



Draft Proposed  
Fiscal Year  
2026/2027 Budget

---

# Contents

SONOMA-MARIN AREA RAIL TRANSIT DISTRICT’S BOARD OF DIRECTORS .....	2
SONOMA-MARIN AREA RAIL TRANSIT EXECUTIVE MANAGEMENT TEAM .....	2
ABOUT SMART .....	3
SMART’s History .....	3
SMART’s Passenger Rail System.....	5
SMART’S MISSION, VISION, VALUES.....	7
Performance Measures .....	10
Budget Cycle.....	13
Basis of Budgeting .....	13
Fund Structure.....	14
BUDGET OVERVIEW .....	15
REVENUES .....	16
Fiscal Year 2025 Estimated Revenues .....	16
Sales Tax.....	18
State Revenues .....	19
Federal Revenues .....	21
State Funds – Project Specific.....	21
Local Governments – Project Specific.....	22
Other SMART Revenues .....	23
EXPENDITURES BY OBJECTIVES - RIDERSHIP .....	25
EXPENDITURES BY OBJECTIVES – PATHWAYS.....	26
EXPENDITURES BY OBJECTIVES - EXTENSIONS.....	27
EXPENDITURES BY OBJECTIVES - FREIGHT.....	28
EXPENDITURES.....	29
Passenger Rail Operations.....	29
Administration.....	31
ENVIRONMENTAL PROJECTS.....	36
STATE OF GOOD REPAIR AND CAPITAL PROJECTS.....	38
FREIGHT .....	42
RESERVES .....	47
DEBT.....	48
APPENDIX A – PASSENGER RAIL OVERVIEW OF SOURCES & USES.....	49
APPENDIX B – FREIGHT OVERVIEW OF SOURCES & USES .....	50
APPENDIX C – POSITION AUTHORIZATION .....	51
APPENDIX D -STATISTICAL INFORMATION .....	52
APPENDIX E - STATEMENT OF INVESTMENT POLICY .....	53
APPENDIX F: APPROPRIATION CALCULATION.....	59
APPENDIX G – ORGANIZATION CHART .....	60

## Sonoma-Marin Area Rail Transit District's Board of Directors

SMART is governed by a 12-member Board consisting of elected officials appointed as specified in AB 2224: two county supervisors each from Marin and Sonoma counties, three appointed City Council members from each county and two representatives from the Golden Gate Bridge District.

**Chris Coursey – Chair**

Sonoma County Board of Supervisors

**Mary Sackett – Vice Chair**

Marin County Board of Supervisors

**Janice Cader Thompson**

Sonoma County Mayors' and  
Councilmembers Association

**Kate Colin**

Transportation Authority of Marin

**Victoria Fleming**

Sonoma County Mayors' and  
Councilmembers Association

**Patty Garbarino**

Golden Gate Bridge, Highway and  
Transportation District

**Ariel Kelley**

Sonoma County Mayors' and  
Councilmembers Association

**Eric Lucan**

Marin County Board of Supervisors

**Kevin Jacobs**

Transportation Authority of Marin

**Barbara Pahre**

Golden Gate Bridge Highway/Transportation  
District

**Gabe Paulson**

Marin County Council of Mayors and  
Councilmembers

**David Rabbitt**

Sonoma County Board of Supervisors

## Sonoma-Marin Area Rail Transit Executive Management Team

**Eddy Cumins**

General Manager

**Jessica Sutherland**

General Counsel

**Bill Gamlen**

Chief Engineer

**Heather McKillop**

Chief Financial Officer

**Marc Bader**

Chief Operating Officer

## About SMART

The Sonoma-Marín Area Rail Transit (SMART) District was established by the California Legislature with the authorization of Assembly Bill 2224 in 2002. The SMART District includes Sonoma and Marin Counties and was formed to provide the unified and comprehensive structure for ownership and governance of the passenger and freight rail system within Sonoma and Marin Counties, as well as to provide passenger and freight train service along the existing publicly owned railroad right-of-way.

SMART rail service began in August of 2017 with two-way passenger train service spanning 43 miles and 10 stations, from Downtown San Rafael in Marin County to Airport Boulevard in Sonoma County.

In March of 2022, SMART assumed the right-of-way between Healdsburg and the Mendocino County line from the North Coast Rail Authority (NCRA) and the freight operations on the Brazos Branch from the Northwestern Pacific Railroad Company (NWPCo), the service operator from Napa County to Petaluma since 2011.

Passenger rail service is provided by diesel multiple unit (DMU) rail vehicles utilizing one of the first Positive Train Control systems for passenger rail. In late 2019, SMART opened two new stations in Downtown Novato and Larkspur, facilitating connection via regional Ferry to San Francisco. These two stations in Marin County increased the rail line to 45 miles. In January of 2025, SMART opened the infill station at Petaluma North for a total of 13 passenger stations. The rail and pathway extension to Windsor opened in June of 2025, increasing the number of passenger stations to 14 and the length of SMART's system to 48 miles.

In April of 2026, SMART increased rail service as part of the implementation of the Marin-Sonoma Coordinated Transit Service Plan (MASCOTS) an effort designed to more efficiently and effectively provide transit service in the 101 corridor between Marin and Sonoma counties. SMART is currently offering its highest levels of service ever, with 48 weekday trips and 24 weekend trips.

As of 2024, SMART and partner agencies constructed 28 miles of bicycle/pedestrian pathway, including 21 miles of Class I pathway, on its right-of-way. The pathway connects to the stations where cyclists can find secure parking or can bring their bicycles on-board the train. To date, SMART along with partner agencies have constructed over 39 miles of pathway, of which approximately 29 miles are Class I SMART Pathway/Great Redwood Trail within and along the railroad right-of-way.

### SMART's History

2002	The SMART District was created by the California Legislature
2008	SMART's ¼ cent sales tax was passed
August 2017	Service started between San Rafael and Santa Rosa Airport to include 34 weekday trips and 10 weekend trips

October 2017	Tubbs Fire
February 2019	Area flooding
October 2019	Kincade Fire
December 2019	Larkspur Extension and Downtown Novato Station open
January 2020	Service increases to 38 weekday trips
March 2020	COVID-19 Shelter-in-Place orders; weekday trips reduced to 16 and weekend service annulled
August 2020	LNU Lighting Complex Fires
May – June 2021	Fares lowered by 40%; 10 additional weekday trips are added for a total of 26 weekday trips; Saturday service returns
March 2022	Assumed freight operations from the Northwestern Pacific Railroad Company (NWPCo.)
June 2022	Additional 10 weekday trips added for a total of 36 weekday trips
September 2022	Launched real-time map and arrival prediction tool on SMART website
October 2022	Additional two weekday trips are added for a total of 38 weekday trips
June 2023	Launched free Summer Youth Pass
June 2023	Commenced new SMART Connect service at Sonoma Co. Airport Station
July 2023	Reduced 31-day pass by 15% to reflect hybrid work schedule
October 2023	Added one weekend round trip for total of 16 weekend trips
April 2024	Youth and Seniors Ride Free Program implemented
June 2024	Launched SMART Connect shuttle at Larkspur
August 2024	Additional four weekday trips added for a total of 42 weekday trips
December 2024	SMART's 2025-2030 Strategic Plan adopted
January 2025	Opened Petaluma North Station and completed the McDowell Boulevard grade crossing and paving work
January 2025	McInnis Pathway construction completed and opened
June 2025	Windsor Extension completed, Windsor Station opened
June 2025	Pathway segment from Airport Boulevard in Santa Rosa to Windsor Road in Windsor opened as part of the Windsor Extension project
August 2025	Pathway segments from South Point Boulevard in Petaluma to Main Street in Penngrove and from Golf Course Drive in Rohnert Park to Bellevue Avenue in Santa Rosa to open to the public
September 2025	Progressive Design-Build Contract awarded for Healdsburg Extension of railway and pathway
April 2026	MASCOTS service increases went into effect, expanding service by 19% - weekday trips increased to 48 and weekend trips increased to 24
May 8, 2026	Healdsburg Extension groundbreaking

## SMART's Passenger Rail and Pathway System

### **System Statistics**

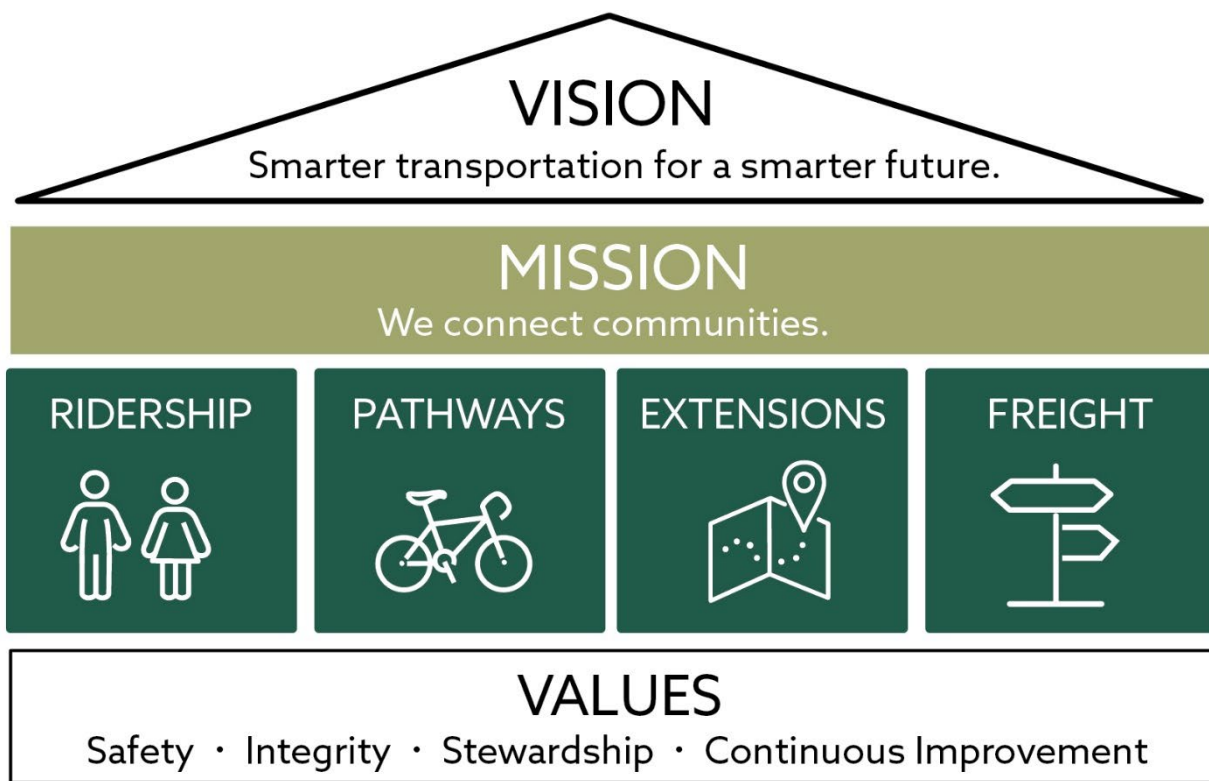
- Forty-eight (48) miles rail corridor – connecting the Larkspur Ferry to the Town of Windsor
- Twenty-one (21) miles of pathway maintained by SMART of the thirty-nine (39) overall pathway miles providing a first/last mile connection to the rail corridor
- Fourteen (14) stations constructed and open
- Seven (7) park-n-ride lots
- Seventy-four (74) public crossings
- Thirty-five (35) bridges
- Two (2) tunnels
- Fleet of eighteen (18) Diesel Multiple Units (DMUs)





## SMART's Mission, Vision, and Values

In Fiscal Year 2022, the Board of Directors established and approved SMART's Vision, Mission, Objectives, and Values. In Fiscal Year 2023, strategies for these objectives were developed and presented. In Fiscal Year 2025, guided by the Citizen's Oversight Committee, the Board of Directors approved the Strategic Plan 2025-2030, which identifies a robust set of strategies to achieve identified goals around SMART's four pillars: Ridership, Pathways, Extensions, and Freight. SMART's 2025-2030 Strategic Plan incorporated many of the existing SMART services, projects, and initiatives funded and implemented in Fiscal Years 2025 and 2026, while identifying new strategies and actions to guide the agency through 2030.



## Fiscal Year 2026 Progress Toward SMART's Goals

SMART's Strategic Plan was adopted in the second quarter of Fiscal Year 2025, and the 2026 Budget was developed to support and implement its core goals. The following sections present the projects delivered under each of the four strategic objective areas.

### Ridership

The Fiscal Year 2026 Budget aimed to increase ridership through a range of initiatives. In the previous fiscal year, SMART opened new stations: the Petaluma North Station and the Windsor

Station. The addition of these two stations marked a significant milestone in SMART's development adding passenger and pathway miles, as well as encouraging a new pool of riders from communities north of Santa Rosa. As a result, ridership is trending higher every month, with April of 2026 reaching the highest ridership levels since system inception. Through April, the average daily ridership in Fiscal Year 2026 is 4,534 riders per weekday, 2,765 riders on Saturdays, and 2,232 riders on Sunday.

In April of Fiscal Year 2026, SMART increased service as part of the Marin-Sonoma Coordinated Transit Service (MASCOTS) Plan, aligning with nine regional transit agencies to improve transit in the North Bay. SMART began earlier morning service, filled in mid-day schedule gaps, provided increased evening service, improved connections with local bus service, and overall increased transit options for residents and visitors alike. This new service plan adds six weekday trips for a total of 48 and eight additional weekend trips for a total of 24 each weekend day. Throughout Fiscal Year 2026, SMART has continued providing three-car trains when available for events including Giants games and the Butter and Eggs Festival to support passenger needs.

The Youth and Seniors Ride Free program began in April 2024 and has led to significant increases in youth, senior, and adult ridership. Fiscal Year 2026 ridership among youth and seniors has increased by 195% compared to Fiscal Year 2024. Youth and seniors now make up an estimated 43% of SMART riders, mirroring the demographic patterns in Sonoma and Marin Counties. The overall ridership increase of 65% attributed to both fare-paying and free-fare riders that occurred between Fiscal Year 2024 and Fiscal Year 2026 points to the success of this program, as well as other efforts to expand ridership.

The SMART Shuttles at the Sonoma County Airport station and Larkspur station connect the SMART system to important transportation hubs to expand travel opportunities within the Bay Area and beyond. In Fiscal Year 2026, the Larkspur Shuttle received funding through a partnership between SMART, the Golden Gate Bridge Highway and Transportation District, and the Transportation Authority of Marin, allowing SMART riders a comfortable, accessible, and efficient route to the ferry. While the initial offering of the Larkspur Shuttle was four days a week, positive customer feedback led to an expansion of service in 2025 to seven days a week. Both shuttles currently operate daily, providing SMART riders with an integral first and last mile connection.

To further increase ridership, SMART has closely monitored the system to improve its service and enhance rider experience. The real-time Public Information Display Signs provide the public with real-time information on train arrival and connection times at every station platform. SMART has worked with the Metropolitan Transportation Commission (MTC) to implement the updated Clipper 2.0 program to make the process of purchasing rides more streamlined. In an effort to enrich the rider experience, SMART has partnered with the Transit app to allow passengers to plan multimodal transit trips and see rider alerts in the app. To improve the first and last mile connections, SMART has supported the implementation of a Bikeshare program at SMART stations, as well as retrofitted a car as a pilot project with additional bicycle parking. SMART has increased coordination efforts with transit providers to improve bus and ferry connections and has adjusted wherever necessary and possible. As a result of projects, services,

programs, and enhancements, SMART is consistently increasing its ridership and is poised to surpass its initial FY26 goal of 1,210,000 riders and is currently on track to meet its reach goal of 1,400,000 riders.

#### Pathway

Fiscal Year 2026 advanced work on the SMART multiuse pathway largely in the design and permitting stages. Two segments – from Guerneville Road to Airport Boulevard in Santa Rosa and from Hanna Ranch Road to Vintage Way in Novato – were previously planned to start construction but are awaiting final permitting requirements before the commencement of construction. The Joe Rodota to Third Street pathway segment in Santa Rosa has funding allocated and is ready to be bid out in the beginning of the new fiscal year, in conjunction with the Jennings Crossing project in Santa Rosa funded by the City of Santa Rosa, the Third Street traffic signal work also funded by the City of Santa Rosa, and the crossing requested and funded by a private developer to take advantage of economies of scale. The Puerto Suello pathway design project was initiated in Fiscal Year 2025 and the work was completed in Fiscal Year 2026, and is awaiting further funding to move into the construction phase.

#### Extensions

In Fiscal Year 2026, SMART executed a contract to begin the progressive design-build process for the Healdsburg Extension of the rail line and pathway. This nearly nine-mile section will extend the system north and construct a station in Healdsburg, representing SMART's dedication to its mission to continue expanding to the north. By engaging the contractor, initiating this progressive design-build process, and advancing design, SMART is one step closer to completing the voter-approved rail and pathway system that stretching from Larkspur to Cloverdale.

SMART continues its involvement in planning activities related to the East/West Rail Highway 37 Corridor Project. Working with partners, SMART seeks to incorporate rail into the corridor project. SMART's engineering team is working with Caltrans on a rail service plan analysis.

#### Freight

In Fiscal Year 2026, the Freight Division secured an additional \$4 million of funding through the State of California for operations, capital, and State of Good Repair projects. The SMART Engineering team worked in conjunction with Freight to rehabilitate three bridges on the Brazos Branch. The Freight team also replaced hundreds of rail ties to maintain the right-of-way. Additionally, SMART partnered with the County of Marin to complete the grade crossing repair at Grandview Drive in Novato.

Unfortunately, the Freight Division dealt with a couple of emergency repairs in Fiscal Year 2026. There was an emergency repair necessary at the Highway 37 crossing in December. Thanks to the quick actions of many departments and contractors, the repair was completed within twenty-four hours of the incident. The Black Point Bridge has necessitated a longer and more extensive repair process after an emergency with both mechanical and structural elements. The emergency repair is currently underway and is anticipated to be completed by the end of Fiscal Year 2026.

The freight division of SMART continues to seek out additional freight and storage customers or other methods to increase revenue.

### Performance Measures – National Transit Database (NTD)

After data reporting was required by Congress in 1974, the Federal Transit Administration's National Transit Database (NTD) was set up as the system of record to track the financial, operating and asset conditions of American transit systems. The NTD records the financial, operating, and asset condition of transit systems helping to keep track of the industry and provide publicly available information and statistics. The NTD is designed to support local, state and regional planning efforts and to help governments and other decision-makers make multi-year comparisons and trend analyses. It contains a wealth of information such as agency funding sources, inventories of vehicles and maintenance facilities, safety event reports, measures of transit service provided and consumed, and data on transit employees.

FTA uses NTD data to apportion funding to urbanized and rural areas in the United States. Transit agencies report data on several key metrics including Vehicle Revenue Miles (VRM), Vehicle Revenue Hours (VRH), Passenger Miles Traveled (PMT), Unlinked Passenger Trips (UPT), and Operating Expenses (OE).<sup>1</sup>

SMART reports our information to NTD in October of each year for the previous fiscal year after the completion of the annual financial audit

NTD Metrics	2021	2022	2023	2024	2025
Boardings	122,849	354,328	640,099	850,270	1,123,686
Vehicle Revenue Miles	398,291	679,245	977,309	1,013,842	1,114,691
Passenger Miles	3,148,345	7,855,912	13,922,153	18,401,990	23,384,889
Operating Expense	\$ 24,833,822	\$ 27,834,598	\$ 30,585,066	\$ 35,581,765	\$ 37,453,652
Operating Cost per Vehicle Revenue Mile	\$ 62.35	\$ 40.98	\$ 31.30	\$ 35.10	\$ 33.60
Operating Cost per Passenger Mile	\$ 7.89	\$ 3.54	\$ 2.20	\$ 1.93	\$ 1.60
Passenger Trips per Vehicle Revenue Mile	0.3	0.5	0.7	0.8	1.0
Investment Per Passenger Mile (IPPM) = (Cost - Fare/ Passenger Miles)	\$ 7.66	\$ 3.38	\$ 2.07	\$ 1.81	\$ 1.50
Fare Revenues	\$ 706,938	\$ 1,283,112	\$ 1,800,747	\$ 2,192,253	\$ 2,311,171
Farebox Recovery (Fare Revenues/Operating Expense)	3%	5%	6%	6%	6%
Average Fare (Fares/ Boardings)	\$ 5.75	\$ 3.62	\$ 2.81	\$ 2.58	\$ 2.06
Cost per Boarding (Operating Expense/ Boardings)	\$ 202.15	\$ 78.56	\$ 47.78	\$ 41.85	\$ 33.33
Subsidy per Boarding [(Cost - Fare)/ Boardings]	\$ 196.39	\$ 74.93	\$ 44.97	\$ 39.27	\$ 31.27

Note: Fiscal Years 2021 and 2022 were impacted by COVID and had reduced or curtailed service.

<sup>1</sup> <https://www.transit.dot.gov/ntd>

## Fiscal Year 2027 – Strategic Plan-led Budget Priorities

SMART’s five-year Strategic Plan created a roadmap to achieve SMART’s goals, informing the allocation of resources, investment decisions, and budgeting strategies needed to execute its goals. With each annual budget, SMART assesses requirements to meet its obligations, namely debt service, reserves, as well as operations and maintenance expenditures. After funding these obligations, SMART evaluates revenues for capital and state of good repair projects. SMART leadership look at specific projects and initiatives requested to determine how they fit into the priorities set by the Strategic Plan across capital, operating, and administrative budgets. While many of the plan’s actions are already partially or fully funded, other activities and initiatives have not yet received funding, either from outside sources or internal sales tax funds.



Figure 3: Strategic Plan-Budget Feedback Loop

Since the implementation of the 2025-2030 Strategic Plan, SMART has made progress on achieving the goals set in that guiding document. For the Fiscal Year 2027 Budget, funding was prioritized as detailed here to ensure that the budget supports the implementation of the Strategic Plan. Listed below are the Strategic Plan’s five-year goals and the strategies that inform the Fiscal Year 2027 Budget.

### Ridership Goal: Increase to 5,000 riders per day

Strategies to advance this goal in Fiscal Year 2027:

- Maintain SMART’s system at the utmost state of good repair, providing reliability, safety, cleanliness, and accessibility for all riders
- Work with other transit providers to improve connections for easier first/last mile
- Offer SMART Connect Shuttle service 7 days a week for improved first/last mile

- Continue affordable and user-friendly fare programs through the extension of the Youth and Seniors Fare Free program through FY27
- Conduct an on-board passenger survey to understand how to improve the passenger experience
- Improve communications by utilizing the Transit app as a hub for all rider updates
- Enrich the customer experience with the completion of SMART's website upgrade
- Continue monitoring the system/ridership and adjusting where necessary
- FY27 Ridership estimate: 1,618,000

Pathway Goal: Maintain existing pathway, design and construct planned pathway, enhance user experience

Strategies to advance this goal in Fiscal Year 2027:

- Maintain the existing pathway in a state of good repair
- Complete the design and permitting phase for planned pathways, ensuring segments are prepared for future phases and funding
- Pursue grant funding for unfunded segments
- Continue design of the pathway extension to Healdsburg as part of the progressive design build process, anticipating entering construction
- Commence construction on the Joe Rodota Trail to Third Street pathway segment in Santa Rosa, as part of the larger Santa Rosa Crossings project
- Brainstorm ways to improve pathway for users, and investigate possible funding partners
- Expand the information available about the pathway on SMART's website

Extension Goal: Complete system extension to Cloverdale and explore planning the development of east/west alignment

Strategies to advance this goal in Fiscal Year 2027:

- Healdsburg Extension – advance progressive design-build process to establish the Guaranteed Maximum Price (GMP) and enter final design and construction
- Pursue funding for extension north to Cloverdale
- East/ West Rail
  - Continue participation in Highway 37 corridor activities
  - Work with partners to incorporate rail into the project
  - Continue to partner with Caltrans and FRA Corridor ID Program through SMART East-West project development and subsequent phases

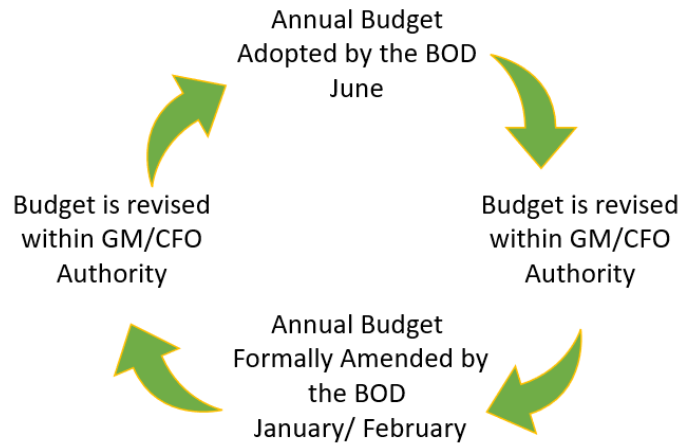
Freight Goal: Ensure long-term sustainability of freight operations

Strategies to advance this goal in Fiscal Year 2027:

- Repair and maintain bridges, track, crossings, equipment, and locomotives
- Market freight and storage opportunities at SMART to acquire new business and increase annual revenue
- Evaluate potential fee increase

## Budget Cycle

The Administrative Code of SMART, as adopted by the Board of Directors in July 2013, provides that the Board of Directors will adopt an annual budget no later than the District's June meeting for the ensuing fiscal year.



The budget outlines the expected revenues and expenditure amounts needed for salaries, benefits, services, supplies, capital and other necessary spending throughout the fiscal year. The budget limits the amount of total expenditures that can be incurred without further Board approval.

Budget adjustments can be made and approved by the Chief Financial Officer as long as total expenditures in the Board-adopted Budget are not exceeded. In the event that total expenditures need to be increased, a budget amendment must be presented to the Board of Directors for approval.

Mid-year, an amended budget will be presented to the Board of Directors for approval. The amended budget will include the most recent expectations for revenues and expenditures projected through fiscal year end.

At the end of each fiscal year, once the financial audit has been finalized, a comparison of the previous year's budget to actual expenditures will be generated and presented to the Board of Directors for information.

## Basis of Budgeting

The District's financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Sales taxes are recorded when earned and reported as non-operating

revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the funder have been met.

The District’s budget is prepared on a modified accrual basis with the following exceptions:

- Inclusion of capital outlays and debt principal payments as expenditures
- Inclusion of asset sale proceeds and debt issuance proceeds
- Exclusion of gains and losses on disposition of property and equipment
- Exclusion of the non-cash portion of long-term unfunded pension accruals

Fund Structure

SMART reports its financial activity as an enterprise. We have two funds, the General Fund (01), with several sub funds for purposes of segregating expenditures, and the Freight Fund (60).

Fund	Description
<b>01</b>	<b>General Fund</b>
02	Bond Fund
03	Bond Reserve Fund
08	General Reserve Fund
15	Self-Insurance Fund
18	OPEB Pension Fund
20	Equipment Replacement Fund
30	Landing Way Replacement Fund
50	Capital Engineering Projects Fund
<b>60</b>	<b>Freight</b>

# BUDGET OVERVIEW

## Passenger

The Fiscal Year 2027 revenue estimate for passenger rail and pathways totals \$91.8 million. Compared to \$96.6 million in Fiscal Year 2026, Fiscal Year 2027 revenues are slightly lower due to finishing out the design phase of the Healdsburg Extension. For the most part, revenues are similar to the previous fiscal year.

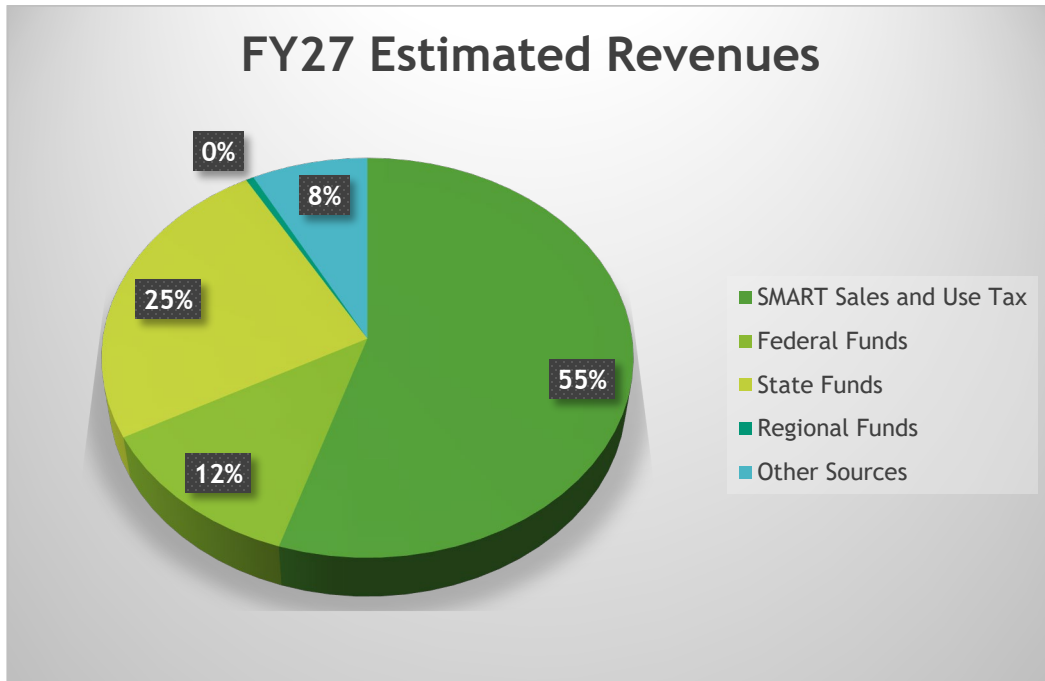
SMART will receive Federal 5337 funds for State of Good Repair projects for the second year, allowing the agency to undertake necessary maintenance, replacement, and rehabilitation projects. These 5337 funds in the amount of nearly \$7 million are in addition to the State and Federal grants which provide \$12.6 million of formula funds to support the Fiscal Year 2027 operating budget.

Revenues	FY26 Amended Budget	FY27 Budget	Difference
SMART Sales and Use Tax	\$ 48,300,300	\$ 50,408,000	\$ 2,107,700
Federal Funds	\$ 7,349,744	\$ 11,189,778	\$ 3,840,034
State Funds	\$ 34,469,991	\$ 22,603,435	\$ (11,866,556)
Regional Funds	\$ 2,224,000	\$ 481,520	\$ (1,742,480)
Other Sources	\$ 4,258,926	\$ 7,110,300	\$ 2,851,374
<b>Total Revenues</b>	<b>\$ 96,602,961</b>	<b>\$ 91,793,033</b>	<b>\$ (4,809,928)</b>

Expenditures	FY26 Amended Budget	FY27 Budget	Difference
Debt Service	\$ 16,996,844	\$ 16,998,869	\$ 2,025
Salaries & Benefits	\$ 31,682,864	\$ 33,997,748	\$ 2,314,884
- Reduction for Salaries Charged to Projects	\$ (1,663,687)	\$ (1,731,972)	\$ (68,285)
- Reduction for Admin Salaries and Services to Freight	\$ (34,944)	\$ (18,782)	\$ 16,162
Services & Supplies	\$ 19,377,683	\$ 20,175,589	\$ 797,906
Contribution to OPEB/CalPERS Liability Fund	\$ 750,000	\$ 500,000	\$ (250,000)
Vehicle/Equipment Capital Reserve	\$ 1,000,000	\$ 1,000,000	\$ -
Operating Reserve	\$ 1,231,027	\$ 170,299	\$ (1,060,728)
<b>Projects</b>			
Non-Capital	\$ 5,054,293	\$ 4,023,434	\$ (1,030,859)
State of Good Repair	\$ 3,356,368	\$ 10,079,775	\$ 6,723,407
Equipment	\$ 1,220,628	\$ 2,502,726	\$ 1,282,098
Facilities	\$ 26,092,718	\$ 11,619,000	\$ (14,473,718)
Infrastructure	\$ 28,450	\$ 1,056,497	\$ 1,028,047
Non-Revenue Vehicles	\$ 752,000	\$ 1,169,000	\$ 417,000
<b>Total Expenditures</b>	<b>\$ 105,844,243</b>	<b>\$ 101,542,183</b>	<b>\$ (4,302,060)</b>

## Revenues

---



The revenue distribution for Fiscal Year 2027 shows a majority of revenues coming from SMART's Sales and Use Tax at 55% or \$51,184,044. State funds make up the next largest proportion at 25% or \$22,603,435 and include both project specific funding and formula funding. Federal funding makes up 12% of the budget at \$11,189,778, coming from funding for State of Good Repair projects and Preventative Maintenance activities. Other sources account for 8% or \$7,110,300 of the budgeted revenues and include fares, interest, leases, advertising, and other operational revenues. Regional funds show up in this chart at 0% but account for \$481,520 of revenues, both tied to project funding and increased service under MASCOTS.

## Fiscal Year 2027 Estimated Revenues

Revenues by Funding Sources	FY27
<b>Sales and Use Tax</b>	
	<b>FY27</b>
Measure Q	\$ 50,408,000
Measure Q Cost of Collection	\$ (850,000)
Net Sales & Use Tax	\$ 49,558,000
Measure Q Roll Forward	\$ 1,626,044
<b>Subtotal</b>	<b>\$ 51,184,044</b>
<b>Federal Funds</b>	
	<b>FY27</b>
5307 - Urbanized Area Formula Funds (Preventative Maintenance)	\$ 4,202,279
5337 - Federal State of Good Repair Funds	\$ 6,987,499
<b>Subtotal</b>	<b>\$ 11,189,778</b>
<b>State Funds</b>	
	<b>FY27</b>
AHSC - Affordable Housing and Sustainable Communities	\$ 290,000
LCTOP - Low Carbon Transit Operating	\$ 763,868
LPP - Local Partnership Program	\$ 1,151,291
SRA - State Rail Assistance	\$ 5,085,000
STA - State Transit Assistance (Population)	\$ 1,114,982
STA - State Transit Assistance (Revenue)	\$ 2,156,953
STA - SGR (State of Good Repair)	\$ 737,261
STA - MTC - MASCOTS	\$ 500,000
STA - STCTA - MASCOTS	\$ 704,080
TIRCP - Windsor to Healdsburg Phase I	\$ 10,100,000
<b>Subtotal</b>	<b>\$ 22,603,435</b>
<b>Regional Funds</b>	
	<b>FY27</b>
Regional Measure 3 (RM3)	\$ 50,000
TAM - MASCOTS	\$ 431,520
<b>Subtotal</b>	<b>\$ 481,520</b>
<b>Other Sources</b>	
	<b>FY27</b>
Advertising	\$ 140,595
Charges for Services	\$ 124,002
Fare Revenues - Passenger Rail	\$ 3,333,189
Fare Revenues - Shuttle	\$ 12,941
Interest Earning	\$ 1,500,000
Misc.	\$ 60,000
Parking	\$ 55,727
Rent - Real Estate	\$ 508,846
Other Governments/Private Sector	\$ 1,375,000
<b>Subtotal</b>	<b>\$ 7,110,300</b>
<b>Total Revenues</b>	<b>\$ 92,569,076</b>

## THE FLOW OF FUNDING

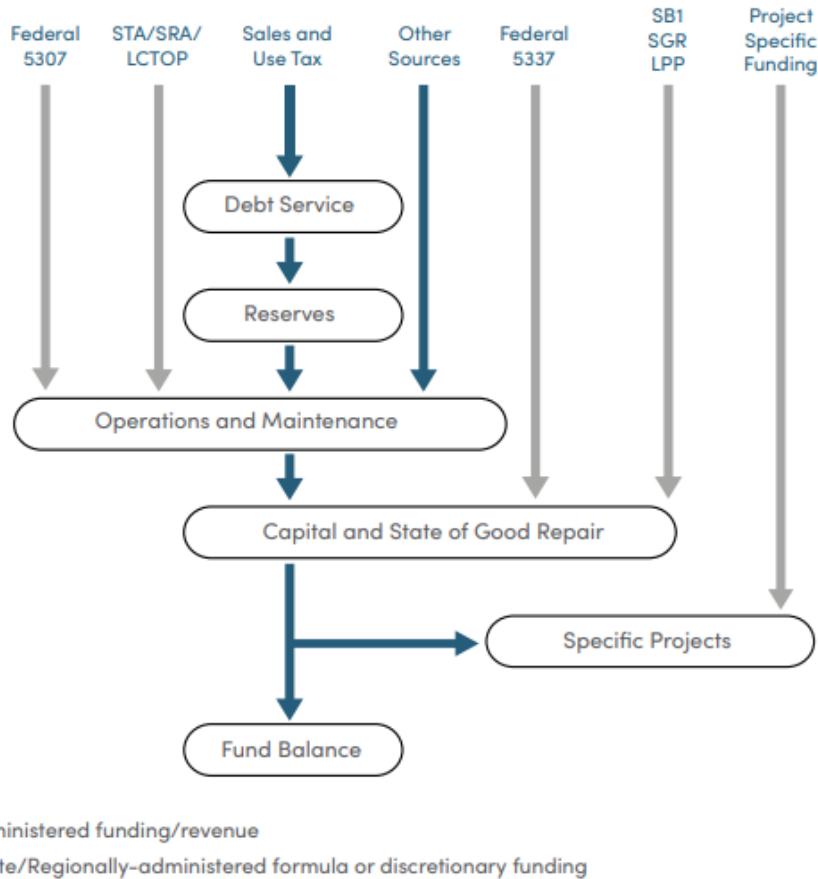


Figure 6: Flow of Funding

This funding flow chart was included in the Strategic Plan and helps to illustrate the funding SMART receives from all funding sources, and the activities each source can fund.

### Sales Tax

On November 4, 2008, more than two-thirds of the voters in Sonoma and Marin counties approved Measure Q implementing the 2008 Measure Q Sales Tax. The 2008 Measure Q Sales Tax is a sales and use tax of one quarter of one percent (1/4%) imposed for a period of 20 years beginning April 1, 2009, on the gross receipts from all tangible personal property sold at retail businesses in the counties and a use tax at the same rate on the storage, use, or other consumption in the counties of such property purchased from any retailer, subject to certain exceptions. While we saw a decrease of revenues in Fiscal Year 2020, subsequent growth was in the double digits for Fiscal Year 2021 and 2022. While Fiscal Year 2023 finished out a little over a percentage point above Fiscal Year 2022, Fiscal Year 2024 showed a decrease in revenues from the previous year. Fiscal Year 2025 forecasts were down from their initial budgeted amount, coming in under the 2024 amount. Fiscal Year 2026 is shaping up to come in slightly over what was forecasted in last year's

budget, and then in Fiscal Year 2027 the models are estimating a minor increase, to over \$50 million in sales tax revenues for the first time.

### SMART HISTORICAL SALES TAX COLLECTIONS

	Sales Tax	Growth Rate	
2009	\$ 4,976,687	0%	
2010	\$ 24,059,929	383.45%	Actual
2011	\$ 26,826,843	11.50%	Actual
2012	\$ 28,303,501	5.50%	Actual
2013	\$ 30,435,753	7.53%	Actual
2014	\$ 32,473,329	6.69%	Actual
2015	\$ 33,845,426	4.23%	Actual
2016	\$ 34,776,012	2.75%	Actual
2017	\$ 36,061,895	3.70%	Actual
2018	\$ 37,135,476	2.98%	Actual
2019	\$ 41,241,140	11.06%	Actual
2020	\$ 38,978,630	-5.49%	Actual
2021	\$ 44,002,410	12.89%	Actual
2022	\$ 49,074,830	11.53%	Actual
2023	\$ 49,649,375	1.17%	Actual
2024	\$ 48,837,349	-1.64%	Actual
2025	\$ 48,804,068	-0.07%	Actual
2026	\$ 48,300,300	-1.03%	Estimated
2027	\$ 50,408,000	4.36%	Estimated
	<b>\$ 708,190,953</b>		

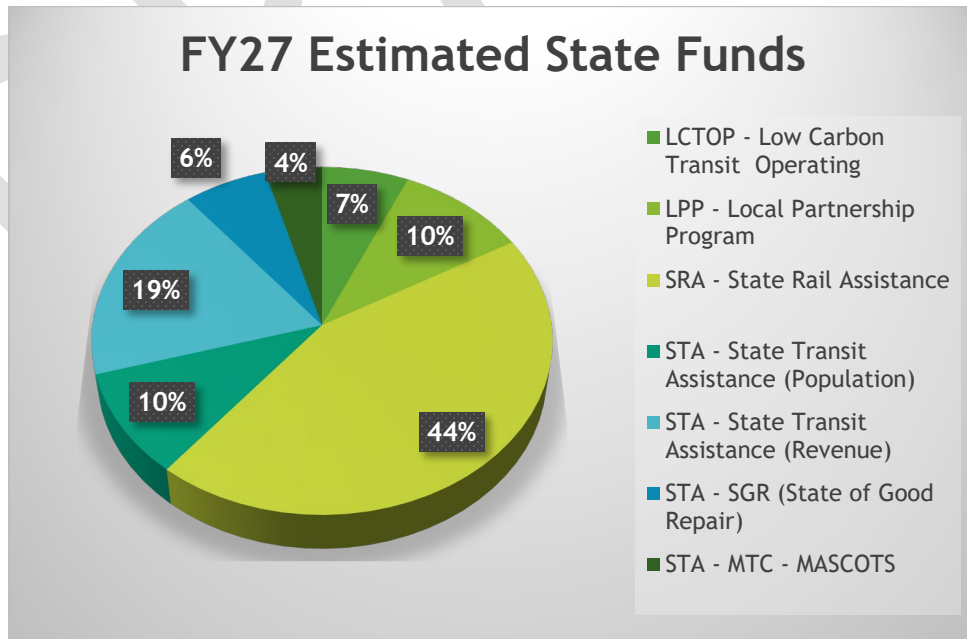
### State Revenues

SMART receives formula allocation from four (4) state revenue programs itemized below. SMART may receive other state grants but those are competitive applications, are project specific, and typically provide one-time funding.

- State Transit Assistance (STA): A portion of the revenues derived from the sales tax on diesel fuel purchases and registration fees is appropriated by the State Legislature to the State Transit Assistance Program for public transportation purposes. These STA revenues are allocated to public transit agencies throughout the State based on population and operating revenues by formula. This fund source increased through 2017 Senate Bill 1, the Road Repair and Accountability Act. SB1 created an additional STA program, the STA State of Good Repair (SGR) Program to provide annual funding to transit operators in California for eligible transit maintenance, rehabilitation, and capital projects. In Fiscal

Year 2027 there are additional funds being allocated to SMART via the STA program through the Metropolitan Transportation Commission (MTC) and the Sonoma County Transportation to help fund higher service levels under the MASCOTS plan.

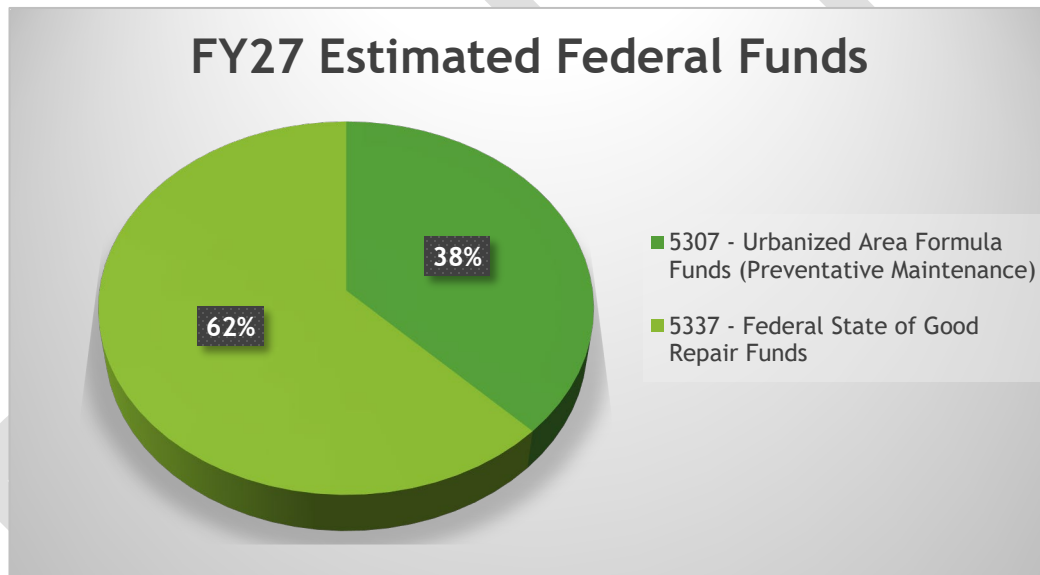
- **State Rail Assistance (SRA):** Created through Senate Bill 1 (SB1), SRA directs a 0.5% portion of new diesel sales tax revenue for allocation: half to the state’s five commuter rail providers (Altamont Corridor Express Authority (ACE), North County Transit Development Board (Coaster), Peninsula Corridor Joint Powers Board (Caltrain), Sonoma-Marin Area Rail Transit District (SMART), Southern California Regional Rail Authority (Metrolink)) and half to intercity rail corridors.
- **Local Partnership Program (LPP):** SB 1 established the Local Partnership Program Formula fund source. This program continuously appropriates funding annually from the Road Maintenance and Rehabilitation Account to local and regional transportation agencies that have sought and received voter approval of taxes or that have imposed fees dedicated solely for transportation improvements. The funds are managed by the California Transportation Commission, which also manages a competitive portion of the Local Partnership Program.
- **Low Carbon Transit Operations Program (LCTOP):** LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility, with a priority on serving disadvantaged communities. Funds for this program come from State Cap and Trade auctions. Approved projects in LCTOP will support new or expanded bus or rail services, expand intermodal transit facilities, or support equipment acquisition, fueling, maintenance and other costs to operate those services or facilities.



## Federal Revenues

SMART is a direct recipient of Federal Transit Administration (FTA) and Federal Rail Administration (FRA) grant funds. The Fiscal Year 2027 Budget includes the following federal funds sources:

- 5337 Funds: FTA Formula funds providing capital assistance for maintenance, replacement, and rehabilitation projects of fixed guideway systems to help transit agencies in urbanized areas maintain assets in a state of good repair. SMART became eligible for these funds in Fiscal Year 2025. In the Fiscal Year 2027 budget, these funds make up 62% of federal funding or \$6,987,499.
- 5307 Funds: FTA Urbanized Area Formula Funds that can be used for capital projects, operating assistance, job access, reverse commute projects, and transportation related planning. SMART became eligible for these funds in Fiscal Year 2020. These funds account for 38% of federal funding or \$4,202,279.



## State Funds – Project Specific

- Windsor to Healdsburg Extension
  - TIRCP – Transit and Intercity Rail Capital Program
    - \$10,100,000 budgeted in FY27
- Joe Rodota to Third Street in Santa Rosa Pathway Construction
  - AHSC – Affordable Housing Sustainable Communities Program
    - \$225,000 of funding rolling into FY27
  - LPP – Local Partnership Program
    - \$357,500 budgeted in FY27

- Workforce Development
  - AHSC – Affordable Housing Sustainable Communities Program
    - \$65,000 budgeted in FY27
- Hi-Rail Excavator
  - LPP – Local Partnership Fund
    - \$506,000 budgeted in FY27
- Tow-Behind Scrubber
  - LPP – Local Partnership Fund
    - \$98,500 budgeted in FY27
- DMU Pneumatic Test Bench Equipment
  - LPP – Local Partnership Fund
    - \$189,291
- DMU Car Mover
  - LPP – Local Partnership Fund
    - \$100,000 budgeted in FY27
- Hi-Rail Boom Truck
  - LPP – Local Partnership Fund
    - \$200,000 budgeted in FY27

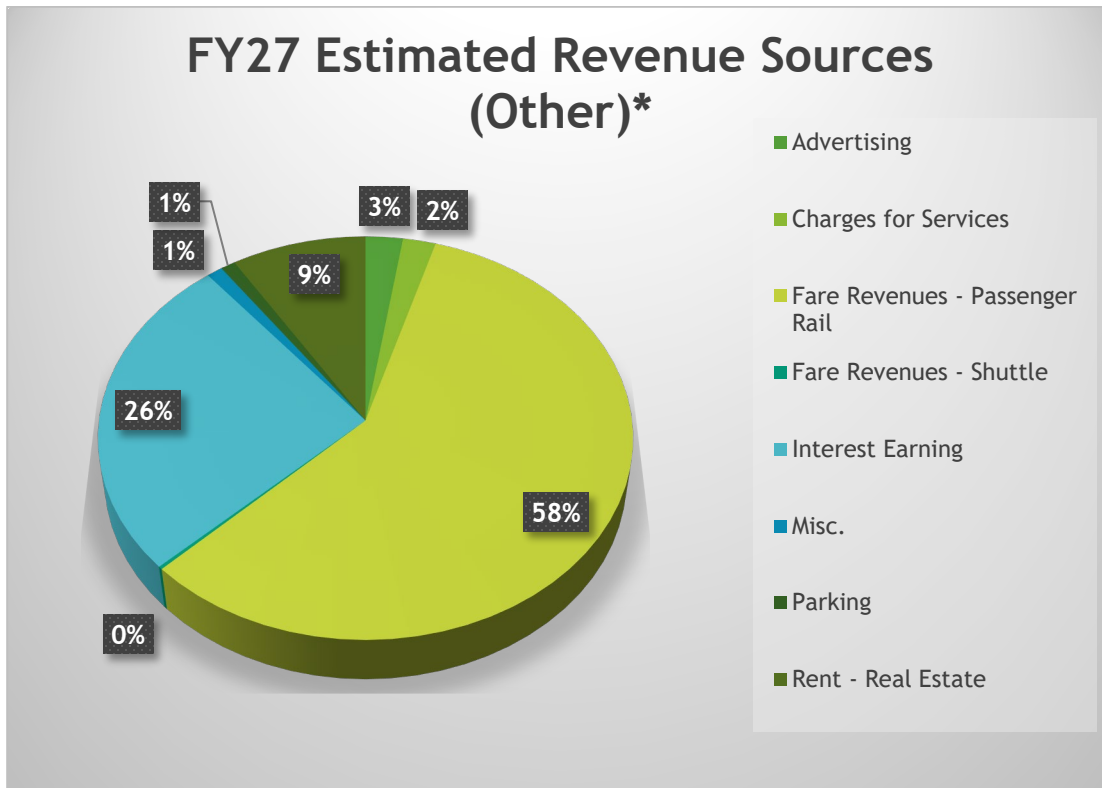
#### Regional Funds – Project Specific

- Civic Center Kiss-n-Ride
  - RM3 – Regional Measure 3
    - \$50,000 budgeted to FY27

#### Local Governments/Private Sector – Project Specific

- Jennings Crossing
  - City of Santa Rosa
    - \$650,000 budgeted for FY27
- Joe Rodota to 3<sup>rd</sup> Street Traffic Signal Construction
  - City of Santa Rosa
    - \$400,000 budgeted in FY27
- 4<sup>th</sup> Street Station Access (as part of Joe Rodota to 3<sup>rd</sup> Street Project)
  - Private Developer
    - \$325,000 budgeted in FY27

## Other SMART Revenues



\*These percentages exclude funding from Other Government or Private Sector sources.

- Farebox Revenues: SMART passengers pay for their rides using the fare structure approved by the SMART Board in 2015 and 2016. SMART participates in the regional Clipper fare system that allows riders to transfer seamlessly among Bay Area operators using one fare media card. SMART also has its own mobile ticket app that provides easy purchasing of multiple or discounted tickets without purchasing a Clipper card. The fares are based on the distance travelled by a rider, like other commuter rail services. In May of 2021, fares were lowered by approximately 40%. SMART also provides several discounts to SMART riders.
- In May 2021, a new Weekend Day Pass was implemented. The Weekend Day Pass is \$10.00 for adults and \$5.00 for passengers with disabilities and Clipper START customers. The Weekend Day Pass offers unlimited rides for the entire day.
- In September 2021, the 31-Day Pass was lowered to \$135.00 for adults and \$67.50 for youth, seniors, and passengers with disabilities. In July 2023, the 31-day pass was lowered again and was priced based on a 3-day work week and an average of 3-zones travelled. This reduced the price to \$117.00 for adults and \$58.50 for seniors, youth, and passengers with disabilities.

- In April 2024, the Youth and Seniors Ride Free Program was implemented, and is planned to continue through June of 2027.
- In the Fiscal Year 2027 budget, farebox revenues for passenger rail account for 58% of other revenues.
- Advertising Revenues: Revenues from advertising space sold onboard trains and station platform shelter panels.
  - Advertising is 3% of SMART's other revenues in Fiscal Year 2027.
- Charges for Services: Includes flagging services SMART provides for external entities that need to do work in SMART's right of way.
  - Charges for services is 2% of other funds budgeted in the Fiscal Year 2027 budget.
- Interest Earnings: Interest earnings are budgeted in Fiscal Year 2027 at higher than in Fiscal Year 2026 due to a higher than anticipated fund balance and interest rates.
  - Interest earnings make up a 26% proportion of the other budget category in this budget.
- Lease Revenues: Revenues generated by real estate holdings, escalated for 2027 based on Consumer Price Index (CPI).
  - Lease Revenues account for 9% of the Fiscal Year 2027 budget.
- Miscellaneous Revenues: These revenues vary each year but are assumed to be similar to past Fiscal Years.
  - These funds correspond to 1% of other revenues for Fiscal Year 2027.
- Parking Revenue: Parking fees are suspended during the hours of 4:00 am and 11:59 pm. Effective July 1, 2023, those wishing to park overnight pay a fee of \$5.00 to park between the hours of 12:00 am and 3:59 am, for up to five nights. Parking revenues have come in higher than anticipated in FY26, which has increased the expected amount for FY27.
  - Parking revenues are estimated at 1% of other revenues in this Fiscal Year 2027 budget.
- Shuttle Revenue: SMART Connect marked its first full year of shuttle service in Fiscal Year 2024, expanded to a second location at the Larkspur Station in Fiscal Year 2025 and extended to seven days a week from its previous four day per week schedule. Revenues are budgeted based on a percentage increase from previous years.
  - Shuttle revenue is represented as 0% on the chart as it is a relatively small amount in comparison to the other revenues.

# RIDERSHIP

## Expenditures – Ridership

*Planned ridership expenditures are based on the following priorities for reaching Strategic Plan goals:*

- Continue “Youth and Seniors Ride Free” program
- Undertake Preventative Maintenance and State of Good Repair projects to maintain the safety, quality, and efficiency of SMART’s rail system
- Maintain compliance requirements and regulations
- Conduct on-board passenger survey
- Continue the collaborative approach with other agencies through MASCOTS for increased service and improved connections
- Continue monitoring the system/ridership
- Deliver improved website for ease of use
- Ridership estimate: 1,618,000

<b>Ridership</b>	
<b>Category</b>	<b>FY27 Budget Amount</b>
Administration*	\$ 10,325,155
Operations*	\$ 30,744,842
Website*	\$ 42,553
CCTV State of Good Repair Camera Replacements*	\$ 80,000
On-Board Survey	\$ 50,000
IT Projects*	\$ 190,148
Bridges	\$ 445,000
Civic Center Kiss-n-Ride (Design)	\$ 50,000
Non-Revenue Vehicles	\$ 1,099,000
Maintenance of Way Activities and Upgrades	\$ 1,412,826
On-Board DMU Camera Replacement	\$ 2,871,334
Hi-Rail Excavator	\$ 1,012,000
Tow-Behind Scrubber	\$ 197,200
Train Wash Replacement	\$ 50,000
Siemens S-80 Smart Gate Pilot Program*	\$ 40,749
Rail Operations Center Building Feasibility Study	\$ 400,000
Shop Elevated Track & Catwalk OSHA Compliant Fall Protection	\$ 25,000
Security System for Fulton, Roblar, Healdsburg, Larkspur	\$ 250,000
UPS Node Batteries	\$ 100,000
DMU Overhaul and Maintenance Projects	\$ 4,780,615
Vehicle Maintenance Equipment	\$ 723,082
<b>Total</b>	<b>\$ 54,889,504</b>

# PATHWAYS

## Expenditures – Pathways

*Planned pathway expenditures are based on the following priorities for reaching Strategic Plan goals:*

- Advance funded segments of the pathway
  - Hanna Ranch Rd to Vintage Way
  - Guerneville Rd to Airport Blvd
  - Joe Rodota to 3<sup>rd</sup> Street
- Complete design and permitting of remaining pathway segments
- Continue mitigation projects to mitigate impact of the pathway as required
- Maintain pathway in a state of good repair
- Expand information available about the pathway on SMART’s website

Pathways	
Category	FY27 Budget Amount
Administration*	\$ 2,290,987
Operations*	\$ 63,000
Engineering*	\$ 341,963
Website*	\$ 42,553
CCTV State of Good Repair Camera Replacements*	\$ 80,000
IT Projects*	\$ 190,148
Code Compliance Vehicle*	\$ 35,000
Code Compliance Vehicle*	\$ 35,000
Mitigate Pathway Segments	
- Petaluma Riparian Construction & Monitoring	\$ 29,000
- Crane Creek - Poppy Drainage Riparian Monitoring	\$ 121,532
- Crane Creek - Fiddleneck Drainage Riparian Monitoring	\$ 236,071
- Helen Putnam Riparian Monitoring	\$ 52,899
- Windsor Riparian Mitigation Monitoring	\$ 23,560
Design Pathway Segments	
- Marin-Sonoma Pathway - Design	\$ 1,201,251
Pathway Repairs & Rehab	\$ 165,000
Olive Avenue Path-of-Travel	\$ 200,000
Windsor to Healdsburg - Pathway	\$ 1,414,000
Advance Pathway Segments	
- Joe Rodota Trail to 3rd Street	\$ 715,000
- Hanna Ranch Road to Vintage Way	\$ 120,000
- Guerneville Road to Airport Boulevard	\$ 24,000
<b>Total</b>	<b>\$ 7,380,964</b>

# EXTENSIONS

## Expenditures – Extensions

*Planned extension expenditures are based on the following priorities for reaching Strategic Plan goals:*

- Continue design phase of Healdsburg Extension
- Continue participating in Highway 37 corridor activities to incorporate East/ West rail
- Conduct mitigation activities for the extension/station projects as required

Extensions	
Category	FY27 Budget Amount
Administration *	\$ 7,897,988
Engineering *	\$ 837,219
Website*	\$ 42,553
CCTV State of Good Repair Camera Replacements*	\$ 80,000
IT Projects*	\$ 190,148
Siemens S-80 Smart Gate Pilot Program*	\$ 40,749
State Route 37 Study	\$ 6,000
Healdsburg to Geyserville Fire Abatement	\$ 200,000
Mitigate Extension Projects	
- San Rafael Creek Riparian Construction & Monitoring	\$ 35,829
- Las Gallinas Riparian Enhancement & Monitoring	\$ 14,633
- Mira Monte Restoration	\$ 15,000
- IOS-1 Riparian Mitigation	\$ 1,260,000
Windsor to Healdsburg	\$ 8,686,000
<b>Total</b>	<b>\$ 19,306,118</b>

# FREIGHT

## Expenditures – Freight

*Planned Freight expenditures are based on the following priorities for reaching Strategic Plan goals:*

- Conduct required maintenance on bridges, track, crossings, equipment, and other components of the freight operation
- Fiscal Year 2027 budgets funds for Phase III of the Brazos Branch Bridge Repairs to improve bridges
- Replace the 8<sup>th</sup> Street Cantilever using owner furnished material ordered in Fiscal Year 2026
- Replace railroad ties at the end of their useful life
- Continue to market freight and storage opportunities
- Leverage storage track at Schellville and Burdell
- Promote transload opportunities at Victory Station (Schellville)

Freight	
Category	FY27 Budget Amount
Salaries and Benefits	\$ 1,217,673
Freight Services and Supplies	\$ 1,037,489
Brazos Branch Bridge Repairs Phase III	\$ 360,000
8th Street Cantilever Replacement	\$ 121,380
SR 37 Grade Crossing PE Review	\$ 6,000
Tie Replacement	\$ 125,000
<b>Total</b>	<b>\$ 2,867,542</b>

# Expenditures

---

## Passenger Rail Operations

Passenger Rail Operations delivers SMART's core mission to move people in a safe, reliable, and affordable way.

### Transportation

The Transportation Division is responsible for operating the trains, checking fares, assisting passengers, ensuring onboard passenger safety, and guaranteeing compliance with FRA regulations related to train operations and passenger service. The Operations Control Center monitors the status of the entire system, dispatches passenger and freight trains, and is the emergency point of contact for outside first responder agencies.

### Vehicle Maintenance

The Vehicle Maintenance Division is responsible for preventative maintenance, inspections, cleaning, and repairs of the Diesel Multiple Units (DMUs).

### Maintenance of Way

The Maintenance of Way Division is responsible for track and right of way inspection and maintenance, train control and grade crossing warning device maintenance and inspections, and maintenance of all SMART owned facilities (pathway, stations, moveable bridge electronics and mechanics, buildings, and right of way fencing).

In addition to Transportation, Vehicle Maintenance, and Maintenance of Way, two additional departments are under the operations budget.

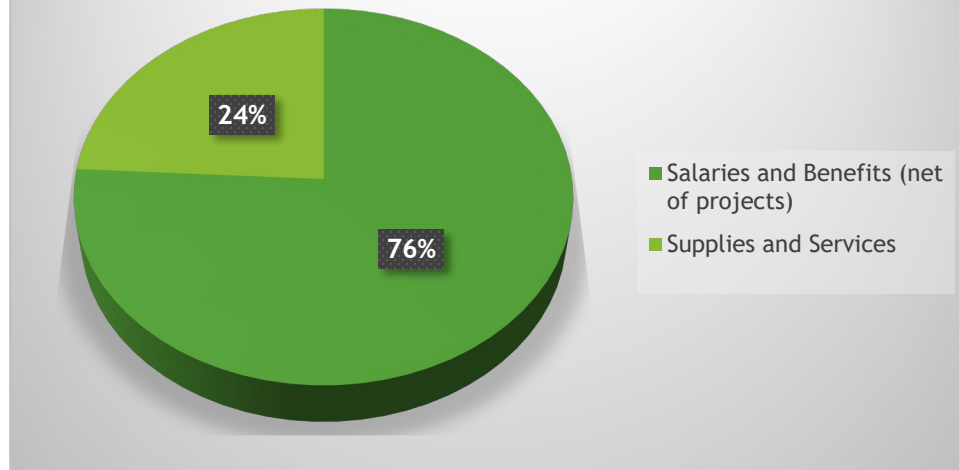
### Public Safety

The Public Safety Department works to ensure public, infrastructure, and facility safety, including coordinating with Federal, State, and local jurisdictions to provide incident response.

### Train Control Systems

Train control systems perform a wide variety of functions – including: safely routing trains, safely separating trains, tracking and reporting the location of trains; detecting and reporting broken rail; detecting and reporting misaligned switches; detecting and reporting misaligned bridges; and detecting and reporting faults; interconnecting traffic signals; operating grade crossing warning systems; and providing positive train control (PTC) to prevent derailments and collisions.

## FY27 Operations Budget



In Fiscal Year 2027, the Operations Department has 137 full-time equivalent (FTE) employees with an estimated budget for salaries and benefits net of projects at \$23,371,633. Salaries and Benefits make up 76% of the total Operations budget.

Operations Salaries and Benefits	FY27
Operations General	\$ 1,315,745
Maintenance of Way	\$ 5,281,323
Transportation	\$ 10,746,803
Vehicle Maintenance	\$ 4,944,861
Safety and Security	\$ 1,082,901
<b>Total</b>	<b>\$ 23,371,633</b>

This budget funds three new Operations positions.

Department	New Positions
Operations General	Parts and Inventory Clerk
Vehicle Maintenance	Vehicle Maintenance Superintendent
Vehicle Maintenance	Vehicle Maintenance Supervisor

The Fiscal Year 2027 budget assumes all currently open positions are filled.

Operations Salaries and Benefits in Fiscal Year 2027 increased by 11.1% from the initially adopted Fiscal Year 2026 Budget, but only 5.8% since adding positions to support MASCOTS in July of 2026. The increases result from the implementation of raises in accordance with SMART's collective bargaining agreements and cost of living increases, as well as a projected increases in benefits (at 10%).

SMART operates 48 weekday trips and 24 trips each weekend day. This represents a 26.3% increase in weekday trips and a 140% increase in weekend trips compared to January 2020. The Operations Supplies and Services Budget (shown below) funds the full year of operations of SMART rail service. Finance and Operations leadership reviewed the Operations budget based on preceding years' data, recognizing that the increase in service under MASCOTS, coupled with increased system mileage with the addition of the Windsor Extension and maintenance activities as the system ages, come with additional costs. With this understanding, additional funds were budgeted for the Maintenance of Revenue Vehicles to allow for increased material inventory usage, as well as additional funds for Fuel and Lubricants based on forecasted high fuel prices. Overall, this results in a 15.2% increase in the Supplies and Services budget from the Fiscal Year 2026 Amended Budget.

Account Description	FY26 Amended Budget	FY27 Requested Budget
Freight (in-bound)	\$ 16,173	\$ 38,099
Maintenance of Equipment	\$ 432,863	\$ 464,940
Maintenance of Signals	\$ 204,356	\$ 161,606
Maintenance of Revenue Vehicles	\$ 579,606	\$ 925,000
Maintenance of Facilities	\$ 287,619	\$ 294,200
Maintenance of Railway	\$ 282,906	\$ 305,000
Maintenance of Pathway	\$ 25,500	\$ 63,000
Training & Travel Expense	\$ 59,209	\$ 128,275
Rental/ Leases - Equipment	\$ 39,900	\$ 34,900
Mileage Reimbursement & Auto Tolls	\$ 1,380	\$ 1,950
Contract Services - Administrative	\$ 248,852	\$ 189,978
Contract Services - Transportation	\$ 786,249	\$ 988,081
Communications	\$ 65,700	\$ 54,280
Uniform Expense	\$ 75,200	\$ 52,600
Personal Protective Equipment	\$ 35,500	\$ 25,000
Fuel and Lubricants	\$ 1,856,000	\$ 2,168,000
Memberships	\$ 3,350	\$ 1,700
Office Expense	\$ 63,433	\$ 70,000
Postage	\$ 39,000	\$ 87,500
Consumables	\$ 93,667	\$ 83,500
Small Tools and Equipment	\$ 200,418	\$ 288,000
Software	\$ 25,863	\$ 27,620
Public Relations Expense	\$ 29,800	\$ 30,000
Utilities	\$ 1,000,500	\$ 952,980
<b>Grand Total</b>	<b>\$ 6,453,044</b>	<b>\$ 7,436,209</b>

### Administration

The Administration budget funds the day-to-day business functions of the organization including finance, human resources, planning, legal, real estate, information technology, government/legislative relations, and engineering not dedicated to specific projects.

### Communications and Marketing Department

The Communications Department consists of three different areas of focus: Media and Public Relations, Marketing, and Customer Service.

Media and Public Relations is responsible for keeping SMART's external audiences informed and engaged about the agency's services, programs, and projects through media relations, digital and social media platforms, SMART's website, rail safety education, and community presentations.

Marketing is responsible for outreach and marketing, including producing marketing materials and managing advertising both for SMART services and on SMART's trains and platforms.

Customer Service is responsible for responding to customer inquiries through phone calls and emails received.

### Finance and Procurement Department

The Finance Department is responsible for a wide variety of compliance functions required of SMART by state and federal law. These include accounting, budgeting, finance, payroll, treasury, procurement, and grant budgeting and reporting.

### Human Resource Department

The Human Resources Department is responsible for recruitment and selection of employees, employee compensation, benefits administration, labor negotiations, performance management, and compliance with state and federal drug and alcohol programs, labor laws, and regulations.

### Information Systems Department

The Information Systems Department develops, operates, and maintains SMART's information and telecommunications systems. It manages the function and cybersecurity of: administrative Information Systems for 4 offices including email, servers, and printers; 1,500 devices consisting of computers, cell phones, vehicle locators, printers, radios, cameras, and network devices; railroad Information Systems such as CCTV, radio, platform equipment, and fare collection devices.

### Legal Department

The Legal Department is responsible for transactional matters, litigation, and risk management for SMART.

### Planning Department

The Planning Department is responsible for rail and multiuse pathway planning and service delivery studies; ridership and service planning analyses and recommendations; capital planning studies; local and regional agency planning coordination; planning first-last mile solutions.

### Real Estate

The Real Estate Department is responsible for managing SMART's Right-of-Way and processing all third-party requests for access to the Right-of-Way. It also handles property sales and acquisitions and supports all departments with title research and boundary information.

### Engineering

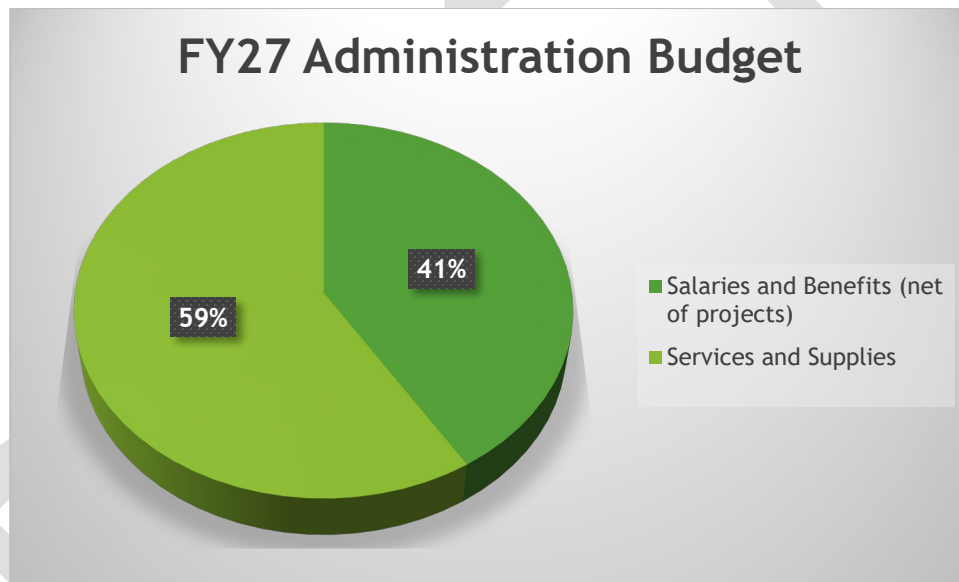
SMART's Engineering Department is responsible for planning and managing the expansion of the rail and pathway systems, managing SMART's existing infrastructure, supporting grant applications, and coordinating with local jurisdictions. Most of the staff time in engineering is charged to projects, but time associated with leave, training, and non-project related activities are included in the chart below.

In Fiscal Year 2027, SMART's Administration Division has 51 full-time equivalent (FTE) employees and various interns with an estimated budget for salaries and benefits of \$8.9 million, excluding project costs. The Budget includes four new positions under Administration, as well as upgrades two positions to different job titles. These additions and upgrades are designed to expand the capacity of the Administration Division to accommodate the additional workload and responsibilities of a maturing agency. Additionally, the Analyst II position added in this budget will fall under the Administrative headcount but will effectively support operations. The Associate Engineer position will be made available for internal candidates so a lower-level engineering position will be removed once this process is complete. As part of the MASCOTS process, two Administrative positions were planned to be added, and as such, the adding of two of these roles will utilize MASCOTS funding.

<b>Department</b>	<b>Current Position</b>	<b>Requested Position</b>
Finance	Administrative Assistant	Senior Administrative Assistant
Finance	New	Buyer II
Finance	New	Buyer II
Finance	New	Analyst II
Engineering	New	Associate Engineer

A three percent (3%) cost of living increase has been included for all non-bargaining unit employees, except for those eligible for a five percent (5%) raise based on their current pay within the range for their position classification. Projected increases in benefits at 10% were included. These changes led to a 13.3% increase in Administrative salaries and benefits between Fiscal Year 2026 and Fiscal Year 2027.

Administration Salaries & Benefits	FY27
Finance	\$ 3,846,711
Information Systems	\$ 758,626
Human Resources	\$ 542,899
Legal	\$ 771,890
Marketing and Outreach	\$ 665,891
Board Activities	\$ 174,150
Real Estate	\$ 593,685
Planning	\$ 383,470
Planning - Pathway	\$ 194,809
Engineering (non-project specific)	\$ 962,011
<b>Total</b>	<b>\$ 8,894,143</b>



Overall, the Administrative Budget has decreased by \$96,617 over the Fiscal Year 2026 Amended Budget. The fact that expenses are so similar over the two years speaks to the fact that many items within this budget are governed by contracts that maintain or control cost increases.

While insurance costs continue to increase at a blinding clip (25% between Fiscal Year 2026 and 2027), they are offset in this budget by a significant decrease in the legal services budget. Additional less drastic decreases in computer hardware offset increases in training and travel, agency extra help, and fare collection fees.

<b>Account Description</b>	<b>FY 26 Amended Budget</b>	<b>FY27 Requested Budget</b>
Insurance	\$3,513,275	\$4,384,475
Provisions for Claims	\$450,000	\$435,000
Freight (in-bound)	\$1,725	\$1,725
Maintenance of Radios	\$233,931	\$270,777
Maintenance of Facilities	\$12,000	\$0
Auditing/ Accounting Services	\$59,870	\$73,319
Fiscal Accounting Services	\$5,000	\$4,000
Legal Services	\$1,890,000	\$744,000
Agency Extra Help	\$90,866	\$120,000
Training & Travel Expense	\$161,520	\$204,276
Contracted Services	\$110,000	\$100,000
Printing Services	\$66,662	\$76,000
Fiscal Agent Fees	\$3,000	\$3,000
Permits/ Fees	\$30,180	\$30,180
Fare Collection Fees	\$160,883	\$266,144
Public/ Legal Notices	\$36,460	\$45,600
Rental/ Leases - Equipment	\$51,440	\$51,440
Rental/ Leases - Buildings	\$453,667	\$465,812
Mileage Reimbursement & Auto Tolls	\$38,846	\$40,658
Contract Services - Administrative	\$2,257,888	\$2,296,849
Contract Services - Personnel	\$231,150	\$257,000
Communications	\$298,483	\$296,412
Claims Processing Payroll	\$39,100	\$42,000
Facility Services	\$6,000	\$6,000
Uniform Expense	\$3,200	\$4,700
Personal Protective Equipment	\$1,600	\$1,000
Memberships	\$41,660	\$46,722
Miscellaneous Expense	\$1,000,000	\$1,000,000
Office Expense	\$81,450	\$81,600
Books/ Periodicals	\$2,500	\$2,700
Postage	\$6,600	\$6,000
Small Tools and Equipment	\$700	\$700
Computer Hardware	\$171,450	\$76,800
Computer Software	\$1,254,292	\$1,231,891
Marketing/ Promotional Items	\$42,000	\$42,000
Public Relations Expense	\$25,000	\$27,000
Utilities	\$3,600	\$3,600
<b>Grand Total</b>	<b>\$12,835,997</b>	<b>\$12,739,380</b>

## Non-Capital Projects

### Environmental Projects

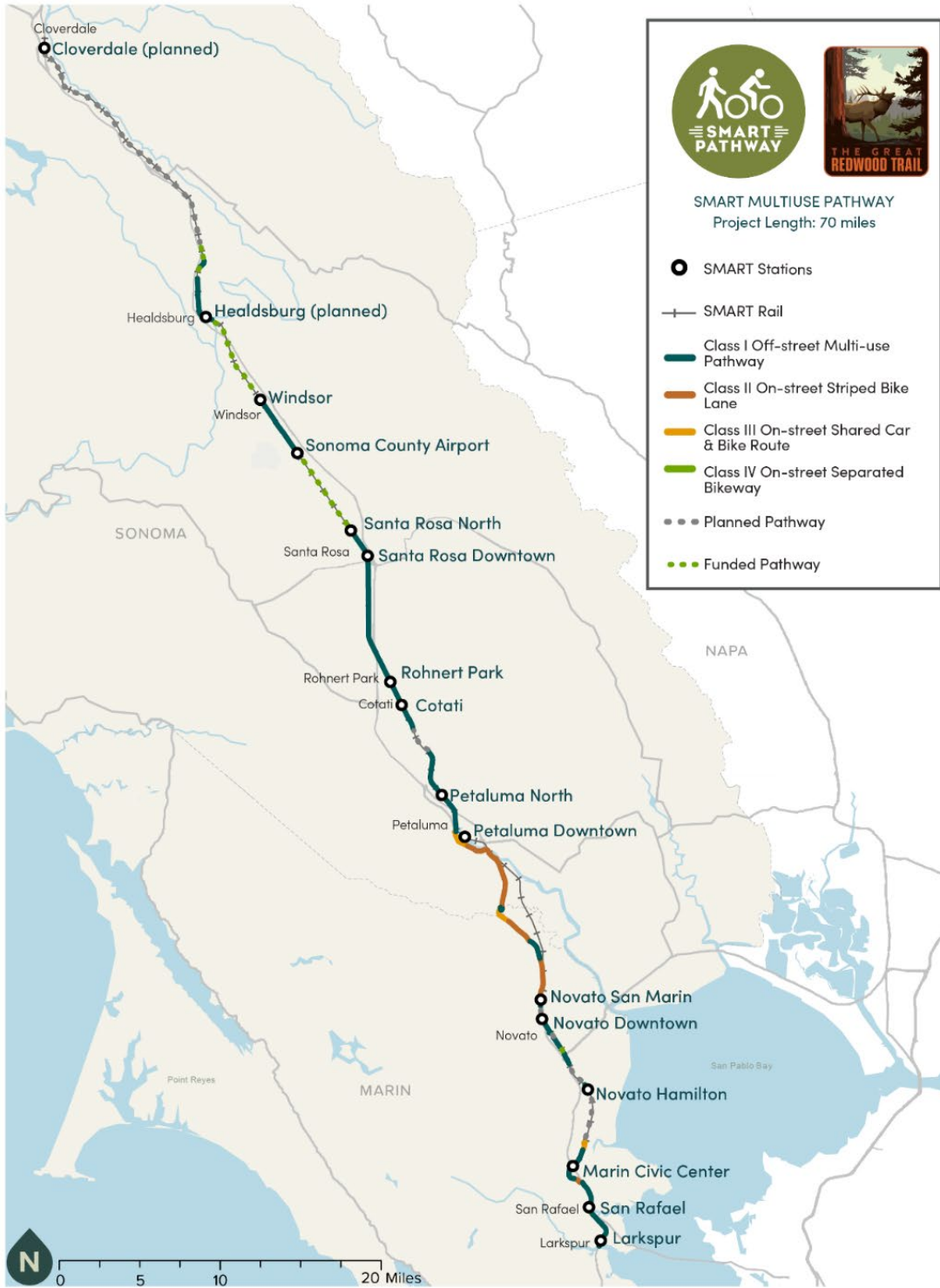
As part of SMART's expansions and pathway projects, environmental permits often require riparian mitigation projects to compensate for temporary and permanent construction impacts on the environment. These projects entail restoring creeks, rivers, and marshland by planting native trees and scrubs, removing invasive plant species, and cleaning up trash. There are performance and monitoring criteria for each project for periods of 5 to 10 years to confirm success of the mitigation efforts.

<b>Project Name</b>	<b>FY27 Budget Amount</b>
San Rafael Creek Riparian Construction & Monitoring	\$ 35,828.66
Las Gallinas Riparian Enhancement & Monitoring	\$ 14,632.66
Mira Monte Restoration	\$ 15,000.00
Cedar Grove (Petaluma) Riparian Construction & Monitoring	\$ 29,000.00
Crane Creek Poppy Drainage Riparian Monitoring	\$ 121,532.14
Crane Creek Fiddleneck Drainage Riparian Monitoring	\$ 236,071.00
Helen Putnam Riparian Monitoring	\$ 52,898.82
Windsor Riparian Mitigation Monitoring	\$ 23,560.00
IOS-1 Riparian Mitigation	\$ 1,260,000.00
<b>Total</b>	<b>\$ 1,788,523.28</b>

### Other Non-Capital Projects

Categorized as non-capital, these projects serve an organizational need and advance SMART objectives but do not directly result in a tangible asset to the Agency, defined as having a useful life of at least a year and a value of at least \$5,000. Many of these non-capital projects are funded by grants. Others, namely the West Third Street Traffic Signal Construction project, are assets being built as part of a SMART capital project but result in an asset for another entity with dedicated outside funding.

<b>Non Capital Projects</b>		
<b>Department</b>	<b>Project Name</b>	<b>Total Project Costs FY27</b>
Marketing and Outreach	New Website	\$ 127,660.00
Planning	On-Board Passenger Survey	\$ 50,000.00
Engineering	Marin - Sonoma Pathway Design & Permitting	\$ 1,201,251.00
Engineering	W. 3rd St Traffic Signal Construction (City of Santa Rosa)	\$ 400,000.00
Engineering	Olive Avenue Path-of-Travel	\$ 200,000.00
Engineering	Healdsburg to Geyserville Fire Abatement	\$ 200,000.00
Engineering	State Route 37 Planning Staff Time	\$ 6,000.00
Maintenance of Way	Engle Ave. Tree Removal	\$ 50,000.00
	<b>Total Non-Capital Projects</b>	<b>\$ 2,234,911.00</b>



## State of Good Repair and Capital Projects

49 CFR 625.5 defines State of Good Repair (SGR) as the condition in which a capital asset can operate at a full level of performance. Per FTA, “having well maintained, reliable transit infrastructure – track, signal systems, bridges, tunnels, vehicles and stations – will help ensure safe, dependable and accessible services.” State of Good Repair expenditures are those costs that keep our assets in a condition where the asset can operate at a full level of performance. Maintaining assets in a state of good repair requires regular repairs and replacements.

SMART has broken out capital assets into State of Good Repair and Capital/Engineering Projects.

State of Good Repair Projects		
Department	Project Name	Total Project Costs FY27
IT	CCTV State of Good Repair Camera Replacements	\$ 240,000
<b>Total</b>		<b>\$ 240,000</b>
Engineering - Bridges	St. Vincent's Culvert Repair	\$ 225,000
	Basalt Creek Timber Trestle Replacement	\$ 110,000
	San Antonio Tributary Timber Trestle	\$ 110,000
<b>Total</b>		<b>\$ 445,000</b>
Maintenance of Way	FY26 Switches Signal - Perle	\$ 137,026
	Replace Standby battery banks for wayside signals	\$ 70,400
	Guideway and Track Mainline Surfacing	\$ 750,000
	Train Control Systems CIL Battery Replacement	\$ 70,400
	Rail Operations Center Building Feasibility Study	\$ 400,000
	Train Wash Replacement	\$ 50,000
	UPS Node Batteries	\$ 100,000
<b>Total</b>		<b>\$ 1,577,826</b>
Maintenance of Way - Pathway	FY27 Pathway Repairs and Rehabilitation (slurry seal)	\$ 165,000
<b>Total</b>		<b>\$ 165,000</b>
Vehicle Maintenance	DMU Air Brake Overhaul and Air Supply Unit	\$ 600,000
	DMU Coupler & Crash Energy Management Overhaul	\$ 645,615
	On-board DMU Cameras	\$ 2,871,334
	Fire Sup. System, PKP	\$ 60,000
	DMU LED Light Replacement Project	\$ 200,000
	Cummins End of Life Replacement	\$ 3,075,000
	Battery Overhaul	\$ 200,000
<b>Total</b>		<b>\$ 7,651,949</b>
	<b>Total State of Good Repair</b>	<b>\$ 10,079,775</b>

The Fiscal Year 2027 Budget includes expenditures related to capital projects for specific pathway segments and extensions. These costs are funded by revenues from various grants and Measure Q.

In the Fiscal Year 2027, there are several State of Good Repair projects, including a repair of the St. Vincent’s Culvert (bridge), various overhauls and modifications, light replacements on the DMUs, a new on-board camera system, as well as an overhaul of the fire suppression system on the trains. On the right-of -way, there is funding for guideway and track surfacing, pathway repairs and rehabilitation, and switches and battery banks.

Project Specific		
Department	Project Name	Total Project Costs FY27
Engineering	Healdsburg Extension (Windsor Station to Healdsburg Station)	\$ 10,100,000
	Civic Center Kiss-and-Ride Design	\$ 50,000
<b>Total</b>		<b>\$ 10,150,000</b>
Engineering - Pathway	Joe Rodota Trail to 3rd St NMP Construction	\$ 715,000
	Hanna Ranch Rd to Vintage Wy NMP Construction	\$ 120,000
	Guerneville Rd to Airport Blvd NMP Construction	\$ 24,000
<b>Total</b>		<b>\$ 859,000</b>
Maintenance of Way	Hi-Rail Excavator	\$ 1,012,000
	Tow-Behind Scrubber	\$ 197,000
	Hi-Rail Boom Truck	\$ 400,000
<b>Total</b>		<b>\$ 1,609,000</b>
Vehicle Maintenance	DMU Pneumatic Test Bench Equipment	\$ 378,582
	DMU Car Mover	\$ 200,000
<b>Total</b>		<b>\$ 578,582</b>
	<b>Total Project Specific</b>	<b>\$ 13,196,582</b>

The funds allocated in this budget will begin construction of the Joe Rodota Trail to Third Street in Santa Rosa segment of the pathway, as well as complete the permitting phase for the Hanna Ranch Road to Vintage Way portion of the pathway in Novato and the Guerneville Road to Airport Boulevard section in Santa Rosa. Upon completion of the permitting phase, additional funds will be budgeted to enter the construction phase.

The Windsor to Healdsburg Extension progressive design-build project will continue the design phase Fiscal Year 2027. The amount currently budgeted for the Extension represents the remainder of the design funding with the intention that more revenues and expenditures will be added through a budget amendment once the guaranteed maximum price (GMP) is reached and we are prepared to proceed to final design and construction, or to fund early works construction packages embarked upon in Fiscal Year 2027.

The Civic Center Kiss-n-Ride design project commenced in Fiscal Year 2026 and will be completed in Fiscal Year 2027. Future construction will be contingent on grant funding.

Under the Maintenance of Way division, this budget funds a Hi-Rail Excavator to accomplish further tasks on and adjacent to the right-of-way. The Tow-Behind Scrubber will provide a backup to SMART’s current scrubber, allowing for maintenance. The Vehicle Maintenance equipment adds DMU Pneumatic Test Bench Equipment and the DMU Car Mover for movement of the vehicles throughout the SMART Rail Operations Center yard.

<b>Capital Administration and Operations Projects</b>		
<b>Department</b>	<b>Project Name</b>	<b>Total Project Costs FY27</b>
IT	IT Equipment	\$ 570,444
<b>Total</b>		<b>\$ 570,444</b>
Operations Administration	Non-Revenue Vehicles	\$ 1,169,000
	Operations Inventory/Supervisors Modulares	\$ 300,000
<b>Total</b>		<b>\$ 1,469,000</b>
Maintenance of Way	Power drop - Fulton	\$ 35,000
	Siemens S-80 Smart Gate Pilot Program	\$ 81,497
	Security System for Fulton, Roblar, Healdsburg, Larkspur	\$ 250,000
<b>Total</b>		<b>\$ 366,497</b>
Vehicle Maintenance	Shop Elevated Track & Catwalk OSHA Compliant Fall Protection	\$ 25,000
	Shop Utility Carts	\$ 28,000
	DMU Door Force Measuring Gauge	\$ 6,500
	Shop DMU Access and Work Platforms	\$ 50,000
	Shop Engine Stand, Jigs, & Test Bench	\$ 60,000
<b>Total</b>		<b>\$ 169,500</b>
	<b>Total Capital and Operations Projects</b>	<b>\$ 2,575,441</b>

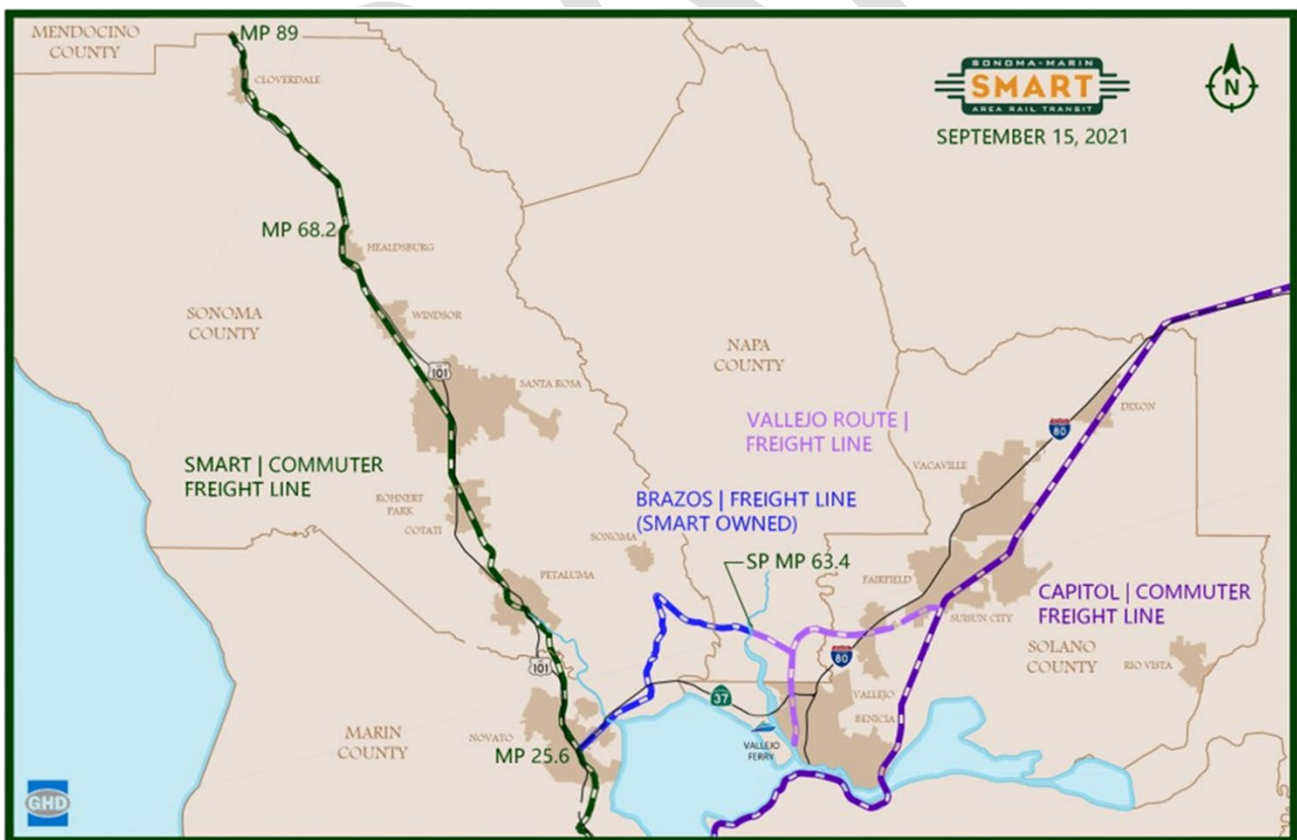
The Fiscal Year 2027 Budget funds capital projects required for the Administration and Operations Divisions. The Information Technology department has many pieces of equipment that are capital items and require replacement on a regular schedule. These IT projects include servers, firewalls, routers, switches, concentrators, and routers. The non-revenue vehicle program at SMART schedules vehicles for replacement based on their useful life calculations. There are two Interceptors for use by the Safety and Security division, eight trucks, a hi-rail boom truck, a tilt trailer, and a dump trailer included as part of the Operations budget. This budget funds the purchase of modulars for use at SMART's Rail Operation Center for inventory storage as well as a break room for the Vehicle Maintenance supervisors. The DMU Access and Work Platforms and Engine Stand, Jigs, and Test Bench, provide much needed safety and efficiency upgrades and allow the Vehicle Maintenance Division to bring work previously outsourced in-house to be performed by SMART employees. The Shop Utility Carts will be utilized to allow for efficient ability to transport equipment in the yard.

DRAFT

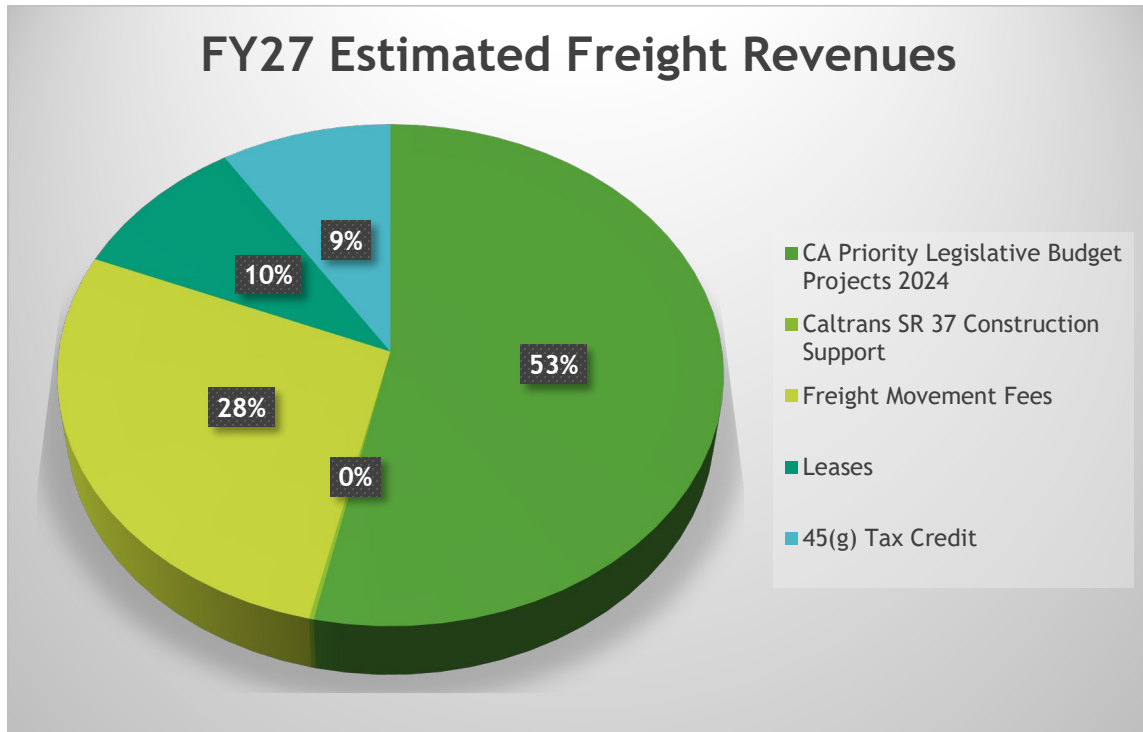


## FREIGHT

In March of 2022, SMART assumed the freight operations from the Northwestern Pacific Railroad Company (NWPCo) which had been operating service from Napa County to Petaluma since 2011. SMART began in-house operations on July 1, 2022. Over the past three years, SMART has worked to maintain and improve the freight right-of-way and facilities as well as increase its revenue base by attracting storage and freight customers. Currently there are three customers that receive primarily feed grain. In addition, there is a freight car storage location at the Schellville yard. Service consists of two round trips a week to Petaluma customers as well as two round trips to the California Northern Railroad to receive and deliver rail cars to and from the interchange.



For Fiscal Year 2027, revenues for freight operations are estimated at \$2.9 million. The majority of these funds, or 53%, are coming from the California Priority Legislative Budget Projects grant from the 2024 state budget. The next largest revenue source comes from Freight Movement Fees, at 28%. Then Leases at 10% and the 45(g) Tax Credit at 9% round out the remainder of the anticipated revenues for Fiscal Year 2027.



\*Caltrans SR 37 Construction Support comes through as 0% on this chart.

Revenues	FY27
CA Priority Legislative Budget Projects 2024	\$ 1,540,254
Caltrans SR 37 Construction Support	\$ 6,000
Freight Movement Fees	\$ 800,000
Leases	\$ 278,100
45(g) Tax Credit	\$ 261,970
<b>Total</b>	<b>\$ 2,886,324</b>

SMART anticipates spending \$1,217,673 on salaries and benefits, \$1,056,271 on operations, and \$612,380 on capital repairs and replacements. Revenues and expenditures for freight operations are tracked separately in Fund 60. Administrative expenses are allocated from Fund 01 based on a ratio of total passenger miles freight operates to total passenger miles commuter rail operates as estimated in this year's budget, with a passenger mile for freight defined as cars multiplied by miles.

The SMART Board of Directors approved six and a half (6.5) full-time equivalent (FTEs) positions in 2025 to operate the Freight Division for the organization. The Fiscal Year 2027 budget for salaries and benefits for freight operations is estimated at \$1,217,673. This budget funds one (1) freight manager, three (3) freight utility workers, two (2) freight utility worker/dispatchers, and a half-time (1/2) freight administrative specialist. The details regarding these positions can be found in Appendix C. A three percent (3%) cost of living increase is included except for those eligible for a five percent (5%) raise based on their current pay within the range for their position classification for Fiscal Year 2027.

The SMART Freight Division evaluates and prioritizes the work necessary to run the service and comply with all Federal Railroad Administration requirements. Improvements to the Schellville Depot and repairs to high priority bridges were completed in previous fiscal years and continue moving into Fiscal Year 2027. Further maintenance on bridges along the Brazos Branch is included in the Fiscal Year 2027 budget. The Freight Manager continues to reach out to potential new freight and storage customers to increase revenues.

Account Description	FY26 Amended Budget	FY27 Requested Budget
Salaries and Benefits	\$ 1,087,589	\$ 1,217,673
Salaries and Benefits Cost Allocation	\$ 22,538	\$ 18,782
Provisions for Claims	\$ 500,000	\$ 25,000
Freight (in-bound)	\$ 938	\$ 938
Maintenance of Equipment	\$ 45,085	\$ 35,085
Maintenance of Signals	\$ 8,050	\$ 13,500
Maintenance of Revenue Vehicles	\$ 64,637	\$ 86,000
Maintenance of Facilities	\$ 10,500	\$ 25,000
Maintenance of Railway	\$ 134,688	\$ 132,000
Permits and Fees	\$ 123,090	\$ 73,098
Training & Travel Expense	\$ -	\$ 8,000
Rental/ Leases - Equipment	\$ 59,205	\$ 61,328
Mileage Reimbursement & Auto Tolls	\$ 1,000	\$ 1,000
Contract Services - Administrative	\$ 279,448	\$ 292,500
Communications	\$ 10,000	\$ 12,000
Uniform Expense	\$ 3,500	\$ 4,500
Personal Protective Equipment	\$ -	\$ 4,000
Fuel and Lubricants	\$ 90,200	\$ 91,800
Memberships	\$ 2,150	\$ 1,100
Miscellaneous Expense	\$ 66,751	\$ 101,500
Postage	\$ 2,932	\$ 4,500
Consumables	\$ -	\$ -
Small Tools and Equipment	\$ 15,625	\$ 16,000
Computer Hardware	\$ 13,500	\$ 15,000
Computer Software	\$ 8,640	\$ 8,640
Utilities	\$ 22,000	\$ 25,000
<b>Subtotal</b>	<b>\$ 2,572,066</b>	<b>\$ 2,273,944</b>

<b>Projects</b>	<b>FY26 Amended Budget</b>	<b>FY27 Requested Budget</b>
Brazos Branch Bridge Repairs - Phase II	\$ 679,658	\$ -
Brazos Branch Bridge Repairs - Phase III	\$ -	\$ 360,000
Caltrans SR 37 Grade Crossing Engineering Review	\$ 13,022	\$ 6,000
Tie Replacement	\$ 93,840	\$ 125,000
Black Point Bridge Emergency Repair	\$ 306,954	\$ -
Emergency Repair: Hwy 37 Crossing	\$ 100,000	\$ -
8th Street Cantilever Replacement	\$ 44,000	\$ 121,380
Grandview Grade Crossing Repair	\$ 154,240	\$ -
<b>Subtotal Projects</b>	<b>\$ 1,391,714</b>	<b>\$ 612,380</b>
<b>Grand Total</b>	<b>\$ 3,963,780</b>	<b>\$ 2,886,324</b>

DRAFT

## Reserves

---

SMART has several reserves that have been established for various purposes.

### Pension & OPEB Liability Reserve

This reserve is to ensure that SMART has funds set aside for future pension costs. We have set aside \$500,000 for Fiscal Year 2027 for a Fiscal Year 2027 balance of \$7,074,676.

### Vehicles & Equipment Reserve

This reserve is used to accumulate funds for future capital equipment needs such as DMU replacement. The Fiscal Year 2026 balance is \$12,317,250. The Fiscal Year 2027 budget adds an additional \$1,000,000 for a total reserve of \$13,317,250.

### Corridor Completion Reserve

This reserve was established in the Fiscal Year 2021 amended budget to set aside funds for design, environmental costs, or to leverage grant funding. The balance as of June 30, 2026 is \$5,500,000. This Fiscal Year 2027 budget maintains that balance.

### Operating Reserve

The Fiscal Year 2026 operating reserve was \$12,959,990. We have calculated 25% of the operating costs for Fiscal Year 2027 which would result in an increase of \$170,299 for a total of 13,130,289.

### Fund Balance

The estimated fund balance for Fiscal Year 2026 year-end is \$57,338,843. The difference between revenues and expenditures for Fiscal Year 2027 is \$8,973,107 which will be coming from the unassigned fund balance. This leaves a fund balance of \$48,365,736 at the conclusion of Fiscal Year 2027.

## Debt

---

In October of 2020, SMART successfully pursued a taxable advance refunding of the 2011A bonds. The refunding matched the existing March 1, 2029 final maturity date of the 2011A bonds. These bonds are secured by a gross lien on SMART's ¼ cent sales tax. The bonds were rated "AA" by Standard & Poor's. The debt service schedule is listed below.

<b>Fiscal Year</b>	<b>Series 2020 Bonds Principal</b>	<b>Series 2020 Bonds Interest</b>	<b>Debt Service</b>
2021	\$3,365,000.00	\$566,576.35	\$3,931,576.35
2022	13,280,000.00	1,656,755.80	14,936,755.80
2023	14,015,000.00	1,581,192.60	15,596,192.60
2024	14,765,000.00	1,479,443.70	16,244,443.70
2025	15,580,000.00	1,324,115.90	16,904,115.90
2026	15,860,000.00	1,136,844.30	16,996,844.30
2027	16,105,000.00	893,869.10	16,998,869.10
2028	16,385,000.00	614,930.50	16,999,930.50
2029	13,615,000.00	284,281.20	13,899,281.20
<b>Total</b>	<b>\$122,970,000.00</b>	<b>\$9,538,009.45</b>	<b>\$132,508,009.45</b>

APPENDIX A – PASSENGER RAIL OVERVIEW OF  
SOURCES & USES

---

DRAFT

Appendix A - Passenger Rail/Pathway Sources & Uses				
FISCAL YEAR 2026-2027 DRAFT BUDGET - SOURCES AND USES (ESTIMATED)				
		A	B	C
		FY26 Amended Budget	FY27 Requested Budget	Difference
1	<b>Beginning Fund Balance *</b>	\$ 61,508,650	\$ 57,338,843	\$ (4,169,807)
2	<b>Revenues</b>			
3	<b>SMART Sales and Use Tax</b>			
4	Measure Q	\$ 48,300,300	\$ 50,408,000	\$ 2,107,700
5	Measure Q Cost of Collection	\$ (839,870)	\$ (850,000)	\$ (10,130)
6	Net Sales & Use Tax	\$ 47,460,430	\$ 49,558,000	\$ 2,097,570
7	Measure Q Roll Forward	\$ 4,411,345	\$ 1,626,044	\$ (2,785,301)
8	Transfer from Capital Fund	\$ -	\$ -	\$ -
9	Transfer from Corridor Reserve	\$ 1,500,000	\$ -	\$ (1,500,000)
10	<b>Subtotal</b>	<b>\$ 53,371,774</b>	<b>\$ 51,184,044</b>	<b>\$ (2,187,731)</b>
11	<b>Federal Funds</b>			
12	5307 - Urbanized Area Formula Funds (Preventative Maintenance)	\$ 4,246,710	\$ 4,202,279	\$ (44,431)
13	5337 - Federal State of Good Repair Funds	\$ 1,485,890	\$ 6,987,499	\$ 5,501,609
14	Discretionary Earmark	\$ 1,617,144	\$ -	\$ (1,617,144)
15	<b>Subtotal</b>	<b>\$ 7,349,744</b>	<b>\$ 11,189,778</b>	<b>\$ 3,840,034</b>
16	<b>State Funds</b>			
17	AHSC - Affordable Housing and Sustainable Communities	\$ 85,000	\$ 290,000	\$ 205,000
18	ATP - Active Transportation Program	\$ 99,429	\$ -	\$ (99,429)
19	Caltrans Sustainability Communities Competative Planning Grant	\$ 159,354	\$ -	\$ (159,354)
20	LCTOP - Low Carbon Transit Operating	\$ 760,918	\$ 763,868	\$ 2,950
21	LPP - Local Partnership Program	\$ 300,000	\$ 1,151,291	\$ 851,291
22	SRA - State Rail Assistance	\$ 3,700,000	\$ 5,085,000	\$ 1,385,000
23	STA - State Transit Assistance (Population)	\$ 1,266,953	\$ 1,114,982	\$ (151,971)
24	STA - State Transit Assistance (Revenue)	\$ 2,094,129	\$ 2,156,953	\$ 62,824
25	STA - MASCOTS - MTC	\$ 800,000	\$ 500,000	\$ (300,000)
27	MASCOTS - SCTCA	\$ -	\$ 704,080	\$ 704,080
28	STA - SGR (State of Good Repair)	\$ 363,183	\$ 737,261	\$ 374,078
29	State Funds - Shuttle Service	\$ 315,705	\$ -	\$ (315,705)
30	TIRCP - Windsor to Healdsburg Project Development	\$ 1,266,320	\$ -	\$ (1,266,320)
31	TIRCP - Windsor to Healdsburg Phase I	\$ 23,259,000	\$ 10,100,000	\$ (13,159,000)
32	<b>Subtotal</b>	<b>\$ 34,469,991</b>	<b>\$ 22,603,435</b>	<b>\$ (11,866,556)</b>
33	<b>Regional Funds</b>			
34	Regional Measure 3 (RM3)	\$ 224,000	\$ 50,000	\$ (174,000)
35	Measure M - Healdsburg	\$ 2,000,000	\$ -	\$ (2,000,000)
26	MASCOTS - TAM	\$ -	\$ 431,520	\$ 431,520
36	<b>Subtotal</b>	<b>\$ 2,224,000</b>	<b>\$ 481,520</b>	<b>\$ (1,742,480)</b>
37	<b>Other Sources</b>			
38	Advertising	\$ 175,000	\$ 140,595	\$ (34,405)
39	Charges for Services	\$ 112,851	\$ 124,002	\$ 11,151
40	Fare Revenues - Passenger Rail	\$ 2,541,000	\$ 3,333,189	\$ 792,189
41	Fare Revenues - Shuttle	\$ 8,000	\$ 12,941	\$ 4,941
42	Interest Earning	\$ 800,000	\$ 1,500,000	\$ 700,000
43	Misc.	\$ 55,885	\$ 60,000	\$ 4,115
44	Parking	\$ 17,580	\$ 55,727	\$ 38,147
45	Rent - Real Estate	\$ 494,025	\$ 508,846	\$ 14,821
46	Other Governments/Private Sector	\$ 54,585	\$ 1,375,000	\$ 1,320,415
47	<b>Subtotal</b>	<b>\$ 4,258,926</b>	<b>\$ 7,110,300</b>	<b>\$ 2,851,374</b>
48	<b>Total Revenues</b>	<b>\$ 101,674,435</b>	<b>\$ 92,569,076</b>	<b>\$ (9,105,359)</b>
49	<b>Total Revenues + Fund Balance</b>	<b>\$ 163,183,085</b>	<b>\$ 149,907,919</b>	<b>\$ (13,275,165)</b>

		FY26 Amended Budget	FY27 Requested Budget	Difference
50				
51				
52	<b>Debt Service</b>	<b>\$ 16,996,844</b>	<b>\$ 16,998,869</b>	<b>\$ 2,025</b>
53	Salaries & Benefits	\$ 31,682,864	\$ 33,997,748	\$ 2,314,884
54	Reduction for Salaries Charged to Projects	\$ (1,663,687)	\$ (1,731,972)	\$ (68,284)
55	Reduction for Allocation of Salaries/ Services/ Supplies to Freight	\$ (34,944)	\$ (18,782)	\$ 16,162
56	Service & Supplies	\$ 19,377,683	\$ 20,175,589	\$ 797,906
57	<b>Total Salaries, Benefits, Service, &amp; Supplies</b>	<b>\$ 49,361,915</b>	<b>\$ 52,422,583</b>	<b>\$ 3,060,668</b>
58	Contribution to OPEB/ CalPERS Liability Fund	\$ 750,000	\$ 500,000	\$ (250,000)
59	Contribution to Capital Sinking Fund	\$ 1,000,000	\$ 1,000,000	\$ -
60	Operating Reserve	\$ 1,231,027	\$ 170,299	\$ (1,060,728)
61	<b>Total Reserve Contributions</b>	<b>\$ 2,981,027</b>	<b>\$ 1,670,299</b>	<b>\$ (1,310,728)</b>
62	<b>Total Debt Service, Operating, Reserves</b>	<b>\$ 69,339,786</b>	<b>\$ 71,091,751</b>	<b>\$ 1,751,965</b>
63	<b>Balance</b>	<b>\$ 93,843,299</b>	<b>\$ 78,816,168</b>	<b>\$ (15,027,131)</b>
64				
65				
66	Non-Capital Projects	\$ 5,054,293	\$ 4,023,434	\$ (1,030,859)
67	<b>Total Non-Capital Projects</b>	<b>\$ 5,054,293</b>	<b>\$ 4,023,434</b>	<b>\$ (1,030,859)</b>
68	State of Good Repair and Projects	\$ 3,356,368	\$ 10,079,775	\$ 6,723,407
69	<b>Total State of Good Repair</b>	<b>\$ 3,356,368</b>	<b>\$ 10,079,775</b>	<b>\$ 6,723,407</b>
70	<b>Capital Projects</b>			
71	Equipment	\$ 1,220,628	\$ 2,502,726	\$ 1,282,098
72	Facilities	\$ 26,092,718	\$ 11,619,000	\$ (14,473,718)
73	Infrastructure	\$ 28,450	\$ 1,056,497	\$ 1,028,047
74	Non-Revenue Vehicles	\$ 752,000	\$ 1,169,000	\$ 417,000
75	Land Acquisition	\$ -	\$ -	\$ -
76	<b>Total Capital Expenditures</b>	<b>\$ 28,093,795</b>	<b>\$ 16,347,223</b>	<b>\$ (11,746,572)</b>
77	<b>Ending Fund Balance</b>	<b>\$ 57,338,843</b>	<b>\$ 48,365,736</b>	<b>\$ (8,973,107)</b>

APPENDIX B – FREIGHT OVERVIEW OF SOURCES &  
USES

---

DRAFT

<b>Appendix B - Freight Sources and Uses</b>				
<b>Fiscal Year 2026-2027 Draft Budget (Estimated)</b>				
		<b>FY26 Amended Budget</b>	<b>FY27 Requested Budget</b>	<b>Difference</b>
1	Beginning Fund Balance	\$ -	\$ -	\$ -
2	<b>Revenues</b>			
3	State Transportation Agency Grant 2022	\$ 606,785	\$ -	\$ (606,785)
4	CA Priority Legislative Budget Projects 2023	\$ 750,000	\$ -	\$ (750,000)
5	CA Priority Legislative Budget Projects 2024	\$ 570,627	\$ 1,540,254	\$ 969,628
6	Caltrans SR 37 Construction Support	\$ 13,022	\$ 6,000	\$ (7,022)
7	Caltrans Novato Creek Bridge Construction Support	\$ 12,500	\$ -	\$ (12,500)
8	State Shortline Grant	\$ 463,870	\$ -	\$ (463,870)
9	Freight Movement Fees	\$ 800,000	\$ 800,000	\$ -
10	Leases	\$ 270,000	\$ 278,100	\$ 8,100
11	Storage	\$ 40,000	\$ -	\$ (40,000)
12	45(g) Tax Credit	\$ 251,000	\$ 261,970	\$ 10,970
13	FEMA/CalOES 2023 Disaster Recovery Funding	\$ 175,977	\$ -	\$ (175,977)
14	Misc.	\$ 10,000	\$ -	\$ (10,000)
15	Total Revenues	\$ 3,963,781	\$ 2,886,324	\$ (1,077,457)
16	<b>Total Revenues + Fund Balance</b>	<b>\$ 3,963,781</b>	<b>\$ 2,886,324</b>	<b>\$ (1,077,457)</b>
17	<b>Expenditures</b>			
18	Salaries & Benefits	\$ 1,087,589	\$ 1,217,673	\$ 130,084
19	Services & Supplies	\$ 1,484,477	\$ 1,056,271	\$ (428,206)
20	Black Point Bridge Emergency Repair	\$ 306,954	\$ -	\$ (306,954)
21	Brazos Branch Bridge Repairs (3 Bridges) Phase II	\$ 679,658	\$ -	\$ (679,658)
22	Brazos Branch Bridge Repairs Phase III	\$ -	\$ 360,000	\$ 360,000
23	8th Street Cantilever Replacement	\$ 44,000	\$ 121,380	\$ 77,380
24	Grandview Grade Crossing Repair	\$ 154,240	\$ -	\$ (154,240)
25	SR 37 Grade Crossing Emergency Repair	\$ 100,000	\$ -	\$ (100,000)
26	SR 37 Grade Crossing PE Review	\$ 13,022	\$ 6,000	\$ (7,022)
27	Tie Replacement	\$ 93,840	\$ 125,000	\$ 31,160
28	<b>Total</b>	<b>\$ 3,963,780</b>	<b>\$ 2,886,324</b>	<b>\$ (1,077,457)</b>
29	<b>Ending Fund Balance</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

APPENDIX C – POSITION AUTHORIZATION

---

DRAFT

**Appendix C - Position Authorization**

		Fiscal Year 2026/2027			
# of Positions	Position Title	Hourly		Annual	
Administrative		Min	Max	Min	Max
1	Accountant I	\$ 39.54	\$ 49.43	\$ 82,243.20	\$ 102,814.40
1	Accounting Manager	\$ 69.76	\$ 87.20	\$ 145,100.80	\$ 181,376.00
1	Accounts Payable Technician	\$ 33.26	\$ 41.57	\$ 69,180.80	\$ 86,465.60
2	Administrative Assistant	\$ 34.09	\$ 42.62	\$ 70,907.20	\$ 88,649.60
1	Analyst II	\$ 49.38	\$ 61.73	\$ 102,710.40	\$ 128,398.40
1	Assistant General Counsel	\$ 96.18	\$ 120.23	\$ 200,054.40	\$ 250,078.40
1	Associate Planner	\$ 45.63	\$ 57.04	\$ 94,910.40	\$ 118,643.20
1	Budget and Finance Manager	\$ 69.76	\$ 87.20	\$ 145,100.80	\$ 181,376.00
1	Buyer I	\$ 40.32	\$ 50.37	\$ 83,865.60	\$ 104,769.60
2	Buyer II	\$ 45.85	\$ 57.26	\$ 95,368.00	\$ 119,100.80
1	Chief Financial Officer	\$ 126.12	\$ 157.65	\$ 262,329.60	\$ 327,912.00
1	Clerk of the Board/ Executive Assistant	\$ 49.38	\$ 61.73	\$ 102,710.40	\$ 128,398.40
2	Communications and Marketing Coordinator	\$ 42.57	\$ 53.21	\$ 88,545.60	\$ 110,676.80
1	Communications and Marketing Manager	\$ 78.94	\$ 98.67	\$ 164,195.20	\$ 205,233.60
1	Communications and Marketing Specialist	\$ 58.69	\$ 73.37	\$ 122,075.20	\$ 152,609.60
1	General Counsel	\$ 126.20	\$ 157.74	\$ 262,496.00	\$ 328,099.20
1	General Manager	\$ 161.63	\$ -	\$ 336,190.40	\$ -
2	Grants and Budget Analyst	\$ 55.87	\$ 69.84	\$ 116,209.60	\$ 145,267.20
1	Grants and Legislative Affairs Manager	\$ 80.88	\$ 101.10	\$ 168,230.40	\$ 210,288.00
1	Human Resources Analyst	\$ 49.14	\$ 61.37	\$ 102,211.20	\$ 127,649.60
1	Human Resources Manager	\$ 78.94	\$ 98.67	\$ 164,195.20	\$ 205,233.60
1	Information Systems Analyst	\$ 49.38	\$ 61.73	\$ 102,710.40	\$ 128,398.40
1	Information Systems Manager	\$ 80.92	\$ 101.15	\$ 168,313.60	\$ 210,392.00
1	Information Systems Technician	\$ 43.64	\$ 54.55	\$ 90,771.20	\$ 113,464.00
1	Legal Administrative Assistant	\$ 39.54	\$ 49.43	\$ 82,243.20	\$ 102,814.40
1	Ops Information Systems Technician	\$ 47.00	\$ 58.75	\$ 97,760.00	\$ 122,200.00
1	Payroll Technician	\$ 35.09	\$ 43.87	\$ 72,987.20	\$ 91,249.60
1	Planning Manager	\$ 78.94	\$ 98.67	\$ 164,195.20	\$ 205,233.60
1	Procurement and Contracts Analyst	\$ 51.88	\$ 64.85	\$ 107,910.40	\$ 134,888.00
1	Procurement and Contracts Manager	\$ 73.29	\$ 91.62	\$ 152,443.20	\$ 190,569.60
1	Real Estate Manager	\$ 87.09	\$ 108.86	\$ 181,147.20	\$ 226,428.80
1	Regulatory Compliance & Civil Rights Manager	\$ 78.94	\$ 98.67	\$ 164,195.20	\$ 205,233.60
1	Senior Administrative Assistant	\$ 37.63	\$ 47.03	\$ 78,270.40	\$ 97,822.40
1	Senior Buyer	\$ 57.27	\$ 71.59	\$ 119,121.60	\$ 148,907.20
1	Senior Management Analyst	\$ 63.17	\$ 78.96	\$ 131,393.60	\$ 164,236.80
1	Senior Planner	\$ 58.69	\$ 73.37	\$ 122,075.20	\$ 152,609.60
1	Senior Real Estate Officer	\$ 58.66	\$ 73.33	\$ 122,012.80	\$ 152,526.40
	Interns (Multiple)	\$ -	\$ 20.00	\$ -	\$ 41,600.00
41					
# of Positions	Position Title				
Capital					
2	Assistant Engineer	\$ 51.88	\$ 64.85	\$ 107,910.40	\$ 134,888.00
3	Associate Engineer	\$ 60.16	\$ 75.20	\$ 125,132.80	\$ 156,416.00
1	Chief Engineer	\$ 103.48	\$ 129.36	\$ 215,238.40	\$ 269,068.80
1	Junior Engineer	\$ 44.74	\$ 55.93	\$ 93,059.20	\$ 116,334.40
1	Manager Train Control Systems	\$ 103.48	\$ 129.36	\$ 215,238.40	\$ 269,068.80
1	Principal Engineer	\$ 80.92	\$ 101.15	\$ 168,313.60	\$ 210,392.00
1	Senior Engineer	\$ 69.76	\$ 87.20	\$ 145,100.80	\$ 181,376.00
10					

# of Positions	Position Title				
<b>Operations</b>					
1	Administrative Services Specialist	\$ 49.37	\$ 61.71	\$ 102,689.60	\$ 128,356.80
4	Bridge Tender	\$ -	\$ 38.57	\$ -	\$ 80,225.60
1	Chief Operating Officer	\$ 108.82	\$ 136.02	\$ 226,345.60	\$ 282,921.60
1	Chief of Police	\$ 93.77	\$ 117.21	\$ 195,041.60	\$ 243,796.80
3	Code Compliance Officer	\$ 38.57	\$ 48.21	\$ 80,225.60	\$ 100,276.80
6	Conductor *	\$ -	\$ 47.82	\$ -	\$ 99,465.60
	Conductor Trainee*	\$ -	\$ 40.66	\$ -	\$ 84,572.80
33	Engineer *	\$ -	\$ 57.50	\$ -	\$ 119,600.00
	Engineer Trainee*	\$ -	\$ 48.87	\$ -	\$ 101,649.60
1	Facilities Maintenance Supervisor	\$ -	\$ 69.09	\$ -	\$ 143,707.20
3	Facilities Maintenance Technician	\$ -	\$ 48.23	\$ -	\$ 100,318.40
3	Inventory and Parts Clerk	\$ 35.09	\$ 43.87	\$ 72,987.20	\$ 91,249.60
1	Materials Sourcing Specialist	\$ 40.51	\$ 50.63	\$ 84,260.80	\$ 105,310.40
1	Inventory and MMS Manager	\$ 63.18	\$ 78.98	\$ 131,414.40	\$ 164,278.40
1	Lead Facility Maintenance Engineer	\$ -	\$ 53.06	\$ -	\$ 110,364.80
1	Maintenance of Way Manager	\$ 82.94	\$ 103.67	\$ 172,515.20	\$ 215,633.60
1	Maintenance of Way Superintendent	\$ 69.76	\$ 87.20	\$ 145,100.80	\$ 181,376.00
4	Operation Communication Specialist	\$ 39.54	\$ 49.43	\$ 82,243.20	\$ 102,814.40
1	Safety & Compliance Officer	\$ 71.48	\$ 89.35	\$ 148,678.40	\$ 185,848.00
1	Senior Administrative Assistant	\$ 37.63	\$ 47.03	\$ 78,270.40	\$ 97,822.40
1	Senior Code Compliance Officer	\$ 44.36	\$ 55.45	\$ 92,268.80	\$ 115,336.00
2	Signal Supervisor	\$ -	\$ 73.66	\$ -	\$ 153,212.80
9	Signal Technician **	\$ -	\$ 63.75	\$ -	\$ 132,600.00
	Signal Technician Trainee (2) **	\$ -	\$ 47.81	\$ -	\$ 99,444.80
3	Track Maintenance - Laborers	\$ -	\$ 36.06	\$ -	\$ 75,004.80
5	Track Maintainer I	\$ -	\$ 47.77	\$ -	\$ 99,361.60
2	Track Maintainer II	\$ -	\$ 52.55	\$ -	\$ 109,304.00
2	Track Maintenance Supervisor	\$ -	\$ 69.61	\$ -	\$ 144,788.80
1	Transportation Manager	\$ 82.94	\$ 103.67	\$ 172,515.20	\$ 215,633.60
1	Transportation Superintendent	\$ 69.76	\$ 87.20	\$ 145,100.80	\$ 181,376.00
12	Transportation Supervisor	\$ 61.67	\$ 77.09	\$ 128,273.60	\$ 160,347.20
11	Vehicle Maintenance - Laborers		\$ 36.93		\$ 76,814.40
1	Vehicle Maintenance Manager	\$ 82.94	\$ 103.67	\$ 172,515.20	\$ 215,633.60
1	Vehicle Maintenance Superintendent	\$ 69.76	\$ 87.20	\$ 145,100.80	\$ 181,376.00
6	Vehicle Maintenance Supervisor	\$ 61.67	\$ 77.09	\$ 128,273.60	\$ 160,347.20
13	Vehicle Maintenance Technician ***	\$ -	\$ 58.37	\$ -	\$ 121,409.60
	Vehicle Maintenance Tech Trainee (2) ***	\$ -	\$ 43.78	\$ -	\$ 91,062.40
137					
# of Positions	Position Title				
<b>Freight</b>					
0.5	Freight Administrative Specialist	\$ 44.52	\$ 55.60	\$ 92,601.60	\$ 115,648.00
1	Freight Manager	\$ 82.94	\$ 103.67	\$ 172,515.20	\$ 215,633.60
3	Freight Utility Worker	\$ 38.57	\$ 48.21	\$ 80,225.60	\$ 100,276.80
2	Freight Utility Worker/ Dispatcher	\$ 38.57	\$ 48.21	\$ 80,225.60	\$ 100,276.80
6.5					
<b>Total FTE</b>	<b>194.5</b>				
*	<b>Total positions cannot exceed 39.</b>				
**	<b>Total positions cannot exceed 9.</b>				
***	<b>Total positions cannot exceed 13.</b>				

## APPENDIX D -STATISTICAL INFORMATION

---

Will be included in the final Fiscal Year 2026/2027 Budget.

DRAFT

# APPENDIX E - STATEMENT OF INVESTMENT POLICY

---

## SMART's 2026-2027 Investment Policy

### 1.0 Policy:

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

### 2.0 Scope:

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

### 3.0 Prudence:

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

### 4.0 Objectives:

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

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

### 5.0 Delegation of Authority:

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

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

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

#### **6.0 Investment Procedures:**

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

#### **7.0 Ethics and Conflicts of Interest:**

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

#### **8.0 Authorized Financial Dealers and Institutions:**

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

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

#### **9.0 Authorized and Suitable Investments:**

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

to be ineligible.

1. **U.S. Treasury Obligations.** United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.
2. **U.S. Agency Obligations.** Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
3. **California State and Local Agency Obligations.** Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue producing property owned, controlled or operated by the state or any local agency or by a department, board, agency or authority of the state or any local agency.
4. **Other State Obligations.** Registered treasury notes or bonds of any of the other forty-nine (49) United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other forty-nine (49) United States, in addition to California.
5. **Bankers' Acceptances.** Time drafts or bills of exchange that are drawn on and accepted by a commercial bank and brokered to investors in the secondary market. The maximum maturity of an issue will be one hundred eighty (180) days. Securities eligible for investment under this subdivision shall be rated in the highest letter and number category by nationally recognized statistical-rating organization. The maximum exposure shall be no more than 40% of the portfolio value. However, no more than 30% of the agency's money may be invested in the bankers' acceptances of any one commercial bank pursuant to this section.
6. **Commercial Paper.** Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph a or paragraph b:
  - a. The entity meets the following criteria: (i) Is organized and operating in the United States as a general corporation. (ii) Has total assets in excess of five hundred million dollars (\$500,000,000). (iii) Has debt other than commercial paper, if any, that is rated "A" or its equivalent or higher by a nationally recognized statistical-rating organization.
  - b. The entity meets the following criteria: (i) Is organized within the United States as a special purpose corporation, trust, or limited liability company. (ii) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond. (iii) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical-rating organization.

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

7. **Medium-Term Notes.** Medium-term notes are defined in Government Code Section 53601 as all

corporate and depository institution debt securities with a maximum remaining maturity of five (5) years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated "A" or its equivalent or better by a nationally recognized statistical-rating organization. Purchases of medium-term notes shall not include other instruments authorized by section 53601 and may not exceed 30% of the portfolio value. No more than 10% of SMART's total investment assets may be invested in the commercial paper and medium-term notes of any single issuer.

8. **Negotiable Certificates of Deposit.** Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a state-licensed branch of a foreign bank. Securities eligible for investment under this subdivision shall be rated in the highest letter and number category by a nationally recognized rating service for short-term ratings (A-1/P1/F-1) and AA or better for longer-term ratings. Purchases of negotiable certificates of deposit may not exceed 30% of the District's aggregate portfolio.
9. **Time Deposits.** The District may invest in non-negotiable time deposits (CDs) that are FDIC insured or fully collateralized in a state or national bank, savings association or federal association, federal or state credit union located in California, including U.S. branches of foreign banks licensed to do business in California. To be eligible to receive local agency deposits, a financial institution must receive a minimum overall "satisfactory rating" for meeting the credit needs of California Communities in its most recent evaluation. CDs are required to be collateralized as specified under Government Code Section 53630 et seq. The District, at its discretion, may waive the collateralization requirements for any portion that is covered by federal deposit insurance. The District shall have a signed agreement with any depository accepting District funds per Government Code Section 53649. No deposits shall be made at any time in CDs issued by a state or federal credit union if a member of the Governing Council or the Finance Director serves on the board of directors or any committee appointed by the board of directors of the credit union. In accordance with Government Code Section 53638, any deposit shall not exceed that total shareholder's equity of any depository bank, nor shall the deposit exceed the total net worth of any institution.
10. **Local Agency Investment Fund (LAIF)** is a pooled investment fund through the State Chief Financial Officer. Deposits for the purpose of investment in the Local Agency Investment Fund of the State Treasury may be made up to the maximum amount permitted by State Treasury policy.
11. **Money Market Funds.** The Chief Financial Officer may invest in shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (Government Code Section 53601(k).)

The following criteria will be used in evaluating companies:

- a. Attain the highest ranking letter and numerical rating provided by not less than two nationally recognized rating services; or
- b. Have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five (5) years' experience managing money market mutual funds and with assets under management in excess of five hundred million dollars (\$500,000,000).

- c. The maximum purchase price of shares shall not exceed 20% of the portfolio. However, no more than 10% of the agency's funds may be invested in shares of beneficial interest of any one mutual fund.

12. **Local Government Investment Pools.** Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (o) of Government Code Section 53601, inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

- a. The adviser is registered or exempt from registration with the Securities and Exchange Commission.
- b. The adviser has not less than five (5) years of experience investing in the securities and obligations authorized in subdivisions (a) to (o) Government Code Section 53601, inclusive.
- c. The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

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

#### **10.0 Prohibited Investments:**

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

#### **11.0 Collateralization:**

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

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

#### **12.0 Safekeeping and Custody:**

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

#### **13.0 Maximum Maturities:**

To the extent possible, the District will attempt to match its investments with anticipated cash flow

requirements. For certain instruments, the term of the investment is limited by market convention or as otherwise prescribed herein. No investments may be acquired that exceed five (5) years, unless approved by the Board at least ninety (90) days in advance of the purchase.

**14.0 Internal Control:**

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

**15.0 Performance Standards:**

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

**16.0 Reporting:**

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

**17.0 Investment Policy Adoption:**

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

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

## APPENDIX F: APPROPRIATION CALCULATION

---

Information not yet received, however it will be included in the Final Budget

DRAFT

## APPENDIX G – ORGANIZATION CHART

---

DRAFT



# ORGANIZATION CHART

**Total FTE: 194.5**

