



**BOARD OF DIRECTORS
REGULAR MEETING AGENDA
SEPTEMBER 18, 2019 – 1:30 PM**
5401 Old Redwood Highway, 1st Floor
Petaluma, CA 94954

1. Call to Order
2. Approval of the September 4, 2019 Board Minutes
3. Public Comment on Non-Agenda Items
4. Board Member Announcements
5. General Manager's Report
6. Consent
 - a. Approval of Monthly Financial Reports
7. Approve and Adopt SMART's 2019 Strategic Plan
8. Review Draft 2020 Expenditure Plan (*Discussion Only*)
9. Next Regular Meeting Board of Directors, October 2, 2019 – 1:30 PM – 5401 Old Redwood Highway, 1st Floor, Petaluma, CA 94954
10. Adjournment

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**BOARD OF DIRECTORS
REGULAR MEETING MINUTES**

September 4, 2019 - 1:30 PM

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

1. Call to Order

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

2. Approval of the August 21, 2019 Board Minutes

MOTION: Director Naujokas moved approval of the August 21, 2019 Board Minutes as presented. Director Fudge second. The motion carried 8-0 (Directors Hillmer and Pahre absent; Directors Arnold and Garbarino arrived later).

3. Public Comment

Director Arnold arrived 1:32pm

Duane Bellinger voiced his concerns regarding the Corona Station property. If the City of Petaluma decides that an overpass is needed, who would pay? He mentioned that development plans do not show a bus stop. Most of the 9,000 voters of East Petaluma can take the bus at Ely or North McDowell and get to the SMART station. Also, many students from the Petaluma Junior College would like a station nearby.

Ronald Vain said that the Golden Gate Railroad Museum will have a steam train for tourist in Sonoma County in the next year.

4. Board Members Announcements

Director Connolly asked if staff will be providing and update of the Larkspur testing.

5. General Manager's Report

General Manager Mansourian stated that SMART has carried 1,440,193 passengers, 136,895 bicycles, and over 5,311 wheelchairs. Also, this past weekend was the final weekend for kids ride free with a paying adult, staff is collecting data to bring back to the board.

General Manager Mansourian stated that National Suicide Prevention Week is September 8-14, 2019. He is very proud of how many agencies have reached out and are joining the Coalition. He provided an overview presentation. Highlights included:

- SMART continues to work with approximately 60 Community Coalition partners
- A public service announcement was aired and the following radio partners will play the announcement:
 - Redwood Empire Stereo casters (Smooth FM 93.7, KJZY 99.1, KZST 100.1, The Wolf 102.7, and The Bull 106.3) the period of September 8 – 30, 2019
 - Sonoma Media Group (Froggy 92.9, The River 97.7, Hot 101.7, The New Mix 104.9 and KSRO 1350) the period of August 26, 2019 – September 30, 2019
- Digital and Print Media Partners, which include the Press Democrat, North Bay Business Journal, Marin Independent Journal, La Prensa Sonoma, and the Sonoma County Gazette

Mr. Mansourian presented two guest speakers who are experts in the suicide prevention field, to speak to the Board and the public.

Mary Frances-Walsh, Executive Director of National Alliance on Mental Illness (NAMI) Sonoma County said that she is so grateful for the opportunity of 60+ partners including mental health and healthcare organizations, law enforcement, businesses, local governments, media, and SMART Board of Directors coming together to make a difference in Suicide Prevention in the North Bay. Suicide is a very complex problem and major public health challenge across the country, state and internationally, and the North Bay is no exception. Preventing suicide requires efforts from many partners, educators, safe leaders, health care professionals, political officials and government, as well as community members, families, friends and co-workers. She thanked the Board and Staff for the inspiration in working toward one common goal to prevent suicides. September 8th starts Suicide Prevention Week across the United States and Tuesday, September 10th is Worldwide Suicide Prevention day. This is the time when mental health advocates, prevention organizations, suicide survivors, and communities come together to promote awareness. On Monday, September 9th NAMI will be hosting a workshop for nurses, since they are experiencing an increase of suicide patients in the emergency room. On September 18th, NAMI will participate in a community forum at the Santa Rosa Finley Center which will focus on suicide with the elderly. There is an initiative called Zero Suicide across the country and the State of California.

Director Garbarino arrived 1:52pm

Mr. Mansourian introduced Kara Conners, Community Outreach Coordinator for Suicide Prevention of Bucklew Program who thanked everyone for the opportunity to speak today. She asked, one year from now what will suicide prevention and control look like in Marin and Sonoma Counties? What will we have achieved? What does success look like and how can we sustain our efforts? We have the opportunity to shift the conversation regarding suicide prevention in the community. Also, she listed many forms that we all can help; 1) from a community engagement prospective there is an opportunity to be an ally and be able to speak openly; 2) continue to support suicide prevention organizations; 3) continue to host community training to learn how to recognize and respond to suicide signs; 4) continue to identify suicide as a public health issue; and 5) continue to identify risk factors that lead to suicidal thoughts. As leaders in our community, where can we apply influence to improve health in our community system response is key. The emergency rooms is not the best place to talk about suicide prevention, but that is the current model which it operates. She mentioned their agency is available for assistance in communication and outreach to collaborate with the community on suicide prevention. On September 17th they will be training volunteers for their counseling hotline center. On September 11th they will be hosting a Parent Education Event at Redwood High School, for parents to learn how to best support their teen. Lastly, we want to continue to promote the conversation idea so we don't miss talking, or avoiding talking to someone in distress and promote seeking help.

Chair Phillips stated that prior to the start of passenger service, he had the opportunity to talk to approximately 12 San Rafael High School students informing them of the train danger. At the time, there was a huge discussion and concern about suicide among their peers.

Director Zane thanked NAMI and Buckley who are great non-profit. She is glad to see the following healthcare partners: 1) Keiser Permanente; 2) Sutter Health; 3) Marin General and 4) St. Joseph Health, she wished Blue Cross was on the list. As a suicide survivor, she would like to stress the people who do try to get help and end up in the Emergency Room, because their healthcare providers are not providing equal health for Mental Health patient? We need to continue to lobby for individuals to get the same level of care. There needs to be a strong message to the healthcare providers stating they need to provide equal health.

Director Rabbitt thanked staff for the work that has been accomplished. He pointed out that , we are transportation agency and not behavior health agency, but we have a role and he is glad to see all these organizations working together.

Mr. Mansourian introduced Manager of Train Control, Aaron Parks, who gave an overview PowerPoint presentation of system testing in San Rafael and Larkspur and how testing will able the City of San Rafael to establish Quiet Zones?. Highlights included:

- Train Control and Grade Crossing Warning Systems
 - Systems onboard the train
 - Systems along the rail line

- Systems at the grade crossings
- Purpose of Testing
 - Testing is performed to demonstrate that ALL safety system designed to protect the public, including passengers, motorist, pedestrians and bicyclist function as designed
 - Testing is first performed using simulated train movements
 - Once tests with simulated train movements pass, testing with trains is performed
- Larkspur Systems and Test Phase
 - Grade Crossing Warning Systems
 - Positive Train Control
 - Simulated Service
- Grade Crossing Operation Overview
- Four Quadrant Gate Crossing (Francisco Blvd)
- Double Track Crossing (2nd Street, 3rd Street and Francisco Blvd)
- City of San Rafael – Traffic Signal Interconnects
 - These systems must be properly coordinated in advance of a train's arrival to clear traffic that may be stopped on the track
 - The City may need to make adjustments to the operation of the traffic signals as SMART continues to test into Pre-Revenue Operation
- Status of Grade Crossing Testing
 - There are 5 at-grade crossings between Downtown San Rafael and Larkspur Station
 - The field testing of these crossings is 99% complete. One more test period is needed to complete this phase which is scheduled for this weekend.
 - Testing needs to occur in order for the City of San Rafael submit for Quiet Zones
 - Each of these crossings will have been determined to have met the required State and Federal regulations
- Positive Train Control Overview
 - Prevents train to train collisions
 - Derailments caused by overspeed
 - Unauthorized train movements onto work zones
 - Movement of a train through a switch left in the wrong position
- Positive Train Control Testing
 - Demonstrate that the Positive Train Control hardware and software enforces the proper speed throughout SMART's track
 - Involves moving a test train at various speeds
 - Each curve, switch, route and circuit must be tested multiple times
 - Over 1000 individual test need to be performed
- Status of Positive Train Control Phase
 - SMART is currently planning seven more overnight test periods to progress this phase of testing
 - September 6th and 7th – Test train will operate between 11pm and 8am; 5 more nights are needed to complete this phase and will inform the public as

- soon as we have specific information
 - Depending on the success of these test, this period may be longer or shorter
 - Once this phase is successfully completed, the need for more overnight testing will be minimal
- Simulated Service
 - Demonstrates the full functioning of the system at full operational frequency from Airport Station to Larkspur Station
 - Takes place during normal service hours and not overnight
 - Southbound trains will drop off passengers at San Rafael Station, then continue to Larkspur Station without passengers
 - Northbound trains stop and pick up passengers at the San Rafael Station
 - Operation of the entire system is monitored for proper function
 - At crossings where there is NO Quiet Zone established, the train engineer will sound the horn as required by Federal Regulations. This will continue until the Quiet Zone is established by the City of San Rafael.
- Overnight Testing? Why so late? Why can't test during the day?
 - Testing must be performed within an exclusive area of track
 - No other trains can be on the track between Novato and Larkspur
- SMART 's test start at 11pm for the following reasons
 - Safety Train Control software work must be performed after the last train of the night that travels north and passes Novato
 - Test train must travel from Santa Rosa to San Rafael
 - Once testing is complete, the test train needs to travel north, and pass Novato before preparation can begin the next morning
 - Software needs to be re-loaded and tested again in preparation of the first passenger train in the morning

Mr. Mansourian emphasized the importance of Larkspur testing and in addition to the public safety. He said SMART supports Quiet Zones and support Cities efforts, the City cannot begin the Quiet Zone process until testing is complete. Once testing is complete the Federal, State and City of San Rafael will meet to begin the Quiet Zone application process. Also, he said that he understands that night testing is very difficult with the train horn, but asked the public to please be patient with us; this testing is to maximize safety prior to opening day.

Comments:

Chair Phillips thanked staff for the presentation. He said that once testing is complete the City of San Rafael will be able to finalize their Quiet Zone application, which included Novato and the County of Marin. He asked if during Positive Train Control testing the engineers will sound the train horn. Mr. Mansourian responded yes.

Director Connolly asked if a train can stay in San Rafael rather than returning to Santa Rosa to start testing earlier. Mr. Mansourian responded that the Dispatch Center monitors the software and train movement that needs to be installed on the train, in addition, flaggers are placed at crossings for safety precautions. Staff continues to

evaluate how they can start earlier. Director Connolly suggested the remainder nights be broken down. This underscores the importance of frequent accurate information to the public before things occur and researching options to start earlier. Mr. Mansourian said that SMART continues to update social media and outreach to inform the public of the Larkspur testing.

Chair Phillips stated that General Manager Mansourian asked if the remaining testing days would be consecutive or to spread the days. Once he collects the information, he will provide feedback to Mr. Mansourian.

Director Rogers asked if a track switch is placed incorrectly during the testing phase, will the actual train come to a complete stop? Mr. Parkes responded that in every case SMART is testing with a live train, however SMART has built up performance static testing that simulate those conditions and when testing with a live train the prediction will be 99% certainly that the system will work. During testing, SMART avoids instituting penalty testing and monitor the system to ensure that it will imply penalty break and avoid the Engineer getting a penalty break. Director Rogers asked how many of the 5 crossings are single and double track. Mr. Parkes responded there are 2 single track and 3 double track crossings. Director Rogers said that people are excited about the new passenger schedule will the schedule require additional testing to get implemented. Mr. Mansourian responded that once testing of the Larkspur Extension is completed, the new schedule will be tested during the day as part of the simulated service

Director Lucan asked General Manager Mansourian to provide an update on the schedule gap closure. Mr. Mansourian responded that as SMART is fully staffed and have enough trains for the new schedule shortens the gaps during the morning and evening commute hours; by having a train arrive/depart every 32 minutes, the mid-day gap will be reduced and during the weekends the train will start to depart at 7:30 am instead of 10:00 am. SMART has met with various transit agencies to review the schedule and provide feedback. In addition, Mr. Mansourian mentioned that the Larkspur Extension will be a huge connection on Route 40, which connects to BART. The new schedule will be improved and it will include Windsor, Petaluma's second station, Downtown Novato and Larkspur Station.

Director Rabbitt stated that 2-3 years ago, SMART was the first railroad to test Positive Train Control systems. He asked how testing is going this time compared to the first time? Mr. Parkes responded that the testing is smoother.

Ms. Garbarino thanked staff for the information. She said she lives near the San Rafael station and finds the train horn comforting. She asked if there is any data available of accidents occurring at crossing that require train horns vs no train horn. Mr. Mansourian responded that there should be enough data now at the National Level that the Federal Government researching. SMART does not have any data since most of the entire railroad line is Quiet Zone

Steve Birdlebough suggested that SMART new train schedule meets the Larkspur Ferry schedule so that people don't miss the train or the ferry.

Patricia Tuttle-Brown said that in order to help people, we need to talk more and listen to them.

6. Authorize the General Manager to Use a Competitive Negotiation Method to Procure Specialized Rail Equipment for the Rail Operation Center and Maintenance of Way Division

Procurement Coordinator, Ken Hendricks, stated that the Board approved budget includes the purchases of specialized rail transit equipment, which included Railroad Wheel Press, Lifting Jacks and a Rubber Tired Hyrail Utility Vehicle.

Our legislation requires SMART to purchase equipment exceeding \$40,000 by low-bid determination unless authorized by the Board upon a finding by two-thirds of all members, to use a competitive negotiation process.

Therefore, staff recommends that the Board authorize the General Manager to use a competitive negotiation method to procure this specialized railroad equipment to ensure compatibility with existing equipment and to select equipment providing the best value to the District.

MOTION: Director Lucan moved approval to Authorize the General Manager to Use a Competitive Negotiation Method to Procure Specialized Rail Equipment for the Rail Operation Center and Maintenance of Way Division as presented. Director Rabbitt second. The motion carried 9-0 (Directors Fudge, Hillmer and Pahre absent).

7. Approve a Resolution Authorizing the General Manager to execute Change Order No. 020 Safety and Security Enhancement Measures for the Amount of \$457,043 and Change Order No. 041 Grade Crossing Gauge Panels Retrofit -Larkspur to Santa Rosa for the amount of \$189,515.11, for a combine total amount of \$646,558.11

Chief Engineer, Bill Gamlen, stated that the item for Board approval today is Resolution No. 2019-12 which approves two Change Orders to the Larkspur Extension Project.

Change Order No. 020 Safety and Security Enhancement Measures for an amount of \$457,043, this will add four safety related items of work consisting of a fire hydrant at the Larkspur Station, fire safety access door inside the Cal Park Tunnel, pedestrian crossing improvements at Francisco Boulevard West, and additional fencing throughout the Larkspur Extension alignment.

Change Order No. 041 Grade Crossing Gauge Panels Retrofit – Larkspur to Santa Rosa for an amount of \$189,515.11 will replace or modify concrete grade crossing panels to reduce the gap where the wheel passes through cross walks at ten locations along the Larkspur

to Santa Rosa alignment.

Total work for two change orders is \$646,558.11, which will increase the total contract amount to \$61,147,358.32

Chair Phillips asked if the project still within the budget. Mr. Gamlen responded yes.

MOTION: Director Damon moved to Approve a Resolution Authorizing the General Manager to execute Change Order No. 020 Safety and Security Enhancement Measures for the Amount of \$457,043 and Change Order No. 041 Grade Crossing Gauge Panels Retrofit -Larkspur to Santa Rosa for the amount of \$189,515.11, for a combine total amount of \$646,558.11 as presented. Director Arnold second. The motion carried 9-0 (Directors Fudge, Hillmer and Pahre absent).

8. Receive and Review SMART's Draft 2019 Strategic Plan's Review (*Discussion Only*)

Chief Financial Officer, Erin McGrath gave an overview of the Draft 2019 Strategic Plan (Plan). Highlights included:

- Timeline:
 - August 29, 2019: Citizens Oversight Committee Final Review
 - September 4, 2019: Board of Directors Review of Plan
 - September 18, 2019: Board of Directors Approval of Plan
 - September 18/October: Board of Directors review of Expenditure Plan and Ballot Measure with possible approval
 - November 6, 2019: Board of Directors Final Action on Ballot Measure (if needed)
- Discussion of Changes
 - Typos other smaller corrections, clarifications
 - Addition of revenue and expense assumptions
 - Citizens Oversight Committee clarifying language
 - Clarification of new service in the coming months - New Schedule in conjunction with Larkspur, Novato opening
 - Language strengthening importance of renewal to financial stability
 - Addition of discussion regarding freight and rail extensions East to Amtrak/Capital Corridor
 - Addition of language regarding of project delivery despite challenges to provide further evidence of commitment to expansion regardless of financial challenges
- Strategic Plan = Future Stability - GOAL
 - Ensure that the rail and pathway system built to date continues to serve the people of Sonoma and Marin
 - Document SMART progress to date and provide financial roadmap for the future

- Strategic Plan is high level planning document, not a detailed operations or financial plan that addresses every question or argument related to ballot measure
- Plan Conclusion - Thanks to 70% voter approval of ¼ cent existing sales tax:
 - SMART has a stable funding source through 2029
 - Renewing early will reduce our current debt service by more than \$12 million each year and will secure a stable path forward
 - Renewing early in March 2020 will secure not only current operations Larkspur to Windsor but also provide enough funds to operate once we get to Healdsburg and Cloverdale
 - SMART will need to continue its successful grant efforts in order to fund any additional rail and path extensions to Healdsburg and Cloverdale
- Expenditure Plan Consistency
 - Strategic Plan is consistent with the expenditure plan principles discussed by the Board:
 - ✧ Provide for ongoing Operation and Maintenance of the Current System
 - ✧ Prioritize Safety and Security Maintenance and Improvements
 - ✧ Provide for Capital Investment
 - ✧ Allow Future Amendments by the Board to reflect future changes in economic conditions
- Forecast Scenarios
 - Forecast scenarios are based on single point in time and project forward based on assumptions
 - Purpose is to look ahead and make a plan of action
 - Designed to give the District, at the direction of the Board time to plan and act
- Best Strategic Plan Scenario: 30-Year Extension March 2020
 - Enables greater near-term reduction of debt --\$12.5 million per year
 - Brings stability to operations and maintains reserves
 - Generates excess revenue starting in 2023
 - Excess revenue would build reserves and could cover cost of operating to Healdsburg and Cloverdale
 - Provides more flexibility in exploring capital funding options
 - Does not provide sufficient revenue to complete future capital expansion costs by itself but can be leveraged to obtain new grants (as SMART has done in the past)

Lastly, Ms. McGrath said that Ms. Hollenbeck is present and will be happy to answer any questions on the debt service. Also, Citizens Oversight Committee Chair Russ Colombo submitted a letter supporting the Strategic Plan.

Comments:

Chair Phillips thanked Ms. McGrath for her work on the Strategic Plan in a short period of time.

Director Naujokas asked if the Plan financial projections are based on assumptions given historical trends of 3% growth, will it be prudent to identify a “worst case scenario” with a significant loss of revenue over a period of time, and with potential strategies for that scenario?. Ms. McGrath responded that if a recession had not occurred in the last 20-years, the growth percent would be at approximately over 5%. The Plan is designed to identify reasonable scenarios based on history. If a recession occurs in 2-3 years, it would bring down the annual but not change the curve. Director Naujokas asked what drives the reserves policy? Ms. McGrath responded that SMART currently has a \$17M reserve, which is 40% of the operating cost. Director Naujokas ask if cost has been identified for the Healdsburg Extension, has a federal grant application been submitted for the Healdsburg Bridge and what would be the next cheapest way to get the Healdsburg Extension project if the grant is not funded?. Ms. McGrath responded that staff continues to submit grant applications year after year until we are successful. Mr. Mansourian said that at a future meeting staff will present the components of what it takes to go North, East and Petaluma Second Station. SMART is building an infrastructure for going North and it remains the same no matter how many trains travel. He emphasized that we’re like a bad penny – we won’t go away, so the only way these grant agencies can get rid of us is pay us the first time. If we are not successful, staff continues submitting grant applications until we get it right.

Director Lucan stated that it’s difficult to predict 30-years with many different opinions, however the Board reviews the financials on a regular basis and also during budget time, will this still occur. Ms. McGrath responded yes and if a recession happens you would not wait until budget time to review the financials.

Chair Phillips said that the question he has will not implicate the decision that needs to be made.

Chair Phillips adjourned the Board to closed session at 2:59 pm on the following:

9. Closed Session - Conference with Labor Negotiator Farhad Mansourian, General Manager pursuant to California Government Code Section 54957.6
Agency Designated Representative: General Manager
Represented employees: Operating Engineers Local 3, IAMAW Local Lodge No. 1414, and Unrepresented Employees

10. Report out of Closed Session

Chair Phillips reported out of Closed Session at 3:46 pm on the following:

Conference with Labor Negotiator Farhad Mansourian, General Manager pursuant to California Government Code Section 54957.6

Agency Designated Representative: General Manager

Represented employees: Operating Engineers Local 3, IAMAW Local Lodge No. 1414, and Unrepresented Employees

Report Out: No action taken

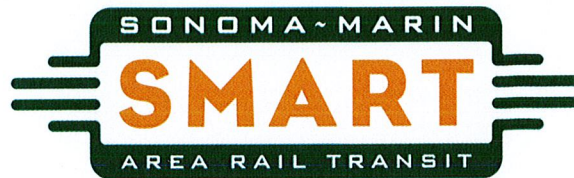
11. Next Regular Meeting Board of Directors, September 18, 2019 – 1:30 PM – 5401 Old Redwood Highway, 1st Floor, Petaluma, CA 94954

12. Adjournment – Meeting adjourned at 3:48 pm.

Respectfully submitted,

Leticia Rosas-Mendoza
Clerk of the Board

Approved on: _____



Gary Phillips, Chair
Transportation Authority of Marin

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

Judy Arnold
Marin County Board of Supervisors

Damon Connolly
Marin County Board of Supervisors

Debora Fudge
Sonoma County Mayors' and
Councilmembers Association

Patty Garbarino
Golden Gate Bridge,
Highway/Transportation District

Dan Hillmer
Marin County Council of Mayors and
Councilmembers

Eric Lucan
Transportation Authority of Marin

Joe Naujokas
Sonoma County Mayors' and
Councilmembers Association

David Rabbitt
Sonoma County Board of Supervisors

Chris Rogers
Sonoma County Mayors' and
Councilmembers Association

Shirlee Zane
Sonoma County Board of Supervisors

Farhad Mansourian
General Manager

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September 18, 2019

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

SUBJECT: Monthly Finance Reports

Dear Board Members:

RECOMMENDATION: Information Item

SUMMARY:

We are presenting the monthly financial report for activity through the month of August. This financial report shows transactions for the first two months of the new fiscal year. The budgeted amounts shown in the report reflect the budget approved by your Board on June 5, 2019. All revenues and expenses are within budgeted amounts. Because of the lag time in sales tax receipts, the report does not reflect any revenue yet as all receipts are booked toward the prior fiscal year. Fare and parking revenues are \$715,809. Bond fund investments through August totaled \$21,725,399 while other cash and investments equaled \$34,343,455.

Very truly yours,

Erin McGrath
Chief Financial Officer

Attachment(s): 1) Monthly Financial Report
2) Contract Summary

Sonoma-Marin Area Rail Transit District
Monthly Finance Reports
Through August 2019

Budget Report

	FY 2019-20					
	Approved Budget		Actual	Remaining Budget		
Revenues						
Administration						
Sales/Use Taxes	\$	27,973,136	\$	- \$	27,973,136	
Interest Earnings		295,000		18,112	276,888	
Rent - Real Estate		265,755		70,578	195,177	
Advertising Revenue		221,750		47,135	174,615	
Miscellaneous Revenue		50,000		10,730	39,270	
Administration Subtotal		28,805,641		146,555	28,659,086	
Operations						
Fund Balance		8,546,456		8,546,456	0	
Sales/Use Tax		11,292,866		-	11,292,866	
Fare & Parking Revenue		4,187,000		715,809	3,471,191	
State Grants		7,404,794		1,463,105	5,941,689	
Other Charges		40,000		39,093	907	
Operations Subtotal		31,471,116		10,764,463	20,706,653	
Capital						
Fund Balance		28,152,311		28,152,311	-	
Federal Funds		4,650,000		-	4,650,000	
State Grants		14,010,000		-	14,010,000	
Other Governments/Misc		4,528,192		-	4,528,192	
Measure M		200,625		-	200,625	
Capital Subtotal		51,541,128		28,152,311	23,388,817	
Revenue Total						
	\$	111,817,885	\$	39,063,329	\$	72,754,556
Expenditures						
Administration						
Salaries & Benefits		5,146,304		749,660	4,396,644	
Services & Supplies		6,769,389		471,162	6,298,227	
Debt Service/Other Charges		16,847,600		100,000	16,747,600	
Machinery & Equipment		95,000		12,761	82,239	
Administration Subtotal		28,858,293		1,333,583	27,524,710	
Operations						
Salaries & Benefits		16,045,052		2,228,986	13,816,066	
Services & Supplies		11,435,402		966,230	10,469,172	
Buildings & Capital Improvements		3,990,662		173,670	3,816,992	
Operations Subtotal		31,471,116		3,368,886	28,102,230	
Capital						
Salaries & Benefits		1,732,501		187,615	1,544,886	
Services & Supplies		1,319,750		8,889	1,310,861	
Other Charges		157,149		79,013	78,136	
Land		11,000		11,000	0	
Machinery & Equipment		15,110,495		10,317,197	4,793,298	
Infrastructure		33,210,232		2,101,218	31,109,014	
Capital Subtotal		51,541,128		12,704,933	38,836,195	
Expenditure Total						
	\$	111,870,537	\$	17,407,402	\$	94,463,135

Sonoma-Marin Area Rail Transit District
Monthly Finance Reports
Through August 2019

Investment Report	
	<u>Amount</u>
Bond Reserve Fund	
Sonoma County Treasury Pool	\$ 17,072,500
Interest Fund	
Sonoma County Treasury Pool	3,673,654
Project Fund	
Sonoma County Treasury Pool	979,245
SMART Operating Accounts	
Bank of Marin	11,339,359
Sonoma County Treasury Pool	23,004,096
Total	\$ 56,068,854

Capital Project Report				
	<u>Budget</u>		<u>Actual</u>	<u>Remaining</u>
Additional Railcar Purchase				
Revenues	\$ 11,000,000	\$	1,650,000	\$ 9,350,000
Expenditures	\$ 11,000,000	\$	8,594,812	\$ 2,405,189
San Rafael to Larkspur Extension				
Revenues	\$ 55,435,059	\$	47,913,971	\$ 7,521,088
Expenditures	\$ 55,435,059	\$	47,981,600	\$ 7,453,459
Windsor Extension				
Revenues	\$ 55,000,000	\$	-	\$ 55,000,000
Expenditures	\$ 55,000,000	\$	1,167,619	\$ 53,832,381
Petaluma Payran to Southpoint Pathway				
Revenues	\$ 3,261,098	\$	411,469	\$ 2,849,629
Expenditures	\$ 3,261,098	\$	1,024,749	\$ 2,236,349



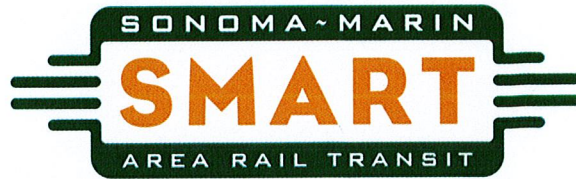
Contract Summary

Active Contracts as of August 31, 2019

Contractor	Scope	Fiscal Year 19/20 Projected	Fiscal Year 19/20 Actuals-To-Date
A.J. Janitorial Service	Janitorial Services for all Stations, Roblar, ROC, and Fulton	\$104,000	\$14,760
Air Technology West	Maintenance and On-Call Repair for Air Compressors	\$1,753	\$0
Alcohol & Drug Testing Services, LLC	DOT Drug and Alcohol Testing	\$39,000	\$1,744
Alliant Insurance Services	Insurance Brokerage & Risk Management Services	\$80,000	\$0
American Rail Engineer Corporation	Railroad Bridge Engineering, Inspection, & Design	\$48,672	\$0
Aramark Uniform Services	Employee Uniform Provider and Cleaning Service	\$9,712	\$4,416
Asbury Environmental Services (AES)	Recycling & Disposal Service for Used Oil, Fuel Filters, Rags, and Related Equipment	\$10,000	\$65
Becoming Independent	Emergency Bus Bridge Services	\$25,538	\$1,000
Bettin Investigations	Background Investigations	\$8,863	\$0
Big Cat Advertising	Digital Advertisement Services	\$18,000	\$3,000
Biggs Cardosa Associates, Inc.	Engineering Design and Construction Support for Payran to Southpoint Multi-Use Pathway	\$43,954	\$0
Burke, Williams & Sorensen, LLP	Litigation Support Services	\$163,513	\$0
CALOPPS - City of Foster City	HR Recruitment Services	\$3,500	\$3,500
Cinquini & Passarino, Inc.	Right-of-Way Land Surveying and Related Services	\$60,000	\$0
Corey, Canapary & Galanis	NTD Compliant Passenger Counting Services	\$16,802	\$0
Doug Williams	Fire and Life Safety Consultant	\$3,000	\$1,459
Dr. Lance O'Connor	Occupational Health Screening Services	\$3,600	\$0
Dr. Mark Clementi	Pre-Employment Psychological Evaluations	\$25,000	\$5,949
eLock Technologies, LLC	Station Bike Lockers and Maintenance Services	\$22,824	\$0
Empire Cleaners	Uniform Dry-Cleaning, Laundering, and Related Services	\$40,000	\$2,477
Emtec Consulting Services, LLC	Oracle Accounting System Support Services	\$50,000	\$2,048
ePath Learning, Inc.	Business Training Library	\$10,005	\$0
ePath Learning, Inc.	Cloud-Based Training / Learning Management Software	\$6,180	\$6,180
Everbridge, Inc.	Nixle Computer Software (Cloud-based)	\$11,800	\$0
George Hills Company, Inc.	Third Party Claims Administration Services	\$10,000	\$1,616
GHD, Inc.	SWPP Compliance, AutoCAD Management, Traffic and Hydraulic Analysis	\$110,890	\$0
Golden Gate Bridge, Highway and Transportation District	Weekend Bus Service between San Rafael Transit Center and Larkspur Ferry	\$68,664	\$0
Golden Gate Bridge, Highway and Transportation District	Customer Service Support Services	\$335,580	\$41,294
GP Crane & Hoist Services	Cal/OSHA Crane Inspection Services	\$15,000	\$0
Granite Construction Company	Non-Motorized Pathway, Payran to Southpoint	\$1,884,757	\$532,468
Hanford A.R.C.	Implementation and Monitoring Las Gallinas Creek Riparian Enhancement Plan	\$15,230	\$757
Hanson Bridgett LLP	Legal Services	\$70,000	\$0
Holland Company	Track Geometry and Measurement Services	\$24,000	\$0
Industrial Railway Company	Replace Existing #9-136# Rail Frog at MP 39.7	\$70,884	\$0
Industrial Railways Company	Ballast Car Operations	\$70,884	\$70,884
Innovative Business Solutions	Payroll Processing Services	\$5,000	\$795
Intelletrace, Inc.	Internet/Cellular Tower Maintenance Services	\$40,000	\$5,500
Intelligent Technology Solutions, Inc.	Maximo MMS Implementation and Support Services	\$176,000	\$0
Leete Generators	Generator Maintenance	\$1,432	\$0
LM Disability Consulting	Disability Access Consulting	\$12,000	\$1,588
LTK Engineering Services	Vehicle and Systems Design and Construction Management Services	\$130,000	\$0
Managed Health Network	Employee Assistance Program (EAP) Services	\$1,338	\$383
Masabi LLC	SMART Mobile Ticketing Pilot Project	\$57,600	\$4,750
MaxAccel	Compliance Management Software Design/Implementation/Asset Management	\$14,000	\$1,114
Maze & Associates	Financial Audit Services	\$46,664	\$0
MGrödner, LLC	Project Management Services	\$94,000	\$0

Contractor	Scope	Fiscal Year 19/20 Projected	Fiscal Year 19/20 Actuals-To-Date
Netwoven Inc.	SharePoint Maintenance, Support, Implementation, and Related Services	\$48,000	\$4,000
North Bay SAP Services	Substance Abuse Professional Services	\$3,800	\$0
Northwestern Pacific Railroad Company, Inc.	Provision and Operation of Ballast Car to move Locomotive	\$36,000	\$0
Occupational Health Centers of CA	Pre-Employment Evaluation Services	\$25,000	\$836
Pamco Machine Works, Inc.	Railroad Wheel Pressing Services	\$378,000	\$0
Parodi Investigative Solutions	Pre-Employment Background Investigation Services	\$20,000	\$650
PFM Financial Advisors, LLC	Financial Advisory Services	\$22,000	\$0
Pivotal Vision, LLC	Security Software Licensing	\$2,200	\$0
Platinum Advisors, LLC	State Legislative Advocacy Services	\$60,000	\$10,000
Portola Systems, Inc.	SMART Station Network Configuration Services	\$132,116	\$106,131
Precision Wireless	Tech Support and Maintenance for Land Mobile Radio	\$25,000	\$0
Premier Fall Protection, Inc.	Inspection and Certification Services for SMART's Fall Protection Equipment	\$8,000	\$2,784
RailPros, Inc.	Professional Engineering Services for Larkspur Extension	\$231,767	\$0
Santa Rosa Fire Equipment Service, Inc.	SMART Fire Equipment Maintenance	\$7,029	\$0
ServPro of Lake Mendocino and Sonoma County	Biohazard Clean-Up and Hazmat Services	\$50,000	\$0
Sonoma County Fleet Operation Division	Non-Revenue Fleet Maintenance Services	\$75,000	\$0
Sonoma County Transit	Bus Service Route 56 (North Stations)	\$192,109	\$16,839
Sperry Rail Service	Rail Flaw Detection Services	\$13,500	\$0
SPTJ Consulting	Network Infrastructure, Security, Migration and Setup Services	\$365,580	\$12,353
Stacy and Witbeck	Railroad Track Maintenance, Alignment, and Restoration	\$220,000	\$0
Stacy and Witbeck/Herzog, JV	Design/Build Construction of Civil, Track & Structures Improvements of Larkspur Extension	\$7,307,603	\$1,628,220
Stantec Consulting Services, Inc.	Environmental Permit Management and Construction Compliance Monitoring	\$92,277	\$0
Stericycle, Inc.	Medical Waste Pick-Up and Disposal Services	\$1,918	\$0
Sue Evans	Real Estate Support Services	\$17,849	\$5,950
Sumitomo Corporation	Manufacture & Delivery of Rail Vehicles	\$14,567,201	\$10,317,197
Summit Signal, Inc.	Emergency Call-Out Services for Track and Signals	\$10,000	\$0
Survival CPR & First Aid, LLC	First Aid and CPR Training, AED Compliance Program	\$5,000	\$95
The GBS Group	Internet Connectivity (Wi-Fi) for SMART Trains	\$331,871	\$83,844
United Mechanical Incorporated	Bridge Tender House HVAC Install Project	\$8,749	\$0
United Mechanical Incorporated	HVAC Maintenance Services at SMART Facilities	\$20,700	\$0
Van Scoyoc Associates	Federal Lobbying Services	\$30,000	\$0
VenTek Transit Inc.	Clipper Vending Machine Operations and Maintenance Services	\$630,606	\$0
WBE	Existing CCTV System On-Call Maintenance	\$50,000	\$1,191
West Coast Arborists, Inc.	Tree Trimming, Removal, and Related Services	\$50,000	\$0
WRA Environmental Consultants	Environmental Permitting, Management, & Support Services	\$137,216	\$0
	TOTALS:	\$29,235,730	\$12,897,837

* Actuals-To-Date includes invoices that have been approved as of August 31, 2019, but may not have been processed in SMART's Financial System.



September 18, 2019

Gary Phillips, Chair
Transportation Authority of Marin

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

Judy Arnold
Marin County Board of Supervisors

Damon Connolly
Marin County Board of Supervisors

Debora Fudge
Sonoma County Mayors' and
Councilmembers Association

Patty Garbarino
Golden Gate Bridge,
Highway/Transportation District

Dan Hillmer
Marin County Council of Mayors and
Councilmembers

Eric Lucan
Transportation Authority of Marin

Joe Naujokas
Sonoma County Mayors' and
Councilmembers Association

David Rabbitt
Sonoma County Board of Supervisors

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

SUBJECT: Strategic Plan Approval

Dear Board Members:

RECOMMENDATION: Approve and Adopt SMART's 2019 Strategic Plan

SUMMARY:

On August 21 and September 4, we presented to your Board the preliminary information contained in the 2019 Strategic Plan. Today we are presenting to you the final draft of the Strategic Plan for approval.

The Goal of the Strategic Plan, which is updated at least every five years, is to:

- Ensure that the rail and pathway system built to date continues to serve the people of Sonoma and Marin.
- Document SMART progress to date and
- Provide a high level roadmap for the future

As we have discussed at prior meetings, the Strategic Plan is a planning document, not a detailed budget, operations or financial plan that addresses every question or argument related to the future of SMART or the potential ballot measure.

The conclusion of the plan is that our future plans to continue to operate, maintain, and grow train service in the North Bay are best served by renewing the sales tax and refinancing our existing debt. Regardless of what the future holds, a secure funding source into the future will mean a more secure future.

In the last two weeks there have been a number of questions raised about scenarios that SMART did not discuss in the Plan. Today we are outlining for you some changes made on those questions.

CHANGES SINCE THE LAST DOCUMENT:

Since the last meeting, we have revised and expanded Appendix B which discusses the history of the sales tax and the projections used in the Strategic Plan. As part of our forecasting effort, SMART looks to this history of SMART District over the past 20 years. This is a time period that is useful for the following reasons:

- This 20-year period includes the time period during which SMART was considered and created
- The amount of time is long enough to capture two business cycle downturns or recessions
- One of the recessions captured in this 20-year time period was the “Great Recession”, an unprecedented financial event in modern financial history

Strategic Plan projections are planning tools, they are not budgets. SMART’s 2019 Strategic Plan utilizes a simple 3% growth rate as a planning tool for sales tax. This reasonably assumes that the future will hold some recessions, some of them big and is based on the 20-year history of the tax, our knowledge of the demographics of the District, and our understanding of the composition of the District’s sales tax.

Another scenario using different assumptions and methodology has been prepared by Chair Phillips who has provided a spreadsheet projecting revenues and expenses using different revenue and expense growth rates.

Lower Growth of 2.5%:

We have included a discussion of the impacts of lower growth in Appendix B. This outlines what would occur if average growth were lower than the 3% sales tax growth shown in the Plan. This would mean an average of, for example, only 2.5% over time, a lower growth than was experienced on average over the last 20 years. If no adjustments were made, small annual losses would be compounded to larger revenue losses.

However, several important factors are relevant:

- Annual losses and imbalances would not be ignored by the Board and managers of SMART.
- If the losses continued, required solutions would be small if addressed quickly
- The availability of reserves would allow the Board cushion and time to examine the situation and plan its next steps.

Starting in 2020-21, the difference in the first year would be minimal, \$191,516 (0.5% of the SMART operating budget). In five years, the revenue difference between 3% and 2.5% growth would be \$1.1 million (2% of annual budget).

- While an ongoing negative revenue trend would grow the use of reserves to balance the budget, the Board would have sufficient time to act on any changes. Even waiting two years to address the imbalance would mean adjustments of less than 1% of SMART’s annual budget.

Higher Growth of 3.5%:

It is also possible that SMART could experience higher sales tax growth than is shown in the Strategic Plan. This alternative scenario of 3.5% growth would provide additional sales tax revenue over time, starting small and growing over time in the manner shown in the recessionary chart above, with the difference being positive rather than negative.

This would generate an additional \$3 million in revenue in five years, and \$10 million over 10 years. The Board could choose to put that difference towards operations, add to its reserves or utilize those funds for capital improvements.

Planning for Recession

Appendix B also includes a discussion about other considerations in planning for recessions. No one can predict with certainty when a recession will occur. The Governor's May budget summary indicates that economic growth will continue but that the rate of growth will likely slow. The report also indicates that there are risk factors that could cause a slowdown or a recession which would affect revenue growth. Those risks include rising inflation, trade disputes and a loss of consumer confidence.

SMART has an annual budget process that is separate from the Strategic Plan. If a recession were to occur in the coming years, as discussed in the lower growth scenario above, SMART would react by examining its revenues and expenses either as part of the annual budget process or sooner if necessary. In this way SMART would be no different than any operating transit district, City or County. SMART's reserves would provide a necessary cushion to allow time for the Board and staff to make changes to the budget. Expense reductions would mitigate sales tax revenue losses.

For several months we have been discussing the importance of the extension of the sales tax past its 2029 expiration date. This effort provides the best ability for the District to manage its future costs in the face of any challenges and build important reserves. By reducing debt service, the District would have more ability to make expenditure decisions as debt service would require \$12 million less of the sales tax revenue at the start.

CONCLUSION

In summary, we recommend your consideration and approval of this Plan as we believe it follows the principles for the sales tax that your Board has discussed and illustrates the importance of renewal of the sales tax to continued operations and future improvements.

Very truly yours,



Erin McGrath
Chief Financial Officer

Attachment(s): SMART's 2019 Strategic Plan



2019 Strategic Plan

Sonoma-Marin Area Rail Transit District

Strategic Plan 2019

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EXECUTIVE SUMMARY

Since the approval of the Measure Q sales tax in 2008, SMART has moved to build and operate an entirely new transit alternative to sitting in traffic on Highway 101. Voters showed their desire to have this system in the most important way possible: by agreeing to help pay for it. Approval of the ¼ cent sales tax provided a stable funding source for SMART until 2029.

The main task of this Strategic Plan is to assist the District and its policy-making Board in the decisions needed to preserve the progress that has been made to date and secure the transportation alternative well into the future.

Progress to Date:

- SMART's ¼ cent sales tax has produced \$289 million in revenues and SMART leveraged the to bring in over \$323 million for building and operating the system-- effectively doubling the sales tax income.
- The SMART project has resulted in \$600 million of direct investment in the transportation infrastructure of the two Counties resulting in a reliable rail transit system that runs from San Rafael in Marin to Airport Boulevard in Sonoma
- In response to the great recession's reduction in the capital funding available for the project, SMART successfully obtained additional funding in order to restore project elements including six more rail cars, more stations opening in 2017, extensions to Larkspur and Windsor, and additional pathway connections.
- SMART also successfully worked to obtain funding to opened with more service than originally planned in Measure Q, and has carried over 1.4 million passengers to date.
- This year, only two years after opening, SMART will open two new stations: Larkspur and Downtown Novato and add service runs during commute hours.
- The launch of services to Larkspur and Downtown Novato will coincide with the launch of increased service levels to reduce the time between trains in the peak commute periods.

While extension of the current sales tax was always envisioned as necessary for continued operations, the year in which SMART asked voters for that extension was not planned. SMART's current and planned service is designed to serve future riders and pathway users for decades to come. Those benefits will continue past the 2029 current expiration of the tax.

In the past two years, the District has found that the costs of operating are higher than earlier projections. Those cost pressures include the high cost of labor for qualified staff driven by the cost of housing and living in the Bay Area. These are added to the escalating debt payments tied to the delivery of the current rail and pathway network.

This Strategic Plan focuses on a path forward in which SMART asks voters in March 2020 to extend the current sales tax past its 2029 expiration date. This would provide the best path to future financial stability for SMART. A March 2020 extension gives the District time needed to restructure its debt and allows more annual funding for operations. The estimated benefits are outlined below:

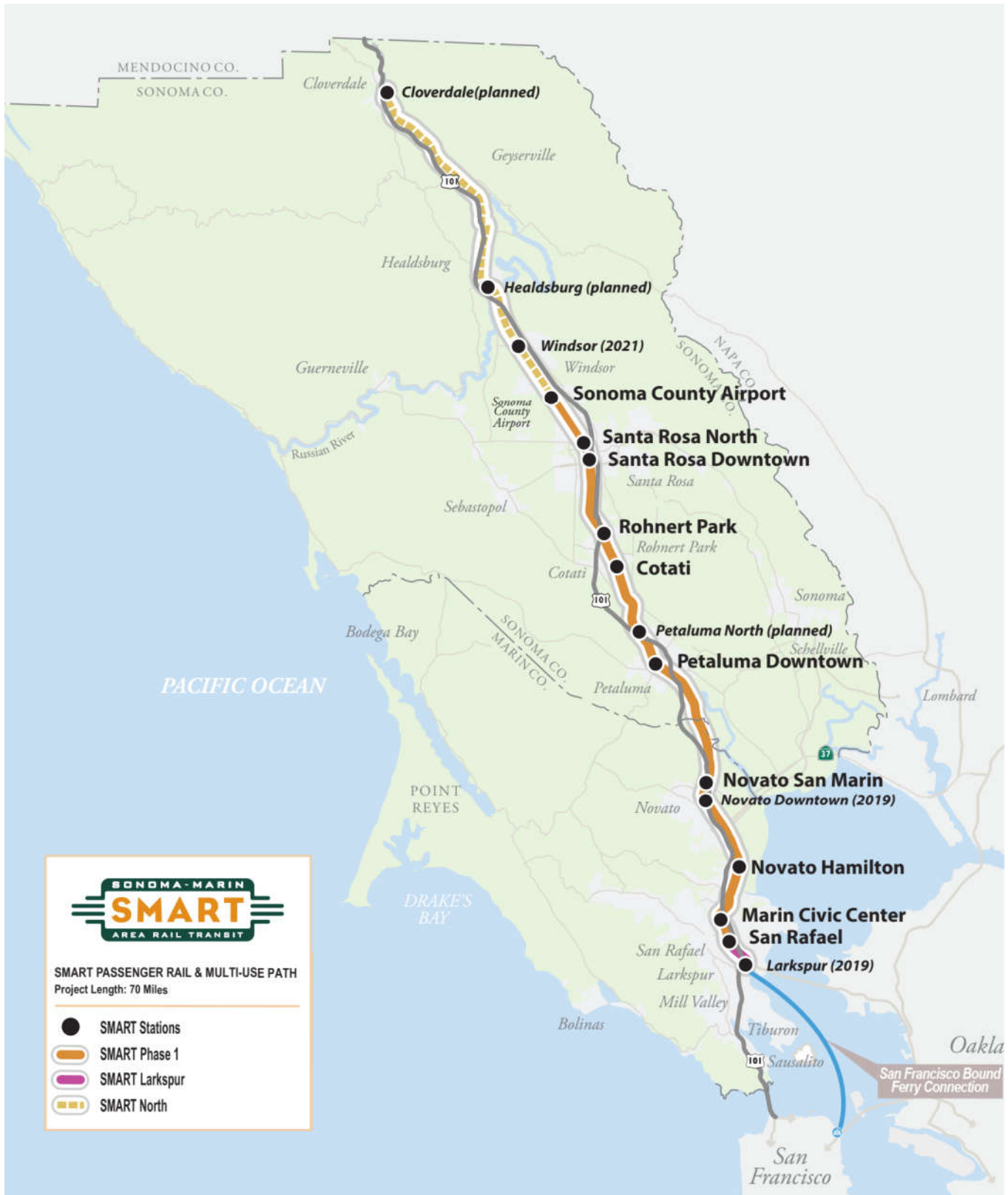
Benefits of Early Extension:

- It would reduce annual debt service from \$18 million to \$6.2 million.
- The reduction would produce an additional \$12 million annually and that savings would provide stable funding for continuing current service levels and ongoing maintenance.
- By reducing annual debt service, SMART could also operate future rail extensions to Healdsburg and Cloverdale and future pathway expansion should outside construction funding become available.

Without an early extension of the sales tax, SMART would be required to implement cost cutting measures in order to bring costs other than debt service down to match anticipated revenue levels.

This 2019 Plan has been reviewed by SMART's Citizens Oversight Committee and was approved by the Board of Directors on September 18, 2019. It includes sections outlining SMART's current operations and capital projects, discusses the related revenues and expenditures, and presents more detailed information on the financial planning options available to the Board in the coming years.

SMART RAIL SYSTEM MAP 2019



BACKGROUND AND HISTORY

SMART's ¼ cent sales tax was enacted in 2008 by 70% of voters in Sonoma and Marin Counties. This stable revenue stream has allowed SMART to both build and operate the current commuter rail service and pathway connections between San Rafael in Marin to Airport Boulevard in Sonoma. This progress to date has occurred despite the fact that the Great Recession brought uncertainty to the project in its early days and enormous challenges to delivering this new service.

SMART's positive movement forward, despite these challenges, meant the opening, in 2017, of a new transit alternative spanning 43 miles that reaches over 80% of the population SMART was targeting for ridership. In addition to the building of the system and creating an entire transit agency, the existence of Measure Q has also spurred the creation of jobs, such as



the growth of BioMarin in San Rafael whose buildout location choice was due to the walking distance of their new space from SMART. Commercial, retail and all-important housing is being built in Rohnert Park principally due to the SMART station there. The existence of SMART as a fully staffed operating transit district has allowed also for active partnerships with others who have funded \$53.4 toward additional multiuse pathway either on or made possible by our rail right-of-way.

Since the passage of Measure Q in 2008, SMART has completed a Strategic Plan every five years. In 2009, SMART prepared and approved its first Strategic Plan, which focused on initiation of the SMART capital project and the funding available for that project. The Great Recession was just beginning to make its impacts felt, affecting the sales tax starting in 2008 through 2010, reducing it by \$6.6 million during that time. This initial reduction meant an overall reduction in the sales tax revenue stream for bonding purposes in 2011. Ultimately the difference in the 20-year stream between the initial sales tax proposal and later plans meant a loss of over \$100 million for the District. This fact led SMART leaders to reevaluate the capacity to deliver the full 70-mile system, in the face of a falling revenue stream accompanied by cost increases tied to new regulatory requirements, the realities of construction in an active freight corridor, and significant environmental mitigation expectations, to name a few. That plan set the stage for the District to determine what was buildable and proceed with steps to finally secure the grants, financing and contracts needed to build the first operating segment.

The 2014 Strategic Plan summarized the subsequent decision-making by the Board to build the SMART project in phases, and provided updates on the decisions made as part of the capital buildout. The initial operating segment was under construction at that time, from downtown San Rafael to Railroad Square in Santa Rosa. SMART's ability to move quickly during a slow economic time led to favorable bid results, construction savings, greater confidence in the success of the project and ultimately further project expansions. State and regional funding agencies were willing to grant more funds to the District as a "shovel-ready" project with momentum. SMART extended the project to an additional station at Guerneville Road in Santa Rosa, a station at Atherton/San Marin in Novato, and then ultimately to Airport Boulevard in Sonoma County. That 2014 plan included more informed estimates for the cost of opening and operating rail passenger service utilizing state of the art trains, tracks, signals and related infrastructure.

The 2019 Strategic Plan is the first plan since SMART has completed construction of the first 44-mile Initial Operating Segment. As of this plan, SMART and its partner agencies have constructed 18.4 miles of pathway available for use, with another 14.5 miles under construction or fully funded for construction in the coming two years. It also is the first plan since SMART began operating passenger rail service in August of 2017. In these two years SMART has carried over 1.4 million passengers, 133,000 bicyclists, and 5,100 passengers using wheelchairs. Voters and taxpayers have invested nearly \$600 million into SMART and this Strategic Plan is designed to outline the financial steps the District can follow to ensure that the rail service and pathway system is maintained and operating at its highest capacity for the future of the North Bay.

GUIDELINES FOR PLAN

In July 2019, the Board of Directors discussed future expenditure plan priorities that serve as principles for the use of Sales Tax funds in the future. Thus, this 2019 Strategic Plan also adopts the same principles for priorities as outlined below:

Measure Q Funds Expenditure Principles:

1. Provide for ongoing Operation and Maintenance of the Current System: Includes funding for annual maintenance and repair, future upgrades to current systems, replacement cycles, and investment in newer technology
2. Prioritize Safety and Security Maintenance and Improvements: For enhancements in safety and security of passengers, employees, the public and our infrastructure
3. Provide for Capital Investment: Completion of all projects currently underway, and additionally:
 - Completion of the Windsor Extension project
 - Completion of the Healdsburg project
 - Completion of the Cloverdale project
 - Completion of pathway projects connecting our stations
 - Completion of the second station in Petaluma
 - Purchase of additional train sets
 - Double tracking where feasible
4. Future Amendments: The Board of Directors may review and propose amendments to these principles to provide for the use of additional Federal, State, Regional or local funds, to account for unexpected revenues and to accommodate any unforeseen circumstances.

This Strategic Plan also incorporates other principles that have guided SMART since 2008. This document continues past practice by recognizing the following additional guiding principles:

Transparent Reporting:

This Strategic Plan is just one of many reports available to the public for review outlining the finances of the District. SMART commits as part of this plan to continue to provide those reports which include:

- Fiscal Year Budget Documents: Detailing Expenditures and Revenues
- Monthly Finance reports: Progress against budget, and capital project progress

- Annual Report: High level report on project and operations
- Comprehensive Annual Financial Report: Yearly financial statements reviewed by an independent auditor utilizing generally accepted accounting principles as well as Government Accounting Standards Board (GASB) guidelines. SMART has received six Awards of Excellence for its Comprehensive Annual Financial Reports.

Citizens Oversight Committee

The current Citizens Oversight Committee has been in place since 2009. The Citizens Oversight Committee should continue into the future. In order to follow SMART's Title VI Non-Discrimination Policy guidance, the Citizen's Oversight Committee should operate with written Bylaws prior to the 2021 update of SMART's Non-Discrimination Policy. Future Committees should be appointed by the Board with terms that coincide with the Strategic Plan process, and with some requirements of knowledge in financial planning, transit service, and strive to reflect the demographic makeup of the SMART District.

Multi-Jurisdictional Coordination:

SMART will continue to work closely with the municipalities located along the project corridor, as well as with Marin and Sonoma county transportation and transit agencies, to ensure that services and capital project elements are closely coordinated with existing and future transportation planning efforts and achieves the goal of serving riders and improving the quality of life and the environment. As a primarily Clipper-dominated fare system, SMART assisted in ushering this system which assists riders throughout the Bay Area in making seamless connections between transit modes. SMART opened with the most progressive transfer policy in the region for riders transferring from buses and ferry to the train providing a discount of \$1.50 per transfer. SMART collaborated with local transit partners (Golden Gate Transit, Marin Transit, Sonoma County Transit, Santa Rosa CityBus, Petaluma Transit, Napa VINE, Mendocino Transit) to develop an integrated fare policy to simplify the transit riding experience and incentivize riders to use local transit as the first and last mile transportation option when choosing to ride SMART. Work will continue as the SMART schedule evolves to coordinate "first and last mile" connections between transit modes as well as welcoming bike share systems and cooperative efforts to build important pathway connections to SMART stations. SMART will cooperate with local jurisdictions' efforts to make their transportation networks better for their residents who need help getting to the train.

SMART will also continue to work as the designated successor to the North Coast Railroad Authority (NCRA) to facilitate freight rail traffic, which shares the right-of-way with SMART passenger service. SMART has provided accommodation to freight along the shared corridor including gauntlet tracks at each station, upgraded freight rail sidings, passenger rail vehicles that meet applicable Federal Railroad Administration standards, and installation of "positive train control" equipment on all locomotives and along the entire right-of-way.

Similarly, constant coordination with law enforcement, fire and safety agencies, and regional and state emergency preparedness services are a priority for SMART now and into the future.

On-Going Planning for Future Phases

This Strategic Plan discusses currently planned rail and pathway extensions as well as funding sources and strategies for future extensions. Although this plan does not identify sufficient sales tax funds for

significant capital projects going forward, the plan identifies revenue that can be used for operating any new extensions. The plan also includes funds for staff to continue to work on partnerships, strategies and applications for funding that can be used to construct future phases.

OPERATIONS

Current:

SMART began operating a full passenger service schedule on August 25, 2017. SMART's passenger rail service currently operates 10 stations, with 16 stations planned for the ultimate buildout of the system, 2 more than originally included in the 2008 SMART Strategic Plan and Measure Q planning and approval phase. Since opening day, SMART has carried 1.4 million passengers, with weekly ridership averaging 13,922. SMART's most heavily travelled stations to date are San Rafael and Petaluma Downtown.

SMART's Operations Department directly manages all train, track, signal, train control systems and facilities including the pathway, that provide the transit service utilized by the traveling public. SMART was able to launch rail passenger service with more trips than originally expected during the planning and approval of Measure Q in 2008. SMART currently provides a total of 34 weekday trips, 17 southbound and 17 northbound, and 10 weekend trips, 5 southbound and 5 northbound, 365 days per year. The trips provide equal frequency of service in the north and southbound directions reflecting the reality that job centers are located along the entire corridor, not just in the south. The end-to-end trip time of 67 minutes between Sonoma County Airport and San Rafael is competitive with highway commute times of as much as 100 minutes during commute times and provides predictability that cannot be achieved on Highway 101. The first train leaves at 4:19 am and the last train stop is at 9:42 pm. Even when trains aren't carrying passengers, SMART operations continue 24-hours a day, with continuous dispatching for right-of-way and vehicle maintenance, vehicle testing, inspection and coordination with freight rail activities and local traffic authorities.

SMART currently operates a fleet of fourteen Diesel Multiple Unit (DMU) rail vehicles in two and three-car train set configurations with a seated capacity of 158 – 237 per train set. SMART received four more DMU vehicles at the end of 2018 and those vehicles will enter revenue service in late 2019 with the addition of Larkspur and Downtown Novato into the system.

Access to SMART stations is assisted by the SMART pathway, which SMART has the responsibility of monitoring and maintaining. The pathway currently offers direct connections to 8 of the 10 existing SMART stations.



Effective August 25, 2017

WEEKDAY SCHEDULE

SOUTHBOUND - Sonoma County Airport to Downtown San Rafael

Sonoma County Airport	4:19	4:49	5:19	6:10	7:10	7:49	8:19	9:49	12:49	2:19	2:49	3:19	3:49	5:19	5:49	6:19	6:49
Santa Rosa North	4:26	4:56	5:26	6:26	7:26	7:56	8:26	9:56	12:56	2:26	2:56	3:26	3:56	5:26	5:56	6:26	6:56
Santa Rosa Downtown	4:31	5:01	5:31	6:31	7:31	8:01	8:31	10:01	1:01	2:31	3:01	3:31	4:01	5:31	6:01	6:31	7:01
Roberts Park	4:38	5:08	5:38	6:38	7:38	8:08	8:38	10:08	1:08	2:38	3:08	3:38	4:08	5:38	6:08	6:38	7:08
Cotati	4:42	5:12	5:42	6:42	7:42	8:12	8:42	10:12	1:12	2:42	3:12	3:42	4:12	5:42	6:12	6:42	7:12
Petaluma Downtown	4:55	5:25	5:55	6:55	7:55	8:25	8:55	10:25	1:25	2:55	3:25	3:55	4:25	5:55	6:25	6:55	7:25
Novato San Marin	5:06	5:36	6:06	7:06	8:06	8:36	9:06	10:36	1:36	3:06	3:36	4:06	4:36	6:06	6:36	7:06	7:36
Novato Hamilton	5:14	5:44	6:14	7:14	8:14	8:44	9:14	10:44	1:44	3:14	3:44	4:14	4:44	6:14	6:44	7:14	7:44
Main Civic Center	5:20	5:50	6:20	7:20	8:20	8:50	9:20	10:50	1:50	3:20	3:50	4:20	4:50	6:20	6:50	7:20	7:50
San Rafael	5:26	5:56	6:26	7:26	8:26	8:56	9:26	10:56	1:56	3:26	3:56	4:26	4:56	6:26	6:56	7:26	7:56

NORTHBOUND - Downtown San Rafael to Sonoma County Airport

San Rafael	5:59	6:29	6:59	7:59	8:59	9:29	9:59	11:29	2:29	2:59	4:29	4:59	5:29	6:59	7:29	7:59	8:29
Main Civic Center	6:05	6:35	7:05	8:05	9:05	9:35	10:05	11:35	2:35	4:05	4:35	5:05	5:35	7:05	7:35	8:05	8:41
Novato Hamilton	6:11	6:41	7:11	8:11	9:11	9:41	10:11	11:41	2:41	4:11	4:41	5:11	5:41	7:11	7:41	8:11	8:47
Novato San Marin	6:19	6:49	7:19	8:19	9:19	9:49	10:19	11:49	2:49	4:19	4:49	5:19	5:49	7:19	7:49	8:19	8:55
Petaluma Downtown	6:30	7:00	7:30	8:30	9:30	10:00	10:30	12:00	3:00	4:30	5:00	5:30	6:00	7:30	8:00	8:30	9:06
Cotati	6:43	7:13	7:43	8:43	9:43	10:13	10:43	12:13	3:13	4:43	5:13	5:43	6:13	7:43	8:13	8:43	9:19
Roberts Park	6:47	7:17	7:47	8:47	9:47	10:17	10:47	12:17	3:17	4:47	5:17	5:47	6:17	7:47	8:17	8:47	9:23
Santa Rosa Downtown	6:54	7:24	7:54	8:54	9:54	10:24	10:54	12:24	3:24	4:54	5:24	5:54	6:24	7:54	8:24	8:54	9:30
Santa Rosa North	6:59	7:29	7:59	8:59	9:59	10:29	10:59	12:29	3:29	4:59	5:29	5:59	6:29	7:59	8:29	8:59	9:35
Sonoma County Airport	7:06	7:36	8:06	9:06	10:06	10:36	11:06	12:36	3:36	5:06	5:36	6:06	6:36	8:06	8:36	9:06	9:42

WEEKEND AND HOLIDAY SCHEDULE

SOUTHBOUND - Sonoma County Airport to Downtown San Rafael

Sonoma County Airport	10:13	12:13	1:13	3:16	7:23
Santa Rosa North	10:20	12:20	1:20	3:23	7:30
Santa Rosa Downtown	10:25	12:25	1:25	3:28	7:35
Roberts Park	10:32	12:32	1:32	3:35	7:42
Cotati	10:36	12:36	1:36	3:39	7:46
Petaluma Downtown	10:40	12:40	1:40	3:43	7:50
Novato San Marin	11:00	1:00	2:00	4:03	8:10
Novato Hamilton	11:08	1:08	2:08	4:11	8:18
Main Civic Center	11:16	1:16	2:16	4:17	8:24
San Rafael	11:20	1:20	2:20	4:23	8:30

NORTHBOUND - Downtown San Rafael to Sonoma County Airport

San Rafael	11:52	1:52	2:55	4:55	8:50
Main Civic Center	11:58	1:58	3:01	5:01	8:56
Novato Hamilton	12:04	2:04	3:07	5:07	9:02
Novato San Marin	12:12	2:12	3:15	5:15	9:10
Petaluma Downtown	12:23	2:23	3:26	5:26	9:21
Cotati	12:30	2:30	3:33	5:33	9:28
Roberts Park	12:40	2:40	3:43	5:43	9:38
Santa Rosa Downtown	12:47	2:47	3:50	5:50	9:45
Santa Rosa North	12:52	2:52	3:55	5:55	9:50
Sonoma County Airport	12:59	2:59	4:02	6:02	9:57

☐ All Times ☐ PM Times

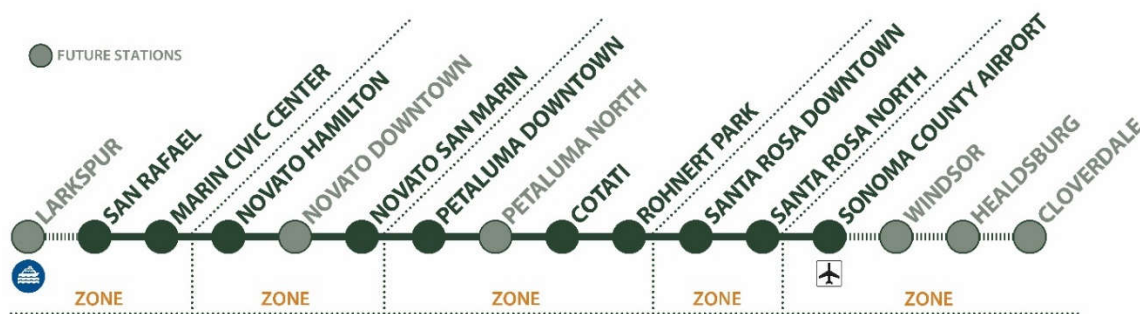
Visit www.SonomaMarinTrain.org for more information.

Visit www.SonomaMarinTrain.org for more information.

Attached in Appendix A is a detailed map showing Pathway progress to date.

SMART's Administration Department consists of the staff, services and supplies needed to run all parts of the SMART system including support for capital and operations. Its divisions include legal, human resources, finance, real estate, planning, grants, outreach and procurement. This staff works hand in hand with operations on all efforts to supply the train and path with all the back-end resources it needs while simultaneously working to find funding to extend the service farther.

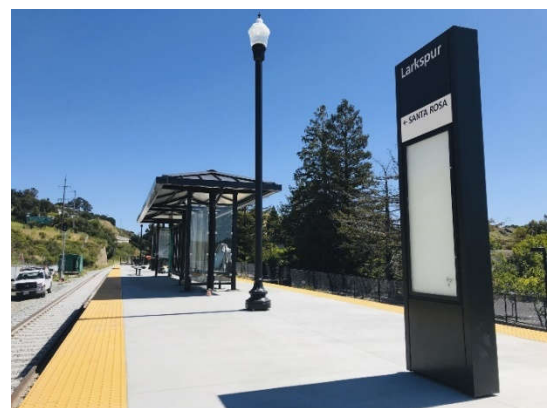
The Capital Department includes staff and consultants who assist SMART with the design and implementation of all current and future construction projects that have made the train and pathway possible and will extend it farther. This staff also manages ongoing monitoring activities associated with the structural safety of SMART's infrastructure such as monitoring SMART's mainline and Brazos branch (freight-only, eastern) bridges. The Capital Department also designs and manages projects that improve the current system through installation of major equipment, upgrading of all necessary systems or projects to keep SMART's infrastructure up to modern standards.



New Service in 2019:

SMART will make three changes this year that will increase service and provide more access to transit to more people in Marin and Sonoma. In late 2019, SMART will open two new stations: Larkspur and Downtown Novato.

The Larkspur extension will extend passenger service 2.1 miles from Downtown San Rafael to Larkspur. The new rail line includes two bridges, one station with amenities, six at-grade crossings, temporary reconfiguration of the San Rafael Bettini Transit Center and train control systems that include federally mandated Positive Train Control. This project is also accommodating a reconfiguration of a major local street to ultimately allow for fewer grade crossings on the project, improved safety, and allow the City of San Rafael, in conjunction with SMART, to complete a new parallel Class 1 pathway.



The Downtown Novato station, funded by the City of Novato, is planned to open in late 2019. In addition to its central location within walking distance of 4,000 residents, this new station will also be served by the full train schedule.

Finally, the launch of services to Larkspur and Downtown Novato is anticipated to coincide with the launch of increased service levels to reduce the time between trains in the peak commute periods. The increased service will provide more trip options during the day, creating flexibility for riders, likely decreasing on-board crowding during high demand periods, and creating more consistent headways, or wait periods, between trains. During the weekend, service will start earlier.

CAPITAL PROJECTS

In addition to the nearly complete Larkspur and Downtown Novato Station additions mentioned above, SMART currently is working on the following funded capital projects:

Windsor Rail Extension and Pathway: The SMART Windsor Rail Extension and SMART Pathway will provide a northern rail extension between Sonoma County's Airport Boulevard and the Town of Windsor, including just over 3-miles of Class 4 mainline track, four bridges, one station with amenities and gauntlet tracks to accommodate freight train passage, five at-grade crossings, and train control systems that include federally mandated Positive Train Control. The project provides a second entrance into the SMART Rail Operations Center (ROC) ensuring redundancy and flexibility. The double track portion will also function as a freight siding enabling more efficient movement of freight around SMART's busiest operating hours. The Town of Windsor is partnering with SMART to implement improvements to the at-grade street crossing adjacent to the SMART Windsor Station, which is a three-way crossing of the SMART tracks with Windsor River Road and River Road. The train control systems portion of the project was awarded in September 2018 for \$15.7 million. The track, stations and other infrastructure are currently the subject of an active competitive process with procurement completion expected in the fall of 2019. The project is currently on target to be completed and open for revenue service in late 2021. Pathway completion between Sonoma County Airport and Windsor is planned to be part of the project.

Petaluma Second Station: SMART is currently working on a public private partnership to provide a second station in Petaluma. This agreement would involve a property exchange with SMART's downtown property for land in the north end of Petaluma and funding sufficient to build another station and parking. No additional sales tax or grant funds would be needed if this agreement is finalized and executed.

Petaluma SMART Pathway: Three segments of SMART Pathway are in construction or fully funded for construction in Petaluma. These segments include safe, non-motorized crossings of several major barriers in Petaluma, including the Petaluma River and Highway 101. Combined, these three segments create a 4.5-mile continuous paved Class 1 pathway system through Petaluma connecting to Penngrove and complete all of the SMART Pathway in Petaluma that was part of the original Measure Q program.

The first segment under construction in Petaluma connects from Payran Street to Southpoint Boulevard. This project is constructing a 1.2-mile Class 1 paved bicycle and pedestrian pathway within the



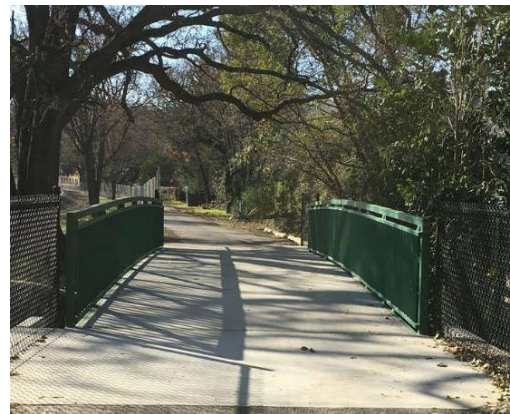
active SMART railroad right-of-way, including a 200-foot pedestrian and bicycles-only bridge over the Petaluma River and path under Highway 101, connecting east and west Petaluma. Currently there are limited options between east and west Petaluma for bicyclists and pedestrians. The lack of Class 1 paved facilities, motivates trespassing behavior on the railroad right-of-way to cross the river and the highway or forcing pedestrians and cyclists onto steep high speed/high volume arterials crossing the highway. The project will connect east Petaluma to the SMART rail station in Downtown Petaluma and support local access to schools and services on either side of the highway and river. The project, with a direct cost of \$2.4 million, is currently under construction and is estimated to be completed in October 2019.

The second segment under construction connects from Payran Street to Lakeville Street northwest of the Downtown Petaluma SMART Station. This project will construct a .4 mile Class 1 pathway and, in partnership with the City of Petaluma, provide improved pedestrian connections in the area. This project is anticipated to begin and complete construction in the spring and summer of 2020 utilizing \$900,000 in other pathway construction grant savings.

The third segment in Petaluma is fully funded for construction connecting from Southpoint Boulevard to Penngrove's Main Street. This project will add 2.5-miles of Class 1 SMART Pathway through East Petaluma and into the heart of Penngrove and is combined for contracting with the SMART Pathway connection between Rohnert Park and Santa Rosa, described below. This project will begin design in the fall of 2019, start construction in the spring of 2021 and is anticipated to be open for use prior to the spring of 2023.

Sonoma County Pathway Connectors (Santa Rosa, Rohnert Park and Cotati): The SMART Pathway has been completed between Santa Rosa's Guerneville Road and Bellevue Avenue in Southwest Santa Rosa (4.2-miles) and between Rohnert Park's Golf Course Drive and Sonoma Mountain Village south of Cotati (3.3-miles) with a mix of outside grants, local resources, private funds and SMART funds. Funding has been secured to complete construction of the "gap closure" between these two areas, south from Bellevue Avenue to Golf Course Drive in Rohnert Park.

The project will construct 2.8-miles of Class 1 paved bicycle and pedestrian pathway within the active SMART railroad right-of-way from Southwest Santa Rosa to Rohnert Park. Currently there are no direct bicycle/pedestrian transportation options between these urban areas of Southwest Santa Rosa and Rohnert Park, other than Highway 101 where bicyclists and pedestrians are forbidden. Additionally, there are few sidewalks internal to most of the neighborhoods of Southwest Santa Rosa, an area including the one State-recognized Disadvantaged Community in the SMART District.



The project will close a gap between existing segments of the SMART Pathway and will create 10.3-miles of continuous Class 1 Pathway connecting major destinations through some of the SMART District's most urban neighborhoods and crossing through urban areas and obstacles to pedestrians and bicyclists. Combined, this entire stretch of the pathway will connect people to several perpendicular connecting Class 1 pathways (Joe Rodota Trail, Colgan Creek Trail, Hinebaugh Creek Trail) and further

connect people to communities, services and educational and employment opportunities. The cost estimate of the project, which has been combined with the Southpoint Boulevard to Penngrove Main Street segment, described above, is \$13.8 million. The funding, programmed from the Regional Active Transportation Program and local traffic impact fees, will be available starting in 2021 with construction complete by Spring 2023.

For a map of all the SMART pathways and their status, please see Appendix A.

Safety Enhancements: While the SMART system meets or exceeds all State and Federal safety requirements, each time there is an incident or concern, SMART evaluates whether there is anything within SMART's ability and means that could improve the safety of the system. As a result of several incidents of distracted pedestrians and bicyclists colliding with the train, the SMART Board has authorized the use of capital reserves for safety enhancements at 30 crossings with a direct cost of \$498,455.



These improvements, which would exceed the standards set forth by the State or Federal Railroad Administration, target distracted pedestrians and bicyclists by creating channelization at crossings which would force them to pay attention to their route as they enter the SMART right-of-way at the grade crossings. These safety enhancement measures vary by location but generally consist of short portions of chain link or pipe barriers, while maintaining clearances required by the Americans with Disabilities Act. Most of these safety improvements are located outside the SMART right-of-way requiring coordination and approval by a number of Cities and Counties. The following City and County municipalities were involved in the proposed improvements: the Cities of Cotati, Novato, Rohnert Park, San Rafael, Santa Rosa, and Petaluma and the County of Sonoma.

Capital Maintenance Capacity Projects: In addition to service expansion, SMART is continuing to build in ways that increase service reliability and efficiency. These projects are underway using Measure Q and State operating grants. The largest of these projects include acquisition and installation of rail maintenance equipment that will enable lower operating costs or improvements in service to passengers. The recently completed Wheel Truing Machine project, which cost \$1.2 million, enables on-site modifications to worn rail wheels without having to remove axles and transport them out of state for repairs. The result is quicker turnaround time on the wheels, lower cost and emissions associated with the work, and more reliable vehicle availability. Similarly, the Wheel Press acquisition and installation project, budgeted in Fiscal Year 2019-20 for \$800,000 will allow for removal and installation of wheels onto axles on-site and quicker, more reliable completion times without the costs and time to ship them offsite.

FINANCIAL PROJECTIONS

The primary purpose of the 2019 Strategic Plan is to demonstrate SMART's future financial picture. The 2019 Strategic Plan relies on future financial analysis using a cashflow approach that aligns projected revenues with projected costs over the next 40 years. In preparing the Strategic Plan and in consultation with both the Citizen's Oversight Committee and the Board of Directors, it was agreed that renewal of the sales tax in March of 2020 is critical to the future success of the rail system. The buildout of a \$600 million rail and pathway system that, if properly maintained, has a useful life of 40 years or more, should have financing that matches the use of the system by future riders. The current expiration of the tax in 2029 should to be extended in order for SMART to manage its current expenses into the future. Thus, this Strategic Plan assumes that the tax is extended to 2059 by the voters in March 2020. The sections below provide descriptions of SMART's revenue sources anticipated in the next 30 years, as well as future operating expenses during that timeframe. Assumptions of growth are included in each description. The financial plan does not include the capital construction expenses or revenues associated with rail and pathway extension projects that are not already fully funded as discussed further in the Capital Project section.

Revenues

This Strategic Plan shows revenues associated with Operations as well as current construction projects underway supported by the following revenue sources:

Measure Q Sales Tax: The existing 20-year quarter-cent local sales tax is the single largest source of revenue for SMART for the foreseeable future. It comprises 75% of SMART's Fiscal Year 2020 annual revenue. With collection that started in April 2009, the sales tax was originally projected to generate \$890 million over 20 years through its sunset in April 2029. Sales tax receipts that SMART received in the first years of the tax were lower than initially projected between 2009 and 2013 due to the 2008 "great" recession, reducing it by \$6.6 million and over \$100 million during the period in which SMART hoped to issue debt. However, although the revenue impacts were unprecedented and recovery took some time, sales tax receipts showed strong recovery in the years that followed, as is the case with every recession in the two counties for the last 30 years. Audited sales tax receipts flowing directly to SMART through Fiscal Year 2018 totaled \$289 million. Since the recession, sales tax growth has averaged 5.6% percent annually.

SMART has, since beginning of operations, carried an operating reserve of \$17 million which is designed to allow the agency time to weather any such recession. SMART planning for the future will include a prudent reserve to continue to deal with economic uncertainty.

Most analysts predict recessions are "overdue" due to the history of the business cycle. However, the exact timing and severity of such recessions cannot be predicted. With the exception of the Great Recession, every recession for the last 30 years in the District led to revenue declines of less than 5% over 2 or fewer years with revenue recoveries occurring quickly in the ensuing years. For the last 20 years, even including the unprecedented recession, Sales Tax growth has averaged 3%.

Knowing the history of the two counties and combining that history with an understanding of the underlying income data associated with the SMART District and the desire for housing growth particularly in Sonoma are all factors that argue for steady, continued growth of the sales tax. Thus, while actual sales tax receipts may fluctuate (up or down) from year to year, this Strategic Plan bases its analysis on a 3% average growth rate projection, with the understanding

that it will be higher or lower in any given year. This mirrors analysis done recently for Marin County Economic Forum.

Appendix B includes a historical sales tax chart for the SMART District.

Farebox Revenues: SMART passengers have, for the last two years, paid for their rides using the fare structure approved by the SMART Board in 2015 and 2016. The fares are based on the distance travelled by a rider along the 70-mile distance that the train will travel when fully built. This structure is similar to other commuter rail services such as Caltrain and ACE. Daily fares range from \$3.50 for a non-discounted adult travelling one zone, and \$11.50 if travelling 5 zones. However, SMART provides a number of discounts available to SMART riders. In Fiscal Year 2018-19, 56 percent of rides on SMART have had some form of discount applied. The average fare per passenger during that same Fiscal Year was \$5.74 which is inclusive of the discounts provided to seniors, youth, disabled riders, 31-day pass holders, and Eco Pass users. The average SMART passenger travels 2-3 zones or an estimated 24 miles per trip. In the first two years of service, SMART has received a total of \$7.4 million in fare revenue through June of 2019, exceeding original budgeted estimates. For purposes of this financial projection, we are assuming that fares increase by 3% annually in all years except the year of Windsor opening. This is a modest growth assumption that would not require aggressive fare increases but rather assumes some measure of natural growth based on trips taken becoming longer and on the expansion of the regional economy.

Miscellaneous Revenues: SMART has a number of local funding sources, the largest ongoing of which is lease income. That amount is nearly matched by advertising revenue derived from advertising on the train and the platforms which has totaled \$420,000 in the last two years. Ongoing revenue is assumed to grow at 3% per year. SMART also has one-time revenue related to property transactions, legal settlements, or insurance reimbursements. On an ongoing basis, most of these onetime revenues are not included in SMART forecasts. One exception is a \$4 million real estate payment assumed in conjunction with an executed contract for the sale of SMART's property in Santa Rosa adjacent to the Railroad Square Station.

State Revenues: SMART benefits from a number of State revenue sources for rail and transit which have been enhanced by the passage of Senate Bill 1 (SB1) in 2017. Chief among those are \$3.5 Million in funds under the State Rail Assistance program. Those funds are split between the 5 major commuter rail lines. SMART also benefits from allocations from the Low Carbon Transit Operation Program and the Local Partnership Program which provide capital and operating funding of more than \$900,000 in Fiscal Year 2019-20. Finally, SMART receives significant funding through the State Transit Assistance program, including population-related funding, revenue-related funding, and State Of Good Repair funding. The Fiscal Year 2019-20 funding combined for these programs is \$6 million. State revenue is assumed to grow 2% annually in the future.

Federal Revenues: As a transit operating entity and direct recipient of Federal Transit Administration (FTA) Funds, SMART will participate in future operating fund allocations from FTA federal grant programs. SMART will become eligible for funds through the FTA 5307 program starting in Fiscal Year 2020-21; and FTA Section 5337 funds after 7 years of operation, or in Fiscal year 2024-25. At that time the projections assume an estimated \$1.5 million annually through those programs combined. Growth is projected to be 2% each year.

EXPENDITURES

With a two-year history of operating costs, this Strategic Plan includes assumptions about future operating costs that are, for the first time, based on actual data. SMART's annual budget process involves multiple public meetings with the end result being a publicly available budget showing costs by category and department. This Strategic Plan generally utilizes the expenditures budgeted in Fiscal Year 2019-20 and escalates those costs 3% annually (with the exception of debt service) for the ensuing 30 years.

There are 8 main categories of expenditures for operating in costs for the District. They are:

1. Labor Costs: SMART operations rely first and foremost on its most important asset: its people. Labor costs make up 50% percent of annual operating costs (excluding debt service). SMART has worked to contain labor costs by implementing pension reform a year before the State of California approved sweeping changes to its pension programs. Nearly all of SMART employees are in a reduced pension benefit in which employees share in the cost of pensions and the age for retirement is increased.

Between 2014 and 2019, in order to open service with the highest possible number of runs while managing new pathways, coordinating with freight needs, and significant public safety responsibilities, the Board approved an increase in the number of staff needed to operate the system. In addition, like all other businesses and transit agencies in the Bay Area, SMART has increased the wages paid to staff in order to first attract and then retain qualified staff.

Competition for the specialized area of rail transit has meant the need for specially trained staff in the areas of rail vehicles, systems, signals, train operation, funding, purchasing and even legal, to name a few. Salaries and benefits costs for FY 2019-20 approved by the Board were \$21 million total.

2. Debt service: In order to provide enough funding to build the train and pathway, SMART issued debt in 2011 that relied on tax revenue until the expiration of Measure Q in 2029. SMART currently pays \$17 million a year in debt service related to the construction of the initial 44-mile service corridor. This debt service is scheduled to grow to \$21.9 million in 2028. This is a significant debt burden that could be reduced to \$6 million if the tax were extended past its initial expiration date as discussed earlier. Extension of the expiration date would allow the District to begin a debt restructuring process in anticipation of the ability to "call" its bonds in 2022.
3. Safety and Security: SMART's services and equipment costs related to safety and security are a significant and unavoidable cost of running a modern rail system. In order to operate and maintain the safest system possible, SMART was built with the safest technology (positive train control) which relies on sophisticated technology and constant investment. Maintaining this system is expensive. In addition, we have installed cameras, fiber optic and other technology that also requires expert and expensive maintenance. Costs for safety and security span all expenditure types within the District's budget.
4. State of Good Repair: In order to keep the system in good repair for years to come, the 2019 Plan includes \$3 million a year in investment to keep the system in good repair and to replace equipment and non-revenue vehicles. This includes funding for the Diesel Multiple Unit train

system maintenance and upgrades, pathway maintenance, signal and Positive Train Control system replacements, and all required Federal Railroad Administration track maintenance.

5. Risk Management: A large portion of SMART's budget is dedicated to a well-structured insurance portfolio. Because the industry history of significant losses in the case of a serious rail accident, SMART mirrors best practice in the industry in purchasing over \$ 200 million in rail liability coverage. This, plus coverage for property, general liability and other areas of risk, lead to expenses of \$2 million in Fiscal Year 2020. This insurance portfolio would allow SMART to continue to operate following a significant event (fire, flood, accident) that would otherwise financially drain or cripple the Districts ability to operate.
6. Passenger Amenities: SMART provides service for all passengers, which costs over \$1 million a year includes free Wi-Fi, bathrooms, and electronic bike lockers.
7. Fuel and utilities: SMART's DMU rail cars currently use \$1.4 million in fuel annually. As trains travel longer distances and carry more passengers, that amount will increase. In addition, SMART's highly sophisticated signal system requires continuous power at all its crossings, stations, rail facilities and other systems. That power will cost a projected \$700,000 in Fiscal Year 2020.
8. Pathway and other Right-of-Way Maintenance: SMART is budgeted to spend \$2.4 million in Fiscal Year 2019-20 on non-labor costs associated with maintaining the Right of Way, including the Pathway. In addition, SMART added two new staff in the Fiscal Year 2019-20 budget to address the increasing costs of managing both vegetation growth and the cleanliness and safety of the pathway. The pathway also requires significant attention from SMART's safety and security to address homelessness and other safety issues.

FUTURE FINANCIAL PLANNING

Since the approval of the sales tax in 2008, SMART has moved to build, as quickly as possible, an entirely new transit alternative to sitting in traffic on Highway 101. The main task of this Strategic Plan is to assist the District and its policy-making Board in the decisions needed to preserve the progress that has been made to date and secure the SMART transportation alternative well into the future. Prior to this Strategic Plan, SMART has developed a \$17 million operating reserve as a prudent way to prepare for future financial challenges. In addition, it was always projected that the sales tax would be needed on an ongoing basis in order for SMART, like all transit services, to continue to operate.

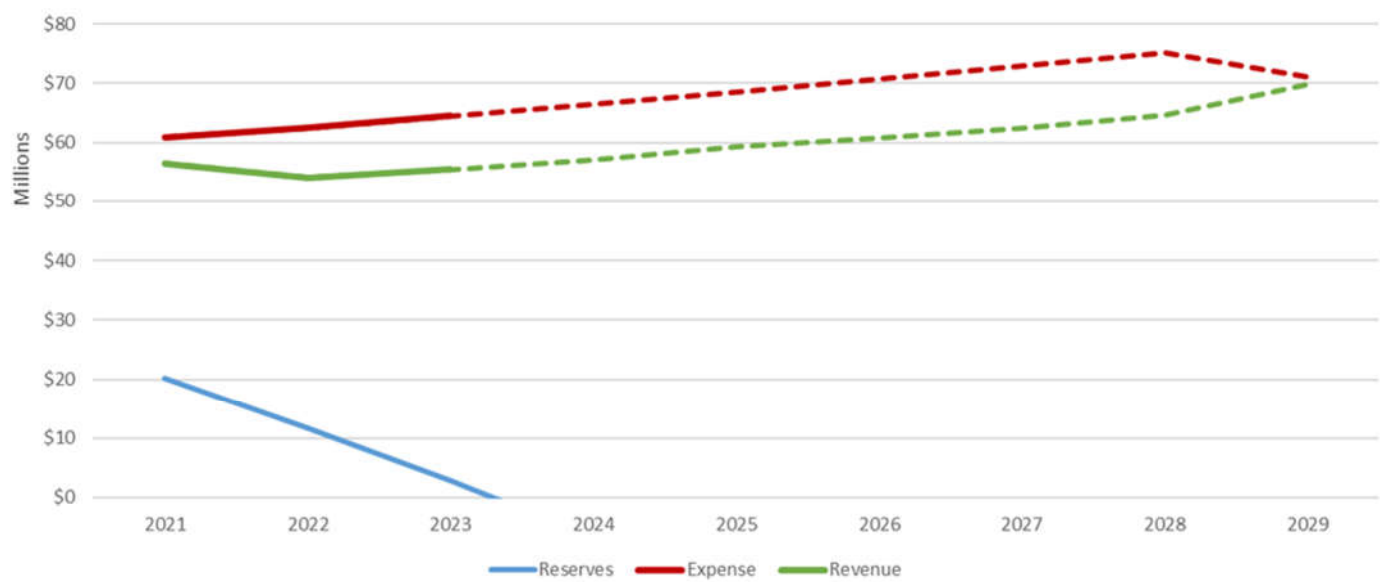
In studying the current revenues and expenditures, SMART must then project the financial path forward based on those current needs. Based on input from the Board, the Strategic Plan for SMART will assume the following two important steps to ensure the continued financial health of the transit services provided by SMART.

1. Extension of the Sales Tax beyond its current 2029 expiration.

While it was always envisioned that the sales tax would need to be extended, it was never discussed what the timing of that extension would be. SMART's current budgeted revenues and expenses relied on \$7 million in reserves in Fiscal Year 2019-20 to balance. With an assumption of normal increases in labor and operating costs, the current escalating debt service schedule, and the desire to add more service in the future, the future outlook for the District requires the District to seek to extend the current expiration of the Measure Q sales tax in March of 2020 rather than waiting for a later date.

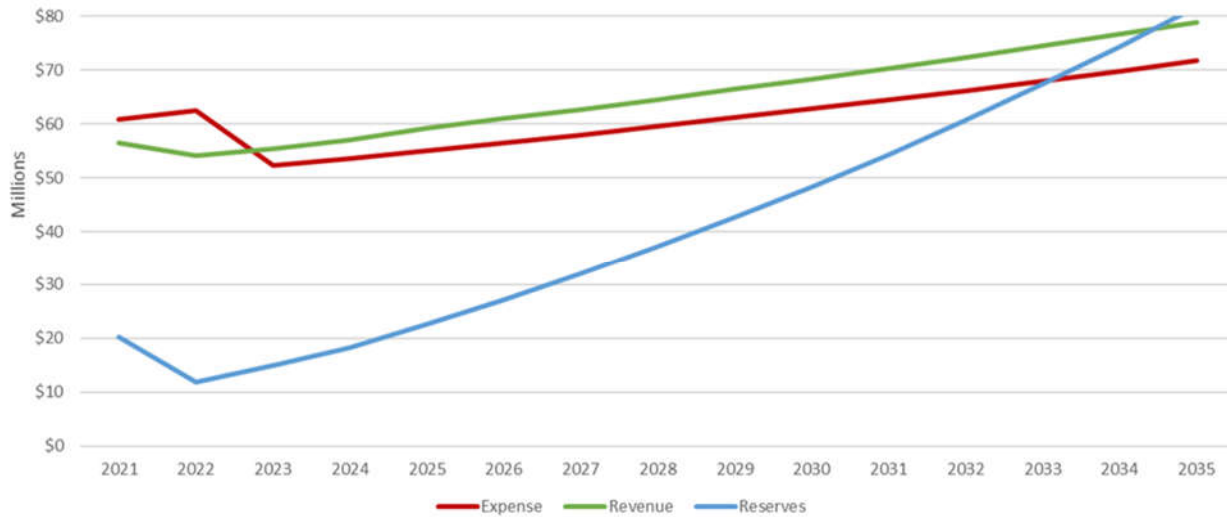
As illustrated in Figure 1 below, future revenue and expense under an unlikely “do nothing” scenario shows that reserves would be quickly depleted if the District were not able to restructure its current debt payments. Sales tax and other revenues would continue, but SMART would no longer have reserves to fill the gap between revenues and expense. This scenario shown below is not a one that SMART will allow to occur as it assumes that neither a renewal of the sales tax nor action to cut other expenses has taken place.

FIGURE 1: “DO NOTHING” SCENARIO: No Sales Tax Renewal, No Expenditure Cuts



The future planning scenario that involves the best financial outcome for the District is one that extends the sales tax beyond its current expiration. Given more time to spread the debt, the District would be able to lower debt service from \$18 million to \$6 million annually, allowing more revenue to flow to operations. This would allow SMART to rebuild its reserves and stabilize its outlook for the future. The chart below illustrates the difference a 30-year extension would make for the agency.

FIGURE 2: MARCH 2020 SALES TAX EXTENSION SCENARIO



As shown in FIGURE 2 above, starting in 2024, reserves are beginning to be built in an amount that would exceed the need for operating reserves related to service between Larkspur and Windsor. Appendix C provides further detail. Reserves shown above as an increasing blue line could be used for other needs. One use would be to fund the future operations of Healdsburg and Cloverdale, should SMART be successful in its efforts to gain outside funding for those extensions. In that case, funds would be available for a prudent operating reserve but not for significant capital expenses. See FIGURE 3 below for the illustration of what the inclusion of those operating costs would look like in the future if they were assumed to be included by 2029. Appendix C is a chart showing the dollar amounts that drive this figure by year.

FIGURE 3: MARCH 2020 SALES TAX EXTENSION & INCLUSION OF FULL OPERATING COSTS SCENARIO

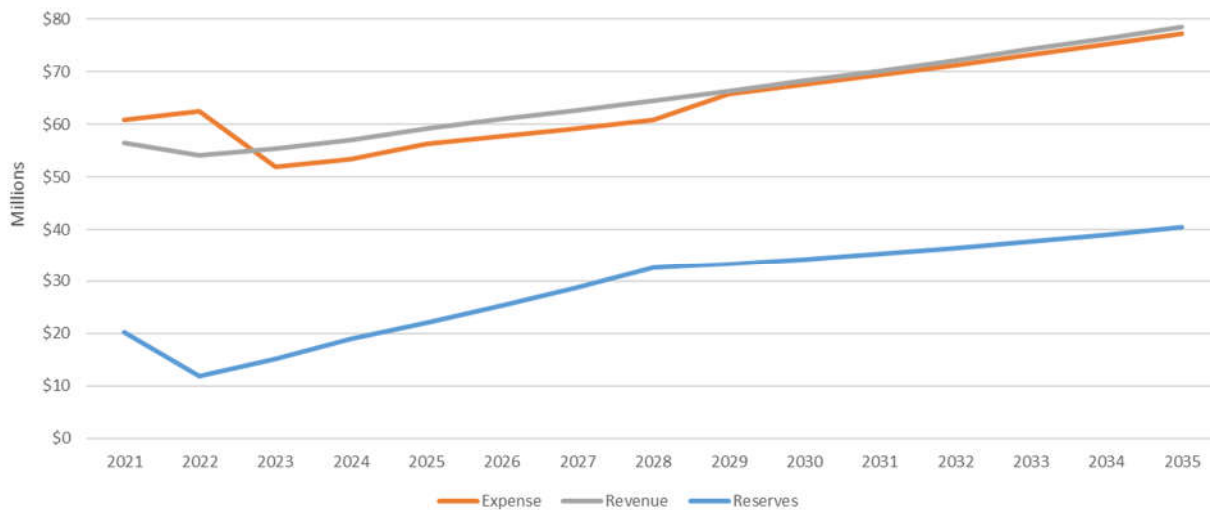


FIGURE 3 shows revenues and expenses closely aligned after the inclusion of operating costs for Healdsburg and Cloverdale, or balanced budgets with ongoing healthy reserves. Reserves are maintained at a prudent level to keep the District in good financial health in the face of economic downturns.

2. Prepare Budget Reduction or Revenue Increase options in the event voters do not extend the tax.

If the extension of the existing tax does not pass in March of 2020, SMART will work to avoid the “Do Nothing” scenario shown in Figure 1. SMART staff will prepare cost reduction scenarios to be discussed with the Board with a goal of bringing expenses into balance with existing revenue before SMART depletes its reserves. Depending on the future planning choices of the Board, unfortunately, that could mean a scenario with up to \$9 million in cuts unless additional revenues could be identified. To put that in perspective, SMART’s annual budget, not including capital projects, equipment or debt service, purchases, is \$38.8 million.

FUTURE PHASES

Operations Costs Included: The operating costs of adding a second SMART rail station in Petaluma and the Downtown Novato Station are included in the financial forecast. These stations do not require the train to travel any farther than the current system already operating. The costs of Larkspur, which added 2.1 miles to the currently operating system, have already been assumed and included in the forecast as part of the approved Fiscal Year 2019-20 budget. The cost of Windsor, which is anticipated to add \$600,000 to the annual operations, is also assumed in the forecast.

A debt restructuring that would reduce debt service by a projected \$12 million would both cover current operating costs as well as provide sufficient revenue for the additional operating costs associated with new stations.

These annual operating costs are projected to be as follows:

Healdsburg: \$1.5 million
Cloverdale: \$3.2 million

These cost estimates would include additional staff, services and fuel needed for the additional train sets and miles travelled on the train, staff to run the additional miles, and additional maintenance expenses associated with those extra miles.

The ability to operate not only the currently built system but the extensions SMART will seek funding to build is a rarity in the world of capital grants. The first question asked as part of any application for capital grants is this: Will you be able to afford to operate what you build? This dedication of operating funds out of the reauthorized sales tax displays SMART’s commitment to continued expansion of the system with a goal of reaching Healdsburg and Cloverdale as soon as funding can be identified.

Capital Project Cost Planning: As discussed earlier, utilizing the current year budget and projecting costs and revenues forward, current financial projections do not provide any additional revenue dedicated to future capital projects. However, the forecast does show sufficient revenue to cover the additional operating costs

related to the extensions to Windsor, Healdsburg and Cloverdale. SMART will continue to work on the following unfunded capital priorities:

Pathway: In order to close the existing gaps between the Larkspur and Windsor Stations in the built or funded pathway segments, the cost estimate for delivering those segments is \$34.5 million.

Rail: The current capital cost estimates for rail extensions and capacity expansion (vehicles/rail yard) is \$364 million. This is comprised of the following elements:

- Windsor to Healdsburg (Track, Station, Bridges and Systems) - \$125 million
- SMART Rail Vehicle Expansion - \$44 million
- SMART Rail Yard Capacity Expansion - \$25 million
- Healdsburg to Cloverdale (Track, Station, Bridges and Systems) - \$170 million

Capital Revenues:

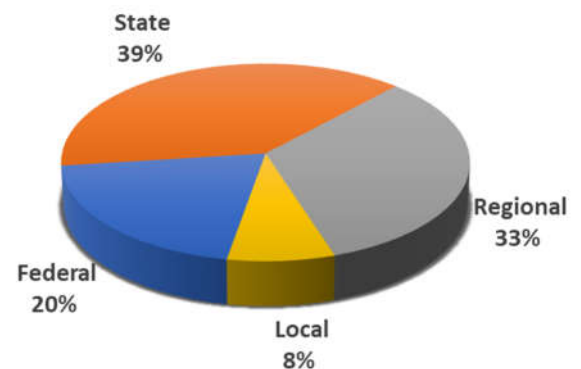
SMART has succeeded in securing outside private, local, regional, State and Federal resources and grant funds to maximize the impact of Measure Q resources for Marin and Sonoma Counties. In 2008, Measure Q outlined a successful approach taken by most if not all transportation districts in California: *“SMART requires this measure in order to provide matching revenues to existing state and federal transportation grants, to bond for the construction of the project, and to provide funding for the on-going operation and maintenance of the project.”*

Since the passage of Measure Q in 2008, SMART has secured \$300 million in outside funding for rail projects. That funding has come from all levels of government including federal, state, regionally and locally controlled funds. Since 2012, SMART has secured \$23 million in outside grant funds directly for SMART Pathway construction primarily from regional, state, and federal funds but also from private sources and local partnerships with Sonoma County Transportation Authority and the Sonoma Open Space funds. This is in addition to SMART Pathway segments constructed with outside grants and funding by partner agencies.

Significant grant and other outside revenues will be available in the coming years that could advance SMART’s future capital expansion efforts. Notably, within California, the voter-affirmed Senate Bill 1 has infused significant resources into improving transportation networks throughout the State. These funds were affirmed by the voters and are being made available to transportation needs. The following is a list of statewide resources for which SMART is able to compete to construct SMART’s capital expansion program. The list is not exhaustive but illustrates the opportunities available with over \$1.2 billion in new revenues every year moving forward:

- Transit and Intercity Rail Capital Program - \$300 million annually
- Solutions for Congested Corridors - \$250 million annually
- State Transportation Improvement Program – Interregional Share - \$27.5 million annually

Sales Tax Return on Investment



- State Transportation Improvement Program – Regional Share - \$82.5 million annually
- Trade Corridor Enhancement Program - \$300 million annually
- Local Partnership Program - \$200 million annually
- Active Transportation Program - \$100 million annually

Federal resources are also available, with reauthorization of the Federal transportation legislation, currently 2015's Fixing America's Surface Transportation (FAST) Act is on the horizon for 2020. Federal funding priorities include rural projects, particularly those that improve broadband connections. SMART's extensions north will satisfy both of those priority concerns. SMART has a history of successfully accessing funds programmed at the discretion of Federal decision-makers, with nearly \$41 million in federally-controlled funds authorized for SMART rail projects.

Additional Regional resources may become available over the course of any sales tax reauthorization period. For example, with the approval of Measure Q in 2008 and the provision of operating funds for rail and pathway, it became possible for SMART to access nearly \$111 million for rail and pathway construction since 2011 via Metropolitan Transportation Commission-controlled bridge tolls and other fund sources.

On the local level, Sonoma County Transportation Authority's Measure M sales tax is being considered for reauthorization. That measure provided 5% to Rail, resulting in \$16 million to the project to date, with an additional \$3.5 to \$4 million anticipated before the end of the existing measure in 2024. These funds were restricted for Project Development, Design, Station Construction and Rail/Street Crossing construction in Sonoma only. An additional \$1 million was provided from Measure M to the SMART Pathway for use on federal environmental clearance and design. The Measure M Pathway funds have been used to advance nearly 15-miles SMART Pathway segments to construction across Sonoma County.

Private sector investments are also available to local jurisdictions to advance transit projects. Private developers have partnered with SMART to construct segments of the SMART Pathway and rail projects can benefit from a number of relatively new Tax Increment Financing Tools available in the State of California. There are a number of tools available to cities and counties that SMART cannot access directly but could be explored in partnership with Healdsburg, Cloverdale or other jurisdictions to serve as a way to provide additional revenue. These tools include:

- Enhanced Infrastructure Financing District
- Community Revitalization and Investment Authority
- Neighborhood Infill Finance and Transit Improvement Districts (SB 961 – 2018)
- Transient Occupancy Tax

Some of these tools also have mechanisms for funding Affordable Housing, some including minimum percentage requirements to provide affordable housing.

Prospective Schedule:

SMART's has demonstrated a successful track record of securing outside funding resources, much of which would otherwise have not come to the North Bay without SMART's voter approved tax to attract it to Sonoma and Marin Counties. Based on those successful efforts, SMART would seek to secure, on average, approximately \$250-\$270 million over the next 10-years in outside funds to construct future rail extensions and \$35 million over the same period in outside funds to construct additional pathway projects.

Our history of generating solutions beyond our financial realities is strong in the past 10 years. When the Great Recession impacted the entire country and SMART was forced to rethink its strategies, the original plan was reduced significantly. Construction plans in 2009 and 2010 only planned a rail line from Downtown Santa Rosa to the Marin Civic Center, or 34 miles. In 2010, in working with our funding partners in the region and locally, we were able to include the Downtown San Rafael Station as well as other deferred elements such as fiber optics. In 2012, reorganizing how we delivered the project and making creative decisions in construction we successfully extended the project to North Santa Rosa at Guerneville Road, and to add back the San Marin/Atherton Station. By 2014, we were able to add the Airport Boulevard station and add two more train cars to our fleet. By 2016, we had secured funding for the Larkspur Extension and had added four new train cars to our fleet of 14. Cooperation with the City of Novato is leading to a new downtown station there. And now, as part of our ongoing efforts to continue to build, we are looking at awarding the final contract for civic construction to Windsor, to be completed in late 2021. Again, it is this history that shows our record of delivery is strong and our commitment even stronger.

Other State Priorities:

Through past legislative and funding efforts, the State of California has indicated support for several SMART-related projects. Most notable is the use of the SMART rail tracks for freight rail transportation. SMART's authorizing legislation details the requirements to allow freight rail service on the SMART tracks. More recent legislation (2018 Senate Bill 1029) indicates the State's desire to eliminate the North Coast Railroad Authority and discusses future transitioning of freight rail functions along the corridor directly to SMART. Currently SMART dispatches freight on its tracks, with a private freight rail company serving the line.

The State has also recently funded an engineering feasibility analysis of upgrading the railroad tracks owned by SMART between Novato and Napa/Solano Counties to host passenger rail services connecting SMART to the national rail network, including Amtrak and Capitol Corridor. Currently the line, 2/3 of which is owned by SMART, is used for freight rail services and as a means to transport SMART project construction equipment from elsewhere in the country to the SMART mainline. The rail connection eastward along Highway 37 is also currently used to transport SMART's rail vehicles to rail maintenance facilities outside of the SMART District for major repair and overhaul work as needed.

SMART will continue to work with the State of California on State-funded priorities to maximize the public investment in the SMART rail corridor.

CONCLUSION

SMART has made great strides in building a new transit system that provides an alternative to Highway 101 for Sonoma and Marin Counties. The progress SMART has made since the Great Recession has meant more service than was originally envisioned in Measure Q, and a number of stations added to the system that were not part of the original vision. While the entire 70-mile system has not been built, SMART has built a system that can be sustained and can grow into the future if its primary funding source is secured. SMART's ¼ cent sales tax has produced \$289 million in revenues for SMART that has been leveraged to bring in over \$300 million for building and operating the system. This has resulted in \$600 million of direct investment in the transportation infrastructure serving 80% of the ridership the system was originally designed to reach.

This plan was developed in conjunction with the Citizens Oversight Committee, who provided valuable input. It focuses on a path forward in which SMART asks voters in March 2020 to continue the progress and success of the SMART transit alternative and extend the current sales tax past its 2029 expiration date. This would allow the District the time needed to restructure its debt and put more annual funding to operations. This would not only make the current operations sustainable; it would also provide the revenue needed to operate future extensions to Healdsburg and Cloverdale should outside funding become available for construction. This would also provide the revenue for ongoing pathway operations and maintenance funding possible for the existing and soon to be constructed segments. In the coming years, SMART will continue its successful efforts to seek out regional federal and state funds to extend the system beyond the current system.

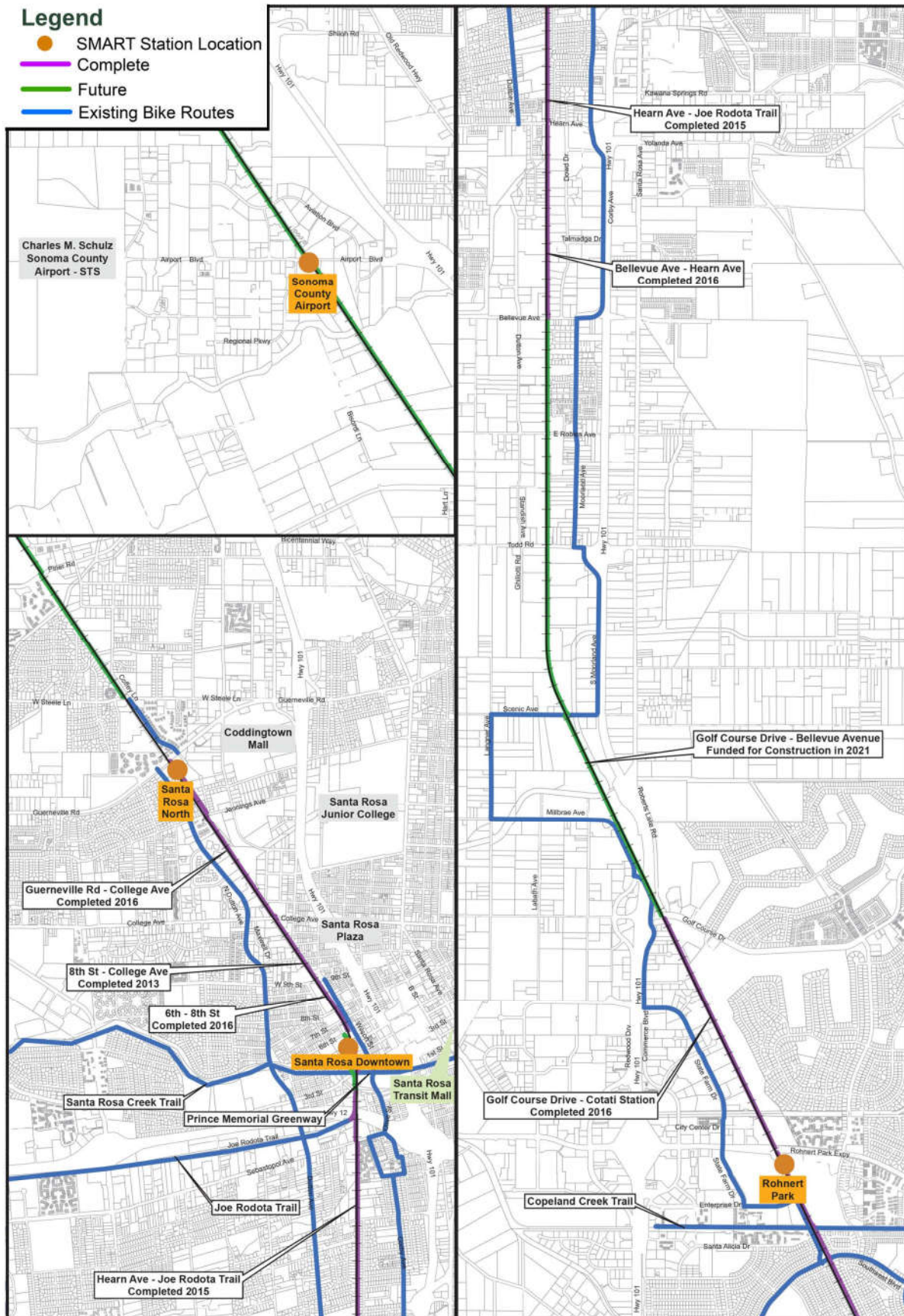
Appendix A: Pathway Progress Maps (Three Pages)



PATHWAY MAP: Santa Rosa to Rohnert Park

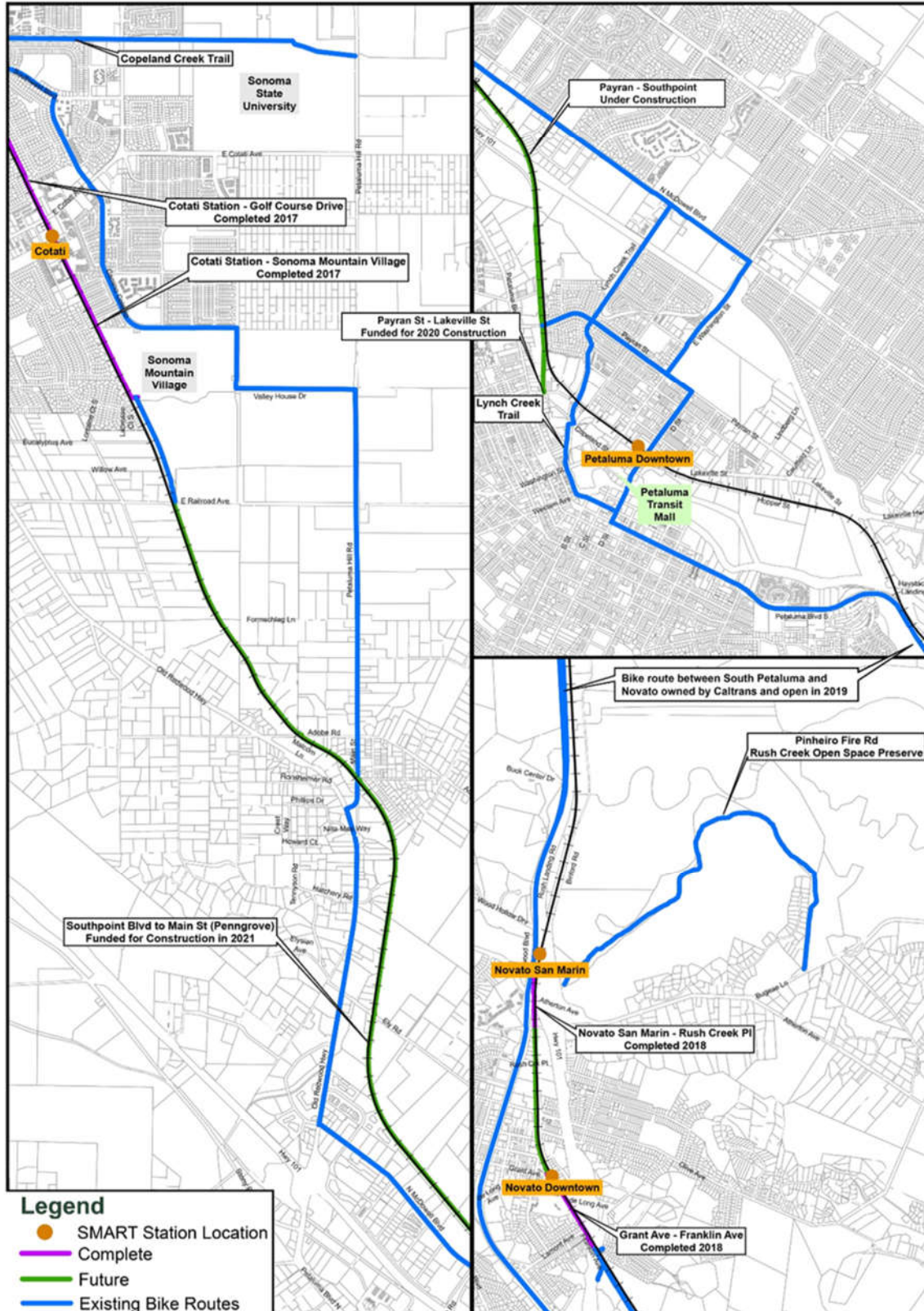
Legend

- SMART Station Location
- Complete
- Future
- Existing Bike Routes

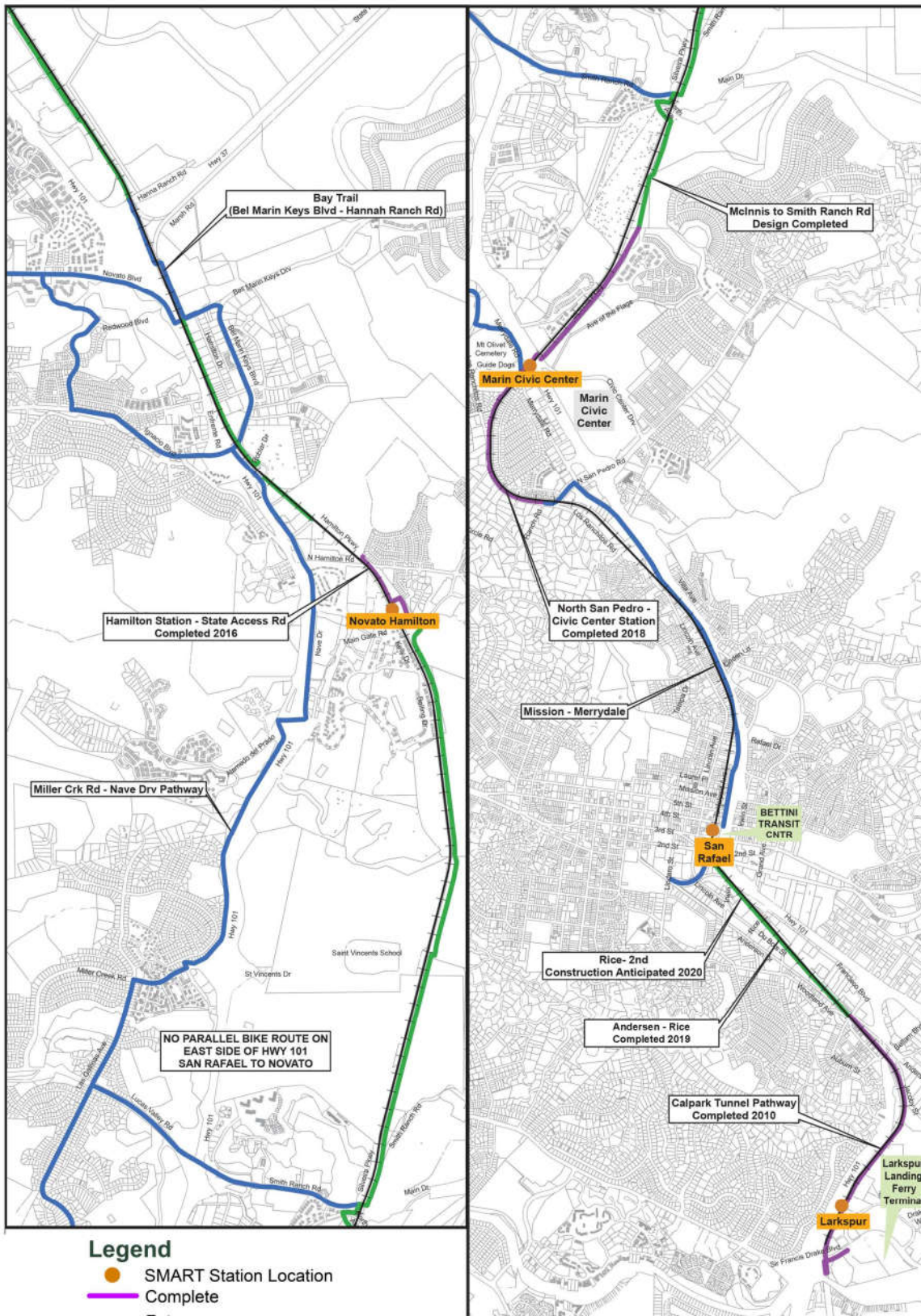


July 2019

PATHWAY MAP: Cotati to Novato Downtown



July 2019



July 2019

Appendix B: Sales Tax History and Forecasting

As part of the Strategic Plan, SMART developed a 3% planning forecast for sales tax that relies on an understanding of the population demographics of the District, new state legislation ensuring the capture of internet sales and the recent history of growth in the two-County District. This growth rate is also informed by more in-depth analysis by the Transportation Authority of Marin in 2017, as well as 2019 economic forecasts by the State of California.

RECENT HISTORY: Sales tax growth in the SMART District over the past 20 years averaged 2.89% (see below). This is a time period that is useful for the following reason:

- This 20-year period includes the time period during which SMART was considered and created
- This time period is long enough to capture two business cycle downturns or recessions
- One of the recessions captured in this 20-year time period was the “Great Recession”, an unprecedented financial event in modern financial history

	Year	SMART Sales Tax	% Change From Prior	
Based on Taxable Transactions	1998	21,904,613		
	1999	24,221,688	11%	
	2000	27,198,923	12%	
	2001	26,923,793	-1%	Typical Recession
	2002	26,378,273	-2%	
	2003	26,718,763	1%	
	2004	28,106,505	5%	
	2005	29,483,858	5%	
	2006	30,449,648	3%	
	2007	30,685,940	1%	
SMART Audited Amounts	2008	28,820,019	-6%	"Great" Recession
	2009	24,809,661	-14%	
	2010	24,059,929	-3%	
	2011	26,826,843	12%	
	2012	28,303,501	6%	
	2013	30,435,753	8%	
	2014	32,473,329	7%	
	2015	33,845,426	4%	
	2016	34,776,012	3%	
	2017	36,061,894	4%	
	2018	37,135,476	3%	

There are many different ways to analyze path growth and apply that to the future. Forecasts of future growth for purposes of the Strategic Plan are designed to show a possible trend line and plan against that trendline. It is not designed to be an exact model for each year into the future. SMART has used a simple 3% growth trend as the basis for planning purposes in this plan. Using 3% sales tax growth assumes that recessions will, in fact, occur and that perhaps one out of two recessions could be large and is based on the 20-year history of the tax, our knowledge of the demographics of the District, and our understanding of the composition of the District's sales tax.

IMPORTANCE OF PRUDENT RESERVES:

Because recessions and unexpected events could occur, one concern in any plan is how SMART would manage such challenges. One of SMART's practices now and in the future is to maintain prudent reserves for annual uncertainty. SMART's plan, in the future, is to strive to maintain reserves equal to 25% of its recurring annual operating costs. This provides a financial cushion against not only recession but also unanticipated costs that invariably do occur. SMART's current reserve for this purpose is \$17 million, and the long-range plan shows reinvestment in reserves for the life of the sales tax. It's important to recognize that the Strategic Plan is a planning document that is updated at least every five years. SMART's budget process, however, occurs at least every year. In a year in which a recession was to occur or expenses were to exceed SMART's plans, the Board would discuss these changes and recommendations would likely be made to adjust the budget accordingly.

SCENARIOS IN WHICH SALES TAX MIGHT BE LOWER OR HIGHER THAN STRATEGIC PLAN:

1. WHAT IF RECESSIONS IN THE FUTURE ARE MORE SEVERE? Growth of 2.5%:

One scenario that has been studied by SMART is what the effect would be if sales tax over time were significantly lower than the 3% growth shown in the Plan. This would mean an average of, for example, only 2.5% over time, a lower growth than was experienced on average over the last 20 years. If no adjustments were made, small annual losses would be compounded to larger revenue losses.

However, several important factors are relevant:

- Annual losses and imbalances would not be ignored by the Board and managers of SMART.
- If the losses continued, required solutions would be small if addressed quickly
- The availability of reserves would allow the Board cushion and time to examine the situation and plan its next steps.

As shown below starting in 2020-21, the difference in the first year would be minimal, \$191,516 (0.4% of the SMART operating budget). In five years, the revenue difference between 3% and 2.5% growth would be \$1.1 million (2% of annual budget).

Sales Tax Projection Percent	Fiscal Year					
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
3%	\$ 38,303,193	39,452,289	40,635,858	41,854,934	43,110,582	44,403,899
2.50%	38,303,193	39,260,773	40,242,293	41,248,350	42,279,559	43,336,548
Difference yearly	-	(191,516)	(393,565)	(606,584)	(831,023)	\$ (1,067,351)

While an ongoing negative revenue trend would grow the use of reserves to balance the budget, the Board would have sufficient time to act on any changes. The sooner savings are realized, the greater the savings over time.

More important points to consider:

- Even waiting two years to address the imbalance would mean adjustments of less than 1% of SMART's annual budget.
- If the District made no changes for 5 years, then a combination of expenditure cuts or an increase of other revenue sources would need to be made of \$3 million.
- Revenue losses, compounded over time, would be large but that would be offset by expenditure reductions the Board would make as part of its budgeting process. For example, an expense reduction of \$3 million would yield \$143 million in savings over 30 years.

2. WHAT IF THE FUTURE BRINGS HIGHER GROWTH? Growth of 3.5%:

It is also possible that SMART could experience higher sales tax growth than is shown in the Strategic Plan. This alternative scenario of 3.5% growth would provide additional sales tax revenue over time, starting small and growing over time in the manner shown in the recessionary chart above, with the difference being positive rather than negative. This would generate an additional \$3 million in revenue in five years, and \$10 million over 10 years. The Board could choose to put that difference towards operations, add to its reserves or utilize those funds for capital improvements.

PLANNING FOR RECESSION

No one can predict with certainty when a recession will occur. The August 2019 California Department of Finance Bulletin reports that California's real GDP grew at an annualized 2.7% in the first quarter of 2019. The Governor's May budget summary indicates that economic growth will continue but that the rate of growth will likely slow. The report also indicates that there are risk factors that could cause a slowdown or a recession which would affect revenue growth. Those risks include rising inflation, trade disputes and a loss of consumer confidence.

The Strategic Plan is a high-level view of potential future revenues and expenses for SMART. It is not a budget. SMART has an annual budget process that is separate from the Strategic Plan. If a recession were to occur in the coming years, as discussed in the recession scenario above, SMART would react by examining its revenues and expenses either as part of the annual budget process or sooner if necessary. In this way SMART would be no different than any operating transit district, City or County. As indicated in the discussion above, SMART's reserves would provide a necessary cushion to allow time for the Board and staff to make changes to the budget. Expense reductions would mitigate sales tax revenue losses. Those reductions could come in the form reductions in staff, suspension of cost of living increases, reductions in services provided, or any other number of actions.

As discussed in the Strategic Plan, an extension of the sales tax past its 2029 expiration date provides the best ability for the District to manage its future costs and build reserves. By reducing debt service, the District would have more ability to make expenditure decisions as debt service would require \$12 million less of the sales tax revenue at the start.

30-Year Sales Tax Extension Scenario
Summary of Revenue, Expense and Ending Balances
(as prepared by G. Phillips, September 12, 2019)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Measure Q - Sales tax	\$ 38.30	\$ 39.33	\$ 40.40	\$ 41.49	\$ 42.61	\$ 43.76	\$ 44.94	\$ 46.15	\$ 47.40	\$ 48.68	\$ 49.99	\$ 51.34	\$ 52.73	\$ 54.15
Fare Revenue	\$ 4.10	\$ 4.30	\$ 4.50	\$ 4.62	\$ 4.75	\$ 4.87	\$ 5.01	\$ 5.14	\$ 5.28	\$ 5.42	\$ 5.57	\$ 5.72	\$ 5.87	\$ 6.03
Other Federal & State Revenues	\$ 8.60	\$ 12.80	\$ 8.90	\$ 9.14	\$ 9.39	\$ 9.64	\$ 9.90	\$ 10.17	\$ 10.44	\$ 10.72	\$ 11.01	\$ 11.31	\$ 11.62	\$ 11.93
Total Revenue	\$ 51.00	\$ 56.43	\$ 53.80	\$ 55.25	\$ 56.74	\$ 58.27	\$ 59.85	\$ 61.46	\$ 63.12	\$ 64.83	\$ 66.58	\$ 68.37	\$ 70.22	\$ 72.12
Debt Service	\$ 16.70	\$ 17.40	\$ 18.10	\$ 18.80	\$ 19.50	\$ 20.20	\$ 20.90	\$ 21.60	\$ 22.30	\$ 23.00	\$ 23.70	\$ 24.40	\$ 25.10	\$ 25.80
Operating Costs	\$ 41.30	\$ 43.20	\$ 44.50	\$ 45.75	\$ 47.03	\$ 48.34	\$ 49.70	\$ 51.09	\$ 52.52	\$ 53.99	\$ 55.50	\$ 57.06	\$ 58.65	\$ 60.30
Contingency - Operating Costs	\$ -	\$ -	\$ -	\$ 4.57	\$ 4.70	\$ 4.83	\$ 4.97	\$ 5.11	\$ 5.25	\$ 5.40	\$ 5.55	\$ 5.71	\$ 5.87	\$ 6.03
Total Operating Expenses	\$ 58.00	\$ 60.60	\$ 62.60	\$ 65.52	\$ 67.93	\$ 70.38	\$ 72.87	\$ 75.40	\$ 77.97	\$ 80.57	\$ 83.20	\$ 85.86	\$ 88.53	\$ 91.22
Capital Expenses	\$ 12.20	\$ 0.30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income	\$ (19.20)	\$ (4.47)	\$ (8.80)	\$ (1.27)	\$ (1.19)	\$ (1.11)	\$ (1.02)	\$ (0.94)	\$ (0.85)	\$ (0.76)	\$ (0.68)	\$ (0.59)	\$ (0.50)	\$ (0.41)
Reserves Ending	\$ 24.60	\$ 20.13	\$ 11.33	\$ 10.06	\$ 8.87	\$ 7.76	\$ 6.74	\$ 5.81	\$ 4.96	\$ 4.19	\$ 3.52	\$ 2.93	\$ 2.43	\$ 2.02

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Measure Q - Sales tax	\$ 55.61	\$ 57.12	\$ 58.66	\$ 60.24	\$ 61.87	\$ 63.54	\$ 65.25	\$ 67.02	\$ 68.83	\$ 70.68	\$ 72.59	\$ 74.55	\$ 76.57	\$ 78.63
Fare Revenue	\$ 6.20	\$ 6.36	\$ 6.53	\$ 6.71	\$ 6.89	\$ 7.08	\$ 7.27	\$ 7.47	\$ 7.67	\$ 7.87	\$ 8.09	\$ 8.30	\$ 8.53	\$ 8.76
Other Federal & State Revenues	\$ 12.25	\$ 12.58	\$ 12.92	\$ 13.27	\$ 13.63	\$ 14.00	\$ 14.38	\$ 14.76	\$ 15.16	\$ 15.57	\$ 15.99	\$ 16.43	\$ 16.87	\$ 17.32
Total Revenue	\$ 74.06	\$ 76.06	\$ 78.12	\$ 80.22	\$ 82.39	\$ 84.62	\$ 86.90	\$ 89.25	\$ 91.66	\$ 94.13	\$ 96.67	\$ 99.28	\$ 101.96	\$ 104.72
Debt Service	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20
Operating Costs	\$ 61.98	\$ 63.72	\$ 65.50	\$ 67.34	\$ 69.22	\$ 71.16	\$ 73.15	\$ 75.20	\$ 77.31	\$ 79.47	\$ 81.70	\$ 83.98	\$ 86.34	\$ 88.75
Contingency - Operating Costs	\$ 6.20	\$ 6.37	\$ 6.55	\$ 6.73	\$ 6.92	\$ 7.12	\$ 7.32	\$ 7.52	\$ 7.73	\$ 7.95	\$ 8.17	\$ 8.40	\$ 8.63	\$ 8.88
Total Operating Expenses	\$ 74.38	\$ 76.29	\$ 78.25	\$ 80.27	\$ 82.35	\$ 84.48	\$ 86.67	\$ 88.92	\$ 91.24	\$ 93.62	\$ 96.07	\$ 98.58	\$ 101.17	\$ 103.83
Capital Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income	\$ (0.32)	\$ (0.23)	\$ (0.14)	\$ (0.05)	\$ 0.05	\$ 0.14	\$ 0.23	\$ 0.32	\$ 0.42	\$ 0.51	\$ 0.60	\$ 0.70	\$ 0.79	\$ 0.89
Reserves Ending	\$ 1.70	\$ 1.47	\$ 1.33	\$ 1.29	\$ 1.33	\$ 1.47	\$ 1.70	\$ 2.02	\$ 2.44	\$ 2.95	\$ 3.56	\$ 4.26	\$ 5.05	\$ 5.93

	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059
Measure Q - Sales tax	\$ 80.76	\$ 82.94	\$ 85.17	\$ 87.47	\$ 89.84	\$ 92.26	\$ 94.75	\$ 97.31	\$ 99.94	\$ 102.64	\$ 105.41	\$ 108.25
Fare Revenue	\$ 9.00	\$ 9.25	\$ 9.50	\$ 9.75	\$ 10.02	\$ 10.29	\$ 10.57	\$ 10.85	\$ 11.14	\$ 11.44	\$ 11.75	\$ 12.07
Other Federal & State Revenues	\$ 17.81	\$ 18.29	\$ 18.78	\$ 19.29	\$ 19.81	\$ 20.35	\$ 20.90	\$ 21.46	\$ 22.04	\$ 22.63	\$ 23.25	\$ 23.87
Total Revenue	\$ 107.57	\$ 110.47	\$ 113.46	\$ 116.52	\$ 119.67	\$ 122.90	\$ 126.21	\$ 129.62	\$ 133.12	\$ 136.72	\$ 140.41	\$ 144.20
Debt Service	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20	\$ 6.20
Operating Costs	\$ 91.24	\$ 93.79	\$ 96.42	\$ 99.12	\$ 101.90	\$ 104.75	\$ 107.68	\$ 110.70	\$ 113.80	\$ 116.98	\$ 120.26	\$ 123.62
Contingency - Operating Costs	\$ 9.12	\$ 9.38	\$ 9.64	\$ 9.91	\$ 10.19	\$ 10.47	\$ 10.77	\$ 11.07	\$ 11.38	\$ 11.70	\$ 12.03	\$ 12.36
Total Operating Expenses	\$ 106.56	\$ 109.37	\$ 112.26	\$ 115.23	\$ 118.28	\$ 121.42	\$ 124.65	\$ 127.97	\$ 131.38	\$ 134.88	\$ 138.48	\$ 142.19
Capital Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income	\$ 1.01	\$ 1.10	\$ 1.19	\$ 1.29	\$ 1.38	\$ 1.47	\$ 1.57	\$ 1.66	\$ 1.75	\$ 1.84	\$ 1.92	\$ 2.01
Reserves Ending	\$ 6.94	\$ 8.04	\$ 9.24	\$ 10.52	\$ 11.90	\$ 13.38	\$ 14.94	\$ 16.60	\$ 18.35	\$ 20.18	\$ 22.11	\$ 24.12

ANOTHER SCENARIO:

- Notes:
1. Measure Q increased annually by 2.7% (based on Compound Annual Growth Rate formula for the period 1998 - 2018, taking into consideration recessions of the period).
 2. Operating Costs increased annually by 2.8% (Consumer Price Index, per Sonoma County Economic Development Board, 2017).
 3. Contingency Operating Costs at 10% of Operating Costs, for unknown additional operating expenses, starting in 2023.
 4. All amounts shown in millions (rounded).

Appendix C: Summary Chart Revenues, Expense and Reserves : 30 Year Extension Scenario

\$ in Millions		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Measure Q		\$38.3	\$39.5	\$40.6	\$41.9	\$43.1	\$44.4	\$45.7	\$47.1	\$48.5	\$50.0	\$51.5	\$53.0	\$54.6	\$56.2
Fare Revenue		4.1	4.3	4.5	4.6	4.7	4.9	5.0	5.2	5.3	5.5	5.7	5.8	6.0	6.2
Other Revenue		<u>8.6</u>	<u>12.8</u>	<u>8.9</u>	<u>8.9</u>	<u>9.1</u>	<u>10.0</u>	<u>10.2</u>	<u>10.4</u>	<u>10.7</u>	<u>10.9</u>	<u>11.1</u>	<u>11.4</u>	<u>11.6</u>	<u>11.8</u>
Total Revenue		51.0	56.5	54.1	55.4	57.0	59.3	61.0	62.7	64.5	66.4	68.3	70.2	72.2	74.3
Debt Service		16.7	17.4	18.1	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2
O&M		41.3	43.2	44.5	45.8	47.2	48.6	51.5	53.1	54.7	59.5	61.3	63.1	65.0	67.0
Total Operating Expenses		58.0	60.6	62.5	52.0	53.3	54.7	57.7	59.2	60.8	65.7	67.5	69.3	71.2	73.1
Capital Expenses		12.2	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Net Income</i>		<i>(19.2)</i>	<i>(4.4)</i>	<i>(8.5)</i>	<i>3.4</i>	<i>3.6</i>	<i>4.5</i>	<i>3.3</i>	<i>3.5</i>	<i>3.7</i>	<i>0.7</i>	<i>0.8</i>	<i>0.9</i>	<i>1.0</i>	<i>1.1</i>
Reserves Ending Balance		24.6	20.2	11.8	15.2	18.9	23.5	26.9	30.5	34.3	35.2	36.1	37.2	38.4	39.7
\$ in Millions		2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Measure Q		\$57.9	\$59.7	\$61.5	\$63.3	\$65.2	\$67.2	\$69.2	\$71.3	\$73.4	\$75.6	\$77.9	\$80.2	\$82.6	\$85.1
Fare Revenue		6.4	6.6	6.8	7.0	7.2	7.4	7.6	7.8	8.1	8.3	8.6	8.8	9.1	9.4
Other Revenue		<u>12.1</u>	<u>12.3</u>	<u>12.6</u>	<u>12.9</u>	<u>13.2</u>	<u>13.4</u>	<u>13.7</u>	<u>14.0</u>	<u>14.3</u>	<u>14.6</u>	<u>14.9</u>	<u>15.3</u>	<u>15.6</u>	<u>15.9</u>
Total Revenue		76.4	78.6	80.8	83.2	85.5	88.0	90.5	93.1	95.8	98.5	101.4	104.3	107.3	110.4
Debt Service		6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2
O&M		69.0	71.1	73.2	75.4	77.6	80.0	82.4	84.8	87.4	90.0	92.7	95.5	98.4	101.3
Total Operating Expenses		75.2	77.2	79.4	81.6	83.8	86.1	88.5	91.0	93.6	96.2	98.9	101.7	104.5	107.5
Capital Expenses		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Net Income</i>		<i>1.3</i>	<i>1.4</i>	<i>1.5</i>	<i>1.6</i>	<i>1.7</i>	<i>1.9</i>	<i>2.0</i>	<i>2.1</i>	<i>2.2</i>	<i>2.4</i>	<i>2.5</i>	<i>2.6</i>	<i>2.8</i>	<i>2.9</i>
Reserves Ending Balance		41.1	42.7	44.3	46.1	48.0	50.1	52.3	54.6	57.0	59.6	62.4	65.2	68.2	71.4
\$ in Millions		2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059 (Partial Year)		
Measure Q		\$87.6	\$90.3	\$93.0	\$95.8	\$98.6	\$101.6	\$104.6	\$107.8	\$111.0	\$114.3	\$117.8	\$91.0		
Fare Revenue		9.6	9.9	10.2	10.5	10.9	11.2	11.5	11.9	12.2	12.6	13.0	10.0		
Other Revenue		<u>16.3</u>	<u>16.6</u>	<u>17.0</u>	<u>17.4</u>	<u>23.9</u>	<u>18.2</u>	<u>18.6</u>	<u>19.1</u>	<u>19.6</u>	<u>20.1</u>	<u>20.6</u>	15.9		
Total Revenue		113.6	116.8	120.2	123.7	133.4	130.9	134.8	138.7	142.8	147.0	151.3	116.9		
Debt Service		6.2	6.2	6.2	6.2	6.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
O&M		<u>104.3</u>	<u>107.5</u>	<u>110.7</u>	<u>114.0</u>	<u>117.4</u>	<u>121.0</u>	<u>124.6</u>	<u>128.3</u>	<u>132.2</u>	<u>136.2</u>	<u>140.2</u>	<u>108.3</u>		
Total Operating Expenses		110.5	113.6	116.9	120.2	123.6	121.0	124.6	128.3	132.2	136.2	140.2	108.3		
Capital Expenses		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
<i>Net Income</i>		<i>3.1</i>	<i>3.2</i>	<i>3.3</i>	<i>3.5</i>	<i>9.8</i>	<i>10.0</i>	<i>10.2</i>	<i>10.4</i>	<i>10.6</i>	<i>10.8</i>	<i>11.1</i>	<i>8.5</i>		
Reserves Ending Balance		74.7	78.2	81.8	85.6	95.7	106.0	116.4	127.2	138.1	149.3	160.7	169.5		



September 18, 2019

Gary Phillips, Chair
Transportation Authority of Marin

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

Judy Arnold
Marin County Board of Supervisors

Damon Connolly
Marin County Board of Supervisors

Debora Fudge
Sonoma County Mayors' and
Councilmembers Association

Patty Garbarino
Golden Gate Bridge,
Highway/Transportation District

Dan Hillmer
Marin County Council of Mayors and
Councilmembers

Eric Lucan
Transportation Authority of Marin

Joe Naujokas
Sonoma County Mayors' and
Councilmembers Association

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

SUBJECT: First Review of the Draft 2020 Expenditure Plan

Dear Board Members:

RECOMMENDATION: Discussion Only

SUMMARY:

In order for SMART to proceed with extension of our current sales tax Measure Q without increasing the current rate, we are required to prepare and approve an Expenditure Plan.

The attached draft Expenditure Plan contains the following information:

- Executive Summary
- Expenditure Plan Background
- Rail Corridor Ownership and Management
- Community Outreach
- Expenditure Plan 4 Principles
- Sales Tax Revenues
- Implementing Guidelines
- Amendments to the Plan

Once we receive feedback from you and members of the public, we will incorporate those comments and we will bring back to your Board an updated draft. Based on your direction at that time, we will place the 2020 Expenditure Plan for your final consideration and adoption on the Board of Directors Agenda in October 2019. As a reference for your information, attached is the 2008 Expenditure Plan. The main difference between these two expenditure plans is that in the last decade SMART has changed from an agency planning for a major capital project to an operating transit district with plans for service expansion in the future subject to availability of the outside funding.

This plan, just like the previous plan, clearly discusses that SMART requires ongoing revenue from the sales tax for both operation and maintenance of the existing train and pathway system and to generate new revenue for the system through state and federal transportation grants, for both operations

and construction of the remaining capital investments identified in the plan. The 2020 expenditure plan also addresses the need for an extension of the tax without changing the current rate in order to refinance SMART's current bond debt that was required to build the first 43 miles. This extension and plan is designed to secure a stable future for SMART for future riders generations to come.

Finally, this Expenditure Plan is structured with four principles that your Board has previously seen as follows:

1. Provide for ongoing Operation and Maintenance of the Current System: Includes funding for annual maintenance and repair, future upgrades to current systems, replacement cycles, and investment in newer technology.
2. Prioritize Safety and Security Maintenance and Improvements: For enhancements in safety and security of passengers, employees, the public and our infrastructure.
3. Provide for Capital Investment: Completion of all projects currently underway, and additionally:
 - Completion of the Windsor Extension Project
 - Completion of the Healdsburg Project
 - Completion of the Cloverdale Project
 - Completion of pathway projects connecting our stations
 - Completion of the second station in Petaluma
 - Purchase of additional train sets
 - Double tracking where feasible
 - Connections to local transit, regional and national transit systems including airports and national railroad
4. Future Amendments: The Board of Directors may review and amend these principles to provide for the use of additional Federal, State, Regional or local funds, to account for unexpected revenues and to accommodate any unforeseen circumstances.

We are looking forward receiving your feedback and those of public at today's meeting as well as posting the drafts on our web site and seek additional comments.

Very truly yours,



Farnad Mansourian
General Manager

Attachment(s): 1) Draft 2020 Expenditure Plan
2) SMART 2008 Expenditure Plan

SONOMA-MARIN AREA RAIL TRANSIT DISTRICT

2020 EXPENDITURE PLAN

October 2019

I. Executive Summary

The Sonoma-Marin Area Rail Transit District (SMART) proposes an extension (without increasing the ¼ cent retail sales tax rate) in order to pay for the operation, maintenance and expansion of a passenger train system and ancillary bicycle/ pedestrian pathway.

SMART requires the extension to provide not only revenues for the on-going operation and maintenance of the existing train and pathway system and to provide matching funds to obtain state and federal transportation grants for the capital construction of the remaining capital projects identified below.

Over the past 10 years SMART's ¼ cent (Measure Q) tax revenue has allowed the District to leverage its funds along with regional, state and federal funds to both build and operate a new commuter rail transit system that extends from Larkspur in Marin to Airport Blvd in Sonoma and is a convenient/efficient alternative to sitting in traffic on Hwy 101. In addition to the currently built system, the Windsor extension project is fully funded and is scheduled to open at the end of 2021. For every dollar in sales tax the District has received, SMART has brought an additional dollar investment to the region.

This measure proposes an extension (without increasing the rate) to the existing ¼ percent retail sales tax measure that will provide for and increase the existing level of service, operation and future expansion of both the passenger and freight rail train system and ancillary bicycle/ pedestrian pathways in Sonoma and Marin Counties. The passage of this measure will allow SMART to continue to leverage and compete for Federal, State, Regional, Local and Private Funds for passenger/ freight services and pathway connecting SMART stations for years to come. The extension of time will also allow SMART to refinance its existing debt, lower its annual payments and put more sales tax revenue toward annual operations.

Extending the existing sales tax measure will continue to further community-wide goals of relieving traffic, fighting global warming, reducing greenhouse gas emissions, increasing economic opportunities and increasing transportation options. Extension of the existing sales tax measure will help achieve these goals in Marin and Sonoma Counties through convenient rail connections to ferry, bus and regional transit services across the Northbay and connections

to the national railroad system via Highway 37 & 121, by providing passenger train service, a bicycle/pedestrian pathway linking the stations, all funds supporting these environmentally responsible transportation alternatives in Marin and Sonoma Counties.

Local Control of Revenues and Citizen Accountability is Paramount. The measure provides for accountability, protects the public's investment and includes safe guards to ensure that our transportation priorities will be protected. Local officials who are closest to where the revenues are collected and understand their community's needs will make decisions with input from the public and a citizen's oversight committee. Consistent with State law, all sales tax revenues collected by passage of this measure will remain under the control of appointed local officials serving as the Sonoma Marin Area Rail Transit District Board of Directors. This measure would raise \$40 million a year.

The proceeds of the tax would be focused on four main expenditure principles designed to ensure the District can continue the progress, success and operation of the rail transportation and pathway system: (1) Provide for ongoing operation, maintenance and financing of the current system, including reducing annual debt service (2) Enhance safety and security programs (3) leveraging other sources of revenue for capital projects and operational enhancements (4) Continually evaluate and determine the priorities of the District as they arise by the Board of Directors

SMART District Role and Purpose

The SMART District was established by the California Legislature through the enactment of AB 2224. The SMART District includes both Sonoma and Marin Counties and was created in that legislation for the purpose of providing a unified and comprehensive structure for the ownership and governance of a passenger and freight rail system within Sonoma and Marin Counties and provide passenger and freight train service along the existing publicly-owned railroad right-of-way.

Rail Corridor Ownership and Management

SMART is managed by a General Manager, who is appointed by and reports to the SMART Board of Directors. SMART owns the railroad corridor currently extending from Healdsburg in Sonoma County to Corte Madera in Marin County and from Novato

eastward towards Napa and American Canyon. This right-of-way is a significant public asset that is now used to provide passenger and freight train service and pathways linking the train stations. At this time, proposed State Legislation would adjust SMART's ownership of the railroad right-of-way to the County line between Sonoma and Mendocino.

Expenditure Plan Background

Since the approval of the retail sales tax measure in 2008, SMART has built an entirely new transit alternative to sitting in traffic on Highway 101. Marin and Sonoma voters showed their desire to have this system in the most important way possible—by agreeing (nearly 70% of the vote) to help pay for it. Similar to the tax revenues used to support roads and bridges, every commuter rail system relies on taxpayer support to provide its service to the public.

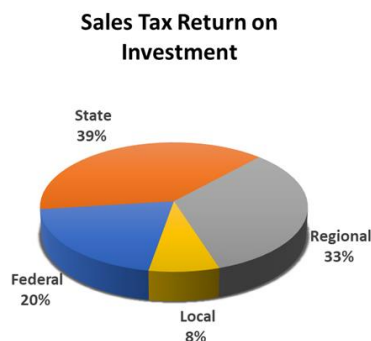
With continued tax support, SMART will continue to leverage its current local ¼ cent funds to capture additional funding that would otherwise not be available to the region. SMART has successfully received additional grant funding for rail cars, expansion of the rail system, stations, upgrades to railroad safety systems and additional pathway extensions. As envisioned in the previous measure Q expenditure plan, SMART leveraged the retail sales tax in the amount of \$298 million and received over \$323 million in competitive grant funds for building and operating the system--more than doubling the sales tax income. This has resulted in over \$600 million of direct investment in the transportation infrastructure of the two Counties which SMART now seeks to maintain and preserve.

In working to provide the best transportation alternative to commuters in the North Bay, SMART opened with service that is safe, reliable and has carried over 1.5 million passengers, 5,500 passengers in wheelchairs and 140,000 bicycles to date. While extension of the current ¼ cent sales tax was always

planned and necessary for continued operations and preservation of the capital investment, the updated 2020 expenditure plan now focuses on four categories listed below to ensure the District can continue the progress and success of the SMART transit system.

The anticipated extension would not change the ¼ cent rate but would extend sales tax past its expiration date allowing the District the time needed to restructure its debt and provide consistent annual funding for operations. Preliminary estimates show that annual debt service could be reduced from \$18 million to \$6 million annually thereby providing annual revenue savings of \$12 million. This debt restructuring will secure the current rail and pathway operations for the future; it would also provide the revenue needed to operate future rail extensions to Healdsburg and Cloverdale and future pathway expansion when outside grant or other funding becomes available to complete construction. In the coming years, SMART will continue its very successful efforts to seek out federal, state, regional, local and private funds to extend beyond the current system

SMART Board adopts an annual budget documenting all revenues and expenditures. SMART has recently updated its Strategic Plan, under the direction of the SMART Board of Directors. The Strategic Plan provides annual revenue and future cost assumptions for project implementation operation and maintenance. SMART also prepares a Short Range Transit Plan documenting service and funding assumptions over a 10-year period.



II. Expenditure Plan Principles

(1) Provide for On-going Operation, Maintenance and Financing of the current system:

This includes funding for operational services, annual maintenance and repair, future upgrades to current systems, replacement cycles, and investment in newer technology and restructuring of the construction debt service.

i. Operations and Services:

SMART provides safe, reliable weekday and weekend/holiday train service between Marin and Sonoma County. Current service consists of:

- On weekdays SMART provides for 34 daily service from Sonoma County

Airport to Downtown San Rafael.

- Upon opening the Larkspur station project extension SMART will expand service to 36 daily trips.
- On weekend & holidays SMART provides for 10 trips and upon completion of the Larkspur station project SMART will adjust these trips to connect with San Francisco-bound ferry

- ii. Maintenance expenditures for infrastructure which currently includes:
 - 45 miles of commuter rail with stations
 - 4 park and ride lots
 - 25 miles of pathways
 - 68 public crossing
 - 27 bridges
 - 2 tunnels
 - Rail Operation Center and maintenance facilities
 - Telecommunications, Fiber optics, WiFi

- iii. Refinance existing debt service
To fund the construction of the rail and pathway project, SMART utilized revenue bonds that advanced \$180 million toward construction. SMART can now utilize additional years of sales tax revenue to refinance the payments on that debt to free up \$12 million in revenue annually by reducing debt payments from \$18 million to \$6 million.

- iv. Replacement cycle for SMART's clean and efficient Rail Cars.
SMART currently uses 18 modern railcars in its delivery of transit services that are powered by clean, efficient on-board engines. Future funding to keep those cars in good repair is needed.

(2) Prioritize safety, education and community outreach programs:

SMART's operation maintains the highest safety standards, meeting all required federal rules and regulations. Priority for expenditures related to safety includes but is not limited to:

- i. Safety, education, suicide prevention and community outreach programs:
Our passenger's safety as well as general public safety is our foremost priority.

SMART will continue outreach and safety efforts making sure the public is aware of our new passenger train service after an absence of more 60 years. To date, SMART has:

- Launched a new SMART rider-focused website, that has had over 700,000 users
- Conducted and attended over 450 events or presentations, informing passengers, pedestrians, bicyclists, and motorists
- Completed 179 presentations at 97 schools, reaching 38,281 students in Marin and Sonoma counties
- Created a new dedicated safety website, BeTrackSMART.org, to educate the public on rail safety

SMART's will continue its community outreach efforts that have included monthly public Board meetings, public hearings, special ad hoc meetings and hundreds of presentations to community, business and special issue groups. SMART's social media and digital program will continue, including channels on Facebook, Twitter and Instagram reaching over 15,000 people.

ii. Implementation of safety enhancements for crossings.

While the SMART system meets or exceeds all State and Federal safety requirements, SMART continually evaluates whether there is anything within SMART's ability and means that could improve the safety of the system. Recently, as a result of several incidents of distracted pedestrians and bicyclists colliding with the train, the SMART Board authorized the use of capital reserves for additional safety enhancements at 30 crossings. Additionally, SMART is researching technology at grade crossings to detect and deter trespassing or other safety problems on the right of way. Cameras with specialized analytics could be deployed where SMART experiences a high volume of trespassers or other traffic, increasing our ability to react to unsafe behavior. SMART will continue to study these and other safety improvements into the future.

(3) Capital projects and Rolling Stock:

The passage of a sales tax extension without increasing the rate enables SMART to fully fund the operational expenses of Windsor, Healdsburg and Cloverdale extensions currently estimated to be \$600,000, \$1.5M and \$3.2M respectively. Although current financial projections do not provide any additional funds dedicated for these capital projects, SMART will continue to work to find state, federal and private funding to address and invest in both its existing infrastructure as well as seek to leverage funding to complete current projects underway and all future projects. Those projects include:

Rail: The current capital cost estimates for rail extensions and capacity expansion (vehicles/rail yard) is \$364 million based on current construction estimates. Actual cost may be lower or higher based on economic climate at the time of construction.

This is comprised of the following elements:

- Windsor to Healdsburg (Track, Station, Bridges and Systems) - \$125 million
- SMART Rail Vehicle Expansion - \$44 million
- SMART Rail Yard Capacity Expansion - \$25 million
- Healdsburg to Cloverdale (Track, Station, Bridges and Systems) - \$170 million

Pathway: In order to close the existing gaps between the Larkspur and Windsor Stations in the built or funded pathway segments, the cost estimate for delivering those segments is \$35-40 million based on current construction estimates. Construction of pathway connecting to SMART stations includes:

- Larkspur to Down Town San Rafael Station pathway
- Civic Center to Downtown Novato Stations pathway
- Downtown Novato to San Marin Stations pathway
- Petaluma to Cotati Stations pathway
- Santa Rosa North to Sonoma County Airport Stations pathway

Additionally, the cost of pathway segments connecting Windsor to Healdsburg and Cloverdale is estimated to be \$38 million.

Improved Level of Service: In addition to system extensions, SMART will also look to improve the frequency of service. This would require:

- The purchase of additional train sets
- Double tracking where feasible
- Enhanced connections to local transit, regional and national transit systems including airports and national railroad.

For all of these capital priorities, SMART would continue its successful efforts to date that brought a new dollar to the region for every dollar of sales tax received. The current investment would be leveraged to seek new resources for our priorities. Significant grant and other outside revenues will be available in the coming years that could advance SMART's future capital expansion efforts. Notably, within California, the voter-affirmed Senate Bill 1 has infused significant resources into improving transportation networks throughout the State. These funds were affirmed by the voters and are being made available to transportation needs.

The following is a list of statewide resources for which SMART is able to compete to construct SMART's capital expansion program. The list is not exhaustive but illustrates the opportunities available with over \$1.2 billion in new revenues every year moving forward:

- Transit and Intercity Rail Capital Program - \$300 million annually
- Solutions for Congested Corridors - \$250 million annually
- State Transportation Improvement Program – Interregional Share - \$27.5 million annually
- State Transportation Improvement Program – Regional Share - \$82.5 million annually
- Trade Corridor Enhancement Program - \$300 million annually
- Local Partnership Program - \$200 million annually
- Active Transportation Program - \$100 million annually
- Regional Measure 3 (bridge toll finds)

Federal resources are also available, with reauthorization of the Federal transportation legislation, currently 2015's Fixing America's Surface Transportation (FAST) Act is on the horizon for 2020. Federal funding priorities include rural projects, particularly those that improve broadband connections. SMART's extensions north will satisfy both of those priority concerns. SMART has a history

of successfully accessing funds programmed at the discretion of Federal decision-makers, with nearly \$41 million in federally-controlled funds authorized for SMART rail projects.

(4) Programmed flexibility:

The Board of Directors may review and approve amendments to this expenditure plan to provide for the use of additional Federal, State, Regional, local or private funds, to account for unexpected revenues and to accommodate any unforeseen circumstances. Since actual revenues may be higher or lower than expected due to changes in availability of state or federal funds, changes in cost and/or fluctuations in sales tax revenues. Estimates of actual revenue will be programmed annually by the District in its annual budget and service plan.

III. Implementation Guidelines

In addition to principles for the use of funds, the Board also commits to the following guidelines as a matter of policy for sales tax administration and transparency:

1. A Citizens Oversight Committee, as established by the SMART Board, will continue to provide input and review on the Strategic Plan and subsequent updates. The committee is composed of citizens from the SMART District, appointed by the Board for a specific term.
2. The duration of the measure will be for an additional 30 years and SMART shall continue to undergo an annual independent financial audit.
3. SMART has prepared a Strategic Plan which identifies planned investments in capital implementation, operations and maintenance for the extension and duration of the tax. The Strategic Plan should be updated every five years.
4. SMART is authorized to re-issue or restructure revenue bonds, pursuant to Public Utilities Code section 105220, to advance the commencement of, or expedite the delivery of passenger train service, the bicycle/pedestrian pathway and related train transit improvements.
5. SMART's sales tax will continue to be administered by the State Board of Equalization.

***SONOMA-MARIN AREA
RAIL TRANSIT DISTRICT***

***2008 EXPENDITURE
PLAN***

July 2008

I. Executive Summary: SMART Expenditure Plan

The Sonoma-Marín Area Rail Transit District (SMART) proposes a ¼-cent sales tax measure for Sonoma and Marin Counties in order to pay for the construction and operation of a passenger train system and ancillary bicycle/pedestrian pathway along the existing, publicly owned Northwestern Pacific Railroad. The SMART project will extend from Cloverdale in Sonoma County to Larkspur in Marin County. (See Figure 1)

SMART's proposed ¼-cent sales tax measure would relieve traffic, fight global warming and increase transportation options, by providing two-way passenger train service every 30 minutes during weekday rush hours, weekend service, a bicycle/pedestrian pathway linking the stations, and connections to ferry/bus service, by levying a ¼-cent sales tax for 20 years, with an annual spending cap, independent audits/oversight, and all funds supporting these environmentally responsible transportation alternatives in Marin and Sonoma Counties.

Passage of this measure allows SMART to access other state, regional, and federal funds for the provision of passenger train service that are currently unavailable to Sonoma and Marin residents.

This measure would raise approximately \$890 million over a 20-year period or approximately \$45 million a year. The proceeds of the tax would be allocated to the design, construction, implementation, operation, financing, maintenance and management of a passenger train system and a bicycle/pedestrian pathway connecting the proposed train stations.

In 2006 SMART certified an Environmental Impact Report (EIR) analyzing the potential environmental impacts of the proposed passenger train and pathway corridor. The report's findings included:

- The train and pathway project is the environmentally superior alternative to the congested 101 freeway.
- The proposed project would reduce greenhouse gases.
- Up to 1.5 million car trips would be removed from Highway 101 annually.

- Energy use is reduced thereby reducing dependence on fossil fuels.
- The pathway provides another clean transportation option linking the train stations, along with health and recreational benefits.
- Replacement of waterway bridges and culverts with modern structures would significantly improve drainage along the train corridor and eliminate seasonal flooding.

More recently, a Supplemental EIR was prepared to evaluate:

- Potential addition of weekend passenger train service;
- Potential use of lighter-weight train vehicles;
- Potential alternative locations for the Novato South Station; and
- The cumulative impact due to a change in the level of future freight rail service operating in the SMART corridor.

See www.sonomamarintrain.org to view the environmental documents.

II. SMART Expenditure Plan Background

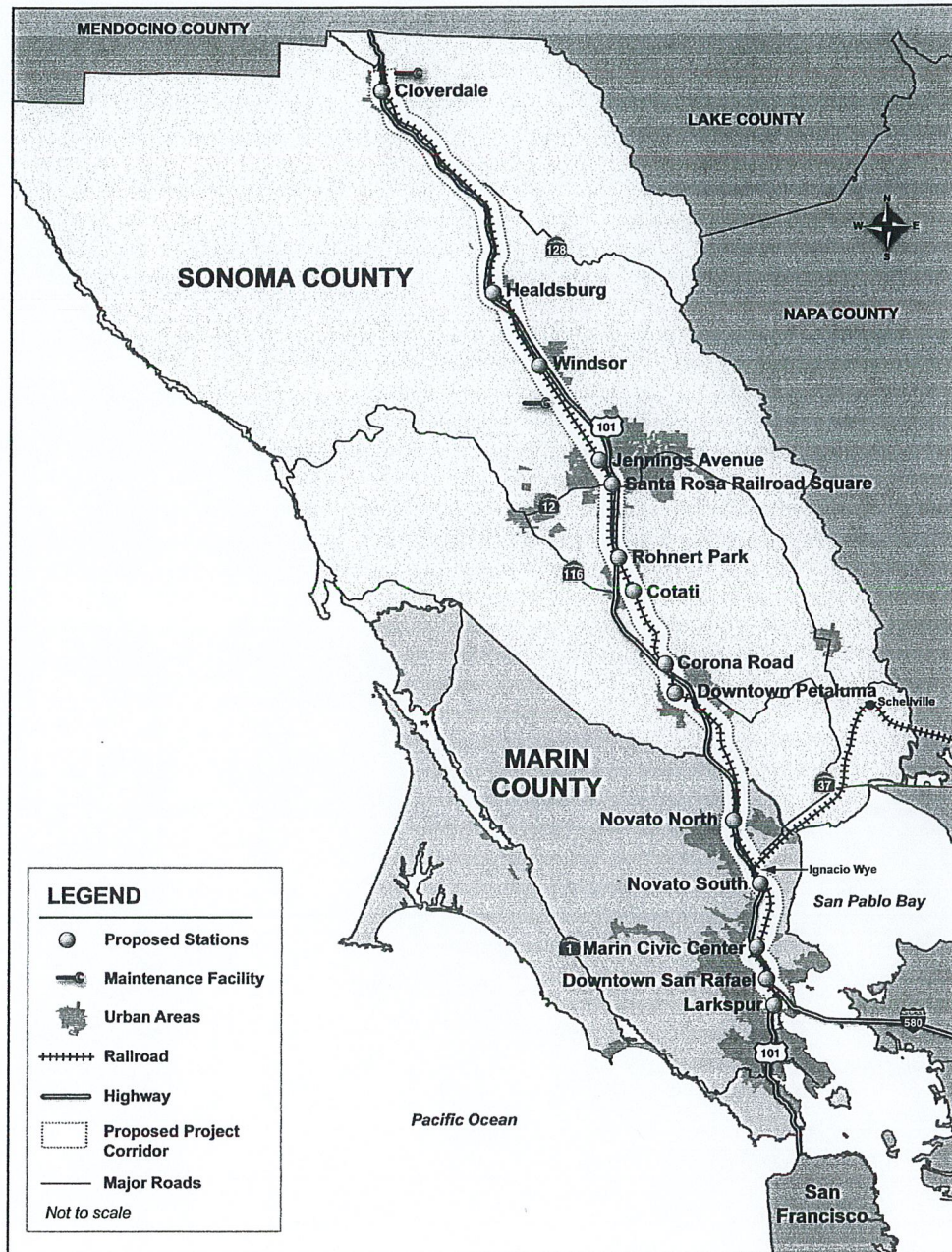
A. SMART District Role and Purpose

On January 1, 2003, the SMART District was established by the California Legislature through the enactment of AB 2224. The SMART District includes both Sonoma and Marin Counties and was created for the purpose of providing a unified and comprehensive structure for the ownership and governance of a passenger rail system within Sonoma and Marin Counties. The goal of SMART is to provide passenger train service along the existing publicly-owned railroad right-of-way.

B. Rail Corridor Ownership and Management

The primary asset of SMART is the NWP rail right-of-way and properties contained within that right-of-way along the railroad corridor extending from Healdsburg in Sonoma County to Corte Madera in Marin County. (See Figure 1.) This right-of-way is a significant public asset and is to be managed for the public's use and benefit via the restoration of passenger train service and the development of a pathway linking the train stations.

Figure 1



SMART is managed by a General Manager, who is appointed by and reports to the SMART Board of Directors. SMART adopts an annual budget documenting all revenues and expenditures. Upon passage of this measure, SMART will prepare a Strategic Plan, under the direction of the SMART Board of Directors, and will update the plan at least every five years. The Strategic Plan will provide detailed annual revenue and cost assumptions for project implementation and operation. SMART will also prepare a five-year Short Range Transit Plan documenting service and funding assumptions. Prior to initiating train service, SMART will prepare a Start-Up Plan and an Emergency Preparedness Plan one year in advance of scheduled service. The Start-Up Plan will include implementation requirements, schedule assumptions, staffing, and maintenance and operations requirements. The Emergency Preparedness Plan will be developed in coordination with local jurisdictions and emergency responders and will address response protocols and procedures along the corridor.

A Citizens Oversight Committee will be established by the SMART Board to provide input and review on the Strategic Plan and subsequent updates. The committee will be composed of citizens from the SMART District, appointed by the Board.

C. Community Outreach

SMART's community outreach efforts have included monthly public Board meetings, public hearings, special ad hoc meetings and hundreds of presentations to community, business and special issue groups. SMART maintains an agency website with regular postings of project documents, a project hotline with phone numbers in both Sonoma and Marin counties and has provided regular email updates on the project's development to over 2,200 email recipients each year.

III. Expenditure Plan and Project Details

A. Project Description

The SMART passenger train project will upgrade the existing NWP right-of-way, to provide passenger train service from Cloverdale to Larkspur, with convenient linkages to bus, ferries, and shuttle feeder routes and direct connections to the bicycle/pedestrian pathway.

Fourteen stations are planned, nine in Sonoma County and five in Marin County. Proposed station sites include: Cloverdale, Healdsburg, Windsor, Santa Rosa (two stations), Rohnert Park, Cotati, Petaluma (two stations), Novato (two stations), Marin Civic Center, San Rafael and Larkspur.

Two-way train service is proposed at 30 minute frequencies, operating in the weekday a.m. and p.m. commute periods, along with one mid-day train. Weekend train service is also proposed with four, two-way round trips per day on Saturdays and Sundays.

B. Project Components: Capital Improvements

1. Upgrading Trackway & Bridges: The existing single track rail line will be upgraded with passing tracks and train sidings, which will accommodate train schedule requirements. All of the rail, with the exception of rail recently or currently being upgraded, will be re-laid with new ballast, ties, signage, and drainage facilities. Timber trestle bridges will be replaced with concrete trestle spans supported on concrete pilings. The Gallinas Creek Bridge and Russian River Railroad Bridge will be upgraded and rehabilitated and will include drainage improvements. The Haystack Landing Bridge over the Petaluma River will also be replaced.

2. Providing New and Upgraded Stations: Fourteen train stations are proposed (see Figure 1). The stations would have convenient transfers to available peak period, fixed route bus service, connections to regional ferry service (at the Larkspur Station) and bicycle/pedestrian pathway connections. At locations where stations are to be co-located with existing or planned transit centers, passenger rail upgrades will be provided. Each station will have a boarding platform with shelter, lighting, ticket vending machines, passenger amenities and pick-up and drop-off areas. Park-and-ride spaces will be provided at most stations. Bicycle parking would be provided at all stations and attended bicycle parking facilities are proposed at Santa Rosa Railroad Square and Downtown San Rafael.

3. Providing Clean and Efficient Rail Cars: SMART will use modern railcars powered by clean, efficient on-board engines, eliminating the

need for big locomotives. SMART trains can carry 200-300 passengers, yet will be short enough to fit within a city block to avoid obstructing downtown streets.

4. Implementing Other Needed Improvements: Two tunnels will be upgraded for train service. The CalPark Hill Tunnel, between San Rafael and Larkspur, will be funded 50% by SMART and 50% by Marin County. The CalPark Hill Tunnel will include both train and pathway improvements. The Puerto Suello Hill Tunnel, located north of San Rafael, will be upgraded for passenger rail service.

All public crossings will be upgraded along the rail line.

A new signal and dispatch system will be provided along the rail line to control train operations in accordance with state and federal operating rules and requirements.

The replacement of old railroad bridges and trestles will provide significant improvements in drainage and aid in the elimination of seasonal flooding along the corridor.

5. Providing Funding for a Bicycle/Pedestrian Pathway: SMART will provide a bicycle/pedestrian pathway along the SMART rail corridor linking the 14 train stations and on-going annual maintenance of the pathway.

6. Providing for Connecting Shuttle Services: Peak hour shuttle service is proposed for selected train stations. SMART has proposed nine shuttle routes serving selected stations during peak commute periods. Maps showing the shuttle routes are included as part of White Paper #9 and can be found on the district's website at www.sonomamarintrain.org.

7. Building a Needed Maintenance Facility: A maintenance facility will be constructed to provide rail car maintenance and storage.

8. Implementing Quiet Zones: SMART has committed to funding Quiet Zones in urban areas along the corridor, which would allow crossings to operate without train horns.

9. Implementing an Environmental Mitigation Program: SMART will implement

the environmental compliance and mitigation measures identified in the Final Environmental Impact Reports. Specific mitigation measures include traffic synchronization improvements, habitat and wetland restoration, and implementation of Quiet Zones.

10. Engineering, Bid Documents, Staff Support: Final engineering and preparation of all construction bid documents will be provided for the train and pathway project.

C. Project Components: On-Going Operations and Maintenance

1. Annual Forecasted Operating Costs: Operating costs have been updated to account for all costs of train and shuttle operations, including service contracts, vehicle fuel, insurance, administration, project staffing and overhead.

2. Annual Forecasted Maintenance Costs: Annual maintenance costs have been updated to account for the costs of maintaining train cars, stations, trackway, signals, maintenance facility, railroad crossings and the portions of the bicycle/pedestrian pathway on the rail right-of-way.

IV. Project Funding and Implementation

A. Schedule

The proposed schedule for the project is as follows:

- SMART District Vote, November 4, 2008
- Engineering/Construction, 2009-2013
- Passenger Train Service Start-Up, 2014

B. Sales Tax Revenues

It is estimated that \$890 million will be raised with the ¼-cent district-wide sales tax over 20 years. Annual revenues are estimated to be approximately \$45 million.

C. Fare Revenues

Fares for train service will be established by the SMART Board of Directors through a public process, as required by law. It is anticipated that the fare structure will incorporate a distance-based zone system, similar to other transit

districts in the North Bay. Based on the experience of other passenger train systems, fares are expected to fund approximately 36% of annual train system operating costs. The average fare assumed in this Expenditure Plan is \$4.50 per one-way trip (2008 dollars).

D Project Financing and Bonding

SMART plans on using bonds to finance a portion of the capital costs of construction of the project so that the project can be constructed and operating as quickly as possible. Financing will be used to fund the difference between regional, state and federal funding and the capital cost of the project during the construction years. The bonds will be paid back over the 20 years of the plan. Bonding will be presented in the District's Strategic Plan and will be subject to public comment before any bond sale is approved.

E. Expenditure Plan Allocations

Project costs are summarized in Table 1. The allocation of sales tax revenues to project costs over the 20 year plan includes the following assumptions:

1. District revenues will fund approximately 70% of total costs and include sales tax revenues, SMART property lease revenues, and joint development revenues.
2. Federal funding is anticipated for approximately 3% of total costs.
3. State funding is estimated at about 7% of total costs. Funding includes Proposition 116, the Traffic Congestion Relief Program, and State Transit Assistance (revenue-

based only, no population-based revenue is assumed).

4. Regional Measure 2 will fund approximately 3% of total costs.
5. Sonoma County's Measure M Traffic Relief Act will provide a total of \$23 million, representing 2% of total costs.
6. NCRA capital off-sets for ongoing trackway upgrades are estimated at 3% of total costs.
7. Fare revenues will fund approximately 36% of annual train operating costs; or 12% of total costs over the 20-year plan.
8. A 20-year program contingency is provided.

The proposed ¼-cent sales tax measure would provide approximately \$890 million (in future year dollars) in new revenues, which would be used to leverage an estimated 20-year investment of nearly \$1.4 billion (year of expenditure dollars). The financial estimates include:

- A contingency of approximately 20% for all construction costs.
- An additional 5% factor built into the construction cost estimates through mid-point of construction.
- A contingency of 20% for annual operating and maintenance costs.

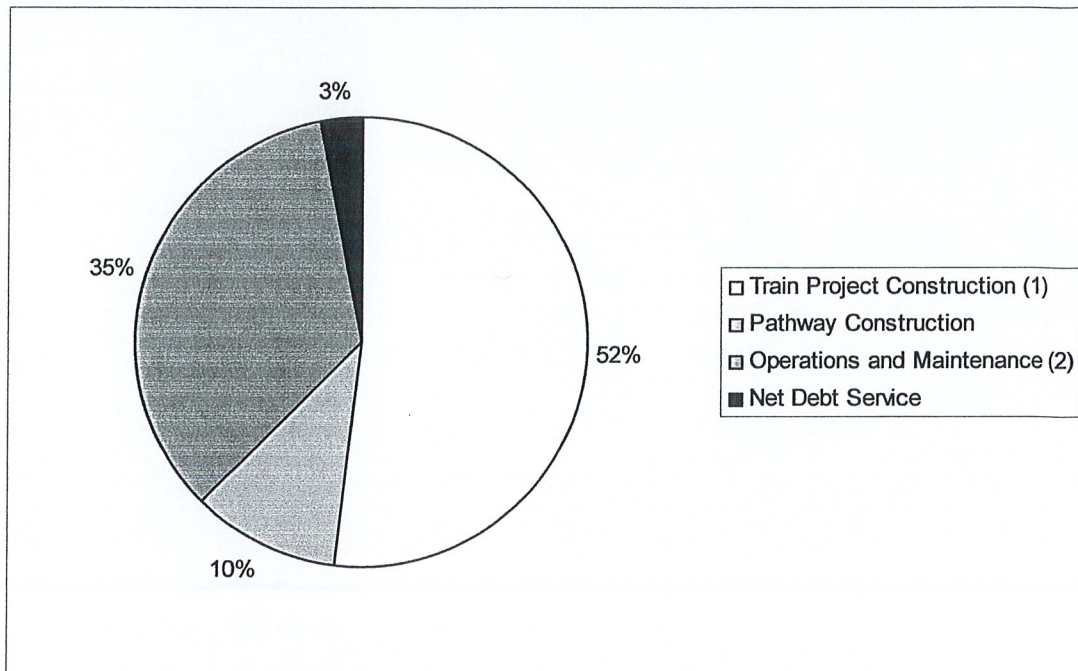
These cost and revenue estimates cover the full 20-year term of the measure and include all anticipated revenues and costs associated with the project.

Table 1: SMART Project Costs (All costs in 2008 dollars)

Project Capital Costs	
Train Project	\$450 million
Bicycle/Pedestrian Pathway	\$ 91 million
Total	\$541 million
Annual Operating Costs	
Train Project	\$17.1 million
Bicycle/Pedestrian Pathway	\$0.8 million
Shuttle Services	\$1.4 million
Total	\$19.3 million

Figures 2 and 3 identify the anticipated percentage share of costs and revenues, respectively, for implementing the SMART program over a 20 year period. For more financial information see the full text of SMART's 2008 Project Funding Plan at www.sonomamarintrain.org

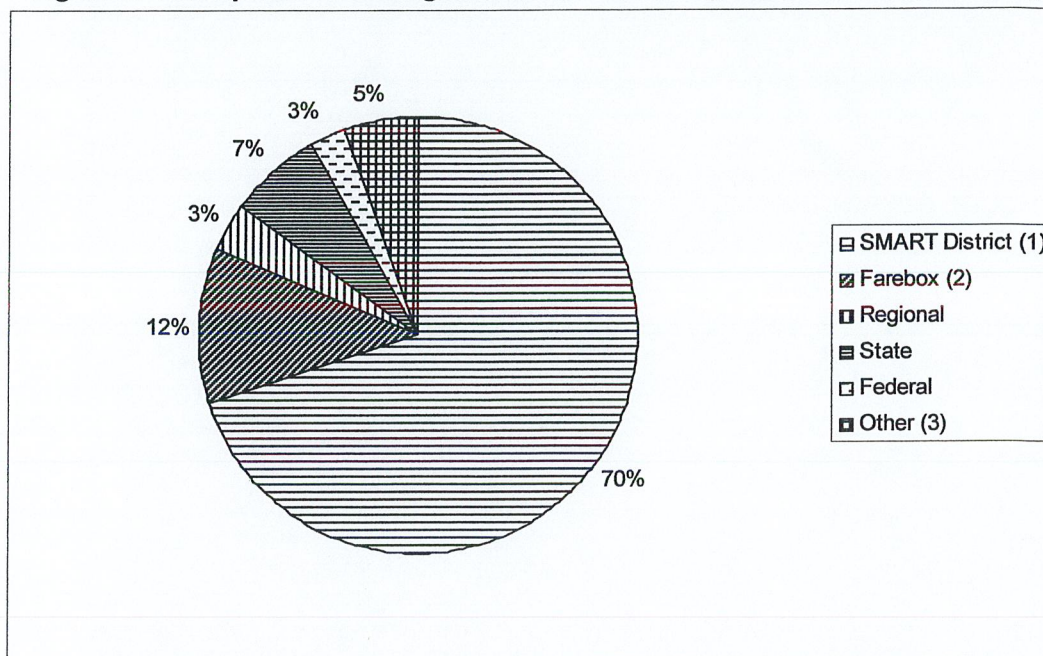
Figure 2: Anticipated Percentage Share of Costs (Estimates in 2008 dollars)



Notes:

- (1) Includes Final Design (\$56 million) plus train project construction (\$394 million).
- (2) Includes annual operating and maintenance costs and planning funds.

Figure 3: Anticipated Percentage Share of Revenues (Estimates in 2008 dollars)



Notes:

- (1) Includes SMART sales tax revenues, SMART property lease revenues and joint development revenues and other funds.
- (2) Fares are expected to contribute approximately 12% of total revenues over 20 years and 36% of annual rail operating costs.
- (3) Includes Sonoma County Measure M revenues and NCRA improvement off-sets.

V. Implementing Guidelines

The following is a list of guidelines for implementation of this Expenditure Plan:

1. A Citizens Oversight Committee will be established by the SMART Board to provide input and review on the Strategic Plan and subsequent updates.
2. SMART shall undergo an annual independent financial audit.
3. SMART will prepare a Strategic Plan prior to July 2009 which will identify planned investments in capital implementation, operations and maintenance for the duration of the tax.
4. SMART is authorized to issue revenue bonds, pursuant to Public Utilities Code section 105220, to advance the commencement of, or expedite the delivery of, passenger train service, the bicycle/pedestrian pathway and related train transit improvements.
5. The measure will be administered by the State Board of Equalization.
6. The duration of the measure will be 20 years, beginning on April 1, 2009 and expiring on March 31, 2029.
7. Actual revenues may be higher or lower than expected due to changes in availability of state or federal funds, changes in cost and/or fluctuations in sales tax revenues. Estimates of actual revenue will be programmed annually by the District in its annual budget and service plan.
8. If additional funds become available, the SMART Board will prioritize completion of the bicycle/pedestrian pathway.
9. SMART agrees not to seek any funding that TAM or Marin Transit currently has

programmed for transportation improvements in Marin County, including funds in the Regional Transportation Plan (T-2030 and T-2035) or the Federal Transportation Improvement Program.

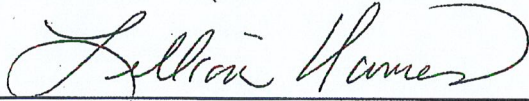
VI. Strategic Plan

SMART will prepare a Strategic Plan, based on the commitments in this Expenditure Plan, prior to July 2009. The Strategic Plan will identify planned investments in capital implementation, operations and maintenance for the duration of the tax. The Strategic Plan will be updated at least every five years and approved by the SMART Board of Directors. The Strategic Plan will be developed with input from the public and the Citizens Oversight Committee.

VII. Amendments to the Plan

The SMART Board of Directors may annually review and propose amendments to this Expenditure Plan to provide for the use of additional federal, state and local funds, to account for unexpected revenues and to accommodate any unforeseen circumstances.

I hereby certify that the foregoing is a true and correct copy of the full text of the 2008 Sales Tax Ordinance (Ordinance No. 2008-01), including the Expenditure Plan attached thereto and incorporated therein, proposed for adoption by the SMART Board of Directors at its regularly scheduled meeting in San Rafael, California, on July 16, 2008.

A handwritten signature in cursive script, reading "Lillian Hames", written in dark ink. The signature is fluid and stylized, with a large loop at the end of the last name. It is positioned above a horizontal line.

Lillian Hames, General Manager

Sonoma-Marin Area Rail Transit District