

***Receive State and
Federal Legislative
Update and Consider
Position on
Legislation: House of
Representatives
(H.R.) 3647 (Mullen)***

**JPB Board Meeting
February 5, 2026**



Federal

Appropriations

- Congress passed and the President signed a budget package that funds most of the federal government (including U.S. DOT) through Sept. 30, while providing the DHS with short-term funding for two weeks.
- Includes \$100 million for grants to transit agencies in host cities to cover eligible planning, capital, and operating expenses related to the FIFA World Cup

Caltrain Community Project Requests Included:

- Burlingame Broadway Grade Separation Project – \$3,150,000 (Rep. Mullin)
- South County Service Communications Project – \$1.1 million (Sen. Padilla)

HR 3647 (Mullin) - *Recommend Support*

H.R. 3647 (Mullin) - SAFE CROSS Act

- The “SAFE CROSS Act” would direct the FRA to study and report on the use of AI-enabled sensors at railroad crossings to improve safety and reduce collisions.
- Aligns with Caltrain's safety goals and highest priority.
- Supports innovation that could complement existing crossing safety strategies
- Would provide federal guidance and best practices that could be leveraged in future capital or safety investments
- **Staff is recommending a support position.**

State Budget

Governor Newsom Proposed FY 2026-27 Budget

- Overall Budget
 - \$348.9B balanced budget; \$2.9B projected deficit (vs. \$18B projected last year)
 - \$23B in reserves, up from \$15.7B in FY 2025–26
- Cap-and-Invest (GGRF) Changes
 - TIRCP: \$400M statutory target → \$283M proposed (FY 26–27)
 - LCTOP: \$200M statutory target → \$141M proposed
 - Reductions driven by weak auction proceeds; Tier 3 programs cut proportionally
 - Discretionary GGRF (Tier 2): \$1B total; \$250M for SB 840 priorities (transit passes, research, etc.)
 - Remaining \$750M discretionary proposed for CalFire, \$230M ZETCP appropriation for FY 26-27 is omitted

State Budget

REVENUE ESTIMATES FOR FY 2026-27 @ GOVERNOR'S BUDGET (JANUARY 9)			
FUNDING SOURCE	FY 2025-26 (CY)	FY 2026-27 (BY)	FY 2027-28 (BY +1)
STA			
Base Rate (2.375%)	\$246,869	\$235,898	\$251,974
Incremental Rate (1.75%)	\$168,743	\$160,660	\$172,505
SB 1 Rate (3.5%)	\$337,487	\$321,319	\$345,010
STA SOGR (30% of TIF)	\$137,256	\$140,678	\$144,898
Total	\$890,354	\$858,555	\$914,387
Intercity & Commuter Rail			
Base Rate (2.375%)*	\$246,869	\$235,898	\$251,974
SB 1 Rate (0.5%)	\$48,212	\$45,903	\$49,287
Total	\$295,081	\$281,801	\$301,261
TIRCP			
Cap & Invest**	\$333,000	\$283,000	\$311,000
SB 1 (70% of TIF)	\$320,264	\$328,249	\$338,096
Total	\$653,264	\$611,249	\$649,096
LCTOP			
Cap & Invest**	\$165,700	\$141,000	\$155,000
<i>*Funds used for additional Caltrans purposes</i>			
<i>**Amounts in FY 2026-27 are dependent on GGRF revenue</i>			

State Loan Agreement Reached

- Jan 30, Gov office, Department of Finance, transit agencies (Caltrain, BART, MUNI, AC Transit) and MTC reached agreement: \$590M loan
 - Caltrain would receive \$50M (will address near-term deficit until longer-term funding secured)
- Details:
 - 12-year repayment term with first 2 years interest-only payments
 - Repayment secured by revenue-based STA funds
 - Variable interest rate, state's Surplus Money Investment Fund, currently ~4%
 - Authorizes the loan to be funded no later than July 1, 2026
 - Loan will be managed through MTC

SB 667 (Archuleta)

SB 667: Railroads: safety: wayside detectors: train length: emergency vehicle crossing.

- State rail safety bill requiring wayside defect detectors at prescribed intervals and imposing operational limits on freight railroads if detectors are not installed.
- Key Provision that could impact Caltrain Operations:
 - **Freight trains would be required to operate at 10 mph on corridor segments without compliant detector coverage, which would impact UPRR trains on Caltrain track**
- Implications for Caltrain both on owned ROW and on the segment south of Tamien
- 10 mph freight movements would severely impact operations
- SB 667 is aimed at freight rail safety, but freight operating responses could materially affect Caltrain service on shared infrastructure

Update on Sponsored Bill

- **AB 1372 (Papan) Regenerative Braking Energy Compensation – *Two Year Bill***
 - Thanks to leadership from Asm Papan and our CCA energy partners PCE and SJCE, Caltrain will begin receiving net billing for its regenerative braking energy from suppliers.
 - Caltrain still does not receive compensation for regenerative braking energy from its energy distributor.
 - Co-sponsored by Senator Wiener
 - AB 1372 will not be moving forward as it was not allowed a hearing.
 - Staff are working with the author's office on next steps to address the issue of compensation for the benefits to our energy distributor from energy sent back to the grid.

SB 63 Financial Efficiency Review

- **Phase 1**

- In progress, operators meeting w MTC and consultant weekly.
- Purpose of Phase 1: establish baseline of cost-saving and efficiency actions taken since 2020 and identify near-term opportunities for further improving service delivery, customer experience, and financial sustainability with existing financial resources.

- **Key Dates:**

- Apr 1 – Phase 1 analysis completed and transmitted to Oversight Committee for revision and adoption.
- Jul 1 - Operators commit to strategies from Phase 1

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