

VTA's BART Silicon Valley Phase II Extension Update



BART Board of Directors
December 2, 2021

Background:

- VTA's application for federal funding, through the Expedited Project Delivery (EPD) Pilot Program, was accepted by FTA in May 2021
- As part of the traditional FTA funding application review process, FTA's Project Management Oversight Contractor (PMOC) conducted a probabilistic risk assessment based on "what-if" scenarios
 - **This risk assessment did not include preparation of a detailed independent cost estimate by FTA**
- Based on this assessment, FTA recommended an additional \$2.2 billion be added to the project estimate to cover additional costs, time and risk contingencies (above and beyond what is already included in VTA's \$6.9 billion estimate)
- VTA and BART reviewed the risk assessment report and provided a detailed response to FTA

VTA Estimate vs. FTA PMOC Risk Assessment:

Item	VTA EPD Estimate (\$M)	FTA PMOC Risk Assessment (\$M)*	Variance (\$M)	Primary Difference (s) between VTA and FTA PMOC
Construction	\$4,292	\$5,600	\$1,308 (30%)	<ul style="list-style-type: none"> - Additional time for construction - Additional contingency due to lower design level - Increased base cost for certain construction items - Higher annual inflation rate
Real Estate	\$322	\$413	\$91 (30%)	<ul style="list-style-type: none"> - Assumed additional acquisitions due to lower design level
Vehicles	\$205	\$221	\$16 (8%)	<ul style="list-style-type: none"> - Higher annual inflation rate
Professional Services	\$1,181	\$1,537	\$356 (30%)	<ul style="list-style-type: none"> - Additional time and staff assumed to complete project - Higher annual inflation rate
Unallocated Contingency	\$551	\$986	\$435 (79%)	<ul style="list-style-type: none"> - Additional contingency due to lower level of design
Finance Charges	\$390	\$390	\$0	
Total:	\$6,941	\$9,147	\$2,206 (32%)	

*FTA PMOC risk assessment did not include preparation of a detailed independent cost estimate

FTA Risk Assessment:

The additional \$2.2 billion recommended by FTA is mainly comprised of the following:

- Design Level

- Risk assessment was based on earlier design documents (10-15% level at time of application)

➡ *Currently, VTA's contracting documents exceed 30% design level*

- Schedule, Resources & Misc.

- Assumed a slower tunnel production rate and additional time for TBM procurement
- Also assumed additional time needed for systems integration testing and passenger service start-up

➡ *Based on feedback received from the shortlisted Tunnel and Trackwork teams, the project schedule has been adjusted accordingly*

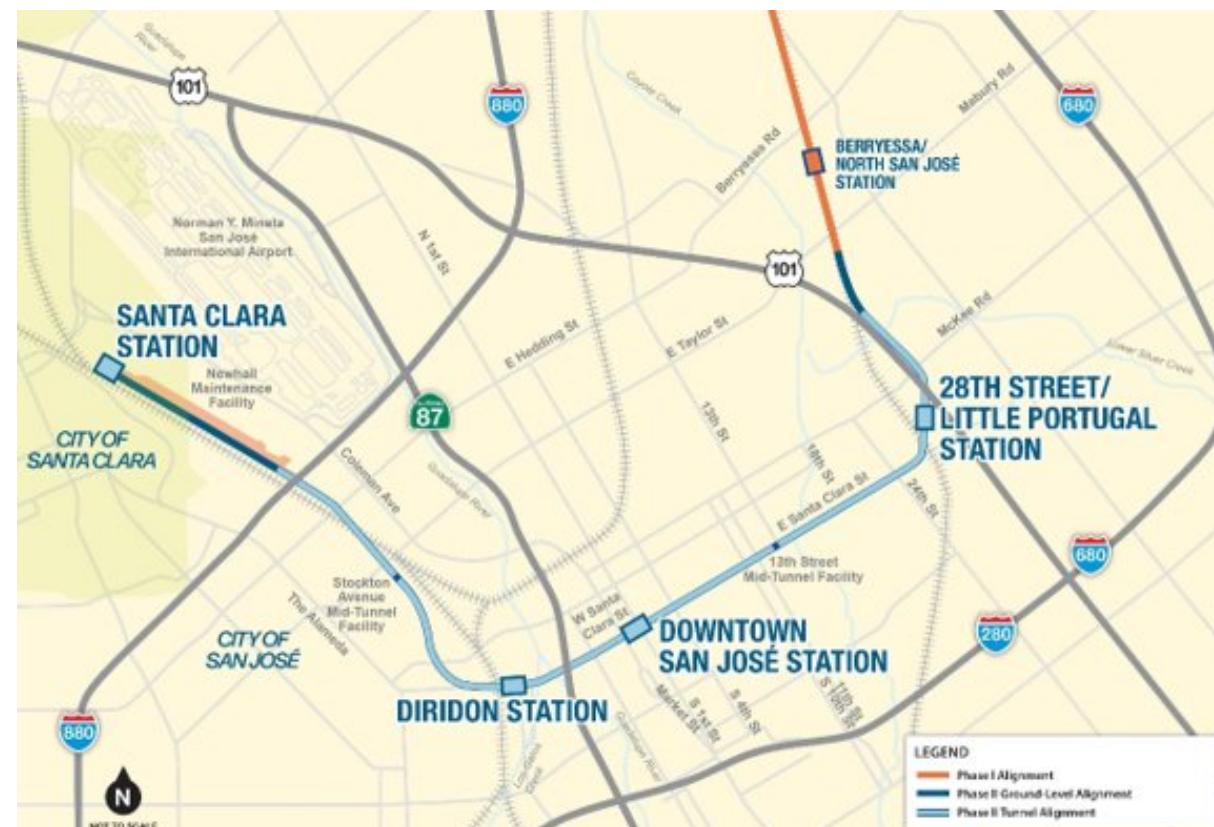
- Escalation, COVID-19 Impacts

- Assumed higher price escalation rates, potential labor and material shortages, and general macro-economics market conditions unforeseen labor and material shortages

➡ *Included escalation clause within contract documents along with executed Project Labor Agreement (PLA)*

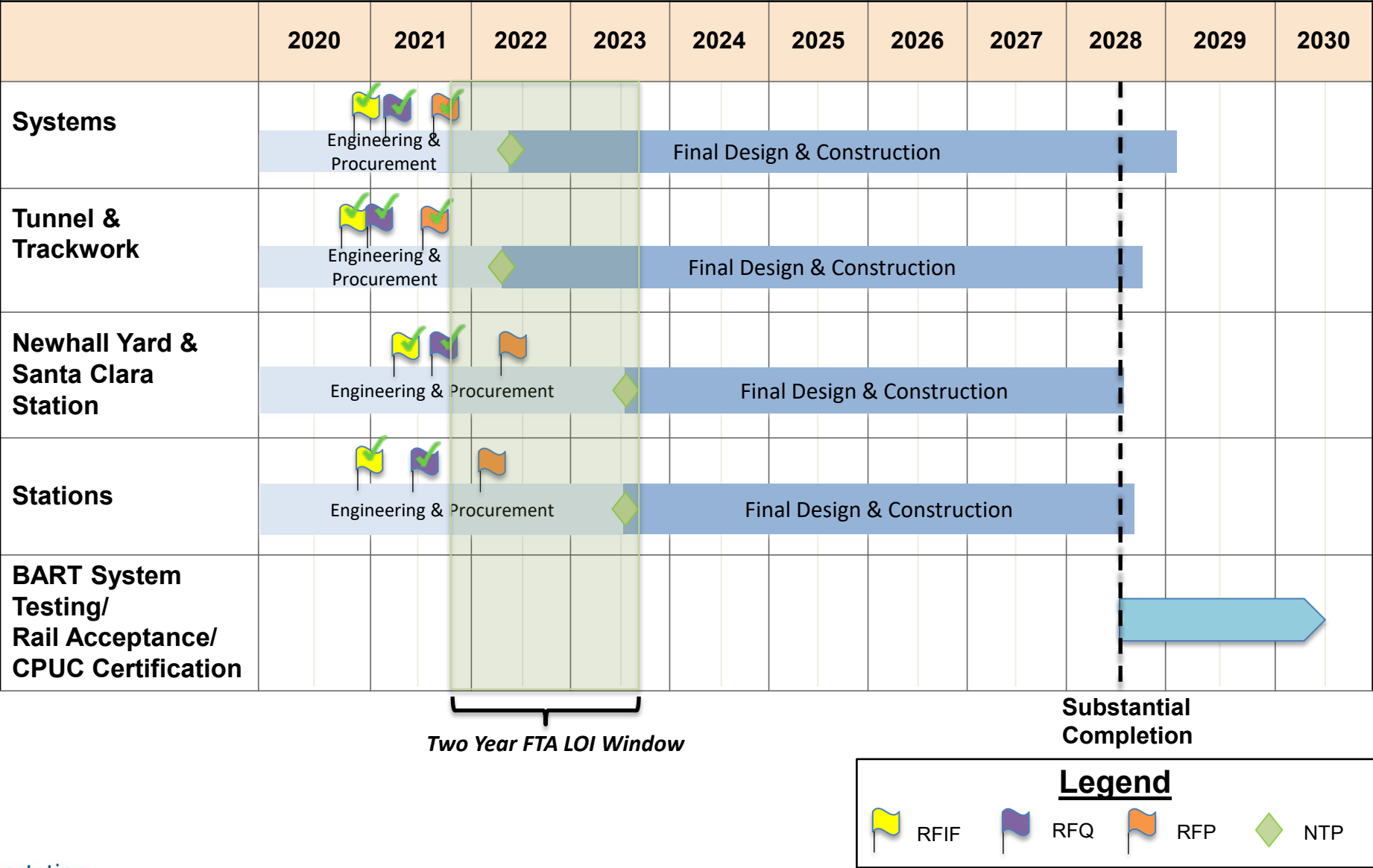
Next Steps:

- On October 25th, VTA received a Letter of Intent (LOI) from FTA announcing their intention to obligate federal funds for VTA's BART Silicon Valley Phase II Extension Project
- FTA intends to obligate up to \$2.287 billion or 25 percent of the final project cost, whichever is less for a Full Funding Grant Agreement (FFGA)
 - This amount represents a funding ceiling from FTA based on the lower-level design, perceived risks and potential unknowns at the time of the EPD application (early 2021)
- The LOI will be in effect for up to two years allowing VTA to establish a refined cost estimate based on actual construction bids, further mitigate or eliminate perceived risks, and solidify the funding plan to ultimately achieve a FFGA



Framework to Completion:

Framework subject to change based on industry feedback.



Questions?