BOARD OF DIRECTORS' WORKSHOP MEETING

Friday, September 25, 2015

9:00 AM

PLEASE NOTE MEETING DATE, TIME, AND LOCATION

VTA Auditorium
3331 North First Street
San Jose, CA

AGENDA

To help you better understand, follow, and participate in the meeting, the following information is provided:

- Persons wishing to address the Board of Directors on any item on the agenda or not on the agenda should complete a blue card located at the public information table and hand it to the Board Secretary staff prior to the meeting or before the item is heard.

- Speakers will be called to address the Board when their agenda item(s) arise during the meeting and are asked to limit their comments to 2 minutes. The amount of time allocated to speakers may vary at the Chairperson's discretion depending on the number of speakers and length of the agenda. **If presenting handout materials, please provide 25 copies to the Board Secretary for distribution to the Board of Directors.**

- All reports for items on the open meeting agenda are available for review in the Board Secretary’s Office, 3331 North First Street, San Jose, California, (408) 321-5680, the Monday, Tuesday, and Wednesday prior to the meeting. This information is available on our website, www.vta.org, and also at the meeting. Any document distributed less than 72-hours prior to the meeting will also be made available to the public at the time of distribution. Copies of items provided by members of the public at the meeting will be made available following the meeting upon request.

In accordance with the Americans with Disabilities Act (ADA) and Title VI of the Civil Rights Act of 1964, VTA will make reasonable arrangements to ensure meaningful access to its meetings for persons who have disabilities and for persons with limited English proficiency who need translation and interpretation services. Individuals requiring ADA accommodations should notify the Board Secretary’s Office at least 48-hours prior to the meeting. Individuals requiring language assistance should notify the Board Secretary’s Office at least 72-hours prior to the meeting. The Board Secretary may be contacted at (408) 321-5680 or e-mail: board.secretary@vta.org or (408) 321-2330 (TTY only). VTA’s home page is on the web at: www.vta.org or visit us on Facebook at: www.facebook.com/scvta. (408) 321-2300: 中文 / Español / 日本語 / 한국어 / tiếng Việt / Tagalog.
NOTE: THE BOARD OF DIRECTORS MAY ACCEPT, REJECT OR MODIFY ANY ACTION RECOMMENDED ON THIS AGENDA.

3331 N. First St., San Jose, California is served by bus lines *58 and Light Rail. (*58 no midday service)

For trip planning information, contact our Customer Service Department at (408) 321-2300 between the hours of 6:00 a.m. to 7:00 p.m. Monday through Friday and 7:30 a.m. to 4:00 p.m. on Saturday. Schedule information is also available on our website, www.vta.org.
1. CALL TO ORDER AND ROLL CALL

1.1 ROLL CALL

2. PUBLIC COMMENT

This portion of the meeting is reserved for persons desiring to address the Board of Directors on any item within the Board's jurisdiction. Speakers are limited to 2 minutes. The law does not permit Board action or extended discussion of any item not on the agenda except under special circumstances. If Board action is requested, the matter can be placed on a subsequent agenda. All statements that require a response will be referred to staff for reply in writing.

3. WORKSHOP ITEMS

3.1. Receive an update on VTA’s BART Silicon Valley Berryessa Extension (SVBX) Project (Phase I).

3.2. Receive an update on VTA’s BART Silicon Valley Phase II Project.
   3.2.A. Phase II project description and environmental schedule
   3.2.B. Phase II funding strategy

4. OTHER ITEMS

4.1. ANNOUNCEMENTS

5. CLOSED SESSION

5.1. Recess to Closed Session
   A. Anticipated Litigation – Conference with Legal Counsel
      Significant exposure to litigation pursuant to paragraph 2 of subdivision (d) of Section 54956.9.
      Number of Cases: 1
   B. Conference with Labor Negotiators
      (Government Code Section 54957.6)
      VTA Designated Representatives
      Rudy Medina, Employee Relations Manager
      Raj Srinath, Chief Financial Officer
      Employee Organization
      Amalgamated Transit Union, Local 265
5.2. Reconvene to Open Session

5.3. Closed Session Report

6. ADJOURN
SVRT Board of Directors
Workshop Meeting

BART Silicon Valley Berryessa Extension Project (Phase 1)

September 25, 2015
View of the Pedestrian Overcrossing being built at the Milpitas BART Station
Project Progress (Cont.)

Work ongoing inside the Milpitas Station
Project Progress (Cont.)

Ductbank installation in the Guideway near Hostetter
Project Progress (Cont.)

Earthwork for the Parking Structure/Campus Area at the Berryessa Station
## Integrated Summary Schedule

<table>
<thead>
<tr>
<th>Milestones</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>C101 MWT T/O to C700</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C101 T/O to C700</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BART Warm Springs T/O to C700</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forecast W6X T/O to C700</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forecast Revenue Operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FFTA Revenue Operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Status through August '15**

### C700 LTSS Design/Build

- **Guideway**
- **Stations**
- **Systems**
- **Systems Integration Testing**
- **Campus, Roadways, & Parking**
- **BART**
  - **BART provided Materials, Software and Equipment**
  - **Manufacture & Delivery Pilot & Production Vehicles**
  - **Hayward Yard Primary Shop Conversion**
  - **Pre-Revenue Operations Testing**

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**SVBX Summary Schedule - FTA Plan and Project Forecast**

**Date:** Aug - 15
Earned Progress Measurement Curve

SVBX Progress Measurement Curves

<table>
<thead>
<tr>
<th>Status</th>
<th>Jul 2015</th>
<th>Aug 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Plan</td>
<td>2.0%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Monthly Actual</td>
<td>2.8%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Cumulative Plan (a)</td>
<td>63.4%</td>
<td>65.0%</td>
</tr>
<tr>
<td>Cumulative Actual (b)</td>
<td>66.7%</td>
<td>69.7%</td>
</tr>
<tr>
<td>Variance (c = b - a)</td>
<td>3.3%</td>
<td>4.7%</td>
</tr>
</tbody>
</table>

VTA Baseline
Revenue Operations

PLAN
ACTUAL
FORECAST

Jan-12 Jul-12 Jan-13 Jul-13 Jan-14 Jul-14 Jan-15 Jul-15 Jan-16 Jul-16 Jan-17 Jul-17 Jan-18 Jul-18

Aug 2017
July 2018
June 2018
## C700 LTSS Contract Summary

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Original Contract Value</strong></td>
<td>$772,227,000</td>
</tr>
<tr>
<td><strong>Executed Change Orders to Date, Value</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Scope Transfer</strong></td>
<td></td>
</tr>
<tr>
<td>Changes due to transfer of scope from other SVBX contracts (Budget Neutral)</td>
<td>$12,332,271</td>
</tr>
<tr>
<td><strong>Changed Conditions</strong></td>
<td></td>
</tr>
<tr>
<td>Regulatory, changed site conditions, City/Third Party related changes, Exercise of Options</td>
<td>$30,661,201</td>
</tr>
<tr>
<td><strong>Total Changes to C700</strong></td>
<td>$42,993,742</td>
</tr>
<tr>
<td><strong>Current Contract Value</strong></td>
<td>$815,220,742</td>
</tr>
</tbody>
</table>
**C700 LTSS Change Order Report**

**Recent Significant* Change Orders (Since Last PWC Mtg.)**

<table>
<thead>
<tr>
<th>Scope Transfer</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Changed Conditions</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CO 135: Overhead Costs for Extension of Time</td>
<td>$4,500,000</td>
</tr>
<tr>
<td>CO 128: Payment Vehicle for Various Directive Letters</td>
<td>$1,769,155</td>
</tr>
<tr>
<td>CO 127: Fire Protection Changes at Berryessa Station</td>
<td>$554,109</td>
</tr>
<tr>
<td>CO 122: Performance Incentive for Aug. 2014 to Feb. 2015</td>
<td>$2,500,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Significant Pending or Future Change Orders</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Floating Track Slab</td>
<td>$1.5M</td>
</tr>
<tr>
<td>MCI Facility Removals</td>
<td>$255K</td>
</tr>
<tr>
<td>S20/S23 Interface Software Design</td>
<td>$175k</td>
</tr>
</tbody>
</table>

**Directive Letters:**
- 138 Issued
- 108 Resolved

**RFCs:**
- 127 Issued
- 65 Resolved

*Significant change orders are over $150k in value.*
# C730 Campus Parking Contract Summary

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Contract Value</td>
<td>$86,851,623</td>
</tr>
<tr>
<td>Executed Change Orders to Date, Value</td>
<td>$78,246</td>
</tr>
<tr>
<td>Current Contract Value</td>
<td>$86,929,869</td>
</tr>
</tbody>
</table>

**Recent Significant* Change Orders (Since Last PWC Mtg.)**

- None

**Significant Pending or Future Change Orders**

- None

*Significant change orders are over $150k in value.*
## % Complete by Contract

<table>
<thead>
<tr>
<th>Contract</th>
<th>Value</th>
<th>NTP</th>
<th>% Comp.*</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>C610 – Water, Storm and Sewer Utility Relocation at Piper Drive</td>
<td>$3,130,084</td>
<td>12/22/11</td>
<td>100%</td>
<td>Complete</td>
</tr>
<tr>
<td>C750 – SVBX Residential Noise Improvement Program 1</td>
<td>$758,048</td>
<td>07/15/13</td>
<td>100%</td>
<td>Complete</td>
</tr>
<tr>
<td>C751 – SVBX Residential Noise Improvement Program 2</td>
<td>$771,752</td>
<td>10/21/13</td>
<td>100%</td>
<td>Complete</td>
</tr>
<tr>
<td>C752 – SVBX Residential Noise Improvement Program 3</td>
<td>$715,444</td>
<td>01/20/14</td>
<td>100%</td>
<td>Complete</td>
</tr>
<tr>
<td>C753 – SVBX Residential Noise Improvement Program 4</td>
<td>$1,142,214</td>
<td>04/15/14</td>
<td>100%</td>
<td>Complete</td>
</tr>
<tr>
<td>C792 – Environmental Mitigation</td>
<td>$179,200</td>
<td>06/10/15</td>
<td>100%</td>
<td>Complete</td>
</tr>
<tr>
<td>C700 – SVBX Line, Track, Stations, and Systems</td>
<td>$806,038,928</td>
<td>02/16/12</td>
<td>68%</td>
<td>Construction</td>
</tr>
<tr>
<td>C740 – Milpitas Station Surface Parking and Roadway Improvements</td>
<td>$5,504,761</td>
<td>03/13/15</td>
<td>52%</td>
<td>Construction</td>
</tr>
<tr>
<td>C742 - Berryessa Station Campus Area and Roadway</td>
<td>$26,324,931</td>
<td>08/06/15</td>
<td>0%</td>
<td>Pre-Const.</td>
</tr>
<tr>
<td>C640 – Montague Expressway &amp; South Milpitas Blvd. Improvements</td>
<td>TBD</td>
<td>11/05/15</td>
<td>0%</td>
<td>Bidding</td>
</tr>
<tr>
<td>C754 – SVBX Residential Noise Improvement Program 5</td>
<td>TBD</td>
<td>02/10/16</td>
<td>0%</td>
<td>Design</td>
</tr>
<tr>
<td>C741 – Milpitas/Berryessa Campus Landscaping</td>
<td>TBD</td>
<td>05/05/16</td>
<td>0%</td>
<td>Design</td>
</tr>
<tr>
<td>C671 – VTA Communications Backbone Network</td>
<td>TBD</td>
<td>06/02/16</td>
<td>0%</td>
<td>Design</td>
</tr>
</tbody>
</table>

*Projected as of July 31, 2015
# Cost Estimate at Completion

## SVBX Estimate at Completion - Sept 2015*

By FTA's Standard Cost Categories (SCC)

<table>
<thead>
<tr>
<th>SCC</th>
<th>SCC Description</th>
<th>FFGA Estimate</th>
<th>Forecast At Completion</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Guideway and Trackwork Elements</td>
<td>$416,063,213</td>
<td>$312,095,487</td>
<td>($103,967,726)</td>
</tr>
<tr>
<td>20</td>
<td>Stations, Stops, terminals</td>
<td>$250,343,018</td>
<td>$265,797,464</td>
<td>$15,454,446</td>
</tr>
<tr>
<td>30</td>
<td>Support Facilities</td>
<td>$46,521,020</td>
<td>$62,972,021</td>
<td>$16,451,001</td>
</tr>
<tr>
<td>40</td>
<td>Sitework and Special Conditions</td>
<td>$220,070,033</td>
<td>$248,917,210</td>
<td>$28,847,177</td>
</tr>
<tr>
<td>50</td>
<td>Systems</td>
<td>$260,673,954</td>
<td>$222,049,218</td>
<td>($38,624,736)</td>
</tr>
<tr>
<td>60</td>
<td>ROW, Land</td>
<td>$260,960,561</td>
<td>$204,830,774</td>
<td>($56,129,787)</td>
</tr>
<tr>
<td>70</td>
<td>Vehicles</td>
<td>$174,317,034</td>
<td>$147,910,046</td>
<td>($26,406,988)</td>
</tr>
<tr>
<td>80</td>
<td>Professional Services</td>
<td>$548,348,694</td>
<td>$602,961,406</td>
<td>$54,612,712</td>
</tr>
</tbody>
</table>

**Subtotal SCC 10-80**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>$2,177,297,527</th>
<th>$2,067,533,626</th>
<th>($109,763,901)</th>
</tr>
</thead>
<tbody>
<tr>
<td>90</td>
<td>Unallocated Contingency</td>
<td>$40,201,777</td>
<td>$149,965,678</td>
<td>$109,763,901</td>
</tr>
<tr>
<td>100</td>
<td>Finance Charges</td>
<td>$112,522,669</td>
<td>$112,522,669</td>
<td>$ -</td>
</tr>
</tbody>
</table>

**Total - New Starts Project**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>$2,330,021,973</th>
<th>$2,330,021,973</th>
<th>$ -</th>
</tr>
</thead>
<tbody>
<tr>
<td>999</td>
<td>Concurrent Non-Project Activities</td>
<td>$91,251,000</td>
<td>$91,251,000</td>
<td>$ -</td>
</tr>
</tbody>
</table>

**Total**

|   |                                           | $2,421,272,973 | $2,421,272,973 | $ -            |

* Work in Progress

**Unallocated Contingency Forecast at Completion**

- Management Reserve $60M
- Available for Other Project Elements $90M

Other Project Elements Include:
1. Operations Control Center Modifications
2. Concurrent Non-Project Activities
End
VTA Board Workshop

Update on BART Silicon Valley Phase II Project

September 25, 2015
Phase II Extension Project

• 6-mile extension
• 4 stations
  – Alum Rock (underground)
  – Downtown San Jose (underground)
  – Diridon (underground)
  – Santa Clara (at-grade)
• Phase II Total Project Cost in Year of Expenditure Dollars: $4.7 billion
  • $163 million incurred to date
• Maintenance facility in San Jose/Santa Clara
• Anticipated ridership of 55,000 in 2035 (based on 2012 model)
• Start construction in 2019 and anticipated opening in 2025
Phase II Community Working Groups

- CWG role – To gain a strong understanding about project and act as information conduits for community at large
- Bi-monthly meetings with work plans
- Organizations vetted with respective Board members and elected officials
Phase II Extension Project
Phase II Extension Project Options

- State & Federal Document New Options Being Evaluated
  - Downtown San Jose station location option
    - East Option (between 2nd and 5th Streets)
    - West Option (between Market & 2nd Streets)
  - Entrance and other facilities location options
    - Downtown San Jose station – East & West Options
Downtown San Jose Station – West Option

LEGEND
- STATION ENTRANCE OPTIONS
- UNDERGROUND STATION
- SYSTEMS FACILITIES
- PUBLIC FACILITY/JOINT DEVELOPMENT
- CONSTRUCTION STAGING AREA
- TVS TUNNEL VENTILATION SHAFT
- FAI FRESH AIR INTAKE
- EXH EMERGENCY EXHAUST
- EAS EQUIPMENT ACCESS SHAFT
- EE(S) EMERGENCY EXIT (SERVICE) STAIRS
- EE(P) EMERGENCY EXIT (PASSENGER) STAIRS
- TPSS TRACTION POWER SUB STATION
- ELEVATOR OPTIONS
- ENTRANCE OPTION #
- JOINT DEVELOPMENT LOCATION #

DRAFT CONCEPTUAL PLANS
DOWNTOWN SAN JOSE STATION
WEST OPTION
7/30/15
Santa Clara Station

DRAFT CONCEPTUAL PLANS

3.2.a

LEGEND

- STATION ENTRANCE OPTIONS
- AT GRADE STATION
- SYSTEMS FACILITIES
- PARKING/PUBLIC FACILITY/JOINT DEVELOPMENT
- MAINTENANCE FACILITY WITH VEHICLE STORAGE/TAIL TRACKS
- ROADWAY MODIFICATIONS
- CONSTRUCTION STAGING AREA
- KEY PEDESTRIAN LINKAGE
- BUS CIRCULATION
- VEHICLE ACCESS
- NEW/MODIFIED SIGNALIZED INTERSECTION
- BIKE FACILITY
- TPSS TRACTION POWER SUBSTATION
- KNP KISS-AND-RIDE
- ELEVATOR OPTIONS
- ENTRANCE OPTION #
- JOINT DEVELOPMENT LOCATION #

DRAFT CONCEPTUAL PLANS
SANTA CLARA STATION
7/30/15
Phase II Environmental and Community Engagement Schedule

3.2.a VTA Board Approves Project
BART to Silicon Valley Phase 2
Funding Strategy

September 25, 2015
1. Introduction
Agenda

1. Introduction
   A. Overview of Funding Strategy
   B. Gap and Funding Goals

2. Funding Strategy
   A. Objectives
   B. Methodology
   C. Prioritization
   D. Financing

3. Next Steps/Implementation
   A. Coordinated Approach
   B. Next Steps on Core Sources
   C. Timing

4. Questions/Discussion
Overview of Funding Strategy

► Maximize funding from Federal and State sources
  ► Baseline strategy for filling the gap targets significant discretionary allocations from Federal and State funding sources

► Raise local funding that will have greatest impact on closing the gap
  ► Strong local funding support bolsters case for Federal and State funding
  ► Transit projects have a history of spurring and facilitating business activity and property value growth; A portion of that value should be captured to fund the project
  ► A dependable local funding source is key to mitigating the risk that discretionary funding is reduced or delayed

► Fill $2.4B Funding Gap
  ► Phase 2 has a $4.7B cost and only $2.1B in identified funding
  ► Gap will increase if cost estimate increases
Phase II Project Costs Estimated at $4.7 Billion (YOE)

- Estimated project cost in Year-of-Expenditure (YOE) dollars is $4.69B

<table>
<thead>
<tr>
<th>Description</th>
<th>YOE dollars ($ billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guideway and Track Elements</td>
<td>1.53</td>
</tr>
<tr>
<td>Stations, Stops, Terminal, Intermodal</td>
<td>0.84</td>
</tr>
<tr>
<td>Support Facilities: Yard, Shops, Admin. Buildings</td>
<td>0.39</td>
</tr>
<tr>
<td>Sitework and Special Conditions</td>
<td>0.10</td>
</tr>
<tr>
<td>Systems</td>
<td>0.43</td>
</tr>
<tr>
<td>ROW, Land, Existing Improvements</td>
<td>0.28</td>
</tr>
<tr>
<td>Vehicles</td>
<td>0.23</td>
</tr>
<tr>
<td>Professional Services</td>
<td>0.89</td>
</tr>
<tr>
<td>Finance Charges</td>
<td>TBD</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td>$4.69</td>
</tr>
</tbody>
</table>

- Potential for costs increases and savings
- Successful mega projects focus on strategies that address both revenue generation and cost management
The Measure A tax will generate less funding than originally anticipated.
Project Funding Goals

- $2.4 billion gap remaining to fund Phase II Project (could increase/decrease with cost increases/savings)
- A wide range and number of potential funding sources to help fill the funding gap were investigated

Expenditures To Date $160M

Anticipated Funding $2.10B

Existing Measure A Debt Capacity $1.0B

Federal New Starts Grant $1.1B

Funding Gap $2.43B

Total Estimated Project Cost $4.69B

billions

$5.0

$4.0

$3.0

$2.0

$1.0

$-
Consultant: Ernst & Young

- Retained a team led by Ernst & Young Infrastructure Advisors, LLC
  - 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
  - Unit of Ernst & Young LLP, a global multi-disciplinary advisor

- Multi-disciplinary team allows VTA to seamlessly leverage various skillsets; scope includes:
  - Identify Federal, State and local sources of grant and revenue funding; develop high/low estimated ranges
  - Assess requirements for, and impediments to implementation
  - Rank the alternatives based on evaluation criteria
  - Conduct financial modelling to determine a viable funding strategy
  - Assist in the implementation of selected funding and financing alternatives
2. Funding Strategy Overview and Methodology
Funding Strategy Objectives

► Show high level of local commitment for Federal and State discretionary grant programs
► Meet key New Starts milestones for funding commitments
► Reduce reliance on funding provided by additional taxes
► Target local funding sources that capture the benefits created by transit
► Develop robust funding plan that provides cushion for future funding and cost uncertainties
► Implement financing approach that lowers the use and cost of debt
## Toolbox of Potential Funding Sources

### Grant Funding Programs

- Capital Investment Grant (CIG) Program: New Starts
- Capital Investment Grant (CIG) Program: Core Capacity
- Congestion Mitigation Air Quality Grant (CMAQ)
- Transp Investment Generating Economic Recovery (TIGER)
- Cap & Trade – Transit and Intercity Rail Capital Program (TIRCP)
- Cap & Trade – Low Carbon Transit Ops Pgm (LCTOP)
- High-Speed Passenger Train Bond Program (Prop 1A)
- Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act (Prop 1B)
- State Highway Account (SHA)

### Long-Term Revenues

- One Bay Area Grant (OBAG)
- Regional Measure 1 Toll Bridge Program (RM1)
- Regional Measure 2 Toll Increase (Regional Traffic Relief Plan) (RM2)
- Regional Measure 3 (RM3)
- Sales Tax Measures
- Off-Street Parking Pricing Strategies
- On-Street Parking Pricing Strategies
- Commercial Parking Tax
- Vehicle Registration Fee (VRF)
- Vehicle License Fee (VLF)
- Vehicle Impact Mitigation Fee
- Enhanced Infrastructure Financing District (EIFD)
- Mello-Roos Community Facilities District (CFD)
- Special Benefit Assessment District (SBAD)
- Parcel Tax
- Development Impact Fees
- Hotel Tax
- Payroll Tax/fee
- Event Tax/fee
- Station Naming Rights
- Private Contributions for Station Development
- Advertising Revenues
- Station Concessions Revenues
- Parking Revenues
- Fare Revenues

### Private Funding

- Real Estate Joint Development Revenues

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*excluded from analysis*
Methodology: Evaluation

► Funding Sources were evaluated both quantitatively (at a high level) and qualitatively

► **Value (quantitative)**
  ► High (>$100M)
  ► Medium ($50-$100M)
  ► Low (<$50M)

► **Ease of Implementation (qualitative)**
  ► High (easy to implement)
  ► Medium (some implementation issues)
  ► Low (difficult)

► **Other Considerations (qualitative)** – no rating assigned; but may affect decision
Methodology: Selection

Will prioritize “core” sources that provide biggest return for time and money investment, and have potential to fill gap

- A source with High Value and High or Medium Ease of Implementation would likely be a core funding source
- A source with Low Value and Low Ease of Implementation would likely be low priority
- Any funding source with <$5 million of funding potential would be considered low priority

Will still pursue some sources that appear difficult to implement and continue to investigate potential value even for small sources
The existing and potential funding sources were prioritized into the following 3 categories:

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of Sources</th>
<th>Potential Value Range*</th>
<th>Description / Purpose of these Tools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Funding Sources (includes $2.26B already expended or identified funding)</td>
<td>5 sources</td>
<td>$1.74B – $6.50B</td>
<td>VTA may pursue aggressively and immediately to help fund the project.</td>
</tr>
<tr>
<td>Complementary Funding Sources</td>
<td>13 sources</td>
<td>$260M – $1.42B</td>
<td>These sources take longer and/or are more complex to develop and implement. VTA may investigate further and/or pursue to provide backup sources of funding.</td>
</tr>
<tr>
<td>Other Funding Sources</td>
<td>15 sources</td>
<td>$50M - $572M</td>
<td>VTA may pursue some of these sources in the normal course of business but not rely on these to provide any meaningful funding for the project.</td>
</tr>
</tbody>
</table>

* Excludes estimated funding from sources which are anticipated to be available only after construction
Pursue Core Funding Sources Aggressively

- VTA may aggressively pursue Core Funding Sources; however uncertainty will remain for some time.
- Assuming reduced reliance on the new Sales Tax Measure X revenues, greater amounts of other Core Funding Sources or complementary sources may be needed.

<table>
<thead>
<tr>
<th>Funding Status</th>
<th>Source</th>
<th>Potential Value</th>
<th>Target Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPENT</td>
<td>Measure A Sales Tax and TCRP</td>
<td>$160M</td>
<td>$160M</td>
</tr>
<tr>
<td>ANTICIPATED</td>
<td>Existing Measure A Sales Tax</td>
<td>$1.00B</td>
<td>$1.00B</td>
</tr>
<tr>
<td>ANTICIPATED</td>
<td>FTA New Starts (anticipated)</td>
<td>$1.10B</td>
<td>$1.10B</td>
</tr>
<tr>
<td><strong>Subtotal - Already Expended + Anticipated Funding</strong></td>
<td></td>
<td><strong>$2.26B</strong></td>
<td><strong>$2.26B</strong></td>
</tr>
<tr>
<td>Pursue (New)</td>
<td>Sales Tax Measure X</td>
<td>$1.50B-$2.65B</td>
<td>$1.50B</td>
</tr>
<tr>
<td>Pursue (Additional)</td>
<td>FTA New Starts (additional)</td>
<td>Up to $400M ($1.5B total)</td>
<td>$400M additional ($1.5B total)</td>
</tr>
<tr>
<td>Pursue (New)</td>
<td>Cap &amp; Trade Program (TICRP)</td>
<td>$750M</td>
<td>$750M</td>
</tr>
<tr>
<td>Pursue (New)</td>
<td>Mello Roos Community Facilities Districts (CFD)</td>
<td>$85M-$345M</td>
<td>$170M</td>
</tr>
<tr>
<td>Pursue (New)</td>
<td>Enhanced Infrastructure Financing Districts (EIFD)</td>
<td>$50M-$95M</td>
<td>$70 M</td>
</tr>
<tr>
<td><strong>Subtotal - Additional Core Funding</strong></td>
<td></td>
<td><strong>$1.74B - $4.24B</strong></td>
<td><strong>$2.89B</strong></td>
</tr>
<tr>
<td><strong>TOTAL CORE FUNDING SOURCES (compare to $4.69B estimated project cost)</strong></td>
<td></td>
<td><strong>$4.0B - $6.50B</strong></td>
<td><strong>$5.15B</strong></td>
</tr>
</tbody>
</table>
Interdependence of Core Funding Sources Warrants a Coordinated, Multi-Track Approach

Federal New Starts allocation depends on securing state and local funding commitments

State Cap and Trade allocation depends on securing Federal and Local Funds

City and County support for EIFD/CFD depends on showing that Federal/State/sales tax sources maximized

Voter support for sales tax measure increased if all other sources maximized
Balanced Funding Strategy

- Local Funds: 56%
- Federal Funds: 29%
- State Funds: 15%
## Investigate Complementary Strategies Further

<table>
<thead>
<tr>
<th>Source</th>
<th>Potential Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Speed Rail Funding (Prop 1A/Cap &amp; Trade)</td>
<td>Up to $130M</td>
</tr>
<tr>
<td>(Future) Regional Measure 3</td>
<td>Up to $107M</td>
</tr>
<tr>
<td>Parcel Tax(^2) (new)</td>
<td>$70M – $210M</td>
</tr>
<tr>
<td>Vehicle Registration Fee (VRF) (increase)(^1)</td>
<td>$70M – $375M</td>
</tr>
<tr>
<td>Vehicle License Fee (VLF) (increase)(^1)</td>
<td>$30M-$70M</td>
</tr>
<tr>
<td>Vehicle Impact Mitigation Fee (new)(^1)</td>
<td>$110M-$750M</td>
</tr>
<tr>
<td>Commercial Parking Tax(^1) (new)</td>
<td>$3M-$8M per year (unlikely for construction)</td>
</tr>
<tr>
<td>Parking Pricing Strategies: Off-Street(^1) (new)</td>
<td>$4M-$8M per year (unlikely for construction)</td>
</tr>
<tr>
<td>Hotel Tax (increase)</td>
<td>$40 – $90M</td>
</tr>
<tr>
<td>Development Impact Fee (new fee for transit)</td>
<td>$100M – $300M</td>
</tr>
<tr>
<td>Station Naming Rights</td>
<td>Up to $25M</td>
</tr>
<tr>
<td>Private Contributions for Station Development</td>
<td>$10M – $20M</td>
</tr>
<tr>
<td><strong>TOTAL(^1,2)</strong></td>
<td><strong>$260M-$1.42B</strong></td>
</tr>
</tbody>
</table>

\(^1\) Total includes Vehicle Impact Mitigation Fee and excludes Vehicle Registration and License Fees, Commercial Parking Tax and Off-Street Parking Pricing Strategies which have lower estimated potential funding value; analysis assumes only one of these vehicle/parking revenue sources would be possible.

\(^2\) Parcel Taxes are similar to Mello-Roos CFDs but over a larger area; total assumes Mello-Roos CFDs are implemented (Core Funding Source) and excludes potential value from Parcel Taxes.
Other Funding Sources May Not Be Reliable For Any Significant Funding Potential

- VTA may pursue some sources in the normal course of business, as projects dictate, as these have low value potential and/or are less directly applicable to the Phase II Project, or provide funds only after construction
  - FTA Core Capacity Grant
  - TIGER Grant
  - CMAQ Grant
  - Cap & Trade (LCTOP) Program Funds

- These sources of funding have low value potential and/or will be very difficult to implement
  - Hwy Safety, Traffic Reduction, Air Quality & Port Security Bond Act (Prop 1B) Funds
  - Regional Measures 1 and 2
  - On-Street Parking Pricing Strategies
  - Payroll Tax/Fee
  - Event Tax/Fee
  - Special Benefit Assessment District (SBAD)

- The following were excluded from the analysis and development of the financial strategy
  - Cost reduction/mitigation strategies (value engineering, project delivery analyses)
  - Consideration of potential cost reductions at VTA as a result of implementation of BART Phase II Project (redundancies in service, e.g.)
  - Real Estate Joint Development
Financing Approach: The Role of Financing Tools

- Financing tools are being considered to the extent needed to accelerate identified funding sources and/or bridge funding gaps during construction.
- Financing cannot close the gap by itself, but use of well-structured, low-interest financing, combined with a dynamic funding strategy, can narrow the gap.
  - For example, preliminary estimates show that a TIFIA loan could provide $350 million of additional financing proceeds relative to bond financings for the project.

Examples of financing tools being considered include:

<table>
<thead>
<tr>
<th>Financing Tool</th>
<th>Brief Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term bond financing, commercial paper or other notes</td>
<td>Lower cost of financing due to shorter term</td>
</tr>
<tr>
<td>Long-term bond financing</td>
<td>Tax-exempt, long-term financing at VTA’s cost of capital</td>
</tr>
<tr>
<td>TIFIA Loan (Federal Transportation Administration)</td>
<td>Low cost, long-term financing; statutory maximum of 49% of eligible project costs but 33% has been limit in practice</td>
</tr>
<tr>
<td>RRIF Loan (Federal Railroad Administration)</td>
<td>Low cost, long-term financing limited to heavy rail–related costs of project cost (e.g., shared components with High Speed Rail or Caltrain)</td>
</tr>
<tr>
<td>California Infrastructure Bank Revolving Loan</td>
<td>Low cost, long-term financing for smaller project components</td>
</tr>
<tr>
<td>EB-5 Program</td>
<td>Low cost, short-term financing</td>
</tr>
<tr>
<td>Private Developer Financing</td>
<td>Higher cost, potentially long-term financing for risk-transfer of a major project component, if desired (tunnel, e.g.)</td>
</tr>
</tbody>
</table>
Financing Approach: Reducing Financing Cost

- Active management of cash flow can reduce financing cost
  - Available cash will be used when possible
  - Debt issuance will be delayed when possible
  - Dynamic strategy; will track project outflows

- Short-term debt can reduce cost
  - Lower interest rate saves interest cost
  - May allow time for repayment streams to develop further, lowering cost of medium and long-term debt

- Longer and medium-term debt used to provide more certainty on interest cost
3. Next Steps/Implementation
Next Steps: Sales Tax, Cap and Trade, and New Starts

► Continue to develop Envision Silicon Valley/Measure X sales tax initiative

► Refine strategy and develop application for Transit and Intercity Rail Capital Program (Cap and Trade) for targeted FY 2017 process

► Continue to prepare for entry into New Starts process, including running dynamic scenarios and communicating funding and financing strategy to FTA staff
Next Steps: Value Capture

► Develop financial framework and engage stakeholders for potential Community Facilities District(s) (CFD)

► Engage with stakeholders and taxing entities concerning potential formation of Enhanced Infrastructure Financing District(s) (EIFD)

► Refine financing strategy for leveraging value-capture related revenue streams to benefit project construction
Estimated Timing of Core Funding Commitments

- Entry into New Starts Project Development Process (2016)
- Sales Tax Ballot Measure (Nov 2016)
- Transit and Intercity Rail Capital Program Grant Process ("Cap and Trade") (2016/2017)
- EIFD and CFD Formation (2017/2018)
- Execution of New Starts Full Funding Grant Agreement (2019)
3. Questions/Discussion