

August 22, 2025

The Honorable Gavin Newsom
Governor of California
1021 O Street, Ste. 9000
Sacramento, CA 95814

The Honorable Robert Rivas
Speaker of the Assembly
1021 O Street, Ste. 8330
Sacramento, CA 95814

The Honorable Mike McGuire
Senate pro Tem
1021 O Street, Ste. 8518
Sacramento, CA 95814

The Honorable Monique Limón
Chair, Senate Climate Working Group
1021 O Street, Ste. 7610
Sacramento, CA 95814

The Honorable Jacqui Irwin
Chair, Assembly Cap & Trade Working Group
1021 O Street, Ste. 5630
Sacramento, CA 95814

RE: Cap-and-Invest Reauthorization Priorities

Dear Governor Newsom, Speaker Rivas, Senate pro Tem McGuire, Senator Limón and Assemblymember Irwin:

We jointly write to express our strong support for the reauthorization of the Cap-and-Invest program through 2045 and share our priorities for transportation and affordable housing expenditures from the Greenhouse Gas Reduction Fund (GGRF). Cap-and-Invest is one of California's most effective tools for reducing greenhouse gas (GHG) emissions and providing critical funding for sustainable transportation and transit-oriented affordable housing. A long-term extension will provide certainty for sustained emissions reductions, stabilize the market, and secure continued investments in projects that advance the state's climate and equity goals. In reauthorizing Cap-and-Invest, we urge the state to:

1. Honor the existing multiyear awards from continuous and discretionary programs through the end of FY 2030.

The state has committed more than \$1 billion annually through multiyear awards to public transit projects and programs through continuous appropriations and approximately \$400 million per year through discretionary programs through FY2029-FY2030. The five capital projects in the Bay Area that have received TIRCP funds are expected to leverage \$10 billion in federal funds and create 250,000 jobs across 40 states. In addition, discretionary programs such as the Zero Emission Transit Capital Program remain essential to avoid near-term service cuts and build support for new local and regional funding measures. We strongly urge the state to honor the

budgetary commitments made to provide \$1.1 billion in relief funding (SB125, 2023) and provide a \$750 million loan to BART, Muni, Caltrain, and AC Transit, authorized in this year's budget to help Bay Area transit systems avoid going over a fiscal cliff.

2. Maintain and expand continuous funding for public transit and affordable housing.

Preserve at least 60% continuous appropriations for transportation and transit-accessible affordable housing, including the Affordable Housing and Sustainable Communities (AHSC), Transit and Intercity Rail Capital Program (TIRCP) and Low Carbon Transit Operations Program (LCTOP) programs. These programs have enabled the Bay Area to deliver tens of thousands of new affordable homes and deliver projects that reduce emissions, improve mobility, reduce the cost of living, leverage federal funds, and support the Bay Area's \$1.4 trillion economy. Ongoing, predictable funding from the Cap-and-Invest program remains essential for the Bay Area's ability to build affordable housing and to ensure transit operators can continue supporting the state's mobility, affordability, climate and quality of life goals.

3. Fund rail projects that support, and provide connectivity to, the bookends of the completed high-speed rail system in the state's major metropolitan regions.

While California High-Speed Rail's (HSR) transformation potential hinges on having modern infrastructure and seamless connections into the population and job centers in the San Francisco Bay Area and the Los Angeles metropolitan region. Thanks to Cap-and-Trade, the Caltrain rail corridor - which will be shared by HSR - is now electrified, enabling more service and better travel times. We encourage the state to augment or set aside a portion of high-speed rail's continuous appropriation to additional bookend projects that create modern, integrated, and seamless connections with HSR in the Bay Area and Los Angeles region. Regional priorities in the Bay Area include San José's integrated Diridon Station Program (including BART facilities at Diridon Station); grade separations and safety improvements along the Caltrain Corridor; extending service to downtown San Francisco through The Portal; and project development activities to support electrification from Gilroy to San José. Advancing these projects in the Bay Area - and similar projects in Los Angeles - will ensure that the biggest cities are ready for HSR and deliver immediate value to taxpayers in the Bay Area and Southern California. See attached fact sheet highlighting the Bay Area priority bookend projects.

4. Increase the amount of flexible and predictable funding that can be spent on operations and maintenance to sustain existing public transit service.

Approximately one million trips are made on transit in the Bay Area every day. Taking public transit instead of driving reduces greenhouse gas emissions, decreases congestion - and the emissions generated from idling cars, and improves the cost of living by lowering household transportation costs. A new, dedicated source of funding for transit operations is essential to meeting the state's climate goals. As a near-term step in the right direction, the Cap-and-Invest program must recognize the significant climate benefits of serving existing riders and keeping existing riders on transit. To that end, we support updating TIRCP and LCTOP so that the programs can better support sustaining existing service.

Thank you for your continued commitment to curbing climate pollution and for ensuring that high-quality transit and affordable housing are part of the solution to our climate challenges. Thank you as well for honoring the existing multiyear awards from continuous and discretionary programs through the end of FY2030. We appreciate any further opportunities to engage the Legislature and Administration in Cap-and-Invest funding and policy discussions.

Sincerely,



Andrew B. Fremier
Executive Director, MTC



Michelle Bouchard
Executive Director, Caltrain



Matt Mahan
City of San Jose, Mayor



Daniel Lurie
City/County of SF, Mayor



Carolyn Gonot
General Manager, Santa Clara VTA



Julie Kirschbaum
Director of Transportation, SFMTA



April Chan
General Manager/CEO, San Mateo
County Transportation Authority
/SamTrans



Adam Van der Water
Executive Director, Transbay Joint Powers
Authority

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CC: The Honorable Josh Becker, Chair, Bay Area Caucus
The Honorable Buffy Wicks, Vice-Chair, Bay Area Caucus
The Honorable Toks Omishakin, Secretary, California State Transportation Agency
The Honorable Gustavo Velasquez, Director, California Department of Housing and
Community Development
Lauren Sanchez, Senior Advisor for Climate, Office of Governor Gavin Newsom
Joe Stephenshaw, Director, Department of Finance
Steven Cliff, Executive Officer, California Air Resources Board

The Opportunity:

We urge state leaders to dedicate a portion of the state's Greenhouse Gas Reduction Fund (GGRF) to Northern California high-speed rail bookend projects as part of the Cap and Invest expenditure plan.*

Delivering for California Now and Into the Future

Projects to Power High-Speed Rail (HSR) and Transform the Bay Area

California HSR will connect San Francisco to Los Angeles, transforming the way people travel up and down the State. HSR is making bold progress with construction in the Central Valley. Now is the time to extend that momentum to the largest population centers in the state. By investing in bookend projects in Northern California, HSR can leverage additional resources to deliver immediate value and clear the path for future high-speed service.



San José Diridon Station Project



Grade Separation & Crossing Safety Upgrades



San Francisco The Portal Project



Electrification: San José to Gilroy

Why This Matters

These bookend projects are win-win. They simultaneously strengthen today's regional systems and support HSR success tomorrow.

Time is of the essence. These projects take years to plan, permit, and build—delaying now jeopardizes long-term readiness.

Maximizes community benefits. From faster commutes and less traffic, to cleaner air and job creation, these projects improve lives for Californians.

Advantages of Investing in Bookend Projects

By directing funds to Northern California's bookend projects, we will:

- Deliver cleaner, safer, and faster rail today to maximally benefit Californians
- Leverage existing projects with dedicated staffing and additive construction funding
- Reduce GHG emissions and dependence on cars
- Increase connectivity and ridership
- Reduce costs as concurrently building in the Bay Area and Central Valley accelerates project delivery
- Ensure the Bay Area is ready when high-speed trains arrive

*This investment could be a set-aside or an augmentation of California's dedicated HSR funding. Alternatively, it could be a new continuous appropriation that supplements existing transportation and affordable housing continuous appropriations.



Priority Bookend Projects in the Bay Area

San José Diridon Station, Including BART Silicon Valley

The redesign and expansion of Diridon Station will increase transit capacity and service, facilitate seamless transfers, and create a safe, passenger-friendly station able to serve at least eight times as many people on a daily basis. The Station Program will accommodate seven passenger rail operators and five bus operators, including HSR as well as increased intercity and commuter rail. It will also include a direct passenger connection to BART, retail, and improve the station's integration with the surrounding area, catalyzing economic and community development. BART service will be introduced at Diridon Station by the BART Silicon Valley Phase II project and then connect seamlessly into the redesigned station. This phased approach will bring riders to the Station in the near-term and complete the regional connection to the future HSR system as the gateway to Northern California.

San Francisco The Portal and Fourth & King Railyard

The Portal, also known as the Downtown Rail Extension, will complete the multi-decade Transbay Program by extending Caltrain service from a proposed station area development at Fourth and King Street. This will bring California HSR into the multimodal Salesforce Transit Center in downtown San Francisco, a hub completed in Phase 1 of the program where 11 transit systems will connect. This investment delivers direct downtown access to an estimated 125,000 average daily riders, enabling better access to jobs, housing and economic opportunities. Adjacent to The Portal's new underground station at Fourth and Townsend street, project partners are planning for a revitalization of the existing Fourth and King Railyards site, to modernize the facility, improve transit access, and enable transit-oriented development.

Grade Separation & Corridor-Wide Crossing Safety Upgrades

Grade separations, safety enhancements, and crossing improvements at grade crossings on the Caltrain corridor are paramount to delivering on the promise of a blended HSR system. These projects have near-term benefits to communities by enhancing safety, reducing collisions, reducing noise, and allowing for more streamlined train service. To fully realize an HSR system will require the elimination or mitigation of many existing at-grade crossings across the corridor, including the Broadway crossing in Burlingame, which ranks as the most dangerous in California.

San José to Gilroy Electrification (project development)

Project development funds will seed a direct HSR connection to the newly electrified Caltrain corridor, as argued for in HSR's 2025 Project Update report. Today, the electrified Caltrain stops just south of Tamien Station in San José, where control of the corridor shifts to Union Pacific Railroad. Ultimately, the acquisition and electrification of the corridor to Gilroy will bring brings faster, more frequent, and cleaner service to underserved areas today.



A Proven Model: Caltrain Electrification

The Caltrain Electrification Project is a powerful example of a successful bookend project. Partially funded by the California High-Speed Rail Authority, electrification modernized the corridor from San Francisco to San José, advancing the state's climate, mobility, and economic goals. The new electric trains are more frequent, quieter, and cleaner, reducing greenhouse gas (GHG) emissions significantly and increasing service with the same number of trains. Ridership is surging, increasing more than 75% in less than one year with the launch of electrified service—with higher frequencies and better performance attracting new riders daily. Weekend ridership is now the highest in the system's history.

This project shows what's possible when HSR investment is leveraged to create immediate and lasting value: modern service, GHG reductions, economic growth, and strong public support.