

VTA's BART Silicon Valley Phase II Extension

Santa Clara Community Working Group

August 13, 2015



Agenda



- Follow up items
- VTA's BART Silicon Valley Program status
 - Phase II Evolution of Design Decisions
- City Projects within the BART corridor
- Financial Update of BART Phase II
- Envision Project Update
- CWG feedback to VTA Outreach
- Next Steps

Role of the CWG



- Be project liaisons
- Receive briefings on technical areas
- Receive project updates
- Build an understanding of the project
- Collaborate with VTA
- Contribute to the successful delivery of the project

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Your Role as a CWG Member



- Attend CWG meetings
 - Bring your own binder (BYOB)
- Be honest
- Provide feedback
- Get informed
- Disseminate accurate information
- Act as conduits for information to community at large

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Role of the CWG Team



CWG Team Member	Role
Eileen Goodwin	Facilitator
Angela Sipp	Primary Outreach Contact
Leyla Hedayat	Phase II Project Manager
Erica Roecks	Technical Lead
John Davidson	City of Santa Clara – Planning Liaison

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Upcoming Meetings



VTA Board of Directors

- September 3, 2015
- September 25, 2015 – Workshop
- October 1, 2015

SVRT Program Working Committee

- October 5, 2015
- December 7, 2015

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Follow-up Items



- Provide ridership demographic detail (% students, low income, transfers, etc.) and detail about housing or jobs as destinations in ¼, ½ and 1 mile increments around the station
- Post scalable maps from modeling presentation
- Provide station arrival information by number not percentage
- Research and report back on how VTA, BART and Caltrain count bikes on board

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Ridership Demographics

Erica Roecks, Project Engineer

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Ridership Demographics



See your binder handouts
or
visit the website to download:

www.vta.org/bart/phaseIIcwgs

Modeling Follow Up Items

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Bike Counting Methodology

Kevin Kurimoto, Project Planner

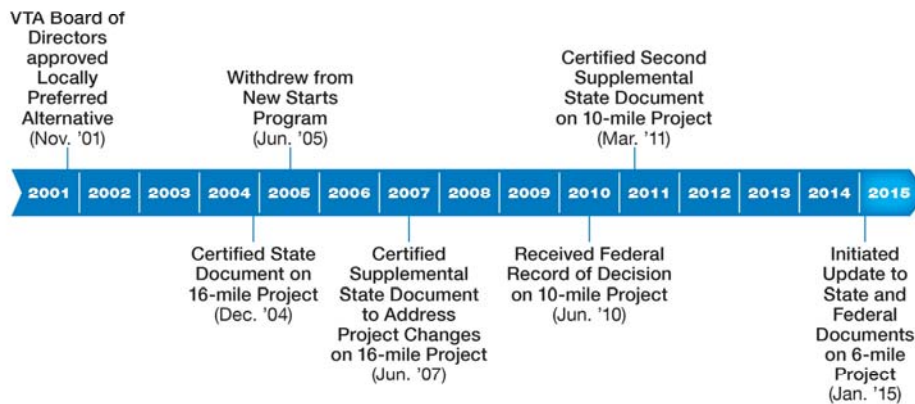
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Phase II Evolution of Design Decisions

Leyla Hedayat, Phase II Project Manager

BART Silicon Valley Project History



2001 BART Alternative Adopted as Project Description



- Public involvement
- Eleven alternatives for alignment, mode, station locations, etc.
- Analysis to establish more defined project for State/Federal environmental clearance
- Eventual selection of BART Extension included:
 - BART technology
 - Union Pacific Railroad corridor with tunnel under Downtown San Jose
 - Seven station locations, including Civic Plaza/SJSU and Market Street stations
 - Newhall Yard maintenance facility

- Montague/Capitol
- Berryessa
- Alum Rock
- Civic Center/SJSU
- Market Street
- Diridon
- Santa Clara

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2004 State/Federal Environmental Document



- Alternatives Considered
 - No-Project Alternative
 - Baseline Alternative (best project without major capital investment)
 - BART Extension Alternative
- Seven stations, plus future Calaveras Station in Milpitas
- Two options for Alum Rock Station and alignment
 - Over 101 alignment, station box configured in railroad ROW
 - Under 101 alignment, station box configured diagonally as currently planned
- VTA Board only certified State document, and withdrew from Federal environmental review to address project funding

- Calaveras (future)
- Montague/Capitol
- Berryessa
- Alum Rock
- Civic Center/SJSU
- Market Street
- Diridon
- Santa Clara

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2004 State/Federal Environmental Document



Alignment Options for Alum Rock Station

2007 Supplemental State Environmental Document

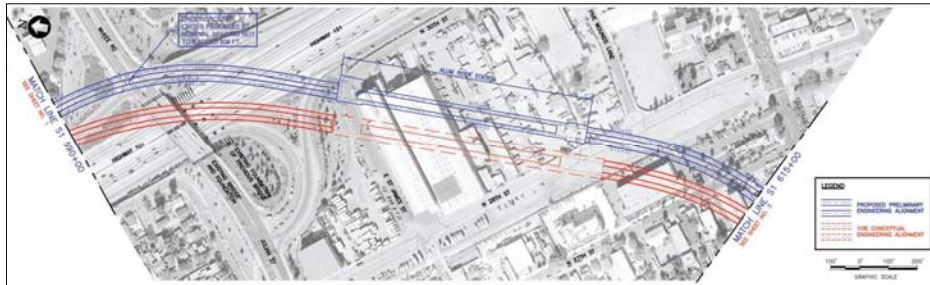


Approval of the following key design decisions:

- Location of east and west portal locations
- Under 101 tunnel alignment shifted east in Alum Rock Station area, avoiding abandoned McKee/Julian bridge piles
- Consolidation of Downtown San Jose stations

●	Calaveras (future)
●	Montague/Capitol
●	Berryessa
●	Alum Rock
●	Downtown San Jose
●	Diridon
●	Santa Clara

2007 Supplemental State Environmental Document



Alum Rock Station Shifted East

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2009 VTA Board Action

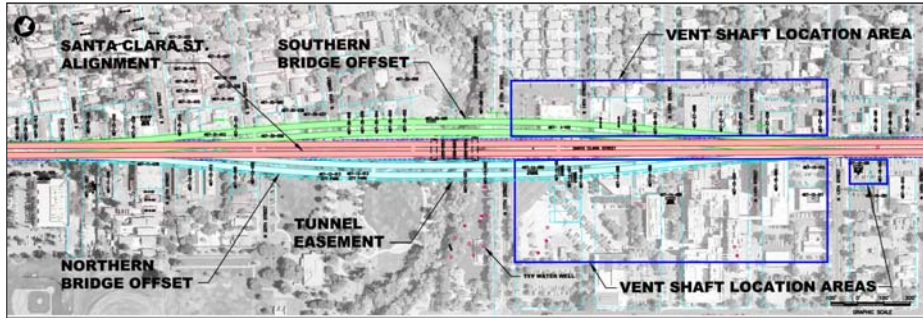


Approval of the following key design decisions:

- After extensive community involvement, the northern tunnel alignment at Coyote Creek was approved which avoided abandoned bridge piles and existing bridge foundations
- Location of a systems facility at the northwest corner of Santa Clara and 13th Streets

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2009 VTA Board Action




Alignment Options on Santa Clara Street at Coyote Creek

2010 Federal Environmental Process/Document



- 6-Station/16-mile and 2-Station/10-mile alternatives were analyzed in document
- FTA Record of Decision approved the 2-Station/10-mile Project

<input checked="" type="radio"/>	Milpitas
<input checked="" type="radio"/>	Berryessa
<input type="radio"/>	Alum Rock
<input type="radio"/>	Downtown San Jose
<input type="radio"/>	Diridon
<input type="radio"/>	Santa Clara

Subsequent Environmental Documents 

2011 2nd Supplemental State Environmental Document

- Addressed phased construction approach
- Updated 2-Station/10-mile project description to match 2010 Federal environmental document


2015 Supplemental Federal / 3rd Supplemental State Environmental Document

- Evaluate the 4-Station/6-mile Phase II Project

● Milpitas
● Berryessa

● Alum Rock
● Downtown San Jose
● Diridon
● Santa Clara

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City Projects within the BART corridor

City of Santa Clara Staff

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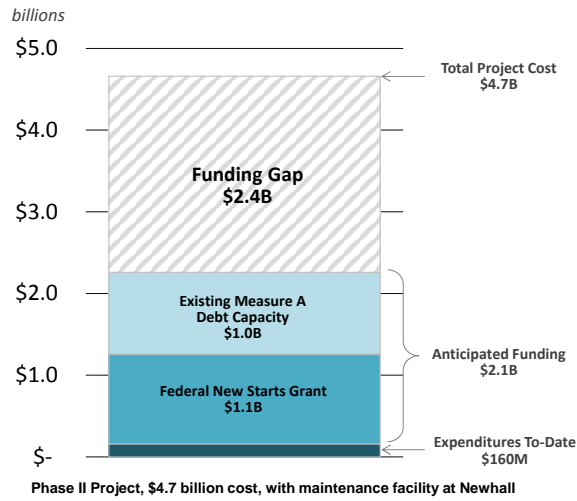


Financial Update of BART Phase II

**Mike Smith,
Fiscal Resources Manager
and
Ernst & Young**

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Phase II – Funding



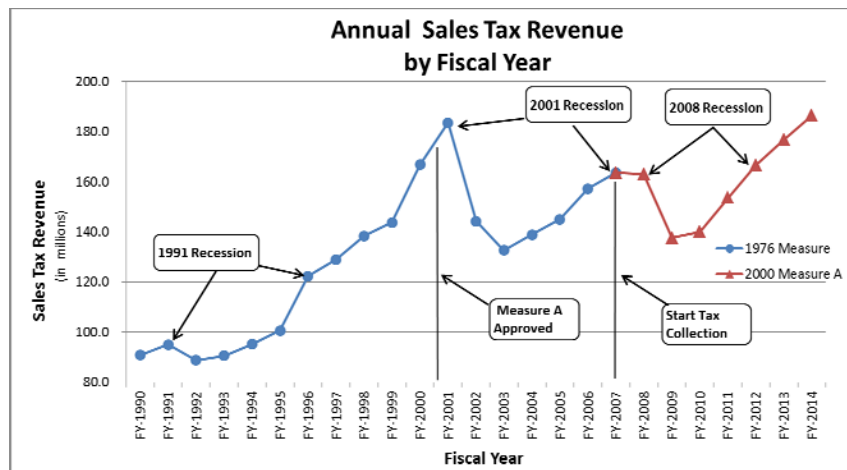
- Successful mega projects focus on strategies that address both revenue generation and cost management

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2000 Measure A



The Measure A tax will generate less funding than originally anticipated



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Ernst & Young



- Retained a team led by Ernst & Young Infrastructure Advisors, LLC
 - is a leading transportation infrastructure financial advisor
 - has assisted transit agencies in securing \$3.5 billion in full funding grant agreements (FFGA) and six federal Transportation Infrastructure Finance and Innovation Act (TIFIA) loans totaling more than \$3.8 billion
 - is a unit of Ernst & Young, a global multi-discipline advisor
- Multi-disciplinary team allows VTA to seamlessly leverage various skillsets
 - Real estate valuation, economic impact analysis, construction management

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EY Scope of Services



- Ernst & Young Infrastructure Advisors, LLC will identify, research, analyse and implement a range of alternatives for revenue generation, financing and cost management in order to develop strategies to fund Phase II
 - Identify Federal, State and local sources of grant and revenue funding
 - Develop (high/low) estimated ranges for potential revenue
 - Assess requirements for, and impediments to implementation
 - Rank the alternatives based on evaluation criteria
 - Conduct financial modelling to determine a viable funding strategy
 - Investigate potential for cost savings and risk management
 - Assist in the implementation of selected funding and financing alternatives

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Grant and Revenue Alternatives



Grant Funding Programs	Long-Term Revenues	Private Funding	
Capital Investment Grant (CIG) Program: New Starts	State Highway Account (SHA)	Commercial Parking Tax	Development Impact Fees
Capital Investment Grant (CIG) Program: Core Capacity	One Bay Area Grant (OBAG)	Vehicle Registration Fee (VRF)	Hotel Tax
Congestion Mitigation Air Quality Grant (CMAQ)	Regional Measure 1 Toll Bridge Program (RM1)	Vehicle License Fee (VLF)	Payroll Tax/Fee
Transp Investment Generating Economic Recovery (TIGER)	Regional Measure 2 Toll Increase (Regional Traffic Relief Plan) (RM2)	Vehicle Impact Mitigation Fee	Event Tax/Fee
Cap & Trade – Transit and Intercity Rail Capital Program (TIRCP)	Regional Measure 3 (RM3)	Enhanced Infrastructure Financing District (EIFD)	Station Naming Rights
Cap & Trade – Low Carbon Transit Ops Pgm (LCTOP)	Sales Tax Measures	Mello-Roos Community Facilities District (CFD)	Private Contributions for Station Development
High-Speed Passenger Train Bond Program (Prop 1A)	Off-Street Parking Pricing Strategies	Special Benefit Assessment District (SBAD)	Advertising Revenues
Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act (Prop 1B)	On-Street Parking Pricing Strategies	Parcel Tax	Station Concessions Revenues

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Evaluation Method



- Alternatives are ranked for further evaluation as high, medium or low priority
- Ranking is based on three considerations,
 - Estimated dollar range that might be generated
 - Magnitude of estimated revenues or grant funding
 - Reliability of revenue stream; Could revenue be bonded against
 - Any restrictions that limit use to a specific part of the project
 - Ease of implementation
 - Grant award process and probability of award
 - Ability to satisfy any nexus requirements
 - Does legal authority exist or would legislation or other action be required
 - Degree to which funding partners would be required and expected level of cooperation
 - Is voter approval required, and if so, is super majority vote required
 - Has the alternative been implemented successfully elsewhere

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Evaluation Method (Continued)



- Other considerations
 - Expected timing of receipt of grant funding or revenue source
 - Overlap, conflicts or synergies with other funding sources
 - Policy benefits
 - Potential to use funding for operations

Example: Cap & Trade Funds



Cap & Trade – Transit and Intercity Rail Capital Program (TIRCP)

Administering Entity: California State Transportation Agency (CalSTA)

DESCRIPTION	Established by SB 862 with the purpose of providing grants from to eligible transit systems and intercity, commuter, and urban rail systems for both capital and operational investments.
VALUE	TBD
Funding Potential	<ul style="list-style-type: none"> - Completed first round of programming for FY15/FY16 with 14 projects receiving \$224M (appropriations were \$25M for FY15 and \$200M for FY16). - No single project shall exceed 33% of available funds in any programming cycle. Also, programmatic goal of having 25% of proceeds (across all cap and trade programs) used for projects benefiting disadvantaged communities. - SB9 (Beall) proposed legislation would favor "transformative capital improvement" projects which include transit projects which will significantly reduce VMT, congestion and greenhouse gas emissions. Requires CalSTA to program over 5-year periods and allows multi-year funding agreements for projects proposed to be funded over multiple years.
Other Potential Value	
EASE OF IMPLEMENTATION	TBD
Timeframe	FY15/FY16 application cycle is completed; CalSTA has not indicated when it will do the next call for projects and how many years of funding it plans to program.
Steps <i>(based on initial funding cycle)</i>	<ul style="list-style-type: none"> - Demonstrate/quantify greenhouse gas reduction resulting from project - Prepare project narrative document based on CalSTA guidance (project purpose, need, scope, cost, etc.) - Ensure required background documents are complete (PSR, etc.) - Complete Project Programming Request Form
Impediments/Risks	<ul style="list-style-type: none"> - Competitive application process - Capital projects must demonstrate ability to pay for long-term operating costs
OTHER CONSIDERATIONS	- No minimum match requirement; however, funding leverage is desirable

Example: High Speed Rail Funds



High-Speed Rail Funding (Prop 1A/Cap & Trade)

Administering Entity: California High Speed Rail Authority (CAHSRA)

DESCRIPTION	Over \$9B in bonds authorized under Prop1A for the High-Speed Passenger Train Bond (HSPTB) Program, approved by voters in 2008. \$950M was programmed and allocated by the CTC, and an additional \$2B as made available to local governments.
VALUE	TBD
Funding Potential	<ul style="list-style-type: none"> - Funds for local projects appear to be used up - It is possible that HSR could agree to make additional funds available for improvements of benefit to both BART and the HSR project at Diridon Station. Consider estimated cost of Diridon Station which will connect with HSR for potential funding amount.
Other Potential Value	
EASE OF IMPLEMENTATION	TBD
Timeframe	Depends on status of CAHSRA environmental analysis and alignment decisions.
Steps	Negotiate with CAHSRA regarding cost share for Diridon Station.
Impediments/Risks	<ul style="list-style-type: none"> - Timeframe for environmental analysis/final alignment and elevation decision unclear. Also unclear which improvements might be of benefit to both projects. - HSR appears to be planning elevated track while BART is planned underground.
OTHER CONSIDERATIONS	Any potential commitment of funding from CAHSRA is dependent upon timing of their environmental work.

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Example: Tax Increment Revenues



Enhanced Infrastructure Financing District (EIFD)

Administering Entity: City of San Jose / City of Santa Clara / Santa Clara County

DESCRIPTION	SB628 enacted in 2015 authorizes cities and counties to create a district to help fund the development and construction of infrastructure. EIFDs divert a share of new property tax revenues (the "increment") within a geographic district to pay for the construction of new transit facilities or other capital improvements; it may also capture a share of vehicle license fees (VLF) in lieu of property tax or any other revenues collected by the taxing agencies. Projects must have communitywide significance, and boundaries of the district do not need to be contiguous. Unlike previously authorized Infrastructure Financing Districts, EIFDs may not take tax increments from schools.
VALUE	TBD
Funding Potential	TBD – requires forecast of property value assessments in the District and estimation of the share to be captured by the EIFD from the Cities and County.
Other Potential Value	May be combined with Mello-Roos CFD or special benefit assessment district
EASE OF IMPLEMENTATION	TBD
Timeframe	Unknown; no precedent. Timeline will be driven by ability to build consensus among affected taxing entities.
Steps	<ul style="list-style-type: none"> - District formation requires notice, public hearing, and approval by the legislative bodies of all affected taxing entities. - Bond issuance requires approval from 55% of voters or property owners within the district. If 12 or more registered voters live in proposed district, 55% of voters must approve bond issuance; otherwise, 55% approval by property owners is required, weighted by number of acres owned.
Impediments/Risks	Former RDA parcels that overlap with EIFD boundaries will result in less tax increment flowing to the EIFD. There is considerable RDA overlap in the Downtown and Diridon station areas.
OTHER CONSIDERATIONS	<ul style="list-style-type: none"> - Cannot be used for operating costs; unclear whether funds could be used for capital replacement. - Funding may not be available until after construction.

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Example: CFD Special Taxes



Mello-Roos Community Facilities District (CFD)

Administering Entity: VTA / City of San Jose / City of Santa Clara / Santa Clara County / Joint Powers Authority

DESCRIPTION	Imposes a special tax on properties within a specified geographic district to fund transit facilities or other capital improvements, as well as certain types of ongoing services and maintenance (not including transit). Special tax rate may be set on any reasonable basis except as a percent of property value. Different property types may be charged different tax rates.
VALUE	TBD
Funding Potential	Likely to be significantly higher than that generated by a special benefit assessment district and may be higher than an EIFD, depending on the special tax rates. (LA Streetcar anticipates \$63M from its CFD over 30 years.)
Other Potential Value	May be combined with EIFD
EASE OF IMPLEMENTATION	TBD
Timeframe	Less than 1 year to several years, depending on level of property owner/voter outreach required and other factors.
Steps	<ul style="list-style-type: none"> - District formation and bond issuance require notice, public hearing, a 2/3 vote of affected property owners or registered voters, and adoption by the legislative body of the implementing agency. - If 12 or more registered voters live in a proposed district, 2/3 of voters must approve establishment of the district and bond issuance; otherwise, 2/3 approval by property owners is required, weighted by number of acres owned.
Impediments/Risks	Because of the voter approval requirement, CFDs are most commonly formed in undeveloped areas with a small number of property owners. Given property ownership patterns in station areas, establishment is likely to require 2/3 approval by registered voters. Alternatively, CFD could be formed to include only major development sites (districts may be non-contiguous).
OTHER CONSIDERATIONS	Funding could be available during construction.

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Example: Station Concession Revenues



Station Concessions Revenues

Administering Entity: VTA

DESCRIPTION	Revenue from leasing VTA station facilities
VALUE	TBD
Funding Potential	BART makes less than \$3 million annually from concessions system-wide. NY MTA also makes extensive use of concessions.
Other Potential Value	Service to riders; may increase station usage and safety
EASE OF IMPLEMENTATION	TBD
Timeframe	Likely 1-2 years
Steps	Identify leasable space; establish program and policies; issue RFP; choose vendors; negotiate
Impediments/Risks	Some vendors may increase cleaning costs
OTHER CONSIDERATIONS	<ul style="list-style-type: none"> - Unclear if addressed by joint development policy. - Stations could be designed with leasable space in mind. - Revenues would not be available during construction.

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Financing Alternatives



- Financing tools are being considered to the extent needed to accelerate identified funding sources and/or bridge funding gaps during construction
- Examples of financing tools being include:
 - Short-term bond financing, commercial paper or other notes
 - Long-term bond financing secured by sales tax or other revenues
 - TIFIA Loan (Federal Transportation Administration)
 - RRIF Loan (Federal Railroad Administration)
 - State Infrastructure Bank Loan
 - Mello Roos Community Facilities District bonds
 - Bonding against any other appropriate revenue alternatives

Example: TIFIA Loan



Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan

Administering Entity: Federal Highway Administration (FHWA) Office of Innovative Program Delivery

DESCRIPTION	Multimodal, nationally competitive program that provides direct loans, loan guarantees, and standby lines of credit for major transportation projects. Offers interest rate equivalent to Treasury rates of a similar maturity and flexible repayment terms (payment deferral and interest-only years).
VALUE	TBD
Financing Potential	<ul style="list-style-type: none"> – Max loan up to 49% of eligible project costs, 33% if subordinate (in practice, DOT less willing to exceed 33%) – Maximum federal participation in a project is 80%, therefore loan amount may be capped below TIFIA program maximums depending on amount of New Starts funding received
Other Potential Value	<ul style="list-style-type: none"> – Low interest rate can reduce cost of borrowing – Flexible repayment /structuring terms; "patient" lender
EASE OF IMPLEMENTATION	TBD
Timeframe	A TIFIA loan could be closed within 18 months of submitting Letter of Interest based on average timeline of recent loans under MAP-21, but the process can move faster or slower depending on program demand and project details
Steps	<ul style="list-style-type: none"> – Letter of Interest submitted; initiates project and creditworthiness review – Application submitted; starting a 150-day approval/agreement timeline – Loan closed
Impediments/Risks	
OTHER CONSIDERATIONS	

Example: State Infrastructure Bank



Infrastructure State Revolving Fund (ISRF) Program

Administering Entity: California Infrastructure and Economic Development Bank (California I-Bank)

DESCRIPTION	I-Bank has broad authority to issue tax-exempt and taxable revenue bonds, provide financing to public agencies, provide credit enhancements, acquire or lease facilities, and leverage State and Federal funds. The Infrastructure State Revolving Fund (ISRF) Program provides financing to public agencies and non-profit corporations for a wide variety of infrastructure and economic development projects.
VALUE	TBD
Funding Potential	ISRF Program funding is available in amounts ranging from \$50k to \$25 million, with loan terms of up to 30 years. Funding criteria recently removed top limit (but program may not have capacity for higher loan amounts). Interest rates are subsidized, based on market rates for municipal debt with similar pledges and ratings, up to a 2 letter category credit upgrade or 1 security pledge upgrade.
Other Potential Value	
EASE OF IMPLEMENTATION	TBD
Timeframe	Financing applications are continuously accepted
Steps	Schedule pre-application meeting to confirm eligibility and introduce project. VTA Board must adopt resolution certifying that they meet I-bank requirements, prior to submitting application. I-bank board reviews and approves application after underwriting.
Impediments/Risks	
OTHER CONSIDERATIONS	May be most appropriate for funding parts of the project that may include non-transportation elements that would not be eligible for TIFIA, RRIF, or FTA funding. For example, if the City of San Jose wants to build any related cultural or economic development facilities into a station design, I-bank loans can support all uses, not just the transportation-related facilities.

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Next Steps



- Develop high and low range estimates for potential revenue sources
 - Perform real estate valuation forecasts and project tax increment revenues
 - Research applications of tools in other jurisdictions to develop reasonable assumptions to serve as basis for revenue estimates
- Assess Ease of Implementation for each alternative
- Rank the alternatives based on evaluation criteria
- Perform more detailed assessments for alternatives ranked high
 - develop steps and timelines for implementation
- Work with VTA to identify potential funding strategies
- Present analysis results and a recommended funding strategy at the September 25th Board Workshop

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Envision Project Update

John Sighamony,
Senior Transportation Planner

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What VTA Does



- Congestion Management Agency
- Countywide Transportation Planning and Programming
- Countywide Transit Planning and Operations
- Develop, Construct, & Deliver Projects
- Funding Authority

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Past Measures



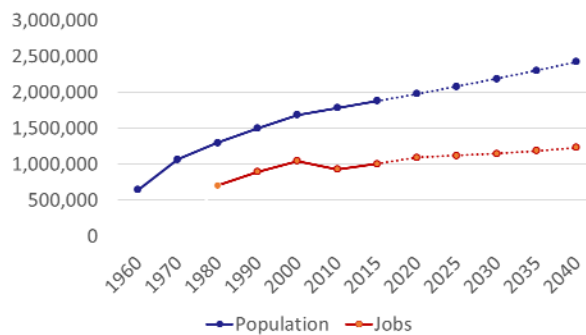
- 1976 Measure A – ½ cent (Permanent)
- 1984 Measure A – ½ cent (1985 – 1997)
- 1996 Measure A/B – ½ cent (1998 – 2005)
- 2000 Measure A – ½ cent (2006 – 2036)
- 2008 Measure B – 1/8 cent (2012 – 2042)
- 2010 Vehicle Registration Fee - \$10 per Registered Vehicle (Permanent)
- 2016 - ?

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Growth



- 2040 Santa Clara County projection: +546,000 residents, +226,000 jobs
- Santa Clara County grows more than other counties; we must meet the transportation demand of the growing population
- Not enough Federal and State Funds to address those needs



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Envision Silicon Valley



- Inclusive approach to develop a list of priorities with stakeholder groups and existing VTA Committees
- Discuss current and future transportation needs, identify solutions and craft funding priorities.
- VTA will work closely with our advisory groups throughout the process. Additionally, we have established stakeholder groups to solicit their vision and input.
- An Ad-hoc committee of the VTA Board of Directors has been formed to help guide staff through the process.

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Envision Silicon Valley Goals



Adopted by VTA Board in June 2015

- Enhance Safety
- Provide Congestion Relief
- Expand Transportation Choices and Improve Travel Experience
- Expand Transit Ridership and Continue to Promote Quality Transit for Everyone – Including Low-income Areas
- Actively Promote Healthy Communities, Environmental Sustainability and Plan for the Next Generation
- Improve System Financial Sustainability and Maintenance
- Continue to Support Silicon Valley's Economic Vitality

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Envision Silicon Valley Call for Projects



- VTA released Call for Projects in May
- Public Encouraged to submit ideas
- Due Date: August 31, 2015
- Initial Project Submissions will be adopted by VTA Board in October
- VTA Stakeholder Groups and Committees are developing Evaluation Criteria to evaluate these projects

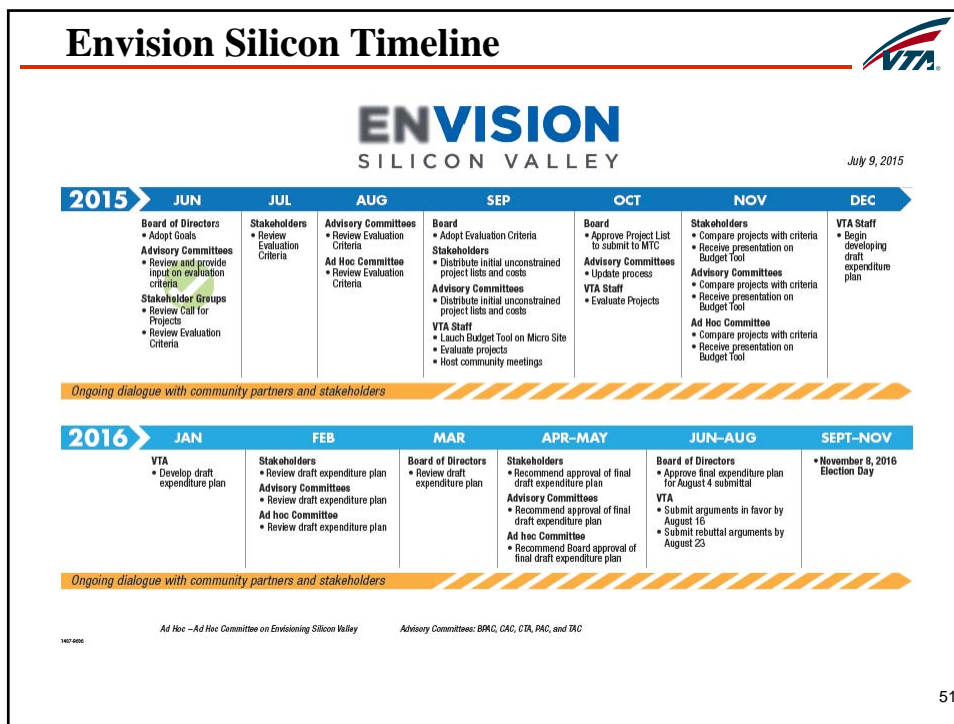

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Envision Silicon Near Term Activities



- June – September 2015: Development of Evaluation Criteria
- September 2015: VTA Board Adopts Evaluation Criteria
- October 2015: VTA Board Adopts Preliminary Project List
- Fall 2015: VTA Evaluates Preliminary Envision Projects
- Early 2016: VTA Refines Project List

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Feedback for VTA Outreach Team

CWG Members

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Discussion

Eileen Goodwin, Facilitator

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Next Steps

- Next meeting: Thursday, October 15, 2015 ~ 4:00-6:00 PM,
Santa Clara Senior Center ~ BYOB
 - Financial Analysis of BART Phase II (VTA staff & Ernst and Young)
 - Phase II Santa Clara station campus & features (VTA staff)
 - BART system operating and maintenance (BART staff)
- Action Items

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