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Inflation and Other Factors Boost Estimated Cost of VTA BART to Silicon Valley Completion

Transit projects throughout U.S. are seeing similar cost increases

San Jose, Calif.—The rapidly rising cost of construction materials and labor prices, along with the impacts of inflation, have boosted the anticipated cost of the final phase of VTA’s BART to Silicon Valley completion from \$9.3 to \$12.2 billion. VTA management confirms the higher estimate remains within its means to fund the project.

“All major U.S. infrastructure projects are, unfortunately, impacted by extreme inflationary costs,” said Carolyn Gonot, VTA General Manager/CEO. “The good news is that the strong fiscal position of VTA and other funding sources provide a funding plan that can absorb the increase.”

VTA BART to Silicon Valley has various funding sources at the state, regional, and local level that include [the Transit and Intercity Rail Capital Program](#), [Regional Measure 3](#), [2000 Measure A](#), and [2016 Measure B](#). VTA is seeking a grant from the [Federal Transit Administration New Starts Program](#) to complete the project’s funding plan.

“New cost estimates for the BART extension fall squarely in line with what we are seeing across the nation. Cost factors including material prices, labor shortages, and rising interest rates are being felt across all infrastructure sectors, not just transit and transportation projects. Market conditions continue to be challenging and dynamic,” said Peter Rogoff, former USDOT Under Secretary, Federal Transit Administrator, and transit CEO -- now a subject-matter expert in transportation infrastructure. Rogoff will make a presentation on these national trends at the VTA Board of Directors meeting.

VTA built the first phase of the extension over \$100 million under budget from Fremont to North San Jose’s Berryessa neighborhood, which opened in June 2020. Work is underway on the final phase, which extends the line six more miles with four more stations through downtown San Jose into Santa Clara.

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Gonot noted that the new estimated completion date was adjusted from 2033 to 2036 based on updated engineering and risk assessments.

The VTA Board of Directors will receive an update on the new cost and schedule forecast and financial plan at its upcoming Board meeting on October 5th and at a Board Workshop on October 20th.

“We are doing everything possible as responsible stewards of taxpayer monies to maintain costs at every stage. We will continue to do so in the face of inflationary pressures and hikes in interest rates,” Gonot added.

Although project costs are increasing, the anticipated local sales tax revenues of 2000 Measure A and 2016 Measure B are also increasing when compared to previous projections. The operation and maintenance element of the project is also seeing a benefit with increased 2008 Measure B tax estimates.

Funding for the completion of BART to Silicon Valley will not take away from other planned VTA projects. VTA has projected a 10-year balanced budget for the agency without sacrificing service and is in a strong and healthy position to manage inflationary impacts, she added.

VTA BART to Silicon Valley is among the largest, most important, and most anticipated transportation projects in the United States. When completed in 2036, the extension will sustainably provide the future growth of Silicon Valley and the Bay Area with world-class public transportation.

The project will reduce traffic congestion, decrease climate change impacts, provide equitable transportation, and create the transportation system necessary to address increased population growth and foster transit-oriented development, including new market value and affordable housing. It will also realize the decades long vision of “Ringing the Bay” with rail transit thereby enhancing connectivity of the various other transit systems serving the Bay Area.

When complete, the extension will include three underground stations (28th Street /Little Portugal, Downtown San José, and Diridon) and one above ground station (Santa Clara). The four new BART stations are projected to have approximately an average weekday ridership of 54,000 by 2040, which represents 6.9 percent of total anticipated BART ridership. Projected ridership at the Downtown San Jose station alone is 27,900. The Metropolitan Transportation Commission Plan Bay Area 2040 long range plan identifies the extension of BART service to San Jose and Santa Clara as the top priority for improving mobility in the region.

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About VTA

Santa Clara Valley Transportation Authority (VTA) is an independent special district that is responsible for bus, light rail, paratransit operations, transportation planning, and serves as the county's congestion management agency in Santa Clara County. VTA is building the 16-mile extension of BART into Silicon Valley with 6 stations including a cutting-edge single-bore tunnel through Downtown San Jose. The first two stations opened in Milpitas and Berryessa/North San Jose in 2020, the next four stations are scheduled to open around 2036.