

BART Silicon Valley Phase II
San Jose, California
New Starts Project Development
(Rating Assigned November 2022)

Summary Description	
Proposed Project:	Heavy Rail 6.0 Miles, 4 Stations
Total Capital Cost (\$YOE):	\$9,317.61 Million (Includes \$565.0 million in finance charges)
Section 5309 CIG Share (\$YOE):	\$4,602.90 Million (49.4%)
Annual Operating Cost (opening year 2033):	\$76.80 Million
Current Year Ridership Forecast (2019):	14,200 Daily Linked Trips 4,113,600 Annual Linked Trips
Horizon Year Ridership Forecast (2040):	32,900 Daily Linked Trips 9,513,300 Annual Linked Trips
Overall Project Rating:	Medium-High
Project Justification Rating:	Medium
Local Financial Commitment Rating:	Medium-High

Project Description: The Santa Clara Valley Transportation Authority (VTA) plans to extend the Bay Area Rapid Transit District (BART) Silicon Valley service from the Berryessa Station through downtown San Jose to the City of Santa Clara. The project includes five miles of subway tunnels, 48 heavy rail vehicles, two mid-tunnel ventilation and egress facilities, and a storage yard and maintenance facility. The project is being designed and constructed by VTA, will be owned by VTA, and operated and maintained by BART. Service is planned to operate from 4:00 AM to 1:00 AM on weekdays and from 6:00 AM to 1:00 AM on weekends, with trains every seven and a half (7.5) minutes during the weekday peak period, every 7.5 to 15 minutes off-peak during the weekday, and every 20 minutes on weekday evenings and weekends.

Project Purpose: The project allows for a one seat ride on BART from San Jose and Santa Clara to destinations all around the Bay Area. The project is intended to enhance connectivity of regional transit services, promote economic development in the Silicon Valley, improve mobility for transportation-disadvantaged populations, and support local and regional land use plans. The project creates a ring of rail around the San Francisco Bay and connects with multiple regional and intercity transportation services including San Francisco and Oakland International Airports via BART, VTA light rail, local bus, and regional express bus services; Caltrain commuter rail service; Altamont Corridor Express commuter rail service; Capitol Corridor rail service; Amtrak; and future California High-Speed Rail.

Project Development History, Status and Next Steps: VTA selected the locally preferred alternative in November 2001. The project originally entered the Capital Investment Grants (CIG) program Project Development phase in March 2016. The LPA was approved into the region's fiscally constrained long range transportation plan in July 2017. VTA began pursuing FTA's Expedited Project Delivery (EPD) Pilot Program in early 2018. In April 2018, FTA agreed to extend CIG Project Development while VTA pursued funding through the EPD Pilot Program and stated the Project would be allowed to return to CIG Project Development without penalty.

should the EPD Pilot Program be determined to no longer be a good fit. VTA completed the environmental review process with receipt of a Record of Decision from FTA in June 2018. In April 2021, VTA submitted an EPD Pilot Program application to FTA. In October 2021, FTA issued a Letter of Intent (LOI) indicating it would obligate funds under the EPD Pilot Program on the condition that VTA demonstrate local funding commitment and readiness to receive a grant within two years. In October 2022, VTA stated it would no longer pursue EPD Pilot Program funding and requested to re-enter CIG Project Development. FTA re-admitted the project into CIG Project Development in December 2022. VTA anticipates entering Engineering in Fall 2023, receiving a Full Funding Grant Agreement in 2024, and opening for revenue service in March 2033.

Locally Proposed Financial Plan		
<u>Source of Funds</u>	<u>Total Funds (\$million)</u>	<u>Percent of Total</u>
Federal: Section 5309 CIG	\$4,602.90	49.4%
State: Transit and Intercity Rail Capital Program	\$750.00	8.0%
Bridge Surplus Sharing Revenue	\$750.00	8.0%
Local: 2000 Measure A Sales Tax Revenue	\$1,889.93	20.3%
2016 Measure B Sales Tax Revenue	\$949.78	10.3%
Metropolitan Transportation Commission Regional Measure 3	\$375.00	4.0%
Total:	\$9,317.61	100.0%

NOTE: The financial plan reflected in this table has been developed by the project sponsor and does not reflect a commitment by DOT or FTA. The sum of the figures may differ from the total as listed due to rounding.

**California, San Jose, BART Silicon Valley Phase 2
(Rating Assigned November 2022)**

Factor	Rating	Comments
Local Financial Commitment Rating	Medium-High	
Non-Section 5309 CIG Share	+1 level	<ul style="list-style-type: none"> The CIG share of the overall project is 49.4 percent.
Summary Financial Plan Rating	Medium	
Current Capital and Operating Condition (25% of local financial commitment rating)	Medium-High	<ul style="list-style-type: none"> The average age of the bus fleet is 9.2 years, which is older than the industry average. The most recent bond ratings for VTA, issued in September 2020, are as follows: Standard & Poor's Corporation AA+, Moody's Investor's Service Aa2. VTA's current ratio of assets to liabilities as reported in its most recent audited financial statement is 9.2 (FY2021). There were minor service cutbacks in recent years, as a result of the COVID-19 pandemic (2020). There were no service cutbacks in prior to the COVID 19 pandemic. There were no cash flow shortfalls in recent years.
Commitment of Capital and Operating Funds (25% of local financial commitment rating)	Medium-High	<ul style="list-style-type: none"> Approximately 67 percent of the non-Section 5309 CIG funds are committed or budgeted, and the rest are considered planned. Sources of funds include State of California Cap and Trade/Transit and Intercity Rail Capital Program funds, State of California budget surplus allocation, Regional Measure 3 Bridge Tolls, 2000 Measure A sales tax revenues, and 2016 Measure B sales tax revenues. Approximately 92 percent of the funds needed to operate and maintain the transit system in the first full year of operation are committed or budgeted, and the rest are considered planned. Sources of funds include State of California State Transit Assistance Program funds, fare revenues, revenues from advertising, leasing, and contracted services, sales tax revenues, and local operating assistance.
Reasonableness of Capital and Operating Cost Estimates and Planning Assumptions/Capital Funding Capacity (50% of local financial commitment rating)	Low	<ul style="list-style-type: none"> Assumed growth in capital revenue is optimistic compared to recent historical experience. The capital cost estimate is reasonable. Regarding growth in operating revenue assumptions, farebox collections are very optimistic compared to recent historical experience, and sales tax revenues are reasonable compared to recent historical experience. Operating cost estimates are optimistic compared to recent historical experience. VTA has access to funds via additional debt capacity, cash reserves, or other committed funds to cover unexpected cost increases or funding shortfalls equal to at least 13 percent of estimated CIG capital cost and zero (0) percent of annual system wide operating expenses.

BART Silicon Valley Phase II Extension
San Jose, California
New Starts Project Development
(Rating Assigned November 2022)

LAND USE RATING: Medium-High

The land use rating reflects population density within one-half mile of proposed stations, employment served by the line, and the share of legally binding affordability restricted (LBAR) housing in the station areas compared to the share in the surrounding county.

- The project's station areas have an average population density of 8,800 persons per square mile, which corresponds to a Medium rating. An estimated 568,800 jobs would be served by a one-seat ride on the project, which corresponds to a High rating. The average daily parking cost in the central business district is \$24, which corresponds to a High rating. The proportion of LBAR housing units available in the county to the station areas is 3.21, which corresponds to a High rating.
- The project corridor runs from industrial land in the east, through downtown San Jose, to industrial and commercial land in the west. Downtown San Jose is comprised of mostly dense mixed-use residential and commercial properties. Single-family residential lots compromise most of the housing on the eastern and western portions of the corridor.

ECONOMIC DEVELOPMENT RATING: High

Transit-Supportive Plans and Policies: High

- *Growth Management:* Regional, county, and local plans have enforced an urban growth boundary since the 1970s and direct urban growth into Priority Development Areas (PDA). Financial incentives support infill development and land conservation efforts.
- *Transit-Supportive Corridor Policies:* Adopted plans and policies emphasize transit-oriented development (TOD) in all station areas.
- *Supportive Zoning Regulations Near Transit Stations:* The cities of San Jose and Santa Clara have adopted zoning codes that strongly support TOD in the corridor and station areas.
- *Tools to Implement Land Use Policies:* VTA and the City of San Jose have proactively performed community outreach to residents and the development community. VTA is involved in the development review process near transit stations and can enter joint development agreements to utilize VTA property to support TOD.

Performance and Impacts of Policies: High

- *Performance of Land Use Policies:* There are several examples of TOD overlay requirements affecting developments near transit stations in other corridors. Residential, office, and commercial development proposals in station areas incorporate transit-supportive and pedestrian-friendly design. Notably, Google is planning a new campus in the Diridon station area that is expected to bring 20,000 jobs, eight to 10 million square feet of office space, and thousands of housing and affordable housing units over the next 10 to 12 years.
- *Potential Impact of Transit Investment on Regional Land Use:* Absorption and vacancy rates indicate demand for various real estate property types. Population projections forecast continued growth.

Tools to Maintain or Increase Share of Affordable Housing: Medium-High

- There are 167 affordable housing units in the project corridor restricted to less than 30 percent area median income (AMI) and 936 housing units between 30 to 50 percent AMI.
- Adopted plans and policies identify the need for affordable housing but generally lack a target figure. The *Diridon Affordable Housing Implementation Plan* (2021) plan regulates the percentage of affordable housing units and seeks to preserve existing affordable housing in the Diridon station area.
- Development and financial incentives encourage affordable housing through reduced parking impact fees, tax credits, in-lieu fees, and density bonuses. Public and private funds provide financial assistance to renters and homebuyers and toward the development of affordable housing.

Santa Clara Valley Transportation Authority (VTA)

BART Silicon Valley Phase II Extension Project

