August 14, 2025

The Honorable Scott Wiener
Chair, Senate Committee on Budget and Fiscal Review
1021 O Street, Suite 8620
Sacramento, CA 95814

The Honorable Jesse Gabriel
Chair, Assembly Committee on Budget
1021 O Street, Suite 8230
Sacramento, CA 95814

RE: Recommended Framework for State Loan to Bay Area Transit Agencies

Dear Senator Wiener and Assemblymember Gabriel:

On behalf of the undersigned San Francisco Bay Area transit operators, we thank you for including an emergency loan program in the Budget Act of 2025, as laid out in Assembly Bill (AB) 102, to address our short-term fiscal challenges. The $750 million made available from the General Fund to our agencies will be applied to projected deficits.

These funds will stabilize transit agency budgets and allow us to continue to provide critical transit service to the Bay Area. For example, should BART not receive anticipated loan support, the District would face deep budgetary reductions that include eliminating service and closing stations.

SFMTA would be faced with difficult choices impacting Muni's nearly 500,000 daily riders. Those could include cutting about a third of Muni service, reducing frequencies by up to 50%, suspending routes, reducing late night service, and scaling back fare subsidies for seniors, people with disabilities, people with very low incomes and youth.

Caltrain, which recently launched electrified service leading to a 75% increase in riders from last June, would be forced to reduce service, hindering the goal of increasing farebox recovery and reducing voter confidence in major transit investments.

AC Transit would be forced to significantly reduce service to early pandemic levels – when lines were suspended entirely and frequencies were reduced to up to 60 minutes between buses - undermining our 75% ridership recovery.

As the Bay Area seeks voter support for transit funding, it is imperative to maintain service levels and rider-focused improvements. The outlined cuts will push more people onto already congested roadways and disproportionately harm our most vulnerable, transit-dependent riders, deepening inequities in the region. Significant reductions in Bay Area transit service could also result in increased greenhouse gas emissions, as well as negative economic impacts.

When initially discussing this loan with the Legislature and Administration, we indicated our preferred loan terms. Now, we are sharing these revisions to align with the 2025-2026 State Budget. Finalized loan terms will provide certainty in planning for our upcoming fiscal year, and we respectfully ask that you consider inclusion of these specific loan terms in a budget trailer bill before the end of the current legislative session.

Proposed Loan Terms

1. Interest Rate: 0%
2. Method of Disbursement: Disbursement starting as soon as January 1, 2026, and no later than June 30, 2026, based on an operator request
3. Repayment Period: July 1, 2035, through June 30, 2065
4. Repayment Structure: Level annual payments based on total loan allocation used due August 1st of each year after July 1, 2035
5. Prepayment penalty: None
6. Security Requirements: None
7. Arbitrage Restrictions: None
8. Lien: To the extent that security is provided, the loan should be subordinated to any outstanding indebtedness.

The transit operators are committed to establishing an equitable distribution of the $750 million and demonstrating an ability to repay.

While each operator has existing policies and well-established practices to ensure proper and sustainable debt management, we are requesting these specific loan terms to be able to maintain critical transit services for our customers in the face of a very uncertain economic and policy environment.

Thank you again for your support of transit in the Bay Area and statewide. Please do not hesitate to reach out if we can be of any assistance.

Sincerely,

Robert M. Powers
General Manager
San Francisco Bay Area
Rapid Transit District

Julie Kirschbaum
Director of Transportation
San Francisco Municipal
Transportation Agency

Michelle Bouchard
Executive Director
Peninsula Corridor Joint Powers Board

Salvador Llamas
General Manager
Alameda-Contra Costa Transit District

cc: San Francisco Bay Area Rapid Transit District Board of Directors
Peninsula Corridor Joint Powers Board of Directors
San Francisco Municipal Transportation Agency Board of Directors

Alameda-Contra Costa Transit District Board of Directors

The Honorable Gavin Newsom, Governor, State of California

The Honorable Mike McGuire, President pro Tempore, California State Senate

The Honorable Robert Rivas, Speaker, California State Assembly

The Honorable Laura Richardson, Chair, Senate Budget and Fiscal Review Subcommittee 5 on Corrections, Public Safety, Judiciary, Labor and Transportation

The Honorable Dave Cortese, Chair, Senate Committee on Transportation

The Honorable Steve Bennett, Chair, Assembly Budget Subcommittee 4 on Climate Crisis, Resources, Energy and Transportation

The Honorable Lori Wilson, Chair, Assembly Committee on Transportation

Members, Bay Area State Legislative Caucus

Joe Stephenshaw, Director, California Department of Finance

Toks Omishakin, Secretary, California State Transportation Agency

Andrew Fremier, Executive Director, Metropolitan Transportation Commission