

NORTH COUNTY TRANSIT
SAN DIEGO RAILROAD

August 7, 2026

The Honorable Toks Omishakin
Secretary
California State Transportation Agency
400 Capital Mall, Suite 2340
Sacramento, CA 95814

Re: Senate Bill 1098 LOSSAN Rail Corridor Working Group Draft Report

Dear Secretary Omishakin:

On behalf of North County Transit District, operating as North County Transit – San Diego Railroad (NCTD), I write to provide comments and feedback regarding the Senate Bill 1098 LOSSAN Rail Corridor Working Group draft report prepared by the California State Transportation Agency (CalSTA). In general, NCTD supports the recommendations included in the report. However, continued and sustainable State investment remains critical to achieving the long-term success of passenger and freight rail service on the Los Angeles – San Diego – San Luis Obispo (LOSSAN) rail corridor.

NCTD appreciates the State's efforts to strengthen the coordination, management, and performance of passenger rail service on the LOSSAN rail corridor. CalSTA's draft report includes many of the recommendations NCTD made in the LOSSAN Working Group meetings and reflects a balanced vision for the future of the corridor. In particular, NCTD supports the draft report's recommendations to:

- Encourage state grant programs to fund State of Good Repair projects and develop flexibility to accommodate the inherent uncertainties of complex rail capital projects;
- Establish an agreement between CalSTA, the LOSSAN Corridor, and the California Coastal Commission to identify streamlining opportunities for rail projects in the coastal zone and other solutions to assist in the delivery of rail projects; and
- Streamline California Environmental Quality Act (CEQA) review for passenger rail projects in ways that maintain environmental protection while reducing time and cost.

As required by statute, NCTD's Board of Directors reviewed and considered the draft report at its meeting on June 18, 2026. During the meeting, the Board emphasized the need for continued State investment to support frequent, reliable passenger rail service and for the delivery of major capital projects. The Board also vocalized support for the report's recommendation to review opportunities to modernize the *Transportation Development Act* (TDA) by removing farebox recovery ratio penalties and developing new metrics and performance measures.

NCTD recommends that CalSTA strengthen the draft report's recommendations in Section 4.2 Changes to Funding. As noted by the draft report, the corridor's three primary passenger rail

One Community - Advancing Opportunities



810 Mission Avenue
Oceanside, CA 92054



(760) 966-6500
(760) 967-2001 (fax)



GoNCTD.com

operators face structural operating deficits, either immediately or in the near future. According to NCTD's most recent financial projections, anticipated operating expenses will exceed available funding beginning in FY 2028, resulting in cumulative operating shortfalls through FY 2031. NCTD is pursuing every available avenue to address this issue, including transferring funds from capital projects to support operations, collaborating with the San Diego Association of Governments (SANDAG) and the San Diego Metropolitan Transit System (MTS) to increase revenues from passenger fares, and working with state and federal partners to identify new sources of funding and increase flexibility in existing programs to support passenger rail operations. In the absence of additional funding, NCTD may need to reduce service levels to balance its operating budget in future years. NCTD urges the State to identify and provide robust, predictable funding to support sustained passenger rail operations on the LOSSAN rail corridor.

NCTD looks forward to continuing its work with CalSTA and other involved stakeholders to implement the recommendations in the SB 1098 report. As a host railroad and a passenger rail operator, NCTD is well-equipped to play a central role in the long-term success and management of the LOSSAN rail corridor.

Sincerely,



Shawn M. Donaghy
Chief Executive Officer

cc: James Hacker, Undersecretary, California State Transportation Agency
Anthony Serna, Deputy Secretary for Rail and Transit
Lori A. Winfree, Deputy Chief Executive Officer & Chief General Counsel
Mary Dover, Deputy Chief Operating Officer
Tyler Mosher, Government Affairs Officer