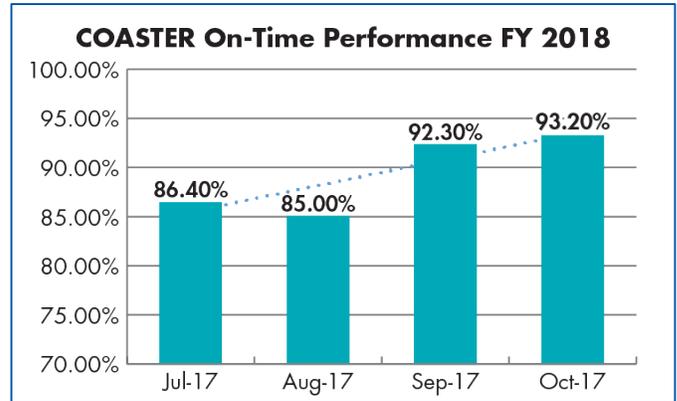


## Dear COASTER Customers:

The North County Transit District's (NCTD) mission is to provide safe, convenient, reliable, and user-friendly public transportation services. We are providing you with a formal update on COASTER performance and capital projects that are being advanced to support our mission.

### COASTER On-Time Performance

NCTD and its rail operations contractor, Bombardier, have worked diligently to improve COASTER on-time performance (OTP) over recent months, focusing efforts on improving vehicle mechanical reliability, reducing signal malfunctions, collaborating with SANDAG and the various construction contractors along the right-of-way, and reducing the challenges of implementation with Positive Train Control (PTC). To the right is a chart showing the improvement in OTP as a result of those efforts. NCTD and Bombardier will continue to focus on improving these results so that our riders may experience as close to 100% on-time performance as possible.



### Railroad Construction

There are five major rail projects under construction along the railroad that have been affecting, and will continue to affect, commuter rail operations for at least the next 2-4 years. These projects are important to the long-term infrastructure of the rail corridor and will provide significant future improvements—such as double-tracking—in support of service delivery and expansion. Below is the status of each of these projects.

- **The Los Peñasquitos Lagoon Bridge Replacement:** Located between the Solana Beach and Sorrento Valley Stations, this project should be completed in January 2018. Intermittent delays to trains were caused by reductions in speed (slow orders) that were in place during the bridge replacement work. The slow orders were removed in September, which has contributed to improved on-time performance.
- **The San Elijo Lagoon Double Track Project:** Located between the Encinitas and Solana Beach Stations, this project is scheduled for completion in January 2019. Much of the work on the San Elijo project is being performed away from the track so riders should expect to experience minimal schedule delays.
- **The San Diego River Bridge Double Track Project:** Located between Taylor Street and Friars Road, this project is scheduled for completion in October 2020. The project involves the demolition and replacement of both existing rail bridges and a significant amount of infrastructure work to support the westward shift of the two main railroad tracks. Riders can expect some minor delays as a result of the amount of track work. Schedule delays should be limited to the Monday following the utilization of a complete weekend rail closure.
- **The Elvira to Morena Double Track Project:** Located between Balboa Avenue and Gilman Drive, this project is scheduled for completion in October 2020. It involves the demolition of four existing single-track rail bridges and the construction of eight replacement rail bridges to accommodate the expansion to a double-tracked rail corridor. A significant amount of infrastructure work—such as retaining walls, track, and drainage structures—is required to support this expansion. Riders can expect some minor delays as a result of the amount of track work. Schedule delays should typically be limited to the Monday following the utilization of a complete weekend rail closure.
- **The Mid-Coast Corridor Transit Project—Segments 1 & 2:** Located between Taylor Street and SR 52, this project is scheduled for completion in August 2021. The project involves the construction of a new double light rail facility to ultimately provide transit service to the University of California, San Diego. Two tracks will be constructed adjacent to the San Diego River Bridge and Elvira to Morena Double Track Projects. Construction includes multiple new bridges, walls, stations, and utilities. A significant amount of infrastructure work—such as retaining walls, track, and drainage structures—is required to support this expansion. Riders can expect some minor delays as a result of the amount of track work. Schedule delays should typically be limited to the Monday following the utilization of a complete weekend rail closure.

#### NCTD anticipates that two new projects will begin in 2018.

- **The Carlsbad Poinsettia Station Platform Reconstruction:** This project is scheduled to begin in the spring of 2018 and have a duration of approximately two years. The project will construct a pedestrian underpass to provide access to the station's western platform without the need to cross the tracks. The project will also reconstruct the platforms and install new passenger shelters and benches.

- **Solana Beach Landscape Improvement Project:** This project is expected to begin in early 2018 and be completed by the fall of 2018. Construction includes storm drain improvements to the north end of the Solana Beach Station parking lot and landscaping improvements along the western slope from the station building north to the pedestrian overcrossing bridge.

## Positive Train Control

NCTD is in the process of implementing Positive Train Control (PTC) on the San Diego subdivision and on all COASTER trains. PTC is a federally mandated system with integrated command, control, communications, and information for controlling train movements with safety, security, precision, and efficiency. Congress has mandated that PTC be in place by December 31, 2018. Earlier this year, NCTD completed the initial phases of Revenue Service Demonstration (RSD) and, as of December 2017, has moved into Extended RSD whereby all COASTER trains will eventually be operating under the PTC system at all times. As this technology is implemented, COASTER passengers may experience delays at Oceanside Transit Center or Santa Fe Depot when trains are initializing the system. The trains also may occasionally come to a brief stop along the route where the train may be required to brake. While this is a brand new technology for the railroad industry, NCTD and its contractors are working hard to minimize the impacts of PTC implementation on your daily commute. As a result of the hard work being performed, we have seen delays that are attributable to PTC decline from a total of 57 in July, averaging 6 minutes each, to 21 in November, averaging 2.5 minutes each. This technology is a critical element of NCTD's mission is to provide safe public transportation services to our customers.

## Rail Vehicle Procurement

Over the next several years, NCTD is advancing the procurement of new COASTER locomotives and refurbishing COASTER passenger cars and cabs. Subject to the approval of the Board of Directors, NCTD expects to issue a purchase order in early 2018 to replace our current fleet of seven locomotives with new Siemens Charger locomotives, at an estimated cost of \$53 million. Unlike cars and trucks that you see on the road, locomotives are highly customized to meet the operating needs of rail and freight entities. As a result, it takes in excess of 30 months from the day a purchase order is issued to take delivery of a locomotive. We anticipate delivery of the first locomotive in 2020, with additional vehicles being delivered every 30 to 60 days thereafter. The question is frequently asked "Why didn't NCTD prioritize the replacement of locomotives ahead of new construction on the railroad?" The answer to the question is two-fold; first, the projects being advanced on the coastal railroad in San Diego County are the result of the voter-approved TransNet program extension in 2004. These funds were specifically approved to support capacity-enhancing projects and may not be used to fund replacement equipment. The TransNet program does fund increased COASTER frequencies beginning in 2020, subject to the completion of the double-tracking projects, and SANDAG must provide TransNet funding to purchase two new sets of COASTER equipment for a total of two locomotives, four rail cars, and two rail cabs.

Second, NCTD, like most public transportation districts, currently lacks the funding necessary to fund all of its capital needs. NCTD is responsible for funding State of Good Repair projects through its annual Capital Improvement Program (CIP). Our goal is to have a minimum \$15 million annual CIP. NCTD's upcoming FY2019-2023 CIP identified an unconstrained funding need in excess of \$1 billion and a shortfall for NCTD managed projects in excess of \$159 million.

For reference, NCTD needs more than \$49 million to replace seven locomotives and about \$51 million to replace about 98 buses to maintain a State of Good Repair for the BREEZE, LIFT, and FLEX fleets which provides more than 65% of the system-wide passenger trips. NCTD, through its CIP, must also fund right-of-way improvement projects to include bridge replacement projects like the **Los Peñasquitos Lagoon Bridge Replacement and facility improvement projects at our customer and operating facilities.**

The increased funds needed by NCTD and other transportation agencies is usually generated by increased taxes at the federal, state, or local level. In 2016, a local tax initiative was advanced that would have provided critical funding to meet NCTD's CIP needs. Unfortunately, this tax initiative did not receive the 66% approval threshold from voters. The State of California approved new taxes this year that will provide additional funds to NCTD—these funds have already been incorporated in NCTD's CIP – and will help support the purchase of locomotives and the advancement of other critical capital needs. With that said, there is already an initiative underway to repeal the state legislation.

## On Our Way

As we continue to strive for the 100% on-time performance rate that we know you deserve, we thank you for your patience and cooperation in welcoming the many construction projects that are currently underway along our coastal rail corridor. These projects, while lengthy and costly, will result in a long-term solution in providing the best service possible to our valued rail customer—YOU.