



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Ristow

SUBJECT: See Below

DATE: August 3, 2026

Approved

Date:

8/12/26

COUNCIL DISTRICT: Citywide

SUBJECT: Response to Santa Clara County Civil Grand Jury Report Entitled
"VTA's Management and Oversight of BART Silicon Valley Phase II"

RECOMMENDATION

Approve the Department of Transportation's response to the June 17, 2026, Santa Clara County Civil Grand Jury report entitled, *"VTA's Management and Oversight of BART Silicon Valley Phase II."*

SUMMARY AND OUTCOME

Approval of this report will satisfy the requirement of Penal Code Section 933(c), which requires the City Council to respond to the Santa Clara County Civil Grand Jury final report (Grand Jury Report) within 90 days with the City of San José's (City) response to the Presiding Judge of the Superior Court on the findings and recommendations. The Grand Jury transmitted its final report to the City on June 17, 2026, with an accompanying letter indicating that the City's response would be due by Thursday, September 15, 2026. Once approved by the City Council, the City Attorney's Office will transmit the City's response to the Honorable Julie A. Emede, Presiding Judge, Santa Clara County Superior Court of California, County of Santa Clara.

BACKGROUND

The Santa Clara Valley Transportation Authority (VTA) is a special district responsible for public transit services, congestion management, specific highway improvement projects, and countywide transportation planning. VTA provides bus, light rail, and paratransit services, and participates in regional rail services including Caltrain, Capital Corridor, and the Altamont Corridor Express.

VTA was created in 1972 by the Santa Clara County Transit District Act. In 1995, state legislation created a Board of Directors at VTA (Board), composed of County and City representatives. Currently, the Board is governed by 12 members. Under state law, the City comprises Appointing Group 1.

On June 17, 2026, the Santa Clara County Civil Grand Jury released its report entitled “*VTA’s Management and Oversight of BART Silicon Valley Phase II.*” The Grand Jury Report states that it “identifies financial challenges, risks, and accountability issues that VTA must address to earn the public’s trust in delivering the Bay Area Rapid Transit (BART) extension to Silicon Valley and to secure support for future sales tax measures.”¹ The Grand Jury Report requires the City to respond specifically to Findings and Recommendations 6 and 7.

ANALYSIS

The Civil Grand Jury report contained 10 findings and associated recommendations, but only two of the findings and recommendations require responses from the City. California Penal Code Section 933.05(a) and (b) states that the responding person or entity shall provide certain basic information in the response to each finding and recommendation. Regarding the findings, respondent(s) must indicate whether they agree or disagree wholly. When disagreeing, in whole or in part, the respondent(s) must specify the portion of the finding that is disputed and shall include an explanation of the reasons. Regarding recommendations, respondent(s) must state whether the recommendation(s) has been implemented, has not yet been implemented, but will be implemented in the future (with a timeframe), requires further analysis (with an explanation), or will not be implemented (with an explanation). The following are Civil Grand Jury findings, recommendations, and the respective City responses.

FINDING #6

VTA Board Appointing Authority Groups 2 through 5 often do not follow VTA Administrative Code (Section 2-14) admonitions to “appoint individuals with appropriate experience and qualifications in transportation” and to “reappoint representatives to consecutive terms.”

Disagree. The City is not a member of VTA Board Appointing Authority Groups 2 through 5 and thus, cannot agree with whether those respective groups do not follow VTA Administrative Code (Section 2-14).

¹ Santa Clara Civil Grand Jury Report entitled, “*VTA’s Management and Oversight of BART Silicon Valley Phase II.*” June 17, 2026, Page 2.

RECOMMENDATION #6

VTA Board Appointing Authority Groups 2 through 5 should certify to the VTA Board that they will adhere to VTA Administrative Code (Section 2-14) admonitions, regarding Board member expertise and appointment to consecutive terms.

This should be implemented by December 31, 2026.

Will not be implemented. The City, as Appointing Authority Group 1, is not a part of VTA Board Appointing Authority Groups 2 through 5 and thus, cannot implement the recommendation.

FINDING #7

VTA Board Appointing Authority Groups 2 through 5 have different processes for making Board appointments.

Agree.

RECOMMENDATION #7

The cities represented in Appointing Authority Groups 2 through 5 should agree on a uniform process for making Board appointments.

This should be implemented by December 31, 2026.

Will not be implemented. While several recommendations made with the Grand Jury Report have the potential to improve the effectiveness of the VTA Board of Directors, the City of San José is not the agency best suited to make policy recommendations nor move proposals forward through the state legislative process.

EVALUATION AND FOLLOW-UP

Upon the City Council’s approval of the response to the Grand Jury Report, staff will develop and submit the required letter to the Presiding Judge of the Superior Court on or before September 15, 2026.

COORDINATION

This memorandum was coordinated with the City Attorney’s Office, City Manager’s Budget Office, and the Planning, Building, and Code Enforcement Department.

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Subject: Response to Santa Clara County Civil Grand Jury Report Entitled “*VTA’s Management and Oversight of BART Silicon Valley Phase II.*”

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PUBLIC OUTREACH

This memorandum will be posted on the City Council Agenda website for the August 25, 2026 City Council meeting.

BOARD, COMMISSION, COMMITTEE RECOMMENDATION AND INPUT

No board, commission, or committee recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-009, Staff Reports, Assessments, and Annual Reports, and Informational Memos that involve no approvals of any City action.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City’s Open Government Resolution.

/s/

JOHN RISTOW

Director, Department of Transportation

For questions, please contact Jessica Zenk, Deputy Director, Department of Transportation, at jessica.zenk@sanjoseca.gov or (408) 535-3543 or Matthew Tolnay, Senior Deputy City Attorney, City Attorney’s Office, at Matthew.Tolnay@sanjoseca.gov.

ATTACHMENT:

June 17, 2026 Santa Clara County Civil Grand Jury Report Entitled: “*VTA’s Management and Oversight of BART Silicon Valley Phase II.*”



2025-2026 Santa Clara County Civil Grand Jury

VTa's Management and Oversight of BART Silicon Valley Phase II

June 17, 2026

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SUMMARY

The Santa Clara Valley Transportation Authority (VTA) project to extend rapid transit rail service through downtown San José is controversial and the most costly and complex project it has ever undertaken. Known as BART Silicon Valley Phase II (BSVII), the \$12.7 billion project extends rail service six miles and includes a large, single-bore underground tunnel and will take 10 years or more from 2026 to complete (VTA, March 2024).

Despite significantly reduced ridership projections and uncertainty about funding sources for both capital and operating costs, VTA has awarded major construction contracts, including for the construction of a launch structure to stage a specialized one-of-a-kind Tunnel Boring Machine (TBM), which will be owned by VTA. Over the next few years, VTA anticipates awarding further construction contracts worth billions of dollars. To reduce uncertainty, the spokesperson for an independent peer review of the project urged VTA to move quickly to “build as much as you can, as fast as you can” (VTA Special Board Meeting, 2025). Such an approach assumes that there will be political will and taxpayer support to finish an incomplete project regardless of cost increases, delays, or reduced ridership.

The VTA's Board of Directors (Board) has recognized the need for additional oversight and guidance, but the Board has failed to exercise its obligation to provide the strategic direction needed for a successful project. The Oversight Committee it created has been left to define its own role. It was not required to, and does not, provide reports that share available independent analyses of critical issues. The Oversight Committee does not routinely make policy recommendations to the Board and does not hold VTA staff accountable for providing the timely analysis it has requested.

The 2025-26 Santa Clara County Civil Grand Jury (Civil Grand Jury) investigated the role of the VTA Board, its Oversight Committee, its staff, and officials in the management and oversight of the BSVII project.

This report identifies financial challenges, risks, and accountability issues that VTA must address to earn the public's trust in delivering the Bay Area Rapid Transit (BART) extension to Silicon Valley and to secure support for future sales tax measures.

BACKGROUND

The Valley Transportation Authority is a transportation agency established by state law. It is responsible for operating public transit services, including buses, light rail, and paratransit within Santa Clara County. In addition to public transit, VTA is a planning and funding agency for transportation infrastructure projects throughout Santa Clara County. As established by the California Public Utilities Code Sections 100060-100070, the VTA is governed by a 12-person Board of Directors composed of elected officials appointed by the County of Santa Clara (County) and the cities in Santa Clara County, who each serve two-year terms. The Board has many responsibilities and its monthly meeting agendas are lengthy.

The San Francisco Bay Area Rapid Transit District provides regional commuter rail service and is governed by a nine-person Board of Directors elected to four-year terms from districts representing San Francisco, Alameda, and Contra Costa counties. As part of its larger regional system, BART operates the commuter rail service within Santa Clara County.

By contract with BART, VTA is solely responsible for paying the capital and net operating costs of extending commuter rail service into Santa Clara County (BART and VTA, Comprehensive Agreement, 2001). Although the County was not included in the legislation establishing BART, voters of Santa Clara County supported three sales tax measures which provided funds to plan, build, and operate the extension of BART to Santa Clara County. Today, 1.625% of sales tax collected in Santa Clara County supports VTA and other local jurisdictions (see Table 1). If a currently proposed measure qualifies for the ballot, in November 2026, voters will decide whether to approve an additional 0.5% sales tax to fund local transit, which would increase the County's base sales tax rate from the current 9.75% to 10.25%.

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Table 1: Countywide Sales Tax in Santa Clara County, Effective April 2026

Description	Sales Tax %	Expiration	Funding Purpose
California Base	7.250%	No Expiration	State General Fund
			Local Revenue Fund
			Local Public Safety
			Health & Social Services
1976 Measure A	0.500%	No Expiration	Transit: VTA
2000 Measure A	0.500%	2036	Transit: VTA, BART Silicon Valley
2008 Measure B	0.125%	2042	Transit: BART Silicon Valley
2016 Measure B	0.500%	2047	Transit: VTA + County/City/Caltrain/Caltrans Infrastructure
2012 Measure A	0.125%	No Expiration	County General Fund
2020 Measure RR	0.125%	2050	Transit: Caltrain
2026 Measure A	0.625%	2031	General incl. Healthcare
Total Base Sales Tax Rate	9.750%		

Data extracted from: California Department of Tax and Fee Administration. 2026. (<https://cdtfa.ca.gov/formspubs/cdtfa105.pdf>); VTA Annual Comprehensive Financial Report. Page 3-10. 2024. (<https://www.vta.org/sites/default/files/2024-12/Annual-Comprehensive-Financial-Report-ACRF-FY-2024.pdf>).

Note: Some cities have higher voter-approved rates in addition to the County base rate; Highlighted section of the table refers to sales tax measures that fund VTA.

The first phase of BART to Silicon Valley extended service to Milpitas and then to the Berryessa Transit Center (Berryessa). Construction started in 2012 and was completed in 2020. Ridership for Phase I has not met forecasts, and due to operational, maintenance, and depreciation expenses, VTA has experienced significant financial losses. According to data reviewed by the Civil Grand Jury, BART to Silicon Valley Phase I has lost an average of \$69 million annually during the first five years of operation.

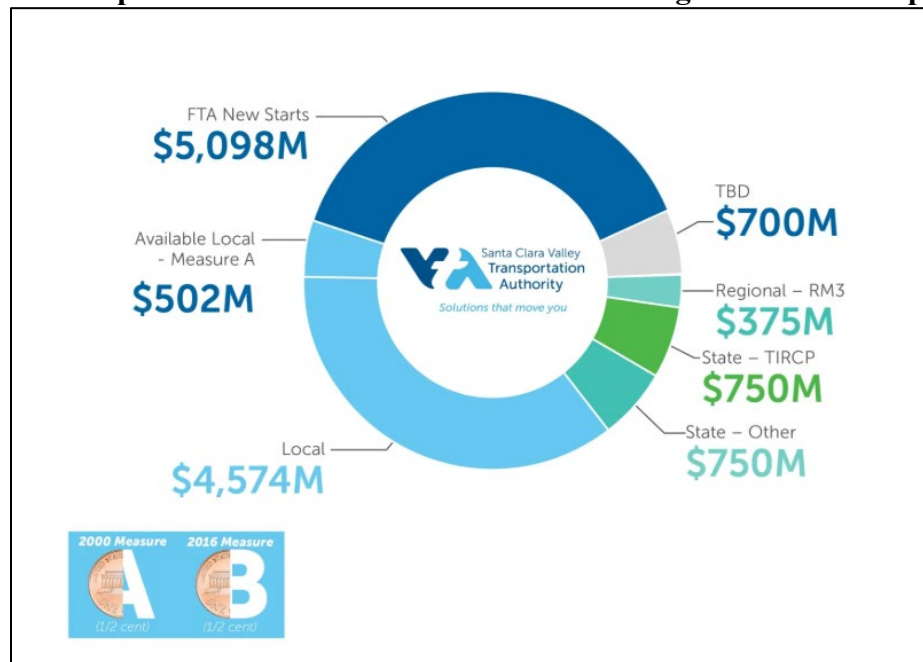
The second phase consists of a six-mile, four-station extension from Berryessa through downtown San José to the City of Santa Clara. For this phase, VTA is targeting completion by 2037. As a condition of federal funding, the Federal Transit Administration (FTA) has appointed a Project Management Oversight Consultant (PMOC). The PMOC uses a more conservative schedule and forecasts completion in 2039 (AtkinsRéalis USA Holdings LLC, 2026).

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At an early planning stage in 2014, the BSVII project cost was estimated at \$4.7 billion. By 2020, the cost estimate increased to \$6.9 billion. In 2022, based on the PMOC's projected cost analysis, VTA submitted an estimate of \$9.1 billion to the federal government for an Early Start Grant. In October 2023, VTA estimated the construction cost at \$12.2 billion with operations to begin in 2036. The most recent estimate is \$12.7 billion, and operations are pushed back to 2037 (VTA Auditor General Report, January 2024).

The project's funding sources include federal and state grants, as well as local revenues from voter-approved sales tax measures. All the funding sources are subject to risks, which are identified in this report. Figure 1 shows the funding sources with \$700 million to be determined (TBD) and \$375 million from a potential ballot measure in November 2026.

Figure 1: Components of \$12.7 Billion in BSVII Funding Sources as of April 2026



Source: vtabart.org website (accessed April 9, 2026)

Although two years earlier, VTA had asked for a federal commitment of \$6.3 billion, in August 2024, the FTA announced that its share of funding would be capped at \$5.1 billion (Geha, 2024). VTA was forced to increase its reliance on local sales tax revenue and still faced a gap of approximately \$700 million (VTA, Summer 2025). To reduce project costs, VTA has been studying design changes while maintaining the full six-mile extension with four stations. Options discussed by VTA staff and officials include (VTA, November 11, 2024):

- Simplifying station configurations;

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- Modifying the Santa Clara Newhall Yard and Maintenance Facility;
- Modifying the tunnel and station ventilation systems;
- Substituting a surface parking lot for a parking structure;
- Reconfiguring the tunnel to use less concrete and steel.

In addition, the funding strategy assumes \$375 million from the yet-to-be-approved regional sales tax measure for a total outstanding gap of \$1.075 billion.

Due in part to the significant increase in estimated cost and a perceived lack of communication about the project's cost, risks, and schedule, the Board conducted a workshop in October 2023 to review the project's status. At this workshop, individual Board members expressed a lack of confidence in the VTA staff's management of the project and requested a new system of oversight and project management.

In response, the Board chair established an Ad Hoc BART Silicon Valley Phase II oversight committee (Oversight Committee) responsible for overseeing all aspects of the project, focusing on a full, independent, and transparent review of costs, funding, risks, and completion schedule. The Oversight Committee's bylaws later stated that its purpose was to provide "guidance and oversight" of the project (VTA, April 4, 2024).

The VTA independent auditor general was tasked with providing staff support to the Oversight Committee and was authorized to contract with Subject Matter Experts (SMEs) to independently review and comment on VTA staff recommendations regarding costs, risks, and schedule. In turn, the Oversight Committee authorized the SME firm, Gall Zeidler (GZ), to independently assess the risks and viability of cost-saving alternatives.

In a 2001 Agreement, VTA and BART agreed to cooperate in the project's planning, design, and construction. They established a series of interagency committees, the latest of which is the Joint VTA/BART Working Committee, which depending on the availability of its members, is scheduled to meet quarterly. BART staff members have been assigned to co-locate with VTA engineers to participate in the preparation and review of BSVII designs in accordance with the agreed Project Design Criteria Manual. According to the BART Inspector General, VTA has reimbursed BART \$19.2 million through 2025 for the cost of the assigned employees (BART, December 19, 2025). In August 2025, the BART assistant general manager, operations, rejected some of VTA's proposed design changes and scope reductions and complained about inadequate coordination (see [Appendix A](#)). The BART inspector general issued a report in December 2025 that also raised concerns about inadequate coordination and criticized VTA's communication with BART officials (*Id.*).

METHODOLOGY

The Civil Grand Jury reviewed every meeting of the BSVII Oversight Committee, as well as select VTA Board meetings. This included reviewing agendas, minutes, agenda item reports, public comment submittals, and associated discussions.

In addition, the Civil Grand Jury conducted 17 interviews of officials from VTA, BART, and the State of California. The Civil Grand Jury also reviewed publicly available documents as described in the reference section, as well as documents requested from VTA and submitted to the Civil Grand Jury.

INVESTIGATION

The Civil Grand Jury investigation of the BSVII project covered critical aspects of VTA's management and oversight, including:

- VTA's funding strategy and its reliance on voter-approved sales tax measures, some of which expire before completion of the project, and some of which have yet to be approved;
- The establishment of a separate Oversight Committee which provides guidance on the BSVII project and how it evaluates independent analyses provided by the VTA auditor general, contracted SMEs, and the federally mandated PMOC;
- The contractual and practical requirement to closely coordinate with BART, which will serve as the system operator;
- The impact of the VTA Board's governance structure on the effectiveness of strategic direction, management, and oversight of the project;
- VTA's approach for keeping the public informed of costs, risks, and schedule.

Financial Risks

The 10-year project completion timeline of BSVII exposes VTA to financial risks that require careful, ongoing assessment of capital and operating costs, including that:

- Rising labor and material costs, combined with aggressive construction methods and schedules, may increase total project costs and strain the budget's contingency for unforeseen risks and unexpected expenses;
- Delays or reductions in state and federal funding will create greater pressure to rely on local funding sources or scale back the scope of the project;
- Lower ridership levels will increase VTA's ongoing obligation to pay net operating costs, which would necessitate service level reductions or voter approval of new or extended sales tax measures;
- Failure to maintain a cash-flow model exclusive to BSVII, means that contracting options for accelerating work may not be able to be financed with available resources.

Risk of Increased Costs of Labor and Materials

The FTA fiscal year 2025 New Starts Financial Assessment report for BSVII stated the VTA inflation estimate was optimistic. If labor and material costs were to rise above those estimated in VTA's budget, it could lead to funding shortfalls (FTA, 2024).

The VTA auditor general's May 1, 2025, report to the Board also identified BSVII financial risks associated with project construction costs. The report found that the assumptions and historical data underlying VTA's financial plan could be more robust to enable the Board and the public to evaluate the financial risk associated with the potential cost increases (VTA, 2025).

Another factor that increases the difficulty in predicting materials and labor costs is the possible extension of the 2037 project completion date. The longer timeline for BSVII increases the likelihood that future costs will differ from current estimates, thereby increasing financial risk.

Local, State, and Federal Funding Risks

The capital cost of construction and the net operating costs are to be paid by VTA from specific revenue sources, some of which are grants with fixed amounts.

The financial risks identified by the Civil Grand Jury have been experienced by other major transit agencies. For example, the various rail projects of the [Los Angeles County Metropolitan Transportation Authority](#) (LA Metro) faced escalating cost estimates, reductions in federal funding, cuts into smaller construction segments to match available funding, and shifting agency priorities (Shalby, 2026).

Local Funding Risks

VTA's capital financing plan calls for the 2016 Measure B to pay \$2.5 billion and for the 2000 Measure A to pay \$2.0 billion of the estimated \$12.7 billion BSVII project. Measure A expires in 2036, before BSVII is expected to be completed. Measure B expires in 2047 (VTA, About 2016 Measure B, n.d.). As the project's cost estimates have evolved, so have the planned funding sources. Measure B has become a much more significant source of proposed funding.

Because Measure B also funds bus transit, local streets, and highway projects, there are built-in limitations on the amount available to close a BSVII financing gap. Measure B limits spending on BSVII to 23.8% of net sales tax revenue over its 30-year life (FTA, 2024). Net sales tax revenue (defined as Program Tax Revenue in the measure) is calculated as the amount remaining after deducting administrative costs and any debt service.

To close current and potential future funding gaps, VTA could issue bonds to be repaid from Measure B sales tax revenue. However, this would reduce the revenue available for other voter-approved projects. Every dollar spent on debt service for BSVII is a dollar that cannot be spent on

the other transportation projects approved by the voters. Because of bond issuance and interest costs, the total project costs would exceed the current estimate of \$12.7 billion.

Another risky approach to filling funding gaps would allow the Board to change the rules and permit a greater percentage of Measure B net sales tax revenue to be used for BSVII. One VTA official acknowledged to the Civil Grand Jury that this would be a “heavy lift” because VTA would first have to notify all the local agencies of the proposed increase in the percentage limit and then approve it by a $\frac{3}{4}$ vote of the Board (9 of 12 Board members). The County and the cities that have planned other transportation measures are likely to object to reduced funding for their projects.

Of course, more Measure B funds could become available to support the capital costs of BSVII if the expected sales tax revenue exceeds previously anticipated levels. While early projections were based on 2016 economic conditions, it is important for the strategic funding plan that the sales tax forecast be updated regularly. The Civil Grand Jury was informed that VTA has ordered an updated forecast.

Because two key sales tax measures are set to expire, several VTA officials stated in interviews that they would simply place a measure on a future ballot for voter consideration if an extension were needed. Given the current sales tax rates applicable within Santa Clara County and the need for management and oversight reforms identified in this report, there is a risk that voters may not approve such a measure.

State Funding Risk

As of April 2026, the capital construction funding strategy required \$1.5 billion from two State of California grants. The VTA has received commitments for nearly \$200 million of that total. The sources of funding are the Transit and Intercity Rail Capital Program (TIRCP) and transportation funds administered by the Metropolitan Transportation Commission (MTC), both of which may be affected by a recent state decision to provide a bridge loan to Bay Area transit agencies (MTC, 2026).

In February 2026, the California legislature appropriated \$590 million from the same TIRCP account to provide a 12-year loan to MTC. These loan proceeds will be made available to San Francisco Municipal Transportation Agency, AC Transit, BART, and Caltrain to help address a greater need for public transit subsidies. The agencies are required to repay the loan over 12 years (MTC, 2026).

The state justified the loan on the basis that the transit agencies would be able to stabilize their financial situations and avoid service reductions pending the anticipated approval in November of a regional sales tax measure. If the regional measure does not pass, or if for any other reason the agencies do not repay the loans on time, the timing of the receipt of funding to VTA might create some cash flow risk for the project.

Further, the TIRCP account itself is funded by payments from private parties who agree to purchase pollution credits in the state's Cap and Invest program. The program's future is uncertain in light of federal changes to environmental regulations and pending legal challenges from the State of California (California State Transportation Agency, n.d.).

Federal Funding Risk

In August 2024, the FTA advised VTA that the federal government's total contribution to the project would be limited to \$5.1 billion. To receive these funds, VTA plans to apply for a Full Funding Grant Agreement (FFGA) by the end of 2026.

Federal support for large-scale rail projects is uncertain. In 2025, the FTA canceled a \$4.2 billion commitment to the California High-Speed Rail Project (Shalby, 2025). VTA's lobbyists have suggested delaying the FFGA application until similar requests from other states are resolved. Considering the political, economic, and budgetary conditions of the United States, approval of VTA's request for an FFGA is highly uncertain. It may be delayed, reduced, or denied.

Low Levels of Ridership Could Increase VTA's Future Costs

BART ridership on the current regional system has not recovered to pre-pandemic levels. Ridership in January 2026 remains only 48% of the levels in January 2019 (BART, January 2026; BART, 2019). Recovering ridership may prove difficult due to the growth of hybrid work patterns.

The Civil Grand Jury also reviewed the forecasts for the first phase of the project, which included the new Milpitas and Berryessa stations. For January 2026, ridership was 86% below estimates (see Table 2).

Table 2: BART Ridership at Milpitas and Berryessa Stations

	Forecast for Average Daily Weekday Ridership for June 2021 at launch	Actual Ridership, January 2026
Ridership/Day	20,110	2,789

Source: Joint VTA/BART Working Committee Meeting, December 4, 2020; BART February 2026 Monthly Ridership Snapshot.

Note: VTA created forecasts in 2020, expressed as rides per day. BART actuals are based on recorded station entries and exits. To normalize BART actuals to the VTA forecast, entries and exits were averaged to produce a daily ridership figure.

An overall decrease in ridership has led BART to project a \$376 million budget deficit for FY2026-27. To seek additional revenue, BART is relying on a 0.5% additional sales tax measure on the November 2026 ballot that would begin in 2027 and remain in place for 14 years. If the ballot measure does not pass, BART has proposed closing up to 15 stations and reducing service hours and train frequency (BART, February 26, 2026). Ironically, the proposed station closures would not affect Santa Clara County because VTA is solely responsible for the net operating costs.

According to VTA records reviewed by the Civil Grand Jury, for the first three years of operation, VTA forecasts annual average costs of \$274 million for operations, maintenance, and capital costs. Average fare revenue is forecast at \$60 million, offsetting VTA's financial obligation to BART, resulting in an average annual financial loss of \$214 million. Any drop in ridership will lead to further financial losses.

The Need for a BSVII Cash Flow Model

With a price tag of \$12.7 billion, BSVII is the largest public infrastructure project in Santa Clara County (Aragon, 2025). Nearly 60% of the planned funding sources include revenue from grants that will not be distributed in advance but will be reimbursed in accordance with each grant's draw schedule (See Figure 1). The timing of those cash inflows must be carefully matched with the timing of payment schedules for construction contracts worth billions of dollars.

VTA staff is evaluating different approaches to contracting the construction work. Alternatives are being evaluated for the following reasons: 1) to identify segments of work that could be bid out separately to accelerate the overall schedule; and 2) to identify segments for which there is a greater likelihood of strong competitive bids. For each contract, the cash outflows will be specified and must be carefully matched with the cash inflows.

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A cash flow model that matches receipts and expenditures for BSVII would enable VTA decision-makers to fully evaluate the alternative approaches being studied. However, VTA officials have advised the Civil Grand Jury that such a model has not yet been developed. A cash flow model is necessary to avoid unplanned delays from cash shortfalls.

Oversight Concerns

VTA Board Recognizes That Oversight Must be Improved

Independent reports and audits have identified problems with project management and VTA Board oversight, including those identified by a prior Civil Grand Jury, the California State Auditor, and the PMOC (AtkinsRéalis USA Holdings LLC, 2026). VTA's cost-estimation practices, along with its lack of transparency around changes to project scope and cost, were identified as significant deficiencies. VTA's oversight and management of the BSVII project have also been heavily criticized by the media, in public comments presented at Board meetings, and in letters to the editor of multiple local publications.

VTA Board Outsources Guidance and Oversight of the BSVII Project

Following a workshop on the project's direction in October 2023, the VTA Board Chairman announced the creation of an Ad Hoc BART Silicon Valley Phase II Oversight Committee (VTA, 2023).

However, only the Board can make binding decisions on the project's scope, funding, risks, schedule, and contracting approach. While ultimately accountable itself, the Board nonetheless effectively delegated oversight to a committee without providing clear direction. By abdicating its responsibility to set its expectations of how the Oversight Committee can best support the Board, the committee has been left to set its own course. That course does not keep the Board fully informed of issues raised by independent experts or the PMOC, hampering its ability to make the best decisions about the project's funding and schedule.

At its meeting on January 15, 2026, the Oversight Committee adopted what it called a revised charter intended to clarify the lines of communication and relationships among the auditor general, SME, VTA staff, and Oversight Committee (VTA, January 15, 2026). Members of the Oversight Committee had expressed concern about a perceived lack of coordination between VTA staff and the SME. Nonetheless, the question remains: Is the role of an SME to provide the Board with an independent review of VTA staff recommendations as originally intended, or is it to help VTA staff improve their recommendations? Notably, in the following excerpt, the Charter requires the

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auditor general to document issues raised by the SME and the VTA staff but does not require that the full Board be advised of the critical issues:

To ensure transparency and balanced oversight, selected advisory input from SME will be documented in Oversight Committee materials. Where consensus exists between the SME and the Project Team, it will be noted. Where minority or dissenting views are expressed, the AG [auditor general] will explicitly record final input received alongside the majority view (VTA Oversight Committee Charter, 2026).

During Oversight Committee meetings, there are few deliberations or actions to provide collective guidance or oversight, leaving individual members to raise questions and propose guidance for VTA staff to consider. VTA staff also receives input from individual members in private pre-meeting briefings. As a result, the full Board does not benefit from Oversight Committee analysis, and the public is not fully informed about individual Board member perspectives.

The Committee Has Two Purposes: Guidance and Oversight

“Guidance” suggests that the committee helps the Board establish a strategic direction and recommend actions to keep the project on track. “Oversight,” on the other hand, is a separate function that ensures VTA staff is accountable for following the Board’s direction in an efficient and effective manner. “Guidance” looks forward. “Oversight” monitors implementation as it happens.

Better at Oversight than Guidance

The Oversight Committee requires VTA staff to produce a comprehensive monthly report detailing the financing and construction progress of the BSVII project. The auditor general provides insightful periodic reports on his independent review of the project’s costs, risks, and schedule. The VTA staff’s monthly reports address the information gap identified in the auditor general’s January 2024 report. As a result, the Oversight Committee can effectively monitor compliance with the Board’s direction.

However, the Oversight Committee often fails to provide guidance on issues critical to future strategic direction.

Strategic Guidance on Critical Issues is Informal, Intermittent, and Often Late

VTA staff routinely provide private briefings to Oversight Committee members prior to meetings. Those briefings allow VTA staff to explain and advocate for their recommendations and to receive input and questions from individual members. Occasionally, some agenda materials for an Oversight Committee meeting are not published with the rest of the agenda because VTA staff members will modify presentations up to the last minute based on what they have heard in private briefings.

The Oversight Committee has established an informal standard of limiting its once-monthly meetings to no more than two hours, and meetings often do not begin on time. At the meetings, VTA staff often deliver lengthy presentations on issues for which it will subsequently seek Board approval, leaving little time for committee deliberations.

During these presentations, only a few members ask questions, and rarely does a committee member propose a policy recommendation that the Oversight Committee might take action on. Individual Oversight Committee members are given the opportunity to express support or concern about a proposed VTA staff position, providing VTA staff with some insight into how to frame their recommendations to the Board.

The Oversight Committee receives independent analyses from the VTA auditor general, its contracted SME, and the PMOC. The committee often receives lengthy written comments from the public but limits oral comments to one minute. Members of the committee rarely comment on materials received from the public, many of which are extensive critiques of the VTA staff recommendations. Following each meeting, the Oversight Committee chair submits a short report summarizing discussion topics, which is placed on the VTA Board's consent calendar.

Following presentation to the Oversight Committee, formal VTA staff recommendations are made to the VTA Board, but without the benefit of a summary or synthesis of the alternative perspectives from the auditor general, SME, PMOC, or informed public comment.

The Civil Grand Jury identified three examples of policy issues for which guidance was needed but delivered inadequately. One of the examples, the single-bore versus twin-bore issue, illustrates both the failure of the committee to make recommendations and the VTA staff's failure to follow through on committee requests in a timely manner.

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Example of Inadequate Guidance: The KST Contract Decision

The Oversight Committee endorsed a major contract change without providing independent analysis, articulating its rationale, or conveying identified risks to the Board.

VTA had issued a contract to a construction consortium, Kiewit Shea Traylor (KST), using a “progressive/design/build” approach, under which KST would design the tunnel project and, after reviews by VTA and its construction management consultant, KST would build it. By the spring of 2025, VTA believed that KST’s proposed design could significantly increase the project’s estimated cost by up to \$1 billion and that it would be preferable to engage in a competitive bidding process for the remaining tunnel work. In a more traditional contract approach, VTA would prepare the design specifications and contract conditions. To accomplish this, it was necessary to limit the contract with KST to only the work required to prepare for the TBM, which VTA would own but make available to the tunneling contractor to operate and maintain.

At its June 12, 2025, meeting, VTA staff presented its proposal to modify the KST contract to the Oversight Committee, which unanimously endorsed it. Two weeks later, the VTA Board met and approved VTA staff recommendations. Although the VTA staff agenda report did include a reference to the Committee’s recommendation, it did not include the risk analysis that had been reviewed by the Committee. The Oversight Committee’s regular report to the VTA Board was placed on the consent calendar and simply reported the committee’s concurrence with the VTA staff recommendation. There was no report or analysis laying out the reasons for the Oversight Committee’s concurrence or the SME’s risk assessment. Therefore, the Board made its decision without a complete understanding of the risks.

Example of Inadequate Guidance: The Twin-Bore versus Single-Bore Decision

The Oversight Committee retroactively requested a side-by-side analysis of tunnel options through Downtown San José.

A preliminary design controversy was whether to tunnel two smaller bores for the downtown San José underground tracks or to tunnel a single larger bore at greater depth. Downtown businesses had raised concerns that the twin-bore approach would require additional work and disrupt their operations during construction.

BART initially opposed the single-bore tunnel approach because it differed from its existing, smaller twin-bore tunnels. However, the BART inspector general reported that in the spirit of

cooperation, BART officials consented to the single-bore approach after being assured that operational and safety concerns would be met (BART, December 19, 2025).

In December 2022, VTA approved the fabrication and purchase of a large TBM for \$76 million, effectively locking in the single-bore approach. In a news article dated November 7, 2023, in the Mountain View Voice, San José Mayor Matt Mahan was quoted as saying: “There is no turning back now” (Hicks, 2023).

Nonetheless, individual Board members and informed public commenters continued to raise questions about whether a twin-bore approach might be cheaper, faster, and safer for BART operations. In response, members of the Oversight Committee commissioned an analysis of the two options for costs, risks, and impact on schedules.

In September 2025, more than 18 months after the request, VTA and its engineering consultants presented their analysis to the Oversight Committee, confirming the single-bore approach. Although it had requested the analysis, the Oversight Committee did not make a recommendation to the Board. In October 2025, the Board was presented with the VTA staff and consultants’ analysis and confirmed the single-bore approach by declining to take steps to amend the environmental documents or modify the tunneling contracts.

Example of Inadequate Guidance: Scenario 1 versus 1a Decision

In October 2025, VTA decided on an approach to the construction of the tunnel without the benefit of the SME’s analysis that the Oversight Committee had requested.

Before design work could progress to a more advanced level, the VTA Board needed to decide between two alternatives for staging the actual tunneling work. The SME had suggested that concurrent tunneling from both ends could reduce costs and accelerate the schedule (VTA, June 12, 2025). The two options were labeled “Scenario 1” (a straight-through tunneling using the larger TBM from west-to-east) and “Scenario 1a” (an option of concurrent tunneling starting at both the east and west portals using two TBMs).

Although this would require two TBMs, the east-to-west work could be done simultaneously with a smaller-bore tunneling machine. Further, the SME reported that a smaller-bore TBM was readily available and would require less lead time than the TBM being fabricated in Germany.

Because the Oversight Committee considered the potential benefits significant, the committee asked both VTA staff and the SME to analyze the options and prepare a recommendation. On

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August 4, 2025, the Oversight Committee authorized an expenditure of \$110,000 and directed the auditor general to contract with GZ for the requested work. GZ presented interim reports on September 11, 2025, and October 9, 2025, and promised to deliver its completed report at the November 2025 meeting of the Oversight Committee.

VTA staff subsequently presented its analysis and recommendations to the Oversight Committee on October 9, 2025. Although the Project Manager stated that the VTA staff was aware of some of GZ's preliminary analysis (especially differing assumptions about the rate at which each of the two TBMs can move forward when digging a tunnel), VTA staff requested a Board meeting to decide between the two alternatives. In prior presentations to the Oversight Committee, VTA staff said that the analysis would be presented at a Board "workshop" (at which no formal action could be taken). However, a special meeting of the Board was called for October 17, 2025, and VTA staff made its recommendations to the Board, neglecting to advise the Board that the Oversight Committee was still awaiting the GZ analysis that the Committee had authorized.

The Oversight Committee failed to present any report or recommendation at the special meeting. As a result, the Board adopted 'Scenario 1' without the benefit of an independent analysis of the risks.

On February 12, 2026, four months after the Board made its decision, the SME presented his written report analyzing the options and raising concerns that should have been considered before the decision.

VTA Staff Accountability for Responding to Oversight Committee Member Requests

The auditor general maintains two types of monitoring reports: a tracking report that lists the requests of individual committee members for information or analysis, and a work plan that lists the schedule for upcoming formal reports, including risk assessments such as financing and procurement risks. Both monitoring reports establish a due date, but the deadlines are often not met.

During public meetings, Oversight Committee members rarely discuss the tracking report or the work plan and do not publicly comment on changes to the expected date in subsequent reports. More importantly, neither the auditor general nor the Oversight Committee holds VTA staff accountable for late responses to issues raised in the tracking report. Below, the Civil Grand Jury presents two examples:

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Example of Lack of Accountability: Prolonged Delay in Analysis of Single-Bore versus Twin-Bore

The side-by-side analysis of two design options was not provided until more than 18 months after it was first requested.

At the Oversight Committee's first meeting in November 2023, a member of the public requested that the committee order a cost and risk analysis of the single-bore versus twin-bore options, which remained controversial following the VTA Board's selection of the single-bore option in 2018. In 2023, the Chair of the Oversight Committee responded that such an "apples-to-apples" (side-by-side) analysis would be one of the committee's first tasks. Here are some of the subsequent activities:

- At the committee's meeting on January 19, 2023, two committee members formally requested the "apples-to-apples" analysis and placed it on the committee's tracking list. (VTA, March 2025). At its meeting on June 13, 2024, the Project Manager reported that the scope of the twin-bore analysis would be worked on and reported to the Board "over the course of the summer."
- At its meeting on August 8, 2024, a member of the public asked about the status of the "apples-to-apples" analysis.
- At the September 12, 2024, Oversight Committee, the auditor general announced that VTA staff had asked engineering design contractor Mott Macdonald to conduct the "apples-to-apples" review.
- The March 2025 tracking report included a comment regarding the "apples-to-apples" comparison: "These items are being evaluated as part of cost savings task force efforts with participation from GZ" (VTA, April 2024).
- One year later, on September 11, 2025, Mott Macdonald presented its analysis of the twin-bore versus single-bore options – nearly 22 months after the request was first discussed at an Oversight Committee meeting – concluding that the single-bore option was preferred (VTA, September 11, 2025).

Example of Lack of Accountability: An Alternative Strategy Some Call "Plan B"

Despite multiple requests for an alternative strategy to address risks associated with the federal funding decision, VTA staff advised the Oversight Committee that it would wait until after the federal decision.

Since the Oversight Committee meeting on October 9, 2025, committee members have stressed the need for an alternative strategy in the event the federal government delays or denies the FFGA

for the promised \$5.1 billion. Some committee members asked whether a “Plan B” might include reducing the number of planned stations or revising the funding strategy. VTA staff reported to the Civil Grand Jury that there was reluctance to discuss a “Plan B” out of concern that the discussion itself might jeopardize the FFGA. At public meetings, VTA staff dismissed requests for an alternative funding strategy, instead reporting that an alternative plan should not be prepared until the FTA made its decision in 2027. This is an example of the VTA staff’s dismissal of the Oversight Committee direction.

Expediency of Decisions versus Rigorous Analysis

The Civil Grand Jury identified tension between VTA Board members’ competing goals: avoiding delays in decision-making and requiring rigorous, independent analysis of costs, risks, and schedule. In public meetings, the Project Manager has often stated that each month of delay adds \$20 to \$30 million to the overall project cost (Dorsey, 2025).

There is a strong financial incentive to keep the project moving by advancing decisions incrementally—approving one component at a time to show visible progress—without fully evaluating how each step alters the project’s overall cost, scope, and risk. For a project of this size, complexity, and cost, this piecemeal approach masks cumulative effects, increasing the likelihood of cost escalation and delays. These should be identified and addressed through rigorous, front-end analysis.

With two-year terms and constituencies limited to portions of the County, Board members may understandably focus on immediate actions rather than the long-term, systemwide implications that demand a coherent strategic plan.

The Role Assigned to the Auditor General

The Oversight Committee benefits from periodic risk assessments and audits performed by the VTA auditor general on the BSVII project. However, by assigning the auditor general the responsibility to also provide staff support to the Oversight Committee, VTA has created a situation in which the auditor general is asked to provide an independent audit of prior decisions while also assisting the committee in evaluating future policy and management decisions.

At the June 2025 public Board meeting, the auditor general stated that he sometimes feels like a referee among the analyses provided by VTA staff, the SME, the public, and the PMOC. However, the VTA Board is the final arbiter, not the auditor general.

The Board is best served when it hears all relevant views on an upcoming decision and is presented with options and a recommendation. The auditor general's participation and input are critical, but he should not be placed in the position of having to synthesize all the competing views, including his own.

The auditor general is better placed to assist the Oversight Committee in its role of "oversight" and less so in commenting on the Oversight Committee's "guidance" functions. Accordingly, the Oversight Committee and the VTA Board would be better served if a VTA staff person were assigned responsibility for staffing the committee. This person could be part of the General Manager's Office and should not report to the Project Manager. The position would be like that of the chief of staff, which was recently assigned to support the chair of the Board.

Coordination with BART

Because the County of Santa Clara is not part of the BART District, the extension of rail service to San José required a contract that established both VTA's and BART's commitment to cooperate. Under the 2001 Cooperative Agreement, VTA is financially responsible for paying for the design, construction, and operation of the segment in Santa Clara County (BART and VTA, Comprehensive Agreement, 2001). BART retained approval authority over design elements that affect operations, maintenance, and safety. To date, this has been accomplished through the joint preparation of a Design Criteria Manual.

As recently as December 2025, BART's Independent Office of the Inspector General (OIG) issued a report titled: "Transparency & Communication Gaps in the BSVII Project." The report summarizes years of controversy over the single-bore versus twin-bore approach but acknowledges that BART eventually agreed to the single-bore concept evaluated in the final environmental impact statement. However, the BART OIG remained critical of the extent of cooperation between the two agencies:

We also determined that the length of time since the project began, extensive media coverage of the project, conflicting subject-matter opinions, and some public displeasure with the single-bore design have created uncertainty about the project's direction. We concluded that gaps in transparency and communication, including limited public discussions in recent years, have resulted in mixed messaging on a project that has evolved over multiple decades (BART Independent Office of the Inspector General, 2025).

In August 2025, the lack of communication and cooperation was publicly exposed when a BART official wrote a letter to VTA ([Appendix A](#)) specifically objecting to the consideration of reducing

the size of the Newhall Yard and Maintenance Facility as a capital cost-saving measure. The VTA Project Manager publicly acknowledged a failure to keep BART informed of design issues that might impact BART's operational efficiency and pledged to develop recommendations to the administrative heads of both agencies on a more formal process to identify and resolve those issues (VTA Oversight Committee, 2025).

Board Experience and Continuity

Since 2019, five audits and reports have critiqued VTA's governance structure and recommended a series of revisions to improve VTA's capability to provide Board direction and oversight of the BART extension. Those audits have included the 2018-19 Santa Clara County Civil Grand Jury in 2019; the Auditor of the State of California, in 2024; the BART Independent Office of the Inspector General in 2025; RSM US LLC, a VTA subcontractor, in 2019; and the VTA Auditor General in 2024. VTA has accepted and acted on most of the recommendations for governance reform, except those relating to the terms and required experience level of Board members.

During the investigation of the BSVII project, sources repeatedly raised concerns about the level of knowledge and decision-making ability of the full VTA Board, which is responsible for the project's success. Decisions made today will have a direct impact on its ultimate success. Diligent oversight of its schedule, cost, progress, and scope is required.

According to the California Public Utilities Code, which established the VTA Board, "to the extent possible, the appointing powers shall appoint individuals who have expertise, experience, or knowledge relative to transportation issues" (Pub. Util. Code 10000 et seq).

VTA Board members are appointed to two-year terms by appointing agencies, organized into six groups as detailed in Table 3. Appointing agency groups are established and defined by VTA Administrative Code, which states "Appointing Authorities are strongly encouraged, where possible, to: (1) appoint individuals with appropriate experience and qualifications in transportation; (2) ensure that there is sufficient remaining time in the elected official's term of office to allow full completion of their term as a Director; and (3) reappoint representatives to consecutive terms" (VTA Administrative Code § 2-13).

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Table 3: Appointing Authorities Composition of the VTA Board

Appointing Agency Group	Jurisdiction Represented	Number of Board Members	Method of Appointment
Group 1	San José	5 members 1 alternate	Appointed by city council from city council members/mayor
Group 2	Los Altos, Los Altos Hills, Mountain View, Palo Alto	1 member 1 alternate	Determined by Group 2 members
Group 3	Campbell, Cupertino, Los Gatos, Monte Sereno, Saratoga	1 member 1 alternate	Determined by Group 3 members
Group 4	Gilroy, Morgan Hill	1 member 1 alternate	Determined by Group 4 members
Group 5	Milpitas, Santa Clara, Sunnyvale	2 members 1 alternate	Determined by Group 5 members
Group 6	County of Santa Clara	2 members 1 alternate	Appointed by County Board of Supervisors

Source: California Pub. Util. Code section 100060.

While VTA continues to insist that two-year terms are suitable for its governance (as specified in PUC § 100060.2), peer agencies in the state appoint their Board members to four-year terms, leading to much longer average lengths of service and potentially greater experience and transportation-related knowledge (see Figure 2).

Multiple reports and audits have suggested weaknesses introduced by VTA's approach to the appointment of Board members. For example, the 2019 Board Governance Assessment concluded, in part, that some processes and policies (e.g., committee structure, term limits, and Board member selection guidelines) might not reflect best practices or support long-term Board stability (VTA, 2019). Additionally, a report by the 2018-19 Santa Clara County Civil Grand Jury found that the VTA Board suffers from:

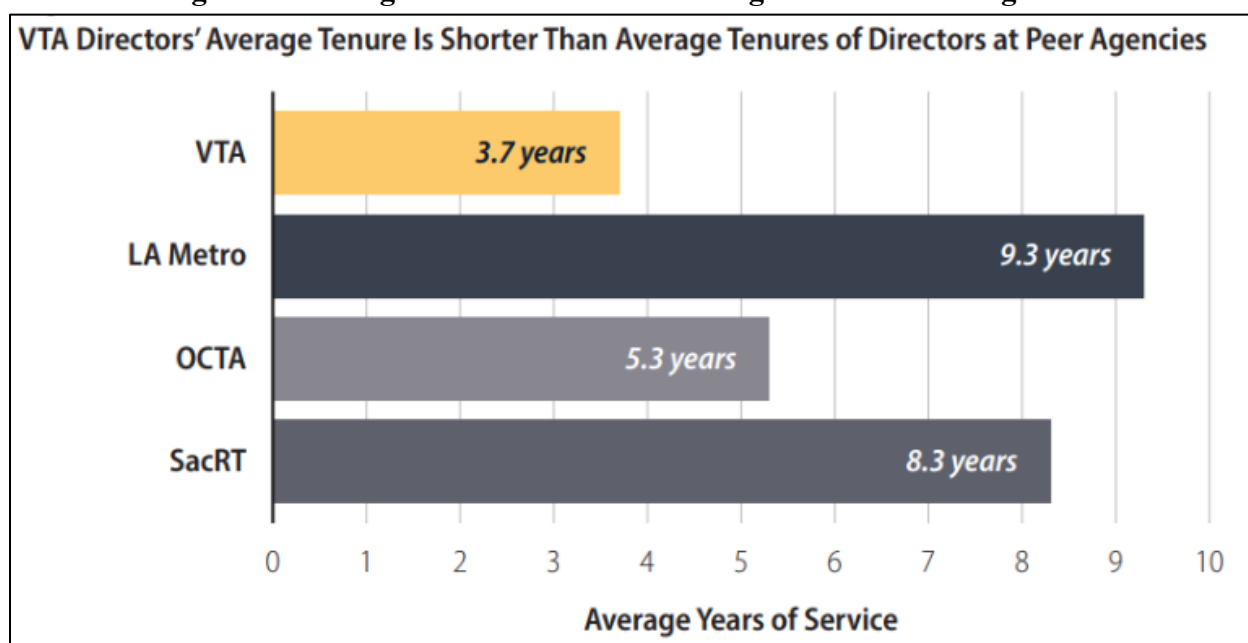
- A lack of experience and limited continuity by many Board members;
- Inadequate time for the directors to devote to the Board's oversight and policy-making functions;
- A lack of engagement by some of the directors, fostered in part by the committee system, resulted in VTA functioning largely as a staff-driven organization.

More recently, a critical 2024 report from the State Auditor regarding VTA's project management and financial oversight noted the following weaknesses:

VTA'S MANAGEMENT AND OVERSIGHT OF BART SILICON VALLEY PHASE II

- The process for selecting directors for the Board is not always transparent enough to ensure the appointment of directors experienced in transportation issues.
- Some groups of cities appoint VTA directors without public deliberation, limiting transparency and sometimes bypassing the statutory recommendation for transportation expertise.
- VTA directors have shorter tenures, on average, than their peers, meaning that VTA's Board has less experience overseeing the agency's operations than the Boards of peer agencies.

Figure 2: Average Directors' Tenure among VTA and Peer Agencies



Source: Auditor of the State of California, “Santa Clara Valley Transportation Authority, Improvements Are Necessary to Strengthen Its Project Management and Financial Oversight,” June 2024.

Note: LA Metro stands for Los Angeles County Metropolitan Transportation Authority; OCTA stands for Orange County Transportation Authority; SacRT stands for Sacramento Regional Transit District.

During interviews and in reviewing existing reports and audits about VTA, the Civil Grand Jury learned that Board members and elected officials broadly support a four-year term for directors. Lengthening terms would require a change to VTA's enabling legislation. The findings of the State and VTA's own auditors' governance reform recommendations remain unchanged.

Public Communication

Following the VTA auditor general's report in January 2024, public communication and community outreach regarding the BSVII project have improved. The Civil Grand Jury noted improvements to the [VTA BSVII project website](#), including efforts to deliver timely updates to residents about the impact of construction activities, and a section for frequently asked questions (FAQ) (VTA, BART Silicon Valley Phase II Project, n.d.). In addition, many interviewees told the Civil Grand Jury that VTA has made efforts to better inform the public and officials since the auditor general's report highlighted communication breakdowns in 2023.

However, there are areas where the public would benefit from VTA focusing more on improving communication.

The VTA's BSVII project website does not offer a simple, clear dashboard outlining the costs, timeline, and progress of the BSVII project. Although it includes technical reports from the federally sponsored PMOC, it does not include the independent analyses by the SME or the VTA auditor general.

A high-level dashboard would consolidate information from multiple sources, present project metrics to the public, and provide access to source materials. Today, information on funding, expenditures, and schedule status is available on the website, but is buried in layers of reports that are nonintuitive to find or navigate.

In addition, the Civil Grand Jury found the site's search function inadequate for locating specific details or addressing questions not covered in the FAQ, and it often returned results for irrelevant materials. The website would be more user-friendly if VTA incorporated a more robust search engine.

CONCLUSION

The VTA Board has failed in its responsibility to provide effective management, oversight, and financial control of the BSVII Project.

Based on its investigation, the Civil Grand Jury concludes:

- There is no realistic plan to deal with foreseeable financial risks, including significant uncertainty about BSVII's construction and operating costs, reliance on expiring voter-approved sales tax measures, uncertain federal government support, cash flow, and declining ridership.
- When considering major scope and design decisions, the Oversight Committee and the VTA Board do not take into account the ongoing operations and maintenance costs that will be borne by VTA and will require voter approval of subsequent sales tax measures.
- The Oversight Committee exercises its oversight responsibility by requiring monthly progress reports and by questioning VTA project staff, but when it declines to make recommendations to the VTA Board, it fails in its responsibility to provide guidance on critical policy issues.
- The Oversight Committee receives valuable input from multiple sources but does not share this information with the VTA Board in the form of helpful reports that synthesize the different perspectives of VTA staff, the Subject Matter Expert, the auditor general, the Project Management Oversight Consultant, and the public.
- The VTA Board and the Oversight Committee have failed to hold VTA staff accountable for missing deadlines to provide analysis and information requested by members of the Oversight Committee.
- There is a lack of meaningful communication and cooperation between BART and VTA officials, which undermines public confidence.
- VTA's failure to adopt governance reform recommendations from prior Civil Grand Jury reports and independent audits has led to a lack of Board member continuity and expertise, weakening the Board's ability to successfully oversee the BSVII project.

FINDINGS AND RECOMMENDATIONS

Finding 1

The BSVII project currently requires voter approval of additional sales tax measures to address gaps in construction and operations funding.

Recommendation 1

VTA should adopt and publish a strategy for the completion and operation of the project that reduces dependency on new sales tax measures.

This should be implemented by December 31, 2026.

Finding 2

VTA does not maintain a cash-flow model for the BSVII project.

Recommendation 2

The VTA Board should direct the General Manager to prepare a cash-flow model for the BSVII project and present it quarterly to the Oversight Committee and the Board.

This should be implemented by December 31, 2026.

Finding 3

VTA has not developed an alternative funding strategy for the project in the event that planned funding sources are unavailable or insufficient.

Recommendation 3

The VTA Board should direct the General Manager to prepare an alternative funding strategy to meet the project's estimated total capital costs and VTA's responsibility for operating and maintenance costs and present it to the Oversight Committee and Board for approval.

This should be implemented by December 31, 2026.

Finding 4

Project management does not consistently report the operating and maintenance cost implications of design and construction decisions to the Oversight Committee or the Board.

Recommendation 4

VTA should adopt a policy requiring staff to present an analysis of operating and maintenance costs when considering design and construction alternatives for BSVII.

This should be implemented by December 31, 2026.

Finding 5

The VTA Board would benefit from longer terms of office to improve continuity and institutional knowledge.

Recommendation 5

VTA should reconsider its prior rejections of audit recommendations calling for the establishment of four-year terms and direct its legislative advocates to seek a legislative author to amend VTA's enabling statute to require four-year terms.

This should be implemented by December 31, 2026

Finding 6

VTA Board Appointing Authority Groups 2 through 5 often do not follow VTA Administrative Code (Section 2-14) admonitions to "appoint individuals with appropriate experience and qualifications in transportation" and to "reappoint representatives to consecutive terms."

Recommendation 6

VTA Board Appointing Authority Groups 2 through 5 should certify to the VTA Board that they will adhere to VTA Administrative Code (Section 2-14) admonitions, regarding Board member expertise and appointment to consecutive terms.

This should be implemented by December 31, 2026.

Finding 7

VTA Board Appointing Authority Groups 2 through 5 have different processes for making Board appointments.

Recommendation 7

The cities represented in Appointing Authority Groups 2 through 5 should agree on a uniform process for making Board appointments.

This should be implemented by December 31, 2026.

Finding 8

The role assigned to the auditor general is outside the traditional scope of an auditor's responsibilities and has introduced conflict and uncertainty among VTA staff and the Oversight Committee. Being involved in the management and policy-making process threatens the auditor general's independence.

Recommendation 8

The Board should implement an alternative model for supporting the Oversight Committee that does not rely on the auditor general to provide services such as agenda preparation, monitoring of VTA staff assignments, or preparation of a synthesis of multiple independent inputs to the Committee's deliberations.

This should be implemented by December 31, 2026

Finding 9

The Board of Directors has not approved the bylaws, nor the charter of the Oversight Committee.

Recommendation 9

VTA should formally adopt a revised Charter for the Oversight Committee, setting the Board's expectations on the following issues:

- Defining the role of the auditor general to no longer require him to supervise the presentations by VTA staff to the Oversight Committee;
- The responsibility of the Oversight Committee to report regularly to the Board on the independent analyses of costs, risks, and schedule by the PMOC and any SMEs; and to provide the Oversight Committee's synthesis of those analyses with recommendations to resolve conflicts when necessary;
- The responsibility of the Oversight Committee to consider and present its recommendations before the Board considers major decisions such as scope of the project, contracting, risk management, budgeting, and funding strategy;

- The responsibility of the Oversight Committee to hold subject matter experts accountable for timely analysis of costs, risk, and schedule;
- The responsibility of the Oversight Committee to report to the Board on the implications of design and construction issues that impact future ongoing operations and maintenance costs to be borne by VTA.

This should be implemented by December 31, 2026.

Finding 10

VTA's vtabart.org website is poorly organized and not always intuitive to navigate, making it hard to find information about the status, cost, and schedule of the BSVII project.

Recommendation 10

The VTA Board should direct the General Manager to implement and maintain a project dashboard on its vtabart.org website that includes status, cost, and schedule information.

This should be implemented by October 31, 2026.

VTA'S MANAGEMENT AND OVERSIGHT OF BART SILICON VALLEY PHASE II**REQUIRED RESPONSES**

Pursuant to California Penal Code section 933(a) et seq. and California Penal Code section 933.05, the 2025-26 Santa Clara County Civil Grand Jury requests responses from the following governing bodies:

Responding Agency	Findings	Recommendations
VTA Board of Directors	1, 2, 3, 4, 5, 8, 9, 10	1, 2, 3, 4, 5, 8, 9, 10
County of Santa Clara, Board of Supervisors	6	6
The City of Campbell, City Council	6, 7	6, 7
The City of Cupertino, City Council	6, 7	6, 7
The City of Gilroy, City Council	6, 7	6, 7
The City of Los Altos, City Council	6, 7	6, 7
The Town of Los Altos Hills, Town Council	6, 7	6, 7
The Town of Los Gatos, Town Council	6, 7	6, 7
The City of Milpitas, City Council	6, 7	6, 7
The City of Monte Sereno, City Council	6, 7	6, 7
The City of Morgan Hill, City Council	6, 7	6, 7
The City of Mountain View, City Council	6, 7	6, 7
The City of Palo Alto, City Council	6, 7	6, 7
The City of San José, City Council	6, 7	6, 7
The City of Santa Clara, City Council	6, 7	6, 7
The City of Saratoga, City Council	6, 7	6, 7
The City of Sunnyvale, City Council	6, 7	6, 7

APPENDIX A: BART Management Letter



MEMORANDUM

TO: Carolyn Gonot, VTA General Manager
DATE: August 15, 2025
FROM: Shane Edwards, BART Assistant General Manager, Operations
SUBJECT: Concerns Regarding Lack of Information Sharing and Notification on Key Project Changes

Dear General Manager Gonot:

The Bay Area Rapid Transit District (BART) is gravely concerned with VTA's failure to provide prior notice of the August 11 press release on the twin bore cost report update and the lack of advance discussion on the significantly scaled-down version of the yard presented at the Oversight Committee Meeting on August 14, 2025. Both actions violate established protocols, undermine the trust and coordination that have guided this partnership, and represent serious breaches of process. BART was still under the clear impression, after months of partnership and collaboration, that both agencies were moving forward with Option J of yard design.

In 2018, BART and VTA stood side by side to announce the approval of single bore configuration, marking the culmination of years of coordinated effort, joint advocacy, and mutual reliance. Since the signing of the Comprehensive Agreement, the requirement has been unequivocal: any significant project change, particularly those affecting operations, safety, or long-term system performance, must be disclosed to BART in advance of any public release.

The decision to withhold advance notification of the August 11 release, coupled with the absence of meaningful prior discussion on concepts of yard redesign before presenting in the forum of a public committee, carries direct and lasting operational consequences for BART's ability to safely and efficiently operate the expanded system. These lapses are incompatible with the level of transparency and cooperation expected between primary project partners.

Such omissions hinder BART's ability to fulfill its responsibilities to the public, damage stakeholder confidence, and raise fundamental concerns about VTA's adherence to its commitments. Given the scale, complexity, and visibility of this project, these failures are not minor oversights, they are unacceptable breaches of trust.

I am formally notifying VTA, and the Phase II Project that the Yard Concept presented at the VTA Audit Committee on August 14, 2025 is rejected. The last version of yard design that BART reviewed was revision J.

BSVII: Collaboration, Innovation, Safety, Reliability 1

VTA'S MANAGEMENT AND OVERSIGHT OF BART SILICON VALLEY PHASE II



BART remains fully committed to the successful delivery of this critical regional investment. However, that commitment depends on VTA's immediate corrective action to restore transparency and accountability.

Sincerely,

A handwritten signature in blue ink that reads "Shane Edwards".

Shane Edwards
BART Assistant General Manager, Operations
BART Project Director

Cc: VTA's BART Silicon Valley Phase II Oversight Committee Members
Greg Richardson, VTA Deputy General Manager
Robert Powers, BART General Manager
Michael Jones, BART Deputy General Manager
Ni Lee, BART Deputy Project Director
Monica Born, VTA Program Director
Tom Maguire, VTA Chief Delivery Officer of Mega Projects

BSVII: Collaboration, Innovation, Safety, Reliability 2

CONFLICTS

Members of the Civil Grand Jury are conflicted from a Civil Grand Jury investigation if, as a result of prior or current employment or associations, investment in public or private enterprise, financial interest, bias, or personal relationship, they are subject to recusal from participating in a matter before the Civil Grand Jury. One juror was recused from this matter.

REFERENCES

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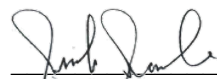
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This report was **ADOPTED** by the 2025-2026 Santa Clara County Civil Grand Jury on this 17th day of June, 2026.

A handwritten signature in black ink, appearing to read "Dinesh Ramde", is written over a horizontal line.

Dinesh Ramde
Foreperson