

APPENDIX C- Financial Scenarios for SMART's operations beyond April 2029

In September 2023, SMART presented three financial scenarios to SMART's Board of Directors that consider SMART's financial future beyond the April 2029 sunset of SMART's ¼ cent sales tax, Measure Q. The three scenarios are as follows: Base Plan, Scenario #1, and Scenario #2. Broadly, the Base Plan assumes SMART secures a sales tax extension prior to the 2029 Measure Q expiration, and makes other assumptions about sustained service levels, the opening of the Healdsburg station to revenue service, and funding for those remaining Pathway segments. Scenarios #1 and #2 both assume a sales tax is not secured prior to 2029. Scenario #2 assumes a more accelerated schedule for a reduction in service starting in FY29, while Scenario #1 assumes sustaining service levels through FY29 and reducing service in FY30. Both Scenarios #1 and #2 would result in SMART service ceasing at the end of FY30, absent a sales tax extension. The three scenarios and their assumptions are detailed below:

Base Plan

This plan assumes the following:

- A sales/use tax extension is passed prior to FY 29
- Federal Transit Administration (FTA) State of Good Repair funds are received by SMART, as forecasted by FTA, at approximately \$6 million for repair and replacement of SMART's assets beginning in FY 26
- The Windsor to Healdsburg rail extension and pathway is opened in FY 27
- A service level of 38 weekday trips and 12 weekend trips is operated with two car train sets
- All pathway segments from Larkspur to Healdsburg currently identified in SMART's capital plan are assumed to be funded by FY 30
- After FY 29, funding allows for additional service increases, capital improvements, or funding for local match.
- There will be \$11.4 million remaining in unrestricted fund balance plus reserves at the end of FY 30.

Scenario #1

This scenario assumes the following:

- A sales/use tax extension is not passed prior to FY 29
- Federal Transit Administration (FTA) State of Good Repair funds are received by SMART, as forecasted by FTA, at approximately \$6 million for repair and replacement of SMART's assets beginning in FY 26
- The Windsor to Healdsburg rail extension and pathway is opened in FY 27
- A service level of 38 weekday trips and 12 weekend trips is operated through FY 29
- In FY 30, service is reduced by 7%
- Assumes SMART can maintain staffing levels through FY 30 to support operations without employees departing due to uncertain funding future

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- Seven segments of pathway between Larkspur and Healdsburg will be designed but not constructed.
- All reserves, except for the pension & OPEB reserves, are utilized to fund operations and local match through the end of FY 30
- There will be unrestricted \$141,046 fund balance at the end of FY 30.

Scenario #2

This scenario assumes the following:

- A sales/use tax extension is not passed prior to FY 29
- Federal Transit Administration (FTA) State of Good Repair funds are received by SMART, as forecasted by FTA, at approximately \$6 million for repair and replacement of SMART's assets beginning in FY 26
- The Windsor to Healdsburg rail extension and pathway is opened in FY 27
- A service level of 38 weekday trips and 12 weekend trips is operated through FY 28
- In FY 29 & FY 30, service is reduced by 48% with 16 trips 7 days per week.
- Assumes SMART can maintain staffing levels through FY 30 to support operations without employees departing due to uncertain funding future
- Seven segments of pathway between Larkspur and Healdsburg will be designed but not constructed.
- There will be \$0 in fund balance remaining, but \$25.9 million in reserves, operating and capital, will be available to assist SMART in the dissolution process in FY 31.

	BASE PLAN – FY 24-30	SCENARIO #1 – FULL SERVICE THROUGH FY 29	SCENARIO #2 – REDUCED SERVICE BEGINNING IN FY 29
REVENUES			
MEASURE Q	Is extended prior to FY 29	Expires April 1, 2029	Expires April 1, 2029
FEDERAL FUNDS	Assumes we will receive 5307 funds and will begin to receive 5337 State of Good Repair Funds in FY 26 of \$6+ million and these funds will continue indefinitely.	Assumes we will continue to receive 5307 funds and will begin to receive 5337 State of Good Repair Funds in FY 26 of \$6+ million and these funds will continue until we cease operations	Assumes we will continue to receive 5307 funds and will begin to receive 5337 State of Good Repair Funds in FY 26 of \$6+ million and these funds will continue until we cease operations
STATE FUNDS	Assumes STA, SGR, SRA, LCTOP, LPP funds are received indefinitely	Assumes STA, SGR, SRA, LCTOP, LPP funds are received under we cease operations	Assumes STA, SGR, SRA, LCTOP, LPP funds are received under we cease operations
OTHER REVENUES SOURCES – FARES, ETC.	Continues at expected growth rate	Continues at expected growth rate	Fares decrease in FY 29 & 30 due to reduction in service
FEDERAL – PROJECT SPECIFIC	Assumes funds granted will be received	Assumes funds granted will be received	Assumes funds granted will be received
STATE – PROJECT SPECIFIC	Assumes funds granted will be received	Assumes funds granted will be received	Assumes funds granted will be received
FUTURE GRANTS - PATHWAYS	Assumes we receive future grants for pathways – Measure Q for match	Assumes no further grants for pathways after those that SMART has already applied for to date.	Assumes no further grants for pathways after those that SMART has already applied for to date
FUTURE GRANTS – EXPANSION TO HEALDSBURG	Assumes future grants are received to fund expansion to Healdsburg	Assumes future grants are received to fund expansion to Healdsburg	Assumes future grants are received to fund expansion to Healdsburg

	BASE PLAN – FY 24-30	SCENARIO #1 – FULL SERVICE THROUGH FY 29	SCENARIO #2 – REDUCED SERVICE BEGINNING IN FY 29
EXPENDITURES			
DEBT SERVICE	Assumes Debt Service is paid off in FY 29	Assumes Debt Service is paid off in FY 29	Assumes Debt Service is paid off in FY 29
CAPITAL PROJECTS	<p>Assumes the following are completed by FY 27:</p> <ul style="list-style-type: none"> • McInnis to Smith Ranch – Pathway • Hanna Ranch to Vintage Way – Pathway • Guerneville Rd. to Airport Rd.- Pathway • Petaluma North Station, McDowell Crossing, & Southpoint to Main St. Pathway and Golf Course Dr. to Bellevue Pathway • Santa Rosa to Windsor – Rail & Pathway • Windsor to Healdsburg - Rail & Pathway 	<p>Assumes the following are completed by FY 27:</p> <ul style="list-style-type: none"> • McInnis to Smith Ranch – Pathway • Hanna Ranch to Vintage Way – Pathway • Guerneville Rd. to Airport Rd.- Pathway • Petaluma North Station, McDowell Crossing, & Southpoint to Main St. Pathway and Golf Course Dr. to Bellevue Pathway • Santa Rosa to Windsor – Rail & Pathway • Windsor to Healdsburg - Rail & Pathway 	<p>Assumes the following are completed by FY 27:</p> <ul style="list-style-type: none"> • McInnis to Smith Ranch – Pathway • Hanna Ranch to Vintage Way – Pathway • Guerneville Rd. to Airport Rd.- Pathway • Petaluma North Station, McDowell Crossing, & Southpoint to Main St. Pathway and Golf Course Dr. to Bellevue Pathway • Santa Rosa to Windsor – Rail & Pathway • Windsor to Healdsburg - Rail & Pathway
REMAINING PATHWAYS	Assumes design of all pathway segments is completed and all pathways in SMART’s capital plan are completed by FY 30	Assumes design of all pathway segments is completed but the following segments will not be constructed. <ul style="list-style-type: none"> • Smith Ranch to Main Gate Road 	Assumes design of all pathway segments is completed but the following segments will not be constructed. <ul style="list-style-type: none"> • Smith Ranch to Main Gate Road

	BASE PLAN – FY 24-30	SCENARIO #1 – FULL SERVICE THROUGH FY 29	SCENARIO #2 – REDUCED SERVICE BEGINNING IN FY 29
		<ul style="list-style-type: none"> • State Access Ped Crossing to Bay Trails • Vintage Way to south side of Novato Creek • Grant Ave. to Olive Ave. • Olive Ave. to Rush Creek Place • Main Street to E. Railroad Ave. • Santa Rosa Downtown Station to 6th St. 	<ul style="list-style-type: none"> • State Access Ped Crossing to Bay Trails • Vintage Way to south side of Novato Creek • Grant Ave. to Olive Ave. • Olive Ave. to Rush Creek Place • Main Street to E. Railroad Ave. • Santa Rosa Downtown Station to 6th St.
STATE OF GOOD REPAIR & OTHER CAPITAL	Assumes ongoing required State of Good Repair and Capital Replacement indefinitely	Assumes ongoing required State of Good Repair and Capital Replacement until service ceases	Assumes ongoing required State of Good Repair and Capital Replacement until service ceases
WINDSOR & HEALDSBURG OPENINGS	Assumes opening of Windsor in FY 25 and Healdsburg in FY 27	Assumes opening of Windsor in FY 25 and Healdsburg in FY 27	Assumes opening of Windsor in FY 25 and Healdsburg in FY 27
SERVICE & MAINTENANCE	Assumes current levels of service to include Windsor & Healdsburg indefinitely	Assumes current levels of service to include Windsor & Healdsburg through FY 29 & a 7% reduction in FY 30 with no service after FY 30 if election is not passed	Assumes current levels of service to include Windsor & Healdsburg through FY 28 & a 50% reduction in FY 29 & FY 30 with no service after FY 30 if election is not passed

	BASE PLAN – FY 24-30	SCENARIO #1 – FULL SERVICE THROUGH FY 29	SCENARIO #2 – REDUCED SERVICE BEGINNING IN FY 29
RESERVES			
OPERATING RESERVE	Continue to contribute so reserve is equal to 3 months of operating spend. Balance of \$14,313,615 in FY 30	Continue to contribute so reserve is equal to 3 months of operating spend until FY 29 and then use all the operating reserve in FY 30 to fund operations. No funds are available in FY 31 for dissolution SMART. Balance of \$0 in FY 30	Continue to contribute so reserve is equal to 3 months of operating spend until FY 29. Operating reserve is available in FY 31 for use in dissolution of SMART. Balance of \$13,609,492 in FY 30.
CAPITAL RESERVE	Continue to contribute for future rolling stock and capital improvements and replacement. Balance of \$22,625,000 in FY 30	Continue to contribute for future rolling stock and capital improvements until FY 29 and then use all the fund balance to operate through FY 30. Balance of \$0 in FY 30. Balance of \$22,625,000 in FY 30	Continue to contribute for future rolling stock and capital improvements and replacement until FY 29. Use \$6,320,301 in FY 30 for operations, etc. Balance of \$12,304,699 in FY 30 available to assist with dissolution of SMART
CORRIDOR PLANNING	Continue to keep in reserves for future projects or initiatives. Balance in FY 30 is \$7,000,000	Continue to keep in reserves for future projects or initiatives until FY 29 and FY 30 when used for operations, etc. Balance at the end of FY 30 is \$0.	Continue to keep in reserves for future projects or initiatives until FY 30 when used for operations, etc. Balance at the end of FY 30 is \$0.
OPEB/ PENSION	Continue to contribution based on actuarial assumptions	Continue to contribution based on actuarial assumptions	Continue to contribution based on actuarial assumptions

	BASE PLAN – FY 24-30	SCENARIO #1 – FULL SERVICE THROUGH FY 29	SCENARIO #2 – REDUCED SERVICE BEGINNING IN FY 29
FUND BALANCE	FY 30 Unrestricted Fund Balance is \$11,413,910	FY 30 Unrestricted Fund Balance is \$141,046	FY 30 Unrestricted Fund Balance is \$0