

JPB Governance Memorandum of Understanding

June 23, 2022



BACKGROUND

- **SamTrans' Investment:** SamTrans invested \$82M in purchase of ROW
- **Reimbursement:** Member agencies agreed to use best efforts to reimburse SamTrans from non-local funds, or use their own funds to pay their proportionate share based on mileage formula
- **Rights:** SamTrans obtained tenancy in common right in ROW in San Mateo County and other real property interests until initial investment is repaid

BACKGROUND

- **Managing Agency:** Under JPA, SamTrans has right to serve as Managing Agency until it is repaid
- **2008 Agreement:** MTC and member agencies agreed to pay SamTrans \$53.3M using state gas tax spillover funds for its initial investment and member agencies agreed that SamTrans could serve as Managing Agency for so long as it wishes
- **Payment:** SamTrans paid \$33.5M of \$53.3M; state gas tax spillover funds disappeared

BACKGROUND

- **Measure RR:** Member agencies and JPB agreed to place dedicated sales tax for Caltrain on November 2020 ballot
- **JPB Resolution No. 2020-42:** JPB expressed intent to allow JPB to appoint the Caltrain executive director and to initiate efforts to reimburse SamTrans for its investment in Caltrain
- **Governance:** JPB considered various governance models and adopted term sheet on March 3, 2022



MEMORANDUM OF UNDERSTANDING

- **Negotiated by Member Agency Counsel:** Member agency counsel have engaged in lengthy negotiations to resolve concerns and have agreed to present MOU to their respective boards for approval
- **Schedule:** SamTrans (June 22, 2022); SFMTA (July 19, 2022); SF BOS (July 26, 2022); and VTA (August 4, 2022)
- **Term Sheet:** MOU is largely consistent with term sheet

DIFFERENCES BETWEEN MOU AND TERM SHEET

- **Term Sheet:** Provided for \$19.6M from MTC and \$15.2M from CCSF/VTA to be deposited in escrow account and released once all funds received and for real property rights to be transferred upon payment of both sums to SamTrans
- **MOU:** Bifurcates payment of \$19.6M and transfer of property rights from payment of \$15.2M; upon payment of \$19.6M, SamTrans conveys TIC interest to JPB, relinquishes other interests, and releases VTA and CCSF

MOU TERMS

- **Caltrain ED:** Establishes separate Caltrain ED who reports to JPB, which exercises authority over selection, hiring, annual goal setting, performance review, compensation, and termination of Caltrain ED
- **New Direct Reports:** Establishes 5 new direct reports (in addition to Rail Division) reporting to the Caltrain ED, who has authority over selection, hiring, annual goal setting, performance review, compensation, and termination, subject to SamTrans's salary ordinance and employee manual and policies

MOU TERMS

- **Role of Managing Agency:** Specifies that role of Managing Agency is to support JPB through employment of staff directly supporting the railroad and the Caltrain ED and through provision of fully or partially shared services in the areas of HR, C&P, IT, Civil Rights, Accounting, Treasury, Budgets, Finance, Communications, Government and External Affairs, and Real Estate and Grants
- **Shared Services:** Provides for negotiation and execution of shared services agreement

MOU TERMS

- **MTC Payment:** Provides that SamTrans will reconvey its interest in the ROW, relinquish real property interests, and release any claims that it may have against CCSF and VTA for SamTrans' contribution towards the purchase of the ROW, upon receipt of \$19.6M from MTC
- **CCSF and VTA Payment:** Requires CCSF (\$6,080,000) and VTA (\$9,120,000) to pay \$15.2M within 12 months of MOU execution to compensate SamTrans for delay in payment of \$19.6M and for assignment of certain rights as Managing Agency

MOU TERMS

- **RPOA and JPA:** Provides a timeline for negotiation of amendments to RPOA and JPA to conform to the MOU and to address inconsistencies, ambiguities, and uncodified practices
- **Indemnification:** Provides for indemnification by JPB and SamTrans for actions for which they are responsible
- **Reversion:** Provides that the Managing Agency arrangement will revert to the terms of JPA and RPOA and that specified terms of MOU will be void if CCSF/VTA do not pay



RECOMMENDATION

- Approve MOU and authorize ED to execute upon approval by Member Agencies
- Authorize ED to take actions necessary to implement MOU once executed

NEXT STEPS

- Member Agency Board Action: SFMTA (July 19,2022); SF BOS (July 26,2022); and VTA (August 4, 2022)
- Execute MOU following VTA Board meeting, if approved by Member Agencies
- VTA and CCSF to pay SamTrans within 12 months
- Begin negotiations concerning amendments to RPOA, and following approval of RPOA amendments, begin negotiations concerning JPA amendments

FOR MORE INFORMATION

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