Contingency              | -                    | -                    | -                    | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
|                          | <b>\$ 41,471,578</b> | <b>\$ 44,578,561</b> | <b>\$ 44,227,058</b> | <b>\$ 48,779,390</b>        | <b>\$ 4,200,829</b>           | <b>9.42%</b>                 | ●     | <b>\$ 4,552,332</b>             | <b>10.29%</b>                  | ●     |

**Administrative Services**

The Administrative Services Division is comprised of two departments: Human Resources, Training and Organizational Development and Administration.

**Human Resources, Training and Organizational Development**

The Human Resources, Training and Organizational Development department is responsible for organizational development, compensation, benefits, training, recruitment, retention, FTA Drug and Alcohol Program compliance, and employee relations. Increases in this department reflect the administrative services required to support the transition to in-house from contracted purchased transportation that began at the end of June 2022.

| Operating Expenditures   | FY2021<br>Actual    | FY2022<br>Budget    | FY2022<br>Forecast  | FY2023<br>Adopted<br>Budget | Increase/<br>(Decrease)       | Increase/<br>(Decrease)      | Trend    | Increase/<br>(Decrease)         | Increase/<br>(Decrease)        | Trend    |
|--------------------------|---------------------|---------------------|---------------------|-----------------------------|-------------------------------|------------------------------|----------|---------------------------------|--------------------------------|----------|
|                          |                     |                     |                     |                             | from FY2022<br>Budget<br>(\$) | from FY2022<br>Budget<br>(%) |          | from FY2022<br>Forecast<br>(\$) | from FY2022<br>Forecast<br>(%) |          |
| Salaries and Wages       | \$ 629,795          | \$ 630,728          | \$ 496,848          | \$ 910,305                  | \$ 279,577                    | 44.33%                       | ●        | \$ 413,457                      | 83.22%                         | ●        |
| Employee Benefits *      | 429,336             | 657,054             | 227,408             | 799,766                     | 142,712                       | 21.72%                       | ●        | 572,358                         | 251.69%                        | ●        |
| Professional Services    | 248,312             | 731,500             | 589,287             | 1,170,615                   | 439,115                       | 60.03%                       | ●        | 581,328                         | 98.65%                         | ●        |
| Materials and Supplies   | 2,060               | 4,000               | 1,761               | 7,000                       | 3,000                         | 75.00%                       | ●        | 5,239                           | 297.50%                        | ●        |
| Utilities                | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Casualty and Liability   | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Taxes                    | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Purchased Transportation | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Miscellaneous Expenses   | 119,958             | 233,000             | 182,869             | 314,000                     | 81,000                        | 34.76%                       | ●        | 131,131                         | 71.71%                         | ●        |
| Debt-Related Expense     | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Leases and Rentals       | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Contingency              | -                   | -                   | -                   | -                           | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
|                          | <b>\$ 1,429,461</b> | <b>\$ 2,256,282</b> | <b>\$ 1,498,173</b> | <b>\$ 3,201,686</b>         | <b>\$ 945,404</b>             | <b>41.90%</b>                | <b>●</b> | <b>\$ 1,703,513</b>             | <b>113.71%</b>                 | <b>●</b> |

**Administration**

The Administration department provides general administrative services support for all divisions and departments within NCTD. This department oversees records management and document control services and has responsibility for overseeing NCTD Board of Directors meetings and calendars.

| Operating Expenditures   | FY2021<br>Actual  | FY2022<br>Budget  | FY2022<br>Forecast | FY2023<br>Adopted<br>Budget | Increase/<br>(Decrease)       | Increase/<br>(Decrease)      | Trend    | Increase/<br>(Decrease)         | Increase/<br>(Decrease)        | Trend    |
|--------------------------|-------------------|-------------------|--------------------|-----------------------------|-------------------------------|------------------------------|----------|---------------------------------|--------------------------------|----------|
|                          |                   |                   |                    |                             | from FY2022<br>Budget<br>(\$) | from FY2022<br>Budget<br>(%) |          | from FY2022<br>Forecast<br>(\$) | from FY2022<br>Forecast<br>(%) |          |
| Salaries and Wages       | \$ 220,367        | \$ 271,395        | \$ 260,937         | 369,090                     | \$ 97,695                     | 36.00%                       | ●        | \$ 108,153                      | 41.45%                         | ●        |
| Employee Benefits        | 137,309           | 107,192           | 140,598            | 145,160                     | 37,968                        | 35.42%                       | ●        | 4,562                           | 3.24%                          | ●        |
| Professional Services    | 152,105           | 218,000           | 155,200            | 271,100                     | 53,100                        | 24.36%                       | ●        | 115,900                         | 74.68%                         | ●        |
| Materials and Supplies   | 23,666            | 40,000            | 32,653             | 60,000                      | 20,000                        | 50.00%                       | ●        | 27,347                          | 83.75%                         | ●        |
| Utilities                | -                 | -                 | -                  | -                           | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Casualty and Liability   | -                 | -                 | -                  | -                           | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Taxes                    | -                 | -                 | -                  | -                           | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Purchased Transportation | -                 | -                 | -                  | -                           | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Miscellaneous Expenses   | 11,664            | 27,000            | 5,720              | 27,000                      | -                             | 0.00%                        | ●        | 21,280                          | 372.03%                        | ●        |
| Debt-Related Expense     | -                 | -                 | -                  | -                           | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Leases and Rentals       | -                 | -                 | -                  | -                           | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
| Contingency              | -                 | -                 | -                  | -                           | -                             | 0.00%                        | ●        | -                               | 0.00%                          | ●        |
|                          | <b>\$ 545,111</b> | <b>\$ 663,587</b> | <b>\$ 595,108</b>  | <b>\$ 872,350</b>           | <b>\$ 208,763</b>             | <b>31.46%</b>                | <b>●</b> | <b>\$ 277,242</b>               | <b>46.59%</b>                  | <b>●</b> |

## Planning, Marketing and Communications

The Division of Planning, Marketing and Communications plans, organizes, and coordinates a variety of long-range, service planning, capital planning, and other strategic planning activities. This includes activities such as data gathering, data analysis, GIS data manipulation, and communication with a variety of governing bodies and municipalities. Beginning in late 2022, the oversight for intergovernmental affairs was transferred to this division from the Office of the Executive Director. The Division of Planning, Marketing and Communications is comprised of three departments: Service Planning, Communications and Marketing, and Customer Service (previously under the Operations - Support Services Division).

### Communications and Marketing

The Communications and Marketing department supports operations through activities focused on increasing ridership, growing revenue, and focusing strategic communications to support achievement of NCTD's mission and goals. This department develops and implements marketing, public relations, and customer communications programs that enhance the customer experience. This department is also responsible for the oversight of intergovernmental affairs and staying abreast of federal, state, and local regulatory issues that affect NCTD, managing the application of discretionary grants, and collaborating with other agencies to achieve NCTD goals and objectives

| Operating Expenditures   | FY2021<br>Actual  | FY2022<br>Budget    | FY2022<br>Forecast  | FY2023<br>Adopted<br>Budget | Increase/<br>(Decrease)<br>from FY2022<br>Budget<br>(\$) | Increase/<br>(Decrease)<br>from FY2022<br>Budget<br>(%) | Trend | Increase/<br>(Decrease)<br>from FY2022<br>Forecast<br>(\$) | Increase/<br>(Decrease)<br>from FY2022<br>Forecast<br>(%) | Trend |
|--------------------------|-------------------|---------------------|---------------------|-----------------------------|--|---|-------|--|---|-------|
| Salaries and Wages       | \$ 198,814        | \$ 554,320          | \$ 454,612          | \$ 766,004                  | \$ 211,684   | 38.19%  | ●     | \$ 311,392   | 68.50%  | ●     |
| Employee Benefits        | 100,219           | 150,442             | 174,631             | 219,159                     | 68,717   | 45.68%  | ●     | 44,528   | 25.50%  | ●     |
| Professional Services    | 219,944           | 457,000             | 307,740             | 652,500                     | 195,500  | 42.78%  | ●     | 344,760  | 112.03%   | ●     |
| Materials and Supplies   | 26,537            | 90,000              | 68,549              | 123,000                     | 33,000   | 36.67%  | ●     | 54,451   | 79.43%  | ●     |
| Utilities                | -                 | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Casualty and Liability   | -                 | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Taxes                    | -                 | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Purchased Transportation | -                 | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Miscellaneous Expenses   | 144,447           | 383,600             | 202,120             | 563,368                     | 179,768  | 46.86%  | ●     | 361,248  | 178.73%   | ●     |
| Debt-Related Expense     | -                 | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Leases and Rentals       | -                 | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Contingency              | -                 | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
|                          | <b>\$ 689,961</b> | <b>\$ 1,635,362</b> | <b>\$ 1,207,652</b> | <b>\$ 2,324,031</b>         | <b>\$ 688,669</b>  | <b>42.11%</b>   | ●     | <b>\$ 1,116,379</b>  | <b>92.44%</b>   | ●     |

### Customer Service

The Customer Service department is the front line for all NCTD customer service including selling fares, facilitating transit trip planning, and receiving and processing customer reports. The Customer Service department staffs in-person retail outlets, a call center, and the ADA Eligibility Center.

| Operating Expenditures   | FY2021<br>Actual    | FY2022<br>Budget    | FY2022<br>Forecast  | FY2023<br>Adopted<br>Budget | Increase/<br>(Decrease)<br>from FY2022<br>Budget<br>(\$) | Increase/<br>(Decrease)<br>from FY2022<br>Budget<br>(%) | Trend | Increase/<br>(Decrease)<br>from FY2022<br>Forecast<br>(\$) | Increase/<br>(Decrease)<br>from FY2022<br>Forecast<br>(%) | Trend |
|--------------------------|---------------------|---------------------|---------------------|-----------------------------|--|---|-------|--|---|-------|
| Salaries and Wages       | \$ 701,263          | \$ 826,601          | \$ 618,931          | \$ 663,986                  | \$ (162,615)   | -19.67%   | ●     | \$ 45,055  | 7.28%   | ●     |
| Employee Benefits        | 395,386             | 345,412             | 320,687             | 257,940                     | (87,472)   | -25.32%   | ●     | (62,747)   | -19.57%   | ●     |
| Professional Services    | 152,074             | 296,500             | 232,992             | 345,000                     | 48,500   | 16.36%  | ●     | 112,008  | 48.07%  | ●     |
| Materials and Supplies   | 102,749             | 340,000             | 108,129             | 360,000                     | 20,000   | 5.88%   | ●     | 251,871  | 232.94%   | ●     |
| Utilities                | -                   | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Casualty and Liability   | -                   | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Taxes                    | -                   | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Purchased Transportation | -                   | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Miscellaneous Expenses   | 65                  | 20,300              | 7,660               | 21,000                      | 700  | 3.45%   | ●     | 13,340   | 174.15%   | ●     |
| Debt-Related Expense     | -                   | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Leases and Rentals       | -                   | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
| Contingency              | -                   | -                   | -                   | -                           | -  | 0.00%   | ●     | -  | 0.00%   | ●     |
|                          | <b>\$ 1,351,537</b> | <b>\$ 1,828,813</b> | <b>\$ 1,288,399</b> | <b>\$ 1,647,926</b>         | <b>\$ (180,887)</b>                                      | <b>-9.89%</b>   | ●     | <b>\$ 359,527</b>  | <b>27.90%</b>   | ●     |

**Service Planning**

The Service Planning department is responsible for reviewing, maintaining, and revising schedules to ensure reliable service to the public. This department coordinates the multimodal transit service operations planning and implementation activities of NCTD and participates in regional transportation studies and related service development activities in coordination with other agencies such as the San Diego Association of Governments (SANDAG) and the LOSSAN Corridor working group. The FY2023 budget includes multiple studies that were previously budgeted under the Office of Executive Director.

| Operating Expenditures   | FY2021            | FY2022              | FY2022              | FY2023              | Increase/                          | Increase/                         | Trend    | Increase/                            | Increase/                           | Trend    |
|--------------------------|-------------------|---------------------|---------------------|---------------------|------------------------------------|-----------------------------------|----------|--------------------------------------|-------------------------------------|----------|
|                          | Actual            | Budget              | Forecast            | Adopted Budget      | (Decrease) from FY2022 Budget (\$) | (Decrease) from FY2022 Budget (%) |          | (Decrease) from FY2022 Forecast (\$) | (Decrease) from FY2022 Forecast (%) |          |
| Salaries and Wages       | \$ 412,990        | \$ 442,762          | \$ 360,541          | \$ 611,174          | \$ 168,412                         | 38.04%                            | ●        | \$ 250,633                           | 69.52%                              | ●        |
| Employee Benefits        | 201,283           | 137,064             | 144,617             | 175,920             | 38,856                             | 28.35%                            | ●        | 31,303                               | 21.65%                              | ●        |
| Professional Services    | 281,218           | 625,000             | 321,714             | 3,737,000           | 3,112,000                          | 497.92%                           | ●        | 3,415,286                            | 1061.59%                            | ●        |
| Materials and Supplies   | -                 | -                   | -                   | -                   | -                                  | 0.00%                             | ●        | -                                    | 0.00%                               | ●        |
| Utilities                | -                 | -                   | -                   | -                   | -                                  | 0.00%                             | ●        | -                                    | 0.00%                               | ●        |
| Casualty and Liability   | -                 | -                   | -                   | -                   | -                                  | 0.00%                             | ●        | -                                    | 0.00%                               | ●        |
| Taxes                    | -                 | -                   | -                   | -                   | -                                  | 0.00%                             | ●        | -                                    | 0.00%                               | ●        |
| Purchased Transportation | -                 | -                   | 250,115             | 50,001              | 50,001                             | 100.00%                           | ●        | (200,114)                            | -80.01%                             | ●        |
| Miscellaneous Expenses   | 5,826             | 60,000              | 22,349              | 95,000              | 35,000                             | 58.33%                            | ●        | 72,651                               | 325.07%                             | ●        |
| Debt-Related Expense     | -                 | -                   | -                   | -                   | -                                  | 0.00%                             | ●        | -                                    | 0.00%                               | ●        |
| Leases and Rentals       | -                 | -                   | -                   | -                   | -                                  | 0.00%                             | ●        | -                                    | 0.00%                               | ●        |
| Contingency              | -                 | -                   | -                   | -                   | -                                  | 0.00%                             | ●        | -                                    | 0.00%                               | ●        |
|                          | <b>\$ 901,317</b> | <b>\$ 1,264,826</b> | <b>\$ 1,099,336</b> | <b>\$ 4,669,095</b> | <b>\$ 3,404,269</b>                | <b>269.15%</b>                    | <b>●</b> | <b>\$ 3,569,759</b>                  | <b>324.72%</b>                      | <b>●</b> |

**Safety**

The Safety Division promotes a culture of safety throughout NCTD in collaboration with rail, bus, and facility contractors. Additionally, this Division conducts the triennial safety and security audit program, performs hazard assessments, documents risk analysis, identifies safety trends, and recommends predictive mitigation all while maintaining strict procedural, operational, and regulatory compliance.

| Operating Expenditures   | FY2021            | FY2022            | FY2022            | FY2023            | Increase/                          | Increase/                         | Trend    | Increase/                            | Increase/                           | Trend    |
|--------------------------|-------------------|-------------------|-------------------|-------------------|------------------------------------|-----------------------------------|----------|--------------------------------------|-------------------------------------|----------|
|                          | Actual            | Budget            | Forecast          | Adopted Budget    | (Decrease) from FY2022 Budget (\$) | (Decrease) from FY2022 Budget (%) |          | (Decrease) from FY2022 Forecast (\$) | (Decrease) from FY2022 Forecast (%) |          |
| Salaries and Wages       | \$ 405,349        | \$ 498,436        | \$ 369,066        | \$ 573,827        | \$ 75,391                          | 15.13%                            | ●        | \$ 204,761                           | 55.48%                              | ●        |
| Employee Benefits        | 206,825           | 146,625           | 136,515           | 167,519           | 20,894                             | 14.25%                            | ●        | 31,004                               | 22.71%                              | ●        |
| Professional Services    | 27,296            | 161,155           | 82,040            | 122,734           | (38,421)                           | -23.84%                           | ●        | 40,694                               | 49.60%                              | ●        |
| Materials and Supplies   | 2,807             | 1,800             | 600               | 14,300            | 12,500                             | 694.44%                           | ●        | 13,700                               | 2283.33%                            | ●        |
| Utilities                | -                 | -                 | -                 | -                 | -                                  | 0.00%                             | ●        | -                                    | 0.00%                               | ●        |
| Casualty and Liability   | -                 | -                 | -                 | -                 | -                                  | 0.00%                             | ●        | -                                    | 0.00%                               | ●        |
| Taxes                    | -                 | -                 | -                 | -                 | -                                  | 0.00%                             | ●        | -                                    | 0.00%                               | ●        |
| Purchased Transportation | -                 | -                 | -                 | -                 | -                                  | 0.00%                             | ●        | -                                    | 0.00%                               | ●        |
| Miscellaneous Expenses   | 6,365             | 38,500            | 17,855            | 38,500            | -                                  | 0.00%                             | ●        | 20,645                               | 115.63%                             | ●        |
| Debt-Related Expense     | -                 | -                 | -                 | -                 | -                                  | 0.00%                             | ●        | -                                    | 0.00%                               | ●        |
| Leases and Rentals       | -                 | -                 | -                 | -                 | -                                  | 0.00%                             | ●        | -                                    | 0.00%                               | ●        |
| Contingency              | -                 | -                 | -                 | -                 | -                                  | 0.00%                             | ●        | -                                    | 0.00%                               | ●        |
|                          | <b>\$ 648,642</b> | <b>\$ 846,516</b> | <b>\$ 606,076</b> | <b>\$ 916,880</b> | <b>\$ 70,364</b>                   | <b>8.31%</b>                      | <b>●</b> | <b>\$ 310,804</b>                    | <b>51.28%</b>                       | <b>●</b> |

**Debt**

The Debt services department was created to separately account for debt-related expenditures. The primary source of debt for NCTD is related to the construction of the SPRINTER. This debt is expected to be retired by 2035. FY2023 also includes additional interest costs for short-term financing for two new COASTER train sets to support increased service for commuter rail.

| Operating Expenditures   | FY2021<br>Actual  | FY2022<br>Budget    | FY2022<br>Forecast | FY2023<br>Adopted<br>Budget | Increase/<br>(Decrease)       | Increase/<br>(Decrease)      | Trend | Increase/<br>(Decrease)         | Increase/<br>(Decrease)        | Trend |
|--------------------------|-------------------|---------------------|--------------------|-----------------------------|-------------------------------|------------------------------|-------|---------------------------------|--------------------------------|-------|
|                          |                   |                     |                    |                             | from FY2022<br>Budget<br>(\$) | from FY2022<br>Budget<br>(%) |       | from FY2022<br>Forecast<br>(\$) | from FY2022<br>Forecast<br>(%) |       |
| Salaries and Wages       | \$ -              | \$ -                | \$ -               | -                           | \$ -                          | 0.00%                        | ●     | \$ -                            | 0.00%                          | ●     |
| Employee Benefits        | -                 | -                   | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Professional Services    | -                 | 20,800              | 35,000             | 62,750                      | 41,950                        | 201.68%                      | ●     | 27,750                          | 79.29%                         | ●     |
| Materials and Supplies   | -                 | -                   | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Utilities                | -                 | -                   | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Casualty and Liability   | -                 | -                   | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Taxes                    | -                 | -                   | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Purchased Transportation | -                 | -                   | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Miscellaneous Expenses   | -                 | -                   | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Debt-Related Expense     | 763,061           | 1,125,259           | 898,919            | 1,054,262                   | (70,997)                      | -6.31%                       | ●     | 155,343                         | 17.28%                         | ●     |
| Leases and Rentals       | -                 | -                   | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Contingency              | -                 | -                   | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
|                          | <b>\$ 763,061</b> | <b>\$ 1,146,059</b> | <b>\$ 933,919</b>  | <b>\$ 1,117,012</b>         | <b>\$ (29,047)</b>            | <b>-2.53%</b>                | ●     | <b>\$ 183,093</b>               | <b>19.60%</b>                  | ●     |

**Contingency**

This department was created to separately account for unplanned expenses. The Executive Director approves any use of contingency funds to fund unplanned departmental expenses.

| Operating Expenditures   | FY2021<br>Actual | FY2022<br>Budget    | FY2022<br>Forecast | FY2023<br>Adopted<br>Budget | Increase/<br>(Decrease)       | Increase/<br>(Decrease)      | Trend | Increase/<br>(Decrease)         | Increase/<br>(Decrease)        | Trend |
|--------------------------|------------------|---------------------|--------------------|-----------------------------|-------------------------------|------------------------------|-------|---------------------------------|--------------------------------|-------|
|                          |                  |                     |                    |                             | from FY2022<br>Budget<br>(\$) | from FY2022<br>Budget<br>(%) |       | from FY2022<br>Forecast<br>(\$) | from FY2022<br>Forecast<br>(%) |       |
| Salaries and Wages       | \$ -             | \$ -                | \$ -               | \$ -                        | \$ -                          | 0.00%                        | ●     | \$ -                            | 0.00%                          | ●     |
| Employee Benefits        | -                | -                   | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Professional Services    | -                | -                   | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Materials and Supplies   | -                | -                   | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Utilities                | -                | -                   | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Casualty and Liability   | -                | -                   | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Taxes                    | -                | -                   | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Purchased Transportation | -                | -                   | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Miscellaneous Expenses   | -                | -                   | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Debt-Related Expense     | -                | -                   | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Leases and Rentals       | -                | -                   | -                  | -                           | -                             | 0.00%                        | ●     | -                               | 0.00%                          | ●     |
| Contingency              | -                | 1,000,000           | -                  | 1,000,000                   | -                             | 0.00%                        | ●     | 1,000,000                       | 100.00%                        | ●     |
|                          | <b>\$ -</b>      | <b>\$ 1,000,000</b> | <b>\$ -</b>        | <b>\$ 1,000,000</b>         | <b>\$ -</b>                   | <b>0.00%</b>                 | ●     | <b>\$ 1,000,000</b>             | <b>100.00%</b>                 | ●     |

## **5-Year Plan and Capital Improvement Program**

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### **5-Year Financial Assumptions**

The 5-Year Forecast is a planning tool designed to review the long-term outlook of the District's major cost drivers and available funding sources. It is updated annually to help identify opportunities or issues and serves as the foundation to guide decision making during the development of the operating and capital budgets. It also provides a stress test to identify cash needs if sources of revenue came lower than projected.

The following key assumptions were used in the 5-Year financial forecast:

- **Fare revenues:** Fare revenues are based on the projected number of passengers by mode and rider category (adult, youth, senior and disabled) that pay fares for a single trip, day passes, or monthly passes, and multiplying by the average fare per boarding. Forecasted ridership by mode was derived from the 5-Year SIP. There are no fare increases included in the projections.
- **Federal Formula Revenues:** FY2023 amounts are based on the Federal Transit Administration (FTA) published apportionment tables. FY2024-FY2027 revenues are estimated to be the same as FY2023 levels.
- **American Rescue Plan Act:** Revenues will be directed to cover payroll and operations of public transit. A total of \$50 million will be utilized from FY2023 through FY2026.
- **The FY2023 TDA and TransNet apportionments** were provided by SANDAG and presented in Agenda Item 11 of the SANDAG Board of Directors meeting of April 15, 2022. The FY2024-FY2027 TDA and TransNet estimates were provided by SANDAG and presented in Agenda Item 6 of the SANDAG Board of Directors meeting of February 18, 2022.
- **State Transit Assistance (STA) and STA State of Good Repair:** FY2024-FY2027 remain unchanged from FY2023 levels.
- **State Rail Assistance (SRA):** The FY2023-FY2025 estimates were provided by the California State Transportation Agency (CalSTA). FY2026-FY2027 was projected to remain the same as FY2025.
- **COASTER Service Expansion Program** is funded with TransNet 8.1% funds.
- **Potential annual expense reductions** are not included (staff vacancies, contractual liquidated damages, etc.)
- **Other operating revenues and expenses** are projected to increase by three (3) percent annually. FY2024 is re-baselined to exclude one-time expenses budgeted for FY2023.
- **Payments of long-term obligations** for the pension unfunded accrued liability and SPRINTER principal payments will be made from net assets.

### **Sources of Revenue and Allocation of Funds**

Over the next five fiscal years, the District has significant capital improvement commitments that include the San Dieguito Double Track Phase 1 construction (\$25.8 million), BREEZE Zero Emission Hydrogen Fuel Cell Buses (\$18.6 million), and Del Mar Bluffs Phase 5 construction (\$9 million).

The District expects to have balanced operating budgets in the next five fiscal years. Table 14 shows the projected revenues from all sources and allocations to the Capital Improvement Program and operating expenses in the next five years.

**Table 14. FY2023-FY2027 Sources of Revenue and Allocation of Funds**

|   | FY2023              | FY2024              | FY2025              | FY2026              | FY2027              | 5-Year Total         |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| <b>TOTAL REVENUES</b>                                 |                     |                     |                     |                     |                     |                      |
| Passenger Fares                                       | \$ 9,717,148        | \$ 11,909,299       | \$ 13,286,120       | \$ 14,094,506       | \$ 14,899,562       | \$ 63,906,635        |
| Non-Transportation Revenues                           | 2,752,052           | 2,770,114           | 2,794,568           | 2,825,021           | 2,861,125           | 14,002,880           |
| Auxiliary Revenues                                    | 10,862,105          | 11,187,969          | 11,523,608          | 11,869,315          | 12,225,396          | 57,668,393           |
| Federal Grants  | 83,521,775          | 57,630,648          | 54,093,344          | 53,057,125          | 46,425,723          | 294,728,615          |
| State Grants  | 22,960,687          | 22,704,687          | 21,012,687          | 21,012,687          | 21,012,687          | 108,703,435          |
| Local Grants  | 95,879,802          | 96,003,463          | 80,605,234          | 83,097,873          | 85,599,105          | 441,185,477          |
|   | <b>225,693,569</b>  | <b>202,206,180</b>  | <b>183,315,561</b>  | <b>185,956,527</b>  | <b>183,023,598</b>  | <b>980,195,435</b>   |
| <b>FUNDS ALLOCATION</b>                               |                     |                     |                     |                     |                     |                      |
| Capital Improvement Program *                         | 55,318,944          | 39,580,360          | 16,033,377          | 3,939,013           | 4,643,390           | 119,515,084          |
| Preventive Maintenance                                | 45,067,007          | 46,419,017          | 47,811,588          | 49,245,936          | 50,723,314          | 239,266,862          |
| Positive Train Control                                | 3,270,436           | 3,368,549           | 3,469,605           | 3,573,693           | 3,680,904           | 17,363,187           |
| Operating Expenses                                    | 121,840,182         | 112,838,254         | 116,000,991         | 119,411,520         | 122,975,867         | 593,066,814          |
|   | <b>225,496,569</b>  | <b>202,206,180</b>  | <b>183,315,561</b>  | <b>176,170,162</b>  | <b>182,023,475</b>  | <b>969,211,947</b>   |
| <b>Net Operating and Capital Surplus</b>              | <b>\$ 197,000</b>   | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ 9,786,365</b> | <b>\$ 1,000,123</b> | <b>\$ 10,983,488</b> |
| <b>LONG-TERM OBLIGATIONS (Funded from Net Assets)</b> |                     |                     |                     |                     |                     |                      |
| CalPERS Unfunded Accrued Liability Payments           | \$ 4,837,867        | \$ 4,837,867        | \$ 4,837,867        | \$ 4,837,867        | \$ 4,837,867        | \$ 24,189,335        |
| SPRINTER Debt Principal Payments                      | 1,350,000           | 1,350,000           | 1,400,000           | 1,450,000           | 1,500,000           | 7,050,000            |
| <b>Funded from Net Assets</b>                         | <b>\$ 6,187,867</b> | <b>\$ 6,187,867</b> | <b>\$ 6,237,867</b> | <b>\$ 6,287,867</b> | <b>\$ 6,337,867</b> | <b>\$ 31,239,335</b> |

\* Board goal is \$15 million annually

### Allocation of Federal, State and Local Grant Funds

Table 15 below shows the projected grants funding allocations in the next five years:

**Table 15. FY2023-FY2027 Grants Revenue and Allocation of Funds**

| Grant  | FY2023                | FY2024                | FY2025                | FY2026                | FY2027                | 5-Year Total          |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| FTA Section 5307   | \$ 25,716,135         | \$ 25,716,135         | \$ 25,716,135         | \$ 25,716,135         | \$ 25,716,135         | \$ 128,580,675        |
| FTA Section 5337   | 18,344,528            | 18,344,528            | 18,344,528            | 18,344,528            | 18,344,528            | 91,722,640            |
| FTA Section 5339   | 1,776,828             | 1,776,828             | 1,776,828             | 1,776,828             | 1,776,828             | 8,884,140             |
| FTA Section 5311   | 488,232               | 488,232               | 488,232               | 488,232               | 488,232               | 2,441,160             |
| FTA Congestion Mitigation and Air Quality (CMAQ)                                   | 12,600,000            | -                     | -                     | -                     | -                     | 12,600,000            |
| Federal American Rescue Plan   | 24,496,052            | 11,204,925            | 7,667,621             | 6,631,402             | -                     | 50,000,000            |
| Transportation Development Act (TDA) 4.0   | 51,086,349            | 46,921,676            | 48,246,416            | 49,759,200            | 51,257,722            | 247,271,363           |
| Transportation Development Act (TDA) 4.5   | 2,668,010             | 2,451,000             | 2,520,000             | 2,599,000             | 2,677,000             | 12,915,010            |
| State Transit Assistance (STA)   | 11,088,448            | 11,088,448            | 11,088,448            | 11,088,448            | 11,088,448            | 55,442,240            |
| STA State of Good Repair   | 1,826,349             | 1,826,349             | 1,826,349             | 1,826,349             | 1,826,349             | 9,131,745             |
| State Rail Assistance (SRA)  | 3,800,000             | 3,800,000             | 3,900,000             | 3,900,000             | 3,900,000             | 19,300,000            |
| TransNet - Transit Services (Senior and Disabled)                                  | 486,000               | 446,000               | 459,000               | 473,000               | 488,000               | 2,352,000             |
| TransNet - Transit Services (Operations and Capital)                               | 18,316,000            | 16,824,000            | 17,318,000            | 17,843,000            | 18,380,000            | 88,681,000            |
| TransNet - Major Corridor Capital Projects   | 8,200,000             | 13,100,000            | -                     | -                     | -                     | 21,300,000            |
| TransNet - New Major Corridor Transit Operations                                   | 7,304,500             | 11,707,023            | 12,061,818            | 12,423,673            | 12,796,383            | 56,293,397            |
| Low Carbon Transit Operations Program (LCTOP)                                      | 1,200,000             | 1,200,000             | 1,200,000             | 1,200,000             | 1,200,000             | 6,000,000             |
| LOSSAN Incentive Program   | 2,904,652             | 2,904,652             | 2,904,652             | 2,904,652             | 2,904,652             | 14,523,260            |
| Volkswagen Environmental Mitigation Trust Fund                                     | 3,200,000             | -                     | -                     | -                     | -                     | 3,200,000             |
| California Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HPIV) | 2,048,000             | 1,792,000             | -                     | -                     | -                     | 3,840,000             |
| Future Discretionary Grants *  | 3,385,703             | 4,553,764             | -                     | -                     | -                     | 7,939,467             |
| <b>Total Grants Revenue</b>  | <b>\$ 200,935,786</b> | <b>\$ 176,145,560</b> | <b>\$ 155,518,027</b> | <b>\$ 156,974,447</b> | <b>\$ 152,844,277</b> | <b>\$ 842,418,097</b> |
| <b>Allocations</b>   |                       |                       |                       |                       |                       |                       |
| Capital Improvement Program  | \$ 55,318,944         | \$ 39,580,360         | \$ 16,033,377         | \$ 3,939,013          | \$ 4,643,390          | \$ 119,515,084        |
| Preventive Maintenance   | 45,067,007            | 46,419,017            | 47,811,588            | 49,245,936            | 50,723,314            | 239,266,862           |
| Available for Operating Expenses   | 100,549,835           | 90,146,183            | 91,673,062            | 103,789,498           | 97,477,573            | 483,636,151           |
| <b>Total Allocations</b>   | <b>\$ 200,935,786</b> | <b>\$ 176,145,560</b> | <b>\$ 155,518,027</b> | <b>\$ 156,974,447</b> | <b>\$ 152,844,277</b> | <b>\$ 842,418,097</b> |

\* The purchase of hydrogen buses is contingent upon the award of future discretionary grants



Figure 8. FY2023-FY2027 Revenue by Grant

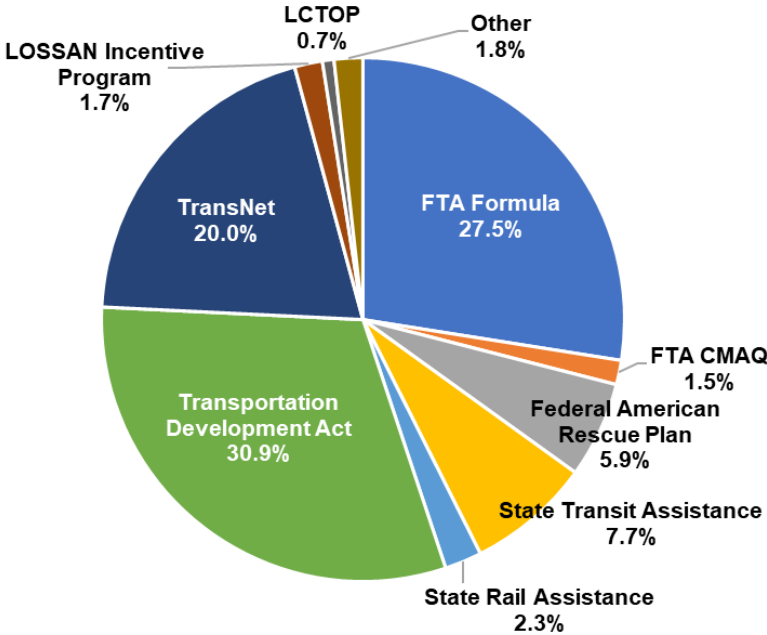
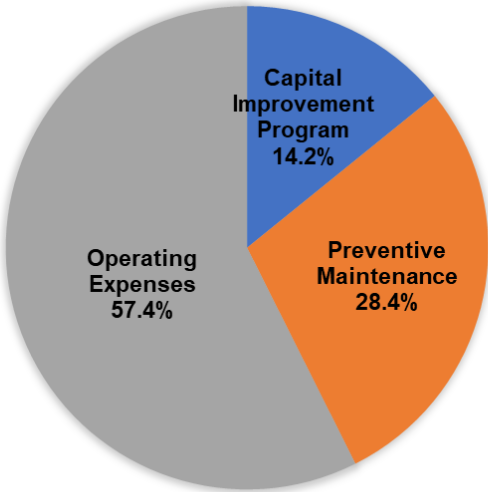


Figure 9. FY2023-FY2027 Grant Funds Allocation



## **FY2023-FY2027 Capital Improvement Program**

### **FY2023-FY2027 Unconstrained Capital Needs**

For the five (5) fiscal years FY2023-FY2027, NCTD's capital needs total \$509.2 million for state of good repair projects that NCTD primarily implements and \$670.7 million for capacity enhancing projects (excluding the Del Mar Tunnel and Carlsbad Trench) implemented by SANDAG under the TransNet Program (total of approximately \$1.2 billion). NCTD's CIP is solely focused on projects that will be funded and primarily implemented by NCTD.

The FY2023-FY2027 unconstrained CIP identifies significant capital needs of the District's managed projects and highlights the funding needs to support the replacement of BREEZE Compressed Natural Gas buses and the transition of the BREEZE fleet to zero-emission hydrogen buses in order to comply with the California Air Resources Board's Innovative Clean Transportation regulation, replacement of aging bridges, double-tracking northward from the existing Control Point Songs [Milepost (MP) 207.7 to MP 209.18], maintenance and replacement of rail revenue rolling stock, state of good repair bus maintenance facilities improvements, Del Mar Bluffs stabilization, San Diego Double Track Phase 1, right-of-way improvements, and signal and Positive Train Control (PTC) modernization.

The FY2023-FY2027 unconstrained CIP highlights needs of \$103.9 million for FY2023 and \$509.2 million for the five (5)-year period. Following is a summary of the needs:

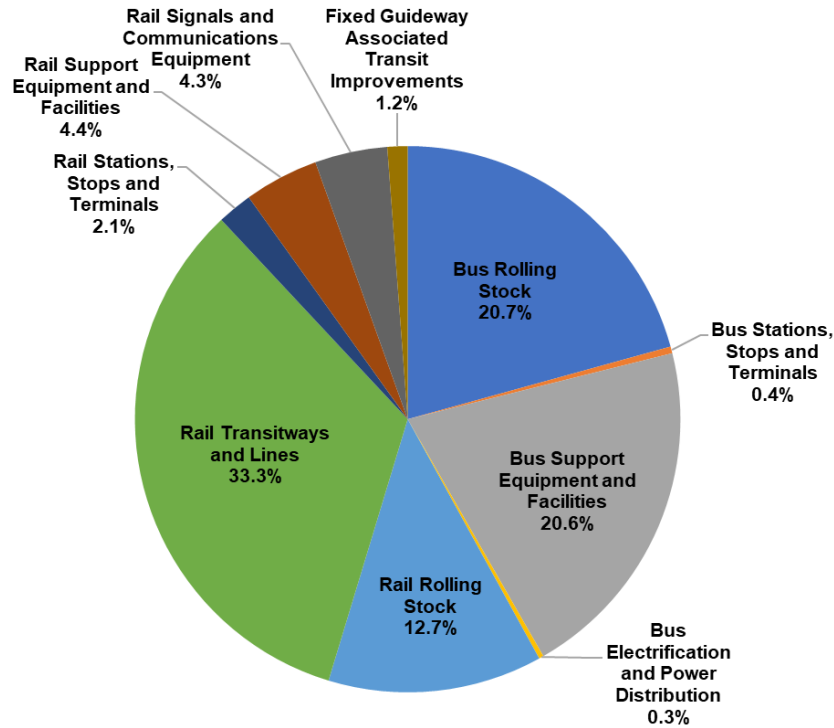
- \$96 million for BREEZE fleet replacement and purchase of zero-emission hydrogen buses
- \$84.4 million for East and West bus maintenance facilities masterplan improvements
- \$83 million for design and construction of double-tracks from MP 207.7 to MP 209.18 and the replacement of Bridge 207.6 and 207.8
- \$34.8 million for San Dieguito Double Track Phase 1 and Del Mar Bluffs Stabilization as part of the TCEP-funded program of projects
- \$33.8 million for repairs and replacement of multiple aging bridges along the Los Angeles - San Diego - San Luis Obispo (LOSSAN) Rail Corridor and COASTER right-of-way (208.6, 209.9, 225.4, 230.6, 254.7, 255.1, 255.3, 257.2)
- \$30.6 million for the replacement of two (2) locomotives with Siemens Charger locomotives and bilevel cars purchases and overhauls
- \$21.3 million for two (2) new COASTER train sets that will support increased service frequencies.
- \$16.8 million for PTC, signal modernization, and system upgrades
- \$12.9 million for various SPRINTER overhauls
- \$10.8 million for the preliminary engineering design for SPRINTER 15-minute headways
- \$6.3 million for wireless mesh nodes
- \$6.1 million for wayfinding and signage at transit stations and bus stops

Table 16 shows the unconstrained capital needs by asset class for the next five fiscal years.

**Table 16. FY2023-FY2027 Unconstrained Capital Needs**

| FTA Scope                                | FTA Scope Description                          | FY 2023               | FY 2024               | FY 2025              | FY 2026              | FY 2027              | Total                 |
|--|--|-----------------------|-----------------------|----------------------|----------------------|----------------------|-----------------------|
| 111                                      | Bus Rolling Stock                              | \$ 10,420,963         | \$ 9,333,024          | \$ 14,838,511        | \$ 54,223,153        | \$ 16,656,423        | \$ 105,472,074        |
| 113                                      | Bus Stations, Stops and Terminals              | 590,399               | 335,000               | 650,000              | 225,000              | 225,000              | 2,025,399             |
| 114                                      | Bus Support Equipment and Facilities           | 6,693,260             | 10,255,616            | 23,132,000           | 23,491,500           | 41,317,000           | 104,889,376           |
| 115                                      | Bus Electrification and Power Distribution     | 1,410,000             | -                     | -                    | -                    | -                    | 1,410,000             |
| 121                                      | Rail Rolling Stock                             | 22,595,027            | 32,250,340            | 5,232,117            | 2,226,753            | 2,356,130            | 64,660,367            |
| 122                                      | Rail Transitways and Lines                     | 41,624,652            | 83,690,652            | 30,938,652           | 8,884,652            | 4,591,392            | 169,730,000           |
| 123                                      | Rail Stations, Stops and Terminals             | 1,900,000             | 4,045,000             | 550,000              | -                    | 4,050,000            | 10,545,000            |
| 124                                      | Rail Support Equipment and Facilities          | 7,250,922             | 7,283,000             | 1,215,000            | 1,580,000            | 5,110,000            | 22,438,922            |
| 126                                      | Rail Signals and Communications Equipment      | 9,520,211             | 7,520,933             | 724,745              | 2,134,830            | 2,000,000            | 21,900,719            |
| 129                                      | Fixed Guideway Associated Transit Improvements | 1,900,000             | 4,200,000             | -                    | -                    | -                    | 6,100,000             |
| <b>Total Unconstrained Capital Needs</b> |  | <b>\$ 103,905,435</b> | <b>\$ 158,913,565</b> | <b>\$ 77,281,025</b> | <b>\$ 92,765,888</b> | <b>\$ 76,305,945</b> | <b>\$ 509,171,857</b> |

**Figure 10. FY2023-FY2027 Unconstrained Capital Needs by FTA ALI**



**FY2023-FY2027 Unfunded Capital Needs**

Projects that are approved for funding comprise the Capital Improvement Program (CIP). Projects that are not approved for funding due to financial constraints remain unfunded. Below is a list of the most significant unfunded FY2023-FY2027 capital needs:

- \$84.4 million for East and West bus divisions masterplans design and construction
- \$83 million for CP Songs double-track design and construction
- \$77.4 million for BREEZE fleet replacement and transition to zero-emission hydrogen buses
- \$33.6 million for various bridge replacements
- \$15.4 million for railroad control equipment and signals upgrades
- \$14.8 million for COASTER cab car replacements
- \$6.3 million for wireless mesh nodes
- \$6.1 million for wayfinding signage at transit stations and bus stops
- \$4.8 million to design and construct a new Maintenance of Way (MOW) facility

Major unfunded capacity enhancement projects implemented by SANDAG include:

- \$199.3 million for Sorrento to Miramar Phase 2 (shovel ready)
- \$168.1 million for San Dieguito Lagoon double track and platform construction (shovel ready)
- \$90 million for Batiquitos Lagoon double track and bridge replacement (shovel ready)
- \$83.8 million for Carlsbad Village double track
- \$74.2 million for Eastbrook to Shell double track (shovel ready)

Table 17 shows the unfunded capital needs by asset class for the next five fiscal years.

**Table 17. FY2023-FY2027 Unfunded CIP**

| FTA Scope                           | FTA Scope Description                          | FY2023               | FY2024                | FY2025               | FY2026               | FY2027               | Total                 |
|-------------------------------------|--|----------------------|-----------------------|----------------------|----------------------|----------------------|-----------------------|
| 111                                 | Bus Rolling Stock                              | \$ -                 | \$ -                  | \$ 14,251,251        | \$ 53,635,893        | \$ 16,069,163        | \$ 83,956,307         |
| 113                                 | Bus Stations, Stops and Terminals              | 510,399              | 335,000               | 650,000              | 225,000              | 225,000              | 1,945,399             |
| 114                                 | Bus Support Equipment and Facilities           | 3,955,000            | 8,875,616             | 22,582,000           | 23,266,500           | 40,117,000           | 98,796,116            |
| 121                                 | Rail Rolling Stock                             | 1,321,528            | 16,104,004            | -                    | -                    | -                    | 17,425,532            |
| 122                                 | Rail Transitways and Lines                     | 26,584,652           | 71,754,652            | 21,774,652           | 7,984,652            | 4,091,392            | 132,190,000           |
| 123                                 | Rail Stations, Stops and Terminals             | 1,900,000            | 3,545,000             | 50,000               | -                    | 4,050,000            | 9,545,000             |
| 124                                 | Rail Support Equipment and Facilities          | 3,113,250            | 6,998,000             | 1,215,000            | 1,580,000            | 5,110,000            | 18,016,250            |
| 126                                 | Rail Signals and Communications Equipment      | 9,301,661            | 7,520,933             | 724,745              | 2,134,830            | 2,000,000            | 21,682,169            |
| 129                                 | Fixed Guideway Associated Transit Improvements | 1,900,000            | 4,200,000             | -                    | -                    | -                    | 6,100,000             |
| <b>Total Unfunded Capital Needs</b> |  | <b>\$ 48,586,491</b> | <b>\$ 119,333,205</b> | <b>\$ 61,247,648</b> | <b>\$ 88,826,875</b> | <b>\$ 71,662,555</b> | <b>\$ 389,656,773</b> |

**FY2023-FY2027 Constrained Capital Improvement Program**

Projects that are approved for funding comprise the Capital Improvement Program (CIP). On December 16, 2021, NCTD’s Board approved the FY2023-FY2027 CIP based on the federal, state, and local funding estimates known at the time. On May 19, 2022, NCTD’s Board received proposed changes to the CIP that resulted in a net reduction of \$3.4 million in the 5-Year CIP. Major reasons for the changes included projects that no longer needed the funding because they had been fully funded in FY2022 as result of higher TDA revenues and projects that had been cancelled.

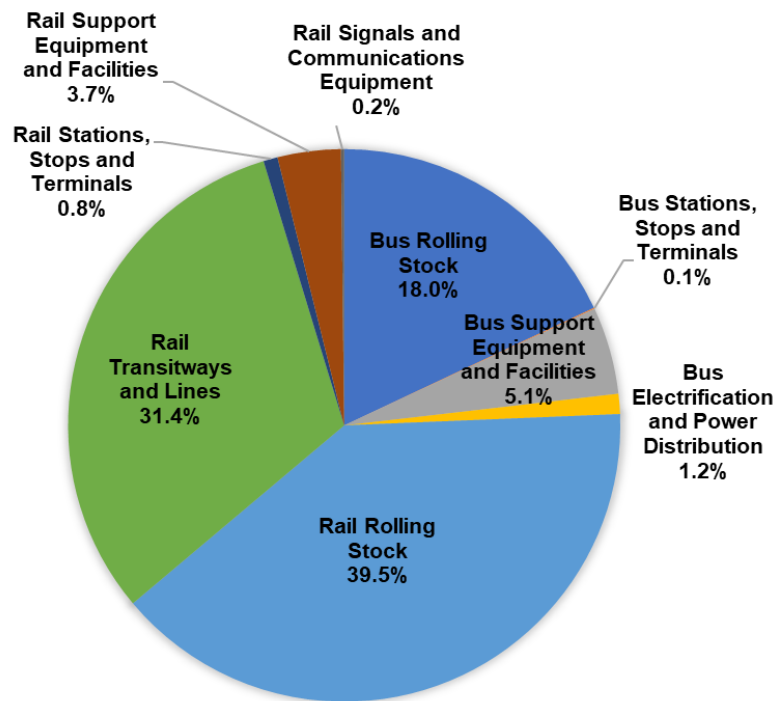
The FY2023 CIP is \$55.3 million, which is \$48.6 million below the unconstrained needs, \$40.3 million above the Board target of \$15 million for capital investment, and \$13.4 million above the \$41.9 million funded in FY2022.

Table 18 and Figure 11 summarizes the adopted capital projects by Federal Transit Administration (FTA) Activity Line Item (ALI) for each fiscal year in the FY2023-FY2027 CIP.

**Table 18. FY2023-FY2027 Constrained CIP**

| FTA Scope                    | FTA Scope Description                      | FY2023               | FY2024               | FY2025               | FY2026              | FY2027              | Total                 |
|------------------------------|--|----------------------|----------------------|----------------------|---------------------|---------------------|-----------------------|
| 111                          | Bus Rolling Stock                          | \$ 10,420,963        | \$ 9,333,024         | \$ 587,260           | \$ 587,260          | \$ 587,260          | \$ 21,515,767         |
| 113                          | Bus Stations, Stops and Terminals          | 80,000               | -                    | -                    | -                   | -                   | 80,000                |
| 114                          | Bus Support Equipment and Facilities       | 2,738,260            | 1,380,000            | 550,000              | 225,000             | 1,200,000           | 6,093,260             |
| 115                          | Bus Electrification and Power Distribution | 1,410,000            | -                    | -                    | -                   | -                   | 1,410,000             |
| 121                          | Rail Rolling Stock                         | 21,273,499           | 16,146,336           | 5,232,117            | 2,226,753           | 2,356,130           | 47,234,835            |
| 122                          | Rail Transitways and Lines                 | 15,040,000           | 11,936,000           | 9,164,000            | 900,000             | 500,000             | 37,540,000            |
| 123                          | Rail Stations, Stops and Terminals         | -                    | 500,000              | 500,000              | -                   | -                   | 1,000,000             |
| 124                          | Rail Support Equipment and Facilities      | 4,137,672            | 285,000              | -                    | -                   | -                   | 4,422,672             |
| 126                          | Rail Signals and Communications Equipment  | 218,550              | -                    | -                    | -                   | -                   | 218,550               |
| <b>Total Constrained CIP</b> |  | <b>\$ 55,318,944</b> | <b>\$ 39,580,360</b> | <b>\$ 16,033,377</b> | <b>\$ 3,939,013</b> | <b>\$ 4,643,390</b> | <b>\$ 119,515,084</b> |

**Figure 11. FY2023-FY2027 Constrained CIP by FTA ALI**



Following is a detailed listing of all adopted projects for each fiscal year in the FY2023-FY2027 CIP timeframe.

**Table 19. FY2023 Constrained CIP Projects**

| Description   | FY2023 CIP        | % of Total    |
|---|-------------------|---------------|
| BREEZE ZEB Hydrogen Fuel Cell                         | \$ 9,833,703      |               |
| BREEZE Engines and Transmissions                      | 587,260           |               |
| <b>111 Bus Rolling Stock</b>                          | <b>10,420,963</b> | <b>18.84%</b> |
| San Luis Rey Roof Repairs                             | 80,000            |               |
| <b>113 Bus Stations, Stops and Terminals</b>          | <b>80,000</b>     | <b>0.14%</b>  |
| BREEZE Non-Revenue Vehicle Replacements               | 947,260           |               |
| HVAC Replacement - Various                            | 330,000           |               |
| BREEZE Operations West - Roof Improvements            | 222,000           |               |
| BREEZE Operations West - Solar Replacement            | 200,000           |               |
| Fire Detection Alarm Systems                          | 165,000           |               |
| Wireless Network Implementation                       | 156,000           |               |
| Zero Emission Bus Fall Protection                     | 140,000           |               |
| BREEZE Operations East - Lift Replacement             | 125,000           |               |
| Compressor Replacement - Various                      | 100,000           |               |
| Information Technology Network Upgrades               | 100,000           |               |
| Mobile Phone Upgrades                                 | 67,000            |               |
| Information Technology Equipment Upgrades             | 58,000            |               |
| BREEZE Operations West - Cyclone Replacement          | 55,000            |               |
| Information Technology Server Upgrades                | 40,000            |               |
| Information Technology Software Upgrades              | 33,000            |               |
| <b>114 Bus Support Equipment and Facilities</b>       | <b>2,738,260</b>  | <b>4.95%</b>  |
| Zero Emission Bus Pilot Infrastructure                | 1,325,000         |               |
| Battery Electric Bus Chargers                         | 85,000            |               |
| <b>115 Bus Electrification and Power Distribution</b> | <b>1,410,000</b>  | <b>2.55%</b>  |
| COASTER SANDAG Expansion Equipment                    | 8,200,000         |               |
| COASTER Siemens Locomotives                           | 3,800,000         |               |
| COASTER Coach Car Overhaul                            | 3,161,290         |               |
| COASTER Cab Car Overhauls                             | 1,900,773         |               |
| SPRINTER HVAC Overhauls                               | 1,336,322         |               |
| SPRINTER Transmission Replacement                     | 1,007,000         |               |
| SPRINTER Truck Overhauls                              | 626,000           |               |
| Siemens Locomotive Overhaul Parts                     | 602,311           |               |
| COASTER Automatic Passenger Counters                  | 400,000           |               |
| SPRINTER Gearbox Overhaul                             | 239,803           |               |
| <b>121 Rail Rolling Stock</b>                         | <b>21,273,499</b> | <b>38.46%</b> |
| TCEP San Dieguito Double-Track Phase 1                | 12,800,000        |               |
| TCEP Del Mar Bluffs Phase 5                           | 1,000,000         |               |
| Right-of-Way Fencing                                  | 350,000           |               |
| Solana Fall Arrest Anchors                            | 330,000           |               |
| COASTER Bombardier MOW Capital                        | 300,000           |               |
| SPRINTER Ethernet Protocall Ring Upgrades             | 150,000           |               |
| Bridge 230.6 Handrail Fencing                         | 110,000           |               |
| <b>122 Rail Transitways and Lines</b>                 | <b>15,040,000</b> | <b>27.19%</b> |

**Table 19. FY2023 Constrained CIP Projects (continued)**

| Description  | FY2023 CIP           | % of Total    |
|--|----------------------|---------------|
| COASTER Onboard CPU Upgrades                         | 1,150,000            |               |
| Wireless Access Points Upgrade                       | 450,000              |               |
| SPRINTER Exterior Jacks                              | 425,000              |               |
| Payroll and Human Resources Software                 | 385,000              |               |
| SPRINTER Operations Facility Roof Improvements       | 368,000              |               |
| Maintenance-of-Way Truck Purchase                    | 355,000              |               |
| Phased Equipment Repair and Replacement              | 265,000              |               |
| SPRINTER Operations Facility - Solar Replacement     | 225,000              |               |
| SPRINTER Operating Facility - Gas Detection System   | 200,000              |               |
| Real Estate Management Software                      | 137,672              |               |
| VM Ware Software Upgrades                            | 75,000               |               |
| SPRINTER Gangway Refurbishment                       | 70,000               |               |
| Contact Center Express Upgrade                       | 32,000               |               |
| <b>124 Rail Support Equipment and Facilities</b>     | <b>4,137,672</b>     | <b>7.48%</b>  |
| SPRINTER Early Warning Alarm Technology              | 218,550              |               |
| <b>126 Rail Signals and Communications Equipment</b> | <b>218,550</b>       | <b>0.40%</b>  |
| <b>TOTAL FY2023 CIP</b>                              | <b>\$ 55,318,944</b> | <b>100.0%</b> |

**Table 20. FY2024 Constrained CIP Projects**

| Description   | FY2024 CIP           | % of Total    |
|---|----------------------|---------------|
| BREEZE ZEB Hydrogen Fuel Cell                         | \$ 8,745,764         |               |
| BREEZE Engines and Transmissions                      | 587,260              |               |
| <b>111 Bus Rolling Stock</b>                          | <b>9,333,024</b>     | <b>23.58%</b> |
| Zero Emission Bus Fall protection                     | 860,000              |               |
| Data Storage Replacement                              | 350,000              |               |
| Fire Detection Alarm Systems                          | 170,000              |               |
| <b>114 Bus Support Equipment and Facilities</b>       | <b>1,380,000</b>     | <b>3.49%</b>  |
| COASTER SANDAG Expansion Equipment                    | 13,100,000           |               |
| SPRINTER Car Overhauls                                | 1,250,000            |               |
| SPRINTER Transmission Replacement                     | 1,007,000            |               |
| Siemens Locomotive Overhaul Parts                     | 789,336              |               |
| <b>121 Rail Rolling Stock</b>                         | <b>16,146,336</b>    | <b>40.79%</b> |
| TCEP San Dieguito Double-Track Phase 1                | 6,736,000            |               |
| TCEP Del Mar Bluffs Phase 5                           | 5,200,000            |               |
| <b>122 Rail Transitways and Lines</b>                 | <b>11,936,000</b>    | <b>30.16%</b> |
| Concrete and Asphalt Pavement Repairs Program         | 500,000              |               |
| <b>123 Rail Stations, Stops and Terminals</b>         | <b>500,000</b>       | <b>1.26%</b>  |
| COASTER Onboard CPU Upgrades                          | 200,000              |               |
| COASTER Operations Facility - Pits Structural Repairs | 85,000               |               |
| <b>124 Rail Support Equipment and Facilities</b>      | <b>285,000</b>       | <b>0.72%</b>  |
| <b>TOTAL FY2024 CIP</b>                               | <b>\$ 39,580,360</b> | <b>100.0%</b> |

**Table 21. FY2025 Constrained CIP Projects**

| Description                                     | FY2025 CIP           | % of Total    |
|---|----------------------|---------------|
| BREEZE Engines and Transmissions                | \$ 587,260           |               |
| <b>111 Bus Rolling Stock</b>                    | <b>587,260</b>       | <b>3.66%</b>  |
| Fire Detection Alarm Systems                    | 550,000              |               |
| <b>114 Bus Support Equipment and Facilities</b> | <b>550,000</b>       | <b>3.43%</b>  |
| COASTER Bi-level Cab Car                        | 2,043,920            |               |
| SPRINTER Car Overhauls                          | 1,250,000            |               |
| SPRINTER Transmission Replacement               | 1,007,000            |               |
| Siemens Locomotive Overhaul Parts               | 931,197              |               |
| <b>121 Rail Rolling Stock</b>                   | <b>5,232,117</b>     | <b>32.63%</b> |
| TCEP San Dieguito Double-Track Phase 1          | 6,264,000            |               |
| TCEP Del Mar Bluffs Phase 5                     | 2,400,000            |               |
| Right-of-Way Fencing                            | 500,000              |               |
| <b>122 Rail Transitways and Lines</b>           | <b>9,164,000</b>     | <b>57.16%</b> |
| Concrete and Asphalt Pavement Repairs Program   | 500,000              |               |
| <b>123 Rail Stations, Stops and Terminals</b>   | <b>500,000</b>       | <b>3.12%</b>  |
| <b>TOTAL FY2025 CIP</b>                         | <b>\$ 16,033,377</b> | <b>100.0%</b> |

**Table 22. FY2026 Constrained CIP Projects**

| Description                                     | FY2026 CIP          | % of Total    |
|---|---------------------|---------------|
| BREEZE Engines and Transmissions                | \$ 587,260          |               |
| <b>111 Bus Rolling Stock</b>                    | <b>587,260</b>      | <b>14.91%</b> |
| BREEZE Operations - Fleetwatch Expansion        | 225,000             |               |
| <b>114 Bus Support Equipment and Facilities</b> | <b>225,000</b>      | <b>5.71%</b>  |
| SPRINTER Car Overhauls                          | 1,250,000           |               |
| Siemens Locomotive Overhaul Parts               | 976,753             |               |
| <b>121 Rail Rolling Stock</b>                   | <b>2,226,753</b>    | <b>56.53%</b> |
| Loma Alta Creek Drainage Mitigation             | 500,000             |               |
| TCEP Del Mar Bluffs Phase 5                     | 400,000             |               |
| <b>122 Rail Transitways and Lines</b>           | <b>900,000</b>      | <b>22.85%</b> |
| <b>TOTAL FY2026 CIP</b>                         | <b>\$ 3,939,013</b> | <b>100.0%</b> |



**Table 23. FY2027 Constrained CIP Projects**

| Description                                     | FY2027 CIP          | % of Total    |
|---|---------------------|---------------|
| BREEZE Engines and Transmissions                | \$ 587,260          |               |
| <b>111 Bus Rolling Stock</b>                    | <b>587,260</b>      | <b>12.65%</b> |
| BREEZE Operations - Fleetwatch Expansion        | 1,200,000           |               |
| <b>114 Bus Support Equipment and Facilities</b> | <b>1,200,000</b>    | <b>25.84%</b> |
| SPRINTER Car Overhauls                          | 1,250,000           |               |
| Siemens Locomotive Overhaul Parts               | 1,106,130           |               |
| <b>121 Rail Rolling Stock</b>                   | <b>2,356,130</b>    | <b>50.74%</b> |
| Loma Alta Creek Drainage Mitigation             | 500,000             |               |
| <b>122 Rail Transitways and Lines</b>           | <b>500,000</b>      | <b>10.77%</b> |
| <b>TOTAL FY2027 CIP</b>                         | <b>\$ 4,643,390</b> | <b>100.0%</b> |

## **10-Year Service Implementation Plan (SIP)**

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NCTD has advanced and is currently advancing a series of studies that will result in transformative capital and operating investments. These studies, which are outlined below, provide a path forward for NCTD's operations, and provide a framework for regional operations on the Los Angeles-San Diego-San Luis Obispo (LOSSAN) Corridor. The completed studies below helped inform the SIP:

- **LOSSAN Corridor Optimization Study:** The LOSSAN Corridor Optimization Study was completed in December 2021 and provides operating concepts for the corridor across a 10-year planning timeframe, including near-term (2022), mid-term (2024), and long-term (2028) operating plans. The study envisions new passenger service operating concepts in which trains operate on pulse schedules, providing regular, reliable, and intuitive connections between different service tiers. In San Diego specifically, this optimized corridor provides a dependable framework for connecting transit services at several Mobility Hubs throughout the region and streamlines connectivity to Orange and Los Angeles Counties. Building upon this effort, NCTD completed the COASTER Operating and Financial Plan in FY2022, which provided a phased operations roadmap for expanded COASTER service to 30 and 42 trips per day. In coordination with LOSSAN, NCTD and LOSSAN implemented the near-term pulse schedule on October 25, 2021.
- **NCTD and BNSF Freight Pathing and Passenger Service Extension Study:** In connection to the LOSSAN Corridor Optimization Study, BNSF and NCTD advanced a study to evaluate how capacity on the San Diego Subdivision can be improved to accommodate greater passenger and freight service levels. The study specifically evaluated freight pathing between Control Point (CP) Atwood and the Port of San Diego and passenger service extensions south of downtown San Diego to the Convention Center and National City. As a mid-term (2025) concept, NCTD plans to extend COASTER services to San Diego's Convention Center and Amtrak's Pacific Surfliner service may operate south of Santa Fe Depot to a new maintenance facility. NCTD and BNSF will continue to build upon this study in FY2023 to evaluate key opportunities for grade crossing and grade separation improvements that will complement greater train activity in the downtown San Diego area.
- **Strategic Multimodal Transit Implementation Plan (SMTIP):** The SMTIP was completed in FY2022 and is a ten-year strategic plan that identifies service and capital improvements that will support NCTD's efforts to provide high-quality transit services, including the expansion of micro-transit service and investment in key BREEZE corridors. This study utilized high-quality data in the form of location-based cell phone data and robust public outreach.

The studies below build upon those completed in previous fiscal years. These critical studies along with significant market analysis that will be funded in the FY2023 budget will support the development of an updated 10-Year Plan for the District that achieves the goals established in the 5-Year Plan. These strategic planning efforts include:

- **Market Research and Analysis of Post-COVID-19 Trends:** In late 2021, NCTD kicked off a robust study that combines quantitative and qualitative information to properly inform key business decisions over the next three to five years. This work effort will include strategic scenario planning to identify key scenarios based on mobility trends and local market insights post COVID-19; conduct human-centered design and research to support customers' needs and travel behaviors; and modeling and impact analysis of proposed initiatives and policies. Ultimately, this work effort will result in a defined strategy, roadmap, and implementation plan for the District over the next three-to-five years.
- **BREEZE Speed and Reliability Study:** The BREEZE Speed and Reliability Study will build upon the work conducted by the SMTIP by developing a phased infrastructure and technology

implementation plan that will support improved BREEZE bus speed and reliability for ten high-priority BREEZE routes and their associated corridors. The completion of this plan and phased implementation will support NCTD's ambitious 5-Year Plan to increase frequency on its core BREEZE bus network to provide fast, frequent, and reliable service on its highest ridership routes combined with shifting lower ridership routes to on-demand service.

- **SPRINTER Corridor 15-Minute Headways Project Study Report (PSR):** In 2020, NCTD advanced an evaluation of strategic infrastructure investments along the SPRINTER corridor that would enable NCTD to improve service levels from 30-minute frequencies to 15-minute frequencies. This conceptual study indicated that approximately 9.5 miles of additional double track is needed to achieve this frequency improvement. Based upon this modeling exercise, NCTD has advanced a PSR to build upon the study and identify critical phasing for SPRINTER infrastructure investments. The PSR is anticipated to be complete in early FY2023 and will advance the project to 5% design.

In alignment with the strategic areas of focus for the District, the SIP includes the following objectives:

- Strengthen network foundations
  - BREEZE: Increase off-peak BREEZE frequencies beginning in FY 2024.
  - BREEZE: Increase BREEZE frequencies from every 30-minutes to 15-minutes on core BREEZE routes beginning in FY 2025.
  - BREEZE: Identify specific transit-supportive capital and service improvements to increase reliability on NCTD's core BREEZE routes through the BREEZE Speed and Reliability Study.
  - SPRINTER: Increase SPRINTER frequencies from 30-minutes to 15-minutes, commensurate with double-tracking investments.
  - COASTER: Increase COASTER frequencies through FY2024 with expanded peak, midday, and weekend trips.
  - COASTER: Provide direct connections to key activity centers, such as construction of the fully funded Convention Center Station that will provide a one-seat ride to the Gaslamp Quarter, Convention Center, and Petco Ballpark. COASTER extension to Convention Center is anticipated to occur in late FY 2025
- Fill in network gaps with on-demand service
  - FLEX: Pilot on-demand micro-transit service to fulfill first/last mile connections to high-frequency corridors.
  - LIFT: Maintain quality LIFT service as demand is expected to grow with an aging population.

### **Services Supported by NCTD**

In addition to the services covered in the SIP, NCTD supports the provision of services by other operators that allow NCTD passengers greater flexibility and access to key destinations:

- *Sorrento Valley COASTER Connection (SVCC):* The Metropolitan Transit System (MTS), through an agreement with NCTD, operates the SVCC shuttle service during weekday peak periods between the Sorrento Valley COASTER Station and surrounding employment areas. NCTD reimburses MTS for half of the annual operating costs and pays an additional \$1 per rider.

- *University of California San Diego (UCSD) COASTER Connection:* MTS operates a shuttle service serving the same COASTER trips as the SVCC and NCTD reimburses MTS for the operating costs of the service.
- *Amtrak Rail 2 Rail Service:* NCTD and Amtrak have a Rail 2 Rail program that allows COASTER day or monthly pass holders to ride any Amtrak Pacific Surfliner train at no extra cost (blackout days apply). This provides NCTD COASTER customers additional options without the additional costs of operating more COASTER trains. Per the agreement, NCTD reimburses Amtrak an agreed-upon amount per passenger.
- *NCTD+ Transit Network Company Partnership:* NCTD launched the NCTD+ pilot program with Lyft, Uber, and TripShot on January 6, 2022. The program provides discounted first and last mile connections for commuters using the Sorrento Valley and Carlsbad Poinsettia COASTER stations. The pilot gives riders a \$7.50 credit toward trips to or from the Sorrento Valley or Carlsbad Poinsettia COASTER stations within defined geographic zones. This pilot program is part of the District’s broader mobility-as-a-service program.

It is important to note that the additional capital and operating costs related to service frequency improvements beginning in FY2024 have not been incorporated in the 5-Year Plan or the 10-Year Forecasts.

Table 24 summarizes the Key Performance Indicators (KPIs) for the FY2023-FY2032 Service Implementation Plan.

**Table 24. FY2023-FY2032 SIP System KPIs**

| Fiscal Year   | Revenue Miles | Total Miles | Revenue Hours | Total Hours | System Ridership |
|---------------|---------------|-------------|---------------|-------------|------------------|
| <b>FY2023</b> | 7,686,462     | 8,603,709   | 553,090       | 603,336     | 6,670,190        |
| <b>FY2024</b> | 8,066,293     | 8,916,954   | 579,909       | 628,301     | 7,438,934        |
| <b>FY2025</b> | 9,090,687     | 10,004,102  | 654,122       | 705,031     | 7,792,248        |
| <b>FY2026</b> | 9,101,566     | 10,017,346  | 654,782       | 705,883     | 8,002,365        |
| <b>FY2027</b> | 10,102,626    | 11,022,981  | 719,133       | 770,509     | 8,775,915        |
| <b>FY2028</b> | 10,114,040    | 11,036,511  | 719,807       | 771,344     | 8,864,290        |
| <b>FY2029</b> | 10,125,568    | 11,050,177  | 720,487       | 772,188     | 8,953,560        |
| <b>FY2030</b> | 10,137,212    | 11,063,979  | 721,175       | 773,040     | 9,043,731        |
| <b>FY2031</b> | 10,148,972    | 11,077,919  | 721,869       | 773,901     | 9,134,814        |
| <b>FY2032</b> | 10,160,850    | 11,091,999  | 722,570       | 774,770     | 9,226,817        |

## 10-Year Long Range Planning

This section highlights the long-term implications of operating revenues and expenditures needed to support core functions and to achieve District initiatives. This section provides three forecasts for the next ten fiscal years through FY2032, with revenue and expense assumptions primarily driven by low, medium, and high grant revenue forecasts. FY2023 through FY2027 remain the same under the three scenarios in alignment with the 5-Year Plan (assumptions are described on page 82). The high and low ranges for FY2028 through FY2032 are determined by beginning with the prior year midpoint, applying the estimated growth rate for the current year, and then adding and subtracting the confidence interval range from the midpoint. In addition to evaluating mid-range 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. By using three different scenarios for revenues and expenditures, NCTD ensures a balanced budget will be maintained regardless of the economic environment and realization of grant revenues. For years six through ten, all scenarios assume a minimum investment of \$15 million into the District annual capital program, per Board policy.

### Mid-Range Forecast

This scenario represents the more likely scenario based on historical trends. FTA revenues are anticipated to revert in FY2028 (federal fiscal year FY2027) to FY2022 levels (adjusted for inflation at 3% annually) after the expiration of the Infrastructure Investment and Jobs Act. TDA and TransNet revenues from FY2023 to FY2027 are based on SANDAG's forecasts and anticipated to grow by 3% thereafter. Operating expenses are forecast to grow by 3% annually and capital expenditures remain at \$15 million annually beginning in FY2028. Under this scenario, the District will be required to contain expenses or reduce its capital investments beginning in FY2028 in order to achieve a balanced 10-Year budget.

**Table 26. 10-Year Outlook - Mid-Range Grant Revenue Forecast**

|   | FY2023              | FY2024              | FY2025              | FY2026              | FY2027              | FY2028                 | FY2029                 | FY2030                 | FY2031                 | FY2032                 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>TOTAL REVENUES</b>                                 |                     |                     |                     |                     |                     |                        |                        |                        |                        |                        |
| Passenger Fares                                       | \$ 9,717,148        | \$ 11,909,299       | \$ 13,286,120       | \$ 14,094,506       | \$ 14,899,562       | \$ 15,051,430          | \$ 15,204,859          | \$ 15,359,867          | \$ 15,516,469          | \$ 15,674,683          |
| Non-Transportation Revenues                           | 2,752,052           | 2,770,114           | 2,794,568           | 2,825,021           | 2,861,125           | 2,946,959              | 3,035,368              | 3,126,429              | 3,220,222              | 3,316,829              |
| Auxiliary Revenues                                    | 10,862,105          | 11,187,969          | 11,523,608          | 11,869,315          | 12,225,396          | 12,592,158             | 12,969,923             | 13,359,021             | 13,759,792             | 14,172,586             |
| Federal Grants  | 83,521,775          | 57,630,648          | 54,093,344          | 53,057,125          | 46,425,723          | 40,646,353             | 41,865,744             | 43,121,716             | 44,415,367             | 45,747,828             |
| State Grants  | 22,960,687          | 22,704,687          | 21,012,687          | 21,012,687          | 21,012,687          | 21,643,068             | 22,292,360             | 22,961,131             | 23,649,965             | 24,359,464             |
| Local Grants  | 95,879,802          | 96,003,463          | 80,605,234          | 83,097,873          | 85,599,105          | 88,167,078             | 90,812,090             | 93,536,453             | 96,342,547             | 99,232,823             |
|   | <b>225,693,569</b>  | <b>202,206,180</b>  | <b>183,315,561</b>  | <b>185,956,527</b>  | <b>183,023,598</b>  | <b>181,047,046</b>     | <b>186,180,344</b>     | <b>191,464,617</b>     | <b>196,904,362</b>     | <b>202,504,213</b>     |
| <b>FUNDS ALLOCATION</b>                               |                     |                     |                     |                     |                     |                        |                        |                        |                        |                        |
| Capital Improvement Program *                         | 55,318,944          | 39,580,360          | 16,033,377          | 3,939,013           | 4,643,390           | 15,000,000             | 15,000,000             | 15,000,000             | 15,000,000             | 15,000,000             |
| Preventive Maintenance                                | 45,067,007          | 46,419,017          | 47,811,588          | 49,245,936          | 50,723,314          | 52,245,013             | 53,812,363             | 55,426,734             | 57,089,536             | 58,802,222             |
| Operating Expenses                                    | 125,110,618         | 116,206,803         | 119,470,596         | 122,985,213         | 126,656,771         | 130,456,474            | 134,370,168            | 138,401,273            | 142,553,311            | 146,829,910            |
|   | <b>225,496,569</b>  | <b>202,206,180</b>  | <b>183,315,561</b>  | <b>176,170,162</b>  | <b>182,023,475</b>  | <b>197,701,487</b>     | <b>203,182,531</b>     | <b>208,828,007</b>     | <b>214,642,847</b>     | <b>220,632,132</b>     |
| <b>Net Operating and Capital</b>                      | <b>\$ 197,000</b>   | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ 9,786,365</b> | <b>\$ 1,000,123</b> | <b>\$ (16,654,441)</b> | <b>\$ (17,002,187)</b> | <b>\$ (17,363,390)</b> | <b>\$ (17,738,485)</b> | <b>\$ (18,127,919)</b> |
| <b>LONG-TERM OBLIGATIONS (Funded from Net Assets)</b> |                     |                     |                     |                     |                     |                        |                        |                        |                        |                        |
| CalPERS Unfunded Accrued Liability Payments           | 4,837,867           | 4,837,867           | 4,837,867           | 4,837,867           | 4,837,867           | 4,837,867              | 4,837,867              | 4,837,867              | 4,837,867              | 4,837,867              |
| SPRINTER Debt Principal Payments                      | 1,350,000           | 1,350,000           | 1,400,000           | 1,450,000           | 1,500,000           | 1,550,000              | 1,600,000              | 1,600,000              | 1,650,000              | 1,700,000              |
| <b>Funded from Net Assets</b>                         | <b>\$ 6,187,867</b> | <b>\$ 6,187,867</b> | <b>\$ 6,237,867</b> | <b>\$ 6,287,867</b> | <b>\$ 6,337,867</b> | <b>\$ 6,387,867</b>    | <b>\$ 6,437,867</b>    | <b>\$ 6,437,867</b>    | <b>\$ 6,487,867</b>    | <b>\$ 6,537,867</b>    |

## Low-Range Forecast

NCTD prepared the low-range forecast utilizing internal cost containment initiatives. Rather than growing at 3% per year, operating expenses are expected to grow at the rate of 2%. For FY2023 through FY2027, TDA and TransNet revenues are forecast based on SANDAG's forecasts. Beginning in FY2028, FTA, TDA, TransNet, and STA revenues are forecast to grow at 2% annually. Under this scenario, the District will be required to contain expenses or reduce its capital investments beginning in FY2028 in order to achieve a balanced 10-Year budget.

**Table 25. 10-Year Outlook - Low-Range Grant Revenue Forecast**

|   | FY2023              | FY2024              | FY2025              | FY2026              | FY2027              | FY2028              | FY2029              | FY2030              | FY2031              | FY2032              |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>TOTAL REVENUES</b>                                 |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Passenger Fares                                       | \$ 9,717,148        | \$ 11,909,299       | \$ 13,286,120       | \$ 14,094,506       | \$ 14,899,562       | \$ 15,051,430       | \$ 15,204,859       | \$ 15,359,867       | \$ 15,516,469       | \$ 15,674,683       |
| Non-Transportation Revenues                           | 2,752,052           | 2,770,114           | 2,794,568           | 2,825,021           | 2,861,125           | 2,946,959           | 3,035,368           | 3,126,429           | 3,220,222           | 3,316,829           |
| Auxiliary Revenues                                    | 10,862,105          | 11,187,969          | 11,523,608          | 11,869,315          | 12,225,396          | 12,592,158          | 12,969,923          | 13,359,021          | 13,759,792          | 14,172,586          |
| Federal Grants  | 83,521,775          | 57,630,648          | 54,093,344          | 53,057,125          | 46,425,723          | 40,646,353          | 41,459,280          | 42,288,466          | 43,134,235          | 43,996,920          |
| State Grants  | 22,960,687          | 22,704,687          | 21,012,687          | 21,012,687          | 21,012,687          | 21,432,941          | 21,861,600          | 22,298,832          | 22,744,809          | 23,199,705          |
| Local Grants  | 95,879,802          | 96,003,463          | 80,605,234          | 83,097,873          | 85,599,105          | 87,311,087          | 89,057,309          | 90,838,455          | 92,655,224          | 94,508,328          |
|   | <b>225,693,569</b>  | <b>202,206,180</b>  | <b>183,315,561</b>  | <b>185,956,527</b>  | <b>183,023,598</b>  | <b>179,980,928</b>  | <b>183,588,339</b>  | <b>187,271,070</b>  | <b>191,030,751</b>  | <b>194,869,051</b>  |
| <b>FUNDS ALLOCATION</b>                               |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Capital Improvement Program                           | 55,318,944          | 39,580,360          | 16,033,377          | 3,939,013           | 4,643,390           | 15,000,000          | 15,000,000          | 15,000,000          | 15,000,000          | 15,000,000          |
| Preventive Maintenance                                | 45,067,007          | 46,419,017          | 47,811,588          | 49,245,936          | 50,723,314          | 51,737,780          | 52,772,536          | 53,827,987          | 54,904,547          | 56,002,638          |
| Operating Expenses                                    | 125,110,618         | 116,206,803         | 119,470,596         | 122,985,213         | 126,656,771         | 129,189,906         | 131,773,704         | 134,409,178         | 137,097,362         | 139,839,309         |
|   | <b>225,496,569</b>  | <b>202,206,180</b>  | <b>183,315,561</b>  | <b>176,170,162</b>  | <b>182,023,475</b>  | <b>195,927,686</b>  | <b>199,546,240</b>  | <b>203,237,165</b>  | <b>207,001,909</b>  | <b>210,841,947</b>  |
| Net Operating and Capital                             | \$ 197,000          | \$ -                | \$ -                | \$ 9,786,365        | \$ 1,000,123        | \$ (15,946,758)     | \$ (15,957,901)     | \$ (15,966,095)     | \$ (15,971,158)     | \$ (15,972,896)     |
| <b>LONG-TERM OBLIGATIONS (Funded from Net Assets)</b> |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| CalPERS Unfunded Accrued Liability Payments           | 4,837,867           | 4,837,867           | 4,837,867           | 4,837,867           | 4,837,867           | 4,837,867           | 4,837,867           | 4,837,867           | 4,837,867           | 4,837,867           |
| SPRINTER Debt Principal Payments                      | 1,350,000           | 1,350,000           | 1,400,000           | 1,450,000           | 1,500,000           | 1,550,000           | 1,600,000           | 1,600,000           | 1,650,000           | 1,700,000           |
|   | <b>\$ 6,187,867</b> | <b>\$ 6,187,867</b> | <b>\$ 6,237,867</b> | <b>\$ 6,287,867</b> | <b>\$ 6,337,867</b> | <b>\$ 6,387,867</b> | <b>\$ 6,437,867</b> | <b>\$ 6,437,867</b> | <b>\$ 6,487,867</b> | <b>\$ 6,537,867</b> |

## High-Range Forecast

NCTD prepared the high-range forecast assuming growth from TDA and TransNet of 5% and STA growth of 4%. Operating expenses remain at the same level as the mid-range forecast. Under this scenario, the District will be required to contain expenses or reduce its capital investments beginning in FY2028 in order to achieve a balanced 10-Year budget.

**Table 27. 10-Year Outlook - High-Range Grant Revenue Forecast**

|   | FY2023              | FY2024              | FY2025              | FY2026              | FY2027              | FY2028              | FY2029              | FY2030              | FY2031              | FY2032              |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>TOTAL REVENUES</b>                                 |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Passenger Fares                                       | \$ 9,717,148        | \$ 11,909,299       | \$ 13,286,120       | \$ 14,094,506       | \$ 14,899,562       | \$ 15,051,430       | \$ 15,204,859       | \$ 15,359,867       | \$ 15,516,469       | \$ 15,674,683       |
| Non-Transportation Revenues                           | 2,752,052           | 2,770,114           | 2,794,568           | 2,825,021           | 2,861,125           | 2,946,959           | 3,035,368           | 3,126,429           | 3,220,222           | 3,316,829           |
| Auxiliary Revenues                                    | 10,862,105          | 11,187,969          | 11,523,608          | 11,869,315          | 12,225,396          | 12,592,158          | 12,969,923          | 13,359,021          | 13,759,792          | 14,172,586          |
| Federal Grants  | 83,521,775          | 57,630,648          | 54,093,344          | 53,057,125          | 46,425,723          | 40,646,353          | 41,865,744          | 43,121,716          | 44,415,367          | 45,747,828          |
| State Grants  | 22,960,687          | 22,704,687          | 21,012,687          | 21,012,687          | 21,012,687          | 21,853,195          | 22,727,323          | 23,636,416          | 24,581,873          | 25,565,148          |
| Local Grants  | 95,879,802          | 96,003,463          | 80,605,234          | 83,097,873          | 85,599,105          | 89,879,060          | 94,373,013          | 99,091,664          | 104,046,247         | 109,248,559         |
|   | <b>225,693,569</b>  | <b>202,206,180</b>  | <b>183,315,561</b>  | <b>185,956,527</b>  | <b>183,023,598</b>  | <b>182,969,155</b>  | <b>190,176,230</b>  | <b>197,695,113</b>  | <b>205,539,970</b>  | <b>213,725,633</b>  |
| <b>FUNDS ALLOCATION</b>                               |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Capital Improvement Program                           | 55,318,944          | 39,580,360          | 16,033,377          | 3,939,013           | 4,643,390           | 15,000,000          | 15,000,000          | 15,000,000          | 15,000,000          | 15,000,000          |
| Preventive Maintenance                                | 45,067,007          | 46,419,017          | 47,811,588          | 49,245,936          | 50,723,314          | 52,245,013          | 53,812,363          | 55,426,734          | 57,089,536          | 58,802,222          |
| Operating Expenses                                    | 125,110,618         | 116,206,803         | 119,470,596         | 122,985,213         | 126,656,771         | 130,456,474         | 134,370,168         | 138,401,273         | 142,553,311         | 146,829,910         |
|   | <b>225,496,569</b>  | <b>202,206,180</b>  | <b>183,315,561</b>  | <b>176,170,162</b>  | <b>182,023,475</b>  | <b>197,701,487</b>  | <b>203,182,531</b>  | <b>208,828,007</b>  | <b>214,642,847</b>  | <b>220,632,132</b>  |
| Net Operating and Capital                             | \$ 197,000          | \$ -                | \$ -                | \$ 9,786,365        | \$ 1,000,123        | \$ (14,732,332)     | \$ (13,006,301)     | \$ (11,132,894)     | \$ (9,102,877)      | \$ (6,906,499)      |
| <b>LONG-TERM OBLIGATIONS (Funded from Net Assets)</b> |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| CalPERS Unfunded Accrued Liability Payments           | 4,837,867           | 4,837,867           | 4,837,867           | 4,837,867           | 4,837,867           | 4,837,867           | 4,837,867           | 4,837,867           | 4,837,867           | 4,837,867           |
| SPRINTER Debt Principal Payments                      | 1,350,000           | 1,350,000           | 1,400,000           | 1,450,000           | 1,500,000           | 1,550,000           | 1,600,000           | 1,600,000           | 1,650,000           | 1,700,000           |
|   | <b>\$ 6,187,867</b> | <b>\$ 6,187,867</b> | <b>\$ 6,237,867</b> | <b>\$ 6,287,867</b> | <b>\$ 6,337,867</b> | <b>\$ 6,387,867</b> | <b>\$ 6,437,867</b> | <b>\$ 6,437,867</b> | <b>\$ 6,487,867</b> | <b>\$ 6,537,867</b> |

## Appendices

### Passenger Fare Rates

|                           | 2022     | 2021     | 2020 *   | 2019     | 2018     | 2017     | 2016     | 2015     | 2014     | 2013     |
|---------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| <b>BREEZE</b>             |          |          |          |          |          |          |          |          |          |          |
| One-Way Fare              |          |          |          |          |          |          |          |          |          |          |
| Adult and Youth           | \$2.50   | \$2.50   | \$2.50   | \$1.75   | \$1.75   | \$1.75   | \$1.75   | \$1.75   | \$1.75   | \$1.75   |
| Senior/Disabled/Medicare  | \$1.25   | \$1.25   | \$1.25   | \$0.75   | \$0.75   | \$0.75   | \$0.75   | \$0.75   | \$0.75   | \$0.75   |
| SPRINTER/BREEZE Day Pass  |          |          |          |          |          |          |          |          |          |          |
| Senior/Disabled/Medicare  | N/A      | N/A      | N/A      | \$2.25   | \$2.25   | \$2.25   | \$2.25   | \$2.25   | \$2.25   | \$2.25   |
| Monthly or 30-Day Pass ** |          |          |          |          |          |          |          |          |          |          |
| Adult                     | \$59.00  | \$59.00  | N/A      | \$59.00  | \$59.00  | \$59.00  | \$59.00  | \$59.00  | \$59.00  | \$59.00  |
| Youth                     | \$19.00  | \$19.00  | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      |
| Senior/Disabled/Medicare  | \$19.00  | \$19.00  | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      |
| College Monthly Pass      | N/A      | N/A      | N/A      | \$49.00  | \$49.00  | \$49.00  | \$49.00  | \$49.00  | \$49.00  | \$49.00  |
| <b>LIFT</b>               |          |          |          |          |          |          |          |          |          |          |
| One-Way Fare              | \$5.00   | \$5.00   | \$5.00   | \$3.50   | \$3.50   | \$3.50   | \$3.50   | \$3.50   | \$3.50   | \$3.50   |
| <b>FLEX</b>               |          |          |          |          |          |          |          |          |          |          |
| One-Way Fare              |          |          |          |          |          |          |          |          |          |          |
| Adult and Youth           | \$5.00   | \$10.00  | \$10.00  | \$5.00   | \$5.00   | \$5.00   | \$5.00   | \$5.00   | \$5.00   | \$5.00   |
| Senior/Disabled/Medicare  | \$2.50   | \$5.00   | \$5.00   | \$2.50   | \$2.50   | \$2.50   | \$2.50   | \$2.50   | \$2.50   | \$2.50   |
| <b>COASTER</b>            |          |          |          |          |          |          |          |          |          |          |
| ZONE 1                    |          |          |          |          |          |          |          |          |          |          |
| One-Way Fare              |          |          |          |          |          |          |          |          |          |          |
| Adult                     | \$5.00   | \$5.00   | \$5.00   | \$4.00   | \$4.00   | \$4.00   | \$4.00   | \$4.00   | \$4.00   | \$4.00   |
| Youth                     | \$2.50   | \$2.50   | \$2.50   | \$4.00   | \$4.00   | \$4.00   | \$4.00   | \$4.00   | \$4.00   | \$4.00   |
| Senior/Disabled/Medicare  | \$2.50   | \$2.50   | \$2.50   | \$2.00   | \$2.00   | \$2.00   | \$2.00   | \$2.00   | \$2.00   | \$2.00   |
| Monthly or 30-Day Pass    |          |          |          |          |          |          |          |          |          |          |
| Adult                     | \$140.00 | \$140.00 | \$140.00 | \$120.00 | \$120.00 | \$120.00 | \$120.00 | \$120.00 | \$120.00 | \$120.00 |
| ZONE 2                    |          |          |          |          |          |          |          |          |          |          |
| One-Way Fare              |          |          |          |          |          |          |          |          |          |          |
| Adult                     | \$5.75   | \$5.75   | \$5.75   | \$5.00   | \$5.00   | \$5.00   | \$5.00   | \$5.00   | \$5.00   | \$5.00   |
| Youth                     | \$2.75   | \$2.75   | \$2.75   | \$5.00   | \$5.00   | \$5.00   | \$5.00   | \$5.00   | \$5.00   | \$5.00   |
| Senior/Disabled/Medicare  | \$2.75   | \$2.75   | \$2.75   | \$2.50   | \$2.50   | \$2.50   | \$2.50   | \$2.50   | \$2.50   | \$2.50   |
| Monthly or 30-Day Pass    |          |          |          |          |          |          |          |          |          |          |
| Adult                     | \$161.00 | \$161.00 | \$161.00 | \$150.00 | \$150.00 | \$150.00 | \$150.00 | \$150.00 | \$150.00 | \$150.00 |
| ZONE 3                    |          |          |          |          |          |          |          |          |          |          |
| One-Way Fare              |          |          |          |          |          |          |          |          |          |          |
| Adult                     | \$6.50   | \$6.50   | \$6.50   | \$5.50   | \$5.50   | \$5.50   | \$5.50   | \$5.50   | \$5.50   | \$5.50   |
| Youth                     | \$3.25   | \$3.25   | \$3.25   | \$5.50   | \$5.50   | \$5.50   | \$5.50   | \$5.50   | \$5.50   | \$5.50   |
| Senior/Disabled/Medicare  | \$3.25   | \$3.25   | \$3.25   | \$2.75   | \$2.75   | \$2.75   | \$2.75   | \$2.75   | \$2.75   | \$2.75   |
| Monthly or 30-Day Pass    |          |          |          |          |          |          |          |          |          |          |
| Adult                     | \$182.00 | \$182.00 | \$182.00 | \$165.00 | \$165.00 | \$165.00 | \$165.00 | \$165.00 | \$165.00 | \$165.00 |
| Youth                     | \$58.00  | \$58.00  | \$58.00  | \$82.50  | \$82.50  | \$82.50  | \$82.50  | \$82.50  | \$82.50  | \$82.50  |
| Senior/Disabled/Medicare  | \$58.00  | \$58.00  | \$58.00  | \$41.25  | \$41.25  | \$41.25  | \$41.25  | \$41.25  | \$41.25  | \$41.25  |

\* Fares increased on September 1, 2019.

\*\* Reintroduced as a promotional pass in September 2021.

N/A indicates that the fare/pass was not available.

*Adopted FY2023 Operating Budget and  
FY2023-FY2027 Capital Improvement Program*

|   | 2022     | 2021     | 2020 *   | 2019     | 2018     | 2017     | 2016     | 2015     | 2014     | 2013     |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| <b>SPRINTER</b>                         |          |          |          |          |          |          |          |          |          |          |
| One-Way Fare                            |          |          |          |          |          |          |          |          |          |          |
| Adult and Youth                         | \$2.50   | \$2.50   | \$2.50   | \$2.00   | \$2.00   | \$2.00   | \$2.00   | \$2.00   | \$2.00   | \$2.00   |
| Senior/Disabled/Medicare                | \$1.25   | \$1.25   | \$1.25   | \$1.00   | \$1.00   | \$1.00   | \$1.00   | \$1.00   | \$1.00   | \$1.00   |
| SPRINTER/BREEZE Day Pass                |          |          |          |          |          |          |          |          |          |          |
| Senior/Disabled/Medicare                | N/A      | N/A      | N/A      | \$2.25   | \$2.25   | \$2.25   | \$2.25   | \$2.25   | \$2.25   | \$2.25   |
| Monthly or 30-Day Pass **               |          |          |          |          |          |          |          |          |          |          |
| Adult                                   | \$59.00  | \$59.00  | N/A      | \$59.00  | \$59.00  | \$59.00  | \$59.00  | \$59.00  | \$59.00  | \$59.00  |
| Youth                                   | \$19.00  | \$19.00  | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      |
| Senior/Disabled/Medicare                | \$19.00  | \$19.00  | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      |
| College Monthly Pass                    | N/A      | N/A      | N/A      | \$49.00  | \$49.00  | \$49.00  | \$49.00  | \$49.00  | \$49.00  | \$49.00  |
| <b>REGIONAL</b>                         |          |          |          |          |          |          |          |          |          |          |
| Regional Day Pass                       |          |          |          |          |          |          |          |          |          |          |
| Adult                                   | \$6.00   | \$6.00   | \$6.00   | \$5.00   | \$5.00   | \$5.00   | \$5.00   | \$5.00   | \$5.00   | \$5.00   |
| Youth                                   | \$3.00   | \$3.00   | \$3.00   | \$5.00   | \$5.00   | \$5.00   | \$5.00   | \$5.00   | \$5.00   | \$5.00   |
| Senior/Disabled/Medicare                | \$3.00   | \$3.00   | \$3.00   | \$5.00   | \$5.00   | \$5.00   | \$5.00   | \$5.00   | \$5.00   | \$5.00   |
| Premium Regional Day Pass               |          |          |          |          |          |          |          |          |          |          |
| Adult                                   | \$12.00  | \$12.00  | \$12.00  | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      |
| Youth                                   | \$6.00   | \$6.00   | \$6.00   | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      |
| Senior/Disabled/Medicare                | \$6.00   | \$6.00   | \$6.00   | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      |
| COASTER Regional Day Pass               |          |          |          |          |          |          |          |          |          |          |
| Adult                                   | \$15.00  | \$15.00  | \$15.00  | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      |
| Youth                                   | \$7.50   | \$7.50   | \$7.50   | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      |
| Senior/Disabled/Medicare                | \$7.50   | \$7.50   | \$7.50   | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      | N/A      |
| RegionPlus Day Pass                     | N/A      | N/A      | N/A      | \$12.00  | \$12.00  | \$12.00  | \$12.00  | \$12.00  | \$12.00  | \$12.00  |
| Regional Monthly or 30-Day Pass         |          |          |          |          |          |          |          |          |          |          |
| Adult                                   | \$72.00  | \$72.00  | \$72.00  | \$72.00  | \$72.00  | \$72.00  | \$72.00  | \$72.00  | \$72.00  | \$72.00  |
| Youth                                   | \$23.00  | \$23.00  | \$23.00  | \$36.00  | \$36.00  | \$36.00  | \$36.00  | \$36.00  | \$36.00  | \$36.00  |
| Senior/Disabled/Medicare                | \$23.00  | \$23.00  | \$23.00  | \$18.00  | \$18.00  | \$18.00  | \$18.00  | \$18.00  | \$18.00  | \$18.00  |
| Premium Regional Monthly or 30-Day Pass |          |          |          |          |          |          |          |          |          |          |
| Adult                                   | \$100.00 | \$100.00 | \$100.00 | \$100.00 | \$100.00 | \$100.00 | \$100.00 | \$100.00 | \$100.00 | \$100.00 |
| Youth                                   | \$32.00  | \$32.00  | \$32.00  | \$50.00  | \$50.00  | \$50.00  | \$50.00  | \$50.00  | \$50.00  | \$50.00  |
| Senior/Disabled/Medicare                | \$32.00  | \$32.00  | \$32.00  | \$25.00  | \$25.00  | \$25.00  | \$25.00  | \$25.00  | \$25.00  | \$25.00  |
| Regional 14-Day Pass                    | N/A      | N/A      | N/A      | \$43.00  | \$43.00  | \$43.00  | \$43.00  | \$43.00  | \$43.00  | \$43.00  |
| Premium Regional 14-Day Pass            | N/A      | N/A      | N/A      | \$60.00  | \$60.00  | \$60.00  | \$60.00  | \$60.00  | \$60.00  | \$60.00  |

\* Fares increased on September 1, 2019.

\*\* Reintroduced as a promotional pass in September 2021.

N/A indicates that the fare/pass was not available.



**Operating Statistics**

|                            | <b>FY2021<br/>Actual</b> | <b>FY2022<br/>Budget</b> | <b>FY2022<br/>Forecast</b> | <b>FY2023<br/>Budget</b> |
|----------------------------|--------------------------|--------------------------|----------------------------|--------------------------|
| <b>PASSENGER BOARDINGS</b> |                          |                          |                            |                          |
| BREEZE                     | 2,990,643                | 4,314,010                | 3,718,567                  | 4,001,104                |
| LIFT                       | 57,427                   | 114,327                  | 70,807                     | 102,132                  |
| FLEX                       | 21,547                   | 175,126                  | 21,275                     | 127,103                  |
| COASTER                    | 162,707                  | 960,239                  | 512,079                    | 804,219                  |
| SPRINTER                   | 1,225,435                | 1,637,009                | 1,264,524                  | 1,635,632                |
|                            | <b>4,457,759</b>         | <b>7,200,711</b>         | <b>5,587,252</b>           | <b>6,670,190</b>         |
| <b>TOTAL MILES</b>         |                          |                          |                            |                          |
| BREEZE                     | 5,703,626                | 5,767,447                | 5,693,057                  | 5,691,100                |
| LIFT                       | 826,351                  | 1,273,964                | 869,971                    | 1,142,086                |
| FLEX                       | 331,156                  | 1,030,198                | 328,804                    | 805,510                  |
| COASTER                    | 155,689                  | 389,530                  | 383,915                    | 441,830                  |
| SPRINTER                   | 520,111                  | 523,014                  | 521,613                    | 523,183                  |
|                            | <b>7,536,933</b>         | <b>8,984,153</b>         | <b>7,797,360</b>           | <b>8,603,709</b>         |
| <b>REVENUE MILES</b>       |                          |                          |                            |                          |
| BREEZE                     | 5,056,999                | 5,109,923                | 5,079,220                  | 5,044,988                |
| LIFT                       | 684,642                  | 1,075,797                | 724,407                    | 963,464                  |
| FLEX                       | 314,171                  | 1,016,186                | 314,518                    | 739,852                  |
| COASTER                    | 145,927                  | 370,558                  | 363,245                    | 418,234                  |
| SPRINTER                   | 516,818                  | 519,779                  | 518,022                    | 519,924                  |
|                            | <b>6,718,557</b>         | <b>8,092,243</b>         | <b>6,999,412</b>           | <b>7,686,462</b>         |
| <b>PASSENGER MILES</b>     |                          |                          |                            |                          |
| BREEZE                     | 12,969,766               | 18,550,243               | 15,989,838                 | 17,204,747               |
| LIFT                       | 774,146                  | 1,078,104                | 954,478                    | 1,376,739                |
| FLEX                       | 92,982                   | 753,042                  | 91,483                     | 546,543                  |
| COASTER                    | 4,302,564                | 25,388,719               | 13,539,369                 | 21,263,550               |
| SPRINTER                   | 8,938,930                | 12,032,016               | 9,218,380                  | 11,923,757               |
|                            | <b>27,078,388</b>        | <b>57,802,124</b>        | <b>39,793,548</b>          | <b>52,315,336</b>        |
| <b>REVENUE HOURS</b>       |                          |                          |                            |                          |
| BREEZE                     | 420,426                  | 426,660                  | 420,404                    | 410,066                  |
| LIFT                       | 37,488                   | 63,259                   | 38,648                     | 56,873                   |
| FLEX                       | 17,289                   | 70,814                   | 16,964                     | 49,687                   |
| COASTER                    | 4,643                    | 11,657                   | 11,519                     | 12,837                   |
| SPRINTER                   | 23,489                   | 23,621                   | 23,539                     | 23,627                   |
|                            | <b>503,335</b>           | <b>596,011</b>           | <b>511,074</b>             | <b>553,090</b>           |

|                                    | FY2021<br>Actual      | FY2022<br>Budget      | FY2022<br>Forecast    | FY2023<br>Budget      |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>PASSENGER FARES</b>             |                       |                       |                       |                       |
| BREEZE                             | \$ 2,526,843          | \$ 4,574,899          | \$ 4,139,756          | \$ 4,305,192          |
| LIFT                               | 619,701               | 532,191               | 570,617               | 475,425               |
| FLEX                               | 24,268                | 662,893               | 32,533                | 410,045               |
| COASTER                            | 1,085,678             | 4,260,250             | 2,273,087             | 3,407,728             |
| SPRINTER                           | 1,448,226             | 1,903,955             | 1,053,630             | 1,118,758             |
|                                    | <b>\$ 5,704,716</b>   | <b>\$ 11,934,188</b>  | <b>\$ 8,069,623</b>   | <b>\$ 9,717,148</b>   |
| <b>COST BY MODE *</b>              |                       |                       |                       |                       |
| BREEZE                             | \$ 44,451,667         | \$ 53,372,354         | \$ 49,082,199         | \$ 59,982,421         |
| LIFT                               | 9,446,305             | 11,120,881            | 9,269,105             | 12,675,477            |
| FLEX                               | 2,285,288             | 4,835,939             | 3,727,531             | 5,259,530             |
| COASTER                            | 23,249,445            | 31,659,716            | 31,001,233            | 43,353,153            |
| SPRINTER                           | 22,542,955            | 32,734,072            | 28,656,065            | 37,345,292            |
|                                    | <b>\$ 101,975,660</b> | <b>\$ 133,722,962</b> | <b>\$ 121,736,133</b> | <b>\$ 158,615,873</b> |
| <b>PASSENGERS PER REVENUE MILE</b> |                       |                       |                       |                       |
| BREEZE                             | 0.59                  | 0.84                  | 0.73                  | 0.79                  |
| LIFT                               | 0.08                  | 0.11                  | 0.10                  | 0.11                  |
| FLEX                               | 0.07                  | 0.17                  | 0.07                  | 0.17                  |
| COASTER                            | 1.11                  | 2.59                  | 1.41                  | 1.92                  |
| SPRINTER                           | 2.37                  | 3.15                  | 2.44                  | 3.15                  |
|                                    | <b>0.66</b>           | <b>0.89</b>           | <b>0.80</b>           | <b>0.87</b>           |
| <b>PASSENGERS PER REVENUE HOUR</b> |                       |                       |                       |                       |
| BREEZE                             | 7.11                  | 10.11                 | 8.85                  | 9.76                  |
| LIFT                               | 1.53                  | 1.81                  | 1.83                  | 1.80                  |
| FLEX                               | 1.25                  | 2.47                  | 1.85                  | 2.79                  |
| COASTER                            | 35.04                 | 82.37                 | 21.75                 | 34.04                 |
| SPRINTER                           | 52.17                 | 69.30                 | 74.54                 | 96.51                 |
|                                    | <b>8.86</b>           | <b>12.08</b>          | <b>10.93</b>          | <b>12.06</b>          |
| <b>FARE REVENUE PER PASSENGER</b>  |                       |                       |                       |                       |
| BREEZE                             | \$ 0.84               | \$ 1.06               | \$ 1.11               | \$ 1.08               |
| LIFT                               | 10.79                 | 4.65                  | 8.06                  | 4.66                  |
| FLEX                               | 1.13                  | 3.79                  | 1.53                  | 3.23                  |
| COASTER                            | 6.67                  | 4.44                  | 4.44                  | 4.24                  |
| SPRINTER                           | 1.18                  | 1.16                  | 0.83                  | 0.68                  |
|                                    | <b>\$ 1.28</b>        | <b>\$ 1.66</b>        | <b>\$ 1.44</b>        | <b>\$ 1.46</b>        |

\* Excludes GASB 68 non-cash adjustments and the required Unfunded Accrued Liability (UAL) pension contributions.

|                                | FY2021<br>Actual | FY2022<br>Budget | FY2022<br>Forecast | FY2023<br>Budget |
|--------------------------------|------------------|------------------|--------------------|------------------|
| <b>COST PER PASSENGER</b>      |                  |                  |                    |                  |
| BREEZE                         | \$ 14.86         | \$ 12.37         | \$ 13.20           | \$ 14.99         |
| LIFT                           | 164.49           | 97.27            | 130.91             | 124.11           |
| FLEX                           | 106.06           | 27.61            | 175.21             | 41.38            |
| COASTER                        | 142.89           | 32.97            | 60.54              | 53.91            |
| SPRINTER                       | 18.40            | 20.00            | 22.66              | 22.83            |
|                                | <b>\$ 22.88</b>  | <b>\$ 18.57</b>  | <b>\$ 21.79</b>    | <b>\$ 23.78</b>  |
| <b>FAREBOX RECOVERY RATIO</b>  |                  |                  |                    |                  |
| BREEZE                         | 5.7%             | 16.6%            | 8.4%               | 7.2%             |
| LIFT                           | 6.6%             | 6.7%             | 6.2%               | 3.8%             |
| FLEX                           | 1.1%             | 7.6%             | 0.9%               | 7.8%             |
| COASTER                        | 4.7%             | 23.3%            | 7.3%               | 7.9%             |
| SPRINTER                       | 6.4%             | 11.1%            | 3.7%               | 3.0%             |
|                                | <b>5.6%</b>      | <b>15.5%</b>     | <b>6.6%</b>        | <b>6.1%</b>      |
| <b>COST PER PASSENGER MILE</b> |                  |                  |                    |                  |
| BREEZE                         | \$ 3.43          | \$ 2.88          | \$ 3.07            | \$ 3.49          |
| LIFT                           | 12.20            | 10.32            | 9.71               | 9.21             |
| FLEX                           | 24.58            | 6.42             | 40.75              | 9.62             |
| COASTER                        | 5.40             | 1.25             | 2.29               | 2.04             |
| SPRINTER                       | 2.52             | 2.72             | 3.11               | 3.13             |
|                                | <b>\$ 3.77</b>   | <b>\$ 2.31</b>   | <b>\$ 3.06</b>     | <b>\$ 3.03</b>   |
| <b>COST PER REVENUE MILE</b>   |                  |                  |                    |                  |
| BREEZE                         | \$ 8.79          | \$ 10.44         | \$ 9.66            | \$ 11.89         |
| LIFT                           | 13.80            | 10.34            | 12.80              | 13.16            |
| FLEX                           | 7.27             | 4.76             | 11.85              | 7.11             |
| COASTER                        | 159.32           | 85.44            | 85.35              | 103.66           |
| SPRINTER                       | 43.62            | 62.98            | 55.32              | 71.83            |
|                                | <b>\$ 15.18</b>  | <b>\$ 16.52</b>  | <b>\$ 17.39</b>    | <b>\$ 20.64</b>  |
| <b>COST PER REVENUE HOUR</b>   |                  |                  |                    |                  |
| BREEZE                         | \$ 105.73        | \$ 125.09        | \$ 116.75          | \$ 146.28        |
| LIFT                           | 251.98           | 175.80           | 239.83             | 222.87           |
| FLEX                           | 132.18           | 68.29            | 323.60             | 115.40           |
| COASTER                        | 5,007.42         | 2,715.94         | 1,317.02           | 1,834.90         |
| SPRINTER                       | 959.72           | 1,385.80         | 1,689.23           | 2,203.52         |
|                                | <b>\$ 202.60</b> | <b>\$ 224.36</b> | <b>\$ 238.20</b>   | <b>\$ 286.78</b> |

**North San Diego County Community Profile**

|                         | 2000     | 2010      | 2020 <sup>a</sup> | 2035 <sup>a</sup> | 2050 <sup>a</sup> |
|-------------------------|----------|-----------|-------------------|-------------------|-------------------|
| <b>Carlsbad</b>         |          |           |                   |                   |                   |
| Total Population        | 78,247   | 105,328   | 118,450           | 124,351           | 124,518           |
| Total Households        | 33,798   | 43,844    | 48,448            | 50,261            | 50,505            |
| Median Household Income | \$65,854 | \$56,563  | \$81,970          | \$95,789          | \$108,624         |
| Median Age              | 38.9     | 42.1      | 41.9              | 44.6              | 44.3              |
| <b>Del Mar</b>          |          |           |                   |                   |                   |
| Total Population        | 4,389    | 4,161     | 4,399             | 4,672             | 4,732             |
| Total Households        | 2,557    | 2,542     | 2,646             | 2,653             | 2,674             |
| Median Household Income | \$81,941 | \$112,299 | \$92,300          | \$98,619          | \$100,165         |
| Median Age              | 43.6     | 48.5      | 53.8              | 55.2              | 55.3              |
| <b>Encinitas</b>        |          |           |                   |                   |                   |
| Total Population        | 58,014   | 59,518    | 62,908            | 65,264            | 66,670            |
| Total Households        | 23,843   | 24,877    | 26,146            | 26,765            | 27,686            |
| Median Household Income | \$64,821 | \$60,551  | \$80,536          | \$93,671          | \$105,194         |
| Median Age              | 37.8     | 42.3      | 43.3              | 46.3              | 46.5              |
| <b>Escondido</b>        |          |           |                   |                   |                   |
| Total Population        | 133,559  | 143,911   | 165,214           | 172,892           | 173,625           |
| Total Households        | 45,050   | 47,682    | 53,605            | 55,633            | 56,100            |
| Median Household Income | \$43,208 | \$40,127  | \$53,769          | \$63,318          | \$71,637          |
| Median Age              | 31.3     | 32.7      | 33.3              | 34.8              | 34.4              |
| <b>Oceanside</b>        |          |           |                   |                   |                   |
| Total Population        | 161,029  | 167,086   | 177,840           | 188,597           | 189,377           |
| Total Households        | 59,581   | 64,758    | 67,817            | 70,395            | 70,942            |
| Median Household Income | \$46,145 | \$44,905  | \$56,104          | \$66,060          | \$73,732          |
| Median Age              | 33.3     | 33.0      | 36.1              | 39.2              | 39.7              |
| <b>San Marcos</b>       |          |           |                   |                   |                   |
| Total Population        | 54,977   | 83,781    | 98,915            | 109,095           | 113,015           |
| Total Households        | 18,862   | 27,744    | 32,625            | 35,795            | 37,337            |
| Median Household Income | \$45,854 | \$43,439  | \$61,160          | \$72,493          | \$80,820          |
| Median Age              | 32.2     | 34.7      | 34.9              | 37.1              | 36.9              |
| <b>Solana Beach</b>     |          |           |                   |                   |                   |
| Total Population        | 12,979   | 12,867    | 13,376            | 14,207            | 14,870            |
| Total Households        | 6,456    | 6,646     | 6,583             | 6,833             | 7,121             |
| Median Household Income | \$73,523 | \$65,005  | \$94,579          | \$110,511         | \$122,504         |
| Median Age              | 41.6     | 45.1      | 46.5              | 49.8              | 50.1              |
| <b>Vista</b>            |          |           |                   |                   |                   |
| Total Population        | 89,857   | 93,834    | 96,993            | 111,771           | 126,455           |
| Total Households        | 29,814   | 30,716    | 31,012            | 35,307            | 40,181            |
| Median Household Income | \$43,161 | \$42,954  | \$55,277          | \$65,797          | \$75,127          |
| Median Age              | 30.3     | 33.4      | 32.9              | 34.8              | 35.0              |

(a) 2020-2050 from SANDAG Series 13 Regional Growth Forecast dated October 15, 2013.  
Fieldwork for the next forecast is anticipated to begin later in 2021.

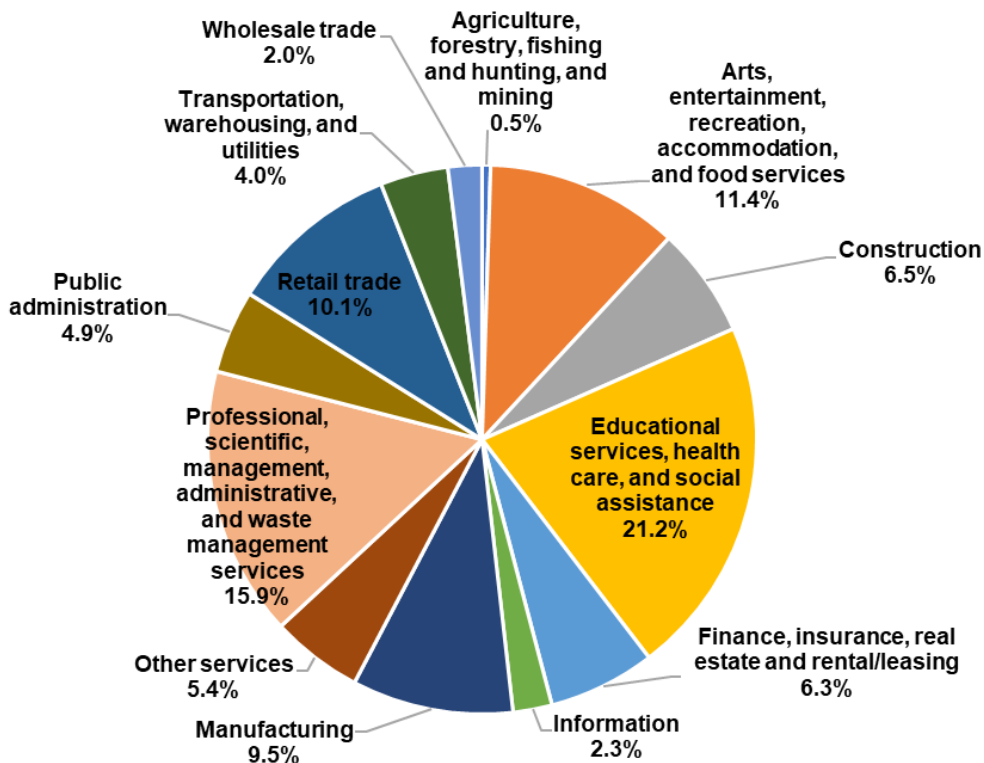
**San Diego County Employment by Industry**

| INDUSTRY  | Percentage of Total Employment |       |       |       |       |
|---|--------------------------------|-------|-------|-------|-------|
|   | 2016                           | 2017  | 2018  | 2019  | 2020  |
| Agriculture, forestry, fishing and hunting, and mining                              | 2.0%                           | 0.9%  | 0.4%  | 0.8%  | 0.5%  |
| Arts, entertainment, recreation, accommodation, and food services                   | 11.1%                          | 11.9% | 12.5% | 11.8% | 11.4% |
| Construction  | 6.5%                           | 5.7%  | 4.3%  | 6.0%  | 6.5%  |
| Educational services, health care, and social assistance                            | 19.1%                          | 21.2% | 22.3% | 21.1% | 21.2% |
| Finance, insurance, real estate and rental/leasing                                  | 5.9%                           | 6.3%  | 6.5%  | 6.2%  | 6.3%  |
| Information   | 2.1%                           | 2.3%  | 2.6%  | 2.2%  | 2.3%  |
| Manufacturing   | 11.2%                          | 9.2%  | 9.0%  | 9.2%  | 9.5%  |
| Other services  | 5.6%                           | 5.3%  | 5.2%  | 5.4%  | 5.4%  |
| Professional, scientific, management, administrative, and waste management services | 14.9%                          | 15.0% | 17.0% | 15.5% | 15.9% |
| Public administration   | 3.8%                           | 5.1%  | 4.8%  | 5.1%  | 4.9%  |
| Retail trade  | 11.3%                          | 10.7% | 9.3%  | 10.4% | 10.1% |
| Transportation, warehousing, and utilities  | 3.2%                           | 3.9%  | 3.9%  | 4.1%  | 4.0%  |
| Wholesale trade   | 3.3%                           | 2.5%  | 2.1%  | 2.3%  | 2.0%  |

2016 - 2017 Source: American Community Survey 5-Year Estimates for cities and community planning areas within NCTD's jurisdiction. Website at <https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmm>

2018 - 2020 Source: American Community Survey 5-Year Estimates Subject Tables for San Diego County. Website at <https://data.census.gov>

**Figure 12. 2020 Percentage of Employment by Industry**



**North San Diego County Major Employers**

| EMPLOYER                                  | Rank | Number of<br>Employees | Percent of<br>Total<br>Employment | Source   |
|---|------|------------------------|-----------------------------------|----------|
| Marine Corps Base, Camp Pendleton         | 1    | 70,000                 | 4.55%                             | <i>g</i> |
| Vista Unified School District             | 2    | 2,897                  | 0.19%                             | <i>d</i> |
| ViaSat Inc.                               | 3    | 2,481                  | 0.16%                             | <i>a</i> |
| San Marcos Unified School District        | 4    | 2,464                  | 0.16%                             | <i>e</i> |
| Palomar Medical Center                    | 5    | 2,462                  | 0.16%                             | <i>b</i> |
| LEGOLAND California LLC                   | 6    | 2,300                  | 0.15%                             | <i>a</i> |
| Escondido Unified School District         | 7    | 2,207                  | 0.14%                             | <i>b</i> |
| Tri-City Medical Center                   | 8    | 2,100                  | 0.14%                             | <i>f</i> |
| Thermo Fisher Scientific                  | 9    | 1,982                  | 0.13%                             | <i>a</i> |
| Oceanside Unified School District         | 10   | 1,959                  | 0.13%                             | <i>c</i> |
| California State University San Marcos    | 11   | 1,800                  | 0.12%                             | <i>e</i> |
| Palomar College                           | 12   | 1,769                  | 0.11%                             | <i>e</i> |
| Omni La Costa Resort and Spa              | 13   | 1,300                  | 0.08%                             | <i>a</i> |
| Carlsbad Unified School District          | 14   | 1,092                  | 0.07%                             | <i>a</i> |
| Scripps Memorial Hospital                 | 15   | 1,017                  | 0.07%                             | <i>h</i> |
| City of Oceanside                         | 16   | 986                    | 0.06%                             | <i>c</i> |
| Taylor Made Golf Company                  | 17   | 960                    | 0.06%                             | <i>a</i> |
| City of Escondido                         | 18   | 951                    | 0.06%                             | <i>b</i> |
| Escondido Union High School District      | 19   | 832                    | 0.05%                             | <i>b</i> |
| Hunter Industries                         | 20   | 815                    | 0.05%                             | <i>e</i> |
| City of Carlsbad                          | 21   | 748                    | 0.05%                             | <i>a</i> |
| Watkins Manufacturing Corp                | 22   | 659                    | 0.04%                             | <i>d</i> |
| Nortel Security & Control                 | 23   | 637                    | 0.04%                             | <i>a</i> |
| Vista Community Clinic                    | 24   | 584                    | 0.04%                             | <i>d</i> |
| Gemological Institute of America          | 25   | 555                    | 0.04%                             | <i>a</i> |
| <b>Total San Diego County Labor Force</b> |      | <b>1,538,870</b>       |                                   | <i>i</i> |

**Sources:**

- a* City of Carlsbad CAFR FY2021
- b* City of Escondido CAFR FY2021
- c* City of Oceanside ACFR FY2021, [oside.us/domain/64](http://oside.us/domain/64), Employees
- d* City of Vista CAFR FY2021
- e* City of San Marcos CAFR FY2021
- f* Tri-City Medical Center Hospital Facts
- g* <http://www.pendleton.marines.mil/Main-Menu/Introduction/>
- h* City of Encinitas CAFR FY2021
- i* Bureau of Labor Statistics, US Dept of Labor as of June 2021  
[https://www.bls.gov/eag/eag.ca\\_sandiego\\_msa.htm](https://www.bls.gov/eag/eag.ca_sandiego_msa.htm)

**San Diego County Demographics and Economic Statistics**

| Calendar Year | North County Population [1] | Per Capita Personal Income (San Diego County) [2] | San Diego County Taxable Sales (000s) [3] | San Diego County Sales & Use Tax Revenues Allocation [4] | San Diego County Transportation Tax Revenues Allocation [5] | North County Unemployment Rate [6] | San Diego County Unemployment Rate [6] | State Unemployment Rate [6] | US Unemployment Rate [7] |
|---------------|-----------------------------|---|---|--|---|------------------------------------|--|-----------------------------|--------------------------|
| 2011          | 844,192                     | \$30,955  | \$45,090,382                              | Not available  | Not available   | 8.10%                              | 8.90%                                  | 11.20%                      | 9.60%                    |
| 2012          | 852,740                     | \$30,683  | \$47,947,035                              | Not available  | Not available   | 8.50%                              | 9.60%                                  | 11.70%                      | 8.90%                    |
| 2013          | 861,912                     | \$30,668  | \$50,297,331                              | \$359,965,188  | \$120,103,981   | 8.80%                              | 10.00%                                 | 8.90%                       | 7.50%                    |
| 2014          | 871,660                     | \$31,043  | \$52,711,639                              | \$378,899,395  | \$126,367,594   | 8.00%                              | 9.60%                                  | 7.10%                       | 6.20%                    |
| 2015          | 878,823                     | \$31,266  | \$54,185,588                              | \$399,501,827  | \$133,231,349   | 7.00%                              | 8.70%                                  | 6.20%                       | 5.30%                    |
| 2016          | 885,084                     | \$32,482  | \$55,407,866                              | \$449,627,397  | \$136,355,183   | 6.10%                              | 7.80%                                  | 5.50%                       | 4.90%                    |
| 2017          | 894,852                     | \$34,350  | Discontinued                              | \$562,678,663  | \$140,009,151   | 4.00%                              | 3.50%                                  | 4.80%                       | 4.40%                    |
| 2018          | 901,849                     | \$36,156  | Discontinued                              | \$573,363,388  | \$144,039,585   | 3.40%                              | 3.40%                                  | 4.30%                       | 3.90%                    |
| 2019          | 906,645                     | \$63,729  | Discontinued                              | \$613,506,282  | \$153,246,887   | 3.20%                              | 3.20%                                  | 4.00%                       | 3.70%                    |
| 2020          | 944,398                     | \$66,266  | Discontinued                              | \$633,554,470  | \$156,915,000   | 9.20%                              | 9.20%                                  | 10.10%                      | 8.10%                    |

1 SANDAG Data Surfer estimates for North County East and North County West for 2011-2016, 2018-2020. 2017 data provided by SANDAG's Senior Researcher and Modeler  
2 US Dept of Commerce, Bureau of Economic Analysis, <https://www.bea.gov/data/income-saving/personal-income-county-metro-and-other-areas>  
3 California State Board of Equalization \*\*This data is no longer being published  
4 California State Board of Equalization Table 21A, Fiscal Year data; <https://www.cdtfa.ca.gov/dataportal/dataset.htm?url=SUTDRvDistCityCounty>  
5 California State Board of Equalization Table 21B, Fiscal Year data; <https://www.cdtfa.ca.gov/dataportal/dataset.htm?url=SUTDRvCountiesCountyTransTax>  
6 Employment Development Division; Annual Average Unemployment Rate and Labor Force Data Table <https://www.labormarketinfo.edd.ca.gov/data/unemployment-and-labor-force.html>  
7 US Bureau of Labor Statistics calendar year averages; <https://www.bls.gov/lau/lastrk20.htm>

## Glossary of Terms

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**Accessible Service:** Transit vehicles equipped with wheelchair lifts.

**Accounting System:** The set of records and procedures which are used to record, classify, and report information on the financial status and operations of an entity.

**Accrual Basis Accounting:** Financial records are based on economic rather than cash activity. Revenues are recognized when they are earned and realized, regardless of when actual payment is received. Expenses are recognized when incurred, regardless of when such expenses are paid.

**Activity Line Item (ALI):** An ALI is a code for project scope that is used by the Federal Transit Administration (FTA) to track and report on grant activities. FTA grants budgets are developed by listing the description, ALI, and dollar amount of the projects within the grant application.

**ADA:** Americans with Disabilities Act, enacted by Congress in 1990.

**Annual Budget:** A budget applicable to a single fiscal year.

**Annual Comprehensive Financial Report (ACFR):** The official financial report of a government agency that includes an audit opinion, management discussion and analysis, basic financial statements, notes disclosures, and supplementary schedules. Previously known as Comprehensive Annual Financial Report (CAFR).

**ARB:** Air Resource Board. The California Air Resources Board (CARB) is charged with protecting the public from the harmful effects of air pollution and developing programs and actions to fight climate change.

**BNSF:** Burlington Northern Santa Fe. BNSF operates one of the largest freight railroad networks in North America.

**Budget Calendar:** The schedule of key dates which NCTD follows in the preparation and adoption of the budget.

**Budget Document:** The official financial spending and resource plan submitted by the Executive Director, adopted by NCTD's Board of Directors, and made available to the public and other interested parties.

**Budget Message:** A general discussion of the budget that is included as a part of the budget document.

**Budget Year:** Fiscal year for which the budget is being considered.

**CalPERS:** California Public Employees Retirement System. CalPERS is an agency that manages pension and health benefits for California public employees, retirees, and their families. CalPERS is the nation's largest public pension fund.

**CalTrans:** California Department of Transportation. Caltrans manages more than 50,000 miles of California's highway and freeway lanes, provides inter-city rail services, permits more than 400 public-use airports and special-use hospital heliports, and works with local agencies.

**Capital Assets:** NCTD Board Policy No. 29 - *Asset Management* provides the guideline for the determination of a capital asset, which at the time of this publication is defined as the acquisition of rolling stock, property, facility, infrastructure, or equipment whose cost is \$5,000 or greater and is repairable or replaceable, has an expected useful life of more than one year, and requires intervention/activities (for example, preventive maintenance) to reduce risk of failure.

**CIP:** Capital Improvement Program. Multi-year plan of capital projects with estimated costs and funding resources.

**Cash Basis Accounting:** A basis of accounting under which transactions are recognized only when cash is received or disbursed.



**CNG:** Compressed Natural Gas. The majority of the BREEZE fleet utilizes CNG as its fuel source.

**Coach:** Bus used for public mass transit.

**Constrained CIP:** Limited by available funding sources.

**Contract Services:** Services provided to NCTD under contract with vendors from the private sector or other public agencies.

**Contributed Capital:** Resources that are externally restricted for the acquisition or construction of capital assets. This category includes, but is not limited to, capital grants, residual equity transfers in, and contributions from developers.

**CPI:** Consumer Price Index. CPI is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. Indexes are available for the U.S. and various geographic areas.

**DBE:** Disadvantaged Business Enterprise. DBEs are for-profit small business concerns where socially and economically disadvantaged individuals own at least a 51% interest and also control management and daily business operations.

**Deficit:** The excess of an entity's expenses over its revenue.

**Department:** A sub-section of operational activities within a division which provides specific services. Also known as Business Unit.

**Depreciation:** Allocation of the costs, less salvage value, of fixed assets, including equipment, buildings, and other structures, over their useful lives in a systematic and rational manner. Depreciation reflects the use of the asset(s) during specific operating periods to match costs with related revenues in measuring income or determining the costs of carrying out program activities.

**DMU:** Self-propelled diesel multiple unit used for light or hybrid rail transit. The SPRINTER service is provided by DMUs.

**DOT:** U.S. Department of Transportation. The Department of Transportation was established by an act of Congress on October 15, 1966, that is responsible for helping maintain and develop the nation's transportation systems and infrastructure.

**EIR:** Environmental Impact Report. An EIR is a detailed, written analysis of all the effects that a land development or construction project would have on the local environment, such as on the air quality, noise levels, population, traffic patterns, fire danger, endangered species, archeological artifacts, and community beauty. Many states require submission of such reports to local governments, with a process for public comment, before a development or project can be approved.

**Employee Benefits:** Those benefits paid by NCTD on behalf of its employees.

**Encumbrance:** Funds not yet expended but obligated or set-aside in anticipation of expenditure to be paid.

**Enterprise Fund:** In governmental accounting, a fund that provides good or service to the public for a fee that make the entity self-supporting. It follows GAAP as does a commercial enterprise.

**ETC:** Escondido Transit Center.

**Expenditures:** Also known as expenses. Where financial records are kept on an accrual accounting basis, expenditures are recognized when goods are received, or services are rendered. Where financial records accounts are kept on a cash basis, expenditures are recognized only when the cash payments are made.

**Farebox Recovery Ratio:** Measurement of fares received divided by operating cost.

**FAST Act:** On December 4, 2015, President Obama signed the Fixing America's Surface Transportation (FAST) Act (Pub. L. No. 114-94) into law - the first federal law in over a decade to provide long-term funding certainty for surface transportation infrastructure planning and investment.

**Financial Forecast:** Estimates of future revenues and expenditures to help predict the future financial condition of NCTD.

**Fiscal Year (FY):** A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and results of its operations. NCTD's fiscal year starts on July 1 and ends on June 30.

**Fixed Assets:** Assets are intended to be held or used for a long term, such as land, buildings, machinery, equipment, and other improvements.

**FRA:** Federal Railroad Administration. The FRA was created by the Department of Transportation Act of 1966. It is one of ten agencies within the U.S. Department of Transportation concerned with intermodal transportation.

**FTA:** Federal Transit Administration. Chapter 53 of Title 49 of the U.S. Code establishes the authority for FTA. It incorporates the Urban Mass Transportation Act originally enacted in 1964 and states that "it is in the interest of the United States, including its economic interest, to foster the development and revitalization of public transportation systems that (1) maximize the safe, secure, and efficient mobility of individuals; (2) minimize environmental impacts; and (3) minimize transportation-related fuel consumption and reliance on foreign oil.

**FTE:** Full-time equivalent. Employee positions are budgeted for the time a regular, full-time employee normally works in a year. For example, a full-time employee (1 FTE) is paid for 2,080 hours per year, while a 0.5 FTE would work 1,040 hours per year.

**GAO:** General Administration Office. NCTD administrative offices located in 810 Mission Avenue, Oceanside, CA 92054.

**Generally Accepted Accounting Principles (GAAP):** Uniform standards for financial accounting and reporting which govern the form and content of the basic financial statements of an entity.

**GFOA:** Government Finance Officers Association. GFOA is an association comprised of federal, state/provincial, and local finance officer members. GFOA's mission is to advance excellence in state and local government financial management. GFOA best practice guidance, consulting, networking opportunities, publications including books, e-books, and periodicals, recognition programs, research, and training opportunities for those in the profession.

**Headway:** The elapsed time between the arrival of transit vehicles traveling in the same direction on a given route, usually expressed in minutes.

**Heavy Rail:** A heavy gauge railway with the capacity to handle railway freight cars and locomotives.

**HOV Lanes:** High occupancy vehicle lanes. An HOV lane (also known as carpool lane, diamond lane, 2+ lane, and transit lane or T2 or T3 lanes) is a restricted traffic lane reserved for the exclusive use of vehicles with a driver and one or more passengers, including carpools, vanpools, and transit buses.

**Hybrid Rail (YR):** Rail system primarily operating routes on the national system of railroads, but not operating with the characteristics of commuter rail. This service typically operates light rail-type vehicles as diesel multiple-unit trains (DMUs). These trains do not meet Federal Railroad Administration standards, and so must operate with temporal separation from freight rail traffic.

**Intermodal:** Passengers on more than one type of transportation, such as from bus to rail.

**LOSSAN:** Los Angeles-San Diego-San Luis Obispo Corridor. LOSSAN is a 351-mile Corridor that travels through a six-county coastal region in Southern California and is the second busiest intercity passenger

rail corridor in the United States and the busiest state-supported Amtrak route. The LOSSAN Corridor service includes 41 stations.

**MAP-21:** Moving Ahead for Progress in the 21st Century Act. MAP-21 (P.L. 112-141), was signed into law on July 6, 2012. Funding surface transportation programs at over \$105 billion for federal fiscal years 2013 and 2014, MAP-21 is the first long-term highway authorization enacted since 2005. Since 2014, Congress has enacted several short-term extensions of the expiring law.

**Metrolink:** The regional commuter system connecting Los Angeles with Orange County, Riverside, San Bernardino, and Ventura Counties. Service began in October 1991.

**Mode:** A particular form of transportation identified by the vehicle used, such as bus, rail, and paratransit.

**MOW:** Maintenance of the railway right-of-way.

**MTS:** San Diego Metropolitan Transit System.

**Multimodal:** Public transportation system which provides more than mode of transit service, such as bus, rail, ferry, HOV, bikeway, pedestrian land use, or demand-response service.

**NCTD:** North County Transit District.

**Net Assets:** Net assets represent the residual interest in NCTD's assets after liabilities are deducted. In accordance with GASB statement No. 34, the equity section on the statement of net assets reports total net assets in three broad components: invested in capital assets, restricted; and unrestricted. Net assets invested in capital assets included capital assets net of accumulated depreciation and related debt. Net assets are restricted when constraints are imposed by third parties or by law through constitutional provisions or enabling legislation. All other net assets are unrestricted. When both restricted and unrestricted resources are available for use, it is NCTD's policy to use restricted resources first and then unrestricted resources as they are needed.

**Non-revenue Vehicles:** Vehicles that do not carry fare-paying passengers.

**Operating Budget:** The operating budget is the primary means by which most of the spending and service delivery activities of NCTD are controlled.

**OTC:** Oceanside Transit Center.

**Paratransit:** Paratransit refers to equivalent transportation service provided by vehicles accessible to mobility devices.

**PCA:** Personal care attendant. A PCA is someone whose services or presence is required by the customer to meet his or her personal needs or to assist in traveling.

**Performance Objective:** Relates to employee's evaluation.

**Performance Results:** A summary of major accomplishment and objectives that are met.

**Personnel:** NCTD's employees.

**Planetbids:** Web-based eProcurement company that assists public, private, education, and non-profit sectors in streamlining the procurement process.

**Revenue Estimate:** A formal estimate of how much revenue will be earned from a specific revenue source for some future period, typically during a fiscal year.

**Revenue Vehicle Hours:** Total number of schedule hours that a vehicle is in service. Excludes hours spent traveling to and from storage facilities and during other non-service travel.

**Revenue Vehicle Miles:** Total number of miles traveled by a vehicle operating on rail or tracks, bus, van, trolley, ferry, cable car, or other vehicle use to provide public transportation for which a fare is collected. Excludes miles spent traveling to and from storage facilities and during other no-service travel.

**Revenue Vehicle:** Vehicle that carries fare-paying passengers.

**RFP:** Request for proposal. An RFP is a document that solicits proposal, often made through a bidding process, by an agency or company interested in procurement of a commodity, service, or valuable asset, to potential suppliers to submit business proposals.

**Ridership:** The number of passengers who board public transportation vehicles. Passengers are counted each time they board vehicles no matter how many vehicles they use to travel from their origin to their destination.

**ROW:** Right-of-way; land purchase or reserved for a transit system's route, such as a bus lane, or a railway line.

**RTIP:** Regional Transportation Improvement Program. This plan is required for the region to qualify for federal funding.

**RTMS:** Regional Transit Management System. RTMS is a radio communication system that supports the fixed-route bus transit operations.

**SANDAG:** San Diego Association of Governments. SANDAG is the metropolitan planning agency for the County of San Diego and is the primary public planning, transportation, and research agency of the region.

**Service Area:** A measure of access to transit service in terms of population served and area coverage (square miles). The reporting transit agency determines the service area boundaries and population for most transit services using the definitions contained in the Americans with Disabilities Act of 1990 (ADA), i.e., a corridor surrounding the routes  $\frac{3}{4}$  of a mile on either side, or for rail, a series of circles of radius  $\frac{3}{4}$  mile centered on each station.

**Service Efficiency:** Cost savings that are generated do to more efficient scheduling of routes.

**Single Audit:** Previously known as the OMB Circular A-133 audit, is an organization-wide financial statement and federal awards' audit of a non-federal entity that expends \$750,000 or more in federal funds in one year.

**STIP:** State Transportation Improvement Program.

**TCRP:** Traffic Congestion Relief Program.

**TDA:** Transportation Development Act. Enacted in 1971 by the California legislature to provide a major source of funding for public transportation. These funds are generated by a  $\frac{1}{4}$  of a percent sales tax collected in each region of the state and allocated to each county based on population, taxable sales, and transit performance.

**Temporary Employees:** Employees who work full or part-time but only for a limited period for the completion of a set task. These persons are not entitled to receive any benefits and do not have any job security rights.

**TOPR:** Transit Operations Performance Report. The TOPR is a monthly and quarterly report produced by NCTD staff that reports on operating statistics of the District.

**TransNet:** A funding source created by Proposition A, the  $\frac{1}{2}$  cent sales tax enacted in November 1987. A 40-year extension of TransNet was approved by voters in November 2004.

**TVM:** Ticket vending machine.

**Unconstrained CIP:** Not limited by funding sources.

**YOP:** Youth Opportunity Pass.