

# ***Receive State and Federal Legislative Update***

**JPB Board Meeting  
October 9, 2025**



# Federal

## Appropriations

- Federal funding expired October 1
- Not anticipating major impacts to Caltrain's operations but potential delays to grants and grant processing
- During past shutdowns, FTA operations funded by the Highway Trust Fund or IIJA have continued, but new grants were not approved
- Agencies expected to experience furloughs and some permanent staff reductions
- FTA operations are likely to continue because the personnel are financed by the Highway Trust Fund or advance appropriations under the Infrastructure Investment and Jobs Act (IIJA)
- Caltrain is awaiting approval for its federal formula grant agreement for new electric trains replacement vehicles
- FRA: 40% of employees furloughed, but safety inspection staff and other critical safety personnel working

# Federal

## Surface Transportation Reauthorization

- Caltrain submitted comments to DOT on upcoming surface transportation bill.
- Major issues:
  - Securing and preserving stable, long-term funding for passenger rail, especially for safety enhancements
  - Strengthening passenger rail liability protections and risk management
  - Advancing modernization and strategic expansion
  - Enhancing federal coordination and streamlining regulatory processes, including standards for grade crossing improvements
- Current Surface Transportation bill expires Sept 30, 2026
- Chairman Graves trying to pass reauthorization before the end of the year

## Legislative Schedule

- Sept 13: Final votes of the legislature
- Oct 12: Last Day for Governor to sign or veto bills
- Jan 1: Bills go into effect

# SB 30 (Cortese) - Passed

## **SB 30 (Cortese) - Diesel-powered on-track equipment: decommissioning: resale and transfer restrictions.**

- Prohibits public agencies from selling, donating, or transferring locomotives, even when an assessment shows potential environmental benefits.
- Allows leasing
- Caltrain has 9 remaining diesel locomotives impacted by the bill
- Creates a loss of asset value for Caltrain of potentially ~\$20-\$25M
- Only impacts change of ownership. Leasing could mitigate losses
- Ignores benefits of passenger rail in reducing VMT and GHGs through ridership
- Incentivizes retaining older equipment, decreases available rolling stock, hinders fleet upgrades, and reduces revenue for public rail agencies
- Does not impact freight companies or non-passenger diesel locomotive emissions
- Board took a support if amended position



# SB 79 (Wiener) - Passed

## **SB 79 (Wiener) - Housing development: transit-oriented development.**

- Will make it legal to build more multi-family housing near rail stations and rapid bus lines, including in areas where such homes are not currently allowed
- Intended to help lower housing costs by increasing the supply of homes in transit-adjacent areas, while also bolstering transit use and funding
- Caltrain staff still analyzing implications of the bill in its final form but expects upzoning near many stations. Amount will depend on the zoning in place in jurisdictions.

# Updates on Supported Bills

- **SB 71 (Wiener) CEQA Exemptions for Transit Projects – Passed**
  - *Jumpstarts public transportation and bike and pedestrian infrastructure projects by streamlining the permitting process.*
- **AB 394 (Wilson) Transit Safety – Passed**
  - *Expands existing legal protections by strengthening penalties for assaults against transit employees, broadening enforcement against trespassing on transit systems, and empowering courts to issue prohibition orders restricting access to individuals convicted of violent offenses against transit workers.*
- **AB 476 (González) Metal Theft – Passed**
  - *Aims to curb organized metal theft, strengthening enforcement tools for law enforcement and protecting vital public infrastructure from damage.*

# SB 63 (Wiener and Arreguín) - Passed

## SB 63 (Wiener and Arreguín) - The Connect Bay Area Act

- Would authorize a 14-year, 5-county regional transit funding ballot measure.
- Expenditure plan would cover Caltrain's projected annual operations deficit
- Establishes ad hoc committee of MTC commissioners from funding counties to review complaints and adjudicate operator performance with binding decisions
  - Allows committee to recommend withholding up to 7% of funds for persistent noncompliance in areas such as service levels, cleanliness, and safety
- Urgency Clause was removed, so legislation does not go into effect until January 1, 2026



# SB 63 (Wiener and Arreguín) - Passed

## Efficiency Review Requirement

- Financial efficiency review required by Caltrain, BART, Muni, AC Transit
- Led by MTC with third-party consultant and oversight committee
- Phase 1 (by Apr 1, 2026):
  - Document cost savings since 2020
  - Identify “early action” service & customer improvements
  - Inventory real property & redevelopment opportunities near stations
  - Caltrain must adopt selected strategies by Jul 1, 2026
- Phase 2 (after voter approval):
  - Analyze broader cost-savings (capital, operating, admin)
  - Use metrics: cost & subsidy per passenger-mile
  - Regional real property strategy (development, financing, ridership impacts)
  - Draft implementation plan (120 days) → Final plan required



# State Loan for Bay Area Transit

## State Bridge Loan for Bay Area Transit Agencies

- \$750M loan for Bay Area transit agencies: AC Transit, BART, Caltrain, MUNI
- New language (SB105 & AB105) regarding full repayment loan principal, applicable interest rate, repayment schedule, and guaranteed repayment mechanism.
- Governor's press release stated DOF and CalSTA: "will work with agencies and regional partners to design short-term financing tools — such as structured loans or other mechanisms — that align with operational needs, protect service, and support fiscal reforms, with clear and reliable repayment plans."
- Negotiation process to be finished by Jan 10, 2026

# Cap-and-Invest Agreement

## Cap and Invest Agreement Reached

- AB 1207 – how funds are collected; SB840 – how funds will be spent
- Three tiers; higher tiers funded first. No specific local projects called out.
  - Tier 1: \$233M/yr total: Green manufacturing and other programs
  - Tier 2: \$2B/yr total: \$1B/yr to HSR and \$1B/yr for legislative discretion (including \$125M in FY 26–27 for a transit pass program)
  - Tier 3: \$2B/yr total in continuous appropriations:  
\$400M for TIRCP, \$200M for LCTOP (Caltrain currently receives \$2.5M/yr) and \$1.4B for other programs such as CAL FIRE
- Note: Tier 3 continuous appropriations will now be fixed amounts rather than percentage of program revenues. Will not adjust with inflation.

# Cap-and-Invest Agreement

## C&I Program Meets Expected \$4.2B

Tier 1	Green Manufacturing	\$140
	Other	\$93
Tier 2	HSR	\$1,000
	Leg Discretionary	\$1,000
Tier 3	TIRCP	\$400
	LCTOP	\$200
	AHSC	\$800
	AB 617	\$250
	CALFIRE	\$200
	Safe Drinking Water	\$130
		<b>\$4,213</b>

## Example: C&I Program ~\$1B lower than \$4.2B

Tier 1	Green Manufacturing	\$140
	Other	\$93
Tier 2	HSR	\$1,000
	Leg Discretionary	\$1,000
Tier 3	TIRCP	<b>\$205</b>
	LCTOP	<b>\$103</b>
	AHSC	<b>\$411</b>
	AB 617	<b>\$128</b>
	CALFIRE	<b>\$103</b>
	Safe Drinking Water	<b>\$67</b>
		<b>\$3,250</b>

# Cap-and-Invest Agreement

**No specific funding for HSR bookend projects**

**Staff recommends the following principles for projects regarding any future Cap and Invest bookend funding based on Board feedback:**

- Promotes corridor safety by advancing near-term crossing safety enhancements
- Enhances local mobility and safety with the delivery of grade separations
- Increases ridership, access, connectivity and passenger experience
- Strengthens corridor reliability and improves system performance
- Supports regional and state sustainability goals
- Prioritize feasible, shovel-ready projects with clear path to progress and implementation

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