

**From:** VTA Board Secretary  
**Sent:** Wednesday, November 24, 2021 1:36 PM  
**To:** VTA Board of Directors  
**Subject:** VTA Correspondence: Week ending November 26, 2021

**VTA Board of Directors:**

We are forwarding to you the following correspondence:

<b>From</b>	<b>Topic</b>
Members of the Public	Comments pertaining to: 1) MTC Commission Item 5 FTA Letter Of Intent for the Silicon Valley BART Extension; 2) Caltrain Item 3.a- Anticipation of litigation; 3) CPC Item #6 – Measure A; 4) 2016 MBCOC Item #10 – BART Phase II update; and 5) Approved 101 Managed Lane Equity Program in San Mateo County.

Thank you.

Office of the Board Secretary  
Santa Clara Valley Transportation Authority  
3331 North First Street, Building B  
San Jose, CA 95134-1927  
Phone [408-321-5680](tel:408-321-5680)



Conserve paper. Think before you print.

**From:** Roland Lebrun

**Sent:** Tuesday, November 16, 2021 5:02 AM

**To:** MTC Info <info@bayareametro.gov>

**Cc:** BART Board <boardofdirectors@bart.gov>; VTA Board Secretary <Board.Secretary@vta.org>

**Subject:** [EXTERNAL] 11/17 MTC Commission Item 5 FTA Letter Of Intent for the Silicon Valley BART extension

Dear Chair Pedroza and commissioners,

The intent of this email is to substantiate and elaborate on the comments I made about the status of VTA's Expedited Project Delivery (EPD) application as documented in FTA's attached Letter Of Intent (LOI):

1. ***"VTA's financial plan submitted in April 2021 assumed a total project cost of \$6.941 billion and an EPD Pilot Program Federal share request of \$1.735 billion (25.0 percent). FTA assigned a financial contractor to assess VTA's financial plan for purposes of determining the non-EPD funding commitment. FTA determined that \$3.392 billion of non-EPD funds (48.9 percent of total project cost) were committed or budgeted. The remaining \$1.814 billion in non-EPD funds (26.1 percent of total project cost) were considered as planned."***
- 2.
3. ***"Following the risk review workshop, FTA provided VTA with an updated total project cost of \$9.148 billion. Under Section 3005(b)(9) of the FAST Act, total Federal funding to any project under the EPD Pilot Program is limited to 25 percent of total project cost. With this LOI, FTA intends to obligate either \$2.287 billion (25 percent of the updated Project cost) or 25 percent of the final project cost, whichever is less, for the project scope as presented in the VTA's April 7, 2021, EPD Pilot Program application, should an FFGA be approved."***
- 4.
5. ***"Prior to the Project's consideration for an FFGA, VTA must secure and document the commitment of all non-Federal funding for the Project and submit revised financial information as per the requirements in the NOFO, based on the revised cost and revised revenue service date. VTA also must provide updated information regarding BART's system-wide operations and maintenance costs and funding sources, given that BART will operate and maintain the Project. FTA will continue to work with VTA as it secures local financial commitments and FTA will carry out a financial review refresh within 2 years of issuing an LOI to determine if the project is eligible for an FFGA."***

**Conclusion:**

**The project as it currently stands has a total funding gap of \$3.469B (\$1.814B +\$1.655B).**

**Recommendations:**

1. **VTA should drop its EPD application effective immediately and transition to a Federal New Starts application to increase the Federal contribution cap to 50% of total project cost.**
2. **VTA should consider costs reductions** such as the revised tunneling strategy which proposes to eliminate 3.5 miles of single-bore tunnels.
3. **VTA should work with private developers** on additional station entrance opportunities instead of exercising the power of eminent domain.
4. **VTA should consider securing additional contributions from the private sector over and above Google's generous \$75M.**

Respectfully presented for your consideration.

Roland Lebrun

CC

BART Board of Directors  
VTA Board of Directors  
VTA PAC  
VTA CAC



U.S. Department  
of Transportation

**Federal Transit  
Administration**

Executive Director

1200 New Jersey Avenue, SE  
Washington, DC 20590

October 25, 2021

Ms. Carolyn Gonot  
Chief Executive Officer  
Santa Clara Valley Transportation Authority  
3331 North First Street  
San Jose, CA 95134

Dear Ms. Gonot:

The Federal Transit Administration (FTA) is pleased to provide this Letter of Intent (LOI) for the Santa Clara Valley Transportation Authority's (VTA) application for an Expedited Project Delivery (EPD) Pilot Program for the Bay Area Rapid Transit (BART) Silicon Valley Phase II project (the Project), in San Jose, California, as authorized by Section 3005(b) of the Fixing America's Surface Transportation (FAST) Act (Pub. L. No. 114-94). The LOI is the mechanism authorized by Section 3005(b)(8) of the FAST Act for announcing an intention to obligate funds for an eligible project under the EPD Pilot Program. An LOI is not a Federal obligation or an administrative commitment; rather if FTA awards a Full Funding Grant Agreement (FFGA) in the future, FTA will then establish the terms of participation by the Federal Government for the Project.

This LOI is specific to the requirements of the EPD Pilot Program and not transferrable to any other FTA program or funding source, including the Capital Investment Grants program under 49 U.S.C. § 5309. In addition, this LOI covers the project scope as presented in VTA's April 7, 2021, EPD Pilot Program application, which includes extending BART's Silicon Valley service six miles from the Berryessa Station through downtown San Jose to the City of Santa Clara. The project includes four stations, five miles of subway tunnels, 48 heavy rail vehicles, two mid-tunnel ventilation and egress facilities, and a maintenance facility. Service is planned to operate in the opening year from 4:00 AM to 1:00 AM on weekdays and from 6:00 AM to 1:00 AM on weekends, with trains every 7.5 minutes during the weekday peak period, every 7.5-15 minutes off-peak during the weekday, and every 20 minutes on evenings and weekends.

FTA is required by law to evaluate proposed EPD Pilot Program projects against a number of criteria and ensure that the prospective grant recipient demonstrates the technical, legal, and financial capability to implement the project. As a result of FTA's evaluation of VTA's EPD application, FTA has selected the Project for award of a grant if VTA satisfies the requirements of this LOI.

As indicated in the notification of project selection, VTA has automatic pre-award authority to incur costs for engineering activities, utility relocation, real estate acquisition, construction and

other non-construction activities such as the procurement of vehicles, rails, ties, commodities, and other specialized equipment. VTA should consult with the FTA Region IX office for a determination of whether any other non-construction activity falls within the automatic pre-award authority granted with the selection of the Project. Please note that VTA undertakes any work under this pre-award authority at its own risk, and that the Project must meet the requirements of this LOI, and progress through further evaluations in the EPD Pilot Program to be eligible for consideration to receive an FFGA. Additionally, because this LOI is specific to the requirements of the EPD Pilot Program and not transferrable to any other FTA program or funding source, such pre-award authority will not transfer should VTA apply to any other program or for any other funding source for this project.

This pre-award authority does not constitute any FTA commitment that future Federal funds will be approved for the Project or for any element of the Project. Consistent with any pre-award authority, all Federal requirements must be met prior to incurring costs in order to retain eligibility for future FTA grant assistance. Additional guidance regarding pre-award authority is provided in the FTA Fiscal Year 2021 Apportionments, Allocations, and Program Information Notice, published in the *Federal Register Notice* on July 22, 2021.

This LOI will expire after 2 years on October 25, 2023 unless the following conditions are met:

### **Local Financial Commitment**

VTA's financial plan submitted in April 2021 assumed a total project cost of \$6.941 billion and an EPD Pilot Program Federal share request of \$1.735 billion (25.0 percent). FTA assigned a financial contractor to assess VTA's financial plan for purposes of determining the non-EPD funding commitment. FTA determined that \$3.392 billion of non-EPD funds (48.9 percent of total project cost) were committed or budgeted. The remaining \$1.814 billion in non-EPD funds (26.1 percent of total project cost) were considered as planned.

Following the risk review workshop, FTA provided VTA with an updated total project cost of \$9.148 billion. Under Section 3005(b)(9) of the FAST Act, total Federal funding to any project under the EPD Pilot Program is limited to 25 percent of total project cost. With this LOI, FTA intends to obligate either \$2.287 billion (25 percent of the updated Project cost) or 25 percent of the final project cost, whichever is less, for the project scope as presented in the VTA's April 7, 2021, EPD Pilot Program application, should an FFGA be approved.

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## **Scope, Schedule, Cost, and Technical Capacity**

FTA and its Project Management Oversight Contractor (PMOC) have determined that VTA has the technical capacity and capability to effectively manage the Project under this LOI. FTA and its PMOC have conducted a risk assessment of the project and are discussing the potential cost and schedule results with VTA. The Project, however, is early in its lifecycle, and FTA and the VTA have agreed to continue discussions and to update project budget and schedule information as necessary, as the design and procurement processes progress and additional information becomes available. Over the 2-year duration of this LOI, VTA should continue working closely with the FTA team on addressing the recommendations in FTA's Readiness for EPD Pilot Program Project Selection Report.

Within the 2-year duration of this LOI, if significant changes to the project cost, scope or schedule occur, or VTA anticipates withdrawing or postponing the Project, VTA should submit a written request to FTA. FTA looks forward to working with VTA on the BART Silicon Valley Phase II project. If you have any questions regarding the enclosed materials, please call me at 202-366-1668 or contact Mr. Ray Tellis, Regional Administrator, at (415) 734-9471.

Sincerely,

A handwritten signature in black ink that reads "Matthew J. Welbes". The signature is written in a cursive, flowing style.

Matthew J. Welbes

**From:** Roland Lebrun

**Sent:** Thursday, November 4, 2021 4:15 AM

**To:** board@caltrain.com

**Cc:** Steve Stamos, Clerk of the Board <clerk@sfcta.org>; MTC Commission <info@mtc.ca.gov>; VTA Board Secretary <Board.Secretary@vta.org>; SFCTA CAC <cac@sfcta.org>; cacsecretary@caltrain.com

**Subject:** [EXTERNAL] Item 3.a Anticipation of litigation

Dear Caltrain Board,

Here is a list of items for your consideration during this morning's closed session:

1. Further to my email of 8/5/2020 (below), please ask Mr. Harrison to review Section 9.6.4 (attached) of the electrification RFP and advise the Board as to which party is financially responsible for undergrounding utilities below 30KV.
- 2.
3. **Consider severing signaling from the PCEP contract and directing staff to issue a competitive RFP as recommended in my email of 8/1/2018** (attached), specifically to address the issues with the current 2SC implementation as proposed by the SamTrans consultants: <https://www.caltrain.com/Assets/PCEP+Update+PPT.pdf> (slide 12).
- 4.

### [CALTRAIN ELECTRIFICATION UPDATE](#)

• Caltrain Electrification • San Francisco to San Jose (Tamien Station) • 51 miles • Updated Project Cost: \$2.31B • Update Revenue Service: Sept. 2024  
[www.caltrain.com](http://www.caltrain.com)

5. □

3. **Significant exposure to litigation if item 9 (\$80 million of revenue from Fiscal Year 2022 Measure RR revenue) on today's agenda is approved prior to a successful resolution of the Governance issue** which currently caps annual RR expenditure to **\$40M** (item #7 on your agenda).

Respectfully submitted for your consideration.

Roland Lebrun

CC

SFCTA Commissioners

MTC Commissioners  
VTA Board  
SFCTA CAC  
Caltrain CAC  
VTA PAC  
VTA CAC

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**From:** Roland Lebrun  
**Sent:** Wednesday, August 5, 2020 2:34 AM  
**To:** [board@caltrain.com](mailto:board@caltrain.com) <[board@caltrain.com](mailto:board@caltrain.com)>  
**Cc:** SFCTA Board Secretary <[clerk@sfcta.org](mailto:clerk@sfcta.org)>; MTC Info <[info@bayareametro.gov](mailto:info@bayareametro.gov)>; Caltrain CAC Secretary <[cacsecretary@caltrain.com](mailto:cacsecretary@caltrain.com)>; SFCTA CAC <[cac@sfcta.org](mailto:cac@sfcta.org)>  
**Subject:** Item 5f Balfour Beatty breach of contract

Dear Chair Pine and Board members,

Please be aware of serious issues with the staff report which states that "*shunt wires are required to protect the safety of the public and rail or utility facilities in case the utility lines crossing the Overhead Contact System (OCS) should fall and make contact with the OCS*", when the real reason for this \$9.5M change order is a **flagrant breach of contract by Balfour Beatty**, not new CPUC safety requirements.

### **Background**

Utility clearances are covered in Section 9.6 of Volume III of the RFP (attached).  
Section 9.6.4 deals with overhead utilities and specifies the following:

***"Where electrical lines with voltage less than 30 kV and communication lines cannot be accommodated in an overpass structure, they shall be relocated underground"***

### **Recommendation**

Please consider initiating a full investigation into how overhead utilities ended up getting raised instead of undergrounded and make the responsible parties accountable for their actions as continued mismanagement of this project will result in cost escalations into the **hundreds of millions of dollars in excess of remaining contingency**.

Thank you in advance for your consideration

Roland Lebrun

CC  
SFCTA Commissioners  
MTC Commissioners  
VTA Board of Directors



Caltrain CAC  
SFCTA CAC

A level of service equivalent to the existing service shall be maintained for adjacent properties, residents, and businesses throughout construction by supporting utilities in place, diverting if necessary, interruption of existing utilities service shall be minimized. Service shall not be interrupted without the prior written consent of utility owners.

## 9.6 Utility Clearances

The minimum requirements for utility clearances shall be as defined by the CPUC GOs as applicable, Caltrans HDM and PDPM, AREMA, utility owner's requirements, and these Design Criteria. The Design-Builder shall use the most stringent and conservative clearance requirements as determined from these documents. These requirements apply to Caltrain Systems related facilities as well as those owned by others. In addition, High Risk and Low Risk utilities shall comply with the following requirements:

### 9.6.1 High Risk and Low Risk Utilities

High-risk utilities include: fiber optic cable, utilities conducting toxic or flammable gases or liquids, pressurized greater than 60 psi normal operating pressure or in pipelines greater than 6 inches in diameter, and underground electrical supply lines that have potential to ground more than 300 volts, either directly buried or in a duct bank or conduit which do not have concentric grounded or effectively grounded metal shields or sheath.

All other utilities are considered Low Risk utilities.

### 9.6.2 High Risk Utilities

- Maintain 5 feet minimum horizontal separation from other Low Risk utilities
- Maintain 5 feet minimum horizontal separation from non-load carrying and load carrying structural elements, including OCS pole foundations and down guys

### 9.6.3 Low Risk Utilities

- Maintain 3 feet minimum horizontal separation from other Low Risk utilities
- Maintain 5 feet minimum horizontal separation from load carrying structural elements, including OCS pole foundations and down guys, and 3-foot minimum horizontal separation from other structures
- Maintain 3 feet minimum vertical separation from drainage pipes
- The above clearances are minimum requirements. Where such condition is impractical, a design variance shall be submitted to the Authority.

Electrical and communication lines within the Authority's right-of-way must comply with the above requirements except that a concrete encased duct bank can be used in lieu of steel casing pipe. All underground electrical utilities and supporting facilities within the planned construction area must meet the minimum clearance requirements as defined in CPUC GOs.

### 9.6.4 Overhead Utilities

Overhead utilities shall cross the tracks at local, street, or highway overpasses. Such utilities shall either be contained within the overpass structure, or if attached to the outside of the overpass

structure, shall be encased in a steel casing sleeve, which shall be grounded and bonded in accordance with the Grounding and Bonding Requirements chapter. Where electrical lines with voltage less than 30 kV and communication lines cannot be accommodated in an overpass structure, they shall be relocated underground per clearance requirements established in this chapter. Clearances for overhead electrical lines with voltage higher than 30 kV shall be governed by CPUC GO No. 95 or wire to wire clearance requirements, whichever is more stringent, and shall be modified to a higher class of construction.

## **9.7 Miscellaneous Utilities and Supporting Facilities**

### **9.7.1 Railroad Utilities**

Signals and communication lines belonging to railroad companies may be affected by construction of the Caltrain Electrification Project. The design and rearrangement of such utilities and supporting facilities that conflict with Caltrain Electrifications Project may be performed by the Design-Builder or by the facility owner in accordance with owner's standards.

Where Caltrain utilities and supporting facilities impact railroad utility facilities or where rearrangement of other utility facilities will impact or potentially affect the operation of railroad utility facilities, the Design-Builder shall coordinate its work with the Authority so that adequate data can be furnished to the railroad to complete its work. The Design-Builder shall include the rearrangement of railroad utilities in the utilities plan.

### **9.7.2 Street Lights and Traffic Control Devices**

Traffic control devices and street lighting facilities belonging to municipal agencies may be affected by construction. Any facility affected or impacted by the construction shall be replaced in-kind, unless otherwise indicated in the agreement between the Authority and the affected agencies.

### **9.7.3 Fire Alarm and Police Communication Systems**

Protection, relocation, and support-in-place of the fire alarm and police communication systems within construction limits shall be in strict conformance with the current standards of the governing agency or municipality.

The Design-Builder shall indicate which emergency communication lines is to be maintained complete in-place, removed, protected and supported, temporarily relocated and replaced after construction is complete. The lines to be abandoned or are already abandoned shall also be indicated.

### **9.7.4 Vaults**

Private vaults surrounding the project area that do not conflict with the proposed shall be protected in place. Vaults that are found to be in conflict with the proposed construction shall be subject to demolition and/ or relocation.

**END OF CHAPTER**

## item #7 (d) CHANGE ORDER FOR INSTALLATION OF INSULATED JOINTS

Roland Lebrun <ccss@msn.com>

Wed 8/1/2018 5:12 AM

To: Caltrain Board [board@caltrain.com](mailto:board@caltrain.com)

Dear Chair Bruins and Members of the Caltrain Board of Directors,

The only known device capable of supporting Constant Warning Time (CWT) in electrified territory does not require insulated rail joints:

*"The PSO 4000 couples to the track with a bandpass, low impedance connection—**you don't have to have insulated rail joints on the track.**"*

[http://download.siemens.com.au/index.php?action=filemanager&doc\\_form\\_name=download&folder\\_id=5633&doc\\_id=17039](http://download.siemens.com.au/index.php?action=filemanager&doc_form_name=download&folder_id=5633&doc_id=17039)

Please consider deferring your vote on item #7 (d) **CHANGE ORDER FOR INSTALLATION OF INSULATED JOINTS** until after confirming the requirement for insulated rail joints with VTA signal engineers (the VTA purchased a PSO 4000 for \$38,688.32 last year).

On a related note, Balfour Beatty continue to experience difficulties at RTD in Denver and are now in arbitration after requesting a \$40M 599-day contract extension.

<http://www.cpr.org/news/story/rtd-and-contractor-battle-over-blame-for-n-line-commuter-train-delays>

### [RTD And Contractor Battle Over Blame For N Line Commuter ...](http://www.cpr.org/news/story/rtd-and-contractor-battle-over-blame-for-n-line-commuter-train-delays)

[www.cpr.org](http://www.cpr.org)

The Regional Transportation District and a private contractor are in the midst of a dispute over which party is responsible for construction delays on the \$343 million N Line commuter train line from Denver to Thornton. The disagreement is laid out in Denver District Court documents filed earlier ...

Recommendation:

**Decouple all resignaling from the DB electrification contract** and reach out to Siemens (and Wabtec) for a Constant Warning Time solution for electrified territory.

Sincerely,

Roland Lebrun

cc

Metropolitan Transportation Commission  
VTA Board of Directors  
SFCTA Board of Directors  
High Speed Rail Authority Board of Directors

**From:** Roland Lebrun  
**Sent:** Wednesday, October 27, 2021 3:05 AM  
**To:** VTA Board Secretary <Board.Secretary@vta.org>  
**Subject:** [EXTERNAL] 10/28 12.00 PM CPC Committee Item 6 Measure A

Dear Capital Program Committee,

The attached letter enumerates multiple issues with VTA's Expedited Project Delivery (EPD) pilot program application to the FTA including significant exposure to VTA's financial capacity to continue providing viable bus and light rail service in Santa Clara County.

The letter concludes with a recommendation for VTA to reposition the BART Silicon Valley Phase II project to qualify for entry into the Federal New Starts Program.

Sincerely,

Roland Lebrun

Attachments:

- Appendix A Expedited Project Delivery Pilot Program - Section 3005(b)
- Appendix B VTA BSVII EPD Local Match Attachment

CC

FTA Region 9 Administrator & staff  
BART Board of Directors  
VTA Board of Directors  
VTA PAC  
VTA CAC

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**From:** Roland Lebrun  
**Sent:** Wednesday, September 22, 2021 2:54 AM  
**To:** MTC Info <[info@bayareametro.gov](mailto:info@bayareametro.gov)>  
**Cc:** FTA Region 9 Administrator Ray Tellis <[ray.tellis@dot.gov](mailto:ray.tellis@dot.gov)>; BART Board <[boardofdirectors@bart.gov](mailto:boardofdirectors@bart.gov)>; VTA Board Secretary <[board.secretary@vta.org](mailto:board.secretary@vta.org)>  
**Subject:** Megaproject Delivery Oversight: Silicon Valley BART Extension Part 1: Costs

Dear Chair Pedroza and Commissioners,

This letter is the first in a 4-part review of the Silicon Valley BART Extension project intended to inform the business case for an MTC Megaproject Delivery Oversight Task Force:

- Part 1 Cost estimates: **\$2.5B underreporting and \$261M increase in one year**
- Part 2 Funding approach: excessive leverage of local sales tax revenues
- Part 3 Design flaws: conflicts with BART safety standards and best intermodal practices
- Part 4 Governance & Oversight deficiencies: root causes behind Parts 1, 2 &3 above

## Background

The BART Silicon Valley project costs are documented in a VTA internal document known as the BART SILICON VALLEY (BSV) PROGRAM MONTHLY COST REPORT. **This document is distributed to VTA senior management every month but the contents are not reported in their entirety to the VTA Board, MTC, FTA or the public.**

The July 2021 BSV Program Summary by Project report (Appendix B) is a one-page summary of total project costs.

### Issue 1: Underreporting

There are two columns of interest in the BSV Program Summary by Project report: Program Estimate (Column A) and Incurred costs to Date (Column G)

- **1) Program Estimate (Column A)**

**The only Program Estimates reported to the VTA Board, MTC and the FTA PMOC are:**

○ Berryessa Extension Project (SVBX)	\$2.439B
○ BSV Phase II Program (BSV2)	\$6.941B
○	

**Total: \$9.380B**

**The following items are NOT reported to the VTA Board, MTC or the FTA PMOC:**

○ BSV Project Development	\$502M
○ BSV Corridor Establishment and Maintenance	\$471M
○ BART Core System Modifications (BCS)	\$265M
○ Warm Springs Extension	\$10M
○ Warm Springs Extension SLPP	\$8M
○ Warm Springs Extension TCRP	\$111M
○ Measure A Debt Service Principal (Appendix C)	\$786M
○ Measure A Debt Service Interest (Appendix C)	\$351M
○	

**Total: \$2.504B**

- **2) Incurred Costs to Date (Column G)**

**The only expenditures reported to the VTA Board, MTC and the FTA PMOC are:**

○ Berryessa Extension Project (SVBX)	\$2.257B
○ BSV Phase II Program (BSV2)	\$235M
○	
<b>Total:</b>	<b>\$2.492B</b>

**The following expenditures are NOT reported to the VTA Board, MTC or the FTA PMOC:**

○ BSV Project Development	\$499M
○ BSV Corridor Establishment and Maintenance	\$462M
○ BART Core System Modifications (BCS)	\$175M
○ Warm Springs Extension	\$10M
○ Warm Springs Extension SLPP	\$8M
○ Warm Springs Extension TCRP	\$111M
○ Measure A Debt Service Principal (Appendix C)	\$786M
○ Measure A Debt Service Interest (Appendix C)	\$351M
○	
<b>Total:</b>	<b>\$2.402B</b>

**Issue 2: Unreported Program Estimate increases: Program Estimate Totals increased by \$261M between July 2020 and July 2021 as follows:**

	July 2020	July 2021	Increase
• BSV Project Development	\$322M	\$502M	\$180M
• BSV Phase II Program (BSV2)	\$6.86B	\$6.941B	\$81M
<b>Total:</b>			<b>\$261M</b>

Sincerely,

Roland Lebrun

Attachments:

- Appendix A July 2020 BSV Program Summary by Project report
- Appendix B July 2021 BSV Program Summary by Project report



- Appendix C 2000 Measure A debt service (2020-2036)

CC

FTA Region 9 Administrator & staff

BART Board of Directors

VTA Board of Directors

VTA PAC

VTA CAC

**From:** Roland Lebrun  
**Sent:** Wednesday, October 27, 2021 2:56 AM  
**To:** VTA Board Secretary <Board.Secretary@vta.org>  
**Subject:** [EXTERNAL] 10/27 10.00 AM Measure B Oversight Item 10 BART Phase II update

Dear Chair Herrera and Committee members.

The attached letter enumerates multiple issues with VTA's Expedited Project Delivery (EPD) pilot program application to the FTA including significant exposure to VTA's financial capacity to continue providing viable bus and light rail service in Santa Clara County.

The letter concludes with a recommendation for VTA to reposition the BART Silicon Valley Phase II project to qualify for entry into the Federal New Starts Program.

Sincerely,

Roland Lebrun

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FTA Region 9 Administrator & staff  
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**Cc:** FTA Region 9 Administrator Ray Tellis <[ray.tellis@dot.gov](mailto:ray.tellis@dot.gov)>; BART Board <[boardofdirectors@bart.gov](mailto:boardofdirectors@bart.gov)>; VTA Board Secretary <[board.secretary@vta.org](mailto:board.secretary@vta.org)>  
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○	

**Total: \$2.504B**

- **2) Incurred Costs to Date (Column G)**

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<b>Total:</b>	<b>\$2.402B</b>

**Issue 2: Unreported Program Estimate increases: Program Estimate Totals increased by \$261M between July 2020 and July 2021 as follows:**

	July 2020	July 2021	Increase
• BSV Project Development	\$322M	\$502M	\$180M
• BSV Phase II Program (BSV2)	\$6.86B	\$6.941B	\$81M
<b>Total:</b>			<b>\$261M</b>

Sincerely,

Roland Lebrun

Attachments:

- Appendix A July 2020 BSV Program Summary by Project report
- Appendix B July 2021 BSV Program Summary by Project report

- Appendix C 2000 Measure A debt service (2020-2036)

CC

FTA Region 9 Administrator & staff

BART Board of Directors

VTA Board of Directors

VTA PAC

VTA CAC

Dear Chair Pedroza and Commissioners,

This letter is the second in a 4-part review of the BART Silicon Valley (BSV) project intended to inform the business case for an MTC Megaproject Oversight and Delivery Task Force:

- Part 1 Cost estimates: \$2.5B underreporting and \$261M increase in one year
- Part 2 Funding approach: **Excessive leverage of local sales tax revenues**
- Part 3 Design flaws: conflicts with BART safety standards and best intermodal practices
- Part 4 Governance & Oversight deficiencies: root causes behind Parts 1, 2 &3 above

## Background

VTA's financial consultants responsible for preparing the funding plan for BSV Phase II selected the FTA's Expedited Project Delivery Pilot Program for the following reasons:

- **No approvals required prior to award of grant; only 120-day review period**
- **No evaluation ratings required for Project Justification**

[https://www.vta.org/sites/default/files/2020-07/200715%2028thLP%20CWG%20Presentation\\_0.pdf](https://www.vta.org/sites/default/files/2020-07/200715%2028thLP%20CWG%20Presentation_0.pdf) (slide 18)

The above presentation DID NOT emphasize that

**The federal share of project costs under this program is LIMITED TO 25 percent.**

<https://www.transit.dot.gov/funding/grants/grant-programs/expedited-project-delivery-pilot-program-section-3005b> (attached as Appendix A)

The funding plan developed by the consultants is located in the VTA BSVII EPD Local Match Attachment (Appendix B). Table 1 on Page 1-3 summarizes project funding from each source

Project Funding Sources	Total Amount	Percentage of Total
<b>Federal Sources</b>		
EPD Grant	\$1,735.3	25.0%
<b>Non-Federal Sources</b>		
Local - 2000 Measure A PAYGO Funds	\$596.5	8.6%
Local - 2000 Measure A Funds to Pay Financing Costs	\$125.4	1.8%
Local - 2000 Measure A Debt Proceeds	\$1,334.4	19.2%
Local - 2016 Measure B PAYGO Funds	\$148.7	2.1%
Local - 2016 Measure B Funds to Pay Financing Costs	\$154.6	2.2%
Local - 2016 Measure B Debt Proceeds	\$1,646.3	23.7%
Regional - Regional Measure 3	\$375.0	5.4%
State - TIRCP	\$750.0	10.8%
Private Funding	\$75.0	1.1%
<b>Subtotal Non-Federal Sources</b>	<b>\$5,205.9</b>	<b>75.0%</b>
<b>Total</b>	<b>\$6,941.2</b>	<b>100.0%</b>

## Issues with VTA’s EPD funding application (Page 1-4)

### 1.1.1 2000 Measure A Sales Tax

*In November 2000, Santa Clara County voters approved enactment of a half-cent sales tax for **30 years beginning April 1, 2006 and ending March 31, 2036**. The sales tax measure specified the projects to which the receipts could be applied, including connecting BART to Milpitas/San Jose/Santa Clara (the BSV Phase I and Phase II Projects). **2000 Measure A sales tax revenue will provide capital support in the form of pay-as-you-go (PAYGO) cash funding and conventional bond proceeds backed by the sales tax revenue. 2000 Measure A sales tax revenues will provide \$2,056.4 million (YOE) of capital support to BSVII. Of this total amount, \$596.5 million (YOE) will come from PAYGO funding and \$1,334.4 million (YOE) will come from conventional bond proceeds backed by 2000 Measure A sales tax proceeds. \$125.4 million will cover the cost of project finance charges through full receipt of the EPD grant, as defined by FTA.***

There are three issues with Measure A Sales Tax funding as proposed:

#### Issue 1: \$596.5M pay-as-you-go (PAYGO)

Measure A generates approximately \$250M/year which includes 20.75% (\$50M) for bus and light rail operations and \$72M debt service to repay the \$800M debt caused by the unreported costs enumerated in Part 1 of this 4-part series (2020 CAFR page 2-59)

	Principal	Interest	Total
<u>Year ending June 30:</u>			
2021	\$ 33,680	\$ 39,356	\$ 73,036
2022	35,015	37,743	72,758
2023	36,460	35,944	72,404
2024	38,180	33,861	72,041
2025	40,035	31,625	71,660
2026-2030	231,350	120,593	351,943
2031-2035	301,880	49,755	351,635
2035-2036	69,330	2,023	71,353
	<u>785,930</u>	<u>\$ 350,900</u>	<u>\$ 1,136,830</u>
Unamortized bond premium	19,126		
Total debt	<u>805,056</u>		
Less current portion	(33,680)		
Long-term portion of debt	<u>\$ 771,376</u>		

It is unclear how the residual \$130M in annual revenues could possibly support \$596.5M PAYGO for BSV Phase II let alone any of the other capital projects earmarked for this Measure:

- Provide Connections from San Jose International Airport to BART, Caltrain and the VTA Light Rail;
- Extend Light Rail from Downtown San Jose to the East Valley;
- Purchase Low Floor Light Rail Vehicles;
- Improve Caltrain: Double Track to Gilroy and Electrify from Tamien to San Francisco;
- Increase Caltrain Service;

- Construct a New Palo Alto Intermodal Transit Center;
- Improve Bus Service in Major Bus Corridors;
- Upgrade Altamont Commuter Express (ACE);
- Improve Highway 17 Express Bus Service;
- Connect Caltrain with Dumbarton Rail Corridor;
- Purchase Zero Emission Buses and Construct Service Facilities;
- Develop New Light Rail Corridors; and
- Fund Operating and Maintenance Costs for Increased Bus, Rail and Paratransit Service.

<https://www.vta.org/sites/default/files/2021-05/FY20%20Measure%20A%20Compliance%20Examination%20Report%20-%20FINAL.pdf> (Page 3)

### Issue 2: \$1,334.4 million (YOE) conventional bond proceeds

It is also unclear how \$1,334.4 million (YOE) bond proceeds could possibly be backed by 2000 Measure A sales tax proceeds given that Measure A's debt coverage is down to 2.9 and existing bonds require that VTA maintain a minimum debt coverage ratio of 1.3 (2020 CAFR Page 3-16)

Debt Capacity – Pledged Revenue Coverage – 2000 Measure A Half-Cent Sales Tax  
Revenue Bonds  
Ten Years Ended June 30, 2020  
(In thousands)

Fiscal Year	Available Revenue Sales Tax Revenue	Annual Debt Service		Total	Coverage <sup>2</sup>
		Principal	Interest <sup>1</sup>		
2011	\$ 151,518	\$ 2,430	\$ 33,490	\$ 35,920	4.2
2012	166,280	2,525	44,337	46,862	3.5
2013	176,533	2,625	44,262	46,887	3.8
2014	186,302	24,595	45,577	70,172	2.7
2015	199,653	25,775	45,086	70,861	2.8
2016	205,636	26,965	44,118	71,083	2.9
2017	208,672	28,160	43,783	71,943	2.9
2018	207,870	29,530	42,954	72,484	2.9
2019	237,874	30,575	40,866	71,441	3.3
2020	209,885	32,080	40,319	72,399	2.9

<sup>1</sup>This is exclusive of interest earned from bond proceeds.

<sup>2</sup>Bond indenture requires VTA to maintain coverage ratio of at least 1.3.



### Issue 3: Issues 1 & 2 above are directly responsible for VTA' structural operating deficit:

#### VTA FY 2022 & FY 2023 PROPOSED BUDGET

##### *10-Year Projection*

In order to provide a broader picture beyond the two-year budget horizon, the table below shows projected Revenues, Expenses, and Operating Balance through FY 2031 (in millions).

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenues	\$ 514.2	\$ 529.9	\$ 540.3	\$ 556.7	\$ 567.6	\$ 561.3	\$ 572.6	\$ 584.0	\$ 595.6	\$ 607.2
Expenses	\$ 521.1	\$ 544.2	\$ 558.7	\$ 573.5	\$ 589.8	\$ 588.7	\$ 605.9	\$ 618.7	\$ 636.9	\$ 654.7
Operating Balance	\$ (6.9)	\$ (14.3)	\$ (18.4)	\$ (16.8)	\$ (22.2)	\$ (27.3)	\$ (33.3)	\$ (34.7)	\$ (41.4)	\$ (47.4)
Federal Relief Funding Balance	\$ 133.4	\$ 119.2	\$ 100.7	\$ 83.9	\$ 61.7	\$ 34.4	\$ 1.1	\$ -	\$ -	\$ -

#### 1.1.2 2016 Measure B Sales Tax

*In November 2016, Santa Clara County voters approved enactment of a half-cent sales tax for 30 years beginning April 1, 2017 and ending March 31, 2047 to provide capital support to BSVII and a variety of other transportation projects across the county. 2016 Measure B sales tax revenue will provide capital support in the form of PAYGO cash funding and conventional bond proceeds backed by the sales tax revenue. 2016 Measure B sales tax revenues will provide \$1,949.6 million (YOE) of capital support to BSVII. Of this total amount, \$148.7 million (YOE) will come from PAYGO funding and **\$1,646.3 million (YOE) will come from conventional bond proceeds backed by 2000 Measure A sales tax proceeds**. \$154.6 million will cover the cost of project finance charges through full receipt of the EPD grant, as defined by FTA.*

#### Issue with 2016 Measure B Sales Tax funding

As stated above (Item 1.1.1 Issue 2) 2000 Measure A bonding capacity was exhausted by unreported cost overruns documented in Part 1 of this 4-part series.

#### 1.1.3 Regional Measure 3 (RM3)

*In the fall of 2017, the California State Legislature authorized the Regional Measure 3 (RM3) ballot measure to finance a comprehensive suite of highway and transit improvements through an increase in tolls on the seven state-owned toll bridges in the San Francisco Bay Area. This measure, sponsored by Metropolitan Transportation Commission (MTC), will use toll revenues to fund \$4,450 million (YOE) in highway and transit improvements, including capital support for BSVII. Voter approval of RM3 raised tolls on the region's state-owned toll bridges by one-dollar beginning Jan. 1, 2019. Tolls will rise by another one-dollar in January 2022 and the final one-dollar increase will occur in January 2025. The 2019 increase marked the first toll increase on the seven state-owned bridges since 2010. **RM3 funds are applied to the project financial plan proportionally to the project expenditures from FY2021 through FY2027. RM3 funds will provide \$375.0 million (YOE) of capital support to BSVII.***

**Issue with Regional Measure 3 (RM3)**

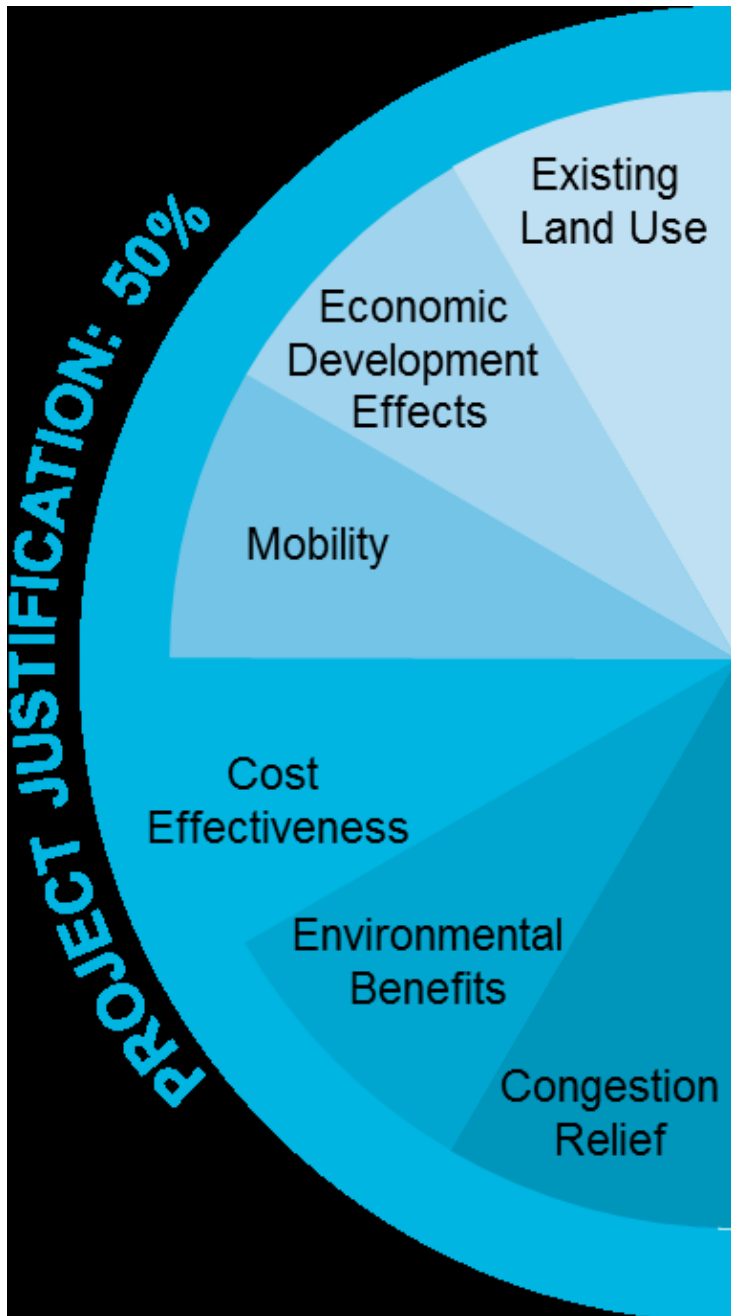
All RM3 revenues are currently held in an escrow account pending the outcome of ongoing litigation. MTC have not approved an alternate source of funding as of this writing

**Conclusion:**

The Expedited Project Delivery pilot exposes the VTA to significant financial challenges

**Recommendation:**

The VTA should reposition the project to qualify for entry into the Federal New Starts program



Respectfully submitted for your consideration.

Sincerely,

Roland Lebrun

CC

FTA Region 9  
BART Board of Directors  
VTA Board of Directors  
VTA PAC  
VTA CAC

Attachments:

Appendix A Expedited Project Delivery Pilot Program - Section 3005(b)  
Appendix B VTA BSVII EPD Local Match Attachment

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## Related Links

- [Expedited Project Delivery Pilot Program Notice of Funding](#)
- [Federal Register: Grants for Pilot Program for Expedited Project Delivery](#)
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## Expedited Project Delivery Pilot Program - Section 3005(b)

### Overview

The EPD Pilot Program, authorized by Section 3005(b) of the Fixing America's Surface Transportation Act (FAST Act), is aimed at expediting delivery of new fixed guideway capital projects, small starts projects, or core capacity improvement projects. These projects must utilize public-private partnerships, be operated and maintained by employees of an existing public transportation provider, and have a federal share not exceeding 25 percent of the project cost. FTA will notify applicants in writing within 120 days after the receipt of a complete application whether the application has been approved.

On July 28, 2020, FTA announced a [Notice of Funding Opportunity](#) for the Expedited Project Delivery (EPD) Pilot Program. Applications will be accepted on a rolling basis until up to eight grants are awarded, subject to funding availability.

On Wednesday, August 26, 2020, FTA hosted a webinar to provide information on the EPD Pilot Program.

[View the presentation](#) | [Listen to the recording](#) | [Read the transcript](#)

Applicants must use the [EPD Pilot Program application](#).

### Objectives

The EPD Pilot Program streamlines project delivery of new transit infrastructure that meets program requirements. It encourages innovative partnerships and funding so projects can be completed more quickly.

### Eligible Projects

Eligible projects are new fixed guideway capital projects, small start projects, or core capacity improvement projects that have not entered into a full funding grant agreement with FTA. The law defines these types of eligible projects for the EPD Pilot Program in a manner similar to, but not entirely the same as, FTA's Capital Investment Grants (CIG) program. Applicants should therefore read the NOFO carefully to understand the EPD Pilot Program project eligibility. New fixed guideway capital projects or small start projects may include the acquisition of real property, the initial acquisition of rolling stock for the system, the acquisition of right-of-way, and relocation. Core capacity improvement projects may include the acquisition of real property, the acquisition of rights-of-way, double tracking, signalization improvements, electrification, expanding system platforms, acquisition of rolling stock associated with corridor improvements increasing capacity, construction of infill stations, and such other capacity improvements as FTA determines are appropriate to increase the capacity of an existing fixed guideway system corridor by not less than 10 percent.

### Eligible Recipients

State or local government authorities who must demonstrate:

- Legal, financial, and technical capacities to carry out the eligible project, including the safety and security aspects of the eligible project;
- Satisfactory continuing control over the use of the equipment or facilities;
- The technical and financial capacity to maintain new and existing equipment and facilities;
- That they have qualified advisors providing guidance on the terms and structure of the project who are independent from investors in the project; and
- That the existing public transportation system is in a state of good repair.
  - This requirement may be waived by FTA if the project meets the definition of a core capacity improvement project, and FTA determines that the eligible project will allow the applicant to make substantial progress in achieving a state of good repair.

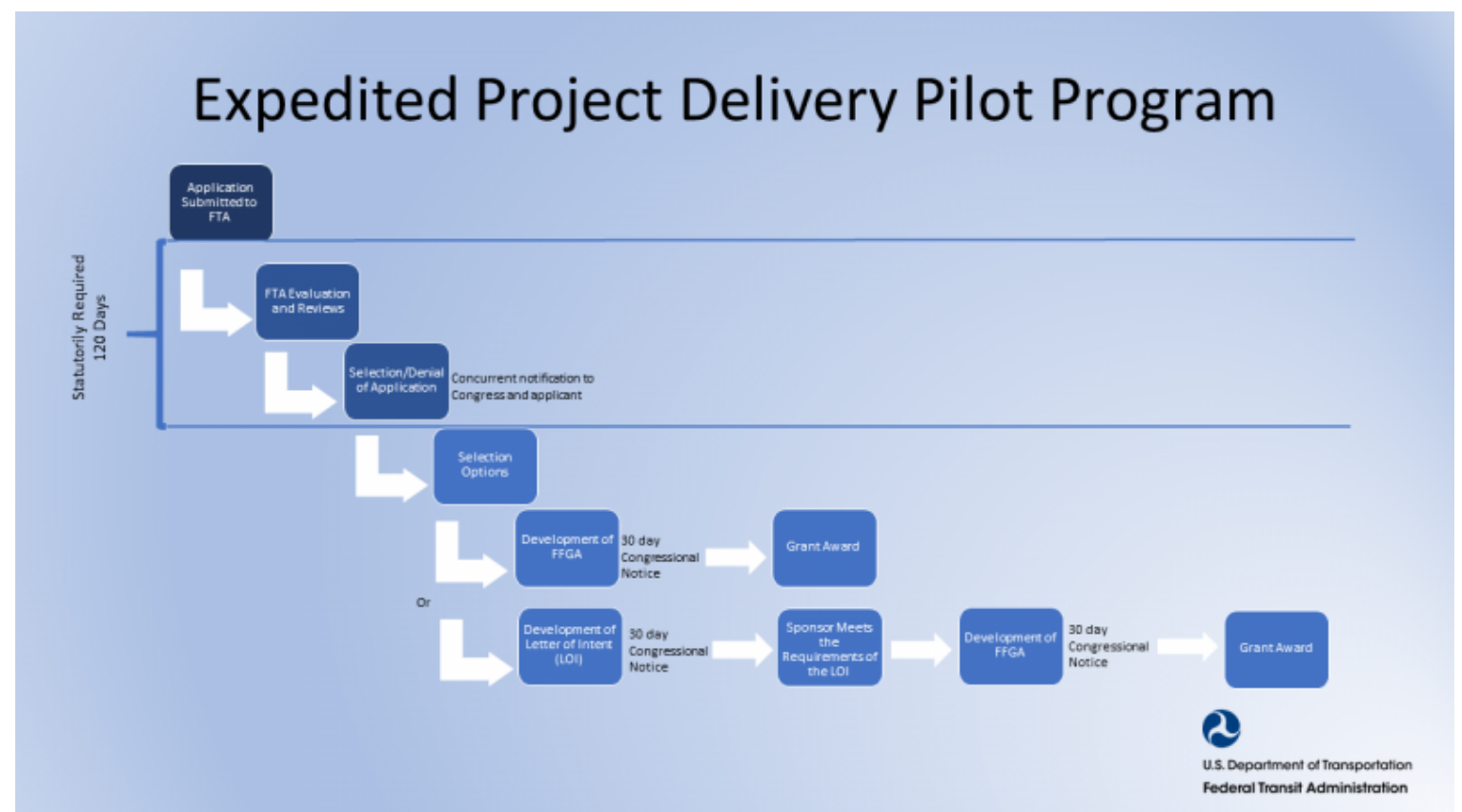
## Application and Selection Process

FTA provides technical assistance to potential grant applicants including working with them to understand the program requirements and develop a complete application package. Per the NOFO, the complete applications must be submitted electronically via FTA's EPD Pilot Program secure application submission site and must include responses to all sections, forms, and attachments, unless indicated as optional. Only the information submitted to the application site will be used to determine the applicant and project eligibility for the EPD Pilot Program and to evaluate the proposal against the criteria described in the NOFO.

Once an application is [submitted](#), FTA will review the completeness of the application. This is a high-level review to determine if any requested information is missing or incomplete. If the submitted application is missing requirements, or requirements are not complete, then the application will be denied, and therefore not progress to the next phase. The project sponsor may resubmit their application once they believe they have addressed the incomplete item(s), per the NOFO.

An application that is deemed complete will advance to the 120-day statutory review phase, which includes a detailed review of the application and coordination with the Office of the Secretary of Transportation for their consideration of FTA's recommended action. During this phase, FTA will hold regularly scheduled meetings with the applicant to exchange feedback, gain clarifications on any issues or concerns, request updated documentation and discuss the progress of the application. Within 120 days, FTA will notify the project sponsor with one of the following:

- Selected/Approval for a:
  - Full Funding Grant Agreement (FFGA): The development of an FFGA will be recommended if the project sponsor's application fully meets the eligibility requirements in the NOFO. With the FFGA, FTA commits to a specific dollar amount of EPD Pilot Program funding for the project scope as presented in the project sponsor's application, and contingent on the availability of funding. Congressional notice will be given 30 days in advance of issuing an FFGA.
  - Letter of Intent (LOI): If certain conditions have not been met for an application deemed worthy of selection, FTA will issue a LOI. A LOI contains a list of conditions that have been identified from FTA's review of the project sponsor's application. Once the LOI conditions are met, the project can be considered for a FFGA. With a LOI, FTA commits to a specific dollar amount of EPD Pilot Program funding for the project scope as presented in the project sponsor's application, and contingent on the availability of funding. A LOI and its commitment of federal funding will expire after two years if conditions are not met. Congressional notice will be given 30 days in advance of issuing a LOI. If the project advances to the development of an FFGA, FTA will provide a second congressional notice 30 days before the award of the grant agreement.
- Not Selected/Disapproval: If the application does not meet the requirements of the NOFO, FTA's written notice will include a detailed explanation of the reasons for the disapproval.



## Allocation of Funding

New Update! A total of \$325 million in Fiscal Year (FY) 2021, FY 2020, FY 2019, FY 2017 and FY 2016 funds are available, of which \$100 million is currently available for allocation. FTA has made two allocations totaling \$225 million, to the Santa Clara Valley Transportation Authority (VTA) in San Jose, California, for the Bay Area Rapid Transit (BART) Silicon Valley Phase II project. Any project sponsor that receives or has already received an allocation of EPD funds must still submit the formal application outlined in the NOFO to receive the grant.

## Match

The federal share of project costs under this program is limited to 25 percent.

## Disclaimer

The contents of this page do not have the force and effect of law and are not meant to bind the public in any way. This guidance is intended only to provide clarity to the public regarding existing requirements under the law or agency policies. Grantees and subgrantees should refer to FTA's statutes and Notice of Funding Opportunity (NOFO) for applicable requirements of the EPD Pilot Program.

**Grant Type:** [Competitive](#)

U.S. DEPARTMENT OF TRANSPORTATION

### Federal Transit Administration

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# **BART Silicon Valley Phase II Extension Project**



## **LOCAL MATCH ATTACHMENT**



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## 1.0 LOCAL MATCH ATTACHMENT

The Local Match attachment identifies the local cost share and evidence that all the non-Federal capital funds are currently available or committed.

Unless otherwise noted, all amounts in this financial plan are presented based on Santa Clara Valley Transportation Authority's (VTA) fiscal year (FY), which runs from July 1 to June 30 each year (e.g., FY2021 runs July 1, 2020 to June 30, 2021). All dollar amounts shown, unless otherwise noted, are in year of expenditure (YOE) dollars.

The Bay Area Rapid Transit (BART) Silicon Valley Phase II Extension Project (BSVII, the Project) relies on the following local and regional sources of funds and financing:

- 2000 Measure A Sales Tax
- 2016 Measure B Sales Tax
- Regional Measure 3 (RM3)
- Transit and Intercity Rail Capital Program (TIRCP)
- Private Funding

The non-Federal sources of funds comprise 75% of the total BSVII capital cost and are considered to be fully committed. Table 1 summarizes project funding from each source. Details are provided on the following pages.

*Table 1. BSVII Capital Plan (YOE\$, Millions)*

<b>Project Funding Sources</b>	<b>Total Amount</b>	<b>Percentage of Total</b>
<b>Federal Sources</b>		
EPD Grant	<b>\$1,735.3</b>	<b>25.0%</b>
<b>Non-Federal Sources</b>		
Local - 2000 Measure A PAYGO Funds	\$596.5	8.6%
Local - 2000 Measure A Funds to Pay Financing Costs	\$125.4	1.8%
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Regional - Regional Measure 3	\$375.0	5.4%
State - TIRCP	\$750.0	10.8%
Private Funding	\$75.0	1.1%
<b>Subtotal Non-Federal Sources</b>	<b>\$5,205.9</b>	<b>75.0%</b>
<b>Total</b>	<b>\$6,941.2</b>	<b>100.0%</b>

The following sections describe each funding and financing source in detail.



## 1.1 Capital Funding Sources

### 1.1.1 2000 Measure A Sales Tax

In November 2000, Santa Clara County voters approved enactment of a half-cent sales tax for 30 years beginning April 1, 2006 and ending March 31, 2036. The sales tax measure specified the projects to which the receipts could be applied, including connecting BART to Milpitas/San Jose/Santa Clara (the BSV Phase I and Phase II Projects). 2000 Measure A sales tax revenue will provide capital support in the form of pay-as-you-go (PAYGO) cash funding and conventional bond proceeds backed by the sales tax revenue. 2000 Measure A sales tax revenues will provide \$2,056.4 million (YOE) of capital support to BSVII. Of this total amount, \$596.5 million (YOE) will come from PAYGO funding and \$1,334.4 million (YOE) will come from conventional bond proceeds backed by 2000 Measure A sales tax proceeds. \$125.4 million will cover the cost of project finance charges through full receipt of the EPD grant, as defined by FTA.

Supporting documentation for 2000 Measure A Sales Tax is included in the Supporting Documentation folder as attachments A-1, A-2, and A-3.

### 1.1.2 2016 Measure B Sales Tax

In November 2016, Santa Clara County voters approved enactment of a half-cent sales tax for 30 years beginning April 1, 2017 and ending March 31, 2047 to provide capital support to BSVII and a variety of other transportation projects across the county. 2016 Measure B sales tax revenue will provide capital support in the form of PAYGO cash funding and conventional bond proceeds backed by the sales tax revenue. 2016 Measure B sales tax revenues will provide \$1,949.6 million (YOE) of capital support to BSVII. Of this total amount, \$148.7 million (YOE) will come from PAYGO funding and \$1,646.3 million (YOE) will come from conventional bond proceeds backed by 2000 Measure A sales tax proceeds. \$154.6 million will cover the cost of project finance charges through full receipt of the EPD grant, as defined by FTA.

Supporting documentation for 2016 Measure B Sales Tax is included in the Supporting Documentation folder as attachments B-1, B-2, and B-3.

### 1.1.3 Regional Measure 3 (RM3)

In the fall of 2017, the California State Legislature authorized the Regional Measure 3 (RM3) ballot measure to finance a comprehensive suite of highway and transit improvements through an increase in tolls on the seven state-owned toll bridges in the San Francisco Bay Area. This measure, sponsored by Metropolitan Transportation Commission (MTC), will use toll revenues to fund \$4,450 million (YOE) in highway and transit improvements, including capital support for BSVII. Voter approval of RM3 raised tolls on the region's state-owned toll bridges by one-dollar beginning Jan. 1, 2019. Tolls will rise by another one-dollar in January 2022 and the final one-dollar increase will occur in January 2025. The 2019 increase marked the first toll increase on the seven state-owned bridges since 2010. RM3 funds are applied to the project financial plan proportionally to the project expenditures from FY2021 through FY2027. RM3 funds will provide \$375.0 million (YOE) of capital support to BSVII.

Supporting documentation for RM3 is included in the Supporting Documentation folder as attachments C-1, C-2, and C-3.

### 1.1.4 Transit and Intercity Rail Capital Program (TIRCP)

The California Transit and Intercity Rail Capital Program (TIRCP) was created in 2014 to provide grants from the Greenhouse Gas Reduction Fund (GGRF) to fund transformative capital improvements that will modernize California's intercity, commuter, and urban rail systems, and bus and ferry transit systems, to significantly reduce emissions of greenhouse gases, vehicle miles traveled, and congestion. California State Transportation Agency (CalSTA) previously awarded TIRCP funding to VTA for capital support of BSVII in 2016 and 2018. TIRCP funding will



be drawn down as follows: \$30.0 million (YOE) in FY2021, \$100.0 million (YOE) per year from FY2022 – FY2027, \$120.0 million (YOE) in FY2028. TIRCP funding will provide \$750.0 million (YOE) of capital support for BSVII.

Supporting documentation for TIRCP is included in the Supporting Documentation folder as attachments D-1, D-2, D-3, D-4, D-5, and D-6.

### 1.1.5 Private Funding

VTA is currently considering options for delivering portions of the Project through a Public-Private Partnership (P3). One P3 being considered is delivery of the tunnel and stations contract package as design-build-finance, with the contractor financing a portion of the work up through completion of specified milestones. Another P3 option being considered is transit-oriented development with a private developer at Diridon Station. Either P3 has the potential to reduce VTA's financial risk of the Project. The TOD/P3 funding is expected to contribute \$75.0 million to the project. The financial plan assumes that VTA will drawdown private funds in proportion to the project expenditures from FY2021 through FY2027.

The supporting documentation for the P3 is the fully executed memorandum of understanding between Santa Clara Valley Transportation Authority and Google LLC included in the Supporting Documentation folder as attachment E-1.

## 1.2 Project Financing

In order to fund portions of BSVII Project costs, VTA will issue debt backed by 2000 Measure A revenue, debt backed by 2016 Measure B revenue, and Grant Anticipation Notes (GANs) backed by FTA EPD funds. Debt financing proceeds for the project total \$4,190.3 million (YOE); \$1,334.4 million in conventional bond proceeds backed by 2000 Measure A, \$1,646.3 million in conventional bond proceeds backed by 2016 Measure B, and \$1,209.6 million is in the form of GANs proceeds. Table 2 summarizes the financing assumptions applied in this project financial plan.

*Table 2. BSVII Financing Assumptions*

Credit	GANs	2000 Measure A	2016 Measure B
<b>Debt Instruments</b>	Grant Anticipation Note	Conventional Bond	Conventional Bond
<b>Interest Rate Source</b>	Municipal Market Data General Obligation Yields from Thomson Reuters dated Oct. 22, 202018 adjusted and reduced by 166 basis points to correspond to current market rates		
<b>Debt Repayment Profile</b>	Sculpted	Level	Level
<b>Average Interest Rate</b>	1.67%	1.72%	2.10%
<b>Issuance Cost (% gross proceeds)</b>	0.8%	0.8%	0.8%
<b>Issuance Years (FY)</b>	2022	2024, 2025, 2026, 2028, 2029	2025, 2027, 2028, 2029, 2030
<b>Maturity Years</b>	2031	2035 for issuance in 2025 and 2028; 2036 for issuances in 2024, 2026, and 2029	2047

The following sections describe the debt financing assumptions applied in this project financial plan. Financing charges based on the FTA definition include financing charges incurred during the period that VTA receives FTA



EPD grant funds. GANs (backed by EPD grant funds) reach maturity in the last year that VTA receives EPD grant funds. As such, financing charges based on FTA's definition are equal to the total financing charges paid by VTA. However, conventional bonds backed with 2000 Measure A and 2016 Measure B sales tax revenues mature after the final year that VTA receives EPD grant funds. As such, financing charges based on FTA's definition are lower than the total financing charges paid by VTA. Table 3 summarizes the total proceeds and costs associated with the debt financing.

*Table 3. BSVII Financing Summary (YOE\$, Millions)*

<b>Credit</b>	<b>GANs</b>	<b>2000 Measure A</b>	<b>2016 Measure B</b>
<b>Gross Debt Proceeds</b>	\$1,209.6	\$1,334.4	\$1,646.3
<b>Financing Charges (FTA Definition)</b>	\$109.7	\$125.4	\$154.6
<b>Total Financing Charges paid by VTA through debt maturity</b>	\$109.7	\$154.3	\$408.6

### 1.2.1 FTA EPD Grant Anticipation Notes

VTA plans to issue GANs backed by EPD grant funds to finance BSVII. The revenue bonds backed by EPD grant receipts are anticipated to be issued in FY2022. The financing charges will be incurred from FY2022 through FY2031, with the last payment made the final year FTA grant funds are received. GANs will provide \$1,209.6 million (YOE) in proceeds to support BSVII. This debt is assumed to have sculpted debt service that corresponds with anticipated annual EPD grant funding from FTA. The average interest rate for this debt is assumed to be 1.67%. Issuance costs are assumed to be 0.8% of the gross issuance amount.

### 1.2.2 2000 Measure A Bond Financing

2000 Measure A sales tax revenue will provide capital support in the form of PAYGO cash funding and conventional bond proceeds backed by sales tax revenue. 2000 Measure A debt will provide \$1,334.4 million (YOE) in proceeds to support BSVII. This debt is assumed to be simple mortgage bonds, with level principal and interest. The average interest rate for this debt is assumed to be 1.72%. Issuance costs are assumed to be 0.8% of the gross issuance amount.

### 1.2.3 2016 Measure B Bond Financing

2016 Measure B sales tax revenue will provide capital support in the form of PAYGO cash funding and conventional bond proceeds backed by sales tax revenue. 2000 Measure A debt will provide \$1,646.3 million (YOE) in proceeds to support BSVII. This debt is assumed to be simple mortgage bonds, with level principal and interest. The average interest rate for this debt is assumed to be 2.10%. Issuance costs are assumed to be 0.8% of the gross issuance amount.

### 1.2.4 Financing Charges

Financing charges paid over the course of VTA's receipt of FTA EPD funds total \$389.7 million; \$125.4 million in 2000 Measure A debt finance charges, \$154.6 million in 2016 Measure B debt finance charges, and \$109.7 million in GANs finance charges. Total financing charges paid by VTA through repayment of the debt total \$672.7 million; \$154.3 million in 2000 Measure A debt finance charges, \$408.6 million in 2016 Measure B debt finance charges, and \$109.7 million in GANs finance charges.



### 1.3 Project Capital Sources and Uses of Funds Table

The capital uses and sources of funds, by year, for BSVII are summarized in Table 4.



Table 4. BSVII Sources and Uses of Funds, FY2020 - FY2039 (YOE\$, Millions)

	Total	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
<b>USES OF FUNDS</b>																	
BSV Ph II Project Costs (SCC 10 - 90)	6,551.5	1.0	5.6	21.4	44.4	80.8	148.9	432.9	774.2	1,035.8	1,083.6	849.8	877.7	809.1	229.0	157.3	-
Finance Charges (SCC 100)	389.7	-	-	-	-	-	-	9.1	20.2	19.6	35.4	41.6	53.0	61.0	54.6	51.1	44.2
Finance Costs - GANs	109.7	-	-	-	-	-	-	9.1	20.2	18.0	15.8	13.6	11.3	9.0	6.6	4.2	1.8
Finance Costs - 2000 Measure A	125.4	-	-	-	-	-	-	-	-	1.6	16.3	25.6	19.4	18.5	16.9	14.6	12.5
Finance Costs - 2016 Measure B	154.6	-	-	-	-	-	-	-	-	-	3.2	2.3	22.3	33.5	31.1	32.2	29.9
<b>TOTAL USES OF FUNDS</b>	<b>6,941.2</b>	<b>1.0</b>	<b>5.6</b>	<b>21.4</b>	<b>44.4</b>	<b>80.8</b>	<b>148.9</b>	<b>441.9</b>	<b>794.4</b>	<b>1,055.4</b>	<b>1,118.9</b>	<b>891.3</b>	<b>930.7</b>	<b>870.1</b>	<b>283.7</b>	<b>208.4</b>	<b>44.2</b>
<b>SOURCES OF FUNDS</b>																	
EPD Grant																	
Gross Amount of EPD Grant	1,735.3	-	-	-	-	-	66.2	92.2	176.6	247.5	275.8	166.7	150.0	150.0	150.0	150.0	110.3
Less Federal - EPD Grant expended on GAN principal repayment	(1,209.6)	-	-	-	-	-	-	-	(129.8)	(132.0)	(134.2)	(136.4)	(138.7)	(141.0)	(143.4)	(145.8)	(108.4)
Net Amount EPD Grant available for project costs and finance costs	525.7	-	-	-	-	-	66.2	92.2	46.8	115.6	141.6	30.3	11.3	9.0	6.6	4.2	1.8
State - TIRCP	750.0	-	-	-	-	-	30.0	100.0	100.0	100.0	100.0	100.0	100.0	120.0	-	-	-
Regional - Regional Measure 3	375.0	-	-	-	-	-	10.7	31.2	55.8	74.7	78.1	61.2	63.3	-	-	-	-
Local - 2000 Measure A PAYGO Funds	596.5	1.0	5.6	21.4	44.4	80.8	39.8	-	-	270.8	47.7	8.2	1.8	44.7	23.0	7.3	-
Local - 2000 Measure A Funds to Pay Financing Costs	125.4	-	-	-	-	-	-	-	-	1.6	16.3	25.6	19.4	18.5	16.9	14.6	12.5
Local - 2000 Measure A Debt Proceeds	1,334.4	-	-	-	-	-	-	-	-	61.3	606.4	591.3	-	44.4	31.1	-	-
Local - 2016 Measure B PAYGO Funds	148.7	-	-	-	-	-	-	-	-	-	-	60.0	-	-	59.4	29.3	-
Local - 2016 Measure B Funds to Pay Financing Costs	154.6	-	-	-	-	-	-	-	-	-	3.2	2.3	22.3	33.5	31.1	32.2	29.9
Local - 2016 Measure B Debt Proceeds	1,646.3	-	-	-	-	-	-	-	-	-	110.0	-	700.0	600.0	115.6	120.7	-
GANs Proceeds	1,209.6	-	-	-	-	-	-	1,209.6	-	-	-	-	-	-	-	-	-
Private Funding	75.0	-	-	-	-	-	2.1	6.2	11.2	14.9	15.6	12.2	12.7	-	-	-	-
<b>TOTAL SOURCES OF FUNDS</b>	<b>6,941.2</b>	<b>1.0</b>	<b>5.6</b>	<b>21.4</b>	<b>44.4</b>	<b>80.8</b>	<b>148.9</b>	<b>1,439.2</b>	<b>213.7</b>	<b>638.8</b>	<b>1,118.9</b>	<b>891.3</b>	<b>930.7</b>	<b>870.1</b>	<b>283.7</b>	<b>208.4</b>	<b>44.2</b>
<b>Net Cash Flow</b>	-	-	-	-	-	-	-	997.2	(580.7)	(416.6)	-	-	-	-	-	-	-
<b>Cumulative Project Fund Balance</b>		-	-	-	-	-	-	<b>997.2</b>	<b>416.6</b>	-	-	-	-	-	-	-	-



## Supporting Documentation

The following documents included in the Supporting documentation folder demonstrated evidence for all non-CIG financial commitment.

### **A. 2000 Measure A**

- A-1. 2000 Measure A Transit Improvement Program Official Ballot
- A-2. 2000 Measure A Transportation Improvement Program
- A-3. 2000 Measure A Sales Tax Revenues (Website)

### **B. 2016 Measure B**

- B-1. 2016 Measure B - Board Action
- B-2. 2016 Measure B Ballot Language
- B-3. 2016 Measure B Sales Tax Revenue (Website)

### **C. Regional Measure 3 (RM3)**

- C-1. Regional Measure 3 Ballot Description
- C-2. Regional Measure 3 Expenditure Plan
- C-3. Preserving RM3 Eligibility for Sponsors Awarding Contracts

### **D. State of California Transit and Intercity Rail Capital Program (TIRCP) Funds**

- D-1. TIRCP - Cap and Trade Program Resolution and Framework Res-4130
- D-2. TIRCP Award List 2016
- D-3. TIRCP Award List 2018
- D-4. TIRCP Detailed Project Award Announcement 2018
- D-5. TIRCP Letter of No Prejudice 2018
- D-6. TIRCP Status Report -January 2020

### **E. Joint Development Agreements**

- E-1. VTA – Google Memorandum of Understanding Fully Executed

### **F. Bonds**

- F-1. 1976 Tax Series 2018-A Bonds Official Statement
- F-2. 1976 Tax Series 2018-A Bonds Fitch Rating Report
- F-3. 1976 Tax Series 2018-A Bonds S&P Rating Report
- F-4. 2000 Measure A Tax Series 2020-A Bonds Preliminary Official Statement
- F-5. 2000 Measure A Tax Series 2020-A Bonds S&P Rating Report
- F-6. 2000 Measure A Tax Series 2020-A Bonds Moody's Rating Report

**From:** Adina Levin

**Sent:** Sunday, November 7, 2021 9:43 AM

**To:** VTA Board Secretary <Board.Secretary@vta.org>

**Subject:** [EXTERNAL] Approved 101 Managed Lane Equity Program in San Mateo County

Honorable Board Members,

At the last VTA board meeting, board members expressed interest in a equity programs relating to managed lanes.

An equity program has been approved for the 101 managed lanes in San Mateo County. Materials can be found in the San Mateo County Express Lanes JPA board archives, for example here.

It would be fantastic to have such equity programs expanded in geography and funding.

<https://secureservercdn.net/72.167.230.230/hvz.0c3.myftpupload.com/wp-content/uploads/2021/09/091021-SMCEL-JPA-BOD-Agenda-web.pdf>

Thanks,

- Adina

Adina Levin

Friends of Caltrain

<https://greencaltrain.com>

650-646-4344