

California State Senate

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January 15, 2026

The Honorable Gavin Newsom
Governor, State of California
1021 O Street, 9th Floor
Sacramento, CA 95814

RE: State Loan for Bay Area Transit Agencies

Dear Governor Newsom:

As members of the Bay Area Caucus, we write to thank you for your longstanding support of public transit, including your September press statement that "the state will offer short-term financial assistance to support Bay Area transit agencies with hundreds of millions of dollars," as well as the acknowledgement in your January budget proposal that near-term action is needed to stabilize Bay Area transit systems.

We also want to thank you for signing Senate Bill 63 (Wiener/Arreguín) last year, which provided a critical pathway to long-term financial sustainability for Bay Area transit. To avert major transit service cuts through early summer 2027 – when revenue from an SB 63-enabled ballot measure could be available – it is essential that the financial solution be structured in a way that provides stability without undermining long-term investments.

We recognize that, given the state's fiscal pressure, there is interest in exploring whether transit capital resources associated with projects that have longer timelines could help address near-term operating challenges. At the same time, we are concerned that, absent a clear commitment from the state to fully honor existing grant awards, the January 9th proposal from the Department of Finance (DOF) could have unintended consequences for project schedules and matching funds, including approximately \$6 billion in federal funding, and could harm public support for transit measures anticipated to be put before voters in 2026.

Near-term financial assistance through early budget action is urgently needed to avert major service cuts. This assistance must be structured to address near-term operating needs while protecting long-term capital commitments.

We appreciate the time and diligence DOF has invested over the last several months, but significant additional work is needed. We support the proposed structure described

by MTC in their letter to DOF on December 24, 2025 – which does not rely on the General Fund for the loan principal, guarantees a reliable repayment mechanism, avoids risks to capital projects, and ensures the public transit system in the Bay Area avoids major service cuts.

In addition to averting major transit cuts that would impact workers and riders before a regional transit ballot measure this November, a state loan will help ensure our transit system is prepared to support the upcoming International Federation of Association Football (FIFA) World Cup this June. Levi's Stadium has been selected to host six World Cup matches, and these matches will bring thousands of visitors from across the world. The Bay Area is ready to welcome visitors and residents alike to these games with a seamless transit system that now accepts fare payment by contactless bank card. The requested loan will help maintain current service levels, helping ensure World Cup visitors and Bay Area residents can count on transit to travel reliably and seamlessly to the games and throughout the region.

We appreciate your leadership on this issue and respectfully request resolution of this matter by the end of the month.

Sincerely,

JESSE ARREGUÍN
Senator, 7th District

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Chair, 13th Senate District

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Senator, 5th District

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Assemblymember, 18th District



DR. AISHA WAHAB
Senator, 10th District



ASH KALRA
Assemblymember, 25th District



ALEX LEE
Assemblymember, 24th District



CHRIS ROGERS
Assemblymember, 2nd District

cc: Joe Stephenshaw, Director, California Department of Finance
Teresa Calvert, Program Budget Manager, California Department of Finance