

BART Silicon Valley Phase II Extension Project
San Jose, California
New Starts Engineering
(Rating Assigned June 2024)

The information reflected in this profile was based on the information provided by the Santa Clara Valley Transportation Authority (VTA) with its Engineering request submitted to the Federal Transit Administration (FTA) in March 2024. The Engineering approval letter notified the VTA that the maximum amount of Capital Investment Grants (CIG) funding FTA will provide to the project should a Full Funding Grant Agreement (FFGA) be awarded is \$5,098,242,571 (40 percent) rather than the amount requested and shown in the rating information below.

Summary Description	
Proposed Project:	Heavy Rail 6.1 Miles, 4 Stations
Total Capital Cost (\$YOE):	\$12,745.61 Million (Includes \$390.0 million in finance charges)
Section 5309 CIG Share (\$YOE):	\$6,296.31 Million (49.4%)
Annual Operating Cost (opening year 2039):	\$146.21 Million
Current Year Ridership Forecast (2022):	14,500 Daily Linked Trips 4,195,400 Annual Linked Trips
Horizon Year Ridership Forecast (2040):	32,100 Daily Linked Trips 9,265,600 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) proposes a heavy rail system to extend the Bay Area Rapid Transit (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 out of total 6.1-mile corridor, 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 on the project 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 in both opening and horizon year.

Project Purpose: The Project is intended to provide a one seat ride on BART from San Jose and Santa Clara to destinations all around the Bay Area. The VTA believes the project will 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 completed environmental re-evaluations in March 2021 and 2024. VTA anticipates receiving a Full Funding Grant Agreement in late 2024 and opening for revenue service in February 2039.

Locally Proposed Financial Plan		
Source of Funds	Total Funds (\$million)	Percent of Total
Federal: Section 5309 CIG	\$6,296.31	49.4%
State: Transit and Intercity Rail Capital Program	\$750.00	5.9%
Bridge Surplus Sharing Revenue	\$750.00	5.9%
Local: 2016 Measure B Sales Tax Revenue	\$2,512.14	19.7%
2000 Measure A Sales Tax Revenue	\$2,062.16	16.2%
Metropolitan Transportation Commission Regional Measure 3	\$375.00	2.9%
Total:	\$12,745.61	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, Santa Clara County, VTA BART Silicon Valley Phase II Extension
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Factor	Rating	Comments
Local Financial Commitment Rating	Medium-High	
Non-Section 5309 CIG Share	+1	<ul style="list-style-type: none"> The CIG share of the 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 for VTA is 10.6 years, which is older than the industry average. The most recent bond ratings for VTA, issued in July 2023, are as follows: Standard & Poor’s Corporation AAA, Moody’s Investor’s Service Aa2. VTA’s current ratio of assets to liabilities as reported in its most recent audited financial statement is 8.8 (FY2023). There have been no service cutbacks in recent years. There have been no cash flow shortfalls in recent years
Commitment of Capital and Operating Funds (25% of local financial commitment rating)	High	<ul style="list-style-type: none"> Approximately 84 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 (TIRCP) discretionary funds, Regional Measure 3 Bridge Toll revenue, voter-approved 2000 Measure A sales tax revenues, and voter-approved 2016 Measure B sales tax revenues. Approximately 87 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 Federal formula operating grants, California State Transit Assistance Program discretionary/program funds, farebox revenues, a voter approved ½ cent dedicated sales tax revenues and revenues from advertising, leasing, licensing, earned interest and local parking revenue.
Reasonableness of Capital and Operating Cost Estimates and Planning Assumptions/Capital Funding Capacity (50% of local financial commitment rating)	Medium-Low	<ul style="list-style-type: none"> Assumed growth in capital revenue is reasonable compared to recent historical experience. The Project capital cost estimate is reasonable. Assumed growth in operating revenue assumptions for Federal operating grants, VTA farebox collections, sales tax revenues, interest earnings, parking revenues, advertising revenues and lease revenues, are reasonable compared to recent historical experience, VTA’s forecast of BART Silicon Valley farebox revenues is very optimistic. VTA operating cost estimates are optimistic compared to recent historical experience. VTA has access to cash reserves and debt to cover cost increases or funding shortfalls equal to 10.0 percent of estimated CIG capital cost and 112 percent (13.4 months) of annual system-wide transit operating expenses.

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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/sq-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, corresponding 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. The Metropolitan Transportation Commission’s (MTC) Transit-Oriented Communities Policy makes certain transportation funds contingent on local jurisdictions taking policy actions to encourage walkable, affordable development near transit.
- *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. Pedestrian oriented districts dropped parking minimums and now have parking maximums of two per unit.
- *Tools to Implement Land Use Policies:* Valley Transportation Authority (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. Senate Bill 922 exempts active transportation plans and pedestrian plans from California Environmental Quality Act.

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 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. VTA's Joint Development Policy has supported affordable housing developments with a Ground Lease Option to Purchase affordable housing.

