



**February 17, 2026**

**To:** Members of the Board of Directors

**From:** Jason Jewell, Managing Director 

**Subject:** Amendment to Cooperative Agreement for On-Time Performance Incentive Program with North County Transit District

### **Overview**

As part of the 2018 Transit and Intercity Rail Capital Program grant awarded by the California State Transportation Agency, funding was provided to initiate an On-Time Performance Incentive Program between the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency and the North County Transit District. The Program, which was approved by the Board of Directors in January 2019, provides incentive-based performance payments to the North County Transit District for meeting Pacific Surfliner on-time performance goals and provides additional funding to support the on-going railroad right-of-way maintenance on the infrastructure over which the Pacific Surfliner operates. Staff is seeking Board of Directors' approval to increase the maximum obligation under the existing agreement with the North County Transit District to fully utilize remaining Transit and Intercity Rail Capital Program grant funds already allocated to the program.

### **Recommendation**

Authorize the Managing Director to amend Agreement No. L-2-0005 between the Los Angeles – San Diego – San Luis Obispo Rail Corridor Agency and the North County Transit District to add \$872,077, increasing the maximum obligation to \$14,648,601, which will allow LOSSAN to utilize the remaining grant funding currently allocated to the program.

### **Background**

The Pacific Surfliner service operates over four different host railroads (Union Pacific Railroad, Metrolink, BNSF Railway, and North County Transit District) along the 351-mile Los Angeles – San Diego – San Luis Obispo (LOSSAN) rail corridor. These host railroads are responsible for dispatching trains and maintaining the right-of-way (ROW) on which the Pacific Surfliner operates.

To help address the high costs for operating and maintaining the railroad, many of the host railroads and ROW owners enter into agreements with the rail services operating on their railroad. These agreements generally cover access fees to contribute to the ongoing operations and maintenance of the railroad, and sometimes incentive payments to help ensure a certain level of on-site performance is maintained. This is a common arrangement across the country for most railroads on which intercity passenger rail service operates (whether State-supported or Amtrak funded).

In April 2018, the LOSSAN Agency was awarded Transit and Intercity Rail Capital Program (TIRCP) totaling \$188 million, including approximately \$23 million to implement a capitalized access and On-Time Performance (OTP) Incentive program with the North County Transit District (NCTD). In January 2019, the Board of Directors (Board) authorized the negotiation and execution of an agreement for OTP incentives and capitalized access fees with the NCTD. Through the completion of that agreement and its related amendments, a total of \$8,313,399, was expended. Following the expiration of the initial agreement and related amendments, the Board approved a new agreement in November 2021 with refined terms governing railroad operations and maintenance reimbursements and OTP incentives.

### ***Discussion***

When the latest Railroad Operations and Maintenance Reimbursements and OTP Incentives Program with NCTD was approved by the Board, the agreement was planned to conclude on June 30, 2025. This was due to the expected expiration of funding on that date. Since then, both the grant funding and agreement L-2-0005 have been extended through fiscal year 2026. Through this process, it was determined that while the agreement term was extended, the existing contract authority was insufficient to fully utilize the remaining grant funding. The current contract authority has now been exhausted, with \$872,077 remaining in grant funding. LOSSAN staff is requesting an amendment to increase the maximum obligation of the agreement to \$14,648,601, to align authority with the remaining available TIRCP funds.

***Summary***

Approximately \$23.0 million in Transit and Intercity Rail Capital Program funds were awarded to implement a capitalized access and On-Time Performance Incentive program with the North County Transit District. In January 2019, the Board of Directors authorized the negotiation and execution of Agreement No. L-9-0002, which was subsequently replaced by Agreement No. L-2-0005, approved in November 2021, with updated language and contract terms. Staff is seeking Board of Directors' approval to execute an amendment to Agreement No. L-2-0005, adding \$872,077 and increasing the maximum obligation to \$14,648,601, to utilize the remaining grant funding for the program.

***Attachment***

None.

**Approved by:**



Russ Henry  
Program Manager, Financial Planning and Analysis/Project Controls  
(714) 560-5990