



SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

2150 Webster Street, P.O. Box 12688
Oakland, CA 94604-2688
(510) 464-6000

2025

Mark Foley
PRESIDENT

Melissa Hernandez
VICE PRESIDENT

Robert Powers
GENERAL MANAGER

DIRECTORS

Matthew Rinn
1ST DISTRICT

Mark Foley
2ND DISTRICT

Barnali Ghosh
3RD DISTRICT

Robert Raburn, Ph.D.
4TH DISTRICT

Melissa Hernandez
5TH DISTRICT

Elizabeth Ames
6TH DISTRICT

Victor Flores
7TH DISTRICT

Janice Li
8TH DISTRICT

Edward Wright
9TH DISTRICT

May 28, 2025

The Honorable Gavin Newsom
Governor, State of California
1021 O Street, Suite 9000
Sacramento, CA 95814

RE: May Revision and Cap-and-Invest Plan

Dear Governor Newsom,

On behalf of the San Francisco Bay Area Rapid Transit District (BART), I wish to share how the proposed changes to the state's Cap-and-Trade (now, *Cap-and-Invest*) program as outlined in the May Revision could impact BART's current funding allocations and future program awards.

Since 2015, the Bay Area has secured over \$5 billion under programs that receive continuous appropriations from the Greenhouse Gas Reduction Fund (GGRF) including the Transit and Intercity Rail Capital Program (TIRCP), Low Carbon Transit Operations Program (LCTOP), and Affordable Housing and Sustainable Communities (AHSC) program.

It is our understanding the Administration is not proposing any specific statutory changes to modify the current law governing continuous appropriations or other statutory allocations of GGRF. However, all existing allocations are subject to pending negotiations with the Legislature. This uncertainty threatens nearly \$3 billion in GGRF funding for public transit between Fiscal Year (FY) 2025-26 and 2028-29, including approximately \$2 billion in funding already programmed by the state and regional governments to individual transit projects and services.

Continuous Appropriations

TIRCP

The TIRCP has helped fund major Bay Area transit expansion and modernization projects. For BART, this includes our Transbay Corridor Core Capacity Project and critical transportation infrastructure to support transit-oriented development (TOD). If continuous appropriations to the TIRCP were eliminated beginning in FY 2026, BART's competitive grant awards under Cycle 5 and 7 would be immediately impacted. This includes \$29.3 million in Cycle 5 funds that have yet to be allocated for station access enhancements at three East Bay stations and \$25 million in Cycle 7 funds awarded for plaza and access improvements associated with the North Berkeley Station TOD.

The TOD access infrastructure funded by TIRCP Cycle 5 and 7 Projects will support market-rate and affordable housing development, increase ridership near housing, and enhance multimodal transportation access. TOD residents are twice as likely to ride BART vs non-TOD residents with housing near transit producing 50% fewer auto trips than conventional development. TOD also supports affordability – transportation costs are 24% lower for those who live near BART.

Any proposed cuts or the elimination of TIRCP allocations could jeopardize critical infrastructure projects that support BART's long-term vision for accessible and sustainable station area development. Without this funding, both affordable housing delivery and essential station infrastructure may be delayed or lost, undermining regional housing and climate goals.

AHSC

Approximately, two-thirds of AHSC funds invested in the Bay Area support new transit-oriented affordable housing with the remaining third invested in improving transit access and station areas. AHSC funding has supported nearly 3,000 units of affordable housing at or near BART stations. In addition to funding TODs, AHSC has provided BART nearly \$110 million over eight rounds to fund an array of transit projects including new rail cars, upgraded traction power substations, next generation fare gates, and passenger improvements such as platform displays, lighting, and wayfinding signage.

TODs are a core part of BART's long-term strategy to grow ridership and revenue. BART has a goal of delivering 20,000 homes on our properties by 2040, with 35% below market rate. Reducing or eliminating the 20% of funding continuously allocated to AHSC from the GGRF would exacerbate the bottleneck that prevents approved affordable housing projects from beginning construction and would present a significant challenge to BART TOD affordable developers as they attempt to fully finance their projects and advance into construction.

LCTOP

The LCTOP provides funds for expanded bus or rail service, Bay Area zero emission bus and ferry fleet transitions, and free or reduce transit fare programs. BART receives approximately \$11 million in LCTOP funding annually, which supports the operation of the Antioch extension. This 10-mile service between the Pittsburg/Bay Point Station and Antioch, utilizes renewable diesel technology and provides much needed congestion relief on State Route 4. BART relies on future LCTOP formula funding disbursements to maintain this service. Ridership growth has been robust on the extension: through the first four months of 2025, extension ridership has grown 19% year-over-year, outpacing the systemwide year-over-year growth of 8%.

One-Time Appropriations

Senate Bill 125 Funding Commitments

The Metropolitan Transportation Commission (MTC) approved a \$1.5 billion Short-Term Financial Plan for the Bay Area that includes capital and operating investments funded by Senate Bill (SB) 125 programs and regional contributions. The plan consists of \$776 million for operating expenses and \$725 for capital projects supported by the Zero-Emission Transit Capital Program, formula-based TIRCP, MTC-controlled accounts, and interest earnings.

A commitment was made to BART for \$352 million of state and regional funding over two years. To date, BART has received \$58 million of this commitment. The committed funds are providing a critical bridge to sustain BART service until a potential regional transportation revenue measure in November 2026.

In light of annual operating deficits of ~\$375 million beginning in FY27, should BART not receive the remaining SB 125 funds [\$196 million], the result could be cascading negative

effects on the Bay Area economy, congestion, and transit network. It would also significantly set back the state's housing and sustainability goals by shifting Bay Area transit users to driving and stalling TOD investment.

If one-time funding commitments from the GGRF are cut, the likely result would be insurmountable funding challenges to BART's ability to deliver our Core Capacity Program as well as the VTA's ability to advance the BART to Silicon Valley Phase II project. Significant contracts have already been awarded, including a new communications-based train control system for the entire BART system. Such a loss of funding would also put at risk previously committed federal funding.

BART is the region's transit backbone, linking more than 20 transit operators across five Bay Area counties and extending beyond the region with direct connections to two Amtrak operators and two international airports. Nearly 90% of the region's transit transfer trips involve a leg on BART. Therefore, BART to Silicon Valley Phase II and BART Transbay Core Capacity Program are essential to the region's long-term strategy to grow ridership by increasing reliability on existing BART lines and extending BART to serve new destinations connecting more people to jobs and housing.

Honor All Existing GGRF Commitments

The Administration's current proposal appears to overextend the state's funding commitments from the GGRF, beginning in FY 2026 forcing cuts or trade-offs between existing continuous and one-time funding commitments.

BART respectfully requests the Administration reach agreement on a final Cap-and-Invest plan that honors all existing commitments from the GGRF to California transit agencies through 2030 with at least the same level of historic GGRF funding to public transit agencies and the AHSC program beyond 2030.

Thank you for allowing BART to share our priorities for the Cap-and-Invest plan. We look forward to working with you and the Legislature during the budget process.

Sincerely,



Robert M. Powers
General Manager

cc: BART Board of Directors
Members, Bay Area State Legislative Caucus
Toks Omishakin, Secretary, California State Transportation Agency
Erin Curtis, Director, California Strategic Growth Council
Steven Cliff, Executive Officer, California Air Resources Board
Gustavo Velasquez, Director, California Department of Housing and Community Development
Andrew Fremier, Executive Director, Metropolitan Transportation Commission