

## BOARD OF DIRECTORS REGULAR MEETING AGENDA

June 6, 2018 – 1:30 PM

5401 Old Redwood Highway, 1<sup>st</sup> Floor Petaluma, CA 94954

- 1. Call to Order
- 2. Approval of the May 16, 2018 Board Meeting Minutes
- 3. Public Comment on Non-agenda Items
- 4. Board Member Announcements
- 5. General Manager's Report
- 6. Authorize the General Manager to Execute Contract Amendment No. 4 to Contract No. CV-PS-15-005 with RailPros, Inc. in the amount of \$475,000 for Professional Engineering Services Support for the Larkspur Extension Project
- 7. Authorize the General Manager to Execute Contract No. OP-SV-18-002 with Stacy and Witbeck, Inc., in the amount of \$463,776 to Perform Maintenance Surfacing along SMART's Right-of-Way
- 8. Approve a Resolution Authorizing the General Manager to Execute Change Order MUP-001 to Contract No. CV-DB-16-001 for the Construction of Approximately 0.5 miles of Bicycle and Pedestrian Pathway between Andersen Drive and Rice Drive for the City of San Rafael and to Amend the Existing 2017 Memorandum of Understanding between SMART and City of San Rafael for the Larkspur Extension Project
- 9. Authorize the General Manager to Execute Five (5) Consultant Contract Amendments Totaling \$848,805 as needed for Fiscal Year 2018-19

- 10. Approve the Resolutions for the Adoption of Fiscal Year 2017-18 Year-End Financial Report, Proposed Preliminary Fiscal Year 2018-19 Budget and Annual Appropriation Limit and Investment Policy
- 11. Next Regular Meeting Board of Directors, June 20, 2018 1:30 PM 5401 Old Redwood Highway, 1st Floor, Petaluma, CA 94954

#### 12. 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.org



## BOARD OF DIRECTORS REGULAR MEETING MINUTES

May 16, 2018 - 1:30 PM

5401 Old Redwood Highway, 1<sup>st</sup> Floor Petaluma, CA 94954

#### 1. Call to Order

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

2. Approval of the April 18, 2018 Board Meeting Minutes

**MOTION:** Director Mackenzie moved approval of April 18, 2018 minutes as presented. Director Lucan second. The motion carried 7-0-0. (Directors Connolly, Eddie, Fudge, Phillips and Rabbitt absent).

#### 3. Public Comment on Non-Agenda Items

Felix Huerta Jr. (Operating Engineers Local 3) stated that the SMART's Engineers Conductors Association (SECA) has currently affiliated with the Operating Engineers Local 3. He will be participating in future Board meetings; and in January, they will petition to become SECA representatives.

David Schnobrunn announced he has a website called "occupymtc.org" where you can find information regarding Regional Measure 3 (RM 3). He stated that Transdef opposes RM 3.

Wayne Seden (Friends of SMART) stated that he is involved with the Bridge over Highway 101. They preferred that the Elliot/Edwards crossover is chosen. The sport store in the area is opposing the crossover.

Duane Bellinger asked if the closed session item on the agenda was regarding the Corona/McDowell property. He would also like to know when SMART approved the contract since it was not on any of SMART's agenda. General Manager Mansourian responded that the item is a litigation matter. District Counsel Lyons also stated that the item was presented to the Board in closed session as Real Estate Negotiation/Transactions. He will be happy to discuss with the individual after the meeting.

#### 4. Board Member Announcements

None

#### 5. General Manager's Report

General Manager Mansourian provided his May 2018 written report to the Board.

He stated that on Friday, May 11<sup>th</sup>, SMART's staff hosted a tour of SMART project for the Santa Cruz Area Chamber of Commerce and various elected officials.

He announced Pathway Ribbon Ceremony dates: 1) June 2, 2018 at 9:00am Directors Connolly and Phillips will host the ceremony at Civic Center and 2) June 23, 2018 at 9:00am Directors Arnold and Lucan will host the ceremony at Novato San Marin Station.

Lastly, General Manager Mansourian is very excited that SMART is being recognized by the Department of Transportation, State of California by awarding \$21M in state funds for its extension to Windsor and beyond. As part of this award, SMART is required to conduct an engineering/feasibility rail service study for Highway 37, of which SMART owns 22 miles to the Napa River.

#### **Public Comments**

David Schnobrunn (Train Riders Association of California) distributed the California Rail News and stated there is an article which talks about "A Vision for Passenger Rail in the North Bay and Sacramento Region".

#### 6. Consent

- a. Approval of Monthly Financial Reports
- b. Approval of Intelligent Technology Solutions Contract Amendment No. 3

Vice Chair Arnold asked for Board and public comments on the proposed Consent Agenda.

**MOTION:** Director Lucan moved approval of the Consent Agenda as presented. Director Pahre second. The motion carried 7-0-0. (Directors Connolly, Eddie, Fudge, Phillips and Rabbitt absent).

Review Fiscal Year 2017-18 Year End Financial Report and Proposed Preliminary Fiscal Year
 2018-19 Budget

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 the two different financial reports: 1) The Fiscal Year 2017-18 Year-End Report and 2) The proposed Fiscal Year 2018-19 budget that was revised to represent each department (Administration, Capital and

Operations) with current and new fiscal year. 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:

#### Overview/Summary

The first year of service underway. Fare revenue receipts are as expected and anticipated in the budget \$3.6M. The State revenue (SB 1) funds are significant in revenue \$6.7M in Fiscal Year 2018-19.

#### Proposed Fiscal Year 2018-19 Reserves

- \$17M Operating Reserve
- \$4.99M Fund balance for Capital needs

#### Fiscal Year 2017-18 Year-End Report: Sources and Uses of \$83.3M

#### Revenue:

- Overall increase of \$11.6M (capital project funding sources)
- No Change in Sales Tax
- Increase in State Grants for Operations
- Shift in Grant funding
- One-time property-related revenue increases

#### Expenses:

- Overall decrease of \$2.8M
- Shift in vehicle manufacturer payments
- Shift in Larkspur Extension construction schedule
- Saving in professional services, fuel and other savings

#### Proposed Fiscal Year 2018-19 Budget: Sources and Uses \$113.7M

#### Revenue:

- Overall increase of \$19M (primarily grant revenue)
- Projecting 3% sales tax growth as addressed in the 2014 Strategic Plan
- Drawdown of \$23.7M fund balance for Phase 1- Initial Operating Segment

#### Expenses:

- Overall increase of \$30.4M proposed
- Capital project activity
- Increase equipment investment for operating

#### Expenses by Category Proposed Fiscal Year 2018-19 (\$113.7M)

- Salaries and Benefits 18%
- Services and Supplies 14%
- Debt Service and other charges 14%
- Equipment, Building and Improvements 3%
- Capital Projects 51%

#### Revenue by Category Proposed Fiscal Year 2018-19 (\$113.7M)

- Fare, Parking and Fee Revenue 3%
- Miscellaneous Revenue 1%
- Use of Fund Balance 21%
- Sales/Use taxes 33%
- Interest and Lease Earnings 1%
- Intergovernmental Revenues (Grants) 41%

#### Administration Budget (Table 2)

Fiscal Year 2017-18 year-end

- No significant change in the current fiscal year 2017-18
- Revenues included one-time property sales

#### Proposed Fiscal Year 2018-19

- Expenses: Increase to \$28.4 (debt service increase \$1.9M and minimal increase in salary benefits)
- Revenues: Funded with sales tax, revenue from property leases and sales.

#### Capital Budget (Table 3)

Fiscal Year 2017-18 year-end

- Expenses: Reduced by \$1.4M to \$36.2 (shifts in Larkspur schedule and vehicle payments)
- Revenues: Increased \$8.4M to \$24M (reimbursable/grant funded work started earlier)

#### Proposed Fiscal Year 2018-19

- Expenses: \$58.9M (Larkspur Project, Vehicle sets, Payran Pathway, and closeout of Phase 1 (IOS))
- Revenues: \$39.7M (funded with grants/cooperative agreements and use of sales tax fund balance of \$19M)

#### Operations Budget (Table 4)

Fiscal Year 2017-18 year-end

- Expenses: Reduced by \$388,077 to \$25.5M (fuel savings, contract savings due to startup date and elimination the budget contingency)
- Revenue: Annual revenues \$21.2 M (increased allocation of sales tax to operations, increase in SB 1 related operations funding of \$3.6M and slight increase in fare revenue to \$3.1M)

#### Proposed Fiscal Year 2018-19

 Expenses: Increase of \$5M to \$26.5M (full year of fuel service, additional of 11 new FTE staff, significant capital equipment investments for wheel truing and equipment) Revenues: \$21.9M and \$4.6M use of fund balance (fare revenue to \$3.6M and increase in SB 1 revenue to \$6.7M)

#### Position Authorization (Table 5)

- No new addition staff in Administration or Capital
- Proposal to add 11 full-time employees to Operations (one Administrative Assistant, four Engineer-Conductors, one Facilities Maintenance Technician, three laborers and two Vehicle Maintenance Technician)
- Shift Safety and Compliance Officer position from Operations to Administration

#### Directors' Comments:

Director Zane she stated it is a good report. She asked what's the overall budget percentage of the \$17M in operating reserves. Ms. McGrath responded that it's about 30%. Director Zane is concerned that SMART has not prioritized many needs that are needed at various Sonoma County stations as ridership increases. Her constituents would like to have sufficient parking at most travels stations (Sonoma County Airport, Santa Rosa North and Downtown Santa Rosa). Also, SMART has been very successful in receiving various grants for the project. She suggested SMART submit a grant for additional parking and use some of the reserve funds for additional parking. Mr. Mansourian clarified that operating reserves of \$17M is an "agency reserve" in the next few years, there are so many unknowns that SMART needs to prepare for. He said that since SMART has been enforcing parking ("paying"), the demand has reduced. SMART has not been able to find any available grants for property/parking purchase. Also, Measure M is up for renewal and have asked the Sonoma County Transportation Authority to consider allocating funds towards Station Access.

Director Hillmer asked if the reserve funds of \$17M is sufficient. Ms. McGrath responded yes. Director Hillmer also supports Director Zane's comments regarding the need for additional station improvements.

Director Mackenzie stated that at the Sonoma County Economic Forecast presentation it was mentioned that sales tax will have growth in the next couple of years. However, we need to be mindful that sales tax revenue can also decrease. Also, this board made a commitment to review the Fare structure after 1-year of passenger service. Mr. Mansourian responded that passenger service started on August 25, 2017 and staff will have 1 full year of ridership and revenue data completed by September/October meetings. Also, staff is evaluating how to close the weekday afternoon gaps and earlier weekend service.

Director Lucan stated that the budget report is projecting higher sales tax revenue will this produce a higher fund balance for SMART. Ms. McGrath responded yes and SMART shall receive final sales tax income by October. He asked if the proposed expense of \$2.8M an annual increase in the Operation Department. Mr. Mansourian responded that it's a significant one-time investment in equipment associated for the wheel truing. At this time SMART has a contract with Utah Transit, however it's better to service the trains at SMART. Director Lucan thanked staff for considering worthwhile investments for the organization.

#### **Public Comments**

David Schnobrunn stated that he participated in a Transportation Research Board (TRB) webinar called "Who's Riding Transportation Network Companies' (TNC) and What Does It

Mean for Public Agencies". One of the important elements they discussed was using TNC to get people to transit agencies, which can be less expensive and less driving is being encouraged.

#### 8. Approve a Resolution for the addition of (1) Full Time Engineer-Conductor Position

Human Resources Manager Lisa Hansley stated that SMART is proposing the addition of one Engineer-Conductor position for the current fiscal year 2017-18. We have had great success with hiring exceptional individuals whose skills at both train operation and handling the public. However, we have lost a number of employees who could not find adequate affordable housing. We were recently contacted by one such former employee who desires to return to SMART. The Engineer-Conductor positions are currently full, and do not have the ability to hire any new Engineer-Conductors. We would like to re-hire this employee as soon as possible, since he has already been trained on our equipment and is familiar with our system. We believe that this additional position would be valuable in our efforts to fully staff our current schedule.

#### **Directors' Comments**

Director Zane suggested that SMART's Human Resources department help employees find housing. She stated she has meet with executives and administrators from Sutter, St. Joseph and Keiser Hospitals and 1 of 6 doctors lost their home during the fires. However, St. Joseph has a designated housing position that assist many in finding housing. She urged Ms. Hansley to contact St. Joseph housing representative to assist SMART.

Director Mackenzie agreed with Director Zane that SMART's shall help employees look for housing.

Vice Chair Arnold stated that Marin County has a program for homeowners that can create a junior single unit and the application fee is waived.

#### **Public Comments**

Felix Huerta Jr. stated that he would like to see a connection with employee wages and housing.

Patricia Tuttle Brown suggested that SMART partner with the Petaluma community to give jobs to locals and young people.

**MOTION:** Director Mackenzie moved to Approve a Resolution for the addition of (1) Full Time Engineer-Conductor Position as presented. Director Pahre second. The motion carried 7-0-0 (Directors Connolly, Eddie, Fudge, Phillips and Rabbitt absent).

9. Adopt and Support Position on Senate Bill 1029: North Coast Railroad Authority Right-of-Way: Great Redwood Trail Agency: Sonoma-Marin Area Rail Transit

General Manager Mansourian stated that on your April 18<sup>th</sup> Board meeting he briefed the Board on the Amended Senate Bill 1029 (SB 1029) that was introduced by Senator McGuire. He said that SMART owns the railroad from Corte Madera toward North and East of Napa River and back to Downtown Healdsburg. North Coast Railroad Authority (NCRA) owns north of Healdsburg. NCRA contracts with Northwestern Pacific Railroad Company who provides freight rail service in Marin and Sonoma Counties which they have a contractor in Petaluma. He discussed the bill that would affect SMART. Highlights are the following:

- Another agency will be responsible north of Willits;
- The State to provide funding for maintenance of the new SMART systemwide railroad line, which is approximately \$3M yearly;
- Consider the need and financing for employee workforce housing;
- The current status: Senate Transportation Housing Committee approved on April 10, 2018, Senate Natural Resources and Water Committee approved on April 24, 2018, and the Senate Appropriation Committee is scheduled for approval on May 14, 2018.

Therefore, staff is recommending your approved the support position on Senate Bill 1029.

#### **Directors' Comments**

Director Zane stated that the legislation document is good. She addressed her concerns regarding the unknown significant cost that is stated in the Senate Committee on Appropriations report. She asked for clarification on who would be appointed to the SMART Board. Mr. Mansourian responded that the Board members would not change, however, the Mendocino County Board of Supervisors could appoint a member to the SMART Board of Directors. The Senate Appropriation Committee has had difficulty in obtaining financial and history reports on the other agency. This bill would transfer its rights and abolish NCRA, SMART does not want any liability related to debt, or contractual obligations. Director Zana asked if the financing of employee workforce would allow for SMART to have flexibility to develop the property. Mr. Mansourian responded yes.

Director Hillmer stated that this is an enormous opportunity for the Board member to assist. This measure would implement needed changes in the public administration and preservation of the North Coast corridor and see a potential legislation model regarding land use issues to assist other public agencies.

Director Mackenzie asked if SMART is comfortable with the following language "Provide funding for the construction and maintenance of the systemwide trail and railroad line, including funding for any related design needs, environmental assessment, permits, mitigation measures, or associated property interests". Mr. Mansourian responded that the issues have been divided into the following: 1) operation and 2) capital. The language reads when the State funds any capital improvements. Director Mackenzie stated that the support of SB 1029 shall be dependent upon receiving adequate funding for the purpose. SMART will

be not obligated to build capital projects until appropriate funds are received, however funds need to be allocated for the operation once it's transferred.

Director Mackenzie is concerned with Section 105001 that reads "freight service that operates upon the same rail line and serves the Counties of Humboldt, Marin, Mendocino, Napa and Sonoma". He does not want SMART to get involved with the County of Humboldt and Eel River Canyon. District Counsel Lyons responded that the language gives SMART the authority to operate freight in those areas.

#### **Public Comments**

Alisha O'Loughlin mentioned that the idea of a trail between Larkspur and the Humboldt Bay would be amazing, however the Marin and Sonoma County Bicycle Coalitions are very concerned of what that means for the existing Measure Q projects, since SMART is struggling to deliver the initial pathway project within the Initial Operating Segment. The 2014 Strategic Plan mentions five potential funding sources aside from Measure Q that SMART has identified as sources to target for pathway funding. SMART is to receive approximately \$60 million between Cap and Trade and Bridge Toll funds pending June elections. She urged the Board to prioritize and fund the pathway between the northern San Rafael Station to Healdsburg at this time with those pending funds. She asked SMART to prepare a timeline/ delivery plan for the current pathway.

David Schonbrunn (Train Riders Association) wrote an opposing letter to the Senator because they are concerned with the existing track in Humboldt County between Eureka and Alder Point. The role of the bill would have the existing track replaced with a trail, this would be very expensive. The Rail News has an article on SB 1029 and Rail in Humboldt County.

Patricia Tuttle Brown asked for clarification of the workforce housing program, is the intent not to go through the local jurisdiction process.

Peter Breen clarified that SB 1029 language has two parts: 1) South of Willits and 2) North of Willits. He said that Caltrans will take the north of Willits track for 2 years and set up a structure to run service, these will be tourist trains. Also, the NRCA Board supports SB 1029.

Thomas Sales asked how Mendocino County plans to reimburse SMART.

Director Hillmer concurs with Director Mackenzie comments relatively to language that SMART will perform any due diligence process when State funding becomes available.

Director Zane stated that she agrees with the Sonoma County Bicycle Coalition concern regarding completing the Pathway along SMART's Right-of-Way. She suggested receiving an update/status report regarding the Pathway project. Mr. Mansourian clarified that North of Willits trail has nothing to do with SMART. However, SMART is committed in delivering the Pathway as funds become available. We have been very successful partnering with other agencies to lower cost and extend the Pathway. When RM3 measure is approved funds will become available for SMART to apply.

**MOTION:** Director Hillmer moved to Adopt and Support Position on Senate Bill 1029: North Coast Railroad Authority Right-of-Way: Great Redwood Trail Agency: Sonoma-Marin Area Rail Transit Director Russell second. The motion carries 7-0-0 Directors Connolly, Eddie, Fudge, Phillips and Rabbitt absent).

Vice Chair Arnold adjourned the Board to closed session at 3:02 pm to discuss the following:

- 10. Closed Session Conference with Legal Counsel regarding existing litigation pursuant to California Government Code Section 54956.9(a); Lomas Partners, LLC. v. Sonoma-Marin Area Rail Transit Case No. SCV-262331
- 11. Report Out of Closed Session

Vice Chair Arnold reported out of closed session at 3:34 pm on the following:

Conference with Legal Counsel regarding existing litigation pursuant to California Government Code Section 54956.9(a); Lomas Partners, LLC. v. Sonoma-Marin Area Rail Transit – Case No. SCV-262331

Report Out: The Board authorized the defense and prosecution of this legal matter.

- 12. Next Regular Meeting Board of Directors, June 6, 2018 1:30 PM 5401 Old Redwood Highway, 1<sup>st</sup> Floor, Petaluma, CA 94954
- 13. Adjournment Meeting adjourned at 3:36 pm.

Leticia Rosas-Mendoza Clerk of the Board

Respectfully submitted,

Approved on	•
ADDIOVED OIL	



Debora Fudge, Chair

Sonoma County Mayors' and Councilmembers Association

Judy Arnold, Vice Chair

Marin County Board of Supervisors

**Damon Connolly** 

Marin County Board of Supervisors

Jim Eddie

Golden Gate Bridge, Highway/Transportation District

Dan Hillmer

Marin County Council of Mayors and Councilmembers

**Eric Lucan** 

Transportation Authority of Marin

Jake Mackenzie

Sonoma County Mayors' and Councilmembers Association

**Barbara Pahre** 

Golden Gate Bridge, Highway/Transportation District

**Gary Phillips** 

Transportation Authority of Marin

**David Rabbitt** 

Sonoma County Board of Supervisors

Carol Russell

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 6, 2018

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

SUBJECT: Approval of RailPros, Inc. Contract Amendment No. 4

**Dear Board Members:** 

#### **RECOMMENDATION:**

Authorize the General Manager to execute Contract Amendment No. 4 to Contract No. CV-PS-15-005 with RailPros, Inc. in the amount of \$475,000 to continue their professional engineering services support for the Larkspur Extension Project during construction for a not-to-exceed amount of \$2,670,426 and a time extension of one year.

#### **SUMMARY:**

RailPros, Inc. has been providing professional engineering services to SMART for the Larkspur Extension project for the past two years. They have prepared 30% level contract documents in compliance with the Federal Transit Administration (FTA) design build contract and provided technical support to SMART staff in such specialty areas as structural engineering, surveying, Computer-Aided Design and Drafting (CADD) and general support activities.

RailPros has continued to support the Larkspur Extension Project during the start of construction with such activities as design submittal review, field quality control and assurance inspection, contract change order review, and other project deliverables.

Contract Amendment No. 4 will authorize RailPros to continue providing support during construction of the Larkspur Extension Project as we enter a very intensive period of construction this summer and fall. Their support will assist us with key civil, track, bridge, and coordination tasks.

This contract will complete the following major tasks for the 2.1 mile extension to Larkspur:

- Railroad and structural construction submittal reviews.
- Construction Request for Information reviews.
- Construction Quality Assurance inspection.
- FTA reporting support.
- System integration with civil construction.
- Change orders support.
- Produce third parties design drawings as needed.

We recommend authorizing the General Manager to execute Contract Amendment No. 4 to Contract No. CV-PS-15-005 with RailPros, Inc. in the amount of \$475,000 for a not-to-exceed amount of \$2,670,426 and a time extension of one year to continue their professional engineering services support for the Larkspur Extension Project during construction.

FISCAL IMPACT: Funding for this amendment is included in the Fiscal Year 2018-19 budget as part of the Larkspur Extension capital project.

**REVIEWED BY:** [x] Finance [x] Counsel

Very truly yours,

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

C: Erin McGrath

Attachment(s): RailPros Contract Amendment No. 4

# FOURTH AMENDMENT TO THE AGREEMENT FOR CONSULTANT SERVICES BETWEEN THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT AND RAILPROS, INC.

This Fourth Amendment dated as of June 6, 2018 (the "Fourth Amendment"), to the Agreement for Consultant Services by and between Sonoma-Marin Area Rail Transit District ("SMART") and RailPros, Inc. ("CONSULTANT"), dated as of November 19, 2015 (the "Original Agreement," as amended and supplemented by the First, Second, Third and now this Fourth Amendment).

#### **RECITALS**

WHEREAS, CONSULTANT and SMART previously entered the Original Agreement to provide Preliminary Engineering Design for the Larkspur Extension Project; and

WHEREAS, CONSULTANT and SMART desire to amend the Agreement to add additional scope of services, increase the not-to-exceed amount by \$475,000, for a total not-to-exceed amount of \$2,670,426, and to extend the term to June 30, 2019.

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, the contract amount shall be increased by an amount not-to-exceed \$475,000, for the provisions of the services, for an aggregate not-to-exceed amount of \$2,670,426, for the Agreement.

- 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, 2019 unless terminated earlier in accordance with the provisions of **Article 7**."
- 3. **EXHIBITS**. The following exhibit is attached hereto and incorporated herein:
  - (a) EXHIBIT A: SCOPE OF WORK

RailPros, Inc. Fourth Amendment Contract No. CV-PS-15-005 Page 1 of 3

All references in the Original Agreement, First, Second, and Third Amendment to Exhibit A shall include reference to Exhibit A of this Fourth Amendment.

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.

THIS SPACE INTENTIONALLY LEFT BLANK

RailPros, Inc. Fourth Amendment Contract No. CV-PS-15-005 **IN WITNESS WHEREOF,** the parties hereto have executed this Fourth Amendment as of the date first set forth above.

	SONOMA-MARIN AREA RAIL TRANSIT DISTRICT
Dated:	By Farhad Mansourian, General Manager
	RAILPROS, INC.
Dated:	By Consultant
	APPROVED AS TO FORM:
Dated:	By Tom Lyons, District Counsel

#### **EXHIBIT A**

## DESIGN SUPPORT DURING CONSTRUCTION SCOPE OF SERVICES May 23, 2018

#### SONOMA MARIN AREA RAIL TRANSIT DISTRICT

## **Summary Scope for Larkspur Extension Design Support During Construction**

#### Project Description AND UNDERSTANDING

RailPros provided design services for the Design/Build Bridging Documents for the Larkspur Extension. This supplementary scope ("Supplement 4 – Design Support During Construction") would extend RailPros' original contract, CV-PS-15-005, to continue to provide technical support during the design/build contractor's construction activities ("Design Support During Construction" or "DSDC").

#### **SCOPE OF WORK**

#### **General Scope:**

It is assumed that the District will continue to be the prime point of contact for the design-build contractor, and that the District will provide construction support. This scope includes the work of a full-time inspector to provide oversight of the construction contractor and to support the District in daily administration of the contract. The following elements have been scoped on a level of effort basis, commensurate with the accompanying budget. It is assumed civil construction would be complete by December 2018, with some systems work, commissioning, and start-up extending into 2019.

#### **TASK 10: CONSTRUCTION SUPPORT**

#### 10.1 Construction Meeting Attendance

Attend additional weekly construction meetings (with site inspection on the same day) or activity-specific site briefings (e.g., preparation meeting for track construction).

#### 10.2 Railroad and Structure Construction Submittal Reviews

Assumes review of up to 8 additional railroad-related or structure-related submittals.

#### 10.3 Construction RFI Reviews

No additional RFI reviews beyond those originally included in the Design Support During Construction effort

#### **10.4** Construction QA Inspection Coordination

No additional coordination beyond that originally included in the Design Support During Construction effort

#### 10.5 Change Order Support

No additional coordination beyond that originally included in the Design Support During Construction effort

#### 10.6 Parking Lot Design and Project Reviews

Design parking lot at corner of Rice Drive and Francisco Blvd. West.

#### 10.7 Roadway Design and CPUC Review

Update documentation submitted to CPUC to reflect alterations during the design-build process.

EXHIBIT A
RailPros, Inc.
Fourth Amendment
Contract No. CV-PS-15-005

#### 10.8 Hydraulics and Hydrology review

Review H&H documentation and calculations from design/build contractor.

#### 10.9 FTA Support

Continue to support the District in coordinating with the Federal Transit Administration and updating FTA documentation.

#### **10.10 Systems Support**

Provide assistance in integration of systems construction work with civil construction work and oversight of Systems Contractor.

#### 10.11 Commissioning and Start-Up Support

Provide assistance in commissioning and developing Rail Activation Plan for Larkspur Extension.

#### **10.12 Construction Inspection**

Provide full-time daily civil/roadway/utility construction inspection until December 2018. This assumes straight-time only at prevailing wage rates. Any overtime would also be at prevailing wage but would require a reduction in total hours to remain commensurate with the budget. The inspector's budget also includes a vehicle until December 2018 as an Other Direct Cost.

#### **10.13 Third Party Support**

Support SMART's coordination with third parties, primarily PG&E.



Debora Fudge, Chair

Sonoma County Mayors' and Councilmembers Association

Judy Arnold, Vice Chair

Marin County Board of Supervisors

**Damon Connolly** 

Marin County Board of Supervisors

Jim Eddie

Golden Gate Bridge, Highway/Transportation District

Dan Hillmer

Marin County Council of Mayors and Councilmembers

**Eric Lucan** 

Transportation Authority of Marin

Jake Mackenzie

Sonoma County Mayors' and Councilmembers Association

Barbara Pahre

Golden Gate Bridge, Highway/Transportation District

**Gary Phillips** 

Transportation Authority of Marin

**David Rabbitt** 

Sonoma County Board of Supervisors

Carol Russell

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 6, 2018

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

**SUBJECT:** Approval of Stacy and Witbeck, Inc. Contract No. OP-SV-18-002

**Dear Board Members:** 

#### **RECOMMENDATION:**

Authorize the General Manager to execute Contract No. OP-SV-18-002 with Stacy and Witbeck, Inc., in the amount of \$463,776 to perform maintenance track surfacing, lining, and dressing over the next two years.

#### **SUMMARY:**

The first 8 months of passenger operations has revealed the need to perform maintenance surfacing at several locations along the initial operating segment in order to maintain ride quality and compliance with FRA track geometry tolerances. This type of work requires the use of specialized railroad equipment and operators.

A formal Request for Proposal (RFP) was issued for the work required. Stacy and Witbeck was the only responsive contractor despite a one-week extension that was granted beyond the original proposal deadline. A cost negotiation session was held on May 16<sup>th</sup> with SMART staff and Stacy and Witbeck Inc. that resulted in the final cost proposal.

We recommend authorizing the General Manager to execute Contract No. OP-SV-18-002 with Stacy and Witbeck, Inc. in the amount of \$463,776 over a two-year period to perform maintenance surfacing, lining, and dressing.

FISCAL IMPACT: Funding for this amendment is included in the Fiscal Year 2018-19 budget.

REVIEWED BY: [x] Finance [x] Counsel

Very truly yours,

**Duane Sayers** 

**Operations Manager** 

Attachment(s): Stacy and Witbeck, Inc. Contract No. OP-SV-18-002

#### AGREEMENT FOR CONTRACTOR SERVICES

This agreement ("Agreement"), dated as of	f, 2018 ("Effective Date") is by and
between the Sonoma-Marin Area Rail Trar	sit District (hereinafter "SMART"), and Stacy and
Witbeck, Inc. (hereinafter "Contractor").	

#### RECITALS

WHEREAS, Contractor represents that it is duly qualified and experienced in the areas of track maintenance, surface alignment, ballast restoration, and related services; and

WHEREAS, in the judgment of the Board of Directors of SMART and District, it is necessary and desirable to employ the services of Contractor for track maintenance, surface alignment, ballast restoration, and other related services.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, the parties hereto agree as follows:

#### AGREEMENT

#### Article 1. RECITALS.

Section 1.01 The above Recitals are true and correct.

#### Article 2. List of EXHIBITS.

Section 2.01 The following exhibits are attached hereto and incorporated herein:

- (a) Exhibit A: Scope of Work & Timeline
- (b) Exhibit B: Fee Schedule
- (c) Exhibit C: Work Location Details

### Article 3. REQUEST FOR SERVICES.

Section 3.01 <u>Initiation Conference</u>. SMART's Superintendent Maintenance of Way, Marc Bader, will initiate all requests for services through an Initiation Conference, which may be in person, by telephone, or by email. During the Initiation

Conference, SMART's Superintendent Maintenance of Way and Contractor will establish and agree on a specific task for the project.

Section 3.02 <u>Amount of Work.</u> SMART does not guarantee a minimum or maximum amount of work under this Agreement.

### Article 4. Scope of Services.

Section 4.01 <u>Scope of Work</u>. Contractor shall perform services within the timeframe outlined in **Exhibit A** (cumulatively referred to as the "Scope of Work").

Section 4.02 <u>Cooperation With SMART</u>. Contractor shall cooperate with the SMART's Superintendent Maintenance of Way in the performance of all work hereunder.

Section 4.03 Performance Standard. Contractor shall perform all work hereunder in a manner consistent with the level of competency and standard of care normally observed by a person practicing in Contractor's profession. If SMART determines that any of Contractor's work is not in accordance with such level of competency and standard of care, SMART, in its sole discretion, shall have the right to do any or all of the following: (a) require Contractor to meet with SMART to review the quality of the work and resolve matters of concern; (b) require Contractor to repeat the work at no additional charge until it is satisfactory; (c) terminate this Agreement pursuant to the provisions of Article 7; or (d) pursue any and all other remedies at law or in equity.

#### Section 4.04 Assigned Personnel.

- (a) Contractor shall assign only competent personnel to perform work hereunder. In the event that at any time SMART, in its sole discretion, desires the removal of any person or persons assigned by Contractor to perform work hereunder, Contractor shall remove such person or persons immediately upon receiving written notice from SMART.
- (b) Any and all persons identified in this Agreement or any exhibit hereto as the project manager, project team, or other professional performing work hereunder on behalf of the Contractor are deemed by SMART to be key personnel whose services were a material inducement to SMART to enter into this Agreement, and without whose services SMART would not have entered into this Agreement. Contractor shall not remove, replace, substitute, or otherwise change any key personnel without the prior written consent of SMART. Key personnel shall be as listed in the applicable Task Order.
- (c) In the event that any of Contractor's personnel assigned to perform services under this Agreement become unavailable due to resignation, sickness or other factors outside of Contractor's control, Contractor shall be responsible for timely provision of adequately qualified replacements.

(d) Contractor shall assign the following key personnel for the term of this Agreement: <u>Juston Poeling, Senior Project Manager of Maintenance of Way Services.</u>

### Article 5. Payment.

For all services required hereunder, Contractor shall be paid in accordance with the following terms:

Section 5.01 Contractor shall invoice SMART on a monthly basis, detailing the tasks performed pursuant to the Scope of Work requested by SMART's Representative, and the hours worked. SMART shall pay Contractor within 30 days after submission of the invoices.

Section 5.02 Consultant shall be paid, as full compensation for the satisfactory completion of the work described in the Scope of Work (**Exhibit A**) on a Task basis in accordance with the budget established in **Exhibit B**, regardless of whether it takes Consultant more time to complete or costs are more than anticipated. The not-to-exceed (NTE) amount of \$463,776.00 for this Agreement includes labor, 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 Consultant be reimbursed for an amount in excess of the NTE amount without a formal written amendment to this Agreement. The hourly rates included herein are for SMART's evaluation, review and auditing purposes only. Consultant shall submit its invoices in arrears on a monthly basis in a form approved by the Chief Financial Officer. The invoices shall show or include: (i) the task(s) performed and the work locations that correspond to the Exhibit B. SMART does not reimburse Consultant for travel time.

Section 5.03 Contractor must submit all invoices on a timely basis, but no later than thirty (30) days from the date the services/charges were incurred. District shall not accept invoices submitted by Contractor after the end of such thirty (30) day period without District pre-approval. Time is of the essence with respect to submission of invoices and failure by Contractor to abide by these requirements may delay or prevent payment of invoices or cause such invoices to be returned to the Contractor unpaid.

### Article 6. Term of Agreement.

Section 6.01 The term of this Agreement shall remain in effect for two (2) years with a one (1) year option for SMART to renew thereafter unless terminated earlier in accordance with the provisions of **Article 7** below.

Section 6.02 Should SMART decide to exercise the additional option year, SMART will give written notice to the Contractor no later than 30 days in advance of the expiration of the current term.

#### Article 7. Termination.

Section 7.01 <u>Termination Without Cause</u>. Notwithstanding any other provision of this Agreement, at any time and without cause, both parties shall have the right, at their sole discretion, to terminate this Agreement by giving 30 days written notice to the other party.

Section 7.02 <u>Termination for Cause</u>. Notwithstanding any other provision of this Agreement, should Contractor fail to perform any of its obligations hereunder, within the time and in the manner herein provided, or otherwise violate any of the terms of this Agreement, SMART may immediately terminate this Agreement by giving Contractor written notice of such termination, stating the reason for termination.

Section 7.03 <u>Delivery of Work Product and Final Payment Upon</u>

<u>Termination</u>. In the event of termination by either party, Contractor, within 14 days following the date of termination, shall deliver to SMART all materials and work product subject to **Section 12.08** and shall submit to SMART an invoice showing the services performed, hours worked, and copies of receipts for reimbursable expenses up to the date of termination.

Section 7.04 Payment Upon Termination. Upon termination of this Agreement by SMART, Contractor shall be entitled to receive as full payment for all services satisfactorily rendered and expenses incurred hereunder, an amount which bears the same ratio to the total payment specified in the Agreement as the services satisfactorily rendered hereunder by Contractor bear to the total services otherwise required to be performed for such total payment; provided, however, that if services are to be paid on an hourly or daily basis, then Contractor shall be entitled to receive as full payment an amount equal to the number of hours or days actually worked prior to termination times the applicable hourly or daily rate; provided further that if SMART terminates the Agreement for cause pursuant to **Section 7.02**, SMART shall deduct from such amount the amount of damage, if any, sustained by SMART by virtue of the breach of the Agreement by Contractor.

Section 7.05 <u>Authority to Terminate</u>. The Board of Directors has the authority to terminate this Agreement on behalf of SMART. In addition, SMART's

Representative or General Manager, in consultation with SMART Counsel, shall have the authority to terminate this Agreement on behalf of SMART.

#### Article 8. Indemnification

Contractor agrees to accept all responsibility for loss or damage to any person or entity, including SMART, and to indemnify, hold harmless, and release SMART, its officers, agents, and employees, from and against any actions, claims, damages, liabilities, disabilities, or expenses, that may be asserted by any person or entity, including Contractor, to the extent caused by the Contractor's negligence, recklessness or willful misconduct in its performance or obligations under this Agreement. Contractor agrees to provide a complete defense for any claim or action brought against SMART based upon a claim relating to Contractor's performance or obligations under this Agreement. Contractor's obligations under this Section 8 apply whether or not there is concurrent negligence on SMART's part, but to the extent required by law, excluding liability due to SMART's conduct. SMART shall have the right to select its legal counsel at Contractor's expense, subject to Contractor's approval, which shall not be unreasonably withheld. This indemnification obligation is not limited in any way by any limitation on the amount or type of damages or compensation payable to or for Contractor or its agents under workers' compensation acts, disability benefits acts, or other employee benefit acts.

#### Article 9. Insurance.

With respect to performance of work under this Agreement, Contractor shall maintain and shall require all of its subcontractors, Contractors, and other agents to maintain, insurance as described below.

Section 9.01 <u>Workers' Compensation Insurance</u>. Workers' Compensation as required by the State of California, with Statutory Limits, and Employer's Liability insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.

Section 9.02 <u>General Liability Insurance</u>. Commercial General Liability insurance covering products-completed and ongoing operations, property damage, bodily injury and personal injury using an occurrence policy form, in an amount no less than \$5,000,000 per occurrence. Said policy shall include a Railroads CG 24 17 endorsement removing the exclusion of coverage, if applicable, for bodily injury or property damage arising out of operations within 50 feet of any railroad property and affecting any railroad bridge, trestle, tracks, roadbeds, tunnel, underpass or crossing.

Section 9.03 <u>Railroad Protective Liability Insurance</u>. Prior to commencement of construction activities, Contractor shall procure and maintain Railroad Protective Liability Insurance, in SMART's name, with limits of liability of no less than \$5,000,000 per occurrence, for losses arising out of injury to or death of all persons, and for physical loss or damage to or destruction of property, including the loss of use thereof. The

additional named insured shall be the Sonoma-Marin Area Rail District and the North Coast Railroad Authority, and shall cover all other railroads operating on the right-of-way.

Section 9.04 <u>Automobile Insurance</u>. Automobile Liability insurance covering bodily injury and property damage in an amount no less than \$2,000,000 combined single limit for each occurrence. Said insurance shall include coverage for owned, hired, and non-owned vehicles. Said policy shall also include a CA 20 70 10 13 endorsement removing the exclusion of coverage for bodily injury or property damage arising out of operations within 50 feet of any railroad bridge, trestle, track, roadbeds, tunnel, underpass or crossing.

Section 9.05 <u>Endorsements</u>. Prior to commencing work, Contractor shall file Certificate(s) of Insurance with SMART evidencing the required coverage and endorsement(s) and, upon request, a certified duplicate original of any of those policies. Said endorsements and Certificate(s) of Insurance shall stipulate:

- (a) The Entity, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance (at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of **both** CG 20 10, CG 20 26, CG 20 33, or CG 20 38; **and** CG 20 37 if a later edition is used).
- (b) That the policy(ies) is Primary Insurance and the insurance company(ies) providing such policy(ies) shall be liable thereunder for the full amount of any loss or claim which Licensee is liable, up to and including the total limit of liability, without right of contribution from any other insurance effected or which may be affected by the Insureds.
- (c) Inclusion of the Insureds as additional insureds shall not in any way affect its rights either as respects any claim, demand, suit or judgment made, brought or recovered against Licensee. Said policy shall protect Contractor and the Insureds in the same manner as though a separate policy had been issued to each, but nothing in said policy shall operate to increase the insurance company's liability as set forth in its policy beyond the amount or amounts shown or to which the insurance company would have been liable if only one interest had been named as an insured.
- (d) Contractor hereby grants to SMART a waiver of any right to subrogation which any insurer of said Contractor may acquire against SMART by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of

- whether or not SMART has received a waiver of subrogation endorsement from the insurer.
- (e) The insurance policy(ies) shall be written by an insurance company or companies acceptable to SMART. Such insurance company shall be authorized to transact business in the state of California.

SMART reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other circumstances.

Section 9.06 <u>Deductibles and Retentions</u>. Contractor shall be responsible for payment of any deductible or retention on Contractor's policies without right of contribution from SMART. Deductible and retention provisions shall not contain any restrictions as to how or by whom the deductible or retention is paid. Any deductible of retention provision limiting payment to the name insured is not acceptable.

Section 9.07 <u>Claims Made Coverage</u>. If any insurance specified above is written on a claims-made coverage form, Contractor shall:

- (a) Ensure that the retroactive date is shown on the policy, and such date must be before the date of this Agreement or beginning of any work under this Agreement;
- (b) Maintain and provide evidence of similar insurance for at least three (3) years following project completion, including the requirement of adding all additional insureds; and
- (c) If insurance is cancelled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to Agreement effective date, Contractor shall purchase "extending reporting" coverage for a minimum of three (3) years after completion of the work.

Section 9.08 <u>Documentation</u>. The following documentation shall be submitted to SMART:

- (a) Properly executed Certificates of Insurance clearly evidencing all coverages and limits required above. Said Certificates shall be submitted prior to the execution of this Agreement. Contractor agrees to maintain current Certificates of Insurance evidencing the above-required coverages and limits on file with SMART for the duration of this Agreement.
- (b) Copies of properly executed endorsements required above for each policy. Said endorsement copies shall be submitted prior to the execution of this Agreement.

Contractor agrees to maintain current endorsements evidencing the above-specified requirements on file with SMART for the duration of this Agreement.

(c) Upon SMART's written request, Contractor shall provide certified copies of the insurance policies to SMART. Said policy copies shall be submitted within thirty (30) days of SMART's request. After the Agreement has been signed, signed Certificates of Insurance shall be submitted for any renewal or replacement of a policy that already exists, at least ten (10) days before expiration or other termination of the existing policy.

Section 9.09 <u>Policy Obligations</u>. Contractor's indemnity and other obligations shall not be limited by the foregoing insurance requirements.

Section 9.10 <u>Material Breach</u>. If Contractor, for any reason, fails to maintain insurance coverage, which is required pursuant to this Agreement, the same shall be deemed a material breach of this Agreement. SMART, in its sole option, may terminate this Agreement and obtain damages from Contractor resulting from said breach. Alternatively, SMART may purchase such required insurance coverage, and without further notice to Contractor, SMART may deduct from sums due to Contractor any premium costs advanced by SMART for such insurance. These remedies shall be in addition to any other remedies available to SMART.

#### Article 10. Prosecution of Work.

When work is requested of Contractor by SMART, all due diligence shall be exercised and the work accomplished without undue delay, within the performance time specified in the Task Order. Performance of the services hereunder shall be completed within the time required herein, provided, however, that if the performance is delayed by earthquake, flood, high water, or other Act of God, the time for Contractor's performance of this Agreement shall be extended by a number of days equal to the number of days Contractor has been delayed.

## Article 11. Extra or Changed Work.

Extra or changed work or other changes to the Agreement may be authorized only by written amendment to this Agreement, signed by both parties. Minor changes, which do not increase the amount paid under the Agreement, and which do not significantly change the scope of work or significantly lengthen time schedules may be executed by the General Manager in a form approved by SMART Counsel. The Board of Directors, General Manager or SMART's Representative must authorize all other extra or changed work. The parties expressly recognize that SMART personnel are without authorization to order extra or changed work or waive Agreement requirements. Failure of Contractor to secure such written authorization for extra or changed work shall constitute a waiver of any and all right to adjustment in the Agreement price or Agreement time due to such unauthorized work and thereafter Contractor shall be entitled to no compensation whatsoever for the performance of such work. Contractor further expressly

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waives any and all right or remedy by way of restitution and quantum meruit for any and all extra work performed without such express and prior written authorization of SMART.

### Article 12. Representations of Contractor.

Section 12.01 Standard of Care. SMART has relied upon the professional ability and training of Contractor as a material inducement to enter into this Agreement. Contractor hereby agrees that all its work will be performed and that its operations shall be conducted in accordance with generally accepted and applicable professional practices and standards as well as the requirements of applicable federal, state and local laws, it being understood that acceptance of Contractor's work by SMART shall not operate as a waiver or release.

Section 12.02 Status of Contractor. The parties intend that Contractor, in performing the services specified herein, shall act as an independent contractor and shall control the work and the manner in which it is performed. Contractor is not to be considered an agent or employee of SMART and is not entitled to participate in any pension plan, worker's compensation plan, insurance, bonus, or similar benefits SMART provides its employees. In the event SMART exercises its right to terminate this Agreement pursuant to **Article 7**, above, Contractor expressly agrees that it shall have no recourse or right of appeal under rules, regulations, ordinances, or laws applicable to employees.

Section 12.03 Taxes. Contractor agrees to file federal and state tax returns and pay all applicable taxes on amounts paid pursuant to this Agreement and shall be solely liable and responsible to pay such taxes and other obligations, including but not limited to state and federal income and FICA taxes. Contractor agrees to indemnify and hold SMART harmless from any liability which it may incur to the United States or to the State of California as a consequence of Contractor's failure to pay, when due, all such taxes and obligations. In case SMART is audited for compliance regarding any withholding or other applicable taxes, Contractor agrees to furnish SMART with proof of payment of taxes on these earnings.

Section 12.04 <u>Records Maintenance</u>. Contractor shall keep and maintain full and complete documentation and accounting records concerning all services performed that are compensable under this Agreement and shall make such documents and records available to SMART for inspection at any reasonable time. Contractor shall maintain such records for a period of four (4) years following completion of work hereunder.

Section 12.05 <u>Conflict of Interest.</u> Contractor covenants that it presently has no interest and that it will not acquire any interest, direct or indirect, that represents a financial conflict of interest under state law or that would otherwise conflict in any manner or degree with the performance of its services hereunder. Contractor further covenants that in the performance of this Agreement no person having any such interests shall be employed. In addition, if requested to do so by SMART, Contractor shall complete and file and shall require any other person doing work under this Agreement to complete and file a "Statement of

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Economic Interest" with SMART disclosing Contractor's or such other person's financial interests.

Section 12.06 <u>Nondiscrimination</u>. Contractor shall comply with all applicable federal, state, and local laws, rules, and regulations in regard to nondiscrimination in employment because of race, color, ancestry, national origin, religion, sex, marital status, age, medical condition, pregnancy, disability, sexual orientation or other prohibited basis, including without limitation, SMART's Non-Discrimination Policy. All nondiscrimination rules or regulations required by law to be included in this Agreement are incorporated herein by this reference

Section 12.07 <u>Assignment Of Rights</u>. Contractor assigns to SMART all rights throughout the world in perpetuity in the nature of copyright, trademark, patent, right to ideas, in and to all versions of the plans and specifications, if any, now or later prepared by Contractor in connection with this Agreement. Contractor agrees to take such actions as are necessary to protect the rights assigned to SMART in this Agreement, and to refrain from taking any action which would impair those rights. Contractor's responsibilities under this provision include, but are not limited to, placing proper notice of copyright on all versions of the plans and specifications as SMART may direct, and refraining from disclosing any versions of the plans and specifications to any third party without first obtaining written permission of SMART. Contractor shall not use or permit another to use the plans and specifications in connection with this or any other project without first obtaining written permission of SMART.

Section 12.08 Ownership And Disclosure Of Work Product. All reports, original drawings, graphics, plans, studies, and other data or documents ("documents"), in whatever form or format, assembled or prepared by Contractor or Contractor's subcontractors, Contractors, and other agents in connection with this Agreement shall be the property of SMART. SMART shall be entitled to immediate possession of such documents upon completion of the work pursuant to this Agreement. Upon expiration or termination of this Agreement, Contractor shall promptly deliver to SMART all such documents, which have not already been provided to SMART in such form or format, as SMART deems appropriate. Such documents shall be and will remain the property of SMART without restriction or limitation. Contractor may retain copies of the above- described documents but agrees not to disclose or discuss any information gathered, discovered, or generated in any way through this Agreement without the express written permission of SMART.

#### Article 13. Demand for Assurance.

Each party to this Agreement undertakes the obligation that the other's expectation of receiving due performance will not be impaired. When reasonable grounds for insecurity arise with respect to the performance of either party, the other may in writing demand adequate assurance of due performance and until such assurance is received may, if commercially reasonable, suspend any performance for which the agreed return has not been received. "Commercially reasonable" includes not only the conduct of a party with respect to performance under this Agreement, but also conduct with respect to other agreements with parties to this Agreement or others. After receipt of a justified demand, failure to provide within a reasonable time, but not exceeding thirty (30) days, such assurance of due performance as is adequate under the circumstances of the particular case is a repudiation of this Agreement. Acceptance of any improper delivery, service, or payment does not prejudice the aggrieved party's right to demand adequate assurance of future performance. Nothing in this **Article 13** limits SMART's right to terminate this Agreement pursuant to **Article 7**.

## Article 14. Assignment and Delegation.

Neither party hereto shall assign, delegate, sublet, or transfer any interest in or duty under this Agreement without the prior written consent of the other, and no such transfer shall be of any force or effect whatsoever unless and until the other party shall have so consented.

## Article 15. Method and Place of Giving Notice, Submitting INVOICES and Making Payments.

All notices, invoices, and payments shall be made in writing and shall be given by personal delivery, U.S. Mail or email. Notices, invoices, and payments shall be addressed as follows:

If to SMART: Sonoma-Marin Area Rail Transit District

5401 Old Redwood Highway, Suite 200

Petaluma, CA 94954

billing@sonomamarintrain.org

If to Contractor: Stacy and Witbeck, Inc.

Attn: Juston Poeling 2800 Harbor Bay Parkway Alameda, CA 94502

(510) 748-1870 (o) (503) 710-8332 (m) (510) 748-1205 (f)

jpoeling@stacywitbeck.com

When a notice, invoice or payment is given by a generally recognized overnight courier service, the notice, invoice or payment shall be deemed received on the next business day. When a copy of a notice, invoice or payment is sent by facsimile or email, the notice, invoice or payment shall be deemed received upon transmission as long as (1) the original copy of the notice, invoice or payment is promptly deposited in the U.S. mail and postmarked on the date of the facsimile or email (for a payment, on or before the due date), (2) the sender has a written confirmation of the facsimile transmission or email, and (3) the facsimile or email is transmitted before 5 p.m. (recipient's time). In all other instances, notices, invoices and payments shall be effective upon receipt by the recipient. Changes may be made in the names and addresses of the person to whom notices are to be given by giving notice pursuant to this paragraph.

#### Article 16. Miscellaneous Provisions.

Section 16.01 No Waiver of Breach. The waiver by SMART of any breach of any term or promise contained in this Agreement shall not be deemed to be a waiver of such term or provision or any subsequent breach of the same or any other term or promise contained in this Agreement.

Section 16.02 <u>Construction</u>. To the fullest extent allowed by law, the provisions of this Agreement shall be construed and given effect in a manner that avoids any violation of statute, ordinance, regulation, or law. The parties covenant and agree that in the

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event that any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby. Contractor and SMART acknowledge that they have each contributed to the making of this Agreement and that, in the event of a dispute over the interpretation of this Agreement, the language of the Agreement will not be construed against one party in favor of the other. Contractor and SMART acknowledge that they have each had an adequate opportunity to consult with counsel in the negotiation and preparation of this Agreement.

Section 16.03 <u>Consent</u>. Wherever in this Agreement the consent or approval of one party is required to an act of the other party, such consent or approval shall not be unreasonably withheld or delayed.

Section 16.04 <u>No Third Party Beneficiaries</u>. Nothing contained in this Agreement shall be construed to create and the parties do not intend to create any rights in third parties.

Section 16.05 <u>Applicable Law and Forum</u>. This Agreement shall be construed and interpreted according to the substantive law of California, regardless of the law of conflicts to the contrary in any jurisdiction. Any action to enforce the terms of this Agreement or for the breach thereof shall be brought and tried in Santa Rosa or the forum nearest to the city of Santa Rosa, in the County of Sonoma.

Section 16.06 <u>Captions</u>. The captions in this Agreement are solely for convenience of reference. They are not a part of this Agreement and shall have no effect on its construction or interpretation.

Section 16.07 Merger. This writing is intended both as the final expression of the Agreement between the parties hereto with respect to the included terms and as a complete and exclusive statement of the terms of the Agreement, pursuant to Code of Civil Procedure Section 1856. No modification of this Agreement shall be effective unless and until such modification is evidenced by a writing signed by both parties.

Section 16.08 <u>Time of Essence</u>. Time is and shall be of the essence of this Agreement and every provision hereof.

Section 16.09 <u>Prevailing Wage</u>. Contractor and each Subcontractor shall pay to all workers employed on the Work not less than the prevailing rate of wages as determined in accordance with the Labor Code as indicated herein.

All contractors/vendors doing business with public agencies through the State of California (including SMART) shall comply with applicable labor compliance requirements including, but not limited to prevailing wages, SB 854, Labor Code Sections 1725.5, 1771, 1774, 1775, 1776, 1777.5, 1813, and 1815. Public Works Contractor Registration Program, Electronic

Certified Payroll Records submission to the State Labor Commissioner and other requirements described at http://www.dir.ca.gov/Public-Works/Contractors.html.

Applicable projects are subject to compliance monitoring and enforcement by the California Department of Industrial Relations.

Section 16.10 <u>Licensing Laws.</u> The contractor shall comply with the provisions of Chapter 9 of Division 3 of the Business and Professions code concerning the licensing of contractors. All contractors shall be licensed in accordance with the laws of the State of California and any contractor not so licensed is subject to the penalties imposed by such laws. Prior to commencing any work under contract, all subcontractors must show that they hold appropriate and current California Contractor's Licenses. The contractor shall provide such subcontractor information, including the class type, license number, and expiration date to the District.

Section 16.11 Payment Bond. Contractor shall be required to furnish a Payment Bond (Labor and Materials Bond) in an amount not less than 100 percent of the Contract price, excluding allowances. Payment bond shall be executed by an admitted surety insurer (California Civil Code Section 9554). An "admitted surety insurer" shall be defined as follows: A corporate insurer or a reciprocal or interinsurance exchange to which the Insurance Commissioner has issued a certificate of authority to transact surety insurance in this state, as defined in Section 105 of the Insurance Code (California Code of Civil Procedures Section 995.120).

Section 16.12 <u>Performance Bond.</u> Contractor shall be required to furnish a Performance Bond in an amount not less than 100 percent of the Contract price, excluding allowances. Performance bond shall be executed by an admitted surety insurer (California Civil Code Section 9554). An "admitted surety insurer" shall be defined as follows: A corporate insurer or a reciprocal or interinsurance exchange to which the Insurance Commissioner has issued a certificate of authority to transact surety insurance in this state, as defined in Section 105 of the Insurance Code (California Code of Civil Procedures Section 995.120).

Section 16.13 <u>Claims Made Against Contractor.</u> Contractor shall provide SMART with copies of all correspondence and records relating to any claims made against the Contractor while working on SMART's property by SMART employees or third parties on a monthly basis.

the Effective Date. CONTRACTOR: By: Its: Date: SONOMA-MARIN AREA RAIL TRANSIT (SMART) By: Farhad Mansourian, General Manager Date: CERTIFICATES OF INSURANCE ON FILE WITH AND APPROVED AS TO SUBSTANCE FOR SMART: By: Katherine DiPasqua, Administrative Analyst Date: APPROVED AS TO FORM FOR SMART: By: District Counsel Date: \_\_\_\_\_

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of

## EXHIBIT A SCOPE OF WORK & TIMELINE

Contractor agrees to furnish all supervision, labor, materials not provided by SMART (see Equipment and Materials Requirements), equipment, transportation, and incidentals necessary to surface, line, and restore ballast as per the requirements outlined below.

#### **Project Managers**

All work will be initiated, coordinated, and approved by Superintendent Maintenance of Way, Marc Bader, or his designee.

#### **Surfacing, Lining, and Ballast Restoration:**

- Contractor shall perform all surfacing within the stated project limit milepost areas as specified in Exhibit C to bring the line and surface into compliance within the tolerances prescribed.
- Contractor shall surface the track to zero crosslevel (±1/8") on tangent track
  and to the proper crosslevel elevation as designated by the Superintendent of
  Maintenance of Way. Line swings and hanging/down ties are not acceptable.
  - o Ballast will be regulated such that all cribs are full and shoulders are uniform.
  - o Ballast slopes shall be regulated at a 2:1 slope.
  - o Ballast will be completely broomed off the ties and plates for the surfacing to be considered complete.
  - o This work will be performed on concrete tie track and brooms should be set up accordingly.
- Curve alignment shall be uniform, based on the average alignment in the body of the curve. Alignment on "Entering" and "Leaving" curve spirals shall be increased or decreased respectively at a uniform rate, leaving no "swings".
- The Ballast shall be spread and the track raised in a series of lifts to the required height as indicated by the tolerances. No single lift shall be higher than four inches.
  - o In raising the track, jacks or equipment shall be so regulated as to avoid bending of angle bars or straining of joints. Jacks shall be simultaneously used and properly spaced at no more than 10 foot spacing to avoid breaks or bends in the rail when the track is raised.
  - Both rails shall be raised simultaneously and to proper crosslevel by utilizing automatic tampers or standard track level boards with each set of track raising jacks.
  - o Each tie shall be tamped from 12 inches inside the rail to the end of the tie. Tamping will not be permitted at the middle of a tie where ballast

is to be left to settle of its own accord. Both ends of a tie shall be tamped simultaneously and temping inside and outside the rail shall be done at the same time.

- After the track is surfaced and lined according to the tolerances, the ballast shall be trimmed neatly and surplus material shall be spread evenly among the ballast shoulder.
  - O Dressing of the ballast by placing earth higher than the ballast toe and thus preventing proper drainage is not permitted.
- Contractor shall perform the necessary operations to assure that all ties are at right angles to the track as practicable with standard railroad procedures.
- Tampers frequently cause signal failures by the breakage of bond wires.
   Surfacing Equipment may also come in contact with wayside appliances, which include but are not limited to, dragging equipment or hi-wide detectors, slide fences, or AEI readers.
  - SMART's Signal Technician shall be notified immediately if the Contractor's equipment or work cause any damage to signal bonds, wires or wayside appliances. The cost to repair damage to wayside appliances will be bourn solely by the contractor.
- The use of too many insertions with a squeezing tamper may cause centerbound track condition.
  - Two squeezes per tie up to 1-1/2" of raise with one additional insertion and squeeze for each additional one-inch of raise is preferred.
  - o Joint ties to be given one additional squeeze than other ties.
- In locations where squeeze tampers cannot fill and compact ballast, such as at frogs, guard rails, switch portions of turnouts and headblocks, etc., provisions must be made to mechanically tamp with air tools or other power tamping tools.
- On curves, the high rail should be used as the line rail and the low rail should be used as the grade rail.
- When surfacing turnouts, the straight side of the turnout should be used as the line rail.
- After ballast regulating in turnouts, cribs for switch points, switch rods, and guard rails must be pocketed and clear of ballast.
- Track shall not be raised in or under structures where the overhead clearance may be compromised without advance approval of the Superintendent Maintenance of Way.

Stacy and Witbeck, Inc. Maintenance Agreement OP-SV-18-002 • The finished track alignment shall be free of surface or line irregularities from the surfacing process.

## **Equipment and Materials Requirements:**

- Contractor shall use a production type tamper that is in full compliance with FRA Part 214 Subpart D requirements.
- Materials damaged due to the Contractor's negligence shall be replaced by SMART at the Contractor's sole expense.
- Ballast required for the work being performed with this contract shall be provided and dumped by SMART at no cost to the Contractor. Ballast will be placed in advance by SMART crews prior to contractor performing work.
- SMART will provide Signal Maintainers to support operation at no cost to contractor when removal and activation of grade crossings or pedestrian crossings are required.
- SMART will be responsible for removal and replacement of any grade or pedestrian crossings as required.

## **Available Work Window:**

- Monday through Sunday from 9:00pm (PST) to 4:00am (PST)
- Saturday through Sunday from 4:00am (PST) to 10:00am (PST)
- The start and end times listed above will vary slightly depending on exact work location on the railroad.
- There are active Freight Operations two nights per week that contractor will be required to work around. Schedule of work to be coordinated by SMART's Superintendent of Maintenance of Way, Marc Bader.

## **Execution:**

- Contractor shall be required to perform the work at all times under the supervision of the Superintendent of Maintenance of Way, or his designee. All track rehabilitation shall be performed by foremen and laborers experienced in railroad track rehabilitation. Supervisors and laborers not qualified to rehabilitate the railroad track will be removed and replaced by qualified personnel when requested by SMART's Superintendent Maintenance of Way, Marc Bader.
- Contractor shall exercise care in his/her progression of work under this Contract to avoid and prevent damage to adjacent structures and facilities, including, but not limited to, existing pavements, pavement bases, drainage structures, light poles, fire hydrants, utilities and buildings.

Stacy and Witbeck, Inc. Maintenance Agreement OP-SV-18-002

- Contractor shall perform his/her work in accordance with the requirements listed in this Scope of Work and in a manner that is consistent with track rehabilitation as is standard in the Railroad Industry among Class I Railroads in the continental United States. If the Contractor should find any omissions or items for which he/she desires clarification, it shall be his/her sole responsibility to address these items to SMART's Superintendent Maintenance of Way, Marc Bader.
- SMART will supply a qualified Employee-in-Charge (EIC) at all times while contractor is working on or fouling the track. This EIC may be the Superintendent of Maintenance of Way or his designee.

## **Quality Control:**

- It is imperative that this project be administered according to the Requirements
- The Contractor shall immediately report any observed deficiencies in either material quality or quantity (distributed or stockpiled) to SMART's designated employee-in-charge.
- If in the opinion of SMART's Superintendent Maintenance of Way, the work is of poor quality or fails to meet any portion on the requirements, the Superintendent Maintenance of Way may issue a notice of -non-conformance. The contractor will have 72 hours in which to answer SMART's Superintendent Maintenance of Way in writing stating the method of remedying the problem cited in the notice. A Stop Notice may be issued by SMART's Superintendent Maintenance of Way if, in their opinion, the problem is of a serious nature, or if the answer to SMART's Superintendent Maintenance of Way's notice of non-conformance is not satisfactory. No claim will be allowed for any delay or cost incurred by the contractor as a result of said notices.

## **Inspection of Work:**

- All work completed and all materials furnished shall be subject to the inspection and approval of SMART's Superintendent Maintenance of Way, Marc Bader.
- The inspection of the work shall not relieve the Contractor of any obligation to fulfill all conditions of the work as prescribed in this Scope of Work.

## **Site Maintenance:**

- Throughout all phases of operations, including suspension of work, and until final acceptance of the project, the Contractor shall keep the worksite clean and free from rubbish and debris.
- Upon completion and before final acceptance of the work by SMART, the Contractor shall remove all tools, equipment and materials, and shall thoroughly

Stacy and Witbeck, Inc. Maintenance Agreement OP-SV-18-002

Page 19

clean the worksite and leave it with a neat, clean appearance to the satisfaction of SMART's Superintendent Maintenance of Way, Marc. Bader. If the Contractor fails to clean up the worksite area upon completion of the project, SMART's Superintendent Maintenance of Way may do so at the sole cost of the Contractor with the expense being deducted from payment to contractor.

## **Damages to SMART and Private Property:**

- Contractor shall ensure that no damage occurs to vehicles, landscape, structures or any other property.
- In the event that Contractor causes damage to vehicles, landscape, structures or any other property, Contractor shall immediately notify SMART's Superintendent Maintenance of Way.
- Contractor shall not make arrangements for third party contractors to repair any such damage without first receiving SMART's consent.
- Any property damaged through the installation of temporary protection shall be replaced or repaired by the Contractor at Contractor's expense.

## **Measurement and Payment:**

- Measurement and payment for surfacing, lining and restoring ballast will be made at the unit price per Mile and Turnout as specified in the Exhibit B. The unit price shall include, but will not be limited to, transportation, labor, tools, equipment, supervision, and any other incidentals necessary to accomplish work.
- Payment for the unit price for surfacing will be based on the actual track feet surfaced and field verified.

## **Authority of SMART's Superintendent Maintenance of Way:**

- SMART has the final authority in all matters affecting the work covered by these requirements.
- On all questions relating to the acceptability of material, equipment or work; the
  execution, progress or sequence of work; and the interpretation of Contract
  Documents; the decision of SMART's Superintendent Maintenance of Way, Marc
  Bader, is final and binding, and shall be precedent to any payment under the
  contract, unless otherwise ordered by SMART.

Stacy and Witbeck, Inc. Maintenance Agreement OP-SV-18-002

## EXHIBIT B FEE SCHEDULE

## YEAR 1

Item #	Item Description	Quantity	Unit	Unit Price	Total
1	Track Surfacing	32,845	FT	\$4.50	\$147,802.50
2	Surface # 11 Turnout	3	Each	\$5,528.50	\$16,585.50
3	Surface # 20 Turnout	3	Each	\$10,500.00	\$31,500.00
4	Mobilization & Demobilization Fee (Combined)	1	Each	\$26,000.00	\$26,000.00
				TOTAL:	\$221,888.00

The unit prices listed above are the total amount quoted for the work specified, including the cost of license fees, permits, insurance, all applicable taxes and any other cost, direct or indirect, incidental to the contract.

YEAR 2

Item #	Item Description	Quantity	Unit	Unit Price	Total
1	Track Surfacing	32,845	FT	\$4.50	\$147,802.50
2	Surface # 11 Turnout	3	Each	\$5,528.50	\$16,585.50
3	Surface # 20 Turnout	3	Each	\$10,500.00	\$31,500.00
4	Mobilization & Demobilization Fee (Combined)	1	Each	*\$46,000.00	**\$46,000.00
		•		TOTAL:	*\$241,888.00

The unit prices listed above are the total amount quoted for the work specified, including the cost of license fees, permits, insurance, all applicable taxes and any other cost, direct or indirect, incidental to the contract.

Stacy and Witbeck, Inc. Agreement OP-SV-18-002 \*Year 2 Mobilization & Demobilization Fee (Combined) shall be discounted by \$20,000 if Stacy and Witbeck, Inc.'s construction equipment is being stored on SMART property at the time services listed in Exhibit A are initiated.

In the event SMART must reduce the quantity of track surfacing in item # 1, contractor will hold the unit price as proposed up to a 40% reduction in quantity.

Any additional track surfacing (not included in Items 1, 2, and 3) will be initiated by task order at the unit prices listed in items 1, 2, and 3 above. Applicable Mobilization/Demobilization Fee (Item # 4) will be included in each task order.

## **OPTIONAL YEAR 3**

Optional year 3, if exercised by SMART will be at the same prices as Year 2 listed above.

## EXHIBIT C WORK LOCATION DETAILS

				Total		
MP	MP	Tangent	Curve	Length (ft)	Primary Issue	Significant Features
19.23	19.50	0	1400	1400	Reduce elevation from 4.8" to 4.0"	Ped xing
22.45	22.72	355	1070	1425	increase elevation from 4.1" to 4.25"	None
22.80	22.85	0	290	290	Redo runoff in spiral	Ballast Deck Bridge
25.40	25.86	1620	810	2430	xlevel thru tangent & 2 curves	Ped xing
28.86	29.00	365	375	740	Smooth curve and tangent XL	Guantlet track and switch points
29.37	29.62	0	1325	1325	increase elevation from 4.99" to 5.25"	None
30.00	31.13	4065	0	4065	Xlevel thru tangents, skip 2 curves	#11 switch
31.13	31.41	0	1450	1450	increase elevation from 4.17" to 4.25"	Pvt xing
31.65	31.83	950	0	950	Xlevel thru tangents	#11 switch
33.73	34.02	0	1500	1500	Smooth curve and spirals	None
34.26	35.16	1500	3270	4770	Smooth XL in 2 curves and tangent	Ballast Deck Bridge, pvt xing
37.10	37.50	0	2100	2100	Smooth XL in 2 curves	#20 switch
37.70	37.81	580	0	580	Xlevel thru tangent	
39.79	40.22	0	2250	2250	Increase elevation from 4.87" to 5.0"	None
42.18	42.23	260	0	260	XL from switch to xing	#11 switch
42.80	43.25	0	2300	2300	increase elevation from 5.0" to 5.25"	None
44.54	44.76	1160	0	1160	Xlevel tangent from curve to xing	None
45.80	46.10	1600	0	1600	XL from switch to xing	#20 switch, thru platform
54.50	54.60	500	0	500	Xlevel thru tangent	None
S24.52	S24.85	0	1750	1750	Restore design elevation in compound cv	Ballast Deck Bridge
	Totals	12,955	19,890			
				32,845	Total Footage	
				6.22	Total Miles	



**Debora Fudge, Chair** Sonoma County Mayors' and Councilmembers Association

Judy Arnold, Vice Chair Marin County Board of Supervisors

**Damon Connolly**Marin County Board of Supervisors

Jim Eddie Golden Gate Bridge, Highway/Transportation District

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**David Rabbitt**Sonoma County Board of Supervisors

**Carol Russell** Sonoma County Mayors' and Councilmembers Association

**Shirlee Zane**Sonoma County Board of Supervisors

General Manager
5401 Old Redwood Highway

**Farhad Mansourian** 

Suite 200 Petaluma, CA 94954 Phone: 707-794-3330 Fax: 707-794-3037 www.sonomamarintrain.org June 6, 2018

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

**SUBJECT:** Approve Change Order MUP-001 to Contract No. CV-DB-16-001 with Stacy and Witbeck/Herzog Joint Venture in the amount of \$4,557,019 with no change to the contract completion date.

**Dear Board Members:** 

## **RECOMMENDATION:**

- 1) Approve Resolution Number 2018-14 authorizing the General Manager to execute Change Order MUP-001 to Contract No. CV-DB-16-001 for the Larkspur Extension Project to add the construction of approximately 0.5 miles of bicycle and pedestrian pathway between Andersen and Rice Drives for the City of San Rafael. The Change Order is for an amount of \$4,557,019 and does not extend the term of the contract.
- 2) Authorize the General Manager to amend the existing Memorandum of Understanding (MOU) with the City of San Rafael ("City") that was developed for the Larkspur Extension Project to include the Andersen Drive to Rice Drive pathway construction.

## **SUMMARY:**

The City has been developing plans to construct a bicycle and pedestrian pathway (Pathway) between Andersen Drive and Second Street in San Rafael that runs parallel to the Larkspur Extension track alignment. They have completed environmental clearance, prepared construction documents, obtained regulatory construction permits, and secured funding. The City has enough funding to construct approximately half of the pathway — between Andersen Drive and Rice Drive. This is the most challenging section of the overall pathway to construct once the SMART tracks are built. It is located between the tracks and a drainage channel that will be very difficult and costly to build if not constructed before we build our tracks. Because of this, the City has focused on this section. The City has requested that SMART add this work to the Larkspur Extension design-build contract (Contract No. CV-DB-16-001). The City has committed to pay for all of the costs to construct the pathway.

At the City's request, SMART solicited pricing and a schedule analysis from our contractor, Stacy and Witbeck/Herzog, Inc. to determine if it is feasible to add this work to the Project. The contractor provided a price of \$4,557,019 for the work and was able to re-sequence activities so that there is no schedule impact if this work is added. The City is agreeable to the price and has identified a 20% contingency at SMART's request to cover any unforeseen changes that might arise during the construction of the pathway. We evaluated the contractor's proposal and concur that there is no significant risk to the project schedule by adding this work.

It is critical that this work be included at this time so that it does not impact the Larkspur Extension Project schedule. The City just secured the last of the required regulatory permits on May 18<sup>th</sup>. The permits have very limited in-water work windows during the summer months for the work along the drainage channel. Thus, for the pathway to be incorporated into the project, it must happen now.

On March 14, 2017 the City of San Rafael and SMART executed a Memorandum of Understanding (MOU) for the implementation of the Larkspur Extension Project. It is now appropriate to amend the MOU to add the Andersen Drive to Rice Drive Pathway work.

It is therefore recommended that your Board Adopt Resolution No. 2018-14 authorizing the General Manager to approve Change Order MUP-001 to Contract No. CV-DB-16-001 for the Larkspur Extension Project to add the construction of approximately 0.5 miles of bicycle and pedestrian pathway between Andersen and Rice Drives for the City of San Rafael. The Change Order is for an amount of \$4,557,019 and does not extend the term of the contract.

It is further recommended to authorize the General Manager to amend the existing MOU with the City of San Rafael for the Larkspur Extension Project to include the Andersen Drive to Rice Drive pathway.

City staff is seeking authorization to proceed with the Andersen Drive to Rice Drive pathway from the San Rafael City Council on June 4th. Thus, the recommendations in this staff report are dependent upon prior City Council approval and a commitment that the City will be fully responsible for funding the work and managing their funding partners.

**FISCAL IMPACT**: This change order will be paid for by the City of San Rafael. Cost and revenue associated with the Change Order have been added to the budget which is on your Agenda for consideration today.

**REVIEWED BY:** [x] Finance 4

[x] Counsel

Very truly yours,

Bill Gamlen, P.E. Chief Engineer

Attachment(s): Resolu

Resolution No. 2018-14

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT APPROVING A CHANGE ORDER TO CONTRACT NO. CV-DB-16-001 RELATED TO THE CONSTRUCTION OF A BICYCLE AND PEDESTRIAN PATHWAY BETWEEN ANDERSEN DRIVE AND RICE DRIVE IN THE SMART RIGHT-OF-WAY

**WHEREAS**, District entered into Contract No. CV-DB-16-001 with Stacy and Witbeck/ Herzog, JV (SWH) for the Larkspur Extension Contract; and

WHEREAS, The City of San Rafael (City) desires to construct a bicycle and pedestrian pathway (Pathway) between Andersen Drive and Rice Drive in San Rafael; and

WHEREAS, The City has completed environmental clearance, prepared construction documents, secured regulatory construction permits, and arranged funding for the section of pathway between Andersen Drive and Rice Drive; and

**WHEREAS,** The City requested that SMART construct the Andersen Drive and Rice Drive pathway as part of the Larkspur Extension project that will be completely funded by the City; and

**WHEREAS,** SMART solicited and received a price proposal from SWH to add the Andersen Drive and Rice Drive pathway to Contract No. CV-DB-16-001; and

**WHEREAS**, Contract Change Order No. MUP-001 provides for the construction of the Andersen Drive and Rice Drive pathway to Contract No. CV-DB-16-001; and

**WHEREAS**, District and the City entered into a Memorandum of Understanding (MOU) for the implementation of the Larkspur Extension Project; and

**WHEREAS**, the MOU contemplated adding work if it was practical and in the best interest of the City and SMART; and

WHEREAS, the Federal Transit Administration (FTA), a funding partner for the Larkspur Extension Project allows concurrent non-project activities to be included in a federally funded project as long as the activities are funded and treated separately from the federally funded project; and

**WHEREAS**, the City developed construction plans for the Andersen Drive and Rice Drive pathway and has approved and agreed to fund Change Order No. MUP-001 to include the work in Contract CV-DB-16-001; and

Resolution No. 2018-14 Sonoma-Marin Area Real Transit District June 6, 2018

**WHEREAS**, Contract CV-DB-16-001 was approved through a competitive solicitation and procurement process and the work included in this Change Order is consistent with the scope of work previously awarded; and

**WHEREAS,** this Change Order meets the specifications and requirements of Contract No. CV-DB-11-006; and

**WHEREAS**, Contractor and SMART staff negotiated a final cost of \$4,557,019 for this Change Order; and

## NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

DIRECTORS.

- 1. That the foregoing recitals are true and correct.
- 2. That Change Order No. MUP-001, a copy of which is attached hereto and incorporated herein as Exhibit "A", is hereby approved.

**PASSED AND ADOPTED** at a regular meeting of the Board of Directors of the Sonoma-Marin Area Rail Transit District held on the 6<sup>th</sup> June 2018, by the following vote:

AYES:	
NOES:	
ABSENT:	
ABSTAIN:	
	Debora Fudge, Chair, Board of Directors Sonoma-Marin Area Rail Transit District
ATTEST:	
	_
Leticia Rosas-Mendoza, Clerk of Board of Directors	
Sonoma-Marin Area Rail Transit District	

## **Change Order MUP-001**

Contract No.: CV-DB-16-001

Contract Title: Larkspur Extension Project



Change Notice Reference: 011

Issued to: Stacy and Witbeck/Herzog, A Joint Venture 2800 Harbor Bay Parkway

Alameda, California 94502 Phone: (510) 393-2520

**CO Title:** City of San Rafael Multi Use Pathway from Rice Drive to Andersen Drive.

Funding Source: City of San Rafael

The Contract Price due to this CO will change by: \$4,557,019

The Contract Performance Time due to the CO will be change by: 0 calendar days

EXCEPT AS MODIFIED BY THIS CHANGE ORDER, ALL TERMS AND CONDITIONS OF THE CONTRACT, AS PREVIOUSLY MODIFIED, REMAIN UNCHANGED AND IN FULL FORCE AND EFFECT. THE PARTIES AGREE THAT THIS CHANGE ORDER IS A FINAL AND EQUITABLE ADJUSTMENT OF THE CONTRACT TIME AND CONTRACT AMOUNT AND CONSTITUTES A MUTUAL ACCORD AND SATISFACTION OF ALL CLAIMS, CURRENT OR FUTURE, OF WHATEVER NATURE CAUSED BY OR ARISING OUT OF THE FACTS AND CIRCUMSTANCES SURROUNDING THIS CHANGE ORDER INCLUDING, BUT NOT LIMITED TO, DIRECT, INDIRECT AND CONSEQUENTIAL COSTS; ADDITIONAL TIME FOR PERFORMANCE; AND THE IMPACT OF THE CHANGE SPECIFIED IN THIS CHANGE ORDER, ALONE OR TAKEN WITH OTHER CHANGES, ON THE UNCHANGED WORK.

## Description of change:

This lump sum change order directs the contractor to procure and construct the Multi Use Pathway from Rice to Andersen.

- Procure precast member
- Procure sheet pile

Concurred By:		Concurred By:		
Project Engineer	 Date	District Chief Engineer	 Date	
Ahmed Thleiji		Bill Gamlen		
The undersigned agrees to the terms an	d conditions	described herein.		
Contractor Acceptance		Sonoma-Marin Area Rail Transit		
Title: Project Representative		Title: General Manager		
(Authorized Signature for Contractor)	Date	(Authorized Signature for Owner)	Date	
Dan Elshire		Farhad Mansourian		

## **Change Order MUP-001**

Contract No.: CV-DB-16-001

Contract Title: Larkspur Extension Project



- Installation of gravity blocks
- Installation of Sheet pile wall
- Install Electrical Conduit & Boxes
- Install Catch Basin
- Install light pole foundation
- Place Top Deck Concrete
- Install side walk concrete
- Curb and Gutter

A description of the items above were tabulated in a bid schedule format below under Exhibit- A

This Change Order will not impact the current project milestones. Additional cost is included to mitigate any schedule impacts.

Compensation for this Change Order will be made by adding the following Pay Item(s):

Pay Item No.	Funding Source	Description	Unit	Qty.	Unit Price	Item Total
MUP 001	1011M	City of San Rafael Multi Use Pathway from Rice Drive to Andersen Drive	LS	1	\$4,557,019	\$4,557,019

Initials:			
	Project Engineer	Contractor	Chief Engineer

# Change Order MUP-001 Contract No.: CV-DB-16-001

Contract Title: Larkspur Extension Project



## Andersen Drive to Rice Drive Bid Proposal

Biditem	Description	Quantity	Units	Unit Price	Bid Total
100000	Mobilization	1	LS	\$69,505.28	\$69,505.28
200000	Erosion Control - Includes QSP Services	1	LS	\$80,412.65	\$80,412.65
300000	Survey and Layout	1	LS	\$61,374.48	\$61,374.48
400000	Traffic Control	1	LS	\$12,065.07	\$12,065.07
500000	Asphalt Concrete Paving	610	TN	\$227.89	\$139,012.90
600000	Earthwork - Material Moved Onsite	1750	CY	\$178.35	\$312,112.50
700000	Earthwork - Import	1	LS	\$0.00	
800000	Class    Aggregate Base	875	CY	\$397.17	\$347,523.75
900000	Tire Derived Aggregate fill	1	LS	\$59,679.16	\$59,679.16
1000000	Concrete Sidewalk	1	LS	\$0.00	
1100000	Sheet Pile Wall	1764	LF	\$509.60	\$898,934.40
1200000	MSE Retaining Wall - Eliminated	1	LS	\$0.00	
1300000	Pile Supported Precast Plank	840	LF	\$2,105.50	\$1,768,620.00
1400000	Metal handrailing	1	LS	\$254,658.16	\$254,658.16
1500000	Mitigation Planting	1	LS	\$0.00	
1600000	Striping Thermoplastic 8"	4100	LF	\$1.84	\$7,544.00
1700000	Crosswalk IMP, Signal Heads, Ramp Modifications	1	LS	\$131,142.04	\$131,142.04
1800000	Path Lighting Fixture - ANO LA631-1-P029-LD4-M-T2	25	EA	\$2,229.41	\$55,735.25
1900000	Path Lighting 12" Steel Pole (4"x4" square)	25	EA	\$1,442.56	\$36,064.00
2000000	Path Lighting Conduit	2400	LF	\$68.22	\$163,728.00
2100000	Curb and Gutter	687	LF	\$82.08	\$56,388.96
2200000	Catch Basin and Pipe	1	LS	\$12,458.49	\$12,458.49
2300000	48" Storm Drain	63	LF	\$0.00	
2500000	Clear and Grub	1	LS	\$51,615.14	\$51,615.14
2600000	Down Drain Mods	1	LS	\$10,622.50	\$10,622.50
2700000	Walkway Ballast	253	TN	\$109.97	\$27,822.41
	BASE BID - Rice South				\$4,557,019.14

## **Exhibit A**

Initials:			
	Project Engineer	Contractor	Chief Engineer



**Debora Fudge, Chair**Sonoma County Mayors' and
Councilmembers Association

**Judy Arnold, Vice Chair**Marin County Board of Supervisors

Damon Connolly
Marin County Board of Supervisors

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**Shirlee Zane**Sonoma County Board of Supervisors

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

Farhad Mansourian
General Manager

Fax: 707-794-3037

www.sonomamarintrain.org

June 6, 2018

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 2018-19

Dear Board Members:

## **RECOMMENDATION:**

Authorize the General Manager to execute five (5) contract amendments totaling \$848,805 as needed for Fiscal Year 2018-19.

## **SUMMARY:**

As the current fiscal year comes to a close on June 30<sup>th</sup> and we begin Fiscal Year 2018-19, 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 \$848,805. Funding for the contract extensions is included in the Fiscal Year 2018-19 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 2018-19 budget.

Verv truly yours,

Erin McGrath

Chief Financial Officer

Attachment(s): Summary and Contract Amendments as follows:

- 1. A.J. Janitorial Service
- 2. GHD, Inc.
- 3. MGrodner, LLC
- 4. SPTJ Consulting
- 5. Utah Transit Authority

## **Contract Amendments Summary**

Contractor and Scope	Туре	Proposed Amendment Amount	New Not- to-Exceed Amount	New Expiration Date
<ul> <li>A.J. Janitorial Service: Station Cleaning Services</li> <li>Experienced service provider for station cleaning and property management</li> </ul>	Operations: Maintenance – Facilities	\$73,200	\$148,750	6/30/2019
<ul> <li>GHD, Inc.: Clean Water Compliance, AutoCAD Management, Traffic and Hydraulic Analysis</li> <li>AutoCAD drawing support to compile as-built railroad conditions</li> <li>Drainage design modifications in response to storm issues</li> <li>As-needed specialty engineering for areas including hydraulics, drainage, and traffic</li> </ul>	Capital: Program Management	\$60,000	\$1,284,000	6/30/2019
<ul> <li>MGrodner, LLC: Project Management Services</li> <li>Expert Technical solutions for rail engineering</li> <li>Coordination of rail activation activities with civil engineering project needs</li> </ul>	Capital: Program Management	\$100,000	\$749,716	6/30/2019
<ul> <li>SPTJ Consulting: IT Support</li> <li>Expertise in network infrastructure migration, improvement and setup services, and other related information technology services</li> <li>Sharepoint Upgrades, Rail Network Security monitoring</li> </ul>	Capital and Operations: IT Service and Solutions	\$440,605	\$1,271,661	6/30/2019
Utah Transit Authority (UTA): Maintenance of Revenue Vehicles  • Provides equipment and labor to true the wheels/axles of SMART rail vehicles in accordance with the requested APTA 220 wheel profile	Operations: Maintenance – Revenue Vehicles	\$135,000	\$261,100	6/30/2019

## FIRST AMENDMENT TO SERVICE AGREEMENT BETWEEN THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT AND A.J. JANITORIAL SERVICE

This First Amendment dated as of June 6, 2018 (the "First Amendment") to the Agreement for Services by and between the Sonoma-Marin Area Rail Transit District ("SMART") and A.J. Janitorial Service ("CONSULTANT"), dated as of July 1, 2017 (the "Original Agreement," and now as amended by this First Amendment, the "Agreement").

## RECITALS

WHEREAS, SMART and CONSULTANT previously entered into the Original Agreement to provide janitorial and property maintenance and related services for the SMART Stations; and

WHEREAS, SMART desires to amend the Agreement to increase the not-to-exceed amount of the agreement by \$73,200 for a total not-to-exceed amount of \$148,750, and to extend the term of the Agreement through June 30, 2019.

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." Section 5.02 of Article 5 of the Agreement is hereby deleted and replaced with the following:

"Section 5.02 Contractor shall be paid, as full compensation for the satisfactory completion of the work described in the Scope of Work (Exhibit A) on a Task basis in accordance with the budget established in Exhibit B, provided, however, that Contractor agrees to perform all services described in the Scope of Work for the negotiated amount increased by \$73,200, regardless of whether it takes Contractor more time to complete or costs are more than anticipated. The not-to-exceed (NTE) amount of \$148,750 for this Agreement includes travel time and cost, labor, 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 Contractor be reimbursed for an amount in excess of the NTE amount without a formal written amendment to this Agreement. Contractor shall submit its invoices in arrears on a monthly basis in a form approved by the Chief Financial Officer. The invoices shall show or include: (i) the task(s) performed at what station locations; and (ii) copies of receipts for reimbursable materials/expenses, if any. Contractor's reimbursement for materials/expenses shall not include items already included in Contractor's overhead as may be billed as a part of its labor rates

set forth in Exhibit B, and must be documented in accordance with, and fully comply with, all SMART's applicable policies for reimbursement, including, but not limited to, SMART's Travel Guidelines."

- 2. "ARTICLE 6. TERM OF AGREEMENT" Article 6 of the Agreement is hereby replaced with the following:
  - "Section 6.01 The term of this Agreement shall remain in effect until June 30, 2019, 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 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.

THIS SPACE INTENTIONALLY LEFT BLANK

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

	SONOMA-MARIN AREA RAIL TRANSIT DISTRICT
Dated:	ByFarhad Mansourian, General Manager
	A.J. JANITORIAL SERVICE
Dated:	ByRichard A. Sanchez
	APPROVED AS TO FORM:
Dated:	_ By District Counsel

# SIXTH AMENDMENT TO THE AGREEMENT FOR CONSULTANT SERVICES BETWEEN THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT AND GHD, INC.

This Sixth Amendment dated as of June 6, 2018 (the "Sixth Amendment"), to the Agreement for Consultant Services by and between GHD, Inc. (hereinafter referred to as "CONSULTANT") and the Sonoma-Marin Area Rail Transit District (hereinafter referred to as "SMART"), dated as of December 1, 2013 (the "Original Agreement," as amended and supplemented by the First through Fifth Amendments, and now this Sixth Amendment, the "Agreement").

## **RECITALS**

WHEREAS, CONSULTANT and SMART previously entered the Original Agreement to develop professional engineering support for such tasks as Autocad drawing management and design, hydraulics and hydrology assistance, traffic engineering, and technical field and office support services in support of SMART Project design and construction; and

WHEREAS, CONSULTANT and SMART previously entered into various Amendments to the Agreement between February 1, 2014 and June 21, 2017 to increase the not-to-exceed amount, add geotechnical work to the scope of work, and extend the term of the Agreement; and

WHEREAS, CONSULTANT and SMART desire to amend the Agreement to increase the not-to-exceed amount by \$60,000, for a total not-to-exceed amount of \$1,284,000, and to extend the term to June 30, 2019; and

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, the contract amount shall be increased by an amount not-to-exceed \$60,000, for the provisions of the services, for an aggregate not-to-exceed amount of \$1,284,000, 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, 2019, unless terminated earlier in accordance with the provisions of Article 7."

GHD, Inc. Sixth Amendment CV-PS-13-002

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.
	THIS SPACE INTENTIONALLY LEFT BLANK

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

	SONOMA-MARIN AREA RAIL TRANSIT DISTRICT
Dated:	ByFarhad Mansourian, General Manager
	GHD, INC.
Dated:	By Consultant
	APPROVED AS TO FORM:
Dated:	By District Counsel

# EIGHTH AMENDMENT TO AGREEMENT FOR CONSULTANT SERVICES BETWEEN THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT AND M GRODNER, LLC

This EIGHTH AMENDMENT dated as of June 6, 2018 (the "Eighth Amendment") to the Agreement by and between the SONOMA-MARIN AREA RAIL TRANSIT DISTRICT ("SMART") and M GRODNER, LLC ("CONSULTANT"), dated as of April 1, 2012 (the "Original Agreement," and as supplemented by previous Amendments, and this Eighth Amendment, the "Agreement").

## **RECITALS**

WHEREAS, SMART and CONSULTANT previously entered into the Original Agreement for the purpose of providing project management services for the SMART project; and

WHEREAS, SMART and CONSULTANT previously entered into various Amendments to the Agreement between June 1, 2012 and June 21, 2017, to increase the not-to-exceed amount and extend the term of the Agreement; and

WHEREAS, SMART desires to amend the Agreement to increase the not-to-exceed amount by \$100,000 for a total not-to-exceed amount of \$749,716, and to extend the term of the Agreement to June 30, 2019.

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 4. TERM OF AGREEMENT" is hereby deleted and replaced in its entirety with the following:
  - **"ARTICLE 4. TERM OF AGREEMENT.** The term of this Agreement shall remain in effect until June 30, 2019, unless terminated earlier in accordance with the provisions of <u>Article 8</u>."
- 2. "ARTICLE 5. REIMBURSEMENT" is revised as follows:

Consultant shall be paid on a time and expense basis at an hourly rate of \$195 per hour; provided, however, that total payments to Consultant shall not exceed \$749,716, without the prior written approval of SMART.

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

	SONOMA-MARIN AREA RAIL TRANSIT DISTRICT
Dated:	ByFarhad Mansourian, General Manager
	M GRODNER, LLC
Dated:	By Michael Grodner, Consultant
	APPROVED AS TO FORM
Dated:	By District Counsel

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

This Seventh Amendment dated as of June 6, 2018 (the "Seventh 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, and now this Seventh 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, 2017, 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 \$440,605 for a total not to exceed of \$1,271,661.

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 \$440,605 for a total not-to-exceed amount of \$1,271,661 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, 2019, unless terminated earlier in accordance with the provisions of **Article 7**."

SPTJ CONSULTING SEVENTH 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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	NSULTING H AMENDMENT

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

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

## SECOND AMENDMENT TO AGREEMENT FOR CONSULTANT SERVICES BETWEEN THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT AND UTAH TRANSIT AUTHORITY.

This Second Amendment dated as of June 6, 2018 (the "Second Amendment") to the Agreement for Consultant Services by and between the Sonoma-Marin Area Rail Transit District ("SMART") and Utah Transit Authority. ("CONSULTANT"), dated as of November 1, 2016 (the "Original Agreement," and as amended by the First Amendment and this Second Amendment, the "Agreement").

## RECITALS

WHEREAS, SMART and CONSULTANT previously entered into the Original Agreement to provide wheel-truing services for SMART's rail vehicles; and

WHEREAS, SMART and CONSULTANT previously amended the Agreement to establish a not-to-exceed amount and extend the term; and

WHEREAS, SMART desires to amend the Agreement to extend the term to June 30, 2019 and to increase the not-to-exceed amount by \$135,000 for a total not-to-exceed amount of \$261,100; 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 5. COST AND PAYMENT FOR WORK" of the Agreement is amended as follows:

"The not-to-exceed amount is to be increased by \$135,000 for a total not-to-exceed amount of \$261,100."

2. "ARTICLE 9. TERM" of the Agreement is amended as follows:

"The term of this Agreement shall remain in effect until June 30, 2019."

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.

	SONOMA-MARIN AREA RAIL TRANSIT DISTRICT
Dated:	By Farhad Mansourian, General Manager
	UTAH TRANSIT AUTHORITY
Dated:	By Its
	APPROVED AS TO FORM:
Dated:	By District Counsel



Debora Fudge, Chair

Sonoma County Mayors' and Councilmembers Association

Judy Arnold, Vice Chair

Marin County Board of Supervisors

**Damon Connolly** 

**Marin County Board of Supervisors** 

Jim Eddie

Golden Gate Bridge, Highway/Transportation District

Dan Hillmer

Marin County Council of Mayors and Councilmembers

**Eric Lucan** 

Transportation Authority of Marin

Jake Mackenzie

Sonoma County Mayors' and Councilmembers Association

**Barbara Pahre** 

Golden Gate Bridge, Highway/Transportation District

**Gary Phillips** 

Transportation Authority of Marin

**David Rabbitt** 

Sonoma County Board of Supervisors

**Carol Russell** 

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 6, 2018

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

**SUBJECT:** Approval of Revised Final Fiscal Year 2017-18 Budget; Proposed Fiscal Year 2018-19 Budget, Annual Appropriation Limit and Investment Policy

**Dear Board Members:** 

## **RECOMMENDATION:**

- 1) Adopt Resolution 2018-12 to approve the Revised Fiscal Year 2017-18 budget, the Fiscal Year 2018-19 Proposed Budget including annual position authorization and the Investment Policy for Fiscal Year 2018-19.
- 2) Adopt Resolution 2018-13 Ratifying the Annual Appropriation Limit for Fiscal Year 2018-19.

## **SUMMARY:**

Approval of Budget:

At your May 16 meeting, you reviewed the draft Fiscal Year 2017-18 Revised Budget and the Fiscal Year 2018-19 Proposed Budget. Today, we are bringing the budget back for your approval along with the required resolutions, policies and final revisions. We have also updated and provided the PowerPoint presentation for your reference. There are some expenditure shifts in the fiscal year numbers that do not affect the overall authority to spend, only the category or year in which the expenditures occur. We also have one significant change to expenditures due to the addition of a capital project.

<u>Expenditure shifts</u>: The most significant change is \$489,490 in authority moving from the current year, Fiscal Year 2017-18, to Fiscal Year 2018-19 in the Operations Department. This is due to operations projects and purchases that were scheduled to occur before June that will now happen after July 1.

This includes a major ballast restoration project, DMU wheel purchases with long lead times, and a security access improvement project at all SMART facilities. In addition, there is a smaller shift of expense within the Capital Department to correct the category of expenses tied to maintenance of the Mira Monte wetlands. This meant moving \$300,000 in Fiscal Year 2017-18 and \$388,000 in Fiscal Year 2018-19 from Infrastructure to Professional Services.

<u>New Expenditures</u>: On your Agenda today is an item approving a change order to construct a pathway in San Rafael as part of the Larkspur extension project. This is a new item that was not anticipated in the budget originally. Therefore, the total expense in the Capital budget was increased in Fiscal Year 2017-18 by \$200,000 and in Fiscal Year 2018-19 by \$4,357,019. This project is funded by the City of San Rafael and therefore is budget neutral. Revenues from the City of San Rafael were added that match these expenditures in each fiscal year.

In total, the combination of expense changes results in final proposed amounts as follows:

Fiscal Year 2017-18 Revised Budget: Total Sources (Revenues and Fund balance) are increased by \$200,000 to \$71,157,451. Total Uses (Expenses) are reduced by \$289,490 to \$83,052,141.

Fiscal Year 2018-19 Proposed Budget: Total Sources are \$94,342,712, which is \$4.4 million higher than the May presentation. Total Uses are \$118,579,699, an increase of \$4.8 million.

Again, all of the changes from the May budget have no effect on our overall fiscal presentation. We are continuing to set aside \$17,000,000 in Agency reserves as part of the budget. We are also showing a closing fund balance that will be available for capital maintenance and projects of \$4,985,028. Over the course of the next two 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.

Finally, as discussed during the May 16<sup>th</sup> meeting, there are significant revenues associated with SB1 in the proposed budget. These funds were used to add more service to the schedule on opening day than were anticipated prior to that funding becoming available. SB1 also funds major equipment purchases that will help provide reliable service to our passengers. Should SB1 be repealed, we will come back to you to discuss the impact and any proposed budget revisions that might be needed.

## 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 2018-19 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 2018-19 is \$137,563,577. 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 \$35,824,029 of our expenditures fall under the Proposition 4 limit, well below the cap.

**FISCAL IMPACT:** Approval will revise the Fiscal Year 2017-18 final budget, set the appropriations, budget and salary limits for Fiscal Year 2018-19, and allow for prudent investment of SMART funds.

Very truly yours,

Erin McGrath

Chief Financial Officer

## Attachment(s):

- 1) Resolution No. 2018-12 Adopting Fiscal Year 2017-18 Revised Budget Report and Fiscal Year 2018-19 Proposed Budget Including Exhibits
- 2) Resolution No. 2018-13 Adopting Fiscal Year 2018-19 Appropriation Limit Including Exhibit A
- 3) Revised Board of Directors Presentation

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT, STATE OF CALIFORNIA, ADOPTING A REVISED BUDGET FOR FISCAL YEAR 2017-18 AND AN ANNUAL BUDGET FOR FISCAL YEAR 2018-19, 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 2018-19, ADOPTING A STATEMENT OF INVESTMENT POLICY FOR FISCAL YEAR 2018-19, 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 2017-18 and an Annual Budget for Fiscal Year 2018-19 was prepared by the Chief Financial Officer and presented to the Board at its May 16, 2018 meeting; and

**WHEREAS**, the preliminary Annual Budget for Fiscal Year 2018-19 has been available for public inspection since May 16, 2018, in excess of the minimum 10-day public inspection period prescribed by the Administrative Code; and

**WHEREAS**, at its duly noticed meetings on May 16, 2018, and June 6, 2018, the Board fully reviewed and considered the Revised Budget for Fiscal Year 2017-18 and the Annual Budget for Fiscal Year 2018-19, at which time all interested persons were given the opportunity to hear and be heard; and

WHEREAS, at its meeting on May 16, 2018 meeting, 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 California Government Code Sections 53635 and 53684; and

**WHEREAS,** all investments are reported monthly to the Board of Directors as required by California 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 Metropolitan Transportation Commission, property revenues, Sonoma County's Measure M, and Federal Transit Administration Funds, among other funds, all as more fully described in Exhibit A.

**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 2018-19 shall be as provided for also in Exhibit A, Table 4, 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 2018-19 budget and to re-establish valid prior year encumbrances. Such adjustments shall include but not be limited to decreasing appropriations in any and all funds associated with projects initiated prior to the 2018-19 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,

Resolution No. 2018-12 Sonoma-Marin Area Rail Transit District June 6, 2018

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 California Government Code Section 53646, the Statement of Investment Policy for Fiscal Year 2018-19 attached hereto as <u>Exhibit B</u> is hereby approved and adopted.

**BE IT FURTHER RESOLVED** that, pursuant to California 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 6<sup>th</sup> day of June, 2018, by the following vote:

<b>DIRECTORS:</b> AYES:	
NOES:	
ABSENT:	
ABSTAIN:	
	Debag Sudes Chair Board of Director
	Debora Fudge, Chair, Board of Directors Sonoma-Marin Area Rail Transit District
ATTEST:	
Leticia Rosas-Mendoza, Clerk of t Sonoma-Marin Area Rail Transit I	

### **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 2018-19

and

Fiscal Year 2017-18 Year-End Budget

**JUNE 2018** 

### **PROPOSED BUDGET: FISCAL YEAR 2018-19**

### and Fiscal Year 2017-18 Year-End Budget

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### **EXECUTIVE SUMMARY**

SMART's two-year budget document this year reflects a revised format showing revenues and expenditures by SMART's three Departments: Administration, Operations and Capital. This new format provides greater detail on revenues and expenditures by Department by fiscal year. There are three detailed budget tables by Department, in addition to a summary overview chart and the proposed salary schedule.

In our strategic planning process leading up to passenger service, we anticipated that the year before and right after startup would be a challenging time of balancing revenues and expenditures with a number of unknowns. In the two years prior to August 2017, we were required to fully staff and operate various facilities, conduct months of testing and continuously run trains without the benefit of any fare revenues. To counter those challenges and the uncertainties of our revenue stream, we anticipated and planned for a healthy reserve which this budget achieves. As planned, we are setting aside \$17,000,000 in Agency reserves as part of the budget. We are also showing a closing fund balance that will be available for capital maintenance and projects of \$4,985,028. In Fiscal Years 2017-18 and 2018-19, 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. Use of fund balance in each year is shown in summary Table 1. In our first year of passenger service, we have been able to achieve the fare revenues we modeled and are budgeting a very conservative \$3.69 million for passenger revenue in the new fiscal year. We are also anticipating significant revenues of \$6.7 million related to SB1. Funds associated with that tax allowed us to open service with more trips than we had modeled as part of the passage of Measure Q. We also are utilizing the SB1 funds to leverage the purchase of a wheel truing machine, additional wheels and spare parts necessary for service reliability.

In the event that SB1 funding is eliminated via ballot measure, we will need to revisit our service schedule, staffing and other costs in order to close the funding gap that it would create. As part of reviewing our staffing needs going forward, we have determined that additional resources will be needed to address current schedule issues as well as testing and preparing for the Larkspur extension. As a result, we are proposing the addition of 11 full time employees to the operations budget in the next year.

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 acceptance. Significant expenditures related to the Larkspur project are reflected as are costs related to the arrival of our four new rail cars at the end of 2018.

**TABLE 1** (on the following page) provides a combined, broad overview 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 2017-18 approved in June of 2017, the second showing the year end changes to reflect actual revenues and expenses, and the third showing the Proposed Budget for Fiscal Year 2018-19. 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 2017-18 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 million due to both shifting construction schedules into the next fiscal year and cost savings. Revenues were adjusted up by \$11.8 million to reflect increased property transaction revenues and funding mix shifts in the capital projects. The proposed Fiscal Year 2018-19 budget proposal increases revenues by \$23 million and expenditures by \$35.5 million. Significant increases are related to the Larkspur extension project, increased debt service, and the addition of 11 FTE in the new fiscal year. More discussion is included in the Budget by Department sections.

TABLE 1:	
	BUDGET REPORT: SUMMARY OF ALL SOURCES AND USES

ЪС	DOLI KLI OKI. JOHNIMIKI	. 01	TILL DOC	110	LUTITU		,
			FY 2017-18		FY 2017-18		FY 2018-19
		АРР	APPROVED BUDGET		YEAR END ACTUALS & ESTIMATES	PROPOSED BUDGET	
<b>Budget Sources</b>							
	Fund Balance	\$	58,116,705	\$	58,116,705	\$	29,222,015
	Sales/Use Taxes		37,011,973		37,011,973		38,122,332
	Interest and Lease Earnings		689,088		1,278,415		742,000
	Miscellaneous Revenues		50,000		1,803,692		930,000
	Fare & Parking Revenue		2,950,000		3,135,000		3,690,000
	State Grants		4,321,096		5,000,963		16,980,939
	Charges For Services		30,000		58,800		45,000
	Federal Funds		8,157,643		7,018,714		24,535,682
	Other Governments/ Misc.		1,805,000		4,225,647		5,857,019
	Measure M		285,000		285,000		228,000
	MTC - RM2		4,073,222		11,339,246		3,211,740
	Total All Sources	\$	59,373,023	\$	71,157,451	\$	94,342,712
<b>Budget Uses</b>							
	Salaries & Benefits		18,866,052		19,949,307		21,040,490
	Services & Supplies		14,552,241		13,586,513		17,024,605
	Debt Service/ Other Charges		14,204,100		14,217,685		16,095,850
	Equipment, Buildings & Improvements		1,329,919		742,882		3,018,417
	Capital Projects		37,225,320		34,838,934		61,723,666
	<b>Equipment Replacement Allocation</b>		525,000		525,000		525,000
	Operating Contingency		600,000		-		-
	Capital Salary Transfer		(1,208,467)		(808,180)		(848,329)
	Total All Uses	\$	86,094,165	\$	83,052,141	\$	118,579,699
	Use of Fund Balance		(26,721,143)		(11,894,690)		(24,236,987)
	Deposit to Agency Reserve		(17,000,000)		(17,000,000)		
	Remaining Fund Balance (Capital Reserve)	\$	14,395,562	\$	29,222,015	\$	4,985,028
	Remaining Agency Reserve	\$	17,000,000	\$	17,000,000	\$	17,000,000

### **BUDGETS BY DEPARTMENT**

Each Department has its own Section and Table that provide information on that Department's Fiscal Year 2017-18 Original budget, Revisions for Year End, and the Proposed Fiscal Year 2018-19 budget.

### Administration Budget:

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 the filling of currently vacant positions and scheduled step increases, crucial IT upgrades and professional services related to ridership, transit planning and other new functions of an operating transit system. One unavoidable cost increase of \$1.9 million in the Fiscal Year 2018-19 budget is the scheduled Debt Service increase related to the 2011 bond sale. Below is an overview, further detail can be found in **Table 2** on the following page.

### Fiscal Year 2017-18 Final Budget Report:

Revenues: Overall revenues are adjusted down to match expenditures for the year. Miscellaneous revenues increased significantly due to property transactions in Petaluma that resulted in unanticipated one-time revenue of \$1.69 million. We have also added revenue from advertising which was not included in our original budget but is anticipated to be \$138,845 for the year. Although we are seeing increases in sales tax revenues following the fire, we are not reflecting those increases in our year end numbers, as they may not reflect an ongoing trend. We will report back to you as part of our annual audit on the final revenue amounts.

<u>Expenditures</u>: Expenditures are reduced by \$990,750 to reflect savings in consulting for Information Technology, legal and insurance coverage.

### Fiscal Year 2018-19 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 \$2.7 million.

<u>Expenditures:</u> Expenses for the new Fiscal Year are increased by \$2.7 million in the proposed budget primarily due to a \$1.9 million increase in Debt Service. There are also a number of IT server and software replacement needs that the District must implement this year, which increases both the computer budget and the professional service budget for specialized programming and security related to the new systems. There is also an increase in professional services costs that are tied to consultants needed for ridership and other analysis required to meet FTA reporting guidelines, work in preparation for a new strategic plan in 2019, and actuarial analysis needed for retiree cost planning.

Please reference **Table 2** (next page) for other details on changes.

TABLE 2:

### **ADMINISTRATION BUDGET**

Original, Year End FY 2017-18 and Proposed FY 2018-19

	FY 2017	7-18	FY 2017-18		FY 2018-19		
DESCRIPTION	APPROVED	BUDGET	YEAR-END ACTUALS & ESTIMATES			POSED BUDGET	EXPLANATION OF SIGNIFICANT CHANGES
REVENUES:							
Sales/Use Taxes							
State Sales Tax Collection	Ś	890,253	Ś	890,253	Ś	024 766	Increase in state collection costs
Sales Tax withheld by Trustee	'	1,204,100	Ş	14,204,100	Ş	,	Debt schedule increase
•							
Sales Tax Allocation to Administration		),818,194		7,484,425			**Amount changes to balance revenue with expense
Total Sales/Use Taxes	25	,912,547		22,578,778		26,703,833	**See notes below
Use of Money/Property							
Interest Earnings		295,000		745,482		295,000	Increase due to higher than anticipated fund balance
Advertising Revenue				138,845		145,000	New train and platform advertising
Rent - Real Estate		394,088		394,088		302,000	Reduction tied to lease termination
Total Use of Money/Property		689,088		1,278,415		742,000	
Charges for Services							
Other Charges - Fees, Reimbursements		-		65,992		30,000	Application fees, and insurance reimbursements
Total Charges for Services		-		65,992		30,000	
Miscellaneous Revenues							
Sale - Lease/Purchase		-		1,687,700		850,000	FY18 - sale of easments and license; FY19 TAM pathway agreement
Miscellaneous Revenue		50,000		50,000		50,000	
Total Miscellaneous Revenues		50,000		1,737,700		900,000	
TOTAL REVENUES	\$ 26,0	651,635	\$	25,660,885	\$	28,375,833	

EXPENDITURES:							
ADMINISTRATION							
Salaries and Benefits							
Employee Salaries	\$ 4,3	103,790	\$	4,161,474	\$	4,251,813	
Employee Benefits	1,2	205,496		1,211,905		1,163,690	
Total Salaries and Benefits	5,3	309,286		5,373,379		5,415,504	Step adjustments, benefit cost increases, filling of vacant positions
Services and Supplies							
Communications		46,700		52,800		53,200	
Insurance	2,6	577,667		2,388,965		2,128,000	Reduction in set aside needed for Self Insured Retention
Maintenance-Facilities		17,530		17,045		18,950	
Miscellaneous Expense		43,600		49,100		55,100	
Office Expense	3	123,030		100,965		122,560	Savings in current year; copier leases, other costs slightly decreased
Postage, Printing, Periodicals		35,500		39,000		47,000	
Accounting/ Payroll Services		86,000		76,000		90,000	Increase in auditing costs due to additional federal funds
Professional Services	9	908,534		625,330		1,079,500	Software upgrade, ridership analysis, security screenings, advocacy
Agency Extra Help	:	100,000		8,000		100,000	Short term leave coverage as needed
State Administrative Fee	8	390,253		890,253		934,766	State fee increases
Legal Services	Į.	525,000		390,576		475,000	As-needed legal expertise/ support; reflects outside counsel savings
Rents/Leases	-	741,194		750,617		774,024	
Computer Software and Hardware	3	318,701		273,396		361,110	Equipment replacements, software upgrade, ongoing license fees
Public Outreach	3	312,000		197,235		303,200	Increased outreach for Larkspur extension
Training, Travel and Memberships	:	189,800		88,670		147,350	Ongoing training of new and existing staff
Mileage Expense		37,740		36,870		36,520	
Total Services and Supplies	\$ 7,0	053,249	\$	5,984,821	\$	6,726,279	
Others Character and December					<u> </u>		
Other Charges and Payments				44004400		46 005 050	
Bond Principal, Interest	14,	204,100		14,204,100		16,095,850	Debt service scheduled increase
Settlements		-		13,585		-	
Total Other Charges	14,	204,100		14,217,685		16,095,850	
Buildings & Capital Improvements (Capital Assets)							
Equipment		85,000		85,000		,	Computer servers hardware replacements
Total Buildings and Capital Improvements		85,000		85,000		138,200	
Contingencies							
Operating Contingencies		-		-		-	
Total Contingencies							
TOTAL ADMINISTRATION EXPENDITURES	\$ 26.65	1,635	Ś	25,660,885	Ś	28,375,833	

<sup>\*\*</sup>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 2017-18, only \$22,578,778 was needed to balance. For Fiscal Year 2018-19 we are assuming a 3% increase in sales tax and budgeting \$26,703,833 for Administration in order to balance.

### Capital Budget:

The Year-End Report for the Fiscal Year 2017-18 Capital Department shows Revenues of \$24.3 million and Expenses of \$36.4 million. In the proposed Fiscal Year 2018-19 budget, Revenues are anticipated to be \$44.1 million and expenses are projected to be \$63.3 million. In each fiscal year, as planned for at the start of the Phase 1 project, SMART's reserved sales tax funds in its fund balance are available and used to pay for any project expenses not covered by grants.

### Fiscal Year 2017-18 Final Budget Report:

Revenues: Overall revenues have been increased \$8.6 million to reflect actual receipts. There were a number of shifts in construction schedules and funding during the year that combined to make this change. Principally among them are increases in Bridge Toll funding for Larkspur, which are tied to expenditures on that project. The shift of the Anderson Drive project to the current fiscal year is tied to revenues from the City of San Rafael that were added in the current year as well. Other funds are related to construction of the SOMO Village Pathway in Rohnert Park that were not included in the original budget proposal.

<u>Expenditures:</u> There are a number of shifts between the two fiscal years that result in an overall reduction of \$1.2 million in Fiscal Year 2017-18 spending on Capital. The largest shifts were payments to the vehicle manufacturer which shifted out of the current year budget and led to a significant \$4 million reduction. That was offset by an increase in cooperative work primarily related to Anderson Drive and utility work paid for by the City of San Rafael of \$3.8 million.

### Fiscal Year 2018-19 Proposed Budget:

Revenues: Revenues for the next budget are increased by \$19.8 million over the current year to match increased capital project activity funded by grant revenue. The State of California is funding SMART's four new rail cars as well as construction of the Payran Pathway in Petaluma. Federal funds are related to the Larkspur project and include funds from three different federal sources. Cooperative agreements and MTC funding are all related to the Larkspur extension. The City of San Rafael is providing funding for the pathway adjacent to the rail extension in Larkspur.

<u>Expenditures</u>: Overall expenses are projected to increase \$26.9 million with significant costs associated with the Larkspur rail extension project and pathway and SMART's four new rail cars. We are also budgeting for remaining costs of the Phase 1 project, including final acceptance of our first 14 car sets and contract closeouts of all Civil and Systems related contracts.

**TABLE 3**, on the next page, provides further breakdown and additional details.

### TABLE 3:

### **CAPITAL BUDGET**

Original, Year End FY 2017-18 and Proposed FY 2018-19

		FY 2017-18	FY 2017-18		FY 2018-19		
			YEAF	R-END ACTUALS			
DESCRIPTION	APP	ROVED BUDGET	&	ESTIMATES	PROPOSED BUDGET		EXPLANATION OF SIGNIFICANT CHANGES
REVENUES:							
Intergovernmental Revenues							
State - Grant Funds	\$	1,321,096	\$	1,398,151	\$	10,261,000	Additional Rail Sets, EEMP Pathway, Payran pathway
Federal - Grant Funds		8,157,643		7,018,714		24,535,682	Larkspur Extension Project ongoing
Other Governments		1,805,000		4,225,647		5,857,019	Anderson Dr., San Rafael path, Open Space Pathway, others
Measure M - Sonoma County		285,000		285,000		228,000	Sonoma Pathway Project - Payran to Southpoint design
MTC - Bridge Tolls		4,073,222		11,339,246		3,211,740	7th car set final funding, Larkspur extension
Total Intergovernmental Revenues		15,641,961		24,266,758		44,093,441	
Miscellaneous Revenues							
Miscellaneous Revenue		-		467,486		-	SOMO Village Pathway
Total Miscellaneous Revenues		-					
TOTAL REVENUES	\$	15,641,961	\$	24,266,758	\$	44,093,441	
USE OF FUND BALANCE	\$	21,911,004	\$	12,112,499 \$ 19,161,163		19,161,163	

EXPENDITURES:				
CAPITAL				
Salaries and Benefits Employee Salaries Employee Benefits	\$ 919,013 289,454	\$ 1,043,662 303,304	\$ 1,093,864 320,017	
Total Salaries and Benefits	1,208,467	1,346,966	1,413,881	Step adjustments, benefit cost increases, filling of vacant positions
Services and Supplies				
Postage, Printing, Periodicals	5.000	5.000	5,000	
Professional Services - Project	243,000	934,536	-,	Bridge mngmt., environmental maint., ADA, as-needed engineering
Computer Software and Hardware	12,645	-		Shift of cost to new budget for project equipment
Memberships	2,000	2,000	2,000	and the state of t
Training, Travel	5,000	5,000	5,000	
Permits/Fees	50,000	50,000		
Mileage Expense	10,000	5,000	,	
Total Services and Supplies	327,645	1,001,536	965,385	
Other Charges and Payments				
Other Governments	110,000	3,878,781	1,100,000	Cooperative work: Anderson Drive, City of San Rafael
Total Other Charges	110,000	3,878,781	1,100,000	
Buildings & Capital Improvements (Capital A	Assets)			
Land	2,754,000	2,019,000	_	Land purchase for Larkspur extension complete
Buildings & Improvements	2,73 1,000	184,980		Final close-out of Operations and Maintenance Facility
Capital Equipment - Work in Progress	9,203,450	5,029,152		Railcar final acceptance and new 7th and 8th Set payments
Infrastructure	25,157,870	23,727,022		Larkspur Extension; Novato, San Rafael, Cotati and other pathway work
Total Buildings and Capital Improvements	37,115,320	30,960,153	60,623,666	
Interfund Transfers				
Salaries and Benefits Transfer - Capital	(1,208,467)	(808,180)	(848,329)	
Total Interfund Transfer	(1,208,467)		, , ,	Adjustment based on salaries charged to projects
Total interium Hansier	(1,200,407)	(003,180)	(0-3,323)	ragiositient based on salaries charged to projects
TOTAL CAPITAL EXPENDITURES	\$ 37,552,965	\$ 36,379,257	\$ 63,254,604	

### **Operations Budget:**

In the Year End 2017-18 Budget Report, we are projecting very little change in expenses for Operations. Most of the changes shown are tied to Board-approved changes throughout the year or reflect expenditure shifts between categories. As part of start-up and new operations, the ongoing cost of certain activities is still being developed. We have been able to capture savings and utilize those savings in areas with additional costs that we had not anticipated. Given the number of new activities we have implemented in the last 18 months during our start up and passenger service, we were very successful in anticipating overall expenses for the year.

A number of changes are proposed in the new Fiscal Year 2018-19 budget which are tied to new staff and capital equipment needed in order to continue our excellent service record and ensure continued reliability in the coming years. Because we were able to successfully negotiate three labor contracts during the Fiscal Year, we are reflecting no significant increases for those contracts because we had no cost-of-living increases through the end of Fiscal Year 2018-19. Further details are provided below. Finally, as mentioned in the Executive Summary we are setting aside an 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.

### Fiscal Year 2017-18 Final Budget Report:

Revenues: Overall revenues are projected to be \$21.2 million. We have increased our anticipated Fare and Parking revenue slightly to reflect actual experience in the past 6 months. Anticipated State revenue was increased by \$602,812 as a result of new revenues related to SB1, including increased State Transit Assistance funding. Sales tax revenue available for Operations increased by \$3.3 million due to additional overall revenue increases freeing up more funds in the current year.

Expenditures: Overall expenditures are reduced in the final budget report by \$877,567. Salaries and benefits increases that were approved by the Board during the fiscal year are reflected in an increase of \$880,663 in that category. Categories that required additional funds during the year included Revenue Vehicle Maintenance, which required an additional \$184,845 in order to fund wheel truing activities and to purchase spare parts needed to maintain our passenger vehicles, Maintenance of both Railway and Signals required a combined increase of \$274,509 in order to fund switch, signal, crossing and track resurfacing needed in order to keep the system in good repair. These increases were offset by savings in fuel and professional services. We have also eliminated the appropriated Operating Contingency of \$600,000, which is no longer needed due to the fact that we have a year of cost experience on which to budget and we have set aside a prudent Agency Reserve.

### Fiscal Year 2018-19 Proposed Budget:

<u>Revenues</u>: Revenues for Fiscal Year 2018-19 total \$21.9 million. This includes the allocation of Sales Tax to Operations, State grant funding for maintenance equipment and capital purchases related to operations, fare and parking revenues, as well as other charges related to the right-of-way. The budget reflects a significant increase of \$3.1 million in state funding, which is tied to the SB1 Diesel Fuel Tax.

These funds will be used to purchase a wheel truing machine and install it at our Rail Operations Facility, as well as to purchase additional wheel axles, track maintenance equipment, and spare parts for our passenger vehicles, signals and track. Fund balance will be allocated to Operations of \$5 million in order to balance anticipated expenditures, leaving a closing fund balance of \$4.99 million. Significant one-time investments in equipment account for more than half of this imbalance, including \$2.8 million associated with a wheel truing machine, axle replacements and track resurfacing equipment.

Expenditures: Operations costs are anticipated to increase \$5.9 million in the next fiscal year, primarily in three categories. First, salaries and benefits costs are increasing by \$982,144. This reflects both a full year of salary increases tied to labor contract increases, as well as the addition of 11 new fulltime employees, including four Engineer Conductors, three Laborers, one Facilities Maintenance Technician, two Vehicle Maintenance Technicians, and one Administrative Assistant. As discussed in the Executive Summary, we are recommending that additional resources be provided to address current schedule issues as well as prepare for the Larkspur extension. In addition, the arrival of four new cars at the end of 2018 will require an increase in labor and supplies that would not be supported by current levels of resources. Second, capital facilities and equipment investments, which are partly funded through state grants, account for an increase of \$2.2 million. These additions are crucial to ensure timely maintenance of our passenger vehicles in order to keep our exemplary on-time-performance, as well as equipment needed to maintain 43-miles of track, stations, signals and facilities. Fuel costs are increased \$480,711 in order to accommodate the four new rail cars, which will need extensive testing before being placed in service. There are a number of professional services that support passenger amenities, such as passenger WiFi service and maintenance, Clipper machine maintenance and servicing, customer service via Golden Gate Bridge staff, emergency bus bridge support, servicing of security cameras and other rail network systems, and a number of other professional services that will require an increase next fiscal year of \$609,532.

**TABLE 4**, on the next page details the Operations Department budget.

### TABLE 4:

### **OPERATIONS BUDGET**

Original, Year End FY 2017-18 and Proposed FY 2018-19

	F'	Y 2017-18	FY 2017-18		FY 2018-19		
				R-END ACTUALS &			
DESCRIPTION	APPRO	OVED BUDGET		ESTIMATES	PROPOSED BUDGET		EXPLANATION OF SIGNIFICANT CHANGES
REVENUES:							
Sales/Use Taxes							
Sales/Use Taxes	\$	11,099,426	\$	14,433,195	\$	11,418,499	
Total Sales/Use Taxes		11,099,426		14,433,195		11,418,499	**Allocated from total revenue as available
Intergovernmental Revenues							
State - Grant Funds		3,000,000		3,602,812		6,709,939	State Commuter Rail/STA Funding
Total Intergovernmental Revenues		3,000,000		3,602,812		6,719,939	
Charges for Services							
Fare Revenue		2,925,000		3,100,000		3,640,000	Conservative projection with minimal increase
Parking Revenue		25,000		35,000		50,000	Increases based on actual receipts and projections
Other Charges - Fees, Reimbursements		30,000		58,800		45,000	Changes due to reimbursements received; ongoing dispatch fee
Total Charges for Services		2,980,000		3,193,800		3,735,000	
TOTAL REVENUES	\$	17,079,426	\$	21,229,807	\$	21,873,438	
USE OF FUND BALANCE:	\$	4,810,139	\$	(217,809)	\$	5,075,824	

EXPENDITURES:				
OPERATIONS				
Salaries and Benefits				
Employee Salaries	\$ 9,516,920	\$ 10,324,758	\$ 10,991,152	
Employee Benefits	2,831,379	2,904,203	3,219,954	
Total Salaries and Benefits	12,348,298	13,228,961		New FTE additions, benefit cost increases, filling of vacant positions
Services and Supplies				
Uniform Expense	230,064	162,000	225,978	Uniform/boot costs tied to employee counts and usage
Communications	191,007	185,296		Cost of call boxes, cellular for AVL and WiFi, and equipment replacement
Maintenance-Equipment	188,000	113,941		On-call maintenance and equipment repair
Maintenance-Radios	128,675	128,675	,	Radio site licenses and support
Maintenance-Revenue Vehicles	274,169	459,014	,	Increased need for wheels and other train spare parts
Maintenance-Railway	397,165	407,050		Track resurfacing, right-of-way maintenance and repairs
Maintenance of Signals	128,320	392,945		Gate repair, flagging, signal equipment
Maintenance-Buildings/Facilities	240,660	267,565		Station & facility cleaning, bike lockers, HVAC and electrical
Maintenance - Pathway	42,500	7,000		Increase in pathway maintenance costs projected ongoing
Printing Services	5,000	7,000	42,300	Increase in patriway maintenance costs projected ongoing
Office Expense	155,000	117,500	138 000	Projections based on actual expense, employee counts
Agency Extra Help	100,000	100,000		As-needed assistance during leaves
Rents/Leases - Equipment	77,880	110,000		
Minor Equipment	227,800	237,553		Signage, tools, and cleaning supplies for DMUs and right-of-way
		198,215	,	Ongoing software needs and computer replacements
Computer Software and Hardware	214,754			Professional training for PTC, signal and track regulations
Training, Travel and Memberships	254,300	119,680		
Fuel and Lubricants	1,423,607	1,012,293	, ,	Increase in fuel prices and additional mileage for testing
Miscellaneous	65,000	60,000	60,000	weet a land of the
Professional Services	2,403,538	1,981,163		WiFi, network support, customer service, and fare machine maintenance
Utilities	423,910	540,266		Cost for signals, bridges, facilities, and rail operations center
Total Services and Supplies	7,171,347	6,600,155	9,332,941	
Buildings & Capital Improvements (Capital A	l Assets)			
Buildings & Improvements	15,000	-	-	
Vehicles, Equipment	1,229,919	657,882	2,880.217	Wheel truing machine, axle replacements, and track maintenance equip.
Software/ Intangible Assets	-,,	-		, , , , , , , , , , , ,
Total Buildings and Capital Improvements	1,244,919	657,882	2,880,217	
Emilian and Banks and				
Equipment Replacement	505.000	505.000	505.000	
Annual Allocation	525,000 <b>525,000</b>	525,000 <b>525,000</b>	525,000 <b>525,000</b>	Allocation for future equipment replacement schedule
	323,000	525,000	525,000	
Contingencies				
Operating Contingencies	600,000			Replaced by creation of Agency reserve
Total Contingencies	600,000	-	-	, , , , , , , , , , , , , , , , , , , ,
TOTAL OPERATIONS EXPENDITURES	\$ 21,889,565	\$ 21,011,998	\$ 26,949,263	

<sup>\*\*</sup>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 two pages in **Table 5** are the proposed Position Authorizations necessary for the Fiscal Year 2018-19 budget. As discussed in the Operations budget section, we are adding 11 new positions. In Administration, we adjusted one salary by 5% based on a survey of comparable positions, adjusted one title to match job duties assigned and shifted our Safety and Compliance Officer to Administration from Operations. These changes proposed from the current fiscal year are noted to the side of the changes.

TABLE 5:							
Fiscal Year 2018-19: Proposed Position Authorization							
Position	FTE	Salary Rang	ge Annual	Salary Rang	ge: Hourly	CHANGE	
		Low	High	Low	High	CHANGE	
ADMINISTRATIVE POSITIONS		į.	,	,			
Accountant	1	70,304	85,467	33.80	41.09		
Accounting and Payroll Assistant	1	51,002	62,005	24.52	29.81		
Administrative Analyst/ Contracts	1	77,605	94,328	37.31	45.35		
Administrative Assistant	2	46,218	56,181	22.22	27.01		
Assistant Planner*	1	66,934	81,349	32.18	39.11		
Assistant General Counsel	1	133,598	162,386	64.23	78.07		
Chief of Police	1	158,808	193,024	76.35	92.80		
Chief Financial Officer	1	213,574	259,626	102.68	124.82		
Clerk of the Board	1	70,304	85,467	33.80	41.09		
Code Compliance Officer	2.5	52,270	63,544	25.13	30.55		
Communications and Marketing Manager	1	130,354	158,434	62.67	76.17	Adjusted Range	
Community Outreach Coordinator	1	68,598	83,387	32.98	40.09		
Community Outreach Specialist	1	106,974	130,042	51.43	62.52		
Deputy General Manager	1	234,624	285,168	112.80	137.10		
Fiscal Manager	1	121,056	147,118	58.20	70.73		
General Counsel	1	213,574	259,626	102.68	124.82		
General Manager	1	-	302,474	-	145.42		
Human Resources Manager	1	118,082	143,541	56.77	69.01		
Human Resources Principal Analyst	1	106,974	130,042	51.43	62.52		
Information Systems Specialist	1	118,082	143,541	56.77	69.01		
Information Systems Technician	1	70,306	85,458	33.80	41.09		
Legal Administrative Assistant	1	63,690	77,418	30.62	37.22		
Payroll Technician	1	51,002	62,005	24.52	29.81		
Procurement Coordinator	1	99,341	120,744	47.76	58.05		
Programming and Grants Manager	1	130,354	158,434	62.67	76.17		
Real Estate Officer	1	73,861	89,794	35.51	43.17		
Real Estate Manager	1	147,451	179,254	70.89	86.18		
Human Resources Technician	1	63,690	77,418	30.62	37.22	Title Change	
Safety & Compliance Officer	1	121,056	147,118	58.20	70.73	Shift From Operations	
Senior Administrative Analyst	1	87,797	106,725	42.21	51.31		
Senior Planner	1	92,248	112,133	44.35	53.91		
Supervising Accountant	1	85,654	104,125	41.18	50.06		

Subtotal Administrative Full Time Equivalents (FTE)

34.5

Table 5 : Continued on Next Page (Page 1 of 2)

TABLE 5: Fiscal Year 2018-19: Proposed Position Authorization FTE Position **Salary Range Annual** Salary Range: Hourly CHANGE Low High Low High **CAPITAL POSITIONS** Assistant Engineer \* 83,574 101,587 40.18 48.84 Associate Engineer\* 120,744 99,341 47.76 58.05 Chief Engineer 175,282 213,075 84.27 102.44 Deputy Project Manager \* 175,282 213,075 84.27 102.44 Junior Engineer \* 73,861 89,794 35.51 43.17 Manager Train Control Systems 213,075 102.44 175,282 84.27 Project Extra hires \* Up to amount 50,000 Construction Engineer \* 109,658 133,286 64.08 52.72

**Subtotal Capital Full Time Equivalents (FTE)** 

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DPERATIONS POSITIONS						
Administrative Assistant	1	46,218	56,181	22.22	27.01	Added One
Administrative Services Manager	1	83,574	101,587	40.18	48.84	
Assistant Superintendent of Transportation	1	101,837	123,760	48.96	59.50	
Bridge Tender*	2.5	=	58,531	-	28.14	
Controller /Supervisor	10	89,565	108,867	43.06	52.34	
Conductor**	11	66,123	77,792	31.79	37.40	
Engineer-Conductor**	29	79,498	93,517	38.22	44.96	Added Four
Extra Hires Operations		Up to amount	350,000			Revised Amount
Facilities Maintenance Supervisor	1	92,248	112,133	44.35	53.91	
Facilities Maintenance Technician	3	-	73,070	-	35.13	Added One
Laborers	10	-	53,206	-	28.14	Added Three
Operations Manager	1	175,282	213,075	84.27	102.44	
Parts Clerk	2	57,699	70,138	27.74	33.72	
Railroad Information Systems Specialist	1	104,374	126,859	50.18	60.99	
Signal Supervisor	2	99,341	120,744	47.76	58.05	
Signal Technician	9	-	100,734	-	48.43	
Superintendent of Vehicle Maintenance	1	121,056	147,118	58.20	70.73	
Superintendent of Transportation	1	121,056	147,118	58.20	70.73	
Superintendent Signals and Way	1	121,056	147,118	58.20	70.73	
Track Maintainer	5	-	76,794	-	36.92	
Track Maintenance Supervisor	2	91,790	111,592	44.13	53.65	
Vehicle Maintenance Supervisor	4	94,536	114,941	45.45	55.26	
Vehicle Maintenance Technician	12	-	93,558	-	44.98	Added Two

Subtotal Operations Full Time Equivalents (FTE)\*\*

99.5 \*\*See footnote

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TOTAL ALL SMART DEPARTMENTS	

<sup>\*</sup> Denotes Limited-Term Position Dependent on Project need

Table 5: Page 2 of 2

<sup>\*\*</sup> Engineer/Conductor may be filled by Conductors, Total FTE for both positions combined is 29

### **EXHIBIT B**

### STATEMENT OF INVESTMENT POLICY FOR FISCAL YEAR 2018-19

### 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) Return on Investment 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 written 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 statistical-rating 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 2018-19

**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 <u>Exhibit</u> <u>A</u>; and

**WHEREAS**, the information used to make these calculations for SMART was made available for public inspection in SMART's offices on May 21, 2018 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 2018-19 shall be \$137,563,577.

**PASSED AND ADOPTED** at a regular meeting of the Board of Directors of the Sonoma-Marin Area Rail Transit District held on the 6th day of June, 2018, by the following vote:

### Resolution No. 2018-13 Sonoma-Marin Area Rail Transit District June 6, 2018

<b>DIRECTORS:</b> AYES:	
NOES:	
ABSENT:	
ABSTAIN:	
	Debora Fudge, Chair, Board of Directors Sonoma-Marin Area Rail Transit District
ATTEST:	
Leticia Rosas-Mendoza, Clerk of th	ne Board of Directors

Sonoma-Marin Area Rail Transit District

EXHIBIT A

CALCULATION OF SMART APROPRIATION LIMITS

FISCAL YEAR		2016-17		2017-18		2018-19
BEGINNING LIMIT	\$	120,443,426	\$	127,615,646	\$	132,986,287
PER CAPITA INCREASE IN COST OF LIVING		1.0537		1.0369		1.0367
POPULATION CHANGE		1.0053		1.0050		0.9978
POPULATION FACTORS USED*	TC	OTAL SONOMA COUNTY	T	OTAL SONOMA COUNTY	T	OTAL SONOMA COUNTY
TOTAL	\$	127,615,646	\$	132,986,287	\$	137,563,577

<sup>\*</sup> Per California 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.



## BOARD OF DIRECTORS BUDGET PRESENTATION

Revised June 6, 2018

### AREA RAIL TRANSIT AA & SMART | SONOMA-MARIN

### OVERVIEW

- **NEW BUDGET FORMAT:**
- Budget Includes Year-End Report Fiscal Year 2017-18 and Proposed Fiscal Year 2018-19
- » Executive Summary:
- Overview of Current Year-End and Proposed New Fiscal Year
- Budgets for Each Department, Current and New Fiscal Year
- Administration
- Capital
- Operations
- » Updated Position Authorizations

defined and generally consistent with Board-approved budget First Year of Service Underway: Costs and revenues are better

- Fare Revenue receipts as expected, State Revenue significant
- » Fare & parking revenue Fiscal Year 2018-19: \$3.6 million
- » State SB-1 related funding: \$6.7 million in FY 2018-19
- Healthy Reserves Remain at the Close of Proposed FY 2018-19 Budget
- » \$17 million: Agency Reserve
- » \$4.99 million: Fund Balance for Capital Needs

AREA RAIL TRANSIT

## ÅÅ 🏂 🚆 SMART ∥ SONOMA~MARIN AREA RAIL TRANSIT

### SUMMARY

# FISCAL YEAR-END 2017-18: Sources and Uses of \$83.1 million

Revenues:

» Overall increase of \$11.8 million

» No change In Sales Tax

» Increased State Grants for Operations

Shift in Grant Funding Mix to match project

One-time property-related revenue increases

**Expenses:** 

» Overall decrease of \$3 million

Shift in payments to vehicle manufacturer

Shift in Larkspur construction schedule

Savings in professional services, fuel and other savings

## ÅÅ 🏂 🚆 SMART ∥ SONOMA~MARIN AREA RAIL TRANSIT

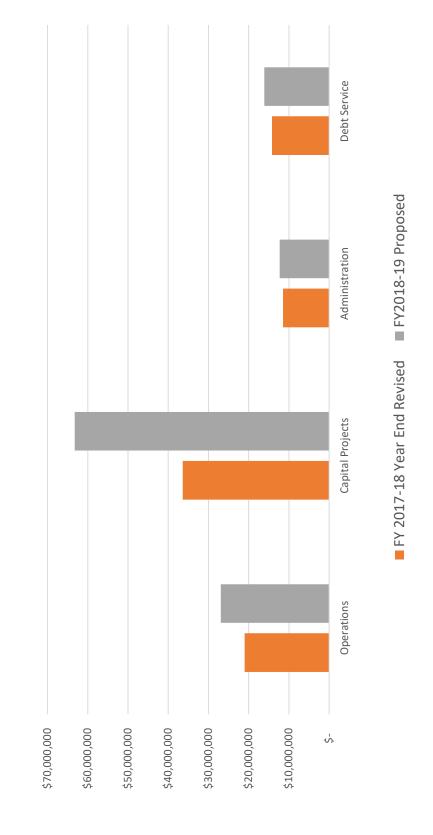
### SUMMARY

# PROPOSED FISCAL YEAR 2018-19: Sources and Uses of \$118.6 million

- Revenues:
- » Overall increase of \$23.2 million, primarily grant revenue
- **Projecting 3% Sales Tax growth**
- » Increased State Grant funding tied to Operations of \$3 million
- Drawdown of \$24.2 million fund balance for Phase 1 (IOS), one-time operating equipment, operations staffing
- **Expenses:**
- Overall increase of \$35.5 million proposed
- Primarily tied to Capital Project activity
- » Increased investment in equipment and operating staff

## **Expenditures by Department:**

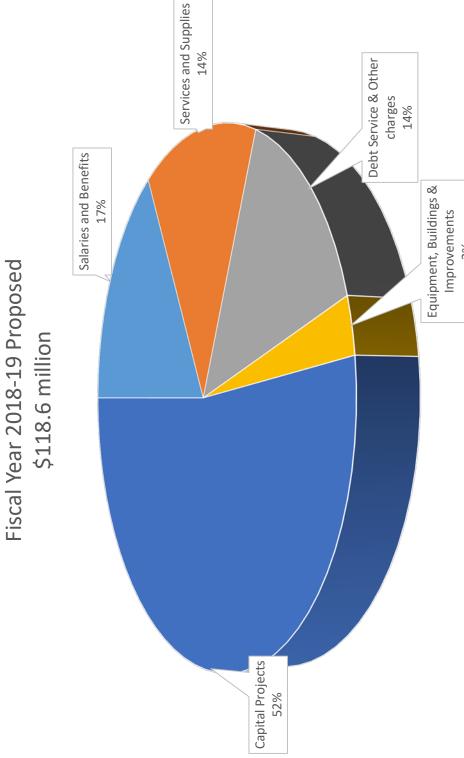
FY 2017-18 Year-End FY 2018-19 Proposed







### Fiscal Year 2018-19 Proposed **Expenditures By Category**

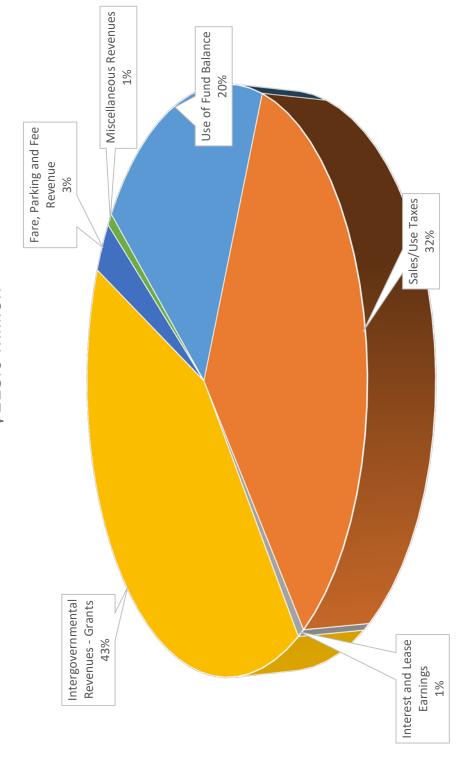






### Fiscal Year 2018-19 Proposed Revenues By Category

\$118.6 million







## 11 SMART | SONOMA-MARIN AREA RAIL TRANSIT

## **ADMINISTRATION BUDGET**

## Fiscal Year 2017-18 Year-End

- » Year End Expenses: Reduced by \$990,750 to \$25.7 million
- No significant changes from Board approved items
- » Revenues: \$990,750 include one-time property sale revenues and reduced need for sales tax to fund Operations

## Fiscal Year 2018-19 Proposed Budget

- » Expenses: \$28.4 million
- Includes debt service of \$16 million, increased \$1.9 million
- Minimal increases in salary/benefits
- » Revenues: Funded with sales tax, revenues from property leases and sales

## 11 SMART | SONOMA-MARIN AREA RAIL TRANSIT

## CAPITAL BUDGET

## Fiscal Year 2017-18 Year-End

- » Year End Expenses: Reduced by \$1.2 million to \$36.4 million
- Shifts in Larkspur schedule and vehicle acceptance payments
- » Revenues: Increased \$8.6 million to \$24.3 million
- Tied to reimbursable/grant funded work starting earlier

## Fiscal Year 2018-19 Proposed Budget

- » Expenses: \$63.3 million
- Larkspur rail and path, 8 & 9<sup>th</sup> Vehicle sets, Payran pathway, closeout of
- » Revenues: \$44.1 million
- Funded with grants or cooperative agreements with other jurisdictions
- Use of Sales tax fund balance of \$19 million as anticipated for final Phase 1 project costs, contingency funds for Larkspur

## ÅÅ 🏂 🚆 SMART ∥ SONOMA~MARIN AREA RAIL TRANSIT

## **OPERATIONS BUDGET**

### Fiscal Year 2017-18 Year-End

- Year End Expenses: Reduced by \$877,567 to \$21 million
- Fuel savings and contract savings due to startup date
- Elimination of contingency
- Revenues: Annual revenues \$21.2 million
- Increased allocation of sales tax to operations, eliminated draw from fund balance
- Increase in SB1-related operations funding to \$3.6 million
- Slight increase in fare revenue to \$3.1 million

### Fiscal Year 2018-19 Proposed Budget

- Expenses: \$26.9 million, \$5.9 million increase
- Full year of services, fuel
- Additions of staff annualized in the current year
- Proposed addition of 11 new FTE
- Significant capital equipment investments for wheel truing and equipment of \$2.8 million
- Ballast restoration project of \$405,140
- Revenues: \$21.9 million annual, \$5.1 million use of fund balance
- Conservative increase of fare revenue to \$3.6 million
- Significant increase in SB1-related revenue to \$6.7 million

### AREA RAIL TRANSIT AA & SMART II SONOMA-MARIN

## **POSITION AUTHORIZATION**

# Proposed Position Changes Fiscal Year 2018-19:

- No new positions in Administration or Capital
- Proposal to Add 11 Full-time employees to Operations:
- One Administrative Assistant
- Four Engineer Conductors
- One Facilities Maintenance Technician
- **Three Laborers**
- Two Vehicle Maintenance Technician
- Shift of One Safety Compliance Position from Operations to Administration
- Minor changes as needed and detailed

