

BOARD OF DIRECTORS REGULAR MEETING AGENDA June 5, 2019 – 1:30 PM

5401 Old Redwood Highway, 1st Floor Petaluma, CA 94954

- 1. Call to Order
- 2. Approval of the May 15, 2019 Board Minutes
- 3. Public Comment on Non-agenda Items
- 4. Board Member Announcements
- 5. General Manager's Report
- 6. Approve the Resolutions to Adopt the Revised Fiscal Year 2018-19 Budget, the Fiscal Year 2019-20 Proposed Budget Including Annual Position Authorization and the Investment Policy for Fiscal Year 2019-20 and Ratifying the Annual Appropriation Limit for Fiscal Year 2019-20
- 7. Authorize the General Manager to Execute Four (4) Consultant Contract Amendments totaling \$345,000 as needed to Fiscal Year 2019-20
- 8. Authorize the General Manager to execute Amendment No. 18 to Professional Service Contract No. VS-PS-09-001 with LTK Engineering Services in an amount of \$200,000 for professional engineering support for train procurement, operational modeling and communications system installation support
- Authorize the General Manager to execute Contract Amendment No. 2 to Contract No. OT-PS-16-004 with Masabi LLC in an amount of \$172,000 to continue SMART's Mobile Ticketing Program and extend the term of the contract through June 2022

- 10. Authorize the General Manager to execute Amendment No. 8 with STPJ Consulting in the amount of \$367,470 for Information Technology (IT) Services, such continuous monitoring of all Cisco routers, firewalls, VPN concentrators, and switches, IT backup support for email, phone systems, network maintenance and troubleshooting
- 11. Review and Approve the Proposed Responses to the Marin County Civil Grand Jury Report: SMART First/Last Mile Options, dated April 25, 2019
- 12. Closed Session Conference with legal counsel regarding initiation of an action or to decide whether to initiate an action pursuant to California Government Code Section 54956.9(d)(4) Number of cases: 1
- 13. Report Out of Closed Session
- 14. Next Regular Meeting Board of Directors, June 19, 2019 1:30 PM 5401 Old Redwood Highway, 1st Floor, Petaluma, CA 94954
- 15. Adjournment

DISABLED ACCOMMODATION: If you have a disability that requires the agenda materials to be in an alternate format or that requires an interpreter or other person to assist you while attending this meeting, please contact SMART at least 72 hours prior to the meeting to ensure arrangements for accommodation. Please contact the Clerk of the Board at (707) 794-3072 or dial CRS 711 for more information.

DOCUMENTS: Documents distributed by SMART for its monthly Board meeting or committee meetings, and which are not otherwise privileged, may be inspected at SMART's office located at 5401 Old Redwood Highway, Suite 200, Petaluma, CA 94954 during regular business hours. Documents may also be viewed on SMART's website at: www.sonomamarintrain.org. Materials related to an item on this Agenda submitted to SMART after distribution of the agenda packet are available for public inspection at the SMART Office. For information about accessing SMART meetings by public transit, use the trip planner at www.511



BOARD OF DIRECTORS REGULAR MEETING MINUTES

May 15, 2019 - 1:30 PM

5401 Old Redwood Highway, 1st Floor Petaluma, CA 94954

1. Call to Order

Chair Phillips called the meeting to order at 1:30pm. Directors Arnold, Connolly, Fudge, Hillmer, Lucan, Naujokas, and Pahre were present. Directors Rabbitt, Rogers and Zane absent.

2. Approval of the May 1, 2019 Board Minutes

MOTION: Director Arnold moved approval of the May 1, 2019 Board Minutes as presented, Director Lucan second. The motion carried 8-0-0 (Directors Rabbitt, Rogers and Zane absent).

3. Public Comment

Felix Huerta Jr. stated that recently we had a settlement of an unfair labor practice complaint. A settlement conference took place regarding compensation for providing training. We filed a Complaint with the State of California. HR denied the practice. The State ruled in in our favor, issued a complaint, we had a settlement. The fact that we don't have training pay today is that we agreed to stop training pay. We aren't going to continue to train unless we get this in the contract. He distributed a newspaper article "Not all new North Bay train workers can afford to live there" dated July 30,2016. This article spells out the trouble you had recruiting and retaining employees. Mr. Mansourian says we don't respond to public speakers, but because this gentleman said something that I verified with Human Resources that is simply incorrect it is important people hear this. State of California did not rule that we violated anything. This was a complaint by Mr. Felix and the union that he represents. That was their claim. He is currently negotiating with our negotiating team on a large number of issues that has its own process. State of California did not have such a ruling. This was a claim from the union.

4. Board Members Announcements

Director Naujokas stated that he has been in discussions with the City of San Jose regarding their AV Pilot Program. The Sonoma County Transportation Authority has agreed to explore

the idea of AV Shuttles to solve transportation needs in Sonoma County. The conversation was very informative and could be applicable to SMART.

Director Arnold stated that she and Director Connolly have submitted a letter to the Marin County Supervisors for approval to request the California State Transportation Agency to fund the preliminary engineering and environmental review for the Novato to Suisun Passenger Rail System and complete the 70-mile SMART system between Larkspur and Cloverdale.

5. General Manager's Report

General Manager Mansourian said that SMART has carried 1,215,300 passengers, 111,913 bicycles, and 4,694 wheelchairs.

He stated that the Freight operator has started testing its Positive Train Control (PTC) system to meet Federal Railroad Administration requirements by July 2019. All testing is being conducted during the night from Highway 37 to Windsor. The Community Outreach department has done a tremendous job informing the public.

He announced that due to construction of the Larkspur Extension project, there will be two weekend street closures in June. Both closures will begin at 8:00 p.m. on Friday and end by 4:00 a.m. on Monday. The closures are as follows: 1) June 1st and 2nd Second Street will be closed between Tamalpais Avenue and Hetherton Street; and 2) June 8th and 9th Third Street will be closed between Tamalpais Avenue and Hetherton Street. Also, on June 8th and June 9th the San Rafael SMART station will be closed. A bus bridge will shuttle passengers between the Marin Civic Center SMART Station and the San Rafael Transit Center and between the Marin Civic Center SMART Station and the Larkspur Ferry Terminal.

He stated that the Marin County Civil Grand Jury has released a report "First Mile/Last Mile Options" and will bring back to the Board to review and respond.

He mentioned that Senate Bill 356 North Coast Railroad Authority Right-of-Way Transfer has a budget hearing on Thursday, May 16th. SMART and the County of Marin have submitted support letters in favor of the bill.

The City of Santa Rosa approved the building of a new 144 room Marriott Hotel on 4th and Davis in Santa Rosa, 2 blocks from downtown SMART Station. The hotel rooms are "premanufactured" and assembled in modules. SMART property was the only property in reasonable distance to the construction site and large enough to accommodate the modules. The construction company staged their equipment at the Sonoma County Fairground; however, they were asked to move the materials to different location because of the fair opening soon. At the suggestion of the City of Santa Rosa the construction company asked if they could use Railroad Square as their staging area for 60 days.

Comments

Chair Phillips stated that SMART has conducted extensive outreach on the street closures. Also, the Marin County Civil Jury report is positive and it addresses areas that the SMART Board has discussed and encouraged everyone to review the report.

6. Review Proposed Preliminary Fiscal Year 2019-20 Budget and FY 2018-19 Year-End Revised Budget Report

Chief Financial Officer, Erin McGrath acknowledged Fiscal Manager, Katye Roa and SMART staff for working on the budget.

Ms. McGrath provided a PowerPoint presentation and reviewed: 1) The Fiscal Year 2018-19 Year-End Report and 2) The proposed Fiscal Year 2019-20 budget that represent each department (Administration, Capital and Operations). She stated this is an opportunity to ask questions and provide feedback before the Board adopts the budget in June. Highlights included in the report are as follows:

Fiscal Year End 2018-19

Revenue:

- Year End Revenue \$101M
- \$6.8 million higher than June approval
 - Shifts in funding sources based on capital activity
 - o Increase in one-time revenue
 - Increase State operating revenue

Expenses:

- Expenditures \$115M
- \$3.2M lower due to shifts in payments to contractors for capital projects

Capital Fund Balance:

- Beginning -\$42M
- Ending \$27M

Proposed Fiscal Year 2019-20 Budget

Proposed Sources \$95M

- Federal funds 4.9 %
- Other Grants, Govts. 5.0%
- Use of Fund Balance 20.7 %
- Sales/Use Taxes 41.5%
- Leases and Other Misc. 0.9%
- Fare and Parking Revenue 4.4%
- State Operating Assistance 7.8%
- State Capital Grants 14.8%

Proposed Uses - \$95M:

- Debt Service 17%
- Administration 13%
- Capital Projects 38%
- Operations 32%

Expenses by Category Proposed Fiscal Year 2019-20

- Administration \$29M
- Operations \$30M
- Capital \$36M

Reserves and Fund Balance

- Proposed Budge Preserves \$17M Operating Reserve
 - o Revenue downturns
 - Expenditure related to large events (fire, accident, earthquake)
 - o Required \$10M in capital maintenance in next 3 years
 - Cushion for future revenue expense deficit: Operating deficit of \$7
- FY 2018-19 Beginning Capital Fund Balance: \$42M
- FY 2018-19 Ending Capital Fund Balance: \$27M
- FY 2019-20 Ending Fund Balance: \$7.7
 - Needed to ensure completion of Larkspur, Windsor, Payran and Sonoma "Gap"
 Pathway
 - Ongoing environmental mitigation projects
 - Capita Infrastructure future needs such as bridges, tunnels and vehicles
 - Matching funds for future grant opportunities

Directors' Comments

Chair Phillips stated that the Ending Fund Balance is a good indication that SMART is using the funds received in accordance with the objective to build. He asked if \$7.7M is an adequate amount? Ms. McGrath responded that the amount is for the unforeseen and unanticipated expense that can arise. Also, Mr. Mansourian responded that SMART's biggest risk is the civil engineering component for the Windsor Extension Project.

Director Naujokas asked for clarification on the \$17M reserve amount. Ms. McGrath responded that when SMART sold bonds and worked with the rating agencies their desire at the time was for SMART to model a 50% reserve level. Now, we are more familiar with the occurring operating cost and the reserve amount is a little below 40%. He asked why the debt service is increasing. Ms. McGrath responded that at the time that SMART was structuring the bond sale, figuring out how much of the project can be built as the economy and the sales tax revenue stream collapsed; they structured a debt schedule that allowed SMART to start construction on a large project with the amount of revenue that SMART had at the time.

Director Fudge said that she is very impressed with Ms. McGrath technical knowledge especially when she talks about all "parts" it shows that she understands all the components and works closely with Operations. Ms. McGrath thanked Director Fudge for her comments and stated that SMART has a great team.

Director Lucan asked if SMART is on-line with general revenue growth vs. general revenue expenses. Ms. McGrath responded that the reason SMART is moving forward with the Sales Tax Renewal 2020 is because they are not in conjunction with each other.

Comments

Felix Huerta asked if additional staff will be required to minimize the schedule gap. Mr. Mansourian responded that the budget reflects the staff needed and there is no need for additional Engineer-Conductor.

MOTION: Director Arnold moved to receive the Proposed Preliminary Fiscal Year 2019-20 Budget and FY 2018-19 Year-End Revised Budget Report as presented. Director Fudge second. The motion carried 8-0-0 (Directors Rabbitt, Rogers and Zane absent)

7. Approve a Resolution authorizing the General Manager to submit SMART's application and any necessary subsequent information to the Metropolitan Transportation Commission and the State of California for \$263,331 in State Transit Assistance State of Good Repair Program Funds for the SMART Capital Spare Parts Project

Programming and Grants Manager Joanne Parker stated that the item for Board approval today is Resolution No. 2019-06 to authorize the General Manager to submit SMART's application and any necessary subsequent information to the Metropolitan Transportation Commission and the State of California for \$263,331 in State Transit Assistance State of Good Repair Program Funds for the SMART Capital Spare Parts Project.

These are current Senate Bill 1 (SB 1) funds, this is the third programming cycle for the funds.. For Fiscal Year 2020, the responsibility for programming the funds have shifted to the regions, and SMART will be submitting to the Metropolitan Transportation Commission.

MOTION: Director Pahre moved to Approve a Resolution authorizing the General Manager to submit SMART's application and any necessary subsequent information to the Metropolitan Transportation Commission and the State of California for \$263,331 in State Transit Assistance State of Good Repair Program Funds for the SMART Capital Spare Parts Project as presented. Director Arnold second. The motion carried 8-0-0 (Directors Rabbitt, Rogers and Zane absent)

8. Support for Senate Bill 742 (Allen) Regarding Intercity Rail Feeder Bus Requirements

Programming and Grants Manager Joanne Parker stated SB 742 makes several changes to existing law related to operation of intercity rail feeder bus service. Currently, its restricted only to passengers who have an Amtrak ticket. This legislation would remove the existing

restrictions and allow the busses to open them up for other purposes/trips.

This bill has a growing list of supporters, which included the Mendocino Transportation Authority. In this corridor Amtrak Thruway Route 7 service throughout Martinez, Napa, Sonoma, Mendocino and Humboldt Counties.

The passage of SB 742 thruway bus routes could provide the following benefits: 1) making connections to SMART or other facilities; 2) improved access to underserved and disadvantaged communities, many of them rural; 3) reduction in the amount of greenhouse gases and air pollution emissions; and 3) better utilization of current infrastructure and reduction of congestion. Staff has been working with San Joaquin Joint Power Authority (SSJPA) and partner public transit agency staff over the past several months to determine any potential operational efficiencies for the Amtrak Thruway Route 7. SSJPA staff are determining the feasibility of launching thruway bus stop locational changes, most likely in Petaluma and Santa Rosa in the coming 18 months, to encourage Amtrak Thruway bus service connectivity to the existing transit and rail network.

This bill is passed with 12 Ayes and 0 Noes from the Senate Committee on Transportation on April 24th and has been moved directly to the Senate Floor for a future vote.

Comments

Director Connolly asked if there has been any significant opposition. Ms. Parker responded yes.

Doug Kerr stated that he gave his testimony in support of SB 742 at the Senate Transportation Committee two weeks ago. He encouraged the Board to send letter of support for SB 742.

Steve Birdlebough stated that Greyhound services have concerns about competition and they need to consider long-term. He is glad to see the SMART is recommending support for SB 742.

Duane Bellinger asked that it be clarified that passengers that have Amtrak tickets be given priority.

MOTION: Director Connolly moved to Support for Senate Bill 742 (Allen) Regarding Intercity Rail Feeder Bus Requirements as presented. Director Lucan second. The motion carried 8-0-0 (Director Rabbitt, Rogers and Zane absent).

 Review and Consider SMART's Projects for the Regional Transportation Plan - Plan Bay Area 2050; Receive Public Comment on the Proposed Submittals by SMART to the Metropolitan Transportation Commission

Programming and Grants Manager Joanne Parker stated every four years the Metropolitan Transportation Commission (MTC) updates the federally required Regional Transportation Plan, a long-range planning document to guide future transportation investments for the nine county Bay Area. As part of this update to Plan Bay Area 2040, MTC requests the assistance of County Transportation Agencies (CTAs).

For this update to Plan Bay Area, SMART staff propose continuing to focus on completion of the Measure Q Rail and Pathway program. The project proposed for submittal is the same as prior cycles. The projects are designed to be more programmatic in nature in order to maintain flexibility overtime. For example, Station Capital Enhancements was added, this project is to help the local jurisdictions.

In 2018, a new program was named "Horizon", with the cost more than \$1 billion. SMART has two potential projects 1) the east-west alignment between Marin and Solano Counties; and 2) SMART expansion to Richmond from San Rafael, via a new Richmond-San Rafael bridge.

Once the Plan Bay Area 2050 Call for Projects is complete, MTC and the CTAs will look at all anticipated grant and other funds during the life of the plan and determine which projects will receive those funds.

During the *Project Performance Evaluation* process in 2011 and 2015, SMART's Rail project North of a certain point was excluded from the Plan Bay Area despite being in the Sonoma County Transportation Authority financially constrained plan.

This Plan will be in effect for four years and adopted in a two-year period. Staff recommends your Board:

- accept public comment related to SMART's submittal to the financially constrained Plan Bay Area 2050 Call for Projects at this meeting and,
- subject to any necessary revisions, endorse the proposed project list for submittal to the region and to county-level planning agencies, and
- authorize the General Manager to amend or modify proposed projects listed during the Plan Bay Area 2050 Project Performance Evaluation Process.

Mr. Mansourian stated that a revised (pg. 67 of 105) List of Proposed Plan Bay Area 2050 projects has been distributed with corrected cost estimates.

Directors' Comments

Director Naujokas asked for clarification on the Performance Evaluation Process. Ms. Parker responded that SMART submits transit capital and operating needs over twenty-five years for the existing service as for any extension to the exiting service. This year they will not consider one scenario but three scenarios and they have not been defined. Mr. Mansourian said that the fact that SMART has been denied twice, it's a very critical year that staff work closely with MTC Commissioners' and Executive staff, SMART is lucky to have on the Board Commissioners Connolly and Rabbitt and Mr. Jake Mackenzie who represents Sonoma County. Director Naujokas asked if there are ways that Healdsburg and Cloverdale can help address why this project is important for the community. Mr. Mansourian responded that meeting and discussing with MTC Commissioners.

Chair Phillips said that the Marin Independent Journal published an editorial that it's important for SMART for fulfill its promise Cloverdale to Larkspur.

Director Arnold asked if the Town of Windsor Council should send a letter in support. Mr. Mansourian responded that this is the beginning process and there will be opportunities at a later time to submit support letters.

Public Comments

Steve Birdlebough said that he is happy to see the projects under consideration in the Horizon Program.

Patricia Tuttle Brown asked to clarify why SMART was not included in the previous proposals. Also, what type of public input is needed. Ms. Parker responded that the process has changed, however the first two rounds involved certain goals had to be met and a benefit cost analysis. SMART has met the goals, but has struggled with the benefit cost analysis. In terms of public involvement, the respective county transportation agencies will be conducting their own transportation plan process that will have public comment opportunities. Also, MTC will be holding public input meetings.

Rick Coates said that all the proposed projects are evaluated with various factors.

MOTION: Director Pahre moved to Consider SMART's Projects for the Regional Transportation Plan - Plan Bay Area 2050; Receive Public Comment on the Proposed Submittals by SMART to the Metropolitan Transportation Commission as presented. Director Naujokas second. The motion carried 8-0-0 (Director Rabbitt, Rogers and Zane absent).

10. Authorize the General Manager to Execute Amendment No. 2 to Contract No. EV-PS-18-002 with WRA in an amount of \$250,000 for environmental monitoring and training for the for the Payran to Southpoint Pathway Project, the Mira Monte Project, and the Windsor Extension Project

General Manager Mansourian stated that the item before the Board is to authorize Amendment No. 2 with WRA. This Amendment provides funding for: 1) environmental biological monitoring for the Payran to South Point pathway construction; 2) continue to monitor and report on Mira Monte Marsh Restoration Project; and 3) permitting support for the Windsor Extension Project.

Staff recommends authorizing to execute contract Amendment No. 2 with WRA.

MOTION: Director Arnold moved to Authorize the General Manager to Execute Amendment No. 2 to Contract No. EV-PS-18-002 with WRA in an amount of \$250,000 for environmental monitoring and training for the for the Payran to Southpoint Pathway Project, the Mira Monte Project, and the Windsor Extension Project as presented. Director Fudge second. The motion carried 8-0-0 (Directors Rabbitt, Rogers and Zane absent).

11. Approve a Resolution Authorizing the General Manger to execute Agreement No. CV-BB-19-001 with Ghilotti Bros., Inc in an amount of \$249,280 for Enhanced Pedestrian Safety Improvements

Chief of Police, McGill stated that the item for Board approval today is Resolution No. 2019-07 in amount of \$249,280 to install enhanced pedestrian safety improvements at several existing at-grade crossings. SMART crossings meet all State and Federal safety requirements, these proposed enhancements exceed the standards set forth by the State or Federal Railroad Administration. After each critical incident involving the train, SMART's General Manager assembles a task force consisting of public safety, operations and engineering staff to conduct a review of that specific incident. Due to the most recent incident, each public crossing was evaluated for ways to enhance safety at the crossings. As a result of the review, we provided our findings on pedestrian safety enhancement implementations available for SMART's crossings. These safety improvements target distracted pedestrians by creating channelization at crossings which would force the pedestrians to pay attention to their route as they enter the SMART right-of-way at-grade crossings.

There are 17 locations selected and included in this contract. Staff recommends that the authorizing the General Manager to execute an Agreement for an amount of \$249,280.

MOTION: Director Pahre moved to Approve a Resolution Authorizing the General Manager to execute Agreement No. CV-BB-19-001 with Ghilotti Bros., Inc. in an amount of \$249,280 for Enhanced Pedestrian Safety Improvements as presented. Director Arnold second. The motion carried 8-0-0 (Directors Rabbitt, Rogers and Zane absent).

12. Next Regular Meeting Board of Directors, June 5, 2019 – 1:30 PM – 5401 Old Redwood Highway, 1st Floor, Petaluma, CA 94954

General Manager Mansourian announced that the Board of Director Meeting of July 3, 2019 has been cancelled.

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13.	- Adiournment -	 Meeting adjourned 	i at 2:49PW.

Respectfully submitted,	
Leticia Rosas-Mendoza Clerk of the Board	
Approved on:	



June 5, 2019

Gary Phillips, Chair
Transportation Authority of Marin

Barbara Pahre, Vice Chair Golden Gate Bridge, Highway/Transportation District Sonoma-Marin Area Rail Transit Board of Directors 5401 Old Redwood Highway, Suite 200 Petaluma, CA 94954

Judy Arnold
Marin County Board of Supervisors

Damon ConnollyMarin County Board of Supervisors

Debora Fudge Sonoma County Mayors' and Councilmembers Association

Councilmembers

Dan Hillmer Marin County Council of Mayors and

Eric LucanTransportation Authority of Marin

Joe Naujokas Sonoma County Mayors' and Councilmembers Association

David Rabbitt Sonoma County Board of Supervisors

Chris Rogers
Sonoma County Mayors' and
Councilmembers Association

Shirlee ZaneSonoma County Board of Supervisors

5401 Old Redwood Highway Suite 200 Petaluma, CA 94954 Phone: 707-794-3330 Fax: 707-794-3037

www.sonomamarintrain.org

Farhad Mansourian General Manager **SUBJECT**: Approval of Revised Fiscal Year 2018-19 Budget and Proposed Fiscal Year 2019-20 Budget, Annual Appropriation Limit and Investment Policy

Dear Board Members:

RECOMMENDATION:

- Approve Resolution No. 2019-08 to approve the Revised Fiscal Year 2018-19 budget, the Fiscal Year 2019-20 Proposed Budget including annual position authorization and the Investment Policy for Fiscal Year 2019-20
- 2) Approve Resolution No. 2019-09 Ratifying the Annual Appropriation Limit for Fiscal Year 2019-20

SUMMARY:

At your May 15 meeting, we reviewed the draft Fiscal Year 2018-19 Revised Budget and the Proposed Fiscal Year 2019-20 Budget. Today, we are bringing the budget back for your approval along with the required resolutions, policies and final revisions.

Approval of Budget:

There are no changes to the budgeted revenues or expenditures in either Fiscal Year since our presentation to you on May 15. Budgeted revenues and expenditures, as well as discussions, charts and tables are provided in the attached budget document. We have also attached the staff report from the May 15th meeting. At the close of the proposed Fiscal Year 2019-20 budget, our fund balance available for capital and other needs is \$7,711,929. This is in addition to the \$17,000,000 in operating reserves set aside as part of the budget process in Fiscal Year 2018-19.

Approval of Investment Policy and Delegation of Authority:

As required annually by California Government Code Section 53607, as part of your consideration of the budget resolution, we are requesting that you review our Investment Policies and affirm the delegation of authority to your Chief Financial Officer. This is the same delegation and policy review that your Board approved as part of the budget last year.

Fiscal Year 2019-20 Appropriations Limit:

Proposition 4, approved by California voters in 1979, requires special districts to calculate and establish an appropriation limit every year. We established an appropriation limit of \$100 million for Fiscal Year 2008-09 with the passage of Measure Q. Each subsequent year this limit is adjusted to reflect population growth and inflation. The Appropriation Limit for Fiscal Year 2019-20 is \$142,288,336. The calculations for the appropriation limits are attached in Exhibit A of the resolution. Government Code Section 7901 allows special districts located in two or more counties, such as SMART, to choose to use the change in population for the portion of the district which has the highest assessed valuation. For that reason, we use Sonoma County's population as the basis for our calculation and use the county's practices and calculations.

The law requires that our operating revenues and expenditures fall within this limit. Revenues and expenses associated with most capital improvements and debt service are exempt from this limit. We estimate conservatively that \$38,806,829 of our expenditures fall under the Proposition 4 limit, well below the cap.

FISCAL IMPACT: Approval will revise the Fiscal Year 2018-19 final budget, set the appropriations, budget and salary limits for Fiscal Year 2019-20, and allow for prudent investment of SMART funds.

REVIEWED BY: [X] Counsel

Very truly yours,

Erin McGrath

Chief Financial Officer

Attachment(s):

- 1) May 15, 2019 Board Staff Report for Budget Review
- 2) PowerPoint Preliminary Budget Presentation
- 3) Resolution No. 2019-08, Adopting Fiscal Year 2018-19 Revised Budget and Fiscal Year 2019-20 Proposed Budget Including Exhibits
- 4) Resolution No. 2019-09, Adopting Fiscal Year 2019-20 Appropriation Limit Including Exhibit A



May 15, 2019

Gary Phillips, Chair Transportation Authority of Marin

Barbara Pahre, Vice Chair Golden Gate Bridge, Highway/Transportation District

Judy Arnold
Marin County Board of Supervisors

Damon ConnollyMarin County Board of Supervisors

Debora Fudge Sonoma County Mayors' and

Councilmembers Association

Dan Hillmer

Marin County Council of Mayors and Councilmembers

Eric LucanTransportation Authority of Marin

Joe Naujokas Sonoma County Mayors' and Councilmembers Association

David RabbittSonoma County Board of Supervisors

Chris RogersSonoma County Mayors' and
Councilmembers Association

Shirlee Zane
Sonoma County Board of Supervisors

5401 Old Redwood Highway Suite 200 Petaluma, CA 94954 Phone: 707-794-3330

Farhad Mansourian

General Manager

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Sonoma-Marin Area Rail Transit Board of Directors 5401 Old Redwood Highway, Suite 200 Petaluma, CA 94954

SUBJECT: Review Preliminary Proposed Fiscal Year 2019-20 Budget and Fiscal Year 2018-19 Year-End Revised Budget Report

Dear Board Members:

RECOMMENDATION: Review and Provide Feedback

Today we are presenting for your review the Proposed Fiscal Year 2019-20 Annual Budget, and include an update and review of the revised Fiscal Year 2018-19 Year-End Budget. This first presentation allows time for any guidance in advance of your approval of the budget on June 5. When we return in June, we will detail any changes that are necessary and will provide the required resolutions that accompany adoption of the budget.

Executive Summary:

Our budget is organized into three different departments. First, Administration, which contains all of the expense related to running the District, including legal, human resources, finance, real estate, planning, grants, outreach and procurement. This is also where SMART's offices in Petaluma are budgeted, as well as the payments related to bond debt. Second, SMART has a Capital Department, which includes expenses for all capital projects large and small, such as Larkspur, Windsor, and the Pathways. This budget also contains ongoing engineering support and studies such as our bridge analysis, environmental monitoring, and smaller improvement projects. Finally, the Operations Department contains all the functions more directly related to operating the rail and pathway. This includes all train, track, signal, systems and facilities expense, as well as public safety and compliance.

The sources of revenue for the proposed Fiscal Year 2019-20 budget include sales tax (41.5%), state grants for specific projects (14.8%), state operating assistance (7.8%), smaller grants and reimbursements for work for other agencies (5%), federal capital grants (4.9%), fares and parking revenue (4.4%), and leases, fees and other miscellaneous sources (0.9%). The budget relies on fund balance (20.7%) for the completion of our capital projects as well as some portion of operations.

SMART Board of Directors May 15, 2019 Page 2 of 3

At the close of the proposed Fiscal Year 2019-20 budget, our fund balance available for capital and other needs is \$7,711,929. This is in addition to the \$17,000,000 in operating reserves set aside as part of the budget process in Fiscal Year 2018-19. Categories of expenditures in the proposed Fiscal Year 2019-20 budget are Capital Projects (37%), Operations (32%), Debt Service (18%), and Administration (13%).

More discussions, charts and details are provided in the budget document accompanying this report. Below are brief summaries of both fiscal years.

Fiscal Year 2018-19 Year End Budget Report:

Revenue: Projected Year-End revenue for the Fiscal Year 2018-19 will be \$101,173,784. This amount is \$6.8 million (7.2%) higher than was anticipated in June of last year primarily due to an increase in cooperative project activity tied to reimbursements, shifts in Larkspur and Windsor costs to next fiscal year, one-time property sale revenue, and increases in State operating revenue. Our available fund balance for the year also increased by \$12 million over the originally budgeted amount due to shifts in capital project payments from the prior year, increases in one-time revenue from real estate sales, and smaller year-end anticipated expenses.

Expenditures: Projected expenditures at the end of Fiscal Year 2018-19 are \$115,401,683. This is \$3.2 million (2.7%) lower than anticipated in the original budget due to numerous shifts within the capital budget, savings realized in operations for professional services and fuel, and savings tied to the consolidation of our Petaluma headquarters office space.

Proposed Fiscal Year 2019-20 Budget:

Revenues: In the new fiscal year, we project revenues of \$75,119,118, which is \$26.1 million (25.8%) lower than the prior year. Almost all of that is tied to a decrease in grant revenue for capital projects, due to a decrease in construction activity. In addition, there were one-time revenues related to property sales that are not anticipated in the coming year. We are projecting Sales Tax revenues to increase 3% overall from the prior year and fare revenue to increase 5% due to the opening of the Larkspur extension. This takes into account promotions planned this summer for weekends and holidays. State revenue increases by \$4.4 million and is tied to state operations funding and the Windsor Extension.

Expenditures: We are requesting authority for \$95 million in expenditures next year, which is \$20.7 million (17.9%) lower than the prior year. Changes are detailed in the budget document, however here are the significant highlights in each department:

Administration: Administration expenditures are proposed to increase \$1 million (4%) primarily due to a debt service increase of \$651,750 over the prior year actuals and a \$382,747 increase in salaries and benefits tied to step adjustments and the filling of vacant positions.

SMART Board of Directors May 15, 2019 Page 3 of 3

- Operations: Operations costs are projected to increase \$2.5 million (9%). Within that amount, salaries and benefits are projected to increase \$1.2 million (8%) primarily due to the addition of 3 Full-time employees for operating needs (\$321,293), step and benefit increases (\$755,919), and the shift of the public safety department from Administration to Operations (\$97,650). Discussion of the need for these positions can be found in the budget but are tied to improvements right of way maintenance and procurement needs. Budgets for both fuel and vehicle maintenance were increased in anticipation of the Larkspur extension opening. Operations also proposes \$2.9 million in capital equipment for vehicle, track and signal maintenance partially funded by state grants. This equipment will allow us to reduce future costs on contracted services and increase our ability to respond to maintenance needs quickly, thus increasing service reliability.
- Capital: While our capital project activity is not decreasing, proposed expenditures are decreasing by \$24.2 million (40%) over the previous year. This is due to the completion of payments associated with the Phase 1 (Initial Operating Segment) project, Larkspur and related cooperative projects, as well as completion of rail car payments. The Windsor project and several pathway projects will be in the design and permitting phase but will not be in full construction during the proposed budget year.

Reserves and Fund Balance: As part of the budget process in June 2018, we set aside \$17,000,000 as an operating reserve to counter challenges and uncertainties. At the close of Fiscal Year 2019-20, we anticipate that reserve will be intact. We are also showing a closing fund balance that will be available for capital maintenance and projects of \$7,711,929. Over the course of the current and next Fiscal Years, we utilize available fund balance to complete the capital project as we had planned. We are also relying on those funds for operations costs that our revenues are not yet sufficient to cover.

We believe this budget proposal reflects an ongoing strong effort by SMART to manage its resources in a way that provides the best service possible to our riders while working to generate revenues that will help us build the system to reach greater numbers and more communities. We will continue to work on ways to reduce costs and bring more resources to bear on our transit system.

FISCAL IMPACT: No current impact of budget review.

Very truly yours,

Erin McGrath
Chief Financial Officer

Attachment(s): Preliminary Fiscal Year 2019-20 Proposed Annual Budget and Fiscal Year 2018-19 Year-End Budget Report



SMART PRELIMINARY BUDGET PRESENTATION MAY 15, 2019

Budget Overview

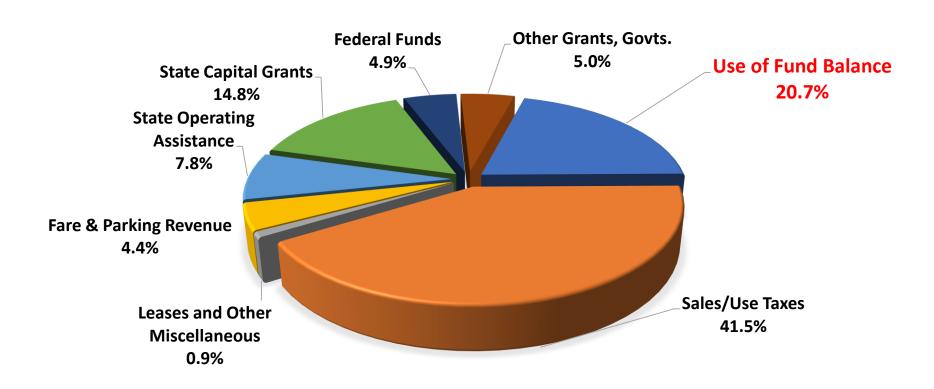
- Organized By Department:
 - Administration
 - Capital
 - Operations
- By Year:
 - Fiscal Year-End 2018-19
 - Proposed Fiscal Year 2019-20
- Reserves:
 - Tied to Fund Balance
 - ➤ Operating
 - ➤ Capital

Fiscal Year End 2018-19

- Year-End Revenue: \$101 Million
 - \$6.8 million (7.2%) higher than June approvals
 - Shifts in funding sources based on capital activity (more reimbursements)
 - Increase in one-time revenue (real estate)
 - Increased State operating revenue
- Year-End Expenditures: \$115 Million
 - > \$3.2 million (2.7%) lower due to shifts in payments to contractors for capital projects, cost savings
- Beginning Capital Fund Balance: \$42 million, Ending Capital Fund Balance \$27 million
 - ➤ Needed as source for FY 2019-20 budget, for committed capital project costs

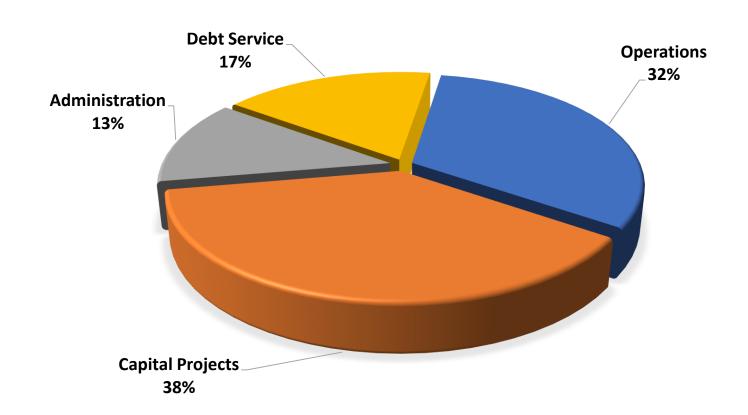
Proposed Fiscal Year 2019-20

Proposed Sources: Fiscal Year 2019-20 \$95 Million

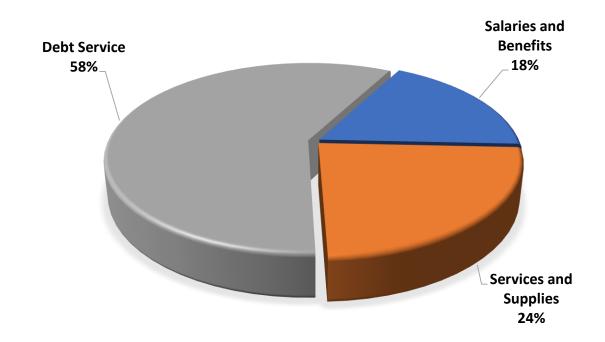


Prior Year Capital Fund Balance Becomes Source for FY 19-20

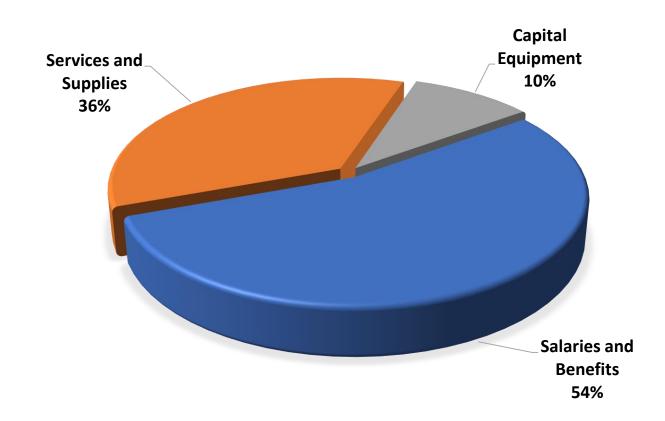
Proposed Uses: Fiscal Year 2019-20 \$95 Million



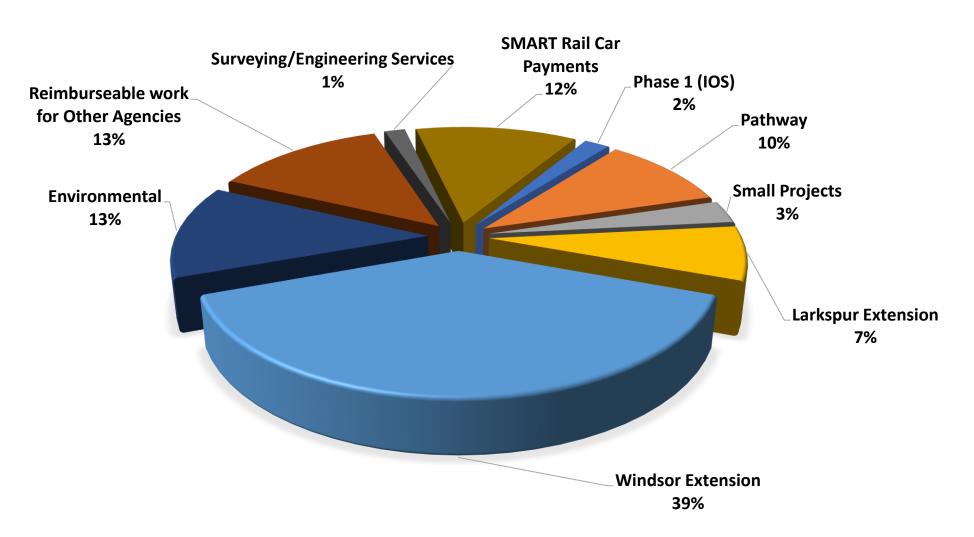
Administration: Proposed FY 2019-20 \$29 million



Operations Proposed FY 2019-20 Total \$30 million



Capital Proposed FY 2019-20 \$36 million



Reserves and Fund Balance

Proposed Budget Preserves \$17 million Operating Reserve

Critical for the following needs:

- -- Revenue downturns
- -- Expenditures related to large events (fire, accident, earthquake)
- -- Required \$10 million in capital maintenance in next three years
- -- Cushion for future revenue-expense deficit: Operating deficit \$7 million

Reserves and Fund Balance

- FY 18-19 Beginning Capital Fund Balance: \$42 million
- FY 18-19 Ending Capital Fund Balance \$27 million
- FY 19-20 Ending Fund Balance \$7.7 million
 - -- Needed to ensure completion of Larkspur, Windsor, Payran and Sonoma "Gap" Pathway
 - -- Ongoing environmental mitigation projects
 - -- Capital Infrastructure future needs such as bridges, tunnels and vehicles
 - -- Matching funds for future grant opportunities

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT, STATE OF CALIFORNIA, ADOPTING A REVISED BUDGET FOR FISCAL YEAR 2018-19 AND AN ANNUAL BUDGET FOR FISCAL YEAR 2019-20, PROVIDING FOR THE ESTABLISHMENT OF NEW DISTRICT EMPLOYEES PURSUANT TO PUBLIC UTILITIES CODE SECTIONS 105050 AND 105052(b) AND FIXING THE COMPENSATION AND SALARY OF ALL DISTRICT EMPLOYEES FOR FISCAL YEAR 2019-20, ADOPTING A STATEMENT OF INVESTMENT POLICY FOR FISCAL YEAR 2019-20, AND DELEGATING AUTHORITY TO INVEST CERTAIN FUNDS UNDER THE CONTROL OF THE BOARD OF DIRECTORS TO THE CHIEF FINANCIAL OFFICER

WHEREAS, Section 8.01 of Article VIII of the Administrative Code of the Sonoma-Marin Area Rail Transit District ("SMART") requires that the Board of Directors ("Board") adopt an annual budget for the ensuing fiscal year no later than the District's June meeting; and

WHEREAS, a preliminary Revised Budget for Fiscal Year 2018-19 and an Annual Budget for Fiscal Year 2019-20 was prepared by the Chief Financial Officer and presented to the Board at its May 15, 2019 meeting; and

WHEREAS, the preliminary Annual Budget for Fiscal Year 2019-20 has been available for public inspection since May 15, 2019, in excess of the minimum 10-day public inspection period prescribed by the Administrative Code; and

WHEREAS, at its duly noticed meetings on May 15, 2019, and June 5, 2019, the Board fully reviewed and considered the Revised Budget for Fiscal Year 2018-19 and the Annual Budget for Fiscal Year 2019-20, at which time all interested persons were given the opportunity to hear and be heard; and

WHEREAS, at its meetings on May 15, 2019, and June 5, 2019, the Board duly considered the creation of employee positions and the fixing of the compensation and salary for those newly created positions as well as the adjustment of the compensation and salary of some existing positions; and

WHEREAS, certain non-cash transactions such as the recording of donated assets and depreciation do not require appropriation authority and are not included in the annual budget but must be recorded during the preparation of financial statements for each fiscal year; and

WHEREAS, administrative and accounting adustments and corrections which are necessary to move funds or expense in accordance with accepted accounting practice may be necessary and do not require appropriation authority for each fiscal year; and

WHERAS, California Government Code Section 53607 authorizes the Board to delegate to the Chief Financial Officer the authority to invest certain funds of SMART on deposit with the County of Sonoma Treasury for up to one year; and

WHEREAS, included in the delegation of authority for investments is the authority to transfer funds between accounts in order to maximize investment returns for the District; and

WHEREAS, upon such delegation the Chief Financial Officer assumes full responsibility for those transactions until the Board revokes this authority or does not renew the annual delegation by resolution; and

WHEREAS, nothing in this resolution limits the Chief Financial Officer's authority pursuant to Government Code Sections 53635 and 53684; and

WHEREAS, all investments are reported monthly to the Board of Directors as required by Government Code Section 53646; and

WHEREAS, California Government Code Section 53646 requires that the Chief Financial Officer annually submit a statement of investment policy to the Board for its review and approval; and

WHEREAS, the Chief Financial Officer presented and the Board duly considered the Statement of Investment Policy for Fiscal Year 2017-18 at a noticed public meeting of the Board of Directors on June 21, 2017.

NOW, THEREFORE, BE IT RESOLVED that the Revised Fiscal Year 2016-17 Budget and Fiscal Year 2017-18 Annual Budget for the Sonoma-Marin Area Rail Transit District attached hereto as <u>Exhibit A</u> is hereby approved.

BE IT FURTHER RESOLVED that the funding for this Final Budget is being provided to SMART by way of Measure Q sales tax, reimbursements from grants from the State of California and the Federal Transit Administration, property revenues, Sonoma County's Measure M, and passenger fares, among other funds, all as more fully described in <u>Exhibit A</u>.

BE IT FURTHER RESOLVED that based upon competent evidence and acting pursuant to the provisions of the Enabling Legislation, the salaries, wages, compensation and expenses for management and non-management employees for Fiscal Year 2019-20 shall be as provided for also in <u>Exhibit A</u>, Table 5, SMART Position Authorizations, and such compensation shall be compensation in full for all official services performed by such managers and employees, unless expressly provided otherwise.

BE IT FURTHER RESOLVED that the Chief Financial Officer is authorized to complete any necessary budgetary and accounting transfers and adjustments to implement the adopted FY 2019-20 Budget and to re-establish valid prior year encumbrances. Such adjustments shall include but not

Resolution No. 2019-08 Sonoma-Marin Area Rail Transit District June 5, 2019

be limited to decreasing appropriations in any and all funds associated with projects initiated prior to the 2019-20 fiscal year-end to meet actual available resources. Authority includes budgetary and accounting adjustments necessary to assign year-end actual fund balances, and increasing or decreasing appropriations for previously approved projects, operations and maintenance expenses and budgetary and accounting adjustments necessary to assign actual fund balances.

BE IT FURTHER RESOLVED that the Chief Financial Officer is authorized to complete any administrative or accounting adjustments necessary for the proper presentation of the District's financial statements that are in accordance with the Board's Direction and approval of the Budget, including noncash adjustments for depreciation and recording donated assets.

BE IT FURTHER RESOLVED that, in accordance with the provisions of Government Code Section 53646, the Statement of Investment Policy for Fiscal Year 2019-20 attached hereto as <u>Exhibit</u> <u>B</u> is hereby approved and adopted.

BE IT FURTHER RESOLVED that, pursuant to Government Code Section 53607, the Board of Directors of the Sonoma-Marin Area Rail Transit District hereby delegates to the Chief Financial Officer the authority to create and maintain accounts as necessary for management of the District's funds, including the ability to invest and reinvest funds in the Sonoma County Treasury for a period of one year.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Sonoma-Marin Area Rail Transit District held on the 5th day of June, 2019, by the following vote:

AYES:	
NOES:	
ABSENT:	
ABSTAIN:	
	Gary Phillips, Chair, Board of Directors Sonoma-Marin Area Rail Transit District
ATTEST:	
-	
Leticia Rosas-Mendoza, Clerk of the Bo Sonoma-Marin Area Rail Transit Distri	

EXHIBIT A

REVISED FINAL BUDGET REPORT FOR FISCAL YEAR 2017-18 and ANNUAL BUDGET FOR FISCAL YEAR 2018-19 AND RELATED POSITION AUTHORIZATIONS

SONOMA-MARIN AREA RAIL TRANSIT DISTRICT PROPOSED BUDGET: FISCAL YEAR 2019-20

and

Fiscal Year 2018-19 Year-End Budget

MAY 2019

PROPOSED BUDGET: FISCAL YEAR 2019-20

and Fiscal Year 2018-19 Year-End Budget

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Figure 2: Total Proposed Expenditures Fiscal Year 2019-20

2. BUDGET REVIEW BY DEPARTMENT

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 - i. Figure 3: Proposed Expenditures Fiscal Year 2019-20
 - ii. Table 2: Detailed Budget, Fiscal Year End 2018-19 and Proposed Fiscal Year 2019-20
- b. Capital
 - i. Figure 4: Proposed Expenditures Fiscal Year 2019-20
 - ii. Table 3: Detailed Budget, Fiscal Year End 2018-19 and Proposed Fiscal Year 2019-20
- c. Operations
 - i. Figure 5: Proposed Expenditures Fiscal Year 2019-20
 - ii. Table 4: Detailed Budget, Fiscal Year End 2018-19 and Proposed Fiscal Year 2019-20

3. POSITION AUTHORIZATIONS

Table 5: Proposed FY 2019-20 Position Authorizations

EXECUTIVE SUMMARY

SMART's two-year budget document presents an updated Fiscal Year 2018-19 budget and the proposed Fiscal Year 2019-20 budget separated by SMART's three Departments: Administration, Operations and Capital. This allows for a breakdown of detail on revenues and expenditures by Department by fiscal year. Within this budget document are three detailed budget tables by Department, in addition to a summary overview chart and the proposed salary schedule.

As part of our Fiscal Year 2018-19 budget process we established an Agency Reserve by setting aside \$17,000,000 which remains intact through the end of the next fiscal year. This is an important reserve to allow SMART the ability to manage the challenges and the uncertainties of this new and growing operation. At the end of the Fiscal Year 2019-20 we are also showing a closing fund balance that will be available for operating, capital maintenance and other projects of \$7,711,929. In Fiscal Years 2018-19 and 2019-20, we utilize available fund balance to complete the capital project as we had planned at the beginning of construction. We are also relying on those funds for operations costs that our revenues are not yet sufficient to cover. The use of fund balance in each year is shown in summary Table 1 and discussed further within each department. We have been able to achieve the fare revenues we originally budgeted and are increasing the current year budget to \$3.94 million and are proposing \$4.1 million for passenger revenue in the new fiscal year. We continue to receive strong state operating revenue as a result of SB1 equaling \$7.4 million in the new Fiscal Year. These funds continue to allow us to leverage SMART funds towards the purchase of important operating equipment, such as the wheel press machine for our rail cars, right-of way maintenance equipment and spare parts necessary for service reliability.

As part of reviewing our staffing needs going forward, there is an increasing workload to keep trains running and in good repair. In the budget, we are proposing the addition of 3 full time employees for operations. One to replace a temporary worker who has assisted us with the purchasing of high volume and complex maintenance parts and equipment needed and two staff to reduce ongoing contracting costs while increasing responsiveness to rail right-of-way maintenance needs.

The budget also includes all the revenues and expenditures for all of SMART's capital projects, including the completion of the Phase 1 (IOS1) project, which includes final vehicle and signal system acceptance. It also included significant expenditures related to kick off of the Windsor project as well as completion of the Larkspur extension.

Figures 1 and 2 and Table 1 on the following pages provide combined, broad overviews of the sources and uses in the District's budget for all departments. There are three budget columns, the first reflecting the original budget for Fiscal Year 2018-19 approved in June of 2018, the second showing the year-end changes to reflect actual revenues and expenses, and the third showing the Proposed Budget for Fiscal Year 2019-20. This chart also shows funds available in SMART's fund balance, which is used for all purposes including capital project completion and operational needs.

The Fiscal Year 2018-19 Year-End Budget reflects all Board-approved amendments during the Fiscal Year as well as adjustments for actual spending levels. Overall approved expenses are reduced by \$3.2 million (2.7%) due to both shifting construction schedules into the next fiscal year and cost savings. Revenues were adjusted higher by \$6.8 million (7%) to reflect increased property transaction revenues, fare revenue and the addition of fully-funded cooperative capital projects. The Fiscal Year 2019-20 budget proposal reflects a decrease year-over-year in revenues by \$26 million (26%) and expenditures by \$20.7 million (18%). These decreases are related to the completion of both the Larkspur extension project and final railcar milestone payments for all 18 rail cars. More detailed discussion is included in the Budget by Department sections.

Figure 1: Overview of Proposed Sources, Fiscal Year 2019-20

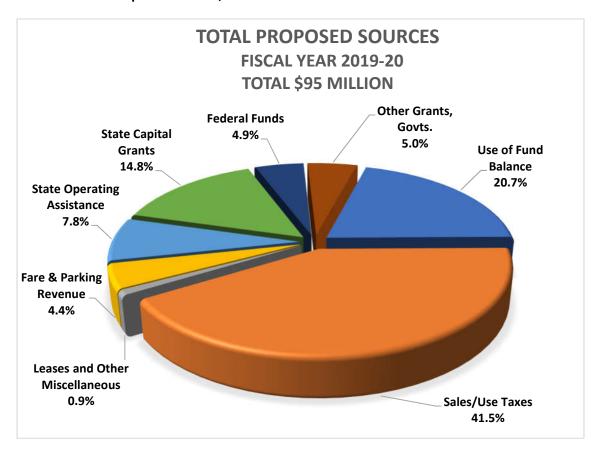
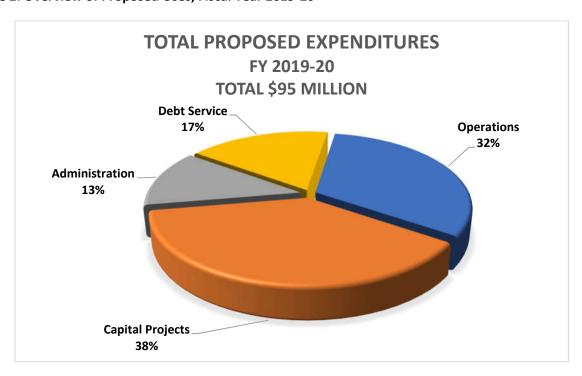


Figure 2: Overview of Proposed Uses, Fiscal Year 2019-20



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BUDGET REPORT: OVERVIEW OF ALL SOURCES AND USES

DODGET REPORT. OVERVIEW OF MED SOCREES MIND COLD						
	F۱	Y 2018-19	F	Y 2018-19	FY 2019-20	
		PPROVED BUDGET	Α	YEAR END CTUALS & STIMATES	PROPOSED BUDGET	EXPLANATION OF SIGNIFICANT CHANGES
Budgeted Revenue						
Sales/Use Taxes		38,122,332		38,122,332	39,266,002	3% increase over FY19 assumed in proposed FY20 budget
Interest and Lease Earnings		742,000		1,078,591	782,505	45% increase in F19 actuals is tied to earnings on higher than anticipated ending Fund Balance
Miscellaneous Revenues		930,000		2,992,640	20,000	200% increase in FY19 actuals due to one-time revenue from property sales
Fare & Parking Revenue		3,690,000		3,990,000	4,187,000	8% increase in Passenger Fare Revenue in FY19 actuals budget; 5% increase assumed in FY20
State Grants		16,980,939		17,047,250	21,414,794	26% increase in proposed FY20 budget due to increased State operating revenue, Windsor Extension funding
Charges For Services		45,000		1,118,918	60,000	FY19 increase tied to one-time Insurance & legal fee reimbursement
Federal Funds		24,535,682		23,761,546	4,650,000	80% decrease in FY20 - completion of Larkspur
Other Governments/ Misc.		5,857,019		8,422,251	4,538,192	44% increase in FY19 revised - addition of Anderson, San Rafael Pathway, Dwtn Novato Station; 46% decrease in FY20 tied to project completion
Measure M		228,000		27,375	200,625	88% decrease in FY19 - completion of Payran pathway design; funds shifted to FY20 Sonoma County gap pathway design
MTC - RM2		3,211,740		4,612,881	-	44% Increase in FY19 tied to actuals related to the Larkspur project; funds for Larkspur exhausted
Total All Revenues	\$	94,342,712	\$	101,173,784 \$	75,119,118	
Budgeted Expenditures						
Salaries & Benefits		21,040,490		21,040,490	22,916,720	9% increase in FY20 - 3 new FTE, step and benefit adjustments
Services & Supplies		17,050,876		16,886,835	18,847,361	12% increase in FY20 - insurance, capital professional services, required vehicle maintenance, fuel for testing and Larkspur
Debt Service/ Other Charges		16,095,850		16,299,733	16,747,600	3% Increase in FY20 required debt service schedule
Equipment, Buildings & Improvements		3,018,417		3,265,012	3,085,500	8% increase in FY19 - shift of expenditures from FY18 for items received after FY18 close, 5% decrease in FY20 - one-time purchases complete
Capital Projects		61,723,666		58,232,942	33,664,209	6% decrease in FY19 - shift in capital expenditures related to DMU payments, 42% decrease FY20 - Larkspur complete, Windsor & pathway design
Equipment Replacement Allocation		525,000		525,000	525,000	Annual allocation to equipment replacement fund
Capital Salary Transfer		(848,329)		(848,329)	(1,090,000)	28% increase in FY20 - tied to capitalizable labor related to projects
Total All Expenditures	\$	118,605,970	\$	115,401,683 \$	94,696,390	
Subtotal	\$	(24,263,258)	\$	(14,227,899) \$	(19,577,271)	Available Budget Sources minus All Uses
Beginning Available Fund Balance	\$	29,222,015	\$	41,517,099 \$,,	Audited available fund balance FY19 increased by \$12 million due to shifts in capital project payments from the prior year, increases in one-time revenue from real estate sales, and smaller year-end anticipated expenses
Remaining Fund Balance (Capital Reserve)	\$	4,958,757	\$	27,289,200 \$	7,711,929	
Remaining Agency Reserve	\$	17,000,000	\$	17,000,000 \$	17,000,000	

BUDGETS BY DEPARTMENT

Each Department has its own Section, Tables and Figures that provide information on that Department's Fiscal Year 2018-19 Original budget, Revisions for Year End, and the Proposed Fiscal Year 2019-20 budget.

Administration Budget:

The Administration budget contains all of the expenditures related to running the District, including legal, human resources, finance, real estate, planning, grants, outreach and procurement. This is also where SMART's offices in Petaluma are budgeted, as well as the payments related to bond debt. Spending on the Administration budget is relatively flat with some reductions in costs during the current fiscal year that are invested in the new budget year for anticipated needs. Those include scheduled step increases, insurance coverage, public outreach, and strategic plan costs. One unavoidable cost increase of \$651,750 (4%) in the Fiscal Year 2019-20 budget is the scheduled Debt Service increase related to the 2011 bond sale. Below is a narrative overview, further detail can be found in **Table 2** following this discussion.

Fiscal Year 2018-19 Final Budget Report:

Revenues: Final projected revenue in Administration in Fiscal Year 2018-19 is \$27,778,435. SMART's sales tax is anticipated to match budgeted revenue. This tax revenue flows first into Administration as needed to cover costs such as debt service and salaries. To the extent other general revenues received are sufficient to cover administrative costs, the remaining sales tax is moved to fund operations. Miscellaneous revenues increased significantly due to property transactions related to Railroad Square that resulted in unanticipated one-time revenue of \$2 million. One-time revenue related to interest earning was higher than budgeted as were legal fees reimbursements. This increased revenue allowed for additional sales tax to flow to operations. Final revenue was \$597,398 (2%) lower than budgeted in order to match lower expense anticipated at year end.

<u>Expenditures</u>: Overall Expenditures in Administration are reduced by \$597,398 (2%) which led to lower Sales Tax Revenue needed as discussed above. Included in this change are reductions of \$150,000 in office lease payments as a result of our office consolidation at the District headquarters in Petaluma, as well as smaller reductions in a number of areas including office expense and computer software. The salaries and benefits costs related to public safety (3.5 Full Time Equivalent employees) were reclassified to the operations department to comply with State & Federal reporting requirements, which resulted in a decrease of \$651,947.

Fiscal Year 2019-20 Proposed Budget:

<u>Revenues:</u> Ongoing sales tax revenue is projected to increase by 3% over originally budgeted amounts from the prior year. Allocation of sales tax to Administration is increased in the new budget to match expenses. Total increase in all revenue allocated to Administration is \$1 million (4%).

<u>Expenditures:</u> Expenses for the new Fiscal Year are increased by \$1 million in the proposed budget primarily due to a \$651,750 increase in Debt Service. The remainder is due to increased insurance costs

and anticipation of scheduled step adjustments and projected benefit costs. There is a budget increase for the costs associated with the upcoming ballot measure. There is also an increase in public outreach cost for the upcoming testing and opening of the Larkspur and Novato Stations. Included in the professional services budget are costs related to the preparation for a new strategic plan in 2019, financial advisory services and ongoing ridership analysis needed for mandatory reporting.

Please reference **Table 2** on the next page for a detailed chart containing further breakdowns and explanations of changes. **Figure 3**, below, shows the proportion of Administration Expenditures proposed in Fiscal Year 2019-20.

Figure 3: Overview of Proposed Administration Expenditures Fiscal Year 2019-20

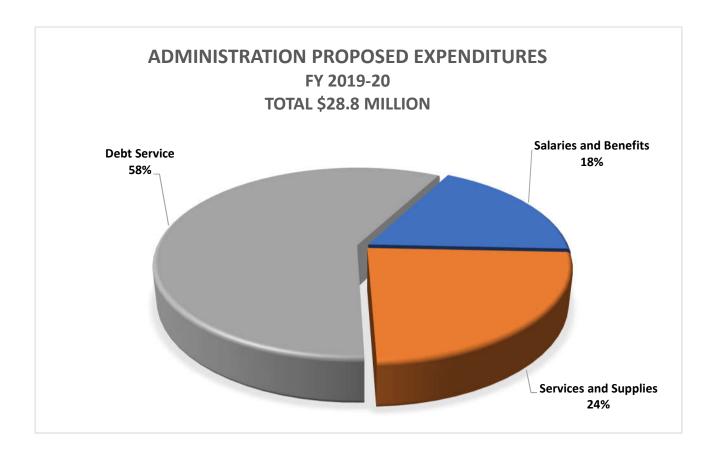


TABLE 2:

ADMINISTRATION BUDGET

Original, Year End FY 2018-19 and Proposed FY 2019-20

Original, Year End FY 2018-19 and Proposed FY 2019-20										
	FY 2018-19	FY 2018-19	FY 2019-20							
		YEAR-END ACTUALS								
DESCRIPTION	APPROVED BUDGET	& ESTIMATES	PROPOSED BUDGET	EXPLANATION OF SIGNIFICANT CHANGES						
REVENUES:										
Sales/Use Taxes										
State Sales Tax Collection	\$ 934,766	\$ 934,766	\$ 962,809	Increase in state collection costs						
Sales Tax withheld by Trustee	16,095,850	16,095,850	16,747,600	Debt schedule increase						
Sales Tax Allocation to Administration	9,673,217	6,283,521	10,262,728	**Amount changes to balance revenue with expense						
Total Sales/Use Taxes	26,703,833	23,314,136	27,973,136	**See notes below						
Use of Money/Property										
Interest Earnings	295,000	575,000	295,000	FY19 Increase due to higher than anticipated fund balance						
Advertising Revenue	145,000	201,591		Train and platform advertising						
Rent - Real Estate	302,000	302,000	265,755	Reduction tied to lease terminations						
Total Use of Money/Property	742,000	1,078,591	782,505							
Charges for Services	,	, ,	,							
_	20,000	202.069	30,000	Application foos, and incurance reimbursements						
Other Charges - Fees, Reimbursements Total Charges for Services	30,000 30,000	393,068 393,068	30,000	Application fees, and insurance reimbursements						
	30,000	333,008	30,000							
Miscellaneous Revenues										
Sale - Lease/Purchase	850,000	2,972,640	-	FY19 sale of easements, TAM pathway agreement, Railroad Square						
Miscellaneous Revenue	50,000	20,000	20,000							
Total Miscellaneous Revenues	900,000	2,992,640	20,000							
TOTAL REVENUES	\$ 28,375,833	\$ 27,778,435	\$ 28,805,641							
				T						
EXPENDITURES:										
ADMINISTRATION										
Salaries and Benefits										
Employee Salaries	\$ 4,251,813	\$ 3,726,066	3,899,865	FY19 shift Public Safety to Operations department						
Employee Benefits	1,163,690	1,037,491	1,246,439							
Total Salaries and Benefits	5,415,504	4,763,557	5,146,304	Step adjustments, benefit cost increases, filling of vacant positions						
Services and Supplies										
Communications	53,200	51,011	46,701							
Insurance	2,128,000	2,361,256	· ·	Increased insurance renewal costs						
Maintenance-Facilities	18,950	17,200	5,000	Security access project complete						
Fees/ Miscellaneous Expense	55,100	53,720	162,170	Includes estimated ballot measure fee						
Office Expense	122,560	93,000	115,310	One-time savings FY19; ongoing reductions FY20						
Postage, Printing, Periodicals	47,000	39,000	53,000	One-time increase in FY20 related to printed materials for Larkspur						
Accounting/ Payroll Services	90,000	95,150	90,885	FY19 increase due to implementation of new payroll system						
Professional Services	1,079,500	1,055,181	987,953	Ridership analysis, security screenings, advocacy, NTD analysis						
Agency Extra Help	100,000	100,000	100,000	Short term leave coverage as needed						
State Administrative Fee	934,766	934,766	· ·	State fee increases						
Legal Services	475,000	500,000	475,000	As-needed legal expertise/ support						
Rents/Leases	774,024	611,735	501,006	_ , , , , , ,						
Computer Software and Hardware	361,110	286,196	318,000	Equipment replacements, software upgrade, ongoing license fees						
Public Outreach	303,200	181,536	269,000	Increased outreach for Larkspur extension						
Training, Travel and Memberships	147,350	158,924	· ·	Ongoing training of new and existing staff						
Mileage Expense	36,520	37,840		Contracted and reimbursement-based mileage						
Total Services and Supplies	\$ 6,726,279	\$ 6,576,513	\$ 6,816,737							
Other Charges and Payments										
Bond Principal, Interest	16,095,850	16,095,850	16,747,600	Debt service scheduled increase						
Settlements	-	203,883	=							
Total Other Charges	16,095,850	16,299,733	16,747,600							
Buildings & Capital Improvements (Capital Asse	ts)									
Equipment	138,200	138,633	95,000	Computer hardware replacements						
Total Buildings and Capital Improvements	138,200	138,633	95,000							
TOTAL ADMINISTRATION EXPENDITURES	\$ 28,375,833	\$ 27,778,435	\$ 28,805,641							

^{**}The entire amount of Sales Tax is realized and shown on Table 1. The amount allocated to Administration changes depending on year-end revenues and expenses. For Fiscal Year-End 2018-19, only \$23,314,136 was needed to balance. For Fiscal Year 2019-20 we are assuming a 3% increase in sales tax and budgeting \$27,973,136 for Administration in order to balance.

The Capital Department includes expenses for all capital projects large and small, such as Larkspur, Windsor, and the Pathways. This budget also contains ongoing engineering support and studies such as required bridge analysis, ongoing environmental and mitigation and monitoring, and smaller improvement projects. SMART continues to have a robust capital program related to buildout of the rail and pathway project. In each fiscal year, as planned for at the start of construction, SMART reserved sales tax funds in its fund balance to be used to pay for any project expenses not covered by available revenue such as grants. The Year-End Report for the Fiscal Year 2018-19 Capital Department shows new revenues of \$46.2 million and expenses of \$59.9 million with \$13.7 million coming from available fund balance. In the proposed Fiscal Year 2019-20 budget, total new revenues are anticipated to be \$23.4 million and expenses are projected to be \$35.6 million with \$12.2 million coming from fund balance. Further detail is provided in the discussion below and on the chart that follows.

Fiscal Year 2018-19 Final Budget Report:

Revenues: Overall revenues are increased \$2.1 million (5%) over the original budget to reflect actual receipts. There were a number of shifts in construction schedules and funding during the fiscal year that combined to make this change. Principally among them are increases in funding from other governments related to Anderson Drive, the Downtown Novato Station, and San Rafael Pathway, which are tied to expenditures on that project. The Larkspur Extension Project is funded by a mix of local and federal funds and was revised to match actual expenditures. The Windsor Extension project was added to the budget mid-year when funding became available.

Expenditures: Construction schedule shifts between the two fiscal years resulted in an overall reduction of \$3 million (5%) in Fiscal Year 2018-19 spending on capital. The largest shifts were payments to the vehicle manufacturer which moved out of the current year budget and into next fiscal year resulting in a \$1.9 million reduction. There was also a shift of work related to the Windsor Extension Project due to timing of funding availability. That was offset by an increase in cooperative work primarily related to Anderson Drive and the City of San Rafael Pathway Project.

Fiscal Year 2019-20 Proposed Budget:

Revenues: Revenues for the next fiscal year budget are \$23,388,817, which is \$22.8 million (49%) lower than the current year to match capital project activity funded by grant revenue. Fund balance of \$12,237,643 provides the necessary funding for remainder of our capital program for the year. The State of California is funding SMART's four new rail cars as well as construction of the Payran Pathway in Petaluma. State funding is also included for the Windsor Extension and the new Sonoma County Pathway Gap project. Sonoma County Transportation Authority's Measure M also will fund the Gap project.

Federal funds are related to the Larkspur and Windsor project and include funds from three different federal sources. The City of Novato is providing funding for the Downtown Novato Station, The City of San Rafael for Anderson Drive, and The County of Sonoma for new Quad Crossing Gates in Penngrove.

Expenditures: Overall expenses for the new Fiscal Year will be \$35,626,460, which is \$24.2 million less than the prior year. This reflects the winding down of the Larkspur rail extension project and related pathway. Expenses related to the Novato Station and Anderson Drive, funded by others, are also included in the budget. The Windsor Extension and Sonoma Pathway Projects will see a full year of activity but limited construction activity. We are also budgeting for remaining costs of the Phase 1 project, including final acceptance of our first 14 rail cars and contract closeouts of all Civil and Train Control Systems-related work. We continue to budget for ongoing environmental mitigation and monitoring. On the following two pages we have shown a breakdown of the capital budget by project (Figure 4) and an explanation of the projects, and then the budget chart for the Capital Department (Table 3) showing all sources and uses.

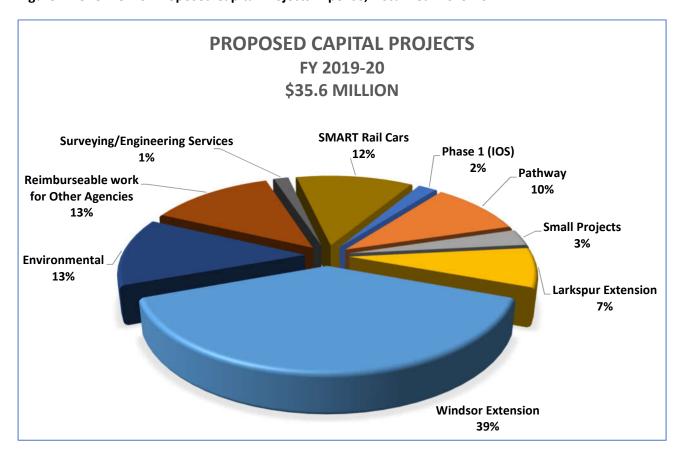


Figure 4: Overview of Proposed Capital Projects Expense, Fiscal Year 2019-20

The chart above shows the breakdown of capital projects proposed for Fiscal Year 2019-20. The categories above include the following:

- Windsor Extension Design and construction engineering for rail and pathway, clipper vending machine, train control systems infrastructure and permitting costs
- Reimbursable work for other agencies Downtown Novato Station, Penngrove Quad Gates, Anderson Drive
- SMART Rail Cars Final milestone payments for all 9 rail car sets
- Environmental Ongoing required monitoring and maintenance of Mira Monte, Gallinas Creek Pathway, Riparian & Tree mitigation
- Pathway Design and Permitting for Sonoma County gap project, construction of Payran Pathway
- Larkspur Completion and opening of the Larkspur Extension
- Small Projects Path of travel improvements, bridge & culvert repairs, track improvements to prevent flooding
- Surveying and engineering services Annual bridge inspection, operations simulation, as-needed surveying, ADA consultation, cost-estimating services, Real Estate consultation
- Phase 1 IOS Train Control Systems acceptance and final close-out of Phase 1 (IOS1) construction contract

TABLE 3:

CAPITAL BUDGET

Original, Year End FY 2018-19 and Proposed FY 2019-20

			0 ,				
	-	Y 2018-19		FY 2018-19		FY 2019-20	
			YEAR-	END ACTUALS &			
DESCRIPTION	APPR	OVED BUDGET	E	ESTIMATES	PROPOSED BUDGET		EXPLANATION OF SIGNIFICANT CHANGES
REVENUES:							
Intergovernmental Revenues							
State - Grant Funds	\$	10,261,000	\$	9,394,036	\$	14,010,000	Additional Rail Sets, Payran pathway, Windsor Extension
Federal - Grant Funds		24,535,682		23,761,546		4,650,000	Larkspur Extension Project ongoing, Windsor Extension
Other Governments		5,857,019		8,412,251		4,528,192	Anderson Dr., San Rafael path, Novato Station, Penngrove
Measure M - Sonoma County		228,000		27,375		200,625	Sonoma Gap Pathway Project - Payran to Southpoint design
MTC - Bridge Tolls		3,211,740		4,612,881		-	Larkspur extension funds completed
Total Intergovernmental Revenues		44,093,441		46,208,089		23,388,817	
TOTAL REVENUES	\$	44,093,441	\$	46,208,089	\$	23,388,817	
USE OF FUND BALANCE	\$	19,161,163	\$	13,648,185	\$	12,237,643	

EXPENDITURES:					
CAPITAL					
Salaries and Benefits					
Employee Salaries	\$ 1,093,864	\$ 1.09	3,864	1,362,957	
Employee Benefits	320.017	. ,	0.017	369,545	
Total Salaries and Benefits	1,413,881		3,881	1,732,501	Step adjustments, benefit cost increases, filling of vacant positions
Total Salaries and Bellents	1,413,001	1,41	3,001	1,732,301	step adjustments, benefit cost increases, minig of vacant positions
Services and Supplies					
Communications	-	5	7,700	7,700	
Postage, Printing, Periodicals	5,000		-	-	
Professional Services - Project	885,740	86	2,191	1,239,000	Environmental maint., ADA, as-needed engineering, Suisun Study
Computer Software and Hardware	12,645		9,763	11,050	Engineering and design related
Training, Travel, Memberships	7,000		4,500	7,000	
Permits/Fees	50,000	10	0,125	50,000	Construction related
Utilities	-	1	8,500	-	
Mileage Expense	5,000		5,000	5,000	
Total Services and Supplies	965,385	1,05	7,779	1,319,750	
Other Charges and Payments	4 400 000				
Other Governments	1,100,000		9,375	=	Cooperative work: Anderson Drive, City of San Rafael
Total Other Charges	1,100,000	64	9,375	-	
Buildings & Capital Improvements (Capital A	Assets)				
Land	=	1	1,000	-	Land purchase for Larkspur extension complete
Capital Equipment - Work in Progress	19,134,836		7,692		Rail car final acceptance payments
Infrastructure	41,488,830	,	4,875	, ,	Larkspur & Windsor Extension; Novato, San Rafael, other pathway work
Total Buildings and Capital Improvements	60,623,666		3,568	33,664,209	
	, ,		Ĺ	, ,	
Interfund Transfers					
Salaries and Benefits Transfer - Capital	(848,329)	(84	8,329)	(1,090,000)	
Total Interfund Transfer	(848,329)		8,329)		Adjustment based on salaries charged to projects
TOTAL CAPITAL EXPENDITURES	\$ 63,254,604	\$ 59,856	.274	\$ 35,626,460	

Operations Budget:

The Operations Department contains all the functions more directly related to operating the rail and pathway. This includes all train, track, signal, train control systems and facilities expense, as well as public safety and safety compliance. While SMART is still a very new operating agency with a number of new challenges every day, we now have more than a year of operations and experience that has informed our budgeting process. We have been able to capture savings in some areas and utilize those savings in areas with additional needs and costs that we had not anticipated. In the Year End 2018-19 Budget Report, the most significant revisions from the originally approved budget are related to the cost of maintenance of the rail cars. A number of increases are proposed in the new Fiscal Year 2019-20 budget which are needed in order to continue our excellent service record as we open the Larkspur extension and ensure continued reliability in the coming years. Finally, as mentioned in the Executive Summary, we have an established Agency Reserve of \$17 million to protect against unknowns in revenue and expense, an amount we think is prudent for the District at this time. Further details are provided below.

Fiscal Year 2018-19 Final Budget Report:

Revenues: Overall revenues are projected to be \$27.2 million. We have increased our anticipated Fare revenue slightly to reflect actual experience during the fiscal year. Anticipated State revenue was increased by \$943,275 (14%) as a result of higher than anticipated revenues from State Transit Assistance funding. There was an increase in other charges of \$680,850 (1,513%) largely related to insurance reimbursement for damage to SMART's Diesel Multiple Unit (DMU) in an accident. Sales tax revenue available for Operations increased by \$3.4 million (30%) due to additional overall revenue increases freeing up more funds in the current year. Due to the additional revenues, Operations required a smaller infusion of fund balance, reduced from \$5,075,825 to \$579,714.

Expenditures: Overall expenditures are increased in the final budget report by \$817,711 (3%) to \$27,766,974. Salaries and benefits increased by \$651,947 (5%) and is a result of the reclassification of the Public Safety Department from the Administration budget to Operating budget to align with federal & State reporting requirements. The vehicles and equipment budget increased by \$246,162 (9%) primarily due to a shift in expenditures from Fiscal Year 2017-18 for items received after the close of the prior fiscal year. Categories that required additional funds during the year included Communications, which required an additional \$30,830 (13%) in order to fund network redundancy and emergency phones. Maintenance of Revenue Vehicles was increased by \$883,344 (86%) largely due to reimbursable repairs to SMART's damaged rail car. These increases were offset by savings in fuel and professional services.

Fiscal Year 2019-20 Proposed Budget:

Revenues: Revenues for Fiscal Year 2019-20 total \$22.9 million. This includes the allocation of Sales Tax to Operations, fare and parking revenues, as well as other charges related to the right-of-way. Fare revenue is projected to increase 5% due to the opening of the Larkspur and Novato Stations. This takes into account promotions planned this summer for weekends and holidays. The budget reflects ongoing State funding, some of which is allocated by formula to assist with operations and some of which is provided for specific maintenance equipment and capital purchases. All of these funds either exist or were increased as a result of SB1 which successfully survived voter repeal last year. These funds will be used to purchase a wheel pressing machine and install it at the Rail Operations Facility, as well as to

purchase rail car jacking equipment, track maintenance equipment, and spare parts for our rail cars, signals and track. We do not yet have ongoing local funds or fare revenue to fully support our operations. Available fund balance of \$7.3 million will be necessary in order to balance anticipated expenditures, leaving an anticipated closing fund balance of \$7.7 million for capital or other needs.

Expenditures: Operations costs are anticipated to increase \$2.5 million (9%) in the next fiscal year, for total expenditures of \$30,264,288. Increases are significant in three categories. First, salary and benefits costs are increasing by \$1,174,862 (8%). This reflects the addition of 3 new full-time employees, including two Maintenance of Way (MOW) Laborers, and One Purchasing Analyst, as well as anticipated step and benefit costs increases. The new staff resources will reduce maintenance of way contracting costs, and support research of the best way to procure specialized equipment for the rail cars and rail system. Second, fuel costs are increased \$307,004 (26%) in order to accommodate testing and opening of the Larkspur Extension. Third, as mentioned above, the budget includes significant investments in capital equipment designed to increase service reliability and decrease reliance on outside maintenance contracts. These investments include \$2 million associated with a wheel pressing machine, a rail car mover, jacking and re-railing equipment, and an excavator that can be used on and off the rails. These investments include overhauls of both the rail car's engines and braking systems, a requirement of both the FRA and our vehicle engines. A new category, Transportation Services, which covers emergency bus bridges and the North County express bus service, was created to track these types of expenditures for federal reporting purposes. In previous Fiscal Years these expenses would have been included in the professional services budget line. The Professional services budget continues to provide for the contracts that support passenger service and amenities, such as passenger WiFi service and maintenance, required equipment inspection, customer service via Golden Gate Bridge staff, servicing of security cameras and other rail network systems.

Table 4, on the next page, details the Operations Department budget.

Figure 5, below, shows the overview of Proposed Expenditures in the Operations budget for Fiscal Year 2019-20.

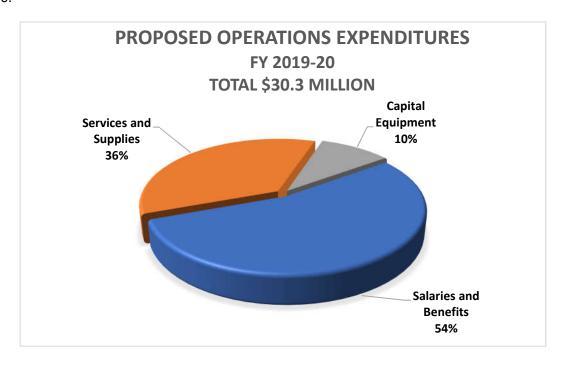


TABLE 4:

OPERATIONS BUDGET

Original, Year End FY 2018-19 and Proposed FY 2018-20

Original, 1 car End F1 2010-17 and 110 posed F1 2010-20								
	FY 2018-19	FY 2018-19	FY 2019-20					
		YEAR-END ACTUALS &						
DESCRIPTION	APPROVED BUDGET	ESTIMATES	PROPOSED BUDGET	EXPLANATION OF SIGNIFICANT CHANGES				
REVENUES:								
Sales/Use Taxes								
Sales/Use Taxes **	\$ 11,418,499	\$ 14,808,196	\$ 11,292,866	FY19 Revised increase based increased revenue transferred from Administration				
Total Sales/Use Taxes	11,418,499	14,808,196	11,292,866	**Allocated from budgeted revenue as available from Administration				
Intergovernmental Revenues								
State - Grant Funds	6,709,939	7,653,214	7,404,794	State Commuter Rail/State Transit Assistance Operating Funding				
Other Governments	10,000	10,000	10,000	Northwestern Pacific Maintenance Charges				
Total Intergovernmental Revenues	6,719,939	7,663,214	7,414,794					
Charges for Services								
Fare Revenue	3,640,000	3,940,000	4,137,000	Assumption of 5% increase in FY20 due to opening of Larkspur, Novato				
Parking Revenue	50,000	50,000	50,000					
Other Charges - Fees, Reimbursements	45,000	725,850	30,000	One-time insurance reimbursements; ongoing dispatch fee				
Total Charges for Services	3,735,000	4,715,850	4,217,000					
TOTAL REVENUES	\$ 21,873,438	\$ 27,187,260	\$ 22,924,660					
USE OF FUND BALANCE:	\$ 5,075,825	\$ 579,714	\$ 7,339,628					

EXPENDITURES:				
OPERATIONS				
Salaries and Benefits				
Employee Salaries	\$ 10,991,152	\$ 11,516,899	12,498,755	
Employee Benefits	3,219,954	3,346,153	3,539,160	
Total Salaries and Benefits	14,211,105	14,863,052	16,037,914	New FTE additions, benefit cost increases, filling of vacant positions
Services and Supplies				
Uniform Expense	225,978	183,878	196 643	Uniform/boot costs tied to employee counts and usage
Communications	233,515	264,345		Cost of call boxes, cellular for AVL and WiFi, and equipment replacement
Maintenance-Equipment	235,000	163,953		Recategorization of fare machine maintenance previously in Professional Services
Maintenance-Radios	144,108	144,108		Radio site licenses and support
Maintenance-Revenue Vehicles	1,026,097	1,909,441		Train spare parts and maintenance; Some increases due to category reclassification
Maintenance-Railway	904,615	850,567	, ,	Track resurfacing, right-of-way maintenance, FY20 reduction tied to new FTE
Maintenance of Signals	358,200	215,000		Gate repair, flagging, signal equipment
Maintenance-Buildings/Facilities	277,960	236,921		Station & facility cleaning, bike lockers, HVAC and electrical
Maintenance - Pathway	42,500	35,500		Pathway maintenance costs projected ongoing, FY20 reduction tied to new FTE
Transportation Services	-	-		New account in FY20 - emergency bus bridges, North County bus
Office Expense	138,000	138,000		Projections based on actual expense, employee counts
Agency Extra Help	125,000	125,000		As-needed assistance during leaves
Rents/Leases - Equipment	123,420	113,020		Specialty equipment right-of-way maintenance reduced, in house capacity
Minor Equipment	260,915	214,431		Signage, tools, and cleaning supplies for trains and right-of-way
Computer Software and Hardware	240,159	262,691		Ongoing software and computer replacements, Larkspur extension needs
Training, Travel and Memberships	179,725	164,000		Professional training for PTC, signal and track regulations; site visits
Fuel and Lubricants	1,493,004	1,196,000		Increase in fuel prices and additional mileage for testing
Miscellaneous	60,000	61,000	8,000	
Professional Services	2,590,695	2,280,638		WiFi, network support, customer service, required equipment inspection, hazmat
Utilities	674,050	694,050		Electric, water, gas for signals, bridges, facilities, and rail operations center
Total Services and Supplies	9,332,941	9,252,542	10,710,873	,,
Buildings & Capital Improvements (Capital A	ssets)			
Buildings & Improvements	-	-	-	
Vehicles, Equipment	2,880,217	3,126,379		Capital Spare Parts, Wheel press machine, and track maintenance equip.
Total Buildings and Capital Improvements	2,880,217	3,126,379	2,990,500	
Equipment Replacement				
Annual Allocation	525,000	525,000	525.000	Allocation for future equipment replacement schedule
	525,000	525,000	525,000	
TOTAL OPERATIONS EXPENDITURES	\$ 26,949,263	\$ 27,766,974	\$ 30,264,288	

^{**}The entire amount of Sales Tax is realized and shown on Table 1. The amount allocated to Operations changes depending on year-end revenues and expenses.

Position Authorizations

On the next three pages in **Table 5** are the proposed Position Authorizations necessary for the Fiscal Year 2019-20 budget. Additions and shifts were discussed in the Department Sections prior. These include the shift of safety-related positions out of Administration and into Operations. Also discussed is the addition of three positions and the upgrade of one position to increase our in-house capacity to maintain the right of way. In addition, we have reconfigured the Engineering salaries to more closely represent a continuous career ladder for our staff. This has no budgetary impact. Similarly, we have eliminated one Administrative Assistant position in order to add another Community Outreach Coordinator position to reflect the actual job duties. Finally, are proposing two of our administrative staff positions be given an equity increase of 5% in order to better compete with similar positions in the region and the field.

Position	FTE		Salary Ran		Salary Ran	70: I	Jourly	CHANGE FROM PRIOR		
Position	FIE		Low	ige A	High		Low	ge. i	High	YEAR
ADMINISTRATIVE POSITIONS		l <u> </u>	LOW		6		2011		6	
Accountant	1	\$	72,413	\$	88,026	\$	34.81	\$	42.32	
Accounting and Payroll Assistant	1	\$	52,532	\$	63,856	\$	25.26	\$	30.70	
Administrative Analyst/ Contracts	1	\$	79,933	\$	97,157	\$	38.43	\$	46.71	
Administrative Assistant	2	<u>\$</u>	47,604	\$	57,866	\$	22.89	\$	27.82	5% Equity Adjustment, Reclass of 1 to Communi
	1	\$	49,984	\$	60,756	\$	24.03	\$	29.21	Outreach
Assistant General Counsel	1	\$	137,606	\$	167,253	\$	66.16	\$	80.41	
Assistant Planner*	1	\$	68,942	\$	83,803	\$	33.15	\$	40.29	
Chief Financial Officer	1	\$	219,982	\$	267,426	\$	105.76	\$	128.57	
Clerk of the Board	1	\$	72,413	\$	88,026	\$	34.81	\$	42.32	
		\$	76,034	\$	92,427	\$	36.55	\$	44.44	5% Equity Adjustment
Communications and Marketing Manager	1	\$	134,264	\$	163,197	\$	64.55	\$	78.46	
Community Outreach Coordinator	1	\$	70,656	\$	85,883	\$	33.97	\$	41.29	1 New - Converted from
	2									Admin. Assist.
Community Outreach Specialist	1	\$	110,184	\$	133,931	\$	52.97	\$	64.39	
Deputy General Manager	1	\$	241,663	\$	293,738	\$	116.18	\$	141.22	
Fiscal Manager	1	\$	124,688	\$	151,528	\$	59.95	\$	72.85	
General Counsel	1	\$	219,982	\$	267,426	\$	105.76	\$	128.57	
General Manager	1	\$	-	\$	311,548	\$	-	\$	149.78	
Human Resources Manager	1	\$	121,624	\$	147,846	\$	58.47	\$	71.08	
Human Resources Principal Analyst	1	\$	110,184	\$	133,931	\$	52.97	\$	64.39	
Human Resources Technician	1	\$	65,600	\$	79,747	\$	31.54	\$	38.34	
Information Systems Specialist	1	\$	121,624	\$	147,846	\$	58.47	\$	71.08	
Information Systems Technician	1	\$	72,413	\$	88,026	\$	34.81	\$	42.32	
Legal Administrative Assistant	1	\$	65,600	\$	79,747	\$	31.54	\$	38.34	
Payroll Technician	1	\$	52,532	\$	63,856	\$	25.26	\$	30.70	
Procurement Coordinator	1	\$	102,321	\$	124,363	\$	49.19	\$	59.79	
Programming and Grants Manager	1	\$	141,056	\$	171,475	\$	67.82	\$	82.44	
Real Estate Manager	1	\$	151,875	\$	184,621	\$	73.02	\$	88.76	
Safety & Compliance Officer	1	\$	124,688	\$	151,528	\$	59.95	\$	72.85	
Senior Administrative Analyst	1	\$	90,431	\$	109,928	\$	43.48	\$	52.85	
Senior Planner	1	\$	95,015	\$	115,482	\$	45.68	\$	55.52	
Senior Real Estate Officer	1	\$	102,321	\$	124,363	\$	49.19	\$	59.79	
Supervising Accountant	1	\$	88,224	\$	107,245	\$	42.42	\$	51.56	

Table 5 : Continued on Next Page (Page 1 of 3)

TABLE 5:						
Fiscal Year 2019-20	: Prop	osed Positio	on Authoriz	ation		
Position	FTE	Salary Rar	nge Annual	Salary Ran	ge: Hourly	CHANGE FROM PRIOR
		Low	High	Low	High	YEAR

APITAL POSITIONS										
Assistant Engineer *	4	\$	86,082	\$	104,624	\$	41.39	\$	50.30	
Associate Engineer*	2	\$	102,321	\$	124,363	\$	49.19	\$	59.79	
Construction Engineer *	1	\$	112,947	\$	137,280	\$	54.30	\$	66.00	Removed and reclassed below
Deputy Project Manager *	1	;	180,540	;	219,461	;	86.80	; ;	105.51	Removed and reclassed below
Junior Engineer *	1	\$	76,077	\$	92,477	\$	36.58	\$	44.46	
Principal Engineer*	1	\$	134,254	\$	163,186	\$	64.55	\$	78.45	Reclassed from Above
Senior Engineer*	1	\$	118,661	\$	144,233	\$	57.05	\$	69.34	Reclassed from Above
Chief Engineer	1	\$	180,540	\$	219,461	\$	86.80	\$	105.51	
Manager Train Control Systems	1	\$	180,540	\$	219,461	\$	86.80	\$	105.51	
Project Extra hires *		ι	Jp to amount	\$	50,000	\$	-	\$	-	

^{*} Denotes Limited-Term Position Dependent on Project need

Table 5 : Continued on Next Page (Page 2 of 3)

riscai leai z	2019-20 : Prop	ose	a Positio	on A	Autnoriz	atic	n			
Position	FTE	Salary Range Annual				Salary Range: Hourly				CHANGE FROM PRIOR
			Low		High		Low	High		YEAR
PPERATIONS POSITIONS										
Administrative Assistant	1	\$	47,604	\$	57,866	\$	22.89	\$	27.82	
		\$	49,984	\$	60,756	\$	24.03	\$	29.21	5% Equity Adjustme
Administrative Analyst-Purchasing	1	\$	79,933	\$	97,157	\$	38.43	\$	46.71	New
Administrative Services Manager	1	\$	86,082	\$	104,624	\$	41.39	\$	50.30	
Assistant Superintendent of Transportation	1	\$	104,892	\$	127,462	\$	50.43	\$	61.28	
Bridge Tender*	2.5		-	\$	58,531		_	\$	28.14	
-			462.572				70.64			Moved from
Chief of Police	1	\$	163,572	\$	198,827	\$	78.64	\$	95.59	Administration Moved from
Code Compliance Officer	2.5	\$	64,015	\$	77,792	\$	30.78	\$	37.40	Administration
Controller /Supervisor	10	\$	92,252	\$	112,133	\$	44.35	\$	53.91	
Conductor**	11	\$	66,123	\$	77,792	\$	31.79	\$	37.40	
Engineer-Conductor**	29	\$	79,498	\$	93,517	\$	38.22	\$	44.96	
Extra Hires Operations		Up t	to amount	\$	350,000	\$	-	\$	-	
Facilities Maintenance Supervisor	1	\$	95,015	\$	115,482	\$	45.68	\$	55.52	
Facilities Maintenance Technician	3		-	\$	73,070		-	\$	35.13	
Laborers-Vehicle Maintenance	10		-	\$	53,206		-	\$	28.14	
Laborers-Track Maintenance	2		-	\$	53,206		-	\$	28.14	New- Replaces contr costs
Operations Manager	1	\$	180,540	\$	219,461	\$	86.80	\$	105.51	
Parts Clerk	2	\$	59,430	\$	72,238	\$	28.57	\$	34.73	
Railroad Information Systems Specialist	1	\$	107,506	\$	130,666	\$	51.69	\$	62.82	
Safety & Compliance Officer	1	\$	124,688	\$	151,528	\$	59.95	\$	72.85	Moved from Administration
Signal Supervisor	2	\$	102,321	\$	124,363	\$	49.19	\$	59.79	
Signal Technician	9		_	\$	100,734		-	\$	48.43	
Superintendent of Vehicle Maintenance	1	\$	124,688	\$	151,528	\$	59.95	\$	72.85	
Superintendent of Transportation	1	\$	124,688	\$	151,528	\$	59.95	\$	72.85	
Superintendent Signals and Way	1	\$	124,688	\$	151,528	\$	59.95	\$	72.85	
Track Maintainer 1	5		-	\$	76,794		_	\$	36.92	Reduced to convert position below
	4									
Track Maintainer 2	1			ć	94 472			ċ	40.61	New-replaces contra
Track Maintainer 2	2	ć	04.536	\$	84,473	,	45.45	\$	40.61	costs
Track Maintenance Supervisor		÷	94,536	÷	114,920	÷	45.45	÷	55.25 F6.01	Increased per appro- contract
Wakida Maintananaa Cunawira-	4	\$	97,372	\$	118,368	\$	46.81	\$	56.91	
Vehicle Maintenance Supervisor	12	Ş	97,372	\$	118,368 93,558	\$	46.81	\$	56.91	
Vehicle Maintenance Technician ubtotal Operations Full Time Equivalents (FTE)**		***	e footnote	Ş	93,558		-	\$	44.98	

 $^{{\}bf **} \ {\bf Engineer/Conductor} \ \ {\bf may} \ {\bf be} \ {\bf filled} \ {\bf by} \ {\bf Conductors}, \ {\bf Total} \ {\bf FTE} \ \ {\bf for} \ {\bf both} \ {\bf positions} \ {\bf combined} \ {\bf is} \ {\bf 29}$

Table 5: Page 3 of 3

EXHIBIT B

STATEMENT OF INVESTMENT POLICY FOR FISCAL YEAR 2019-20

1.0 Policy:

This investment policy is intended to outline the guidelines and practices to be used in effectively managing the SMART District (District's) available cash and investment portfolio. District monies not required for immediate cash requirements will be invested in compliance with the California Government Code Section 53600, et seq.

2.0 Scope:

This policy applies to all the financial assets accounted for in the District's Comprehensive Annual Financial Report and any new fund created by the District, unless specifically exempted. The investment of bond proceeds will be governed by the provisions of relevant bond documents.

3.0 Prudence:

The Board of Directors and Chief Financial Officer adhere to the guidance provided by the "prudent investor rule," California Government Code Section 53600.3, which obligates a fiduciary to ensure that "when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

4.0 Objectives:

In accordance with California Government Code Section 53600.5, and in order of importance, the Chief Financial Officer shall adhere to the following three criteria:

- (a) <u>Safety of Principal</u> Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
- (b) <u>Liquidity</u> Investments shall be made whose maturity date is compatible with cash flow requirements and which will permit easy and rapid conversion into cash without substantial loss of value.
- (c) <u>Return on Investment</u> The District's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the District's investment risk constraints and the cash flow characteristics of the portfolio.

5.0 Delegation of Authority:

The authority of the Board to purchase or sell securities for the District's portfolio, may be delegated by the Board to the Chief Financial Officer, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked. The Chief Financial Officer shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy.

The oversight responsibility for the investment program is hereby delegated to the Chief Financial Officer who shall monitor and review all investments for consistency with this Investment Policy.

The Chief Financial Officer may delegate investment decision making and execution authority to an independent SEC-registered investment advisor. The advisor shall comply with this Policy and such other written instructions as are provided by the Chief Financial Officer.

6.0 Investment Procedures:

The Chief Financial Officer shall establish operational procedures pertaining to the investment of District funds as needed. These procedures shall be compliant with the parameters and limits set forth by this investment policy. The procedures should regulate actions regarding: safekeeping, repurchase agreements, wire transfer agreements, banking service contracts, and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Chief Financial Officer.

7.0 Ethics and Conflicts of Interest:

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business to the Chief Financial Officer. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the District.

8.0 Authorized Financial Dealers and Institutions:

For brokers/dealers of government securities and other investments, the Chief Financial Officer shall select only brokers/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations. Before engaging in investment transactions with a broker/dealer, the Chief Financial Officer shall obtain a signed verification form that attests the individual has reviewed the District's Investment Policy, and

intends to present only those investment recommendations and transactions to the District that is appropriate under the terms and conditions of the Investment Policy.

If an Investment Advisor is authorized to conduct investment transactions on the District's behalf, the Investment Advisor may use their own list of approved broker/dealers and financial institutions for investment purposes.

9.0 Authorized and Suitable Investments:

The District is governed by the California Government Code, Sections 53600, *et seq*. Within the context of these limitations, the investments listed below are authorized. Those investments not identified are considered to be ineligible.

- 1. **U.S. Treasury Obligations.** United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.
- 2. **U.S. Agency Obligations.** Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
- 3. California State and Local Agency Obligations. Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue producing property owned, controlled or operated by the state or any local agency or by a department, board, agency or authority of the state or any local agency.
- 4. Other State Obligations. Registered treasury notes or bonds of any of the other 49 United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California.
- 5. **Bankers' Acceptances**. Time drafts or bills of exchange that are drawn on and accepted by a commercial bank and brokered to investors in the secondary market. The maximum maturity of an issue will be 180 days. Securities eligible for investment under this subdivision shall be rated in the highest letter and number category by nationally recognized statistical-rating organization. The maximum exposure shall be no more than 40% of the portfolio value. However, no more than 30 percent of the agency's money may be invested in the bankers' acceptances of any one commercial bank pursuant to this section.
- 6. **Commercial Paper**. Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized

statistical-rating organization. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph a or paragraph b:

- a. The entity meets the following criteria: (i) Is organized and operating in the United States as a general corporation. (ii) Has total assets in excess of five hundred million dollars (\$500,000,000). (iii) Has debt other than commercial paper, if any, that is rated "AA" or higher by a nationally recognized statisticalrating organization.
- b. The entity meets the following criteria: (i) Is organized within the United States as a special purpose corporation, trust, or limited liability company. (ii) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond. (iii) Has commercial paper that is rated "AA" or higher, or the equivalent, by a nationally recognized statistical-rating organization.

Eligible commercial paper shall have a maximum maturity of 270 days or less. The District may invest no more than 25 percent of its money in eligible commercial paper. The District may purchase no more than 10 percent of the outstanding commercial paper of any single issuer.

- 7. Medium-Term Notes. Medium-term notes are defined in Government Code Section 53601 as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated "AA" or better by a nationally recognized statistical-rating organization. Purchases of medium-term notes shall not include other instruments authorized by section 53601 and may not exceed 30% of the portfolio value.
- 8. **Negotiable Certificates of Deposit.** Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a state-licensed branch of a foreign bank. Securities eligible for investment under this subdivision shall be rated in the highest letter and number category by a nationally recognized rating service for short-term ratings (A-1/P1/F-1) and AA or better for longer-term ratings. Purchases of negotiable certificates of deposit may not exceed 30 percent of the District's aggregate portfolio.
- 9. **Time Deposits.** The District may invest in non-negotiable time deposits (CDs) that are FDIC insured or fully collateralized in a state or national bank, savings association or federal association, federal or state credit union located in California, including U.S. branches of foreign banks licensed to do business in California. To be eligible to

receive local agency deposits, a financial institution must receive a minimum overall "satisfactory rating" for meeting the credit needs of California Communities in its most recent evaluation. CDs are required to be collateralized as specified under Government Code Section 53630 et seq. The District, at its discretion, may waive the collateralization requirements for any portion that is covered by federal deposit insurance. The District shall have a signed agreement with any depository accepting District funds per Government Code Section 53649. No deposits shall be made at any time in CDs issued by a state or federal credit union if a member of the Governing Council or the Finance Director serves on the board of directors or any committee appointed by the board of directors of the credit union. In accordance with Government Code Section 53638, any deposit shall not exceed that total shareholder's equity of any depository bank, nor shall the deposit exceed the total net worth of any institution.

- 10. Local Agency Investment Fund (LAIF). Is a pooled investment fund through the State Chief Financial Officer. Deposits for the purpose of investment in the Local Agency Investment Fund of the State Treasury may be made up to the maximum amount permitted by State Treasury policy.
- 11. **Money Market Funds.** The Chief Financial Officer may invest in shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (Government Code Section 53601(k).)

The following criteria will be used in evaluating companies:

- a. Attain the highest ranking letter and numerical rating provided by not less than two nationally recognized rating services; or
- b. Have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five (5) years' experience managing money market mutual funds and with assets under management in excess of \$500,000,000.
- c. The maximum purchase price of shares shall not exceed 20% of the portfolio. However, no more than 10 percent of the agency's funds may be invested in shares of beneficial interest of any one mutual fund.
- 12. Local Government Investment Pools. Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (o) of Government Code Section 53601, inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have

retained an investment adviser that meets all of the following criteria:

- a. The adviser is registered or exempt from registration with the Securities and Exchange Commission.
- b. The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (o) Government Code Section 53601, inclusive.
- c. The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

Credit criteria and sectors and issuers percentages for investments listed in this section will be determined at the time the security is purchased. A decline in the overall investment balances that causes the percent to any investment above its maximum policy limit will not be considered out of compliance. The District may from time to time be invested in a security whose rating is downgraded. In the event a rating drops below the minimum allowed rating category for that given investment type, the Chief Financial Officer shall notify the District General Manager and District Council and recommend a plan of action.

10.0 Prohibited Investments:

Under the provisions of California Government Code Sections 53601.6 and 53631.5, the District shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, mortgage-derived, interest-only strips or any investment that may result in a zero interest accrual if held to maturity.

11.0 Collateralization:

Collateralization is required on Certificates of Deposit as per California Government Code section 53601. The collateralization level for certificates of deposit is 100% of market value of principal and accrued interest.

The entity chooses to limit collateral to the following: U.S. Treasuries and Federal Agency Obligations. Collateral will always be held by an independent third party with whom the entity has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained. The right of collateral substitution is granted.

12.0 Safekeeping and Custody:

All securities purchased may be delivered versus payment ("DVP") basis, and held in safekeeping pursuant to a safekeeping agreement.

13.0 Maximum Maturities:

To the extent possible, the District will attempt to match its investments with anticipated cash flow requirements. For certain instruments, the term of the investment is limited by market convention or as otherwise prescribed herein. No investments may be acquired that exceed five

(5) years, unless approved by the Board at least 90 days in advance of the purchase.

14.0 Internal Control:

The Chief Financial Officer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures. The Chief Financial Officer may, at any time, further restrict the securities approved for investment as deemed appropriate.

15.0 Performance Standards:

The investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account the District's investment risk constraints and cash flow needs.

16.0 Reporting:

In accordance with Government Code Section 53607, the Chief Financial Officer shall submit an annual report to the Board indicating the types of investment by fund, institution, date of maturity, and amount of deposit, and shall provide the current market value of all securities with a maturity of more than twelve (12) months, rates of interest, and expected yield to maturity.

17.0 Investment Policy Adoption:

The Chief Financial Officer may, at any time, further restrict the securities approved for investment as deemed appropriate.

Additionally, the Chief Financial Officer shall annually send a copy of the current Investment Policy to all approved dealers. Each dealer is required to return a signed statement indicating receipt and understanding of the District's investment policies.

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT, STATE OF CALIFORNIA, DECLARING AND RATIFYING THE APPROPRIATION LIMIT FOR FISCAL YEAR 2019-20

WHEREAS, Article XIIIB of the California Constitution ("Article XIIIB") places various limitations on the appropriations of the State of California and local public agencies; and

WHEREAS, Article XIIIB requires the Sonoma-Marin Area Rail Transit District ("SMART") to set an annual appropriations limit based on factors which include the appropriations limit for the prior fiscal year, population growth (if any), and inflation; and

WHEREAS, SMART's annual appropriations limit was first set at \$100,000,000 for Fiscal Year 2008-09 with the passage of Measure Q; and

WHEREAS, SMART approved subsequent annual appropriations limits as required by law; and

WHEREAS, the information supporting these adjustments is attached hereto as $\underline{\text{Exhibit}}$ $\underline{\textbf{A}}$; and

WHEREAS, the information used to make these calculations for SMART was made available for public inspection in SMART's offices on May 20, 2019 and has been available for at least 15 days prior to the scheduled adoption of this resolution, in accordance with the requirements of California Government Code section 7910.

NOW, THEREFORE, BE IT RESOLVED that the foregoing recitals are true and correct.

BE IT FURTHER RESOLVED that the Appropriations Limit for SMART FISCAL YEAR 2019-12 shall be \$142,288,336.

Resolution No. 2019-09 Sonoma-Marin Area Rail Transit District June 5, 2019

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Sonoma-Marin Area Rail Transit District held on the 5th day of June, 2019, by the following vote:

DIRECTORS: AYES:	
NOES:	
ABSENT:	
ABSTAIN:	
	Gary Phillips, Chair, Board of Directors Sonoma-Marin Area Rail Transit District
ATTEST:	
Leticia Rosas-Mendoza, Clerk of the Board of Dire Sonoma-Marin Area Rail Transit District	ectors

Page **2** of **3**

EXHIBIT A

CALCULATION OF SMART APROPRIATION LIMITS

FISCAL YEAR	2017-18	2018-19	2019-20		
BEGINNING LIMIT	\$ 127,615,646	\$ 132,986,287	\$137,563,577		
PER CAPITA INCREASE IN COST OF LIVING	1.0369	1.0367	1.0385		
POPULATION CHANGE	1.0050	0.9978	0.9960		
POPULATION FACTORS USED*	TOTAL SONOMA COUNTY	TOTAL SONOMA COUNTY	TOTAL SONOMA COUNTY		
TOTAL	\$ 132,986,287	\$ 137,563,577	\$142,288,336		

^{*} Per Government Code §7901, special districts located in two or more counties, such as SMART, may choose to use the change in population for the portion of the district which has the highest assessed valuation.



June 5, 2019

Gary Phillips, Chair

Transportation Authority of Marin

Barbara Pahre, Vice Chair

Golden Gate Bridge,

Highway/Transportation District

Judy Arnold

Marin County Board of Supervisors

Damon Connolly

Marin County Board of Supervisors

Debora Fudge

Sonoma County Mayors' and Councilmembers Association

Dan Hillmer

Marin County Council of Mayors and Councilmembers

Eric Lucan

Transportation Authority of Marin

Joe Naujokas

Sonoma County Mayors' and Councilmembers Association

David Rabbitt

Sonoma County Board of Supervisors

Chris Rogers

Sonoma County Mayors' and Councilmembers Association

Shirlee Zane

Sonoma County Board of Supervisors

Farhad Mansourian

General Manager

5401 Old Redwood Highway

Suite 200

Petaluma, CA 94954 Phone: 707-794-3330 Fax: 707-794-3037

www.sonomamarintrain.org

Sonoma-Marin Area Rail Transit Board of Directors

5401 Old Redwood Highway, Suite 200

Petaluma, CA 94954

SUBJECT: Contract Extensions for the Start of Fiscal Year 2019-20

Dear Board Members:

RECOMMENDATION:

Authorize the General Manager to execute four contract amendments totaling

\$345,000 as needed for Fiscal Year 2019-20.

SUMMARY:

As the current fiscal year comes to a close on June 30th and we begin Fiscal Year 2019-20, there are a number of ongoing contracts that we request your authority to extend. The total amount of the contract authority we are seeking is \$345,000. Funding for the contract extensions is included in the Fiscal Year 2019-20 budget proposal and the actual contract extensions are attached to this Board report.

Following this staff report we have provided a detailed list of each contractor, a description of their work, the amount of amendment, total not-to-exceed amount and the expiration date of each contract. We request your authority to execute these amendments for the new fiscal year.

FISCAL IMPACT: The total cost of the contract amendments is included in the

Fiscal Year 2019-20 budget.

REVIEWED BY: [x] Counsel

Very truly yours,

Erin McGrath

Chief Financial Officer

Attachment(s):

Contract Amendment Summary Sheet

- Certified Employment Group Contract Amendment No. 5
 - Emtec Consulting Services, LLC Contract Amendment No. 6
 - Herzog Contracting Corporation Contract Amendment No. 2
 - Sonoma County Fleet Operations Division Contract Amendment No. 1

CONTRACT AMENDMENT SUMMARY

Contractor and Scope	Туре	Proposed Amendment Amount	New Not-to- Exceed Amount	New Expiration Date
As-needed temporary staffing services for SMART's Petaluma administrative office as well as its Rail Operation Center in Santa Rosa Rates and staff vary depending on need	Capital and Operations: Extra Help	\$40,000	\$234,953	6/30/2020
As needed, on-call support for SMART's Oracle Fusion Enterprise Resource Planning Software, SMART's internal accounting/AP/project system used by SMART's Finance Department Core activities include accounting incident management, root cause analysis, problem management, and non-incident configuration service requests Procured in 2015 in conjunction with new accounting system	Administration Finance, Accounting, Project and Procurement	\$50,000	\$239,000	6/30/2021
Rental of specialized Hyrail Scrubber Truck necessary to remove debris from track and maintain service schedule	Operations: Rail Maintenance Vehicle	\$130,000	\$573,750	6/21/2020
SONOMA COUNTY FLEET OPERATIONS DIVISION Provision of maintenance, repairs, and equipment installation for SMART's fleet of non-revenue vehicles Tracking and reporting of maintenance costs	Operations: Maintenance – Non-Revenue Vehicles	\$125,000	\$210,000	6/30/2020

FIFTH AMENDMENT TO AGREEMENT FOR CONSULTANT SERVICES BETWEEN THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT AND CERTIFIED EMPLOYMENT GROUP

This Fifth Amendment dated as of June 5, 2019 (the "Fifth Amendment") to the Agreement for Consultant Services by and between the Sonoma-Marin Area Rail Transit District ("SMART") and Certified Employment Group ("CONSULTANT"), dated as of July 27, 2015 (the "Original Agreement," and as amended by the First, Second, Third, Fourth, and this Fifth Amendment, the "Agreement").

RECITALS

WHEREAS, SMART and CONSULTANT previously entered into the Original Agreement and subsequent Amendments to provide temporary staffing services, Direct Hire Search services, and computer skills testing; and

WHEREAS, SMART previously amended the Agreement to increase the not-to-exceed amount and alter the fee structure; and

WHEREAS, SMART desires to increase the amount of the Agreement by \$40,000 for a total not-to-exceed amount of \$234,953, and to establish a term on the Agreement of June 30, 2020.

NOW, THEREFORE, in consideration of the recitals set forth above and the covenants contained herein, it is mutually agreed by and between the parties that:

AGREEMENT

1. "PRICING/FEES AND BILL RATES" Section of the Agreement is amended as follows:

The Agreement amount shall be increased by \$40,000 for the provision of services, with a total not-to-exceed amount of \$234,953.

2. "TERM" Section of the Agreement is hereby added as follows:

The term of this Agreement shall remain in effect until June 30, 2020.

Except to the extent the Agreement is specifically amended or supplemented hereby, the Agreement, together with all supplements, amendments and exhibits thereto is, and shall continue to be, in full force and effect as originally executed, and nothing contained herein shall, or shall be construed to, modify, invalidate, or otherwise affect any provision of the Agreement.

Certified Employment Group Fifth Amendment Contract No. HR-PS-15-001 **IN WITNESS WHEREOF,** the parties hereto have executed this Fifth Amendment as set forth below.

	DISTRICT
Dated:	By Farhad Mansourian, General Manager
	CERTIFIED EMPLOYMENT GROUP
Dated:	By Its
	APPROVED AS TO FORM:
Dated:	By District Counsel

SIXTH AMENDMENT TO AGREEMENT FOR CONSULTANT SERVICES BETWEEN THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT AND EMTEC GLOBAL SERVICES, LLC

This Sixth Amendment dated as of June 5, 2019 (the "Sixth Amendment") to the Agreement for Consultant Services ("Original Agreement") by and between the Sonoma-Marin Area Rail Transit District ("SMART") and Emtec Global Services, LLC ("EGS") and the Scope of Work ("SOW") by and between SMART and Emtec Consulting Service, LLC ("CONSULTANT"), both dated as of January 1, 2016 (together the "Agreement," as amended by the First through Fifth Amendments, and now this Sixth Amendment).

RECITALS

WHEREAS, SMART and CONSULTANT entered into the Scope of Work to provide ClearCARE® support services for SMART's Oracle Fusion Enterprise Resource Planning Software (ERP); and

WHEREAS, SMART and CONSULTANT previously entered into Amendments dated from July 1, 2016 to December 5, 2018 to increase the not-to-exceed amount and extend the term of the Agreement; and

WHEREAS, SMART would like to increase the not-to-exceed amount by \$50,000 for a total not-to-exceed amount of \$239,000 and extend the term to June 30, 2021.

NOW, THEREFORE, in consideration of the recitals set forth above and the covenants contained herein, it is mutually agreed by and between the parties that:

AGREEMENT

- 1. "ARTICLE 5. PAYMENT" Article 5 of the Agreement is amended as follows:
 - "Section 5.02 Consultant shall be paid on a time and materials basis in accordance with Exhibit A; provided, however, that total payments to Consultant shall not exceed \$239,000, without the prior written approval of SMART."
- 2. "ARTICLE 6. TERM OF AGREEMENT" Article 6 of the Agreement is amended as follows:

The term of this Agreement shall remain in effect until June 30, 2021 unless terminated earlier in accordance with the provisions of **Article 7**.

EMTEC GLOBAL SERVICES, INC. SIXTH AMENDMENT FN-PS-15-003

	e Agreement.	
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3. Except to the extent the Agreement is specifically amended or supplemented hereby,

IN WITNESS WHEREOF, the parties hereto have executed this Sixth Amendment as set forth below.

	SONOMA-MARIN AREA RAIL TRANSIT DISTRICT
Dated:	ByFarhad Mansourian, General Manager
	EMTEC CONSULTING SERVICES, LLC
Dated:	By Its
	APPROVED AS TO FORM:
Dated:	By District Counsel

SECOND AMENDMENT TO THE EQUIPMENT LEASE AND SERVICE AGREEMENT BETWEEN THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT AND HERZOG CONTRACTING CORP.

This Second Amendment dated as of June 5, 2019 (the "Second Amendment") to the Equipment Lease and Service Agreement between the Sonoma-Marin Area Rail Transit District ("LESSEE") and Herzog Contracting Corp. ("LESSOR"), dated as of December 20, 2016 (the "Original Agreement," as supplemented and amended by the First Amendment and now this Second Amendment, the "Agreement").

RECITALS

WHEREAS, PARTIES previously entered into the Original Agreement for LESSOR to lease Equipment #798 / Class #128 / Truck-Brush Truck / Hyrail 2015 Freightliner Model 108SD from LESSOR; and

WHEREAS, the Agreement was previously amended to alter the monthly lease amount and extend the term; and

WHEREAS, LESSEE desires to extend the term of the Agreement to June 21, 2020 and increase the Agreement by \$130,000, establishing a not-to-exceed (NTE) amount of \$573,750; and

NOW, THEREFORE, in consideration of the recitals set forth above and the covenants contained herein, it is mutually agreed by and between the parties that:

AGREEMENT

1. **TERM** is hereby deleted in its entirety and replaced with the following:

"The term of this Equipment Lease shall commence on December 21, 2016, and will remain in effect until June 21, 2020."

2. **TERM / RENT** shall be amended as follows:

"The monthly rent payment shall be set to \$10,000 plus applicable tax effective rental month September 2017 forward. The not-to-exceed amount of the Agreement is established as \$573,750 to include all rental payments and applicable taxes."

3. Except to the extent the Agreement is specifically amended or supplemented hereby, the Agreement, together with all supplements, amendments and exhibits thereto is, and shall continue to be, in full force and effect as originally executed, and nothing contained herein shall, or shall be construed to, modify, invalidate, or otherwise affect any provision of the Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment as set forth below.

	DISTRICT
Dated:	ByFarhad Mansourian, General Manager
	HERZOG CONTRACTING CORP
Dated:	By
	Its
	APPROVED AS TO FORM:
Dated:	By District Counsel

FIRST AMENDMENT TO INTERGOVERNMENTAL SERVICE AGREEMENT BETWEEN THE COUNTY OF SONOMA, FLEET OPERATIONS DIVISION AND SONOMA-MARIN AREA RAIL TRANSIT DISTRICT (SMART)

This First Amendment dated as of June 5, 2019 (the "First Amendment") to the Agreement for Intergovernmental Services by and between the County of Sonoma, Fleet Operations Division and Sonoma-Marin Area Rail Transit District ("SMART"), dated as of November 1, 2017 (the "Original Agreement," and now as amended by this First Amendment, the "Agreement").

RECITALS

WHEREAS, SMART and the County previously entered into the Original Agreement to provide maintenance, repair services, and installation of equipment for SMART's fleet vehicles on an as requested basis; and

WHEREAS, SMART desires to increase the not-to-exceed amount of the Agreement by \$125,000 for a total not-to-exceed amount of \$210,000.

NOW, THEREFORE, in consideration of the recitals set forth above and the covenants contained herein, it is mutually agreed by and between the parties that:

AGREEMENT

- 1. "ARTICLE 3. CHARGES AND BILLING." Section 3.2 shall be amended as follows:
 - **3.2** Billing and Rates. All expenses, including labor, materials, fuel, parts, and third-party charges, shall be charged to SMART at direct cost based on the established rates at the time such Services were performed, provided, however, that total payments to County shall not exceed \$210,000 without the prior written approval of SMART. The County's rates are established each fiscal year and are subject to change. By April 1st of each year, County shall notify SMART of any changes in the rates. If SMART objects to any rate changes, SMART shall promptly notify County of its objections. If the Parties are unable to agree on the rate modifications by June 1st of each year, this Agreement shall terminate. SMART accepts the County's current rates for the Services which are attached as Exhibit "C".

Page 1 of 3

SONOMA COUNTY FLEET OPERATIONS FIRST AMENDMENT OP-SV-17-011

2.	Except to the extent the Agreement is specifically amended or supplemented hereby, the Agreement, together with all supplements, amendments and exhibits thereto is, and shall continue to be, in full force and effect as originally executed, and nothing contained herein shall, or shall be construed to, modify, invalidate, or otherwise affect any provision of the Agreement.
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IN WITNESS WHEREOF, the parties hereto have executed this First Amendment as set forth below.

SMART	COUNTY OF SONOMA	
By	Ву	
ByFarhad Mansourian	ByCaroline Judy	
General Manager	Director of General Services	
Dated:	Dated:	
APPROVED AS TO FORM FOR SMART	APPROVED AS TO FORM FOR COUNTY	
By	By:	
District Counsel	David Worthington	
	Fleet Manager	
Dated:	Dated:	
	By:	
	-	
	Dated:	



Gary Phillips, Chair Transportation Authority of Marin

Barbara Pahre, Vice Chair Golden Gate Bridge, Highway/Transportation District

Judy Arnold
Marin County Board of Supervisors

Damon ConnollyMarin County Board of Supervisors

Debora Fudge Sonoma County Mayors' and Councilmembers Association

Dan HillmerMarin County Council of Mayors and Councilmembers

Eric LucanTransportation Authority of Marin

Joe Naujokas Sonoma County Mayors' and Councilmembers Association

David Rabbitt Sonoma County Board of Supervisors

Chris RogersSonoma County Mayors' and
Councilmembers Association

Shirlee ZaneSonoma County Board of Supervisors

Farhad Mansourian General Manager

5401 Old Redwood Highway Suite 200 Petaluma, CA 94954 Phone: 707-794-3330 Fax: 707-794-3037 www.sonomamarintrain.org June 5, 2019

Sonoma-Marin Area Rail Transit Board of Directors 5401 Old Redwood Highway, Suite 200 Petaluma, CA 94954

SUBJECT: Approval of LTK Engineering Services Professional Contract Amendment No. 18

Dear Board Members:

RECOMMENDATION:

Authorize the General Manage to execute Amendment No. 18 to Professional Service Contract No. VS-PS-09-001 with LTK Engineering Services in an amount of \$200,000 for professional engineering support for train procurement, operational modeling and communications system installation support for a total not-to-exceed amount of \$19,808,237.

SUMMARY:

LTK Engineering Services (LTK) provides specialty professional engineering services, consisting of revenue vehicle procurement, operational modeling of the SMART system and technical support with SMART communications systems. Amendment No. 18 provides funding for 1) continued support for the train procurement and the commissioning of the additional four trains; 2) technical support for the installation of communication systems for the Larkspur Extension Project; and 3) operational modeling and simulation of the railroad for run time evaluations.

SMART is completing the commissioning of the four option trains that were purchased from the vehicle supplier, Sumitomo Corporation last year. LTK is intimately familiar with the SMART trains and has assisted SMART with their purchase and commissioning since 2010. Their deep knowledge of the vehicles is extremely useful as SMART began operations. Amendment No. 18 provides additional budget for Fiscal Year 2019-20 to complete the commissioning of the additional four trains.

LTK updated the operational model of the system this year by incorporating actual run-time information and adding the Downtown Novato, Larkspur and Windsor stations. This work is still being refined in order to evaluate schedule changes that are planned for later this year.

LTK has provided professional services for the design, installation, testing and commissioning of the communication systems in the SMART system. This encompasses such elements as the radio system, dispatch system, internet back-up system, fiber communications network, and all of the supporting hardware. LTK's knowledge of these system is extremely useful for the extension of the systems for the Larkspur Extension Project. Amendment No. 18 provides budget to compete the work on the Larkspur Extension Project.

RECOMMENDATION:

Staff recommends authorizing the General Manager to execute Amendment No. 18 to Professional Service Contract No. VS-PS-09-001 with LTK Engineering Services professional engineering support for train procurement, operational modeling and communications system installation support for an amount of \$200,000 for a total not-to-exceed amount of \$19,808,237.

FISCAL IMPACT: Funding is included in the Fiscal Year 2019-20 budget.

REVIEWED BY: [X] Finance [X] Counsel

Very truly yours,

Bill Gamlen, P.E. **Chief Engineer**

Attachment(s): LTK Engineering Services Contract Amendment No. 18

EIGHTEENTH AMENDMENT TO THE AGREEMENT FOR CONSULTANT SERVICES BETWEEN THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT AND LTK ENGINEERING SERVICES

This Eighteenth Amendment, dated as of July 1, 2019 (the "Eighteenth Amendment"), is to that certain Agreement for Consultant Services between LTK Engineering Services ("CONSULTANT") and the Sonoma-Marin Area Rail Transit District ("SMART"), dated as of October 23, 2009, and further identified as Contract Number #VS-PS-09-001 (the "Original Agreement," as previously amended by the First through Sixteenth Amendments, and as amended by this Seventeenth Amendment, the "Agreement").

RECITALS

WHEREAS, SMART and CONSULTANT previously entered into the Original Agreement dated as of October 23, 2009, for the provision of Vehicle and Systems Design Services for SMART's commuter rail project in Sonoma and Marin Counties; and

WHEREAS, SMART and CONSULTANT previously entered into various Amendments to the Agreement between January 21, 2010 and July 1, 2018, to provide for additional personnel to assist with operational and vehicle and systems design support, increase the contract not-to-exceed amount, and to extend the term for the agreement; and

WHEREAS, CONSULTANT and SMART desire to extend the term of the Agreement to June 30, 2020 and to increase the not-to-exceed amount of the Agreement by \$200,000 for a total not-to-exceed amount of \$19,808,237.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

- 1. **PAYMENT. "ARTICLE 5. PAYMENT"** is hereby deleted in its entirety and replaced with the following:
 - "ARTICLE 5. PAYMENT. For all services and incidental costs required hereunder, Consultant shall be paid on a cost-plus-fixed fee basis in accordance with the budget set forth in individual task orders to be negotiated; provided, however, that Consultant agrees to perform all services described therein for an amount not to exceed the amount negotiated, regardless of whether it takes Consultant more time to complete or costs more than anticipated. The not-to-exceed (NTE) amount for this Agreement shall be \$19,808,237."

- 2. **TERM OF AGREEMENT. "ARTICLE 6. TERM OF AGREEMENT"** is hereby deleted in its entirety and replaced with the following:
 - "ARTICLE 6. TERM OF AGREEMENT. The term of this Agreement shall remain in effect until June 30, 2020, unless terminated earlier in accordance with the provisions of Article 7."
- 3. Except to the extent the Agreement is specifically amended or supplemented hereby, the Agreement, together with all exhibits thereto is, and shall continue to be, in full force and effect, and nothing contained herein shall, or shall be construed to, modify, invalidate, or otherwise affect any provision of the Agreement.

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IN WITNESS WHEREOF, the parties hereto have executed this Eighteenth Amendment as of the date first set forth above.

LTK ENGINEERING SERVICES

District Counsel

Dated: _____



Gary Phillips, Chair

Transportation Authority of Marin

Barbara Pahre, Vice Chair

Golden Gate Bridge,

Highway/Transportation District

Judy Arnold

Marin County Board of Supervisors

Damon Connolly

Marin County Board of Supervisors

Debora Fudge

Sonoma County Mayors' and Councilmembers Association

Dan Hillmer

Marin County Council of Mayors and Councilmembers

Eric Lucan

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Farhad Mansourian

General Manager

5401 Old Redwood Highway Suite 200 Petaluma, CA 94954 Phone: 707-794-3330

Fax: 707-794-3037 www.sonomamarintrain.org

June 5, 2019

Sonoma-Marin Area Rail Transit Board of Directors 5401 Old Redwood Highway, Suite 200 Petaluma, CA 94954

SUBJECT: Approval of Masabi LLC Contract Amendment No. 2 to Contract No. OT-PS-16-004

Dear Board Members:

RECOMMENDATION:

Authorize the General Manager to execute Contract Amendment No. 2 to Contract No. OT-PS-16-004 with Masabi LLC to continue SMART's Mobile Ticketing Program in the amount of \$172,000, for a total contract amount of \$358,600, and extend the term of the contract through June 2022.

SUMMARY:

In August 2016, your Board approved the implementation of a SMART Mobile Ticketing Pilot Program. After evaluating several mobile options and interviewing fellow transit agencies, SMART awarded a contract to Masabi LLC to design, implement, and provide backend support and reporting for SMART's Mobile Ticketing Pilot Program.

The goal of SMART's Mobile Ticketing Program is to enhance SMART's Clipper fare collection system by providing an additional fare option for SMART customers, such as tourists or occasional riders who do not want to purchase a Clipper card. The Mobile Application (or App) also allows multiple tickets to be purchased at the same time, reduces lines at the Clipper vending machines, allows SMART to offer fare products and special event ticketing options that can't be provided through the Clipper system.

The SMART Mobile App was launched in late August 2017 to coincide with the launch of SMART's passenger service. The Mobile App offers one-way and round-trip tickets at either the regular adult rate or 50% discounted rates for seniors, youth, and persons with disabilities. Since its launch, SMART's Mobile App has experienced steady usage. As of May 1, 2019, there have been 159,595 activations. SMART collects 15% of its total fare revenue through the Mobile Application. We receive very few customer concerns about the application and it has functioned very well for reporting and tracking purposes.

The contract with Masabi LLC is set to expire at the end of June 2019. We have been briefed that the results of the work underway at MTC to convert Clipper to a more modern system will begin to appear in 2020 and will be complete in 2023. This contract extension is designed to add enough time to allow SMART to be better informed about functionality within Clipper before making changes to our mobile application.

We were able to successfully negotiate a rate reduction as part of this amendment, going from \$4,900 per month to \$4,750 per month. As such, we recommend the approval of Contract Amendment No. 2 to increase the contract amount by \$172,000, for a total not-to-exceed amount of \$358,600, and extend the term through June 2022.

FISCAL IMPACT: Funds for the contract extension are included in the Fiscal Year 2019-20 budget.

REVIEWED BY: [X] Counsel______

Very truly yours,

Erin McGrath
Chief Financial Officer

Attachment(s): Masabi LLC Contract Amendment No. 2

SECOND AMENDMENT/ SIDE LETTER TO AGREEMENT FOR VENDOR SERVICES BETWEEN THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT AND MASABI, LLC

This Second Amendment I Side Letter dated as of June 5, 2019 (the "Second Amendment/ Side Letter") to the Agreement for Vendor Services by and between the Sonoma-Marin Area Rail Transit District ("SMART") and Masabi, LLC ("VENDOR"), dated as of October 3, 2016 (the "Original Agreement," as amended by the First Amendment / Side Letter and now as amended by this Second Amendment I Side Letter, the "Agreement").

RECITALS

WHEREAS, SMART and VENDOR previously entered into the Original Agreement to develop a mobile ticketing application and associated software solutions in the form of a Mobile Ticketing Pilot Project to enable passengers to purchase tickets to ride the SMART Train; and

WHEREAS, SMART and VENDOR previously amended the Agreement to alter the Exhibit B, to increase the not-to-exceed amount, and to extend the term; and

WHEREAS, SMART desires to extend the term of the Original Agreement to June 30, 2022, increase the not-to-exceed amount by \$172,000 for a total not-to-exceed amount of \$358,600 to pay monthly fees as well as any incidental configuration expense, and amend the "Fee Structure" under Exhibit B of the First Amendment; and

NOW, THEREFORE, in consideration of the recitals set forth above and the covenants contained herein, it is mutually agreed by and between the parties that:

AGREEMENT

1. "ARTICLE 2. LIST OF EXHIBITS"

"Section 2.01 The following exhibit is amended as follows:

- (b) Exhibit B: Fee or Schedule of Hourly Rates-The Exhibit B remains as-is with the exception of the Ongoing Service and Support Fee Type which is amended to reduce the cost from \$4,900 per month to \$4,750 per month, as evidenced in the attached Exhibit B."
- **2.** "ARTICLE **5.** PAYMENT" Section 5.02 of the Agreement is replaced by the following:

"Section 5.02 Vendor shall be paid, as full compensation for the satisfactory completion of the work described in the Scope of Work (Exhibit A), in accordance with the budget established in Exhibit B, provided, however, that Vendor agrees to perform all services

MASABI, LLC SECOND AMENDMENT OT-PS-16 described in the Scope of Work for the negotiated amount of \$358,600, regardless of whether it takes Vendor more time to complete or costs are more than anticipated. The not-to-exceed (NTE) amount of \$358,600 for this Agreement includes labor, travel, supervision, applicable surcharges such as taxes, insurance, and fringe benefits as well as indirect costs, overhead, and profit allowance, equipment, materials, and supplies; in no case shall Vendor be reimbursed for an amount in excess of the NTE amount without a formal written amendment to this Agreement."

3. "ARTICLE 6. TERM OF AGREEMENT" Article 6 of the Agreement is amended as follows:

"Section 6.01 The term of this Agreement shall remain in effect until June 30, 2022 unless terminated earlier in accordance with the provisions of **Article 7**."

4. Except to the extent the Agreement is specifically amended or supplemented hereby, the Agreement, together with all supplements, amendments and exhibits thereto is, and shall continue to be, in full force and effect as originally executed, and nothing contained herein shall, or shall be construed to, modify, invalidate, or otherwise affect any provision of the Agreement.

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IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment / Side Letter as set forth below.

SONOMA-MARIN AREA RAIL TRANSIT DISTRICT

Dated:	By Farhad Mansourian, General Manager
	MASABI, LLC
Dated:	By
	Its
	APPROVED AS TO FORM:
Dated:	By District Counsel

EXHIBIT B FEE SCHEDULE

Fee Structure

Fee Type	Cost	Notes
Ongoing Service and Support	\$5,000/month	Until December 2017
Ongoing Service and Support	\$4,900/month	January 2018 through June 2019
Ongoing Service and Support	\$4,750/month	Beginning July 2019



Gary Phillips, Chair

Transportation Authority of Marin

Barbara Pahre, Vice Chair

Golden Gate Bridge, Highway/Transportation District

Judy Arnold

Marin County Board of Supervisors

Damon Connolly

Marin County Board of Supervisors

Debora Fudge

Sonoma County Mayors' and Councilmembers Association

Dan Hillmer

Marin County Council of Mayors and Councilmembers

Eric Lucan

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Joe Naujokas

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David Rabbitt

Sonoma County Board of Supervisors

Chris Rogers

Sonoma County Mayors' and Councilmembers Association

Shirlee Zane

Sonoma County Board of Supervisors

Farhad Mansourian

General Manager

5401 Old Redwood Highway

Suite 200

Petaluma, CA 94954 Phone: 707-794-3330 Fax: 707-794-3037

www.sonomamarintrain.org

June 5, 2019

Sonoma Marin Area Rail Transit Board of Directors 5401 Old Redwood Highway, Suite 200 Santa Rosa, CA 94954

SUBJECT: Approve of SPTJ Consulting Contract Amendment No. 8

Dear Board Members:

RECOMMENDATION:

Authorize the General Manager to approve Contract Amendment No. 8 in the amount of \$367,470 to the existing Information Technology (IT) Services contract with SPTJ Consulting for IT support services for a total not-to-exceed amount of \$1,639,131 and to extend the term of the contract to June 30, 2020.

SUMMARY:

Chien Liew, of SPTJ Consulting has been performing IT maintenance and support services for SMART since June 2012. His services have included continuous monitoring of all Cisco routers, firewalls, VPN concentrators, and switches, IT backup support for email, phone systems, network maintenance and troubleshooting.

The performance and reliability of our IT security and IT systems has been excellent despite our need for maintaining a fully functioning 24 hour rail operation. We recommend continuing to utilize Chien's expertise in the outside IT support role to ensure a healthy and secure network infrastructure and to maintain a high level of competency in the IT department.

Maintenance of Cisco routers, firewalls, VPN concentrators, and switches is required to ensure secure, reliable communications between the Petaluma office, the River Road storage yard in Fulton CA (MOW), the Rail Operations Center in Santa Rosa CA (ROC), and the Roblar Operations office. SPTJ Consulting has also assisted us with connections to our Sonic.net fiber backbone, the rail telephony network, and Office 365 migration.

Staff is recommending approval of Amendment No. 8 in the amount of \$367,470 for professional IT support services, for a total not-to-exceed contract amount of \$1,639,131.

FISCAL IMPACT: Funds are available in the proposed Fiscal Year 2019-20 budget.

REVIEWED BY: [X] Finance _

[X] Counsel

Very truly yours,

FOR Dan Hurlbutt

Information System Specialist

cc: Erin McGrath

Attachment (s): SPTJ Consulting Contract Amendment No. 8

EIGHTH AMENDMENT TO THE AGREEMENT FOR CONSULTANT SERVICES BETWEEN THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT AND SPTJ CONSULTING

This Eighth Amendment dated as of June 5, 2019 (the "Eighth Amendment"), to the Agreement for Consultant Services by and between SPTJ Consulting (hereinafter referred to as "CONSULTANT") and the Sonoma-Marin Area Rail Transit District (hereinafter referred to as "SMART"), dated as of July 31, 2012 (the "Original Agreement," as amended and supplemented by the First, Second, Third, Fourth, Fifth, Sixth, Seventh and now this Eighth Amendment, the "Agreement").

RECITALS

WHEREAS, CONSULTANT and SMART previously entered the Original Agreement on July 31, 2012 to provide infrastructure migration, improvement and setup services and other related information technology services; and

WHEREAS, SMART and CONSULTANT previously entered into various Amendments to the Agreement between December 15, 2012 and July 1, 2018, to increase the not-to-exceed amount, amend the scope of services, and extend the term of the Agreement; and

WHEREAS, SMART desires to amend the Agreement to extend the term of the Agreement to June 30, 2019 and increase the not-to-exceed amount by \$367,470 for a total not to exceed of \$1,639,131.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

- 1. "ARTICLE 5. PAYMENT" Article 5 of the Agreement is amended as follows:
 - In addition to the not-to-exceed amount set forth in the Original Agreement and subsequent Amendments, the contract amount shall be increased by an amount not-to-exceed \$367,470 for a total not-to-exceed amount of \$1,639,131 for the Agreement.
- 2. **"ARTICLE 6. TERM OF AGREEMENT"** is hereby deleted and replaced in its entirety with the following:
 - "ARTICLE 6. TERM OF AGREEMENT. The term of this Agreement shall remain in effect until June 30, 2020, unless terminated earlier in accordance with the provisions of Article 7."

SPTJ CONSULTING EIGHTH AMENDMENT OT-PS-12-011

3.	Except to the extent the Agreement is specifically amended or supplemented hereby, the Agreement, together with all supplements, amendments and exhibits thereto is, and shall continue to be, in full force and effect as originally executed, and nothing contained herein shall, or shall be construed to, modify, invalidate, or otherwise affect any provision of the Agreement.
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ri cc	ONSULTING
	I AMENDMENT

IN WITNESS WHEREOF, the parties hereto have executed this Eighth Amendment as of the date first set forth above.

	DISTRICT
Dated:	ByFarhad Mansourian, General Manager
	SPTJ CONSULTING
Dated:	ByChien Liew, President
	APPROVED AS TO FORM:
Dated:	By District Counsel



June 5, 2019

Gary Phillips, Chair Transportation Authority of Marin

Barbara Pahre, Vice Chair Golden Gate Bridge, Highway/Transportation District

Judy Arnold

Marin County Board of Supervisors

Damon Connolly

Marin County Board of Supervisors

Debora Fudge

Sonoma County Mayors' and Councilmembers Association

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Sonoma County Board of Supervisors

Farhad Mansourian

General Manager

5401 Old Redwood Highway Suite 200 Petaluma, CA 94954

Phone: 707-794-3330 Fax: 707-794-3037 www.sonomamarintrain.org Sonoma-Marin Area Rail Transit Board of Directors 5401 Old Redwood Highway, Suite 200

Petaluma, CA 94954

SUBJECT:

Responses to the Marin County Civil Grand Jury Report

SMART: First Mile/Last Mile Options, dated April 25, 2019

Dear Board Members:

RECOMMENDATION:

Review and approve the proposed responses to the Marin County Civil Grand Jury recommendations.

SUMMARY:

On April 25, 2019, the Marin County Civil Grand Jury released a report "SMART: First Mile/Last Mile Options". This report provides a comprehensive look at all available options and services that are currently available to and from SMART Stations in Marin County. The referenced report provides for seven (7) findings and five (5) recommendations and a welcomed commendation that states as follows:

<u>Commendation:</u> In the first year, SMART and the other transit agencies have done a commendable job in developing first and last mile connections to SMART stations. This report attempts to provide a comprehensive guide to various connection options. To further encourage ridership on SMART, it also makes recommendations to enhance the effectiveness of the connections.

The Marin County Civil Grand Jury specifically requested SMART's responses to recommendations R1, R3 and R5. We have prepared the following proposed draft responses for your deliberations and recommend that you approve the proposed responses to the Findings and Recommendations and authorize the Chair to send the attached letter to the Marin County Civil Grand Jury.

Very truly yours

Farhad Mansourian General Manager

Attachment(s):

- 1) Letter to the Marin County Civil Grand Jury regarding Findings, Recommendations Responses
- 2) 2018-2019 Marin County Civil Grand Jury Report, dated April 25, 2019.



Gary Phillips, Chair

Transportation Authority of Marin

June 5, 2019

Barbara Pahre, Vice Chair

Golden Gate Bridge,

Highway/Transportation District

Judy Arnold

Marin County Board of Supervisors

Damon Connolly

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Farhad Mansourian

General Manager

5401 Old Redwood Highway

Suite 200

Petaluma, CA 94954 Phone: 707-794-3330 Fax: 707-794-3037

www.sonomamarintrain.org

The Honorable Paul M. Haakenson Marin County Civil Grand Jury 3501 Civic Center Drive, Room 275 San Rafael, CA 94903

Brian E. Washington Marin County Counsel

3501 Civic Center Drive, Room 275

San Rafael, CA 94903

Re: Sonoma-Marin Area Transit Board of Directors Response to the Marin County Civil Grand Jury Report 2018-2019: SMART First Mile/Last Mile

Options.

Dear Honorable Paul Haakenson and Mr. Washington,

This letter constitutes SMART's response to the above referenced report contained within the Marin County Civil Grand Jury's 2018-2019 Report. The Civil Grand Jury only requested SMART responses to recommendations R1 R3 and R5. Consistent with Penal Code section 933.05 the Sonoma-Marin Area Rail Transit Board of Directors responds as follow:

FINDINGS:

We agree with the Findings numbered F1- F7

RECOMMENDATIONS:

- Recommendation <u>R1</u> has not been implemented, but SMART will support Transportation Authority of Marin and Marin Transit to implement this recommendation in the future.
- Recommendation R3 has already been implemented.
- Recommendation <u>R5</u> has not been implemented, but will be implemented in the future.
- <u>R1</u>. Transportation Authority of Marin and Marin Transit should conduct surveys and pertinent research, using the criteria of convenience, cost, and accessibility to determine optimal "first mile last mile" connections to SMART Station.

Response: SMART will support Transportation Authority of Marin and Marin Transit efforts to implement this recommendation.

The Honorable Paul M. Haakenson Mr. Brian E. Washington Marin County Civil Grand Jury Letter June 5, 2019 Page 2 of 2

R3. SMART should complete and publish its feasibility study by July 2019 on the east-west track connecting to an Amtrak station in the East Bay.

Response: SMART has already implemented this recommendation. This feasibility report was presented at SMART's Board of Director's meeting on May 1, 2019. The report has also been widely shared with State, Regional, County/City Stakeholders and the Civil Grand Jury. The report is also posted on SMART's Website: http://www.sonomamarintrain.org/node/299

<u>R5</u>. SMART, Transportation Authority of Marin, Marin Transit should prepare a join feasibility study for the possible implementation of an autonomous shuttle for connection from the Larkspur SMART station to the Larkspur Ferry.

Response: SMART and Transportation Authority of Marin have already initiated discussions regarding this recommendation. SMART and Transportation Authority of Marin met to review all options for connections between the Larkspur SMART station and the Larkspur Ferry terminal, including an autonomous shuttle concept.

Sincerely,

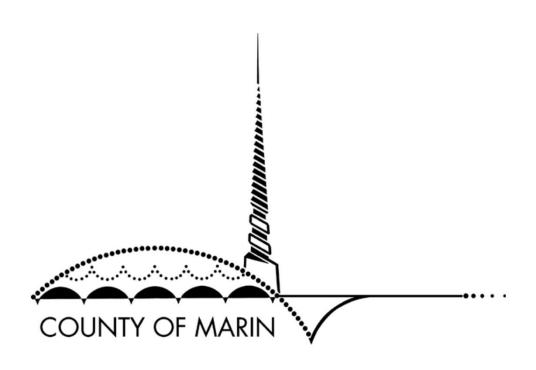
Gary Phillips, Chair Board of Directors

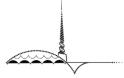
SMART

First Mile/Last Mile Options

Report Date: April 25, 2019

Public Release Date: May 9, 2019





SMART – First Mile/Last Mile Options

SUMMARY

Sonoma Marin Area Rail Transit (SMART) has been operational since August 2017, providing passenger rail service between the Sonoma County Airport Station north of Santa Rosa and downtown San Rafael. Expansion of service to Larkspur Landing as well as an additional stop in downtown Novato is scheduled to open in late 2019. One of the main objectives of SMART is to provide a transit alternative for commuters between Sonoma and Marin. Whether it will prove to be a boon to Marin and Sonoma Counties' livability, will in part depend on the convenience and feasibility of east-west and north-south connectivity to/from the stations, often referred to as "first mile - last mile."

The Marin County Civil Grand Jury issued two earlier reports on SMART operations prior to the implementation of train service. Now that SMART is operational, the current Grand Jury decided to focus on the connectivity question as it relates to SMART stations located in Marin County. While the Grand Jury looked at information related to SMART stations located in Sonoma and Marin Counties, the scope of this report is limited to Marin SMART stations.

The Grand Jury interviewed transit agency and SMART representatives as well as independent consultants; reviewed management reports; researched the SMART website; and talked with SMART passengers.

Measure Q, the voter initiative that established a sales tax to fund SMART operations, requires SMART to publish a strategic plan update every five years. With previous plans published in 2009 and 2014, the next update is due in 2019. SMART management has assured the Grand Jury that the 2019 update is under development and scheduled to be released in the fall of 2019.

All possibilities to enhance and improve first and last mile connections should be examined, including expansion of Marin Connect to include additional areas outside of the North San Rafael pilot zone. The feasibility of using autonomous shuttles should be considered since the technology is available and is currently deployed in a number of pilot projects.

Given that SMART has been operational for less than two years, they and their partner transit agencies have done a commendable job in developing numerous modes for traveling to and from SMART stations. The expectation is that new options for first and last mile connections will be implemented as the system matures.

BACKGROUND

Marin has never had a comprehensive public transit system because its population is concentrated along its major north-south artery, U.S. 101, and its primary east-west corridor, Sir Francis Drake Boulevard. Prior to 2005, the main source of public transit was Golden Gate Transit (GGT) which ran buses within Marin and to San Francisco with ferry service from Larkspur to the SF Ferry Terminal added in August 1970. In 2005, Marin Transit took over the intra-county bus service. With the growth of Santa Rosa and Sonoma County over the past 30+ years, traffic has increased tremendously between Marin and Sonoma, but public transit between the two counties has not kept pace with this growth. Sonoma and Marin counties added a new public transit option, SMART, which started carrying passengers in August 2017. The Grand Jury decided to investigate how passengers connect to and from SMART stations within Marin County now that it has completed its first year of operation.



SMART Train at the San Rafael Station

METHODOLOGY

The Grand Jury:

- Interviewed transportation experts from Marin agencies, representatives of major employers in the County, as well as independent consultants.
- Reviewed SMART's website for basic operating information.
- Obtained SMART's ridership reports and surveys.
- Rode SMART round trip between San Rafael and Santa Rosa.
- Studied prior Grand Jury reports on the development and implementation of SMART as well as documentation from other transportation sources.
- Conducted informal "interviews" with SMART riders.
- Observed passengers making connections at several stations.

DISCUSSION

SMART's First Year of Operation

Currently SMART has ten stations between downtown San Rafael and a station one mile from the Sonoma County Airport. Construction is underway to expand the SMART system to Larkspur Landing as well as a new downtown stop in Novato, with passenger operation projected to begin by the end of 2019. Additionally, construction is slated to begin on the extension to Windsor shortly thereafter. Eventually, SMART plans to extend service to Healdsburg and Cloverdale in northern Sonoma County when funds become available. In addition, SMART and other regional transit agencies are preparing a study, due in 2019, of the feasibility of utilizing the existing freight line partially paralleling Highway 37 as a passenger train route. Part of this track is owned by SMART. The proposal is for SMART to ultimately connect to Amtrak in the East Bay.

Fares are multi-tiered depending on distance traveled (calibrated by zones), with special rates for youth, seniors, and the disabled. There are also discounted monthly passes and pre-purchased Clipper® cards available to all passengers. Additionally, participating employers can purchase Eco-Passes at a significant discount. They can then pass that discount on to employees, who have the added advantage of paying with pre-tax dollars. See the SMART Fact Sheet on its Eco-Pass in Appendix A for details. SMART reports that Marin businesses have been slow to embrace the use of the Eco-Passes, with only about two dozen employers doing so as of January 2019; this may be due in part to the small number of medium to large size businesses located in the county.

SMART data indicates that more than half of its revenue comes from Clipper single fare riders followed by SMART 31 day discounted monthly passes. SMART has also created a mobile app which many riders are now using. According to SMART, 16% of fare revenue for their first 12 months of operation came from passengers using the mobile app. During its field trip, the Grand

Jury used both the Clipper card and the mobile app and found the app was quite convenient. The app is available online.¹

Data from SMART shows that their average monthly passenger load is approximately 63,000 riders; SMART carried its one-millionth passenger on January 17th of this year. SMART currently has capacity issues during commute hours, often resulting in standing room only, which should be ameliorated when four additional rail cars will be added in the spring of 2019.

Issues Investigated

Key questions to increasing ridership are how do passengers travel to the various stations to start their trip and how do they get to their final destination after they disembark at a SMART station? SMART is attempting to address these questions. What SMART does know is that many passengers live or work at varying distances -- sometimes considerable -- east and west as well as north and south of SMART stations. A recent ridership survey is attached as Appendix B. In its investigation, the Grand Jury found that various modes of connecting to SMART stations are in use or are under consideration. These include walking, driving where parking is available, being dropped off by others, biking and scooters -- motorized and non-motorized, taking a bus or shuttle, and ridesharing in various forms.

Connection Options

In addition to Marin Transit buses, there are several specific "first mile - last mile" options. The most important ones are illustrated below.

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¹ Apple App Store, Google Play Store, and SMART Website. Accessed on March 19, 2019.



Marin Connect

Marin Connect is an on-demand, 100% accessible, nine passenger shared bus service operated as a pilot program by Marin Transit. It currently serves northern San Rafael, which includes the Marin Civic Center SMART station. The app for this service is available on-line.² The area served by this pilot program is shown in Appendix C.

A new connection issue will be raised once SMART's Larkspur terminal is completed. Though SMART is planning on 35 parking spaces plus 4 handicapped spaces at its Larkspur terminal, sufficient parking may be a problem when the station is open. Because there is approximately a quarter mile between the ferry and the SMART terminal, a public transit connection between the two could prove pivotal to increasing ridership on both systems. With the Larkspur SMART station's lack of substantial on-site parking, the Marin Connect program might become even more important for this new SMART station.



A Marin Connect shuttle stop adjacent to the Civic Center Station

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April 25, 2019

² Marin Transit/Marin Transit Connect. *Marin Transit*. Accessed 19 Mar. 2019.

Hamilton Shuttle

For those passengers living or working in the Hamilton area, there is a free shuttle operated by Whistlestop, funded by the Hamilton Field of Marin Owners Association. It operates during commute hours, with stops at the Hamilton station from 5:50 to 8:20 A.M. and from 4:00 to 7:00 P.M. for the evening commute. See Appendix D for the shuttle's route.



Hamilton Shuttle at the Novato Hamilton SMART Station

Novato Dial-a-ride

Novato residents have an alternative for transit to and from the San Marin and Hamilton stations, as well as Novato Downtown (once it is operational), called Novato Dial-A-Ride, which can provide curb-to-curb pick-up and drop-off service. This service is available to anyone within Novato (see Appendix E for the service area). To use the service, the passenger must request a ride by calling the scheduling office at 415-892-7899, preferably at least a day in advance; a same day ride request runs the risk that a seat will not be available.

Lyft

The Transportation Authority of Marin (TAM) has partnered with Lyft in a program called "GetSmart 17". This allows the passenger to obtain up to a \$5/ride subsidy to and from SMART stations in Marin County.³ This program has proven to be extremely popular as it has gone from an initial use by only 60 in its first month of operation in September 2017 to over 1300 rides per month as of September 2018, the last date data is available. Other TAM data shows that approximately 65% of those who used this program had their origin/destination within 4 miles of a SMART station.



Banner Promoting Lyft Credit

Zipcar

For those who want the flexibility of driving themselves to their final destination, Zipcar offers another alternative. Zipcar is a car-sharing service that allows the member to rent a car by the hour or by the day and then return the car to its point of origin. The driver applies online and receives a membership card in the mail. A car can then be reserved using the Zipcar app. Two Zipcars are currently available at the San Rafael SMART station.

Autonomous Vehicles

Another possibility to be examined in the future is the use of autonomous vehicles. In June 2018, Mcity, a University of Michigan public-private partnership, launched the first autonomous shuttle in the United States.⁴ Similar projects are under consideration in the Bay Area. In Marin, such possibilities could include a shuttle between the SMART

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³ "TAM Partners with Lyft and Whistlestop on a \$5-discount for Lyft to/from SMART Stations in Marin". Transportation Authority of Marin. Accessed 19 Mar. 2019.

⁴ Mcity Driverless Shuttle. *University of Michigan*. Accessed 19 Mar. 2019.

terminus and the Larkspur Ferry terminal. Other possibilities could include a loop around Hamilton to the SMART station. In addition, perhaps a circuit through Novato that ends at the downtown Novato SMART station could be developed.

Biking

Biking to and from a SMART station has proven to be a very popular option. SMART has now carried its 100,000th bicyclist as of March 14th, 2019.⁵ While each two-car SMART train has space for 24 bicycles, a potential problem that comes with this popularity, as noted by SMART management, is that bike racks on many trains are usually filled quickly within the first few stations. In a few instances, bike riders have been turned away because there was no more room on the cars for the bikes. However, each SMART station has ten U-racks for bicycles and SMART has installed 34 electronic lockers, accommodating 68 bicycles systemwide. Each station has a minimum of four locker parking spaces and efforts are being implemented to ensure that any new stations will also have electronic lockers, as space allows. According to SMART, these lockers are rarely used, perhaps because those who bike to a SMART station also use their bikes to get to their final destination. SMART is also exploring partnerships to provide bike sharing near some of its stations.⁶

Transit Subsidies

The Grand Jury investigated employer subsidies that encourage employees to take some form of public/shared services transportation. Several of Marin's largest employers offer a variety of programs. For example, any Kaiser employee that uses public transit three times per week or any combination totaling 12 rides per month receives a monthly subsidy of \$60. Kaiser also has an arrangement with Marin Connect to provide free shuttle service for any employee riding to and from SMART stations and between Kaiser facilities. Marin Connect is also available to the general public for a fee.

Bank of Marin subsidizes any employee up to \$50/month in a commuter benefit account, which is a pre-tax benefit. It also provides Uber subsidies for employees going to and from SMART stations and bank branches.

Similarly, the County of Marin provides a program called "Ride Green" for its employees. The county offers numerous transportation benefits for employees through this program, including several for riders of SMART. Employees can ride Marin Connect shuttles to and from county facilities within the Connect service area with fees currently covered by the county. The Connect app must be downloaded for this service. They can also use the Lyft Line app for a \$5 discount. Additionally, by registering through the Employee Benefits "RideGreen" portal, employees can

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⁵ "Smart To Surpass The 100,000-cyclist Mark." SMART Website. Sonoma Marin Area Rail Transit. Accessed 14 Mar. 2019.

⁶ "SMART exploring bike sharing partnerships." SMART Website. Sonoma Marin Area Rail Transit. Accessed 14 Mar. 2019.

obtain SMART Eco-Passes by purchasing a Clipper Card using pre-tax dollars and receive up to \$40/month in transit matching benefits.

FINDINGS

- F1. An important key to the success of SMART will be the availability of economical, fast and convenient transit connectivity to and from the stations since many passengers do not live or work in areas close to these stops.
- F2. There are numerous transportation modes to connect with SMART stations. These include: walking, biking, electric bikes and scooters, cars, ride sharing, Lyft, Uber, traditional taxis, group vans, standard sized as well as smaller buses, including shuttles such as Marin Connect, which can be called as needed. In the future, autonomous shuttles and other vehicles will be an option.
- F3. Transportation Authority of Marin in conjunction with Marin Transit, are the agencies charged with fostering public transit connectivity with SMART in Marin.
- F4. Comprehensive surveys of customer riding patterns are extremely useful to the determination of which modes to focus on and put resources into, but the ultimate determination will be driven by customer preferences over the next few years.
- F5. The distance between the SMART Larkspur terminal and the ferry terminal may act as a barrier that could adversely impact SMART ridership since currently there are no known plans for public transit between the two terminals.
- F6. The SMART plan calls for limited parking for passengers at the Larkspur station. This could be an obstacle to SMART ridership northbound.
- F7. There are railroad tracks owned by SMART going east out of southern Novato currently used only for freight. An engineering study is currently underway, due late spring of 2019, to determine the feasibility of extending SMART to Amtrak in the East Bay.

COMMENDATION

In its first year, SMART and the other transit agencies have done a commendable job in developing first and last mile connections to SMART stations. This report attempts to provide a comprehensive guide to the various connection options. To further encourage ridership on SMART, it also makes recommendations to enhance the effectiveness of the connections.

RECOMMENDATIONS

- R1. Transportation Authority of Marin and Marin Transit should conduct surveys and pertinent research, using the criteria of convenience, cost, and accessibility to determine optimal "first mile last mile" connections to SMART stations.
- R2. Marin Transit should expand the usage of Marin Connect beyond northern San Rafael no later than the first quarter of 2020.
- R3. SMART should complete and publish its feasibility study by July 2019 on the east-west track connecting to an Amtrak station in the East Bay.
- R4. Upon completion of the SMART station in Larkspur, there needs to be a free passenger shuttle between the station and the Larkspur ferry terminal.
- R5. SMART, Transportation Authority of Marin and Marin Transit should prepare a joint feasibility study for the possible implementation of an autonomous shuttle for connection from the Larkspur SMART station to the Larkspur Ferry.

REQUEST FOR RESPONSES

Pursuant to Penal code section 933.05, the Grand Jury requests responses as follows:

From the following governing bodies:

- Sonoma Marin Area Rail Transit (SMART) Board of Directors (R1, R3, R5)
- Marin Transit Board of Directors (R1, R2, R4, R5)
- Transportation Authority of Marin Board of Commissioners (R1, R2, R4, R5)

The governing bodies indicated above should be aware that the comment or response of the governing body must be conducted in accordance with Penal Code section 933 (c) and subject to the notice, agenda and open meeting requirements of the Brown Act.

Note: At the time this report was prepared information was available at the websites listed.

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Civil Grand Jury. The California State Legislature has stated that it intends the provisions of Penal Code Section 929 prohibiting disclosure of witness identities to encourage full candor in testimony in Grand Jury investigations by protecting the privacy and confidentiality of those who participate in any Civil Grand Jury investigation.

APPENDIX A: SMART Eco-Pass Fact Sheet



THE SMART ECO-PASS

Employers, colleges, and veterans' groups can purchase Eco-Passes directly from SMART for their employees or members. Eco-Passes are discounted up to 50%, based on the number of passes purchased. Passes can be purchased in four, six, or twelve-month increments and are loaded onto Clipper® Cards by SMART. All Clipper® products, including the Eco-Pass, are eligible for transfer credits with other local bus operators.

DISCOUNTS FOR ECO-PASSES				
Number of Passes Purchased	Eco-Pass Price (per month)			
Up to 50	\$213.00			
51-250	\$193.00			
251-500	\$174.00			
Over 500	\$155.00			
ollege Students & Veterans' Groups	\$138.00			

It doesn't matter how far your commute is or how many times you ride the train, SMART's Eco-Pass offers one discounted flat rate.

COMMUTER TAX BENEFITS

The Federal Tax Code allows employees to use up to \$265 per month of pre-tax dollars to pay for transit costs through employer sponsored programs.

EMPLOYEE SAVINGS

Employees can save hundreds of dollars each year by setting aside pre-tax income to pay for transit expenses. For example, an employee who spends \$200 per month on transit will save \$60 per month, or \$720 per year, in taxes (at 30% tax rate).

EMPLOYER SAVINGS

Providing employees with pre-tax commuter tax benefits can save payroll taxes for employers. The value of the benefit paid to employees is considered a tax-free transportation fringe benefit and not wage or salary compensation, therefore, payroll taxes do not apply. Employers can save roughly 7.5% in payroll taxes (including FICA, SUI, SDI and city taxes) on the amount employees set aside.

COMMUTE COST SAVINGS

Taking the train can save commuters time and money. On average, most SMART Eco-Pass users would save close to \$12 each day in fuel and vehicle wear-and-tear costs.

For example, using the 2019 IRS mileage reimbursement rate of 58-cents per mile, a 70-mile round-trip commute costs \$40.60 per day. An Eco-Pass costs between \$6.90 and \$10.65 per day, depending on the number of passes purchased, saving commuters roughly \$30 per day, or \$600 per month, in fuel and vehicle wear-and-tear costs.

For more information on Eco-Passes visit www.SonomaMarinTrain.org, email info@SonomaMarinTrain.org or call (707) 794-3330.



P: (707) 794-3330

F: (707) 794-3037

www.SonomaMarinTrain.org

Eco-Pass Fact Sheet, Sonoma Marin Area Rail Transit

APPENDIX B: SMART's Recent Ridership Survey (2017-2018)

Ridership survey data is from **SMART** Board of Directors Workshop, SMART Board of Directors

MARIN CIVIC CENTER STATION

How did you get to the Marin Civic Center Station?

- 1. Drove my car (52%)
- 2. Walked (24%)
- 3. Dropped off at the station (Ex: Lyft, Uber, friend dropped you off, etc.) (14%)
- 4. Biked (7%)
- 5. Rode the bus (3%)

How are you getting to your final destination from the Marin Civic Center Station? (Select all that apply)

- 1. Walking (44%)
- 2. County of Marin Employee Shuttle (26%)
- 3. Getting dropped off (Ex: Lyft, Uber, friend will drop you off, etc.) (13%)
- 4. Driving my car (8%)
- 5. Biking (5%)
- 6. Taking a bus (4%)

SAN RAFAEL STATION DATA

How did you get to the San Rafael Station?

- 1. Rode a bus (38%)
- 2. Got dropped off (Ex: Lyft, Uber, friend dropped you off, etc.) (21%)
- 3. Walked (15%)
- 4. Drove my car (13%)
- 5. Biked (13%)

How are you getting to your final destination from the San Rafael Station? (Select all that apply)

- 1. Walking (30%)
- 2. Taking a bus (23%)
- 3. Taking the ferry (21%)
- 4. Getting picked up (Ex: Lyft, Uber, friend will pick you up, etc.) (12%)
- 5. Biking (9)
- 6. Driving my car (3%)
- 7. I'm already at my final destination (2%)

APPENDIX B: SMART's Recent Ridership Survey (2017-2018) (cont'd)

NOVATO HAMILTON STATION DATA

How did you get to the Novato Hamilton Station?

- 1. Drove my car (32%)
- 2. Biked (23%)
- 3. Walked (22%)
- 4. Dropped off at the station (Ex: Lyft, Uber, friend dropped you off, etc.) (20%)
- 5. Rode the bus (3%)

How are you getting to your final destination from the Novato Hamilton Station? (Select all that apply)

- 1. Walking (46%)
- 2. Biking (26%)
- 3. Getting dropped off (Ex: Lyft, Uber, friend will drop you off, etc.) (20%)
- 4. Driving my car (5%)
- 5. Taking a bus (3%)

NOVATO SAN MARIN DATA

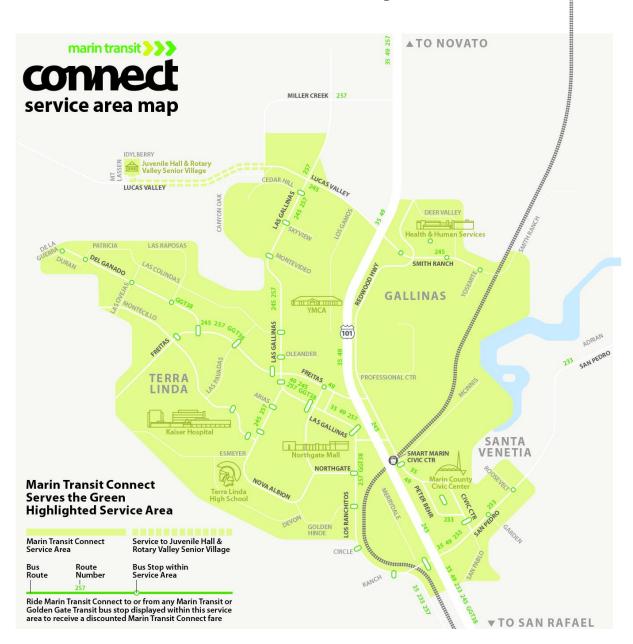
How did you get to the Novato San Marin Station?

- 1. Drove my car (46%)
- 2. Dropped off at the station (Ex: Lyft, Uber, friend dropped you off, etc.) (23%)
- 3. Biked (17%)
- 4. Walked (12%)
- 5. Rode the bus (2%)

How are you getting to your final destination from the Novato San Marin Station? (Select all that apply)

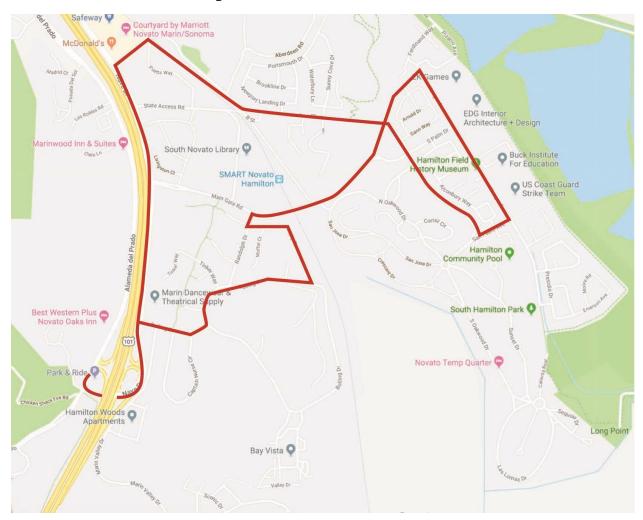
- 1. Walking (56%)
- 2. Getting dropped off (Ex: Lyft, Uber, friend will drop you off, etc.) (19%)
- 3. Driving my car (12%)
- 4. Biking (9%)
- 5. Taking a bus (4%)

APPENDIX C: Marin Connect Service Area Map



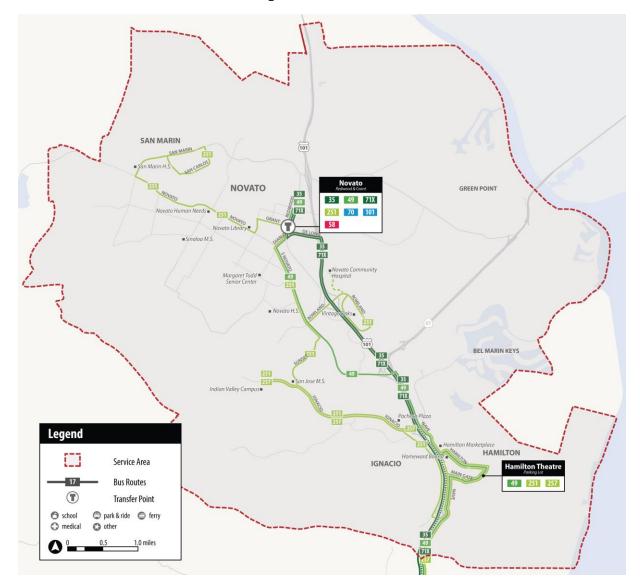
Marin Connect Service Area Map, Marin Transit

APPENDIX D: Route Map for Hamilton Shuttle



Route Map for Hamilton Shuttle, Hamilton Field

APPENDIX E: Service Area Map for Novato Dial-A-Ride



Service Area Map for Novato Dial-A-Ride - Marin Transit