



INSPECTOR GENERAL

California Department of Transportation

Santa Clara Valley Transportation Authority

Project Audit



Independent Office of Audits and Investigations

Bryan Beyer, Inspector General
Diana Antony, Chief Deputy

May 2023
22A.PJCT03



For questions concerning the contents of this report, please contact (916) 323-7111 or email ioai.reports@dot.ca.gov.



Inspector General

California Department of Transportation

Bryan Beyer, Inspector General

Diana Antony, Chief Deputy

May 30, 2023

Tony Tavares, Director
California Department of Transportation
1120 N Street
Sacramento, CA 95814

Final Report— Santa Clara Valley Transportation Authority Project Audit

Dear Director Tavares:

The Independent Office of Audits and Investigations (IOAI) has completed its audit of Santa Clara Valley Transportation Authority. We audited the costs that the Santa Clara Valley Transportation Authority incurred related to Mathilda Avenue Improvements at SR 237 and US 101 project(s) totaling \$16.8 million, which were reimbursed by the California Department of Transportation.

Enclosed is our final report, which includes the Santa Clara Valley Transportation Authority's response to the draft report. The final report is a matter of public record and will be posted on IOAI's website.

A Corrective Action Plan (CAP) addressing the recommendations is due from Caltrans 60 days from receipt of this letter. Thereafter, CAP updates will be required every 6 months and 1 year from the report issuance date, until all findings have been addressed. The CAP should be sent to ioai.reports@dot.ca.gov.

If you have any questions regarding this report, please contact Juanita Baier, Audit Chief, at (916) 323-7111.

Sincerely,

Bryan Beyer, CIG
Inspector General

Gavin Newsom, Governor

Independent Office of Audits and Investigations
P.O. Box 942874, MS-2 (916) 323-7111
Sacramento, CA 94274-0001 <https://oig.dot.ca.gov>

Tony Tavares
May 30, 2023
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cc: Ben Shelton, Audit Chief, Internal Audits Office, California Department of Transportation
Carolyn Gonot, General Manager, Santa Clara Valley Transportation Authority
Gene Gonzalo, Highway Capital Program Manager, Santa Clara Valley Transportation
Authority

22A.PJCT03

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Terms Used in Report

Terms/Acronyms	Definition
Benefits	Also known as outcomes, benefits are non-physical improvements, such as congestion reduction, air quality improvement, improved safety, or economic development ¹ .
Caltrans	California Department of Transportation
Commission	California Transportation Commission
Deliverables	Also known as outputs, deliverables are the actual infrastructure, such as buses, bike lanes, transit lanes, and HOV lanes ¹ .
GHG	Greenhouse Gas Emissions
IOAI	Independent Office of Audits and Investigations
LPP	Local Partnership Program
Project	The “Mathilda Avenue Improvements at SR 237 and US 101” project
VMT	Vehicle Miles Traveled
VTA	Santa Clara Valley Transportation Authority

¹ These terms are referenced in the Commission’s Senate Bill 1 Accountability and Transparency Guidelines and the definitions are obtained from the Commission’s presentation at a Senate Bill 1 Program Benefits Workgroup held on July 19, 2019.

SUMMARY

The purpose of this audit was to determine whether the claimed and reimbursed costs for the “Mathilda Avenue Improvements at SR 237 and US 101” project (project) were allowable and adequately supported in accordance with the California Department of Transportation’s (Caltrans) agreement provisions and state regulations. In addition, we determined whether the project deliverables and benefits reported to Caltrans were achieved and consistent with the project’s scope and schedule, as described in the executed agreements.

We obtained reasonable assurance that the costs claimed by the Santa Clara Valley Transportation Authority (VTA) that were reimbursed by Caltrans for the project were allowable and adequately supported in accordance with Caltrans’ agreement provisions and state regulations. We also determined that project deliverables, including improvements to on and off-ramps and pedestrian and bicycle facilities, were consistent with the approved scope and schedule.

However, we determined that the project’s benefits, including decreases in vehicle miles traveled (VMT) and greenhouse gas emissions (GHG), were not reported in the April 2021 Completion Report; therefore, it is unknown at this time whether the project has actually achieved its anticipated benefits.

INTRODUCTION

Background

Senate Bill 1 (Chapter 5, Statutes of 2017), also known as the Road Repair and Accountability Act of 2017, provided the first significant, stable, and on-going increase in state transportation funding in more than two decades. Under the direction of the California Transportation Commission (Commission), Senate Bill 1 provided \$200 million annually to the Local Partnership Program (LPP) for local transportation projects.

The LPP supports local communities by providing matching funds for voter-approved transportation tax measures and are distributed through a 40 percent statewide competitive component and a 60 percent formulaic component.²

In 2018, the Commission allocated \$17 million in LPP funds through the competitive component to VTA for the construction of the project, located in the city of Sunnyvale. An additional \$25 million came from local funds, for a total project cost of \$42 million. The primary purpose of the project was to construct improvements to on and off-ramps and pedestrian and bicycle facilities on the SR 237/Mathilda Avenue and US 101/Mathilda Avenue interchanges with the goal of reducing congestion and improve mobility for all modes of traffic, including bicycles and pedestrians. Caltrans’ District 4 administered this project and has reimbursed VTA \$16.8 million for this project. Table 1 provides additional project details.

Table 1. Project Details

Program	Project Number	Funding Source	Project Status ³	Allocated Amount	Reimbursed Amount
LPP-Competitive	0413000204	State Funds	Complete and operational	\$17,000,000	\$16,800,000

Source: Analysis by the Independent Office of Audits and Investigations.

² Excerpt obtained from [Local Partnership Program - California Transportation Commission](#).

³ The [Senate Bill 1 Accountability and Transparency Guidelines](#) defines a project complete and operational when the project is within six months of construction contract acceptance or the project becomes operable (open to the public), whichever comes sooner. At that time, a Completion Report is required to be submitted to Caltrans.

Figure 1. Aerial Photo in 2018 Before Construction



Source: Santa Clara Valley Transportation Authority

Figure 2. Aerial Photo in 2021 After Construction



Source: Santa Clara Valley Transportation Authority

While the Commission is authorized to allocate funding, Caltrans provides administrative oversight and ensures that the terms and conditions of the Commission's Senate Bill 1 Accountability and Transparency Guidelines are followed. These guidelines state that, as a condition of receiving funds, the implementing agency must adhere to various reporting requirements. Refer to Table 2 for descriptions of key reports that are required to be submitted to Caltrans, such as the Completion Report and Final Delivery Report.

Table 2. Definitions From the California Transportation Commission's Senate Bill 1 Accountability and Transparency Guidelines

Completion Report

Within six months of construction contract acceptance or the project becoming operable (open to the public), whichever comes sooner, the Implementing Agency shall provide a Completion Report to the Department on the scope of the completed project, its estimated final cost, estimated schedule, and project benefits as compared to those included in the executed project agreements. Additionally, the Completion Report shall describe the methodologies and assumptions used to evaluate how the project benefits were calculated as compared to the methodologies and assumptions used in the executed project agreements. In the event the project benefits identified in the Completion Report differ from those identified in the executed program agreements (cooperative, funding, or baseline), the difference must be noted, quantified, and explained. Documentation used for the benefit evaluation shall be preserved and made available for review by the Department, the Commission, the Transportation Inspector General, Department of Finance, and/or the California State Auditor, if requested. The Completion Report should not be delayed due to claims, plant establishment periods, ongoing environmental mitigation monitoring, or other reasons.

Final Delivery Report

Final Delivery Report must be submitted within 180 days of the conclusion of all remaining project activities beyond the acceptance of the construction contract to reflect final project expenditures, any changes that occurred after submittal of the Completion Report and an updated evaluation of the benefits. The Commission may include this information in its annual reports to the Legislature.

Source: The California Transportation Commission's Senate Bill 1 Accountability and Transparency Guidelines.

SCOPE AND METHODOLOGY

For this audit, our objectives were to determine whether the costs that VTA was reimbursed for by Caltrans were allowable and adequately supported in accordance with Caltrans' agreement provisions and applicable state regulations. In addition, we determined whether the project deliverables and benefits reported to Caltrans were achieved and consistent with the project's scope and schedule, as described in the executed agreements.

We gained an understanding of the project and identified relevant criteria by reviewing applicable state regulations, Caltrans' guidelines, executed project agreements, project records, VTA's policies and procedures, and prior audits. Specifically, we reviewed the following:

- 2018 Local Partnership Program Guidelines
- Commission's Senate Bill 1 Accountability and Transparency Guidelines
- Baseline agreement between VTA and Caltrans⁴
- VTA's application⁵

We performed a risk assessment to determine if internal controls relevant to our audit were properly designed and implemented. Our evaluation of internal controls focused on VTA's review and approval processes for contract procurement, contract change orders (change orders), deliverables completion, and reported benefits. We did not identify deficiencies in internal controls significant within the context of our audit objectives

⁴ As noted on the Commission's [website](#), baseline agreements establish the agreed-upon expected benefits, project scope, schedule, and cost of a project for which the Commission has approved funding. These agreements provide a foundation for project monitoring and reporting. The baseline agreements also identify the agency responsible for reporting on the progress made towards the implementation of the project. In accordance with the [Senate Bill 1 Accountability and Transparency Guidelines](#), the Commission expects Caltrans to coordinate all baseline agreements for the LPP-C program.

⁵ For the competitive component of the Local Partnership Program, the 2018 Local Partnership Program Guidelines (page 8) describes the project selection process, which requires an agency to submit an application that clearly prioritizes its projects. To ensure a more equitable competition, the Commission will compare projects based on population of jurisdiction(s) across which the tax or fee is applied (which typically is a county or city) and population counts.

In addition, we assessed the reliability of the computer-processed information that we used to support our findings, conclusions, and recommendations. Our assessment included comparing the resident engineer's spreadsheet that tracks details regarding change orders to a report generated from VTA's contract management database. Our assessment also included obtaining invoice data from VTA's accounting system for the project and time period under review and comparing it to Caltrans's accounting data. We found no significant deficiencies and determined that the data was sufficiently reliable to meet our audit objectives.

Based on our planning, we developed specific methods for gathering evidence to obtain reasonable assurance to address the audit objectives. Our methodology included conducting interviews with key personnel, analyzing relevant documentation, and testing transactions related to claimed and reimbursed costs. Appendix A details our methods.

We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. The evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

AUDIT RESULTS

Based on this audit, we obtained reasonable assurance that the costs claimed by VTA and reimbursed by Caltrans for this project were in compliance with the executed project agreements and state regulations. In addition, we determined that project deliverables, including improvements to on and off-ramps and pedestrian and bicycle facilities, were reported to Caltrans and were consistent with the approved scope and schedule.

As noted in Finding 1, we also determined that project benefits, including decreases in VMT and GHG, were not reported in the Completion Report; therefore, it is unknown at this time whether the project actually achieved its anticipated benefits. Appendix B includes a summary of the project details, including audit results.

FINDING 1. The Santa Clara Valley Transportation Authority Did Not Describe in Its Completion Report Whether the Project Actually Achieved the Anticipated Benefits, as Required.

Condition

In 2018, the Commission allocated \$17 million to VTA to construct an interchange as well as new and enhanced pedestrian and bicycle facilities, which, according to the baseline agreement, would result in several benefits as outlined in the text box.

However, VTA did not include any information in the *Outcomes* section of its April 2021 Completion Report, where we would have expected to find VTA's description of what the project had actually accomplished relative to what it had anticipated it would accomplish in its baseline agreement. Instead, VTA left this key field of the report blank (see Appendix C).

VTA has another opportunity to report the benefits achieved by the project in its upcoming Final Delivery Report, which is due 180 days after all remaining project activities beyond the acceptance of the construction contract. According to the Caltrans' resident engineer for this project, it is estimated that all remaining activities for the project will be completed by August 2023, which would make the due date for the Final Delivery Report to be February 2024.

Estimated Project Benefits

The Build alternative results in a significant reduction in vehicle delay during the AM peak and PM peak.

The project will result in a decrease of 15,850 daily VMT at open to traffic (2020) and a 61,133 reduction in the horizon year (2040).

The project reduces GHG nearly 5,000 metric tons annually in the horizon year as well as other criteria pollutants – all consistent with the RTP/SCS for the region.

Source: August 2018 Baseline Agreement between VTA and Caltrans.

Cause

When we asked management staff at VTA why a description of the project's benefits was not included in the Completion Report as required, the program manager stated that because the scope of the project had not changed, they did not believe that the achieved benefits would be significantly different from the estimated benefits reported in the baseline agreement. However, this statement does not align with the reporting requirements contained in the Commission's Senate Bill 1 Accountability and Transparency Guidelines, as we describe below.

Criteria

As referenced in the Background section of this report, the Commission's Senate Bill 1 Accountability and Transparency Guidelines require the project benefits to be reported in a Completion Report. Specifically:

Within six months of construction contract acceptance or the project becoming operable (open to the public), whichever comes sooner, the Implementing Agency shall provide a Completion Report to the Department on the scope of the completed project, its estimated final cost, estimated schedule, **and project benefits as compared to those included in the executed project agreements. Additionally, the Completion Report shall describe the methodologies and assumptions used to evaluate how the project benefits were calculated as compared to the methodologies and assumptions used in the executed project agreements. In the event the project benefits identified in the Completion Report differ from those identified in the executed program agreements (cooperative, funding, or baseline), the difference must be noted, quantified, and explained.** Documentation used for the benefit evaluation shall be preserved and made available for review by the Department, the Commission, the Transportation Inspector General, Department of Finance, and/or the California State Auditor, if requested. (Emphasis added)

Effect

By not including a description in the Completion Report of the benefits the project actually achieved, Caltrans (and anyone else reviewing the Completion Report) would not know whether the project had met its goals, including the reduction of VMT and GHG.

Recommendations

1. VTA should submit an updated Completion Report that includes the actual benefits achieved compared to the estimated benefits included in the executed baseline agreement. Additionally, if the benefits achieved differ from the estimated benefits identified in the baseline agreement, the difference should be noted, quantified, and explained.
2. VTA should submit a Final Delivery Report that, among other required elements, includes an evaluation of the benefits achieved by the project. As part of this effort, VTA should maintain a clear audit trail to document the methodologies and assumptions used for the project's benefit evaluation.

APPENDIX A. TABLE OF METHODOLOGIES

Audit Objective	Methods
<p>Objective 1</p> <p>To determine whether project costs claimed and reimbursed were allowable and adequately supported in accordance with Caltrans’ agreement provisions and state regulations.</p>	<p>Selected significant and high-risk areas to verify compliance with the baseline agreement between VTA and Caltrans, LPP guidelines, and the Senate Bill 1 Accountability and Transparency Guidelines. Those areas were:</p> <ul style="list-style-type: none"> • Project costs, including match • Contract change orders • Procurement <p>Project Costs</p> <p>Determined whether construction costs were reviewed and approved by testing nine bid line items from three invoices (3 out of 24 invoices). Determined whether selected costs were allowable, supported, authorized, project-related, and incurred within the allowable time frame by reviewing project files, progress payments, bid item pay estimates, and comparing to relevant criteria.</p> <p>Contract Change Orders</p> <p>Judgmentally selected five contract change orders based on dollar amount and description (5 out of 69 contract change orders). Determined if contract change orders were approved, within the scope of work, completed, and supported by reviewing memorandums, descriptions, project’s scope of work, construction contract, and progress payments. Also reviewed VTA’s process for reviewing and approving contract change orders to determine that it followed VTA policy.</p> <p>Procurement</p> <p>Reviewed prior audits, specifically findings related to the procurement process.</p> <p>Confirmed that the construction contract and VTA’s procurement policies and procedures complied with state and federal laws and regulations specific to procurement.</p>

Audit Objective	Methods
<p>Objective 2</p> <p>To determine whether project deliverables were consistent with the project scope and schedule as described in the executed project agreements or approved amendments.</p>	<p>Determined whether the project improvements for roadways, pedestrians, and bicycles were completed as specified in the baseline agreement by reviewing Caltrans’ Final Acceptance Checklist confirming project acceptance, conducting an on-site visit, and comparing before and after photographs of the project site.</p> <p>Determined whether the project was on schedule as described in the baseline agreement by reviewing the key milestone dates in the Completion Report and updated information communicated by VTA staff.</p>
<p>Objective 3</p> <p>To determine whether project benefits, as described in the executed project agreements or approved amendments, were achieved and adequately reported.</p>	<p>Evaluated whether project benefits were adequately reported by comparing benefits identified in the baseline agreement to the Completion Report. Evaluated project studies and the application to assess basis for the calculation of benefits and interviewed VTA staff regarding the presentation of data.</p>

APPENDIX B. SUMMARY OF THE PROJECT DETAILS, INCLUDING AUDIT RESULTS

PROJECT DETAILS

Project Name

Mathilda Avenue Improvements at SR 237 and US 101

Project Number

0413000204

Program

Local Partnership Program-Competitive Component (Administered by Caltrans District 4 Division of Program/Project Management)

Funding Sources

State funds (including Senate Bill 1⁶)

Project Description

Improvements include on and off ramp improvements at SR 237 (from the interchange to 0.3 miles in each direction) and US 101 (from the interchange to 0.3 miles in each direction). The project also proposes to improve local roadway operations and construct new complete streets improvements. The total length of the project is about one mile on Mathilda Avenue.

Audit Period

August 2018 through September 2021 for objective 1⁷

August 2018 through April 2021 for audit objectives 2 and 3⁸

Project Status

Project is complete and operational.

AUDIT RESULTS

Project Costs

Project costs claimed by VTA and reimbursed by Caltrans were allowable and adequately supported in accordance with Caltrans' agreement provisions and state regulations.

⁶ Senate Bill 1 (Beall, Chapter 5, Statutes of 2017)

⁷ The audit period end date reflects the billing period end date of the last reimbursement claim submitted to Caltrans.

⁸ The audit period end date reflects the Completion Report submission date.

Table 3. Schedule of Allocated, Reimbursed, and Questioned Costs

Category	Allocated Amount	Reimbursed Costs	Questioned Costs
Total Construction Costs – LPP Competitive	\$17,000,000	\$16,800,000	\$0

Project Deliverables

The construction phase of the project was completed in March 2021. Project deliverables were consistent with the approved scope and schedule.

Project Benefits

The project benefits stated in the baseline agreement were not reported in the Completion Report; therefore, it is unknown whether the project actually achieved its anticipated benefits, as noted in Finding 1.

Benefits Stated in the Baseline Agreement	Benefits Reported in the Completion Report	Benefits Achieved
The Build alternative results in a significant reduction in vehicle delay during the AM peak and PM peak.	Not Reported	Not Reported
Decrease of 15,850 daily VMT at open to traffic (2020) and a 61,133 reduction in the horizon year (2040).	Not Reported	Not Reported
Reduction of GHG (nearly 5,000 metric tons annually in the horizon year (2040).	Not Reported	Not Reported

APPENDIX C. VTA'S COMPLETION REPORT SUBMITTED APRIL 2021

COMPLETION REPORT - FY 20/21 Q3

GENERAL INFORMATION

Report ID	PRG-9-630-0003	Prepared By	Gene Gonzalo		Date Submitted	04/12/2021						
Agency	Santa Clara Valley Transportation Authority											
Project Contact	ZHOHOURY, FARIBA	Email	[REDACTED]			Phone	[REDACTED]					
Contact Title	Project Manager	Program	LPP-Comp									
Project Title	Mathilda Avenue Improvements at SR 237 and US 101											
Implementing Agency	PA&ED	Santa Clara Valley Transportation Authority										
	PS&E	Santa Clara Valley Transportation Authority										
	Right of Way	Santa Clara Valley Transportation Authority										
	Construction	Santa Clara Valley Transportation Authority										
District	04	EA	4H290	PPNO	0462H	Project ID	0413000204	Predecessor PPNO(s)				
Approved Locations	County	Route	PM Bk	Pm Ahd	County	Route	PM Bk	Pm Ahd	County	Route	PM Bk	Pm Ahd
	SCL	101	2.7	3.3	SCL	237	45.2	45.8				

Approved Project Description

In the City of Sunnyvale, on Mathilda Avenue from Almanor Avenue to Innovation Way.

Approved Project Scope

Construct improvements including on and off-ramp improvements at SR 237 (from the interchange to 0.3 miles in each direction) and US 101 (from the interchange to 0.3 miles in each direction). The project also proposes to improve local roadway operations and construct new complete street improvements.

Approved Project Benefits

The Build alternative results in a significant reduction in vehicle delay during the AM peak and PM peak. The project will result in a decrease of 15,850 daily VMT at open to traffic (2020) and a 61,133 reduction in the horizon year (2040). The project reduces GHG (nearly 5,000 metric tonnes annually in the horizon year as well as other criteria pollutants - all consistent with the RTP/SCS for the region.

MILESTONES AND TIME EXTENSIONS

Milestone	Approved Completion Date (by CTC)	Planned Completion Date	Actual Completion Date	Approved Time Extensions (in months)	Allocation	Award	Expenditure	Completion
Baseline Agreement				PA&ED				
PA&ED	01/20/2017		01/20/2017	Right of Way				
Right of Way Cert	06/10/2018		06/29/2018	PS&E				
Ready to List	06/15/2018		09/25/2018	Construction				
Begin Con (Contract Awarded)	12/01/2018		12/07/2018					
End Construction	12/01/2020		03/17/2021					
End Project		08/05/2022						
Completion Report			04/15/2021					
Final Delivery Report								

FUNDING (\$1,000s)

Phase	Approved Project Funding	SB1 Funding						Other Funding		
		SHOPP	LPP Comp	LPP Form	SCCP	TCEP	ATP	State	Federal	Local & Private
PA&ED	4,000									4,000
PS&E	3,200									3,200
RW Support										
Con Support										
RW Capital	800									800
Con Capital	34,000		17,000							17,000
Total	42,000		17,000							25,000
Award Amount (\$1,000s)		26,625								

COMPLETION REPORT - FY 20/21 Q3													
PRG-9-630-0003		District 04		EA 4H290		PPNO 0462H		Project ID 0413000204		Date Submitted 04/12/2021			
EXPENDITURES (\$1,000s)													
Phase	Total	SB1 Funding Expenditures						Other Funding Expenditures				Planned Expenditure at Completion	
		SHOPP	LPP Comp	LPP Form	SCCP	TCEP	ATP	State	Federal	Local & Private	Additional Local		
PA&ED	4,000											4,000	4,000
PS&E	3,200											3,200	3,200
RW Support													
Con Support													
RW Capital	800											800	800
Con Capital	32,160		15,356									16,804	34,000
Other													
Total	40,160		15,356									24,804	42,000
OUTPUTS													
Output		Approved Quantity	Anticipated at Completion	Unit	Output		Approved Quantity	Anticipated at Completion	Unit				
Bicycle lane mile(s)		1	1	Miles	Intersection(s) modified		6	6	Each				
Local road operational improvement(s)		1	1	Each	Modified/Improved interchange(s)		2	2	Each				
OUTCOMES													
Outcome/Benefit		Approved Quantity	Anticipated at Completion	Unit	Outcome/Benefit		Approved Quantity	Anticipated at Completion	Unit				
CORRECTIVE ACTION PLAN													
<i>If there is a change in the project cost, schedule, scope, and/or expected benefits, provide a summary describing the reason for the change and describe below the corrective action plan to manage any risk to the implementation of the project as programmed.</i>													
Cost													
Schedule													
Scope													
Benefits													
If CTC allocation is required to implement a Corrective Action Plan, when do you anticipate submitting the request?													
COMPLETION REPORT													
Completed Location Information (if different than approved location)													
Completed Locations	County	Route	PM Bk	Pm Ahd	County	Route	PM Bk	Pm Ahd	County	Route	PM Bk	Pm Ahd	
	SCL	101	45.2	45.8	SCL	237	2.7	3.3					
Completed Project Description													
In the City of Sunnyvale, on Mathilda Avenue from Almanor avenue to Innovation Way. Construct improvements including on and off-ramp improvements at SR 237 (from the interchange to 0.3 miles in each direction) and US 101 (from the interchange to 0.3 miles in each direction). The project proposes to improve local roadway operations and construct new complete streets improvements.													
For projects with funding of only pre-construction components, describe how the project will progress to construction to provide the benefits described in the executed project agreements													

Source: Completion Report provided by VTA. ⁹

⁹ To meet the Commission’s reporting requirements, a local agency enters project information into Caltrans’ CalSMART, an online project reporting tool. Once Caltrans reviews and approves the project information, a Completion Report is generated.

AUDITEE'S RESPONSE



May 25, 2023

Diana Antony, Chief Deputy
California Department of Transportation
Inspector General
P.O. Box 942874, MS-2
Sacramento, CA 94274-0001

RE: Confidential Draft Report – Santa Clara Valley Transportation Authority, Project Audit – US 101/SR 237/Mathilda Avenue Interchange

Dear Ms. Antony,

Thank you for the opportunity to review the Confidential Draft Report – Santa Clara Valley Transportation Authority, Project Audit. There was one finding in the report:

The Santa Clara Valley Transportation Authority did not describe in its completion report whether the Project actually achieved the anticipated benefits, as required.

The recommendations included the following:

1. *VTA should submit an updated Completion Report that includes the actual benefits achieved compared to the estimated benefits included in the executed baseline agreement. Additionally, if the benefits achieved differ from the estimated benefits identified in the baseline agreement, the difference should be noted, quantified, and explained.*
2. *VTA should submit a Final Delivery Report that, among other required elements, includes an evaluation of the benefits achieved by the project. As part of this effort, VTA should maintain a clear audit trail to document the methodologies and assumptions used for the project's benefit evaluation.*

We would like to add in the Cause section that VTA staff also stated that the major trip generators in the area were largely still "Work From Home" employees due to the pandemic at the time the final report was due, and any evaluation results and the effort to produce them would have been meaningless.

In any case, we will work with Caltrans to ensure their acceptance of the methodologies and assumptions prior to performing the work. We will also need to determine the effort and timeframe to perform these evaluations.

Sincerely,

A handwritten signature in blue ink that reads 'Carolyn Gonot, on behalf of'.

Carolyn Gonot
General Manager/CEO

cc: Gene Gonzalo, Highway Capital Program Manager

3331 North First Street • Bldg. A • San Jose, CA 95134



Independent Office of Audits and Investigations

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