

From: Roland Lebrun
Sent: Wednesday, September 22, 2021 2:54 AM
To: MTC-ABAG Info <info@bayareametro.gov>
Cc: FTA Region 9 Administrator Ray Tellis <ray.tellis@dot.gov>; BART Board <boardofdirectors@bart.gov>; VTA Board Secretary <board.secretary@vta.org>
Subject: Megaproject Delivery Oversight: Silicon Valley BART Extension Part 1: Costs

External Email

Dear Chair Pedroza and Commissioners,

This letter is the first in a 4-part review of the Silicon Valley BART Extension project intended to inform the business case for an MTC Megaproject Delivery Oversight Task Force:

- Part 1 Cost estimates: **\$2.5B underreporting and \$261M increase in one year**
- Part 2 Funding approach: excessive leverage of local sales tax revenues
- Part 3 Design flaws: conflicts with BART safety standards and best intermodal practices
- Part 4 Governance & Oversight deficiencies: root causes behind Parts 1, 2 &3 above

Background

The BART Silicon Valley project costs are documented in a VTA internal document known as the BART SILICON VALLEY (BSV) PROGRAM MONTHLY COST REPORT. **This document is distributed to VTA senior management every month but the contents are not reported in their entirety to the VTA Board, MTC, FTA or the public.**

The July 2021 BSV Program Summary by Project report (Appendix B) is a one-page summary of total project costs.

Issue 1: Underreporting

There are two columns of interest in the BSV Program Summary by Project report: Program Estimate (Column A) and Incurred costs to Date (Column G)

- **1) Program Estimate (Column A)**

The only Program Estimates reported to the VTA Board, MTC and the FTA PMOC are:

○ Berryessa Extension Project (SVBX)	\$2.439B
○ BSV Phase II Program (BSV2)	\$6.941B
○	
Total:	\$9.380B

The following items are NOT reported to the VTA Board, MTC or the FTA PMOC:

○ BSV Project Development	\$502M
○ BSV Corridor Establishment and Maintenance	\$471M
○ BART Core System Modifications (BCS)	\$265M
○ Warm Springs Extension	\$10M
○ Warm Springs Extension SLPP	\$8M
○ Warm Springs Extension TCRP	\$111M
○ Measure A Debt Service Principal (Appendix C)	\$786M
○ Measure A Debt Service Interest (Appendix C)	\$351M
○	
Total:	\$2.504B

• **2) Incurred Costs to Date (Column G)**

The only expenditures reported to the VTA Board, MTC and the FTA PMOC are:

○ Berryessa Extension Project (SVBX)	\$2.257B
○ BSV Phase II Program (BSV2)	\$235M
○	
Total:	\$2.492B

The following expenditures are NOT reported to the VTA Board, MTC or the FTA PMOC:

○ BSV Project Development	\$499M
○ BSV Corridor Establishment and Maintenance	\$462M
○ BART Core System Modifications (BCS)	\$175M
○ Warm Springs Extension	\$10M
○ Warm Springs Extension SLPP	\$8M
○ Warm Springs Extension TCRP	\$111M
○ Measure A Debt Service Principal (Appendix C)	\$786M
○ Measure A Debt Service Interest (Appendix C)	\$351M
○	
Total:	\$2.402B

Issue 2: Unreported Program Estimate increases: Program Estimate Totals increased by \$261M between July 2020 and July 2021 as follows:

	July 2020	July 2021	Increase
• BSV Project Development	\$322M	\$502M	\$180M
• BSV Phase II Program (BSV2)	\$6.86B	\$6.941B	\$81M

Total:

\$261M

Sincerely,

Roland Lebrun

Attachments:

- Appendix A July 2020 BSV Program Summary by Project report
- Appendix B July 2021 BSV Program Summary by Project report
- Appendix C 2000 Measure A debt service (2020-2036)

CC

FTA Region 9 Administrator & staff

BART Board of Directors

VTA Board of Directors

VTA PAC

VTA CAC

BSV Program Summary by Project

Data Date: 7/31/2020
Report Date: 8/17/2020

All Costs in YOES

Category/Description	Program Estimate A	Original Budget B	Current Budget C	Contract Commitment D	Estimated Total Cost E	Budget Variance F=(E-C)	Incurred to Date G	Incurred FY2021 Period 1 H	% of Total Incurred To Current Budget I=(G/C)
BSV Project Development									
Project Development Through FY09 (SVRTP1)	209,226,094	202,496,208	209,226,094	209,226,094	209,226,094	0	209,226,094	0	100.0%
Project Development After FY09 (SVRTP2)	112,275,588	23,911,421	112,275,588	110,798,702	112,275,588	0	109,284,316	34,097	97.3%
TOTALS FOR BSV Project Development	321,501,681	226,407,630	321,501,681	320,024,795	321,501,681	0	318,510,410	34,097	99.1%
BSV Corridor Establishment And Maintenance									
CEM Programwide (CEMPW)	3,011,254	3,011,254	3,011,254	3,011,254	3,011,254	0	3,011,254	0	100.0%
UPRR-Performed Activities (UPRR)	60,082,968	60,082,968	60,082,968	59,272,787	60,082,968	0	59,205,103	(5,877)	98.5%
Newhall Yard Property (NHY)	39,524,285	39,524,285	39,524,285	39,196,804	39,524,285	0	39,081,123	(34,829)	98.9%
VTA Block (VB)	32,121,010	32,121,010	32,121,010	31,602,642	32,121,010	0	31,602,642	(39,036)	98.4%
Kato Grade Separation Project (KGS)	55,448,412	55,448,412	55,448,412	55,307,266	55,448,412	0	55,297,944	0	99.7%
Mission/Warren/Freight Railroad Relocation Program (MWT)	152,951,637	152,951,637	152,951,637	152,577,735	152,951,637	0	152,263,492	2,747	99.6%
Lower Berryessa Creek Project (LBC)	77,687,521	77,687,521	77,687,521	77,605,189	77,687,521	0	77,605,189	0	99.9%
Montague Reconstruction Project (MRP)	22,807,613	22,807,613	22,807,613	21,790,004	22,807,613	0	21,790,004	0	95.5%
Upper Penitencia Creek Trail Connector (UPC)	2,523,213	2,523,213	2,523,213	2,149,321	2,523,213	0	2,121,096	9,282	84.1%
Montague Expressway POC (MPOC)	22,625,351	22,625,351	22,625,351	17,523,839	22,625,351	0	13,886,345	60,415	61.4%
Berryessa Garage Solar Panel System (BGSP)	1,772,010	1,772,010	1,772,010	1,772,010	1,772,010	0	1,772,010	0	100.0%
TOTALS FOR BSV Corridor Establishment And Maintenance	470,555,273	470,555,273	470,555,273	461,808,850	470,555,273	0	457,636,201	(7,299)	97.3%
BART Silicon Valley Extension									
BSV Phase II Program (BSV2)	6,860,000,000	994,103,499	994,103,499	421,427,679	994,103,499	0	324,100,702	616,734	32.6%
Berryessa Extension Project (SVBX)	2,436,810,033	2,394,510,979	2,394,510,979	2,333,639,578	2,394,510,979	0	2,198,874,676	1,243,852	91.8%
BART Core System Modifications (BCS)	264,808,984	250,808,984	250,808,984	204,887,697	250,808,984	0	167,985,914	0	67.0%
TOTALS FOR BART Silicon Valley Extension	9,561,619,017	3,639,423,462	3,639,423,462	2,959,954,954	3,639,423,462	0	2,690,961,292	1,860,586	73.9%
Warm Springs Extension									
Warm Springs Extension (WSX)*	9,593,511	9,593,511	9,593,511	9,593,511	9,593,511	0	9,593,511	0	100.0%
TOTALS FOR Warm Springs Extension	9,593,511	9,593,511	9,593,511	9,593,511	9,593,511	0	9,593,511	0	100.0%
PROGRAM TOTALS	10,363,269,481	4,345,979,875	4,441,073,926	3,751,382,110	4,441,073,926	0	3,476,701,413	1,887,384	78.3%

*WSX does not include \$8.0M in SLPP and \$111.4M in TCRP grant funds designated directly to BART for Warm Springs Extension costs.



BSV Program Summary by Project

Data Date: 7/31/2021
Report Date: 8/12/2021

All Costs in YOES

Category/Description	Program Estimate A	Original Budget B	Current Budget C	Contract Commitment D	Estimated Total Cost E	Budget Variance F=(E-C)	Incurred to Date G	Incurred FY2022 Period 01 H	% of Total Incurred To Current Budget I=(G/C)
BSV Project Development									
Project Development Through FY09 (SVRTP1)	370,311,338	363,581,453	370,311,338	370,311,338	370,311,338	0	370,311,338	0	100.0%
Project Development After FY09 (SVRTP2)	131,601,202	33,079,870	131,601,202	123,685,798	131,601,202	0	122,463,672	75,768	93.1%
TOTALS FOR BSV Project Development	501,912,540	396,661,323	501,912,540	493,997,136	501,912,540	0	492,775,009	75,768	98.2%
BSV Corridor Establishment And Maintenance									
CEM Programwide (CEMPW)	3,011,254	3,011,254	3,011,254	3,011,254	3,011,254	0	3,011,254	0	100.0%
UPRR-Performed Activities (UPRR)	60,605,053	60,605,053	60,605,053	59,180,857	60,605,053	0	59,137,873	(5,994)	97.6%
Newhall Yard Property (NHV)	39,524,285	39,524,285	39,524,285	38,927,268	39,524,285	0	38,682,113	(44,097)	97.9%
VTA Block (VB)	32,121,010	32,121,010	32,121,010	31,176,095	32,121,010	0	31,176,095	(47,178)	97.1%
Kato Grade Separation Project (KGS)	55,297,944	55,297,944	55,297,944	55,297,944	55,297,944	0	55,297,944	0	100.0%
Mission/Warren/Freight Railroad Relocation Program (MWT)	152,950,970	152,950,970	152,950,970	152,641,516	152,950,970	0	152,314,438	2,410	99.6%
Lower Berryessa Creek Project (LBC)	77,617,521	77,617,521	77,617,521	77,605,189	77,617,521	0	77,605,189	0	100.0%
Montague Reconstruction Project (MRP)	22,807,613	22,807,613	22,807,613	21,790,004	22,807,613	0	21,790,004	0	95.5%
Upper Penitencia Creek Trail Connector (UPC)	2,232,612	2,232,612	2,232,612	2,131,445	2,232,612	0	2,131,445	0	95.5%
Montague Expressway POC (MPOC)	22,625,351	22,625,351	22,625,351	19,712,755	22,625,351	0	19,426,201	39,277	85.9%
Berryessa Garage Solar Panel System (BGSP)	1,772,010	1,772,010	1,772,010	1,772,010	1,772,010	0	1,772,010	0	100.0%
TOTALS FOR BSV Corridor Establishment And Maintenance	470,565,621	470,565,621	470,565,621	463,246,336	470,565,621	0	462,344,565	(55,581)	98.3%
BART Silicon Valley Extension									
BSV Phase II Program (BSV2)	6,941,180,914	3,075,352,119	3,075,352,119	297,065,287	3,075,352,119	0	234,862,902	1,218,727	7.6%
Berryessa Extension Project (SVBX)	2,438,716,885	2,394,558,644	2,394,558,644	2,344,618,840	2,394,558,644	0	2,257,746,385	96,562	94.3%
BART Core System Modifications (BCS)	264,874,279	250,874,279	250,874,279	205,318,008	250,874,279	0	175,313,554	0	69.9%
TOTALS FOR BART Silicon Valley Extension	9,644,772,078	5,720,785,042	5,720,785,042	2,847,002,135	5,720,785,042	0	2,667,922,841	1,315,289	46.6%
Warm Springs Extension									
Warm Springs Extension (WSX)*	9,593,511	9,593,511	9,593,511	9,593,511	9,593,511	0	9,593,511	0	100.0%
TOTALS FOR Warm Springs Extension	9,593,511	9,593,511	9,593,511	9,593,511	9,593,511	0	9,593,511	0	100.0%
PROGRAM TOTALS	10,626,843,749	6,597,605,497	6,702,856,714	3,813,839,118	6,702,856,714	0	3,632,635,926	1,335,476	54.2%

*WSX does not include \$8.0M in SLPP and \$111.4M in TCRP grant funds designated directly to BART for Warm Springs Extension costs.

Business-Type Activities:

	Principal	Interest	Total
Year ending June 30:			
2021	\$ 15,347	\$ 6,619	\$ 21,966
2022	16,215	5,930	22,145
2023	16,980	5,116	22,096
2024	17,805	4,263	22,068
2025	18,625	3,369	21,994
2026-2030	25,840	6,589	32,429
2031-2035	13,455	3,387	16,842
2035-2036	10,362	663	11,025
	<u>134,629</u>	<u>\$ 35,936</u>	<u>\$ 170,565</u>
Unamortized bond premium	18,373		
Total debt	<u>153,002</u>		
Less current portion	(15,347)		
Long-term portion of debt	<u>\$ 137,655</u>		

Governmental Activities:

	Principal	Interest	Total
Year ending June 30:			
2021	\$ 33,680	\$ 39,356	\$ 73,036
2022	35,015	37,743	72,758
2023	36,460	35,944	72,404
2024	38,180	33,861	72,041
2025	40,035	31,625	71,660
2026-2030	231,350	120,593	351,943
2031-2035	301,880	49,755	351,635
2035-2036	69,330	2,023	71,353
	<u>785,930</u>	<u>\$ 350,900</u>	<u>\$ 1,136,830</u>
Unamortized bond premium	19,126		
Total debt	<u>805,056</u>		
Less current portion	(33,680)		
Long-term portion of debt	<u>\$ 771,376</u>		

(f) Restrictions and Limitations

There are a number of restrictions and limitations contained in the various bond indentures. VTA's management believes that VTA has complied with all applicable restrictions and limitations.