

JPB Governance

**JPB Board Meeting
January 8, 2026**



Proposed Motion

- Director Walton has requested that the Board consider adopting the following motion:
 - Move that Caltrain conduct a 6-month period of work activities towards making meaningful and codified progress, that culminates in bringing forward recommended amendments to Caltrain's governing agreement and wherein after the 6-months there is a concrete plan to end the managing agency role, address the shared services agreement and provide at least an update (or a report) on the performance audit (requested by Director Burt), as well as address the successor agency and Caltrain's own salary ordinance

Director Walton's letter is part of the agenda materials



Background – Purchase of ROW

- JPB acquired ROW from Southern Pacific in 1991 for \$202M, including \$120M of state bond proceeds and \$82M contributed by SamTrans
- As a result of its investment in the ROW, SamTrans acquired certain rights in the Joint Powers Agreement (JPA) and the Real Property Ownership Agreement (RPOA), including the right to serve as managing agency until its contribution was repaid with interest, a right to convert its investment into an equity interest in the ROW, and an interest as a tenant-in-common to the ROW in San Mateo County
- RPOA required the parties to use best efforts to find non-local sources of funds to repay SamTrans, with interest

Background – Repayment of SamTrans

- RPOA authorized, but did not require, CCSF and VTA to use their own funds to pay their share of SamTrans' contribution, plus interest, based on mileage formula: VTA, 42.2% or \$34.7M, and CCSF, 10.1% or \$8.3M
- From 1991 through 2007, no payments were made to SamTrans for its contribution
- By 2008, VTA's pro rata share had grown from \$34.7 million to \$74.2 million (including \$39.5 million in interest) and CCSF's pro rata share had grown from \$8.3 million to \$17.3 million (including \$9 million in interest)

Background – 2008 Compromise

- In 2008, the Metropolitan Transportation Commission (MTC) brokered a compromise among the Member Agencies to use state gas tax spillover funds to pay SamTrans for CCSF and VTA's pro rata shares of SamTrans' contribution, plus a portion of the interest owed, in full satisfaction of CCSF and VTA's obligations
- SamTrans agreed to forgo \$38.2M in interest
- The parties agreed that SamTrans could serve as managing agency of the JPB “unless and until it no longer chooses to do so” and to amend the 1996 JPA to reflect that

Background – 2008 Compromise

- MTC, VTA, and CCSF agreed to pay SamTrans \$43.3M, \$8M, and \$2M, respectively, for a total of \$53.3M
- The parties anticipated that these amounts would be paid over 2-4 years, and that if sufficient funds were not available to make the full payment within 10 years, MTC would be authorized to look for alternative sources of non-local funds to make the payment
- The agreement did not provide for interest on the amount due to SamTrans

Background – Payments to SamTrans

- State gas tax spillover funds were available for only one year, resulting in payments of \$4.4M to SamTrans in 2008
- Parties relied on other sources of funding, including MTC's use of flexible federal funds, to pay SamTrans
- By 2015, SamTrans had received \$8M from VTA, \$1.8M from CCSF, and \$23.7M from MTC, leaving \$19.8M unpaid (\$19.6M owed by MTC and \$200k owed by CCSF)
- From 2015-2021, SamTrans received no additional payments

Background – Measure RR

- In 2020, the Member Agencies resumed discussions on governance and repayment to SamTrans
- JPB agreed to explore governance changes, including granting the JPB the right to hire its own executive director, and prioritize repaying SamTrans for the outstanding \$19.8M, if the voters approved Measure RR
- Following the passage of Measure RR, the JPB undertook a governance study, and the JPB and the Member Agencies engaged in extensive negotiations
- Negotiations culminated in approval of Governance MOU in 2022 by JPB and Member Agencies

Background – 2022 Governance MOU

- Required MTC and CCSF to pay SamTrans \$19.6M and \$200,000, respectively
- Authorized the JPB to appoint its own Executive Director, with sole control and responsibility for rail employees, subject to SamTrans salary ordinance and HR policies
- Recognized SamTrans' right to serve as managing agency, but specified that role of managing agency is to employ the railroad's employees and to provide shared and partially shared service in specified functional areas
- Required CCSF and VTA to pay SamTrans \$15.2M for delay in payment and for its agreement to assign rights as managing agency to JPB

Background – Implementation of MOU

- MTC, CCSF, and VTA have paid SamTrans a total of \$35M (\$19.8M in satisfaction of the 2008 RPOA amendment and \$15.2M under the Governance MOU)
- SamTrans has reconveyed its tenancy-in-common interest in the ROW in San Mateo County to the JPB and its equity conversion right has been extinguished
- SamTrans has waived any claims it has against CCSF and VTA for delay in payment
- JPB has appointed its own Executive Director

Background – CalPERS Contract

- Counsel for JPB and Member Agencies have determined that a premise of the Governance MOU – that rail employees could be treated as common law employees of SamTrans – was incorrect
- JPB, in coordination with SamTrans, is in the process of establishing CalPERS contract to provide pension and health benefits to rail employees
- Member Agencies must agree to backstop pension debt
- Caltrain must adopt salary ordinance and HR policies

Background – Shared Services Agreement

- Caltrain and SamTrans are close to finalizing a shared services agreement to govern provision of fully and partially shared services
- Caltrain and SamTrans have been jointly developing and updating work plans to estimate the level of services required by Caltrain and to allow SamTrans to determine level of resources necessary to deliver services
- Caltrain and SamTrans are considering scope of proposed partnering sessions to develop SOPs and KPIs

Background – Outstanding MOU Items

- Amend JPA and RPOA to conform with Governance MOU, address ambiguities and inconsistencies, and codify certain uncoded practices
- Counsel prepared amended RPOA for consideration, but could not reach agreement with counsel for Member Agencies
- Counsel prepared amended JPA for consideration, but could not reach agreement with counsel for Member Agencies
- Outstanding issues include operating and capital contributions and role of managing agency

Director Walton's Proposal

1. Affirm and resume our work to develop Caltrain, step by step, toward becoming an independent regional agency
2. Update the Governance MOU to: (a) reflect that VTA and CCSF have satisfied their obligation to pay SamTrans \$15.2M; (b) address Caltrain's obligations as a CalPERS contracting agency and the understandings reflected in the draft Shared Services Agreement; and (c) state the intention to transition away from a managing agency model, toward the goal of Caltrain becoming an independent regional agency, over time

Director Walton's Proposal

3. Conduct a performance audit to provide credible and transparent information to guide the continuing development of an equitable Caltrain governance framework and transition path, including identifying additional functions that would be appropriate to transfer from SamTrans to Caltrain, in addition to the five positions established in the Governance MOU
4. Consider the approval of a Caltrain Salary Ordinance that supports the progression of the agency toward eventual independence, including the important work to establish the next tranche of dedicated Caltrain employees

Dir. Walton Proposed Motion

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Questions / Discussion

FOR MORE INFORMATION

WWW.CALTRAIN.COM

