From: VTA Board Secretary
Sent: Monday, August 31, 2026 12:30 PM
To: VTA Board of Directors
Cc: Gonot, Carolyn ; Greene, Beverly ; Haywood, Scott ; Richardson, Greg
Subject: From VTA: VTA's Silicon Valley BART Extension achieves exceptional safety record

Santa Clara Valley Transportation Authority

August 31, 2026

Contact: VTA Media Relations
Media.Relations@VTA.org
408-464-7810 (no texts)

BART Silicon Valley Phase II Achieves 3 Million Safe Work Hours

SAN JOSE, Calif. — Construction on BART Silicon Valley Phase II (BSVII), one of the nation's largest transportation infrastructure projects, has surpassed 3 million work hours without a worker missing time due to injury, reflecting an unwavering commitment to safety as crews continue building the future of regional transit through downtown San José and into Santa Clara.

Working weekdays, Saturdays and select Sundays across two shifts, hundreds of workers and contractors are advancing one of the Bay Area's largest and most complex construction projects while maintaining an exceptional safety record.

To date, crews have placed 75,000 cubic yards of concrete, enough to fill more than 23 Olympic-size swimming pools, to construct critical underground infrastructure, including diaphragm walls, working slabs, cross passages for emergency egress, confinement walls and cap beams. Construction has also required 4,025 tons of reinforcing steel, creating the underground framework that will support BART service for generations, along with approximately 1,200 feet of permanent and temporary piping that has enabled construction to advance safely and efficiently.

The project's safety record is especially noteworthy given the scale of the work. During diaphragm wall construction, crews simultaneously operated 13 cranes, 12 excavators, and eight forklifts and manlifts, coordinating one of the Bay Area's most sophisticated heavy construction operations while maintaining a relentless focus on protecting workers. As construction advances into new phases, equipment needs continue to evolve, with two cranes currently supporting ongoing work.

"Surpassing 3 million work hours without a lost-time incident reflects the dedication, professionalism and shared commitment of every person working on this project," said Sarah Wilson, Director of Construction, BART Silicon Valley Phase II. "Safety is embedded in every aspect of our work. This achievement demonstrates that even on a project of this size and complexity, our first priority is ensuring every worker goes home safely at the end of the day."

BART Silicon Valley Phase II is among the largest transportation infrastructure projects currently under construction in California and the United States. Every hour worked, every truckload of concrete delivered, and every ton of steel installed reflects the dedication of skilled workers committed to safely delivering infrastructure that will improve regional mobility, strengthen the local economy and connect more residents, workers and visitors to the Bay Area's transit network for decades to come.

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About VTA

Santa Clara Valley Transportation Authority (VTA) is an independent special district that is responsible for bus, light rail and paratransit operations, transportation planning, and serves as the county’s congestion management agency.

About BART Silicon Valley Phase II

VTA's BART Silicon Valley Phase II Extension is a six-mile, four-station extension of BART, connecting from Berryessa/North San José Station through downtown San José to the City of Santa Clara. This includes approximately five miles of subway, with underground station platforms at 28th Street/Little Portugal, Downtown San José, and Diridon stations, and a ground-level station in Santa Clara. A train maintenance and storage facility will be co-located in San José and Santa Clara.

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Valley Transportation Authority

From: VTA Board Secretary
Sent: Tuesday, September 1, 2026 3:06 PM
To: VTA Board of Directors
Cc: Gonot, Carolyn ; Greene, Beverly ; Haywood, Scott ; Richardson, Greg ; Maguire, Tom
Subject: From VTA: BSVII FTA-PMOC CP2 Special Report

Board of Directors:

Please see the attached FTA-PMOC CP2 Special Report being forwarded at the request of Tom Maguire, Chief Capital Megaprojects Delivery Officer, and the BART Team.

If you have questions please reply to this email.

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**

Santa Clara Valley Transportation Authority

Santa Clara Valley Transportation Authority

MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Board of Directors

FROM: Chief Capital Megaprojects Delivery Officer, Tom Maguire *Tom Maguire*

DATE: September 1, 2026

SUBJECT: FTA/PMOC Special Review Report on Contract Package 2 (CP2) Amended & Restated (A&R) Contract for VTA's BART Silicon Valley Phase II Extension Project

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BACKGROUND:

The Federal Transit Administration (FTA) and their Project Management Oversight Contractor (PMOC) prepared a Special Review Report outlining key findings, potential risks, opportunities, and recommendations related to the Contract Package 2 (CP2) Amended and Restated (A&R) Design-Build Agreement under the target price, incentive-based contract model for VTA's BART Silicon Valley Phase II Extension Project (BSVII). Attached herein are this subject report and VTA's response letter documenting the proposed path forward for each recommendation.

As part of the oversight efforts of the FTA and the PMOC on the BSVII Project, ongoing discussions and reviews related to the CP2 A&R Contract have continued over the last few months. This includes focused discussions related to cost, schedule, risk, and contract structure.

Staff are available to further discuss or respond to any follow-up questions as necessary.

BART SILICON VALLEY PHASE II EXTENSION PROJECT

FEDERAL TRANSIT ADMINISTRATION

PROJECT MANAGEMENT OVERSIGHT PROGRAM

FTA Region IX

PMOC REVIEW OF CONTRACT PACKAGE 2 AMENDED & RESTATED DESIGN-BUILD AGREEMENT CONTRACT
OP 03: Special Tasks

Final – August 4, 2026

PMOC Contract Number: 69319524D000004
Task Order Number: 69319525F30100N

Project Number: 2

Project Type: New Starts

Project Phase: Project Delivery
Task Order Issued September 23, 2024

OP Nos. Referenced: 3

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Third Party Disclaimer

This Project Management Oversight Contractor (PMOC) report and all supporting reports and back up materials contain the findings, conclusions, professional opinions, and recommendations stemming from a risk-informed evaluation and assessment, prepared solely for the Federal Transit Administration (FTA). This report shall not be relied upon by any party, except FTA or the project Sponsor, in accordance with the purposes of the evaluation and assessment as described below. For projects funded through FTA's Major Capital Investment (New Starts) program, FTA and its PMOCs use a risk-informed process to review and reflect upon a Sponsor's scope, schedule, and cost, and to analyze the Sponsor's project development and management. This process is iterative in nature. The results represent a "snapshot in time" for a particular project under the conditions known at that point. The evaluation or assessment and related results may subsequently change due to new information, changes in circumstances, additional project development, specific measures a Sponsor may take to mitigate risks, Sponsor's selection of strategies for project execution, etc.

EXECUTIVE SUMMARY

The Santa Clara Valley Transportation Authority (VTA) proposes to execute an Amended and Restated Design-Build Agreement (A&R DBA) for Contract Package 2 (CP2) of the Bay Area Rapid Transit (BART) Silicon Valley Phase II (BSVII) Project. The proposed agreement replaces the fixed-price Progressive Design-Build (PDB) commercial framework originally contemplated for CP2 with a Target Price/Incentive-Based contract structure that combines reimbursable project costs with performance-based contractor compensation.

CP2 represents one of the most significant and complex elements of the BSVII Program and is expected to be a major driver of overall project cost, schedule performance, and risk. Under the original Guaranteed Maximum Price (GMP) contract, VTA's cost estimate for CP2 was $1.4 billion, while Kiewit-Shea-Traylor's (KST) estimate was $2.8 billion. The parties were unable to reach an agreement under the original fixed-price contractual framework. Following an extended negotiation process between VTA and KST, the parties developed the revised commercial framework to establish a mutually acceptable path forward and allow advancement of critical project activities.

VTA provided the PMOC with a confidential, in-person one-day briefing at VTA project offices to review the proposed contract. Based on the information reviewed during this session, the Project Management Oversight Contractor (PMOC) concludes that the proposed contract structure provides a practical and commercially viable mechanism for advancing CP2 while maintaining project continuity and avoiding the potential disruption, delay, and elevated risk associated with re-procurement. The phased authorization approach, which initially limits expenditures to approximately $400 million of early works activities, further allows project progress to continue while preserving future decision points before larger financial commitments are made.

The PMOC review found that the revised arrangement represents a significant shift in risk allocation compared to a traditional fixed-price design-build contract. Because the agreement does not establish a Guaranteed Maximum Price (GMP) or contractual cost ceiling, VTA retains greater exposure to potential cost growth and assumes increased responsibility for cost management, performance monitoring, and overall contract administration. The fact that this new revised contractual arrangement is a target price contract and therefore does not have a fixed ceiling price represents the most significant financial concern.

VTA should consider evaluating additional contractual risk-sharing safeguards and cost-control mechanisms during future authorization phases to help manage owner exposure associated with the target price contracting framework. VTA should also consider establishing qualifying events, excluded risks, approval authorities and contractor substantiation requirements.

In addition, the absence of a contractual cost ceiling increases exposure to significant cost and schedule impacts arising from major tunneling works, geotechnical uncertainties, escalation, and broader market-related factors. Given the scale and complexity of the tunneling scope, this represents one of the project's highest risk elements and could materially affect overall affordability and performance. Accordingly, the PMOC expects all these high-risk elements to be fully evaluated and addressed in the updated risk register, risk assessment, and project contingency.

Several project readiness and risk-management activities remain incomplete, including validation of the target price to confirm that it is based on sufficiently mature design, reliable quantities, and realistic CP2 assumptions. The PMOC understands that the target price was established when the CP2 design was approximately 100% complete. Additional activities include completion of an updated quantitative risk assessment, and updates to project controls documentation and supporting baselines. In addition, long-term funding for the remaining project scope has not yet been fully secured.

Overall, the PMOC believes the proposed Target Price/Incentive-Based Contract Structure represents a reasonable and pragmatic response to current project circumstances. While the PMOC does not consider the remaining readiness items to be barriers to the execution of the A&R DBA CP2 contract, these issues should be addressed prior to future major CP2 authorizations and remain key areas of ongoing oversight. Prior to future authorizations, VTA should address the remaining project readiness items, including validation of the target price against mature design and quantity information, completion of an updated quantitative risk assessment, establishment of current cost and schedule baselines, and demonstrated progress toward securing funding for the remaining project scope. Subject to these actions, successful implementation will depend on effective project controls, proactive risk management, disciplined oversight of cost and schedule performance, and continued monitoring of project funding, design development, and overall project readiness throughout contract execution. These are sizable risks that must be managed during project implementation.

We also note that the pain/gain share mechanism, consisting of $110 million in fees, represents only 4.5% of the $2.44 billion target price. This is broken into three areas, meeting the schedule requirements, cost requirements and KPI targets. The target price contract does not appear to address a documented and executable contingency plan if negotiations fail, performance deteriorates, funding is inadequate, or continuation becomes unaffordable.

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1.0 PURPOSE AND SCOPE

The purpose of this Special Review is to evaluate VTA's proposed Target Price/Incentive-Based Contract Structure for CP2 of the BSVII Project and assess the potential implications of the revised delivery strategy on project cost, schedule, risk allocation, governance, and overall project execution.

The review was initiated in response to VTA's proposed A&R DBA, which represents a significant modification to the commercial framework originally contemplated for CP2. Given the size, complexity, and strategic importance of CP2 to the overall BSVII Program, the PMOC determined that a focused review of the proposed contracting approach was warranted.

The review examined the principal elements of the proposed agreement, including:

- The target price and fee-at-risk structure;
- Cost, schedule, and performance incentive provisions;
- Allocation of responsibilities and risks between VTA and KST;
- Governance and oversight considerations associated with contract administration; and
- The overall suitability of the proposed approach for advancing CP2.

In addition to evaluating the contract framework, the PMOC reviewed project readiness considerations that may influence successful implementation of the proposed strategy, including project development status, cost estimating activities, risk management practices, project controls, and funding readiness.

The review considered whether the proposed approach:

- Provides a commercially viable path forward for CP2;
- Establishes an appropriate allocation of cost, schedule, and performance risks;
- Can be effectively administered within VTA's project controls and oversight framework; and
- Presents significant issues that may affect future project execution or funding decisions.

This Special Review was conducted in accordance with FTA Oversight Procedure OP 03 (Special Tasks) and is intended to provide a standalone holistic assessment of VTA's proposed CP2 Amended and Restated Design-Build Agreement. The review focuses on the implications of transitioning from the originally contemplated fixed-price Progressive Design-Build approach to a Target Price/Incentive-Based contracting structure, including evaluation of project delivery considerations, risk allocation, cost and schedule uncertainties, contingency-related issues, and oversight requirements associated with implementation of the revised commercial framework.

The PMOC's assessment was based on review of available contract documentation, project controls information, risk-management documentation, discussions with VTA representatives, and application of PMOC professional judgment consistent with the objectives of OP03. This review was not intended to constitute a legal review of the agreement, an independent validation of the target price, or a comprehensive audit of project costs. The PMOC did not independently verify contractor pricing assumptions, validate reported cost savings, or perform an independent quantitative risk assessment. Rather, the review was intended to identify key risks, oversight considerations, and implementation challenges associated with the proposed contracting approach and provide the Federal Transit Administration (FTA) with an assessment of its overall suitability under current project circumstances.

2.0 KEY FINDINGS

The PMOC reviewed the proposed CP2 A&R DBA, supporting project documentation, and information obtained through discussions with VTA representatives. Based on the information available at the time of the review, the PMOC identified the following key findings:

2.1 The Proposed Contract Structure Provides a Viable Path Forward

The proposed Target Price/Incentive-Based Contract Structure establishes a commercially acceptable framework for advancing CP2 while avoiding the disruption, delay, and uncertainty associated with terminating negotiations and pursuing re-procurement. The PMOC considers the approach a practical response to current project circumstances.

2.2 The Revised Agreement Shifts Greater Cost Risk to VTA

The proposed agreement replaces the risk allocation typically associated with a fixed-price design-build contract with a target price, cost-reimbursable structure supported by fee-at-risk and performance incentive provisions. As a result, VTA retains greater exposure to potential cost growth and assumes increased responsibility for cost management and contract oversight.

2.3 Cost Validation and Risk Quantification Remain Incomplete

At the time of the review, the PMOC had not received sufficient information to independently validate the basis of the target price or assess the assumptions underlying reported cost reductions. In addition, an updated quantitative risk assessment reflecting the revised delivery strategy had not been completed. Consequently, uncertainty remains regarding overall project risk exposure, contingency adequacy, and long-term cost performance.

2.4 Continued Design Development Presents Execution Risk

Although the initial authorization focuses on activities supported by relatively mature design elements, portions of the project design continue to evolve. As construction progresses concurrently with ongoing design development, future refinements may affect project assumptions and create potential cost, schedule, or productivity impacts.

2.5 Retention of KST Preserves Continuity and Project Knowledge

Maintaining KST as the delivery partner preserves project-specific expertise developed during design advancement, constructability planning, and tunneling strategy development. Retaining the existing contractor also avoids the transition risks associated with replacing the delivery team at this stage of project development.

2.6 The Staged Execution Strategy Limits Near-Term Financial Exposure

The decision to limit initial authorization to approximately $400 million provides VTA with an opportunity to advance critical early works activities while maintaining flexibility for future decisions before committing to the full contract value. This approach provides additional flexibility as project conditions, funding availability, and project readiness continue to evolve.

2.7 Long-Term Funding Remains a Significant Program Risk

While sufficient funding has been identified for the initial authorization, funding for the remaining project scope has not yet been fully secured. Advancement toward a future Full Funding Grant Agreement (FFGA) remains critical to long-term program delivery and project affordability.

2.8 Successful Delivery Will Require Effective Oversight

The revised agreement places increased responsibility on VTA for cost monitoring, forecasting, risk management, performance administration, and governance. Successful implementation will depend on adequate staffing, systems, procedures, and disciplined project controls.

3.0 BACKGROUND

CP2 is the principal tunneling contract for the BSVII Program and includes construction of approximately five miles of bored tunnel and associated tunnel infrastructure.

CP2 was originally procured as a Progressive Design-Build contract with the expectation that the parties would ultimately negotiate and execute a fixed-price Design-Build Agreement following completion of design development and commercial negotiations. KST was selected as the preferred proposer and subsequently participated in advancing project design, constructability reviews, and development of the project's tunneling methodology.

During commercial negotiations, KST's proposed pricing exceeded VTA's expectations and independent cost estimates. As negotiations progressed, VTA evaluated potential alternatives, including exercising contractual off-ramp provisions and pursuing alternative packaging and procurement strategies. However, VTA ultimately elected to continue negotiations with KST in an effort to identify a mutually acceptable commercial framework that would allow the project to advance.

The result of those negotiations is the proposed A&R DBA, which replaces the fixed-price commercial model originally contemplated for CP2 with a Target Price/Incentive Contract Approach. Under the proposed framework, project costs are reimbursed in accordance with the contract while a portion of contractor compensation is placed at risk based on achievement of defined cost, schedule, and performance objectives.

The proposed agreement represents a significant change from the delivery and risk-allocation approach originally anticipated for CP2 and serves as the basis for this review.

4.0 OVERVIEW OF PROPOSED CONTRACT STRUCTURE

The proposed A&R DBA substantially modifies the commercial framework for CP2. Rather than proceeding under the fixed-price Progressive Design-Build model originally contemplated, VTA and KST have negotiated a Target Price/Incentive-Based Contract Structure under which project costs are reimbursed and a portion of contractor compensation is tied to achievement of defined performance objectives.

Under the proposed agreement, the total contract value is approximately $2.44 billion and consists of a target price of approximately $2.33 billion together with approximately $110 million in contractor fee-at-risk compensation. The agreement does not establish a GMP or contractual cost ceiling, representing a fundamental departure from the commercial framework originally contemplated for CP2. Under the revised structure, overall project affordability becomes increasingly dependent on effective cost forecasting, risk management, and contract administration rather than contractual pricing protections.

The fee-at-risk component is allocated among three principal performance categories:

- $40 million associated with cost performance;
- $45 million associated with schedule performance; and
- $25 million associated with achievement of Key Performance Indicators (KPIs).

These provisions are intended to align contractor compensation with project outcomes and establish accountability for project performance throughout execution.

As part of its review, the PMOC examined the KPI framework and associated incentive mechanisms. Based on the information available at the time of review, the KPIs appeared generally objective, measurable, and aligned with project objectives. For example, quality-related performance measures focus on the timely resolution of non-conformance reports rather than the number of reports issued, thereby encouraging prompt identification and resolution of issues.

The PMOC notes that the fee-at-risk amount of $110 million, representing approximately 4.5% of the $2.44 billion contract value, is relatively modest in proportion to the overall contract size. Nevertheless, the incentive framework establishes a structured mechanism through which contractor compensation may be adjusted based on project performance. This fee-at-risk component is in addition to the contractor's fixed fee, understood to be 7.8% of contract value.

The proposed agreement also incorporates a staged delivery strategy. While the overall contract value is approximately $2.44 billion, the initial Notice to Proceed (NTP) is limited to approximately $400 million. According to VTA, the initial authorization will support early works activities including tunneling preparation, casting facility construction, and fabrication of tunnel liner forms. Future expenditures beyond the initial authorization will require additional approvals.

Overall, the proposed contract structure combines reimbursable project costs with performance-based compensation and establishes a framework intended to advance CP2 while linking a portion of contractor compensation to achievement of defined cost, schedule, and performance objectives.

5.0 VTA’S RATIONALE FOR THE REVISED CONTRACTING APPROACH

The PMOC understands that VTA's decision to pursue the revised CP2 contracting strategy was driven by a combination of commercial, schedule, and project execution considerations.

Commercial negotiations under the originally contemplated fixed-price Progressive Design-Build framework did not result in a commercially acceptable agreement between VTA and KST. As pricing discussions progressed, VTA evaluated alternative options, including exercising available off-ramp provisions and pursuing alternative procurement strategies. However, VTA ultimately concluded that continued negotiations offered the most practical opportunity to advance the project while avoiding the uncertainty associated with terminating negotiations and initiating a new procurement process.

According to VTA, maintaining project momentum was a significant factor in the decision to pursue a revised commercial framework. CP2 represents a critical component of the BART Silicon Valley Phase II Program, and further delays in contract execution could have affected project staffing, procurement activities, and overall project development efforts. VTA indicated that timely execution of an agreement was necessary to support continued advancement of project activities and minimize the impacts associated with prolonged delay.

VTA also identified contractor stability as an important consideration. KST has been actively involved in project development, including design advancement, constructability reviews, and development of the tunneling strategy. VTA determined that continuing with the existing delivery team would avoid the transition challenges, schedule impacts, and potential cost increases that could arise from replacing the contractor at this stage of project development.

Another factor influencing VTA's decision was the opportunity to establish an agreed commercial framework that would allow the project to move forward while limiting near-term financial commitments. Under the proposed agreement, authorization is initially limited to approximately $400 million of early works activities, with future authorizations requiring additional approvals. VTA indicated that this phased approach allows critical activities to proceed while preserving flexibility regarding future project commitments.

Based on discussions conducted during the review, the PMOC understands that VTA views the revised contract structure as a reasonable response to current commercial and project delivery considerations.

6.0 INITIAL AUTHORIZATION STRATEGY AND PHASED COMMITMENT

A key feature of the proposed CP2 contracting approach is VTA's decision to limit the initial NTP authorization to approximately $400 million, despite the overall contract value of approximately $2.44 billion. The initial authorization is intended to support early works activities, including tunneling preparation, casting facility construction, fabrication of tunnel liner forms, and other activities necessary to support future tunneling operations.

The phased authorization strategy creates defined milestones prior to committing to the full contract value. Under this strategy, future work authorizations will require additional approvals, providing VTA with an opportunity to evaluate project conditions before advancing subsequent phases of work.

From the PMOC's perspective, this approach provides an important measure of flexibility by limiting near-term financial exposure while allowing critical project activities to proceed. The staged structure also allows VTA to consider factors such as contractor performance, project readiness, design advancement, risk management activities, and funding availability before authorizing additional expenditures.

The PMOC recognizes that the incremental approach of authorization does not eliminate the risks associated with the proposed delivery strategy or the administration of a cost-reimbursable contract. However, it does provide a governance mechanism that allows project decisions to be made incrementally as additional information becomes available and project conditions continue to evolve.

Overall, the PMOC considers the incremental authorization strategy a practical component of the proposed contracting strategy because it balances the objective of maintaining project momentum with the need for continued evaluation of project readiness, funding, and performance before larger long-term commitments are made.

7.0 BENEFITS AND OPPORTUNITIES ASSOCIATED WITH THE REVISED CONTRACTING APPROACH

Notwithstanding the risks discussed elsewhere in this report, the PMOC recognizes several benefits associated with the proposed CP2 Target Price/Incentive-Based Contract Structure.

7.1 Continuity of Project Delivery

A significant benefit of the proposed approach is the retention of KST as the project's tunneling delivery partner. KST has participated extensively in design development, constructability reviews, and development of the tunneling strategy. Retaining the existing contractor preserves project-specific knowledge, maintains continuity between project development and execution activities, and reduces the transition risks associated with replacing the delivery team at this stage of project development.

7.2 Structured Performance Incentives

The agreement incorporates fee-at-risk provisions tied to cost, schedule, and KPI performance. Based on the PMOC's review, the KPI framework appears generally objective and aligned with project objectives. The structure establishes a formal mechanism for linking a portion of contractor compensation to project outcomes and provides measurable performance expectations throughout contract execution.

7.3 Phased Authorization and Decision-Making Flexibility

VTA’s strategy of phasing the authorization provides the ability to advance critical early works activities while limiting near-term financial commitments. Because future work authorizations require additional approvals, VTA retains the opportunity to reassess project conditions, contractor performance, funding availability, cost and schedule trends, and overall project readiness before proceeding with subsequent phases of work.

7.4 Opportunity for Progressive Risk Management

The phased nature of the agreement provides opportunities for VTA to incorporate updated risk information, project performance data, and funding considerations into future authorization decisions. As project conditions evolve, VTA will have the ability to evaluate whether assumptions regarding cost, schedule, risk, and funding remain valid before committing to additional expenditures.

7.5 Commercially Executable Path Forward

The revised contract structure establishes a commercially agreed framework that enables the project to move forward following an extended negotiation process. The agreement provides a practical mechanism for advancing CP2 while avoiding the uncertainty that would likely accompany contract termination and re-procurement of the work.

8.0 MAJOR RISKS ASSOCIATED WITH REVISED CONTRACTING APPROACH

While the PMOC understands and generally supports VTA's rationale for advancing the proposed CP2 A&R DBA, the revised contracting approach introduces several significant risks that warrant continued oversight. Although many of these risks would exist under alternative delivery strategies, the proposed Target Price/Incentive-Based Contract Structure changes how those risks are allocated and managed. The PMOC's review identified concerns related to risk quantification, cost certainty, design maturity, cost growth exposure, and long-term funding availability.

8.1 Absence of an Updated Quantitative Risk Assessment

One of the most significant concerns identified during this review is the absence of an updated quantitative risk assessment reflecting the current project scope, delivery strategy, and commercial framework.

The PMOC understands that broader project risk management activities remain ongoing; however, CP2 represents the largest and most complex contract package within the BSVII Program and is expected to be a primary driver of project cost and schedule performance. At the time of review, the PMOC had not received quantitative risk information demonstrating how the revised contract structure, current design status, target price development, and updated project assumptions were incorporated into the project's risk analysis.

Without an updated assessment, it is difficult to independently evaluate contingency adequacy, overall project risk exposure, and the extent to which current pricing appropriately reflects remaining uncertainties.

8.2 Limited Validation of Target Price Assumptions

The PMOC had limited visibility into the detailed assumptions supporting development of the proposed target price and overall commercial framework.

At the time of review, supporting cost documentation necessary to independently evaluate target price development and reported cost reductions had not been fully provided. Consequently, the PMOC was unable to assess the reasonableness of key estimating assumptions, contingency allocations, risk pricing, or other factors that may influence long-term project cost performance.

Although VTA indicated that the revised approach produced significant savings relative to earlier pricing proposals, validation of those savings was outside the scope of this review.

8.3 Ongoing Design Development

The PMOC understands that portions of the project design remain under development and that certain technical elements continue to evolve. At the same time, the project intends to proceed with early construction activities under the initial authorization.

While VTA has indicated that the initial work authorization focuses primarily on activities supported by relatively stable design elements, construction progressing concurrently with continued design development creates the potential for future changes to affect previously completed work. Depending on the nature and timing of future refinements, such changes could result in rework, reduced productivity, additional costs, or schedule impacts.

Given the scale and complexity of the tunneling program, continued design advancement and coordination remain important areas for ongoing monitoring.

8.4 Reduced Opportunity for Future Design Optimization

As construction activities advance, opportunities to modify or optimize aspects of the design may become more limited.

Although VTA's phased approach is intended to focus initial activities on stable portions of the project, progression of early works can introduce practical constraints on future design decisions. As a result, some potential constructability improvements, value-engineering opportunities, or design optimizations identified later in project development may be more difficult to implement without affecting ongoing work.

8.5 Cost Growth Exposure

The proposed agreement does not establish a GMP or contractual cost ceiling. Instead, allowable project costs are reimbursed by VTA, while contractor compensation is managed through a combination of fixed fees and performance-based incentive provisions.

Although the contractor remains financially incentivized to control costs and achieve project objectives, a greater share of cost risk remains with VTA than would typically be expected under a traditional fixed-price design-build contract. Should actual costs exceed current assumptions due to productivity challenges, unforeseen conditions, escalation, design changes, or other factors, VTA would bear the majority of the resulting financial exposure.

While the fee-at-risk provisions help align contractor performance with project objectives, the agreement does not include a defined limit on VTA's cost exposure. On large underground transit projects, target price contracts are often supplemented by risk-sharing mechanisms such as tiered pain/gain sharing, cost-sharing bands, or incentive collars.

Accordingly, effective cost management, project controls, and oversight of reimbursable costs will be critical. As future authorizations are considered, VTA may also wish to evaluate whether additional risk-sharing measures could further improve cost certainty and project affordability.

8.6 Significant Cost and Schedule Overrun Scenarios

The absence of a Guaranteed Maximum Price or other contractual cost ceiling creates potential exposure to significant cost and schedule impacts, particularly on a complex underground project where geotechnical conditions and tunneling performance can materially influence outcomes.

Plausible scenarios include prolonged Tunnel Boring Machine underperformance, unexpected ground conditions, productivity shortfalls, or disputes regarding differing site conditions. Under the proposed contract structure, such events could result in substantial cost increases, schedule delays, and uncertainty regarding the allocation of responsibility between VTA and KST.

VTA should consider whether the agreement adequately addresses the consequences of major but reasonably foreseeable events, including significant schedule extensions or cost increases that materially exceed current assumptions. Consideration should also be given to whether additional risk-sharing provisions, cost-sharing thresholds, or other contractual mechanisms could help limit owner exposure and better align incentives if project costs exceed predetermined levels.

8.7 Escalation and Market Conditions

CP2 is a long-duration project that will be exposed to changing economic and market conditions over many years of execution. Inflation, labor cost growth, material price escalation, supply chain disruptions, and fluctuations in subcontractor pricing may affect project costs beyond current assumptions. Because the proposed agreement is based on a target price, reimbursable-cost structure and does not include a Guaranteed Maximum Price, VTA retains greater exposure to market-driven cost increases than would typically occur under a fixed-price design-build contract. Accordingly, continued monitoring of escalation assumptions, market conditions, and cost trends will be important to maintaining project affordability and supporting future authorization decisions.

8.8 Funding Risk

Long-term funding remains one of the most significant programmatic risks affecting the BSVII Program.

While funding has been identified for the initial authorization, funding for the remaining project scope has not yet been fully secured. Advancement toward a future FFGA also remains subject to future federal review and approval processes.

Under a phased authorization approach, future work authorizations may become dependent upon funding availability at specific program decision points. As a result, uncertainty regarding long-term funding creates not only affordability concerns but also potential execution risks if authorizations are delayed or deferred.

8.9 Potential Limitations of the Incentive Structure

Although the agreement includes approximately $110 million of fee-at-risk compensation, the amount represents a relatively small percentage of the overall contract value. Consequently, the effectiveness of the incentive structure in mitigating significant cost growth remains uncertain. If cost overruns substantially exceed the fee-at-risk amount, incentives alone may not provide sufficient motivation to offset the owner's increased exposure. Continued evaluation of the effectiveness of the pain/gain arrangement and consideration of additional contractual safeguards may therefore be warranted as the project advances.

8.10 Overall Assessment

The PMOC believes the most significant risks associated with proceeding are not related to the practicality of the proposed commercial framework itself, but rather to the uncertainties that remain regarding risk quantification, target price validation, design development, cost performance, and long-term funding availability.

While the phased authorization approach provides an important measure of flexibility and risk mitigation, successful implementation of the proposed strategy will depend on effective project controls, continued risk management activities, and proactive oversight throughout execution.

9.0 INFORMATION NOT AVAILABLE DURING REVIEW

As with any review conducted during an active negotiation and contract execution process, the PMOC's assessment was based on the information available at the time of the review. While the PMOC was able to examine significant portions of the proposed A&R DBA and discuss the revised contracting approach with VTA representatives, certain documentation and analyses were either unavailable, incomplete, or still under development.

Accordingly, the observations and conclusions contained in this report should be considered within the context of these limitations.

At the time the review was completed, the PMOC did not have access to sufficient information to independently validate the proposed target price, verify reported cost reductions associated with the revised commercial framework, or fully assess the extent to which current contingency levels reflect the project's risk profile. In addition, several project controls, risk management, and funding-related documents had not yet been updated to reflect the revised delivery strategy.

The following information was not available for review or had not been fully reviewed at the time this assessment was completed. The PMOC considers these as action items for follow-up which should be obtained, reviewed, and evaluated as part of the next phase of the assessment:

- Detailed documentation supporting development of the CP2 target price;

- Current quantitative risk assessment reflecting the revised contract structure and project conditions;
- Updated project risk register, including quantitative evaluations and associated mitigation strategies;
- Final executed version of the Amended and Restated Design-Build Agreement;
- Independent legal, commercial, or peer reviews of the revised contracting approach;
- Detailed reconciliation between prior contractor pricing proposals and the proposed target price arrangement; and
- Updated funding documentation supporting completion of the remaining CP2 scope.

The PMOC recommends that these materials be provided as they become available to support ongoing oversight activities, future assessments of project readiness, and evaluation of cost, risk, and funding assumptions associated with the proposed delivery strategy.

10.0 OVERSIGHT CONSIDERATIONS

The proposed CP2 Target Price/Incentive-Based Contract Structure places greater emphasis on project oversight and contract administration than would typically be required under a traditional fixed-price design-build arrangement. Because the agreement relies on reimbursable costs and performance-based compensation, successful implementation will depend on disciplined project controls, effective performance monitoring, and proactive risk management throughout execution.

10.1 Cost and Schedule Management

Given the absence of a contractual cost ceiling, continued oversight of cost performance, forecasting, estimate-at-completion trends, and reimbursable expenditures will be critical. Similarly, close monitoring of schedule performance, critical path activities, and tunneling productivity will be necessary to identify emerging issues and support timely corrective actions.

10.2 Performance Incentive Administration

The effectiveness of the agreement's fee-at-risk provisions will depend upon objective measurement and consistent administration of KPIs. VTA should maintain clear procedures for performance evaluation, documentation, and application of incentive and disincentive provisions throughout contract execution.

10.3 Risk Management

The PMOC recommends continued maintenance and periodic updating of project risk management tools, including the project risk register, quantitative risk assessments, and associated mitigation strategies. Particular attention should be given to design development, cost escalation, tunneling productivity, third-party coordination, and funding-related risks.

10.4 Governance and Reporting

Given the significance of CP2 to the overall BSVII Program and the increased owner responsibilities associated with the proposed contract structure, continued executive engagement and transparent reporting will be essential. Key decisions regarding future authorizations, funding readiness, project performance, and risk exposure should be supported by timely and reliable project information.

10.5 Oversight of Target Price and Incentive Mechanisms

Given the cost-reimbursable nature of the contract, the PMOC recommends periodic review of the effectiveness of the target price and incentive framework. Reviews should assess whether the incentive structure remains sufficient to influence contractor performance, whether cost trends indicate increasing owner exposure, and whether additional risk-sharing measures should be considered prior to future work authorizations.

10.6 Overall Assessment

The PMOC believes the proposed contracting approach can be successfully implemented provided it is supported by strong project controls, effective governance, and continued oversight by VTA, FTA, and the PMOC. Oversight efforts should focus on cost performance, schedule performance, risk management, and readiness for future authorization decisions.

11.0 PMOC ASSESSMENT AND CONCLUSIONS

Based on the documentation reviewed, discussions with VTA representatives, and the PMOC's review of the proposed A&R DBA, the PMOC believes the proposed CP2 Target Price/Incentive-Based Contract Structure represents a reasonable and practical response to the circumstances that emerged during commercial negotiations between VTA and KST.

The revised agreement offers several implementation advantages, including continuity of project delivery, performance-based incentives, and flexibility to evaluate project conditions as execution progresses.

At the same time, the PMOC concludes that the revised contracting approach shifts a greater share of cost and delivery risk to VTA than would typically be expected under a traditional fixed-price design-build contract. In particular, the absence of a GMP, ongoing design development, incomplete validation of target price assumptions, the lack of an updated quantitative risk assessment, and uncertainty regarding long-term funding availability present important considerations for future project execution.

The PMOC does not view these concerns as barriers to proceeding with the current proposed agreement; however, they increase the importance of disciplined project controls, proactive risk management, effective cost and schedule monitoring, and strong governance throughout contract execution. Prior to future major CP2 authorizations, VTA should demonstrate completion of an updated quantitative risk assessment, validation of target-price assumptions and supporting quantities, establishment of current cost and schedule baselines, updated risk and contingency analyses, and adequate funding readiness for the work being authorized.

Overall, the PMOC believes the proposed Target Price/Incentive-Based Contract Structure can be implemented successfully provided VTA maintains effective project controls, risk management, cost and schedule oversight, and funding availability through construction.

12.0 RECOMMENDATIONS

Based on the information available at the time of this review, the PMOC believes the proposed CP2 Target Price/Incentive-Based Contract Structure provides a reasonable mechanism for advancing the BSVII Program. To support successful implementation, the PMOC recommends the following actions.

12.1 Complete and Maintain an Updated Quantitative Risk Assessment

VTA should complete an updated quantitative risk assessment that reflects the revised delivery strategy, current project scope, design maturity, target price assumptions, and funding conditions. The assessment should be used to validate contingency requirements, evaluate program risks, and support future project decisions. Risk assessments should be updated periodically as project conditions evolve.

12.2 Provide Documentation Supporting Target Price Development

VTA should maintain and make available documentation supporting development of the CP2 target price, including reconciliation to the Independent Cost Estimate, contingency assumptions, risk allocations, and key pricing considerations. This information will support future evaluations of cost reasonableness and project affordability.

12.3 Review the Executed Agreement

Because the PMOC review was based on a draft version of the A&R DBA, the final executed agreement should be reviewed to confirm that key commercial, incentive, governance, and risk-allocation provisions remain substantially consistent with those evaluated during this review.

12.4 Strengthen Cost Management and Forecasting Processes

Given the cost-reimbursable nature of the contract, VTA should maintain robust cost management, forecasting, auditing, and estimate-at-completion practices. Particular attention should be given to monitoring reimbursable costs, identifying emerging variances, and maintaining transparency of contractor expenditures.

12.5 Monitor Tunneling Productivity and Schedule Performance

VTA should closely monitor Tunnel Boring Machine productivity, schedule performance, and critical path activities throughout execution. Early identification of performance trends and deviations from plan will be important to minimizing potential cost and schedule impacts.

12.6 Evaluate Additional Cost-Risk Guardrails

Prior to future major CP2 authorizations, VTA should evaluate whether additional contractual safeguards are warranted to limit owner exposure and strengthen cost-control incentives. Such measures could include tiered pain/gain share provisions, cost-sharing bands, incentive collars, caps on reimbursable costs for specific work elements, enhanced audit rights, or other mechanisms commonly used on large infrastructure projects employing target price contracting approaches. Consideration should also be given to major geotechnical, tunneling, schedule, and market-escalation risks when evaluating these mechanisms. Any such measures should balance preservation of project flexibility with the need to maintain affordability and accountability.

12.7 Establish an Off-Ramp and Continuation Plan

VTA should establish and maintain a documented and executable off-ramp and continuation plan for future CP2 authorization phases. The plan should identify decision triggers, approval authorities, potential termination liabilities, stranded costs, repackaging alternatives, associated schedule impacts, and funding thresholds. The framework should support timely and informed decision-making if project performance, funding availability, or overall program conditions materially deviate from current assumptions.

12.8 Establish Controls for Target Price and Schedule Adjustments

VTA should establish and maintain documented procedures to govern adjustments to the target price and schedule. These procedures should define qualifying events, excluded risks, contractor substantiation requirements, calculation methodologies, independent review requirements, and approval authorities. Clear adjustment controls will help promote consistency, transparency, and accountability while reducing the potential for disputes and unanticipated increases in project cost or schedule commitments.

12.9 Continue Updating Project Controls and Management Documentation

Project controls documentation should be updated to reflect the revised delivery strategy, including project schedules, cost estimates, risk management documentation, management plans, and supporting baselines. Maintaining current and integrated project controls information will support informed decision-making and future oversight activities.

12.10 Maintain Effective KPI Administration and Performance Monitoring

VTA should establish and maintain clear procedures for measuring, validating, documenting, and reporting KPI performance. Consistent administration of the incentive framework will be important to maintaining accountability and minimizing the potential for future disputes.

12.11 Continue Advancing Funding Readiness and Oversight Activities

VTA should continue development of its long-term funding strategy and maintain engagement with FTA regarding future funding requirements and project readiness. Given the size of CP2, the innovative nature of the contract structure, and the increased owner responsibilities associated with the agreement, continued oversight should focus on cost performance, schedule performance, risk management, funding readiness, and implementation of the contract framework.

12.12 Staff Training and Organizational Readiness

VTA should ensure that appropriate training, procedures, and organizational resources are in place to support administration of a collaborative, performance-based, cost-reimbursable contract.

Particular emphasis should be placed on cost management, KPI administration, risk management, and oversight responsibilities associated with the revised delivery model.

12.13 Reassessment of Project Readiness Prior to Future Authorizations

Given the phased authorization strategy incorporated into the proposed agreement, the PMOC recommends that VTA conduct a formal project readiness assessment prior to seeking approval of future CP2 work authorizations. The assessment should evaluate cost and schedule performance, design development status, risk management results, contingency requirements, funding readiness, and contractor performance under the initial authorization. The results should be used to confirm that project conditions remain consistent with assumptions underlying the proposed delivery strategy and to support informed decision-making regarding commitment of additional project funds.

APPENDICES

APPENDIX A: Table of Acronyms

A&R DBA	Amended & Restated Design-Build Agreement
BART	San Francisco Bay Area Rapid Transit District
BSVII	BART Silicon Valley Phase II
CP2	Contract Package 2
FFGA	Full Funding Grant Agreement
FTA	Federal Transit Administration
GMP	Guaranteed Maximum Price
KPI	Key Performance Indicator
KST	Kiewit-Shea-Traylor
NTP	Notice to Proceed
OP	Oversight Procedure
PDB	Progressive Design-Build
PMOC	Project Management Oversight Contractor
VTA	Santa Clara Valley Transportation Authority

APPENDIX B: List of Documents Reviewed

Document	Revision / Date
Contract Package 2 Amended and Restated Design-Build Agreement	Version 4, July 2026

APPENDIX C: PMOC Team

- Nadeem Tahir, PE, PMP – Program Manager
- Emile Jilwan, PE, PMP – Task Order Manager II
- Alex Brown, IntPE, PMP – Task Order Manager II
- Jessica Fulton, PE, PMP – Task Order Manager I

Santa Clara Valley Transportation Authority

August 7, 2026

Chu Wei, P.E.
Team Leader, Bay Area Office
Federal Transit Administration, Region 9
U.S. Department of Transportation

Re: Response to *PMOC Review of Contract Package 2 Amended and Restated Design-Build Agreement Contract ("Special Review" report)*

Dear Mr. Wei,

VTA appreciates the August 4, 2026 Special Review Report in which FTA and PMOC provided constructive and timely feedback about the Amended and Restated (A&R) agreement for BART Silicon Valley Phase II (BSVII) Contract Package 2 (CP2). This letter responds to the specific recommendations in the Report, and shares VTA's approach to managing the risks and opportunities inherent in the agreement.

As VTA finalizes negotiations with our contractor Kiewit Shea Traylor (KST) and prepares to execute the A&R agreement, we are continuing to ramp up both project controls and risk management resources and tools to support successful implementation of the agreement. This includes updates to internal project plans, procedures, and processes along with training to ensure appropriate oversight is maintained. These tools will augment the A&R itself, which features provisions that will help address many of the risks identified in the *Special Review* Report.

Additionally, these risks are being incorporated into the BSVII Risk Register and integrated into the BSVII risk management program. In the coming months, we look forward to collaborating with FTA and PMOC to further discuss, quantify, and address these risks including strategies on planned mitigations.

VTA Responses to the Special Review Report

1. Responses to Recommendations

The Special Review Report contains thirteen core recommendations, which are outlined in Section 12 of the Report. VTA's specific responses are shown in Table 1 below. The responses refer to specific relevant contract sections, supporting documents, and planned next steps in implementation, where applicable.

Table 1. Responses to the Recommendations in the *Special Review* Report

Recommendation	VTA Response
12.1. Complete and Maintain an Updated Quantitative Risk Assessment	The quantitative risk assessment is being updated to reflect the amended delivery strategy, target price framework, and current project conditions. The updated assessment will continue to support project decision-making and risk management activities. The assessment will be available for review by PMOC in draft form this Fall.
12.2. Provide Documentation Supporting Target Price Development	Two attachments to this letter provide partial answers to this recommendation: (1) *2026 Independent Cost Estimate (ICE)* for the scope contained in the A&R agreement (2) *Basis of Estimate (BOE)* document containing key assumptions and parameters for the 2026 ICE Final versions of supporting documents for target price development, risk allocation, reconciliation efforts, and cost assumptions are being compiled based on final negotiations and will be made available for review later this month. Documentation will continue to support transparency and oversight throughout contract execution. We propose a working meeting with PMOC to discuss comments on the ICE, BOE, and supporting documentation.
12.3. Review the Executed Agreement	The fully executed Amended and Restated Agreement will be provided to FTA and PMOC following execution.
12.4. Strengthen Cost Management and Forecasting Process	The A&R Agreement includes robust provisions for cost management, forecasting, auditing, and estimate-at-completion processes. These processes will be implemented through the BSVII program's established project controls and governance procedures throughout execution. Key references and sections covering this topic within the A&R agreement are: • Section 20.1 (Maintenance of, Access to, and Audit of Records) • Appendix 20 (Cost Management and Reimbursable Work Adjustments)

Recommendation	VTA Response
12.5. Monitor Tunneling Productivity and Schedule Performance	Tunneling productivity, schedule performance, and critical path activities will be monitored through established project controls and reporting processes including through monthly reporting and the governance framework established under the A&R Agreement. Performance trends will be regularly reviewed by qualified personnel to support timely identification and resolution of issues. Key references and sections covering this topic within the A&R agreement are: • Section 21 (Senior Delivery Group and Annual Contract Review) • Appendix 20 (Cost Management and Reimbursable Work Adjustments) • 01 32 16 Contract Schedules • TBM Asset Management Plan
12.6. Evaluate Additional Cost-Risk Guardrails	VTA will continue to evaluate appropriate cost-control and risk-sharing measures as the project advances with the goal of further motivating cost control and appropriate risk management behaviors on the project. Key references and sections covering this topic within the A&R agreement are: • Section 14.16 (Optional Scope) • Section 21.2 (Annual Contract Review)
12.7. Establish an Off-Ramp and Continuation Plan	The A&R Agreement includes provisions supporting future authorization decisions and contract continuation planning. Additional decision criteria and governance processes will continue to be developed as project milestones are reached. Key references and sections covering this topic within the A&R agreement are: • Section 14.16 (Optional Scope) • Section 21.2 (Annual Contract Review) • Section 1.3 (Early Activities – Permitted Design Development Early Activities) • Part B (Preconstruction and Initial Enabling Work) of Appendix 2 (Scope of Work and Project Requirements) • Section 6 (Cost Management Working Group Collaborative Cost Mitigation review) and Section 7 (Maximum

Recommendation	VTA Response
	Funding Curve Adjustments), Part A (Cost Management Procedures) of Appendix 20 (Cost Management and Reimbursable Work Adjustments)
12.8. Establish Controls for Target Price and Schedule Adjustments	The A&R Agreement establishes a structured framework for evaluating and approving target price and schedule adjustments. This includes defining a discrete set of Qualifying Events, a calculation methodology, and a reconciliation process if the Parties cannot agree on the cost impact. Contract administration procedures will support consistent implementation of these provisions. Key references and sections covering this topic within the A&R agreement are: • Section 14 (Changes; Modifications) • Part C (Reimbursable Work Adjustment Events) of Appendix 20 (Cost Management and Reimbursable Work Adjustments)
12.9. Continue Updating Project Controls and Management Documentation	Project controls, risk management, cost, and schedule documentation will be updated to reflect the revised delivery approach. These updates will be incorporated into ongoing project management and reporting processes.
12.10. Maintain Effective Key Performance Indicator (KPI) Administration and Performance Monitoring	The A&R Agreement establishes Key Performance Indicator (KPI)-based performance requirements and associated governance processes. Procedures for monitoring, reporting, and administering KPI performance will be implemented as part of contract execution. Key references and sections covering this topic within the A&R agreement are: • Section 21 (Senior Delivery Group and Annual Contract Review) • Appendix 23 (Key Performance Indicators)
12.11. Continue Advancing Funding Readiness and Oversight	VTA will continue coordination with FTA regarding project readiness, funding, and future authorization decisions. Relevant project information and status updates will be provided through established reporting and oversight processes including lessons learned on a regular basis.

Recommendation	VTA Response
12.12. Staff Training and Organizational Readiness	Appropriate resources, procedures, and training are currently being onboarded and developed, and will be maintained to support administration of the target price contract structure. VTA will continue to assess organizational readiness as the project progresses. We would like to maintain a dialogue with FTA and PMOC about national and international best practices with Target Price contracts, possibly including a formal peer review or workshop with transit agencies who have implemented such contracts successfully.
12.13. Reassessment of Project Readiness Prior to Future Authorizations	Project readiness, cost, schedule, risk, and contractor performance will be reassessed prior to future major authorization decisions. These reviews will help inform subsequent project actions and approvals. The Cost Management Model, monthly reporting, and the quarterly and annual reviews conducted with the Contractor through the Cost Management Working Group and Senior Project Delivery Group established under the A&R Agreement will help to support such reassessments. Key references and sections covering this topic within the A&R agreement are: • Section 21 (Senior Delivery Group and Annual Contract Review) • Appendix 20 (Cost Management and Reimbursable Work Adjustments) • 01 32 16 Contract Schedules

2. *Responses to Benefits and Opportunities*

VTA agrees with all the Benefits and Opportunities identified in Section 7 of the Special Review Report. While we do not provide a point-by-point response in this letter, we note that PMOC's observations align with VTA's strategy of retiring or partially retiring the major risks identified in the August 2025 Peer Review, when VTA was pursuing a full off-ramp of the CP2 Contractor:

- The risk of changing contractors and assigning an owner-procured TBM to a new contractor (7.1 Continuity of Project Delivery)
- The risk that the planned tunnel advance rate is not achieved (7.1 through 7.5)

Conclusion

VTA appreciates the detailed review and constructive feedback that FTA and PMOC shared in the Special Review Report. We are committed to continued dialog with FTA and the PMOC as we prepare to execute and implement the A&R agreement. We look forward to continued collaboration around the specific recommendations in this report and broader strategies to manage risk while realizing the opportunities presented by the A&T agreement.

Sincerely,

DocuSigned by:
Tom Maguire
C26958D9703A4AB...

Tom Maguire

Chief Megaprojects Officer

Copied:
Carolyn M. Gonot, General Manager and CEO, VTA
Ray Tellis, Regional Administrator, FTA Region 9

Attachments:
(1) *2026 Independent Cost Estimate (ICE)*
(2) *2026 Basis of Estimate (BOE)*