



Sonoma-Marín Area Rail Transit
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Eddy Cumins

July 15, 2026

Sonoma- Marin Area Rail Transit Board of Directors
5401 Old Redwood Highway, Suite 200
Petaluma, CA 94954

SUBJECT: Fiscal Year 2025/2026 Budget Amendment #12

Dear Board Members:

RECOMMENDATIONS:

Adopt Resolution No. 2026-21, amending Resolution No. 2025-19, the Fiscal Year 2025/2026 Adopted Budget to modify spending authority.

BACKGROUND:

In the fall of 2025, the Black Point Bridge on the Brazos Branch Freight Line experienced multiple mechanical failures, which resulted in the bridge being closed for rail service while repairs were completed. These repairs were completed and service re-initiated in June of 2026. During the time of the outage, it was determined that SMART would assist with additional trucking costs for freight customers. In January 2026, the SMART Board approved funding to cover initial costs. This action adds \$241,700 to the Fiscal Year 2025/2026 Freight Budget for claims through the completion of the bridge repairs.

On July 1, 2022, SMART began operating freight service with its own employees. In preparation for this transition, SMART applied to the U.S. Railroad Retirement Board (RRB) to have Freight Division employees covered under the federal railroad retirement system. Due to the lengthy review process, a final determination was not received for nearly four years.

In December 2025, SMART was notified that Freight Division employees are covered under the Railroad Retirement Act. This determination was consistent with SMART's expectations. Since July 2022, SMART has prudently withheld and accrued both the employee and employer retirement contributions, ensuring that sufficient funds have been reserved for the required remittance.

However, following the RRB's determination, SMART learned that freight employees are also subject to the Railroad Unemployment Insurance Act

(RUIA), a separate federal unemployment program administered by the Railroad Retirement Board. Prior to receiving this determination, SMART reasonably believed that Freight Division employees were covered under California's state unemployment insurance program, as are all other SMART employees.

As a result, SMART is now required to make retroactive unemployment insurance contributions for the period of July 1, 2022, through June 30, 2026. The total liability for this four-year period is \$40,000, which equates to approximately \$10,000 per year.

Accordingly, staff is requesting Board authorization for a budget adjustment of \$40,000 to fund the required retroactive payment and ensure compliance with federal railroad unemployment insurance requirements.

This action increases funding through the California Priority Legislative Budget Projects 2024 grant or by \$281,700.

FISCAL IMPACT:

The increase in spending authority for freight is balanced by an increase in grant funding, therefore maintaining a fund balance of \$0.

Sincerely,

Claire Springer

/s/

Budget and Finance Manager

Attachments: 1.) Resolution No 2026-21
 2.) Revised Appendix B

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT, STATE OF CALIFORNIA, AMENDING RESOLUTION NO. 2025-19, THE ANNUAL BUDGET FOR FISCAL YEAR 2025-2026 TO MODIFY SPENDING AUTHORITY

WHEREAS, as part of its approval of the Annual Budget for Fiscal Year 2025-2026, the Board of Directors considered the annual expenditures necessary for the Sonoma-Marín Area Rail Transit District; and

WHEREAS, the Board approved Budget Amendment #1 which modified expenditure authority and revised position authority; and

WHEREAS, the Board approved Budget Amendment #2 to modify expenditure authority for the rollforward of funds and acceptance of additional funding; and

WHEREAS, the Board approved Budget Amendment #3 to modify expenditure authority for Phase I of the Healdsburg Extension project and the Teamsters agreement, and to revise position authority; and

WHEREAS, the Board approved Budget Amendment #4 to modify expenditure authority to add grant funding and roll forward funds related to continuing projects; and

WHEREAS, the Board approved Budget Amendment #5 to add additional funding for passenger rail, as well as add and modify funding sources for freight rail; and

WHEREAS, the Board approved Budget Amendment #6 increasing expenditure authority for passenger and freight; and

WHEREAS, the Board approved Budget Amendment #7 modifying the expenditure authority for passenger and freight and amending the position authorization for freight; and

WHEREAS, the Board approved Budget Amendment #8 modifying the expenditure authority for freight and amending the position authorization for passenger; and

WHEREAS, the Board approved Budget Amendment #9 modifying the expenditure authority for freight and passenger rail; and

WHEREAS, the Board approved Budget Amendment #10 modifying the position authority for passenger rail; and

WHEREAS, the Board approved Budget Amendment #11 modifying the position authority for passenger rail; and

WHEREAS, the Board desires to amend the budget to increase expenditure authority for freight; and

NOW, THEREFORE, BE IT RESOLVED that the expenditure authority in Resolution No. 2025-19, Fiscal Year 2025-2026 Adopted Budget Appendix B is hereby amended.

BE IT FURTHER RESOLVED except as specifically amended or supplemented by this Resolution, Resolution No. 2025-19, together with all supplements, amendments, and exhibits thereto is, and shall continue to be, in full force and effect as originally adopted, and otherwise contained herein shall, or shall be construed to, modify, invalidate, or otherwise affect and provision of Resolution No. 2025-19.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Sonoma-Marín Area Rail Transit District held on the 15th day of July 2026, by the following vote:

DIRECTORS:

AYES:

NOES:

ABSENT:

ABSTAIN:

Chris Coursey, Chair, Board of Directors
Sonoma-Marín Area Rail Transit District

ATTEST:

Kyreen Jorgensen, Clerk of the Board of Directors
Sonoma-Marín Area Rail Transit District

