



Memorandum

AGENDA ITEM 3

DATE: September 30, 2025
TO: Transportation Authority Board
FROM: Executive Director - Tilly Chang
SUBJECT: 09/30/2025 Board Meeting: Executive Director's Report - INFORMATION

REGIONAL, STATE AND FEDERAL ISSUES

The Federal Highway Administration (FHWA) Obligated \$400 Million Grant for Golden Gate Bridge Seismic Retrofit. I am pleased to report that FHWA has obligated the full \$400 million Bridge Investment Program grant for the Golden Gate Bridge Highway & Transportation District's (Bridge District's) seismic retrofit project. Bridge District staff will utilize the funds to retrofit the main towers, install energy dissipation devices on the side spans, and strengthen the main spans. Work is scheduled to begin next year.

Federal Railroad Administration (FRA) Cancels Additional California Grants, including for The Portal Project. In August, the FRA withdrew four federal grants for projects related to the California High-Speed Rail project. Among the grant rescissions was an approximately \$25 million award from FRA's Consolidated Rail Infrastructure and Safety Improvements (CRISI) program to the Transbay Joint Powers Authority (TJPA), which was originally announced in October 2024. TJPA had planned to use the grant funds to advance design work for The Portal project's track and systems contract package. The project team is working to identify alternative funding sources and to consider revising the sequencing of contract packages.

State Cap-and-Invest Program Extended. I'm pleased to share that on September 19, Governor Gavin Newsom signed Assembly Bill 1207 (Irwin) and Senate Bill (SB) 840 (Limon), which extend California's Cap-and-Invest program through 2045. Formerly known as Cap-and-Trade, the greenhouse gas (GHG) emissions regulatory program generates around \$4 billion per year and was facing reduced auction proceeds as it approached expiration in 2030. The program funds climate, community, capital and operating projects that reduce GHGs. These include local transit and rail projects, the California High Speed Rail project, transit operations, affordable housing, wildfire prevention, and more.



CA Legislature Sends SB 63 to Governor's Desk; State Transit Loan Update. The state Legislature has passed SB 63, authored by Senators Wiener and Arreguin, retaining the Expenditure Plan to support major operators across 5 participating counties for the use of ½ percent sales tax funds in four counties and 1 percent sales tax in San Francisco, if passed by voters in November 2026. The bill includes accountability, governance and cost efficiency provisions and awaits Governor Newsom's signature. Even if a regional transportation revenue measure were to pass and be approved by voters next November under Senate Bill 63, new revenues would not start flowing until Summer 2027. Thus, after the Department of Finance recently initially backed away from a loan for transit, transit operators, city leaders and many others advocated to retain this critical bridge funding that had been agreed by the Legislature and Governor in the May budget revise. Fortunately, Governor Newsom has committed to working out loan terms with operators, and talks are underway which we hope will reach a favorable conclusion by January 2026.

September is Transit Month in the Bay Area. Earlier this month, I joined San Francisco Transit Riders, Seamless Bay Area, Mayor Daniel Lurie, Transportation Authority Chair Myrna Melgar (District 7), Transportation Authority Board Members Chan (District 1) and Mahmood (District 5), city officials, transit leaders, and organizations across the city to celebrate the kickoff of Transit Month. Speakers celebrated the Bay Area's transit agencies, operators, and riders, and reminded the San Francisco and Bay Area community how essential transit is to economic recovery, a healthy environment, and ensuring residents' access to opportunities. Highlights included Muni Heritage weekend, the 1 year anniversary of Caltrain Electrification, and a Bay Area Transit CEO's ride across the Bay last Friday.

BART Enables Tap and Go Credit Card Payments, Completes Faregates Project.

As of August 20, BART riders no longer need to purchase a Clipper card or worry about pre-loading funds onto one to ride. Instead, they can pay by tapping their debit or credit card at the fare gate. BART is the first transit system in the Bay Area to accept contactless payments, joining other transit agencies, such as those in New York and London, that also accept open payments. This debit or credit card option may help attract more tourists and infrequent transit users who do not have a Clipper card. Contactless payment will eventually be available on all Bay Area transit systems that use Clipper.

We also congratulate BART on its completion of the installation of over 700 new faregates at all 50 stations systemwide, across 5 counties. I was pleased to attend



BART's ribbon-cutting event for the Next Generation Fare Gates Project last week where BART General Manager Bob Powers reported that the project was delivered 4 months ahead of schedule. He also shared that customers witnessing fare evasion has decreased 50% since the first set of gates were installed. Congratulations to BART on smooth delivery of this \$90 million project which was funded with voter approved RR bond funds as well as \$12.5 million in Prop L sales tax funds from the Transportation Authority.

LOCAL ISSUES

Board of Supervisors Unanimously Approves the Safe Streets Act. On September 16th, the San Francisco Board of Supervisors passed Supervisor Melgar's Street Safety Act. This resolution, authored by Supervisor Melgar and co-sponsored by Supervisors Sauter, Mahmood, Dorsey, Mendelman, and Fielder, reaffirms San Francisco's commitment to ending severe and fatal crashes, promotes interagency collaboration and efficiency, and focuses on bringing the most effective solutions to our street safety challenges. The Transportation Authority, in coordination with the Controller's Office, will assess the effectiveness and completion of each of the responsibilities listed in the Safe Streets Act and will host an annual hearing to review street safety progress, challenges, and data. Thank you to Chair Melgar and the entire Board as well as Mayor Lurie and city departments for their ongoing commitment to supporting street safety in San Francisco.

SFMTA Fiscal Cliff - Budget Cuts and State Loan Update. Earlier this month, SFMTA's Chief Financial Officer Bree Mawhorter instructed all divisions to cut between 5% and 7% of their budgets ahead of the agency's anticipated fiscal year 2027 shortfall of \$307 million. This was necessary to begin addressing Muni's fiscal cliff while state loan terms and SB 63 are finalized (see SB 63 entry above), and ahead of local transit measure discussions.

SFMTA Parcel Tax Proposal and Roundtable. Earlier this month, Mayor Daniel Lurie authored a letter with support from President Mandelman and Chair Melgar indicating his support for a parcel tax for Muni operations to be placed on the November 2026 ballot alongside the potential regional transit measure. Last week, I joined President Mandelman, Supervisor Fielder, Chair Melgar's Legislative Aide Emma Hare, and many other business, labor and civic leaders and transportation advocates at a SFMTA local roundtable to provide high level input on a potential parcel tax framework. We have invited SFMTA to present on the potential parcel tax



and ongoing SFMTA efficiency efforts at the October 28th Transportation Authority board meeting.

Inner Sunset Study Transportation Study - Outreach Underway, Survey Open.

I'm glad to share that we have launched the second round of outreach for the Inner Sunset Transportation Study, which is developing recommendations to improve transportation safety and access within the neighborhood's commercial core. A public meeting was held on Wednesday, September 17, at the SF County Fair Building, attended by over 80 active community members. The study team shared overall findings from the first round of outreach in late 2024 and presented eight proposed street design concepts to improve the transportation network in the study area. The corresponding survey is now live and will remain open for several weeks. More information about the study and survey is available at www.sfcta.org/inner-sunset

Muni Metro Capacity Study - Draft Recommendations Released. Earlier this month SFMTA released draft recommendations for its Muni Metro Capacity Study for public review. SFMTA conducted the study to develop a program of capital projects to expand Muni Metro capacity and address state of good repair over the next 10-15 years. Elements of this program could compete for up to \$1 billion in federal Core Capacity Capital Investment Grant funds and the Prop L program has a portion of local match funds set aside for this purpose. SFMTA recommends a capital program that includes enabling three car trains on the N-Judah and M-Ocean View lines, more transit priority, upgraded infrastructure to increase capacity and route flexibility, and improved stations for easier boarding. The Transportation Authority funded the Muni Metro Capacity Study with \$1 million in sales tax funds, which SFMTA supplemented with a Caltrans Planning Grant and state cap-and-trade grant funds. For more information, the full StoryMap with interactive maps and detailed findings is available at sfmta.com/projects/muni-metro-capacity-study. The comment period will be open from now until October 19th.

Waymo Receives Drivered Testing Permit at SFO, Zoox Public Rides in Vegas. In addition to operating on Market Street, Waymo has received approval to begin picking up passengers at San Francisco International Airport (SFO), though initially with human drivers behind the wheel. The permit is part of a three-phase roll-out of driverless services: first, testing with human drivers, then tests without drivers but with staff chaperones, and finally full driverless commercial operations. Zoox launched its fully driverless robotaxi service on the Las Vegas Strip earlier this month. Zoox is currently testing its purpose-built vehicles without drivers in a section of San



Francisco, but it has not yet received regulatory approval to begin commercial service.

CA DMV Clarifies Tesla Autonomous Vehicle (AV) Permits. In July, Tesla's CEO announced plans to launch a public taxi service in San Francisco using autonomous vehicles (AVs). However, California regulators quickly clarified that Tesla does not have the necessary permits for robotaxi services. Currently, Tesla may carry employees with human drivers and test AVs with a safety driver behind the wheel, but it is not allowed to transport passengers in autonomous mode. We thank the DMV and also Assemblymember Stefani setting the record straight about Tesla's permits to test in San Francisco. Assemblymember. Stefani also called upon California PUC to ensure Tesla's adherence to those permits.

PROJECT DELIVERY

6th Street Pedestrian Safety Ribbon Cutting. I was delighted to attend the ribbon-cutting event for the 6th Street Pedestrian Safety project with Mayor Lurie, Commissioner Dorsey, Public Works and SFMTA Directors and community members who collaborated together on this project from Market Street to Brannan Street, which is a gateway to the city and also serves many youth and families in the neighborhood. The project includes wider sidewalks and decorative crosswalks, a new traffic signal and corner bulbout, a lane reduction, and improvements designed to improve safe circulation on this high-injury street. The Transportation Authority is proud to have supported the planning and construction phases of this \$24.5 million project with \$6 million in voter-approved Prop K half-cent sales tax dollars.

Hunters Point, Central Waterfront, and Potrero Hill Area Street

Resurfacing Project Open for Use. I am happy to report that Public Works substantially completed its Hunters Point, Central Waterfront, and Potrero Hill Area Streets Pavement Renovation project in late August. We are proud to have provided \$2.8 million in Prop AA Vehicle Registration Fee funds to support the project's construction, which included pavement renovation of 25 blocks in Districts 6, 9, and 10, new and retrofitted curb ramps, and construction of new sidewalks.

MANAGEMENT AND ADMINISTRATION

ASCE SF Honors Yerba Buena Island/I-80 Project. The San Francisco section of the American Society of Civil Engineers (ASCE), the country's oldest national engineering society, has awarded the Yerba Buena Island / I-80 Southgate Road and Interchange Project (Project) the "Outstanding Roadway & Highway Project." This is the fifth award



for the project. The ASCE San Francisco Section, which serves the coast of Northern California from Monterey Bay to Oregon, as well as the entire Bay Area and Fresno County, will present the award at their annual meeting and awards dinner next month. Congratulations to Deputy Director for Capital Projects Carl Holmes and his team on this honor.

Transportation Authority Receives Eighth Consecutive Certificate of Achievement for Excellence in Financial Reporting. The Government Finance Officers Association of the United States and Canada has awarded the Certificate of Achievement for Excellence in Financial Reporting to our agency for the eighth consecutive year. The award recognized our work on the Transportation Authority's Annual Comprehensive Financial Report for Fiscal Year 2023/24 (the agency's annual financial audit report). This is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment for a government and its management. We are proud to achieve excellence in transparent reporting and in the stewardship of public funds. Congratulations to Deputy Director Cynthia Fong and the Finance Division staff!