

## Board of Directors Meeting: December 16, 2020 – Public Comments

Date	Name	5. Public Comment on Non-Agenda Items
		None
Date	Name	6. Consent a. Approval of Monthly Financial Reports b. Accept Ridership Report – November 2020 c. Approval of Van Scoyoc Associates Second Contract Option d. Approval of Netwoven Contract Amendment No. 2
12/15/2020	James W. Schmidt	See attachment
Date	Name	7. Approve a Supplemental Resolution of Support Affirming SMART's Participation in Regional Means Based Fare Program (Clipper START)
		None
Date	Name	8. Creation of In-House Training Program and Approve a Resolution Authorizing the addition for Two (2) Signal Technician Trainee Positions to the Approved Positions for Fiscal Year 2020-21
		None
Date	Name	9. Recognition of Erin McGrath for her Service as SMART's Chief Financial Officer ( <i>Ceremony</i> )
		None

December 15, 2020

Chair Eric Lucan and Board Members  
Sonoma Marin Area Rail Transit District  
Re: December 16, 2020 Board Meeting:  
Item 6a and 6b

Dear Board Members,

I am writing the comments below regarding Board Packet Items 6a and 6b regarding the SMART Financial Report for the cumulative FY year-to-date period ending October 31, 2020 and ridership data reporting for the same cumulative FY year-to-date period. The ridership report of the District shows cumulative 36,932 passengers through October 31<sup>st</sup>.

Let's examine what these numbers mean for SMART performance metrics.  
We can calculate the cost per passenger from the financial report and ridership data.

**Operations Department** The Financial Report shows cumulative Operations Department expenditures at October 31 of \$5,285,902, including \$60,558 for capital items; that leaves \$5,225,344 for non-capital expenditures

With 36,932 passengers, the operations expenditures indicate \$141.49 cost per passenger for train service. Obviously this is **a low-end cost per passenger estimate** since it does not include any Administration Department overhead.

**Administration Department** Using just the non-capital expenditures we get \$5,910,838 in Administration expenditures. If we add this to Operations expenditures we get \$11,136.182 combined expenditures through October 31. This translates to \$301.53 cost per passenger. This is **a high-end cost per passenger estimate** since no share of the Administration Department expenditures were allocated to the Capital Department.

So the Board might reasonable presume that operating expenditures to run SMART FY20-21 train service through October 31, 2020 were between **\$141.49 per passenger and \$301.53 per passenger**. Both costs are extraordinarily high compared to all other transit operators.

**BUT THE BOARD WOULD BE GROSSLY IN ERROR TO ACCEPT THESE CALCULATIONS. WHY?**

**BECAUSE THE MONTHLY FINANCIAL REPORTS ARE NOT AT ALL WHAT THEY SEEM. THEY ARE SIMPLY SMART'S BANK ACCOUNT -- NOT THE ACCRUED COST OF DOING BUSINESS THROUGH THE REPORTED TIME PERIOD.** Thus the financial data is not comparable to the ridership data which indeed is accurate through the reported October 31, 2020 date. The Financial Report for four months for FY20-21 shows only about 21% - 22% of the FY budget vs. the 33% accrued year timeframe.

With an experienced and competent Chief Financial Officer now on the job, it would be prudent to re-structure the District's Financial Reporting and for the Board to pay closer attention to SMART's performance.