



## **BOARD OF DIRECTOR MEETING AGENDA**

**December 20, 2023 - 1:30 PM**

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

The SMART Board of Directors will facilitate using a dual format with listening and participation available through Zoom and in-person. SMART provides several remote methods for viewing the SMART Board Meetings and providing Public Comment.

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[org.zoom.us/j/86117249784?pwd=TzBvYW15b1VLejVndFA4enN4M21MZz09](https://sonomamarintrain-)

Webinar ID: 861 1724 9784

Passcode: 742217

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### **HOW TO PROVIDE COMMENTS ON AGENDA ITEMS**

*Prior To Meeting:*

Technology limitations may limit the ability to receive verbal public comments during the meeting. If you wish to make a comment you are strongly encouraged to please submit your comment to [Board@SonomaMarinTrain.org](mailto:Board@SonomaMarinTrain.org) by 5:00 PM on Tuesday, December 19, 2023.

*During the Meeting:*

The SMART Board Chair will open the floor for public comment during the Public Comment period on the agenda. Please check and test your computer settings so that your audio speaker and microphones are functioning. Speakers are asked to limit their comments to two (2) minutes. The amount of time allocated for comments during the meeting may vary at the Chairperson's discretion depending on the number of speakers and length of the agenda.



# BOARD OF DIRECTOR MEETING AGENDA

December 20, 2023

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

1. Call to Order
2. Approval of the November 15, 2023 Board Meeting Minutes
3. Board Member Announcements
4. Citizens Oversight Committee Announcements – *Chair, Dani Sheehan Meyer*
5. General Manager’s Report
6. Public Comment on Non-Agenda Items

## Consent Calendar

- 7a. Accept 2024 Board of Director Meeting Schedule
- 7b. Approve Monthly Financial Report – October 2023
- 7c. Accept Monthly Ridership Report – November 2023
- 7d. Authorize the General Manager to execute Contract Amendment No. 5 to Contract No. OT-PS-16-004 with Masabi, LLC in amount of \$51,320 for a total not-to-exceed of \$495,420
- 7e. Authorize the General Manager to execute Contract Amendment No. 4 to Contract No. FN-PS-21-002 with Sierra-Cedar in an amount of \$117,000 for a total not-to-exceed of \$358,200
- 7f. Adopt a Resolution to Amend the Position Authorization to Convert one (1) Assistant Engineer position to one (1) Junior Engineer position

## Regular Calendar

8. Review and Accept SMART’s Fiscal Year 2022-23 Annual Financial Report and Single Audit – *Presented by Chief Financial Officer McKillop*
9. Fiscal Year 2022-23 Budget to Actual Comparison – *Presented by Chief Financial Officer McKillop*
10. Approve the Final Design Concept for SMART Pathway Wayfinding - *Presented by Senior Planner, Zoe Unruh*
11. Approve Free Fare Pilot Program for Youth and Seniors from April 1, 2024 to June 20, 2025 - *Presented by General Manager Cumins*

### Closed Session

- 12a. Conference with Legal Counsel regarding existing litigation pursuant to California Government Code Section 54956.9(a); Number of cases: (1) Anthony Alex v. Sonoma-Marín Area Rail Transit; Marin County Superior Court Case No. CIV2301258
- 12b. Pursuant to California Government Code Section 54957; Public Employee Performance Evaluation; Title: General Manager
13. Report Out Closed Session
14. Next Regular Meeting Board of Directors, January 17, 2024 – 1:30 PM – 5401 Old Redwood Highway, 1<sup>st</sup> Floor, Petaluma, CA 94954
15. Adjournment

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**BOARD OF DIRECTORS  
REGULAR MEETING MINUTES**

November 15, 2023, – 1:30 PM  
5401 Old Redwood Highway, 1<sup>st</sup> Floor  
Petaluma, CA 94954

1. Call to Order

Chair Lucan called the meeting to order at 1:30pm. Directors Bagby, Colin, Fudge, Garbarino, Pahre, and Rabbitt were present; Director Rogers arrived later; Directors Coursey, Farac, Paulson and Sackett were absent.

Director Rogers arrived 1:33pm

2. Approval of the October 18, 2023 Board Meeting

**MOTION:** Director Rabbitt moved approval of the October 18, 2023 Board Meeting Minutes as presented. Director Rogers second. The motion carried 8-0 (Directors Coursey, Farac, Paulson and Sackett absent).

3. Board Members Announcements

Director Garbarino thanked SMART staff for a wonderful groundbreaking event in Petaluma.

Director Rogers said that he did not attend the groundbreaking event because he attended a meeting in Healdsburg with the Great Redwood Trail people. He appreciates his colleagues for dividing and conquering events.

Chair Lucan stated that it was a great event in Petaluma.

4. General Manager's Report

General Manager Cumins provided a brief overview on the following:

- November 2, 2023 Incident
- Contracts/Procurements over \$100k
- Ridership
- Pathway Counts
- Pathway Wayfinding

- Field Trip Program
- Highlight of the Month
- Questions

#### November 2, 2023 Incident

On November 2, 2023, a fatal collision occurred at 7:40pm. The incident occurred at Golf Course Drive in Rohnert Park. There were 14 passengers on the train, plus the Engineer and Conductor, there were no injuries on board the train. The case is still an open investigation by the coroner's office but is being investigated as an intentional act. As a reminder, if you are experiencing an emotional crisis and need someone to talk to, you can call or text 988 to speak to someone who can help.

#### Contracts/Procurements over \$100k

Summit Signal Inc. Contract Amendment No. 1 was executed for routine inspections, testing, and maintenance services for railroad signal equipment for SMART's Freight Division. The contract extends the agreement for one year utilizing the available contract option. The contract is increased by \$81,084 for a new total contract not-to-exceed amount of \$151,584.

#### Ridership

- Ridership Recovery (September 2019 vs. September 2023) – SMART had the highest ridership recovery ratio in the Bay Area for the seventh (7) month in a row.
- North Bay Monthly Ridership (September 2023) – SMART had 68,506 riders: 5<sup>th</sup> highest in the North Bay
- SMART carried over 1.4 million passenger miles in September
- SMART carried 22% of North Bay passenger miles; 2<sup>nd</sup> highest in the North Bay
- October Average Weekday Ridership to Date: 2,753; Trending 16% higher than October 2019
- November Average Weekday Ridership to Date: 2,777; Trending 28% higher than November 2022
- October Monthly Ridership: 70,807 up 19% vs. October 2022 and 24% over October 2019 (Pre-COVID)

#### Pathway Counts

- October 2023: 64,469 pathway users; counts were up 8% compared to October 2022
- Usage continues to be evenly split between cyclist and pedestrians.

#### Pathway Wayfinder

- Public survey was open for 11 days. The survey had 395 respondents.
- Next steps:
  - Incorporate feedback into the final design
  - Return to the Board for approval in December

#### Field Trip Program

SMART continued the free field trip program for schools this fall. There have been 14 field trips completed since August. A total of 350 free rides for kids plus 100 adult chaperones.

### The Highlight of the Month

On November 9, 2023, SMART held the Petaluma North Station Groundbreaking Ceremony. There were over 200 people in attendance. The ceremony speakers included: SMART Board of Director Chair Lucan, SMART Board of Director Rabbitt, Senator McGuire, Assembly members Connolly, Aguiar-Curry, and City of Petaluma Mayor McDonnell.

### Comments

Chair Lucan stated that he had the honor of introducing all the speakers. On behalf of the Board, he acknowledged staff for all the work that brings us to the point of celebrating and being able to have a groundbreaking which is a monumental task.

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

Duane Bellinger stated that he was able to take SMART and the shuttle to Sonoma County Airport for his vacation to Seattle. He attended the groundbreaking ceremony event and hopes to start his next vacation from the Petaluma North Station. He thanked everyone who contributed to getting to the Petaluma North Station.

Eris Weaver stated that it was a great groundbreaking event. Also, there were many people who arrived by bicycle to the groundbreaking event. Staff contacted her two days prior to the event to set up bicycle parking and they were not able to do so because we didn't have enough time. She looks forward to the pathway groundbreaking for the gap between Rohnert Park and Santa Rosa and she will be happy to assist for parking with enough time.

Matthew Hartzel said he recently learned at TAM Funding, Programming, and Legislation Executive Committee meeting that MTC is considering putting a new regional transportation measure on the ballot for the nine County Bay area in 2026 and have not decided the type of form this measure would take. He hopes SMART staff are following and paying attention, especially since there are various transportation taxes that are going before the voters over the next few years. He wants SMART to succeed and part of that is having success passing the measure to extend the sales tax. He noted that there are 4 cities; Larkspur, San Anselmo, Sausalito and San Rafael that have already maxed out their 2% local and regional sales tax cap, and asked what does that mean for the SMART tax measure, especially since San Rafael is one of the biggest cities on the SMART's corridor.

#### 6. Consent

- a. Accept Monthly Ridership Report – September 2023
- b. Approval of Monthly Financial Reports – July/August 2023

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

**MOTION:** Director Garbarino moved approval of Consent Agenda as presented. Director Pahre second. The motion carried 8-0 (Directors Coursey, Farac, Paulson and Sackett absent).

7. Discuss Ridership vs. Farebox Recovery Strategy and Provide Direction to Staff Regarding Future Initiatives – *Presented by General Manager Eddy Cumins*

General Manager Cumins stated that in early 2022, the SMART Board of Directors completed strategic planning work that developed the Vision, Mission, Values, and Strategic Objectives for the district. One of the strategic objectives was ridership. Since early 2022, numerous initiatives have been implemented to facilitate ridership growth with excellent results. SMART currently has the highest ridership recovery rate in the Bay Area when compared to 2019 and has the second-highest commuter rail ridership recovery rate in the country. However, this ridership growth has come as a tradeoff to SMART's farebox recovery ratio. He provided a presentation which is located on SMART's website. Highlights include:

Ridership vs. Farebox Recovery Strategy

- Ridership Strategy
- Farebox Strategy
- SMART House
- Recent Initiatives
- Ridership Recovery (September 2019 vs. September 2023)
- Commuter Rail Ridership Recovery (July – September 2023 vs. 2019)
- SMART Ridership Recovery
- SMART Farebox Recovery Percentage
- SMART Farebox Recovery Calculation
- 2022 Sonoma/Marin Farebox
- 2022 Commuter Rail Farebox Percentage
- NPR Article
- Fare Per Boarding (2022 vs. 2019)
- Ridership (July – September 2023 vs. 2019)
- Fare vs. Ridership
- Free Summer Youth Program
- 2024 Strategic Plan
  - Ridership
  - Farebox

Comments

Director Colin asked what the best practices for an agency like SMART. General Manager Cumins responded that various agencies are doing different things based on policy and the correct thing to do. This is not the way that fare elasticity models are supposed to work and what we have seen has just been unique. If we were a system that was based on a high farebox recovery rate, like BART, we would be looking at this completely differently. We have been intentional that fares are less important than our ridership.

Director Rogers said he appreciates the data. This coincides with the update on travel behavioral study received at the Sonoma County Transportation Authority. He said that 90% of the trips that start in Sonoma County stay in Sonoma County and that 10% that leave county make up 46% of total vehicle miles traveled. This highlights the importance of SMART and for us to be able to make meaningful progress on our vehicle miles travel production goals. He does not want to lose riders that have been gained through current programs and wants to continue to pursue

programs for people who have challenges riding SMART. Also, letting the public know that the SMART train is their investment.

Director Rabbitt asked if potential grant awards require a minimum or specific farebox recovery? General Manager Cumins responded not for SMART. Director Rabbitt said that MTC approved \$776M in expenditures to five agencies in the Bay Area and they do not have a fiscal cliff because sales tax has been strong. He supports increasing ridership and continuing adding incentives.

Director Garbarino stated that we are here to get cars off the road and provide alternatives for people and we have achieved that and continue to grow. The sales tax measure is an investment, and the public has the chance to re-invest. All over the world these organizations and infrastructure pieces are critical and are subsidized.

Director Fudge stated that every time she takes the train, she runs into people who are first time riders. The fares are affordable, and many seniors are starting to ride because of the senior discount rate. She is interested in the youth program because once you get the youth onto our system and they will use transit into the future. This is what is needed to deal with climate change. There are kids in Boston who take the train 45 min to school and still use transit. She is interested in improving ridership.

Director Pahre stated that she was excited that Mr. Bellinger used public transportation to get to Seattle. The younger generation is the future of public transportation. She supports increasing ridership.

Vice Chair Bagby stated that she often asks other Board she sits on about their agency best practices and standards. She commends former Board members for putting us on the correct path and emphasizing ridership. Going forward we need to become more articulated on how to explain SMART's farebox recovery. We are creating a foundation for future generations and look forward to moving in the path of success. General Manager Cumins said the farebox recovery across the country ranges from 2% to 60%, there is no right or wrong way; it just depends on what SMART would like to do.

Director Rabbitt stated that there are various components that go into a quality public transportation system, especially a new agency. Also, the farebox recovery data and statistics are always being updated.

Chair Lucan stated that staff and the Board are making smart decisions for transit and moving toward the right path to increase ridership. Also, the Secretary of Transportation said that SMART is making the right decisions for the agency and how SMART is approaching transit. Everyone should be looking to SMART, Director Fudge added. Director Lucan asked what portion of the \$1.8 million in fare revenue is from discounted youths and seniors fares. General Manager Cumins responded that is approximately \$325,000 and discounted fares in October were about 24% of our ridership. Chair Lucan suggested that staff continue to explore programs to increase ridership and consider a pilot program for youth and seniors longer than just summer.

General Manager Cumins said that he will work with Chief Financial Officer McKillop to put a proposal into the financial plan to see the impacts they may have and bring back to the Board.

Steve Birdlebough stated that is very difficult for people to get out of their cars to ride public transportation, since they are unfamiliar and there are some barriers. Lower fares can overcome barriers. SMART has selected the right path to increase ridership.

Rick Coates asked if there was data that would show how much of the SMART ridership is tourism. He suggested that Sonoma County Transportation Authority have tour buses that go from Sonoma County Airport Stations to the Coast and back to Downtown Santa Rosa station. The public may consider SMART as a great option to visit. He believes that SMART needs to emphasize ridership.

Duane Bellinger said that it cost him \$3.00 to use the shuttle from the airport. In Ireland they give free transportation to people over age 65 during non-commute hours and suggested that SMART could consider a similar program, method.

Mathew Hartzell said that in a perfect world public transportation would be free to the public and the farebox recovery would be zero. He commends SMART for doing the next best thing which is to prioritize ridership over farebox recovery.

Mike Pechner said that he looked at the farebox recovery in the Bay Area; before COVID, BART was about 70%, Caltrain has dropped from 60% to 33%, and Capital Corridor was up around 70%, with the highest fare box recovery in the entire Amtrak system. They're now around 58% recovery and they now have about 50% of their ridership.

Jack Swearngen stated that there is an article in the Press Democrat about the United States warming faster than the rest of the world. He read a statement from President Biden in which he talks about climate change.

Lastly, Chair Lucan said that he looks forward to what staff will bring back in December to continue to increase ridership.

8. Authorizing the General Manager to execute a Memorandum of Understanding (MOU) with the County of Sonoma to construct riparian enhancements at Helen Putnam Regional Park and for Regional Park staff to maintain and report on the improvements as mitigation for construction of SMART's non-motorized pathway impacts – *Presented by Chief Engineer, Bill Gamlen*

Chief Engineer, Bill Gamlen stated that when SMART implements various projects such pathway and rail extensions, we often impact the natural environment and must mitigate those impacts. Sometimes they're wetland impacts, habitat, and riparian, the later being harder to mitigate. Currently there are no mitigation banks available (Miramonte,)), therefore, SMART would like to construct riparian enhancements in Sonoma County's Helen Putnam Regional Park to satisfy environmental permitting requirements for the construction of a non-motorized pathway between McInnis Parkway and Smith Ranch Road. He provided a brief overview presentation which is located on SMART's website. Highlights include:

*Agreement with County of Sonoma – Riparian Enhancement in Helen Putnam Regional Park*

- McInnis Parkway to Smith Ranch Road (Non-Motorized Pathway)

- Environmental Permitting Background
  - Construction began on September 1, 2023
  - SMART is required to enhance 1.37 acres and 1,580 linear feet of riparian habitat
- Helen Putman Park
  - Windsor Drive Drainage
  - Upper Pond Drainage
- Scope of Work
- Agreement with County of Sonoma
  - SMART responsibilities
  - County of Sonoma responsibility
  - Cost for Maintenance and Monitoring over 10 years

Comments

Director Fudge said that after 10 years mitigation measures would be in place without the need for monitoring. She appreciates the informative slides with icons describing the various visual impacts.

Director Rabbitt is pleased with the new approach of mitigation bank for a public park and this model is worth replicating. He appreciates the collaborations with Sonoma County Regional Parks and any upcoming project. Chief Engineer, Bill Gamlen said that they are starting to work with Sonoma County Regional Parks on two mitigation impact projects at Crane Creek.

**MOTION:** Director Rabbitt moved to Authorize the General Manager to execute a Memorandum of Understanding (MOU) with the County of Sonoma to construct riparian enhancements at Helen Putnam Regional Park and for Regional Park staff to maintain and report on the improvements as mitigation for construction of SMART’s non-motorized pathway impacts as presented. Director Pahre second. The motion carried 8-0 (Directors Coursey, Farac, Paulson and Sackett absent).

9. Adopt a Resolution Amending Resolution No. 2023-23, the Fiscal Year 2023 Adopted Budget, to carryforward an additional \$2,386,104 in revenue and increase the spending authority by \$3,832,044 - *Presented by Chief Financial Officer McKillop*

Chief Financial Officer McKillop stated that each year, funds are budgeted but not expended due to projects or programs that are multi-year in nature or due to an unforeseen circumstance that delays projects into the next fiscal year. The Fiscal Year 2024 Budget estimated the funding to be carried forward into the next fiscal year. This estimate is done on an annual basis, months in advance of the passage of the Budget. Once the fiscal year has ended, we can calculate and compare the actual expenditures versus budgeted funds in the prior fiscal year. For the Fiscal Year 2024 budget, we estimated that we would need to carry forward \$3,738,306, as itemized on page B 41 of the Board Adopted Budget document. Based on the year-end expenditure information, we need to carry forward an additional \$2,186,529.

In addition to carry forward additional revenue from FY 23, we are also budgeting \$1,000,000 for the Clean California Transit Grant, which when combined with \$250,000 of funds already programmed in FY 24 will fund \$800,000 for wayfinding and \$450,000 for real-time signage which is being budgeted in this amendment. We are also budgeting \$645,515 for the Petaluma North Station project as this action was omitted in Budget Amendment #1.

**MOTION:** Director Garbarino moved to Adopt a Resolution Amending Resolution No. 2023-23, the Fiscal Year 2023 Adopted Budget, to carryforward an additional \$2,386,104 in revenue and increase the spending authority by \$3,832,044 as presented. Director Rogers second. The motion carried 8-0 (Directors Coursey, Farac, Paulson and Sackett absent).

10. Adopt a Resolution Amending Resolution No. 2023-23, the Fiscal Year 2023 Adopted Budget, to add funds for the SMART Santa Rosa Airport to Windsor Rail and Pathway Extension project in the amount of \$17,663,452 – *Presented by Chief Financial Officer McKillop*

Chief Financial Officer McKillop stated that this Amendment pertains to adding funds for the Santa Rosa Airport to Windsor Rail and Pathway Extension project. The proposed amendment covers new Civil and Systems work remaining to complete the entire project. Funding source for System work include the Federal Railroad Administration (CRISSY Funds), and Interregional Transportation Improvements Program. Funding source for Civil work include the Solutions for Congested Corridors, Affordable Housing Sustainable Communities Grants Nos 1 and 2, Measure Q and Town of Windsor Pedestrian Grade Separation.

The project cost is approximately \$51M with the proposed allocation of \$17M for Fiscal Year 2024. These are estimates and are subject to adjustments based on construction schedule and any necessary changes that would present and require Board approval.

She said that SMART does not have signed agreements from Congestion Corridors and Interregional Transportation Improvements Program but expect to receive soon. If the Affordable Housing Sustainable Communities Grants Nos 1 and 2 agreements are not signed, it could affect funding.

Comments

Director Fudge stated that she is very excited that Windsor Extension Project is moving forward, and residents of Windsor are looking forward to the arrival of passenger service.

**MOTION:** Director Fudge moved to Adopt a Resolution Amending Resolution No. 2023-23, the Fiscal Year 2023 Adopted Budget, to add funds for the SMART Santa Rosa Airport to Windsor Rail and Pathway Extension project in the amount of \$17,663,452 as presented. Director Rogers second. The motion carried 8-0 (Directors Coursey, Farac, Paulson and Sackett absent).

Director Rogers left the meeting.

***Agenda Item No. 11 and No. 12 were presented together, and two separate actions were taken.***

11. Adopt a Resolution Awarding the Issuance of Notices to Proceed for Project Civil Scope of Work and Change Order 015 to Construction Contract No. CV-DB-18-001 with Stacy and Witbeck, Inc. in the amount of \$8,268,237 for a total not-to-exceed amount of \$57,178,129 for the complete construction of the SMART Windsor Extension Civil Project, the civil engineering and construction portion of the overall SMART Windsor Rail and Pathway Extension – *Presented by Chief Engineer, Bill Gamlen*

12. Adopt a Resolution Awarding the Issuance of Notices to Proceed for Project Systems Scope of Work and Change Order 004 to Construction Contract No. SYS-DB-18-001 with Modern Railway Systems, Inc. in the amount of \$2,415,741 for a total not-to-exceed amount of \$17,338,233 for the complete construction of the SMART Windsor Rail Systems Project, the systems portion of the overall SMART Windsor Rail and Pathway Extension – *Presented by Chief Engineer, Bill Gamlen*

Chief Engineer, Bill Gamlen stated that it is wonderful to present Agenda item No. 11 and 12 to the Board for the Windsor Extension Project. He provided a brief overview presentation which is located on SMART’s website. Highlights include:

Windsor Extension Project – Resume Constructions

- Project Details
  - The Windsor extension project, a 3-mile extension of rail and pathway systems.
  - Includes a new station in downtown Windsor with a significant park-and-ride lot.
- Project Progress
  - Track removal, site grading, right-of-way clearance
  - Removal of old bridges, installation of key drainage culverts
  - Construction of rail and pathway bridges
  - Welding Rail Strings
  - Stockpiled Rail
  - Stockpiles Ties
  - Installation of two Pedestrian Bridges
  - Widening of Airport Boulevard near Rail Operations Center in collaboration with the County of Sonoma
  - Collaboration with the Town of Windsor on the roundabout project
- Remaining Work
  - Grading for track construction
  - Completion of bridges
  - Installation of underground conduits and drainage
  - Track construction, grade crossing improvements
  - Platform construction, amenities, and shelters
  - Construction of parking ride lot
  - Implementation of train control and communication systems
  - Testing and commissioning
- Funding Overview:
  - \$30 million for congested corridors solution
  - ITIP funding for train control and systems contract
- Contracts
  - Civil/Track Contract No. CV-DB-18-001 with Stacy and Witbeck, Inc.
  - Systems/Train Control Contract No. SYS-DB-18-001 with Modern Railway System, Inc.
- Agenda Item 11; Resolution No. 2023-43 for Civil/Track Contract No. CV-DB-18-001
  - Increase Contract amount of \$8,268,237
  - Total contract amount of \$57,178,129
  - Substantial completion by December 31, 2024, and final completion by June 30, 2025
- Agenda Item 12; Resolution No. 2023-44 for Systems/Train Control Contract No. SYS-DB-18-001
  - Increase Contract amount of \$2,415,741

- Total contract amount of \$17,178,129
- Substantial completion by April 16, 2025, and final completion by June 30, 2025

Comments

Director Rabbitt asked what the additional scope is. Chief Engineer, Bill Gamlen responded that the major component is the pedestrian undercrossing funded by the Town of Windsor, two pathway bridges and additional pathway work that was not in the original contract but is needed to for a fully operational pathway.

Mike Pechner asked if there is a possibility to reinstall the Pruitt Industrial switch for possible freight service in the area and asked if the switch was removed during the deconstruction of the NWPCo track. Chief Engineer, Bill Gamlen responded that the switch is not included in the contract.

Director Fudge stated that residents of Windsor never complained about the stockpile materials in the southwest corner of the roundabout. They have been patiently waiting for the completion of the project. She announced that she will not be running for re-election, however she will be present and plans to speak at the groundbreaking of the Windsor Extension project.

**MOTION (Agenda Item 11):** Director Fudge moved to Adopt a Resolution Awarding the Issuance of Notices to Proceed for Project Civil Scope of Work and Change Order 015 to Construction Contract No. CV-DB-18-001 with Stacy and Witbeck, Inc. in the amount of \$8,268,237 for a total not-to-exceed amount of \$57,178,129 for the complete construction of the SMART Windsor Extension Civil Project, the civil engineering and construction portion of the overall SMART Windsor Rail and Pathway Extension as presented. Director Garbarino second. The motion carried 7-0 (Directors Coursey, Farac, Paulson, Rogers and Sackett absent).

**MOTION (Agenda Item 12):** Director Fudge moved to Adopt a Resolution Awarding the Issuance of Notices to Proceed for Project Systems Scope of Work and Change Order 004 to Construction Contract No. SYS-DB-18-001 with Modern Railway Systems, Inc. in the amount of \$2,415,741 for a total not-to-exceed amount of \$17,338,233 for the complete construction of the SMART Windsor Rail Systems Project, the systems portion of the overall SMART Windsor Rail and Pathway Extension as presented. Director Garbarino second. The motion carried 7-0 (Directors Coursey, Farac, Paulson, Rogers and Sackett absent).

Director Rogers returned to meeting.

13. Discuss Freight Storage and Provide Direction to Staff Regarding Storage Limitations *Presented by General Manager Cumins*

General Manager Cumins provided a PowerPoint presentation, which is located on SMART's website. Highlights include:

Freight Storage Discussion

- Freight Storage Locations
  - Schellville Yard
  - Burdell Sliding

- Current Status
  - On November 17, 2021, LPG storage was suspended
  - Previous Storage revenue was \$500,000-\$750,000 annually
  - Fiscal Year 2023 Storage revenue is \$7,488
- Rail Car Types
- Rail Tanker Cars
  - Pressurized (Compressed gasses)
  - Non-Pressurized (General purpose)
  - Characteristics
- Tanker Car Accidents Causes
  - No storage related accidents identified
  - Reported accidents related to loading/unloading or derailments
- Train Accidents (2009-2019)
  - Passenger Cars Only – 7.2%
  - Hazmat Cars in Consist – 14.3%
  - Hazmat Card Derailed or Damaged – 10.9%
  - No Hazmat Cars Present – 66.6%
  - **Hazmat Released – 1.0%**
  - Collision Video - Staged incident without driver to show safety features
- Valve Housing and Valves
- Insurance and Maintenance Questions
- Regulatory Compliance Questions
- Security Questions
- Next Steps
  - Develop freight storage guidelines based on the direction from the SMART Board of Directors
  - Present freight storage guidelines for approval at future Board meeting

### Comments

Director Colin stated that the Board received public comments and are very concerned with the risk associated with the type of storage. She would like to know what the percentage of risk and is impossible to have a risk of zero. She asked with the recent data provided can we share if there is a risk percentage. General Manager Cumins responded that he does not have a percentage and is not concerned with the storage and does not see a risk associated with the storage. There is a transportation related risk specifically with derailment during train movement. Since, the last derailment there has been improvement made in the area and continue to mitigate risk. Director Colin said that residents are concerned with the proximity of the facility to residential areas and asked what is best practice regarding fencing the area. General Manager Cumins responded that it is referenced as density populated and he is not aware of requirement to have a fence in the area.

Director Rabbitt thanked staff for exploring additional storage opportunities. He acknowledged the challenges in finding storage and freight opportunities. Freight rail operations is an important component to remove trucks of the freeway to reduce congestion and environmental reasons. It has become clear that there is the opportunity for propane storage in our location. Staff has done its due diligence and needs to ensure freight continues; he is in support of exploring potential opportunities.

Director Fudge suggested including the police and fire departments to address concerns about hazardous materials before anything is stored. The tanker cars were stored by NCRA and not SMART. Being proactive and addressing preventing measures will help prior to having public hearings. She said that the last derailment was caused by oversaturated ground and having preventive measures can prevent incidents.

Chair Lucan stated that SMART is unique since it is a commuter rail and freight operation. He asked if there are any other common carriers that impose restrictions on storage base, car type and content. General Manager Cumins responded that he thinks each railroad makes their own decisions and is not aware of any that have strict limitations. How it works is a segment of the track is leased to a storage broker for them to store cars and I am not aware of specific limitations, he added.

Director Pahre stated that the person that sent us some information seems to concentrate on the worst-case scenarios. She thanked staff for the detailed information and asked how to move forward with the discussion and progress toward understanding. Her understanding from years ago was because of the financial implications; it was not in SMART's best interest not to have the oil tankers storage there. General Manager Cumins responded that staff has been very transparent with the Board and the public the freight has an operating deficit, it's not subsidized by Measure Q, and it needs to stand on its own. Freight Operations Manager Kerruish has worked hard to get new customers, but it is very difficult to build a business. For freight rail to sustain itself long term under SMART, we must find a way to make revenue.

Vice Chair Bagby stated that she appreciates staff researching the issue and finding the facts. We have heard from the community that freight operation is important to our local economy, and it help reach our greenhouse gas emission goals. She supports LPG tanker cars as a bridge commodity to sustain and build this business. We have a team in-house that is best equipped to provide freight service to the region.

Norman Gilroy stated that he lives near the storage site and opposes the storage of LPG cars. He said that the daily risk is low, however in a catastrophic event the risk is huge. He criticized Director Rabbitt for prioritizing SMART's revenue over community safety. He expressed frustration about not having enough time to discuss this matter. There are various residents that would like to discuss this matter. Chair Lucan responded to Mr. Gilroy that the item is for discussion, and it is not the only time to be able to discuss this matter. Mr. Gilroy urged the Board to consider public comments and the residents of Sonoma Valley.

Doug Kerr mentioned that in previous discussions and today's discussion the topic of high profit margin associated with freight storage was missed. The storage of freight cars is much more profitable than the movement of freight. He suggested that both revenue and profit in freight management need to be considered when making decision.

Mike Pechner stated that he provided security and weather services when NWPCo owned freight. He suggested that having 24 hrs/7 days security at Schellville and knowing weather patterns will help prepare for incidents.

Matt Hartzell stated he supports SMART storing LPG tanker cars. He thanked General Manager Cumins for his excellent presentation including the visual aids showing the proven safety record of this type of storage and the list of previous tanker car incidents were zero of them in the United States are based on storage yards. This is SMART's opportunity to make revenue since it does not get public subsidies.

Chair Lucan asked General Manager Cumins to clarify next steps. General Manager Cumins stated that staff needs to know if the Board would like to pursue the storage of LPG. If the Board approves moving forward with the storage of LPG, staff will do further work and present a detailed Plan for approval.

Director Rabbitt stated that he is responding because it is irresponsible and factually incorrect to state that a specific Director doesn't care about an individual's life based upon stating a policy opinion. He welcomes materials which depict the claim of how dangerous this would be. Lastly, we can't lose money on freight. If we turn it over to a Short Line railroad, he thinks that they are going to maximize their revenue by storing tank cars at available storage sites. He believes that SMART would be the better agency to deal with that it also takes compromise by all parties, and talk about the safety of this matter.

Director Fudge said she remembers when the rail cars were moved during the 2017 storm. She suggested considering what would happen in the event of an earthquake. She assured the public and the residents that there will be ongoing hearings with information prior to any final decisions and approval by the Board.

Director Rogers stated that he stepped out for a family matter and apologized for missing the presentation. In fairness to the public, he will not weight in the deliberations or direction to staff. He looks forward to having the discussion again.

Director Rabbitt stated that he sits on the State Seismic Safety Commission and can talk to Commission staff about earthquake's. Historically during earthquakes, tanker cars do not tip over, but the track can become unusable. Also, after earthquakes, inspections are conducted to ensure the tracks are safe to travel.

Chair Lucan stated that what he heard today is the there is interest from the Board to continue to pursue this topic. There is not a categorical denial of any one particular rail car or storage type and or direct staff to bring back to the Board more information

Director Garbarino said she appreciates the discussion. All of us utilize these materials and getting trucks of the freeways is vital.

General Manager Cumins stated that he heard from the Board to gather additional safety information, including what happens during an earthquake to be implemented in the Safety Plan and bring back to the Board for additional discussion.

Public Comment on Closed Session Agenda Item 14

Eris Weaver stated that she has submitted her comments. She recalls a comment made by the General Manager saying that a single person crossing the tracks there and being killed was unacceptable. She urged the Board to consider all safety risks at the Jennings Avenue Crossing. General Manager Cumins clarified that he said that one (1) death at this crossing is unacceptable to the family experiencing the fatality.

Jack Swearngen read a document that he will also submit. Consider the Jennings Crossing as an element of a system whose purpose is to enable pedestrians or bicycles to get across the SMART tracks safely and affordably. He highlighted the importance of evaluating alternative assumptions, safety risk and cost and making them transparent.

Janet Barocco highlighted the need for a risk assessment with safety measures at the Jennings Crossing. There is existing risk in the area and including Guerneville Road crossing and emphasized the importance of teaching young children to cross safely. She urged the Board to consider building the Jennings Crossing since it was approved by the City and CPUC. The neighborhood supports the building of Jennings Avenue crossing.

Steve Birdleough distributed a map illustrating the accidents on College Avenue and Guerneville Road. There have not been any fatalities however expressed the need for a crossing to prevent accidents.

Chair Lucan adjourned the Board to Closed Session at 3:41pm on the following:

14. Conference with Legal Counsel regarding existing litigation pursuant to California Government Code Section 54956.9(a): Number of Cases (3)
  - 1) James Duncan v. Sonoma-Marin Area Rail Transit; City of Santa Rosa, Real Party in Interest; County of Sonoma, Real Party in Interest; Sonoma County Superior Court Case No. SCV-266092; First Dist. Court of Appeal Case No. A165783
  - 2) James Duncan v. SMART; CPUC No. C.21-06-011
  - 3) Application of City of Santa Rosa for a Crossing at Jennings Avenue; CPUC No. A.15-05-014
15. Report Out Closed Session

District Counsel Sutherland reported out of Closed Session at 4:44pm on the following:

- Conference with Legal Counsel regarding existing litigation pursuant to California Government Code Section 54956.9(a): Number of Cases (3)
- 4) James Duncan v. Sonoma-Marin Area Rail Transit; City of Santa Rosa, Real Party in Interest; County of Sonoma, Real Party in Interest; Sonoma County Superior Court Case No. SCV-266092; First Dist. Court of Appeal Case No. A165783
  - 5) James Duncan v. SMART; CPUC No. C.21-06-011
  - 6) Application of City of Santa Rosa for a Crossing at Jennings Avenue; CPUC No. A.15-05-014  
*Report Out: Direction given to staff.*

16. Next Regular Meeting Board of Directors, December 20, 2023 – 1:30 PM – 5401 Old Redwood Highway, 1<sup>st</sup> Floor, Petaluma, CA 94954

17. Adjournment – Meeting adjourned at 4:46pm

Respectfully submitted,

Leticia Rosas

Clerk of the Board

18. Approved on : \_\_\_\_\_



December 20, 2023

**Eric Lucan, Chair**  
Marin County Board of Supervisors

**Melanie Bagby, Vice Chair**  
Sonoma County Mayors' and Councilmembers Association

**Kate Colin**  
Transportation Authority of Marin

**Chris Coursey**  
Sonoma County Board of Supervisors

**Rachel Farac**  
Transportation Authority of Marin

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

**Patty Garbarino**  
Golden Gate Bridge,  
Highway/Transportation District

**Barbara Pahre**  
Golden Gate Bridge,  
Highway/Transportation District

**Gabe Paulson**  
Marin County Council of Mayors and Councilmembers

**David Rabbitt**  
Sonoma County Board of Supervisors

**Chris Rogers**  
Sonoma County Mayors' and Councilmembers Association

**Mary Sackett**  
Marin County Board of Supervisors

**Eddy Cumins**  
General Manager

5401 Old Redwood Highway  
Suite 200  
Petaluma, CA 94954  
Phone: 707-794-3330  
Fax: 707-794-3037  
[www.SonomaMarinTrain.org](http://www.SonomaMarinTrain.org)

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

**SUBJECT:** 2024 Regular Board of Directors Meeting Schedule

Dear Board Members:

**RECOMMENDATION:** Approve Board of Director meeting schedule.

**SUMMARY:**

The Board shall convene in regular meetings. Unless otherwise directed by the Board, the Board shall hold a public meeting on the third Wednesday of each month. All meetings are scheduled to be held at 1:30 pm.

| 2024 Regular Board of Directors Meeting Schedule |  |
|--|--|
|  | January 17, 2024                       |
|  | February 21, 2024                      |
|  | March 20, 2024                         |
|  | April 17, 2024                         |
|  | May 1, 2024 ( <i>Budget Workshop</i> ) |
|  | May 15, 2024                           |
|  | June 19, 2024                          |
|  | July 17, 2024                          |
|  | August 21, 2024                        |
|  | September 18, 2024                     |
|  | October 16, 2024                       |
|  | November 20, 2024                      |
|  | December 18, 2024                      |

Please check the posted Agenda for confirmed meeting date, time, and location as they are subject to change.

Very truly yours,

/s/  
Leticia Rosas  
Clerk of the Board



**Eric Lucan, Chair**  
Marin County Board of Supervisors

**Melanie Bagby, Vice Chair**  
Sonoma County Mayors' and Councilmembers Association

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December 20, 2023

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

**SUBJECT:** Monthly Financial Status

Dear Board Members:

**RECOMMENDATION:** Approval of Monthly Financial Reports

**SUMMARY:**

We have provided budgeted revenues and actual expenditures for both passenger rail and freight in separate charts in the attached document. The actual column reflects revenues and expenditures for the first four (4) months of Fiscal Year 2024 (July – October). In addition, for passenger rail, we have shown more detail regarding sales tax and fare revenues to show current and comparative information over the last five years.

Information on the approved budget, actual expenditures, and remaining budget have been provided. Please keep in mind that expenditures do not always occur on a straight-line basis, many large expenditures such as debt service only occur on specific intervals.

We have also included information regarding SMART’s investment policy, where our funds are being held, and how much is currently being held. In addition, we have shown the current obligations, reserves, and fund balance requirements for FY 2024.

Sincerely,

/s/  
Heather McKillop  
Chief Financial Officer

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



**MONTHLY FINANCIAL STATUS  
OCTOBER 2023**

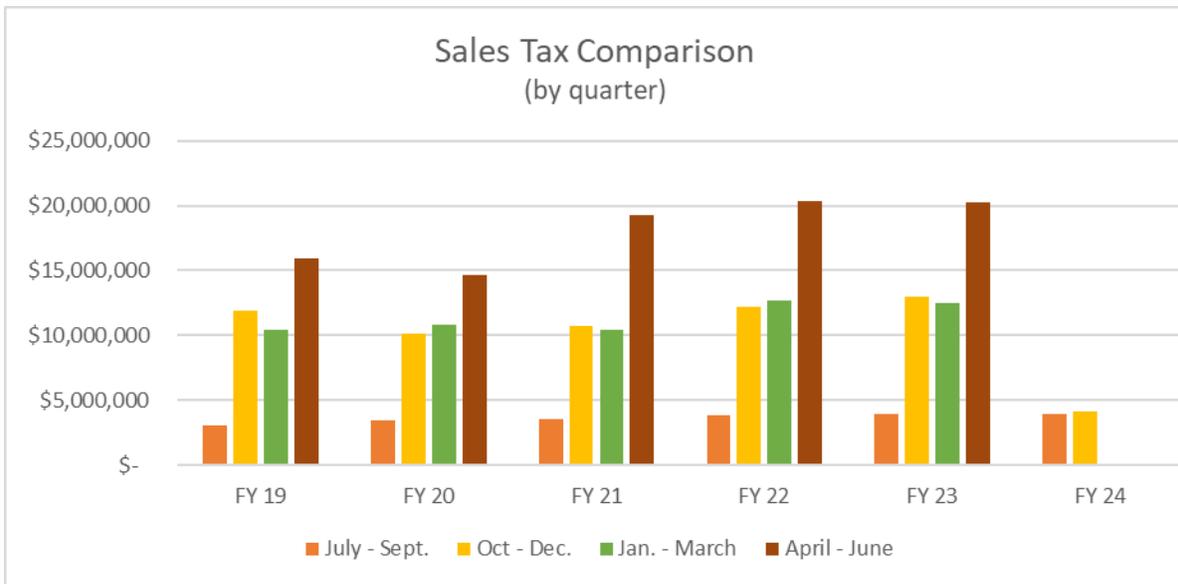
**PASSENGER REVENUES**

|                                  | <b>FY 2023-24<br/>Approved<br/>Budget</b> | <b>Actual</b>       | <b>Amount Over /<br/>(Under) Budget</b> |
|----------------------------------|---|---------------------|---|
| <b>Revenues</b>                  |   |                     |   |
| <b>Passenger Rail</b>            |   |                     |   |
| Sales/Use Taxes                  | \$ 51,103,000                             | \$ 8,053,167        | \$ (43,049,833)                         |
| Interest and Lease Earnings      | \$ 1,121,647                              | \$ 920,582          | \$ (201,065)                            |
| Miscellaneous Revenue            | \$ 5,659                                  | \$ 166,772          | \$ 161,113                              |
| Passenger Fares                  | \$ 1,803,384                              | \$ 754,179          | \$ (1,049,205)                          |
| Parking Fares                    | \$ 15,000                                 | \$ 3,555            | \$ (11,445)                             |
| State Grants                     | \$ 34,180,342                             | \$ 3,151            | \$ (34,177,191)                         |
| Charges For Services             | \$ 75,637                                 | \$ 58,250           | \$ (17,387)                             |
| Federal Funds (Non-COVID Relief) | \$ 7,655,641                              | \$ -                | \$ (7,655,641)                          |
| Other Governments                | \$ 3,662,510                              | \$ -                | \$ (3,662,510)                          |
| <b>Passenger Rail Subtotal</b>   | <b>\$ 99,622,820</b>                      | <b>\$ 9,959,656</b> | <b>\$ (89,663,164)</b>                  |

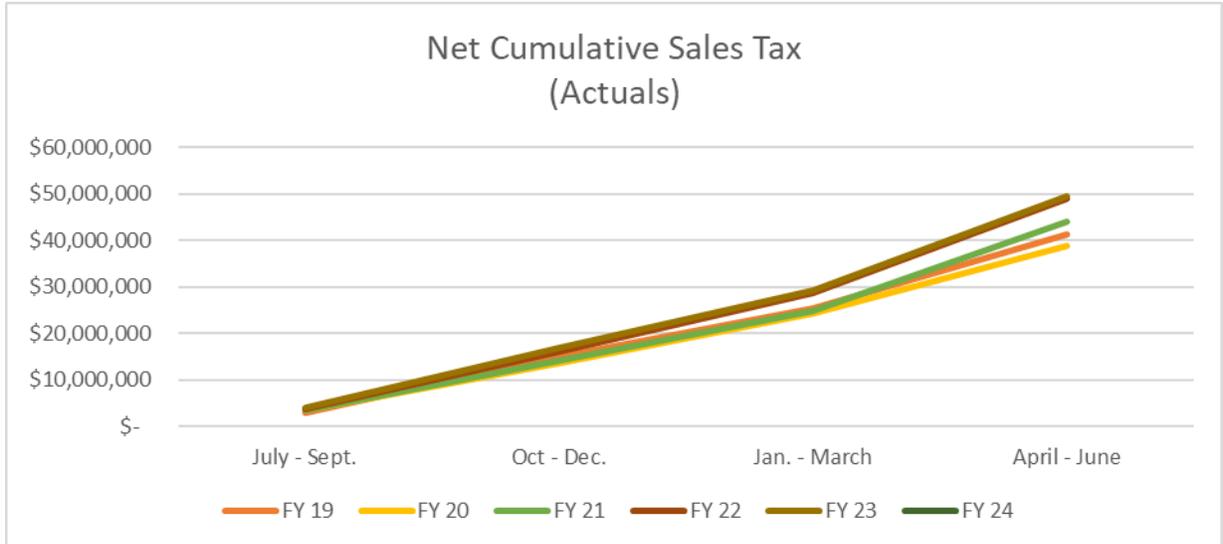
**Measure Q Sales Tax  
Fiscal Year (FY) 2023/2024**

| Time Period             | July - Sept. | Oct - Dec.     | Jan. - March    | April - June    |
|-------------------------|--------------|----------------|-----------------|-----------------|
| Forecasted FY Sales Tax | \$ 3,900,000 | \$ 13,000,000  | \$ 13,500,000   | \$ 20,703,000   |
| Actual                  | \$ 3,942,911 | \$ 4,110,256   |                 |                 |
| Difference              | \$ 42,911    | \$ (8,889,744) | \$ (13,500,000) | \$ (20,703,000) |

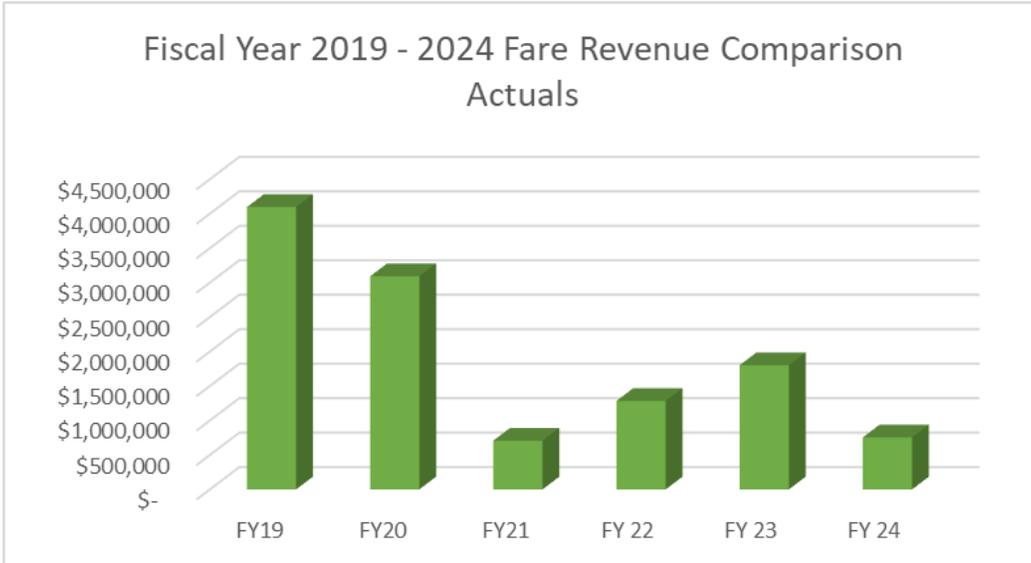
**Fiscal Year 2019-2024 Net Sales Tax Comparison  
(by Quarter)**



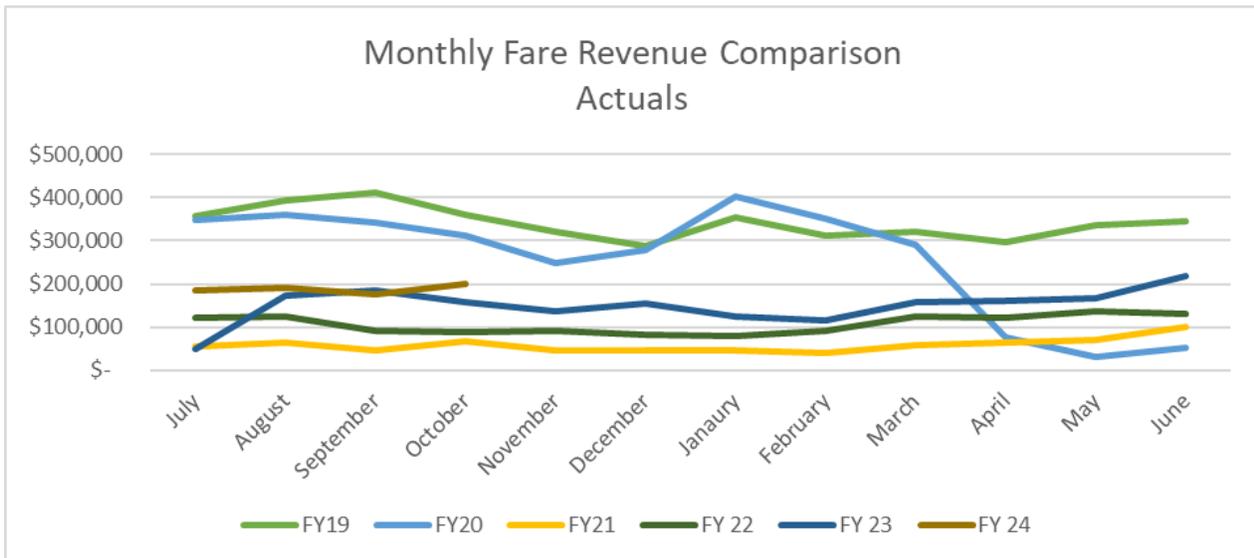
### Fiscal Year 2019-2024 Net Cumulative Sales Tax Comparison



### Fiscal Year 2019-2024 Fare Revenue Comparison



### Fiscal Year 2019-2024 Monthly Fare Revenue Comparison



## PASSENGER EXPENDITURES

|                                     | FY 2023-24<br>Approved Budget | Actual               | Amount Over /<br>(Under) Budget |
|-------------------------------------|-------------------------------|----------------------|---------------------------------|
| <b>Passenger Expenditures</b>       |                               |                      |                                 |
| <b>Administration</b>               |                               |                      |                                 |
| Salaries & Benefits                 | \$ 6,560,493                  | \$ 1,779,443         | \$ (4,781,050)                  |
| Services & Supplies                 | \$ 12,651,160                 | \$ 2,466,049         | \$ (10,185,111)                 |
| <b>Administration Subtotal</b>      | <b>\$ 19,211,653</b>          | <b>\$ 4,245,492</b>  | <b>\$ (14,966,161)</b>          |
| <b>Operations</b>                   |                               |                      |                                 |
| Salaries & Benefits                 | \$ 20,014,237                 | \$ 5,193,399         | \$ (14,820,838)                 |
| Services & Supplies                 | \$ 6,645,752                  | \$ 953,977           | \$ (5,691,775)                  |
| <b>Operations Subtotal</b>          | <b>\$ 26,659,989</b>          | <b>\$ 6,147,376</b>  | <b>\$ (20,512,613)</b>          |
| <b>Capital</b>                      |                               |                      |                                 |
| Salaries & Benefits                 | \$ 366,966                    | \$ 283,255           | \$ (83,711)                     |
| Services & Supplies                 | \$ 8,823,422                  | \$ 461,089           | \$ (8,362,333)                  |
| <b>Capital Subtotal</b>             | <b>\$ 9,190,388</b>           | <b>\$ 744,344</b>    | <b>\$ (8,446,044)</b>           |
| <b>Total Passenger Expenditures</b> | <b>\$ 55,062,030</b>          | <b>\$ 11,137,212</b> | <b>\$ (43,924,818)</b>          |

|   |                      |                     |                        |
|---|----------------------|---------------------|------------------------|
| <b>Passenger (Capitalized) Expenditures</b>       |                      |                     |                        |
| Buildings & Capital Improvements                  | \$ 19,666,012        | \$ 1,813,528        | \$ (17,852,484)        |
| Land  | \$ -                 | \$ -                | \$ -                   |
| Machinery & Equipment                             | \$ 3,882,730         | \$ 664,343          | \$ (3,218,387)         |
| Infrastructure                                    | \$ 17,261,205        | \$ 213,748          | \$ (17,047,457)        |
| <b>Total Passenger (Capitalized) Expenditures</b> | <b>\$ 40,809,947</b> | <b>\$ 2,691,619</b> | <b>\$ (38,118,328)</b> |

|   |                      |                      |                        |
|---|----------------------|----------------------|------------------------|
| <b>Passenger Expenditures + Capitalized</b> | <b>\$ 95,871,977</b> | <b>\$ 13,828,831</b> | <b>\$ (82,043,146)</b> |
|---|----------------------|----------------------|------------------------|

## FREIGHT REVENUES

|                                  | FY 2023-24<br>Approved<br>Budget | Actual            | Amount Over /<br>(Under) Budget |
|----------------------------------|----------------------------------|-------------------|---------------------------------|
| <b>Revenues</b>                  |                                  |                   |                                 |
| <b>Freight</b>                   |                                  |                   |                                 |
| Sales/Use Taxes                  | \$ -                             |                   | \$ -                            |
| Interest and Lease Earnings      | \$ 415,000                       | \$ 46,964         | \$ (368,036)                    |
| Miscellaneous Revenue            | \$ 239,190                       | \$ 250,580        | \$ 11,390                       |
| Freight Traffic                  | \$ 1,004,800                     | \$ 206,852        | \$ (797,948)                    |
| Parking Fares                    | \$ -                             |                   | \$ -                            |
| State Grants                     | \$ 740,000                       |                   | \$ (740,000)                    |
| Charges For Services             | \$ -                             |                   | \$ -                            |
| Federal Funds (Non-COVID Relief) | \$ -                             |                   | \$ -                            |
| Other Governments                | \$ -                             | \$ -              | \$ -                            |
| <b>Freight Subtotal</b>          | <b>\$ 2,398,990</b>              | <b>\$ 504,396</b> | <b>\$ (1,894,594)</b>           |

## FREIGHT EXPENDITURES

|                                   | FY 2023-24<br>Approved Budget | Actual              | Amount Over /<br>(Under) Budget |
|-----------------------------------|-------------------------------|---------------------|---------------------------------|
| <b>Freight Expenditures</b>       |                               |                     |                                 |
| <b>Administration</b>             |                               |                     |                                 |
| Salaries & Benefits               | \$ -                          | \$ -                | \$ -                            |
| Services & Supplies               | \$ -                          | \$ -                | \$ -                            |
| <b>Administration Subtotal</b>    | <b>\$ -</b>                   | <b>\$ -</b>         | <b>\$ -</b>                     |
| <b>Operations</b>                 |                               |                     |                                 |
| Salaries & Benefits               | \$ 1,084,970                  | \$ 252,570          | \$ (832,400)                    |
| Services & Supplies               | \$ 1,054,333                  | \$ 146,577          | \$ (907,756)                    |
| <b>Operations Subtotal</b>        | <b>\$ 2,139,303</b>           | <b>\$ 399,147</b>   | <b>\$ (1,740,156)</b>           |
| <b>Capital</b>                    |                               |                     |                                 |
| Salaries & Benefits               | \$ -                          | \$ -                | \$ -                            |
| Services & Supplies               | \$ 1,095,097                  | \$ 660,696          | \$ (434,401)                    |
| <b>Capital Subtotal</b>           | <b>\$ 1,095,097</b>           | <b>\$ 660,696</b>   | <b>\$ (434,401)</b>             |
| <b>Total Freight Expenditures</b> | <b>\$ 3,234,400</b>           | <b>\$ 1,059,843</b> | <b>\$ (2,174,557)</b>           |

|   |             |             |             |
|---|-------------|-------------|-------------|
| <b>Freight (Capitalized) Expenditures</b>       |             |             |             |
| Buildings & Capital Improvements                | \$ -        | \$ -        | \$ -        |
| Land  | \$ -        | \$ -        | \$ -        |
| Machinery & Equipment                           | \$ -        | \$ -        | \$ -        |
| Infrastructure                                  | \$ -        | \$ -        | \$ -        |
| <b>Total Freight (Capitalized) Expenditures</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> |

|   |                     |                     |                       |
|---|---------------------|---------------------|-----------------------|
| <b>Freight Expenditures + Capitalized</b> | <b>\$ 3,234,400</b> | <b>\$ 1,059,843</b> | <b>\$ (2,174,557)</b> |
|---|---------------------|---------------------|-----------------------|

## CAPITAL PROJECTS

| Capital Project Report  | Oct-23               |                                |                  |  |  |
|---|----------------------|--------------------------------|------------------|--|--|
|   | Total Project Budget | Expended in Prior Fiscal Years | Budgeted in FY24 | Remaining to be Budgeted in Future Years | Project Status   |
| <b>PASSENGER RAIL PROJECTS</b>  |                      |                                |                  |  |  |
| Windsor Extension   | \$ 70,000,000        | \$ 24,256,464                  | \$ 10,000,000    | \$ 35,743,536                            | Developing plans to resume construction in 2024.   |
| Windsor to Healdsburg Extension   | \$ 160,400,000       | \$ -                           | \$ 5,000,000     | \$ 155,400,000                           | Preliminary work is planned to start in 2024.  |
| Sonoma County Pathway Connector Project Design: Petaluma to Pengrove & Rohnert Park to Santa Rosa | \$ 4,871,770         | \$ 3,179,720                   | \$ 1,692,050     | \$ -                                     | These pathway segments have been combined with the construction of the Petaluma North Station.   |
| Marin & Sonoma Pathway Design & Permitting  | \$ 10,660,900        | \$ 3,388,763                   | \$ 6,188,932     | \$ 1,083,205                             | Conducting engineering design to prepare for construction and pursuing environmental permits.  |
| McInnis Pkwy. at Bridgewater Dr. to Smith Ranch Rd. Construction                                  | \$ 4,658,878         | \$ -                           | \$ 4,658,878     | \$ -                                     | Construction started in September 2023.  |
| Joe Rodota to 3rd St. Design and Construction   | \$ 450,779           | \$ 45,688                      | \$ 387,015       | \$ -                                     | In design - Construction will depend on grant execution.   |
| Hannah Ranch Rd to Vintage Way Pathway Construction   | \$ 2,259,272         | \$ -                           | \$ 246,466       | \$ 2,012,806                             | Design and permitting are underway.  |
| Guerneville Rd to Airport Blvd Pathway Construction   | \$ 14,595,629        | \$ -                           | \$ 1,429,430     | \$ 13,166,199                            | Design and permitting are underway.  |
| Puerto Suello Pathway   | \$ 708,227           | \$ -                           | \$ 708,227       | \$ -                                     | Preparing a Request for Proposal (RFP) to hire a design consultant.  |
| Petaluma North Station  | \$ 39,088,170        | \$ 1,315,027                   | \$ 15,838,224    | \$ 21,934,919                            | A construction contract has been awarded. Construction will begin in late 2023. The contract includes Sonoma County Pathway projects for construction. |
| Payran to Lakeville Pathway - Design & Construction   | \$ 1,209,818         | \$ 1,018,674                   | \$ 191,144       | \$ -                                     | Construction is complete.  |
| Basalt Creek Timber Bridge Replacement  | \$ 630,103           | \$ 120,978                     | \$ 14,000        | \$ 495,125                               | Finalizing design and working with regulatory agencies to secure environmental permits.  |
| San Antonio Tributary Timber Trestle Replacement  | \$ 1,075,264         | \$ 130,201                     | \$ 14,000        | \$ 931,063                               | Finalizing design and working with regulatory agencies to secure environmental permits.  |
| <b>FREIGHT RAIL PROJECTS</b>  |                      |                                |                  |  |  |
| Brazos Branch Bridge Repairs  | \$ 1,812,234         | \$ 711,538                     | \$ 1,100,696     | \$ -                                     | Construction is complete for the first phase, design work on the second phase planned for beginning of 2024.   |

## INVESTMENTS

Investments are guided by the SMART investment policy adopted each year with the budget. The policy outlines the guidelines and practices to be used in effectively managing SMART’s available cash and investment portfolio. District funds that are not required for immediate cash requirements are to be invested in compliance with the California Code Section 53600, et seq.

SMART uses the Bank of Marin for day-to-day cash requirements and for longer term investments the Sonoma County Treasury Pool is used. This chart reflects a point in time versus a projection of future fund availability.

|   |                       |
|---|-----------------------|
| <u>Cash On Hand</u>                               |                       |
| Bank of Marin                                     | \$ 30,413,677         |
| Sonoma County Investment Pool *                   | \$ 89,189,312         |
| <b>Total Cash on Hand</b>                         | <b>\$ 119,602,989</b> |
| <u>Reserves</u>                                   |                       |
| Self-Insured                                      | \$ 2,370,675          |
| OPEB/ CalPERS                                     | \$ 4,574,676          |
| Operating Reserve                                 | \$ 11,278,617         |
| Capital Sinking Fund                              | \$ 10,625,000         |
| Corridor Completion                               | \$ 7,000,000          |
| <b>Total Reserves</b>                             | <b>\$ 35,848,968</b>  |
| Cash Balance                                      | \$ 83,754,021         |
| Less: Current Encumbrances                        | \$ 27,847,716         |
| Balance   | \$ 55,906,305         |
| <b>Less: Estimated FY24 Year-end Fund Balance</b> | <b>\$ 27,833,704</b>  |
| <b>Remaining Balance</b>                          | <b>\$ 28,072,601</b>  |
| * Doesn't include trustee accounts                |                       |



# Contract Summary

Active contracts as of October 31, 2023

## PASSENGER RAIL

| Contractor                                       | Scope   | Fiscal Year 23/24<br>Projected | Fiscal Year 23/24<br>Actuals |
|--|---|--------------------------------|------------------------------|
| A.J. Janitorial Service                          | Janitorial Services for all Stations, Roblar, ROC, and Fulton                               | \$ 114,000                     | \$ 36,560                    |
| Ai-Media Technologies, LLC                       | Closed-Captioning Services  | \$ 450                         | \$ 450                       |
| Alcohol & Drug Testing Services, LLC             | DOT and FRA-regulated Drug and Alcohol Testing Services                                     | \$ 36,000                      | \$ -                         |
| Allen, Glaessner, Hazelwood LLP                  | Legal Services for Litigation and Rail Transit Issues                                       | \$ 89,445                      | \$ 2,170                     |
| Alliant Insurance Services                       | Insurance Brokerage and Risk Management Services  | \$ 70,000                      | \$ 22,207                    |
| American Rail Engineers Corporation              | Railroad Bridge Inspections, Bridge Engineering, and Related Services                       | \$ 40,000                      | \$ 378                       |
| Argonaut Constructors                            | Parking Lot Improvements at Petaluma Downtown Station                                       | \$ 14,925                      | \$ 14,925                    |
| Asbury Environmental Services (AES)              | Hazardous and Non-Hazardous Waste Removal and Disposal Services                             | \$ 375                         | \$ 375                       |
| Becoming Independent                             | Emergency Bus Bridge Services   | \$ 6,051                       | \$ 4,000                     |
| BKF Engineers Inc.                               | Design and Engineering Services for MUP Segments in Sonoma and Marin Counties               | \$ 952,426                     | \$ 240,556                   |
| Bolt Staffing Service, Inc.                      | Temporary Staffing Services   | \$ 30,000                      | \$ -                         |
| Bright Star Security, Inc.                       | Security Patrol at SMART's Cal Park Tunnel  | \$ 5,490                       | \$ 3,660                     |
| Business Training Library, LLC                   | Cloud-Based Learning Courses  | \$ 5,431                       | \$ 5,431                     |
| Cal Interpreting & Translations                  | Real Time Translation and Related Services  | \$ 5,000                       | \$ -                         |
| Cinquini & Passarino, Inc.                       | Right-of-Way Land Surveying and Related Services  | \$ 3,252                       | \$ 3,252                     |
| Code 3 Entertainment Services, LLC               | Microtransit Operations and Maintenance Services  | \$ 375,000                     | \$ 139,957                   |
| CSW/Stuber-Stroeh Engineering Group              | Design and Engineering Services for 5 MUP Segments in Marin County                          | \$ 979,435                     | \$ 105,013                   |
| CSW/Stuber-Stroeh Engineering Group              | Design and Engineering for Petaluma North Station, N. McDowell Grade Crossing, Segments 2 & | \$ 510,205                     | \$ 58,320                    |
| Demsey, Filliger, & Associates, LLC              | GASB Pension Compliance Services (Actuarial Calculations)                                   | \$ 4,750                       | \$ -                         |
| Doug Williams                                    | Fire and Life Safety Consultant   | \$ 2,035                       | \$ 420                       |
| Dr. Lance O'Connor                               | Occupational Health Screening Services  | \$ 5,000                       | \$ 1,875                     |
| Dunnigan Psychological & Threat Assessments, LLC | Employment-Related Psychological Evaluation Services  | \$ 25,000                      | \$ 6,000                     |
| Eide Bailly LLP                                  | Financial Audit Services  | \$ 58,300                      | \$ -                         |
| eLock Technologies, LLC                          | Station Bike Lockers - Ongoing Maintenance and Support Services                             | \$ 13,130                      | \$ 2,843                     |
| Empire Cleaners                                  | Operations Uniform Dry Cleaning, Laundering, and Related Services                           | \$ 18,000                      | \$ 3,481                     |
| Gallagher Benefit Services, Inc.                 | Classification and Compensation Study Services  | \$ 49,875                      | \$ 49,875                    |
| Gary D. Nelson Associates, Inc.                  | Temporary Staffing and Placement Services   | \$ 70,000                      | \$ 35,303                    |
| George Hills Company, Inc.                       | Third Party Claims Administration Services  | \$ 40,000                      | \$ 4,819                     |
| Ghilotti Bros, Inc.                              | Construction of Non-Motorized Pathway - Lakeville to Payran                                 | \$ 191,144                     | \$ 167,192                   |
| Ghilotti Bros, Inc.                              | Construction of NMP McInnis to Smith Ranch  | \$ 3,490,399                   | \$ 1,116,508                 |
| Golden Five, LLC                                 | Microsoft 365 Consulting Services   | \$ 49,800                      | \$ -                         |
| GP Crane & Hoist Services                        | Cal/OSHA Inspection Services  | \$ 2,200                       | \$ 2,200                     |
| Granicus, Inc.                                   | Media Streaming and Internet Broadcasting Services  | \$ 12,860                      | \$ 12,860                    |
| Hanford A.R.C.                                   | Implementation and Monitoring, San Rafael Creek Riparian Enhancement Project                | \$ 33,558                      | \$ 10,411                    |
| Hanford A.R.C.                                   | Maintenance and Monitoring the the Las Gallinas Creek Watershed Riparian Enhancement Plant  | \$ 16,188                      | \$ 4,796                     |
| Hanson Bridgett LLP                              | Legal Services - Union Negotiations   | \$ 100,000                     | \$ 2,658                     |
| HCI Systems, Inc.                                | Fire Equipment Inspection and Certification   | \$ 2,406                       | \$ 633                       |
| Holland Company                                  | Track Geometry and Measurement Services   | \$ 24,000                      | \$ -                         |
| Hunt and Sons, Inc.                              | Bulk Delivery of Motor Oil (15W40)  | \$ 24,000                      | \$ 9,851                     |
| Intelligent Technology Solutions, LLC            | Maximo SaaS Development, Implementation, and Related Services                               | \$ 169,683                     | \$ 169,683                   |
| JMA Civil, Inc.                                  | On-Call Civil & Rail Engineering Design Services  | \$ 46,494                      | \$ 10,714                    |
| Khoury Consulting, LLC                           | California State Legislative and Advocacy Services  | \$ 120,000                     | \$ 40,000                    |
| LC Disability Consulting                         | Disability Access Consulting  | \$ 10,000                      | \$ 600                       |
| LeaseQuery, LLC                                  | Lease Software Licensing and Software Support Services                                      | \$ 10,596                      | \$ -                         |
| Leete Generators                                 | Generator Inspection and Maintenance Services   | \$ 2,700                       | \$ -                         |

|   |   |               |              |
|---|---|---------------|--------------|
| Lisa Wolper, LCSW, SAP                    | Substance Abuse Professional Services   | \$ 2,100      | \$ 650       |
| Masabi LLC                                | SMART Mobile Ticketing Pilot Project  | \$ 32,430     | \$ 14,250    |
| MaxAccel                                  | Compliance Management Software Design/Implementation/Asset Management                     | \$ 29,295     | \$ 8,130     |
| Militus, Inc.                             | Cybersecurity and Network Threat Analysis and Assessment                                  | \$ 40,000     | \$ 40,000    |
| Mission Linen Supply                      | Employee Uniform Services   | \$ 34,000     | \$ 5,404     |
| Modern Railway Systems, Inc.              | Monitoring and Maintenance SMART's Communications Network and TDX System                  | \$ 94,000     | \$ 23,040    |
| MuniServices, LLC                         | Sales Tax Recovery Services   | \$ 38,444     | \$ 6,497     |
| North Bay Bottling (Alex Ruiz Sr.)        | Drinking Water Delivery Service   | \$ 2,900      | \$ 360       |
| North Bay Petroleum                       | Provision of Fuel for DMUs  | \$ 1,316,697  | \$ 394,813   |
| Nossaman LLP                              | Litigation, Rail Transit Issues, and other related legal services                         | \$ 287,933    | \$ 75,087    |
| Occupational Health Centers of CA         | Pre-Employment Evaluation Services  | \$ 42,000     | \$ 226       |
| Oracle                                    | Fusion ERP System   | \$ 200,000    | \$ -         |
| Parodi Investigative Solutions            | Pre-Employment Background Investigation Services  | \$ 25,000     | \$ 9,300     |
| PFM Financial Advisors, LLC               | Financial Advisory Services   | \$ 20,000     | \$ -         |
| Portola Systems, Inc.                     | SMART Station Network Maintenance and Configuration Services                              | \$ 260,000    | \$ 204,767   |
| Sherwood Electromotion, Inc.              | Overhaul Services for SMART's Permanent Magnet Alternators                                | \$ 29,500     | \$ 6,040     |
| Sierra-Cedar, LLC                         | Oracle Enterprise Resources Planning Software   | \$ 30,000     | \$ 20,854    |
| Sonoma County Fleet Operation Division    | Non-Revenue Fleet Vehicle Installation, Maintenance, and Repair Services                  | \$ 56,000     | \$ 2,164     |
| SPTJ Consulting, Inc.                     | Network Monitoring and Support Services   | \$ 202,419    | \$ 69,387    |
| Survival CPR & First Aid, LLC             | First Aid and CPR Training, AED Compliance Program Management                             | \$ 11,300     | \$ 1,386     |
| Swiftly, Inc.                             | AVL Mobile Application and Website Interface  | \$ 9,702      | \$ 9,702     |
| TDG Engineering, Inc.                     | Wayfinding System Planning and Design for the SMART Pathway                               | \$ 112,454    | \$ 33,535    |
| The Routing Company                       | Furnish, Implement, and Maintain a Microtransit Software Platform                         | \$ 45,662     | \$ 5,179     |
| Triangle Properties, Inc.                 | SoCo Pathway Riparian Enhancement Implementation and Monitoring                           | \$ 47,061     | \$ 29,755    |
| UTCRAAS, LLC                              | Wheel Pressing Services   | \$ 25,200     | \$ 25,200    |
| Urban Transportation Associates, Inc.     | Onboard Automatic Passenger Counter System Purchase, Install, and Software Implementation | \$ 9,200      | \$ 9,200     |
| Van Scoyoc Associates                     | Federal Lobbying Services   | \$ 30,000     | \$ 15,000    |
| VenTek Transit Inc.                       | Fare Vending Machine Operations and Maintenance Services                                  | \$ 30,000     | \$ 21,438    |
| Vista Broadband Networks, Inc.            | Broadband Services  | \$ 9,000      | \$ -         |
| W.J.C. Electric, Inc. dba Hahn Automotive | Non-Revenue Vehicle Repair and Service  | \$ 15,000     | \$ -         |
| Web Master Designs, LLC                   | As-Needed Monitoring, Management, and Support Services for Public-Facing Websites         | \$ 10,000     | \$ -         |
| WRA, Inc.                                 | As-Needed Environmental Consulting Services   | \$ 168,185    | \$ 21,300    |
|   | TOTAL   | \$ 11,095,085 | \$ 3,342,640 |

**FREIGHT RAIL**

| Contractor   | Scope  | Fiscal Year 23/24<br>Projected | Fiscal Year 23/24<br>Actuals |
|--|--|--------------------------------|------------------------------|
| American Rail Engineers Corporation                        | Railroad Bridge Inspections, Bridge Engineering, and Related Services                  | \$ 44,439                      | \$ 5,039                     |
| Cathcart Rail Holdco, LLC dba Cathcart Field Services, LLC | Running Repair Agent Inspection and Maintenance Services                               | \$ 7,884                       | \$ 7,870                     |
| Freight Rail Tracking Software                             | Freight Rail Tracking Software   | \$ 5,000                       | \$ 671                       |
| GATX Rail Locomotive Group, LLC                            | Freight Locomotive Lease Agreement   | \$ 44,800                      | \$ 12,034                    |
| Hue & Cry, Inc.  | Security System at Schellville Depot   | \$ 1,000                       | \$ 249                       |
| Koppers Railroad Structures, Inc.                          | Brazos Branch Timber Bridge Repairs - Phase I Contract                                 | \$ 660,696                     | \$ 660,696                   |
| Lambertus J. Verstegen dba South West Locomotive Repair    | Locomotive Maintenance and Repair  | \$ 10,000                      | \$ 3,613                     |
| North Bay Petroleum  | Provision of Fuel for Freight Locomotives  | \$ 90,000                      | \$ 17,384                    |
| Summit Signal, Inc.  | Inspection, Testing, and Maintenance Services for Signal Equipment Along Brazos Branch | \$ 35,250                      | \$ 19,615                    |
| Wine Country Sanitary, Inc.                                | Portable Toilet Rental and Maintenance   | \$ 1,571                       | \$ 394                       |
|  | TOTAL  | \$ 900,640                     | \$ 727,565                   |

Actuals-To-Date includes invoices that have been approved as of October 31, 2023, but may not have been processed in SMART's Financial System



December 20, 2023

**Eric Lucan, Chair**  
Marin County Board of Supervisors

**Melanie Bagby, Vice Chair**  
Sonoma County Mayors' and Councilmembers Association

**Kate Colin**  
Transportation Authority of Marin

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[www.SonomaMarinTrain.org](http://www.SonomaMarinTrain.org)

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

**SUBJECT:** Monthly Ridership Report – November 2023

Dear Board Members:

**RECOMMENDATIONS:** Accept Monthly Ridership Report

**SUMMARY:**

We are presenting the monthly ridership report for activity for the month of November 2023. This report shows trends in ridership for SMART by tracking Totals, Average Weekday riders, and Average Saturday riders, Average Sunday/Holiday riders, as well as bicycles and mobility devices.

With the transition to the Automatic Passenger Counter (APC) in October 2022, SMART now has a highly accurate method of tracking boardings and alightings at stations that does not depend on manual counts by the conductors. The APC system has been tested and validated at a 99% accuracy level, and has been certified for passenger count use by the Federal Transit Administration (FTA). Both APC-based ridership and fare-based collection rider counts are shown in the attached report to give a full picture of ridership. APC-based ridership captures all riders, including riders with passes who neglect to tag on or off, riders who fail to activate their mobile app tickets, as well as categories of riders such as children under five years old.

This report compares the most recent month to the same month during the prior year, as is standard industry practice for tracking trends over time. These reports also note relevant details associated with fare program discount usage and trends in riders bringing bicycles onboard as well as riders who use mobility devices.

SMART's ridership data through November 2023 is posted on the SMART website (<https://sonomamarintrain.org/RidershipReports>).

**FISCAL IMPACT:** None

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

Respectfully,

      /s/        
Emily Betts  
Principal Planner

Attachment(s): Monthly Ridership Report – November 2023

# NOVEMBER 2023 SMART RIDERSHIP REPORT

November 2023 ridership remained strong, with average weekday ridership at 2,686, down 2% from October. Now in the second month of SMART’s weekend service additions, average Saturday and Sunday ridership have increased by 9% and 18%, respectively, over the previous month. Total monthly ridership was 65,445, a 27% increase over last November, and 1% increase over November 2019 (pre-COVID).

As a reminder, SMART modified services in March 2020 due to the COVID-19 pandemic, with weekend service annulled and weekday service reduced to 16 trips. In May 2021, SMART added back 10 weekday trips. Saturday service was restored in May 2021, and Sunday service in May 2022. In June 2022, SMART added 10 additional weekday trips, and in October 2022, SMART added 2 additional midday trips, for the current schedule of 38 trips per weekday. In May 2023, SMART added two evening trips on Friday and Saturday, known as the Starlighter. In June 2023, SMART began offering free rides for K-12 youth along with other North Bay transit agencies, which ended in August 2023. On October 2<sup>nd</sup>, SMART suspended the Starlighter service but increased weekend service, running 16 trips total on both Saturday and Sunday.

The tables below present data for November 2022 and 2023 year-over-year, and the Fiscal Year to date (July-November). Ridership for the fiscal year to date is up 36% over the same time period for FY23.

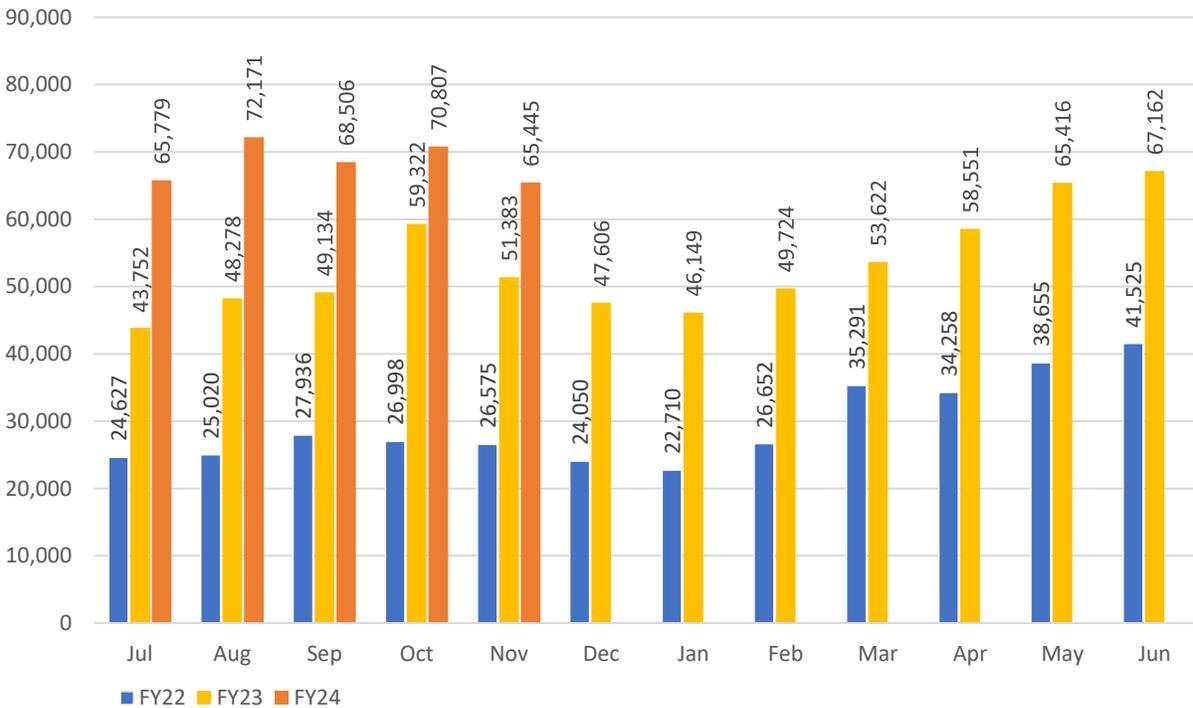
| MONTHLY TOTALS YEAR-OVER-YEAR      | NOV 2022 | NOV 2023 | % Change |
|------------------------------------|----------|----------|----------|
| Ridership                          | 51,383   | 65,445   | 27%      |
| Fare Payments (Clipper + App Only) | 40,919   | 53,674   | 31%      |
|                                    |          |          |          |
| Average Weekday Ridership          | 2,180    | 2,686    | 23%      |
| Average Saturday Ridership         | 974      | 1,388    | 42%      |
| Average Sunday Ridership           | 777      | 1,234    | 59%      |
|                                    |          |          |          |
| Bicycles                           | 7,265    | 9,143    | 26%      |
| Mobility Devices                   | 178      | 136      | -24%     |

| FISCAL YEAR (Jul - Nov)            | Fiscal Year 2023 | Fiscal Year 2024 | % Change |
|------------------------------------|------------------|------------------|----------|
| Ridership                          | 251,869          | 342,708          | 36%      |
| Fare Payments (Clipper + App Only) | 215,687          | 266,297          | 23%      |
|                                    |                  |                  |          |
| Average Weekday Ridership          | 1,987            | 2,699            | 36%      |
| Average Saturday Ridership         | 1,034            | 1,371            | 33%      |
| Average Sunday Ridership           | 819              | 1,165            | 42%      |
|                                    |                  |                  |          |
| Bicycles                           | 42,026           | 51,475           | 22%      |
| Mobility Devices                   | 896              | 839              | -6%      |

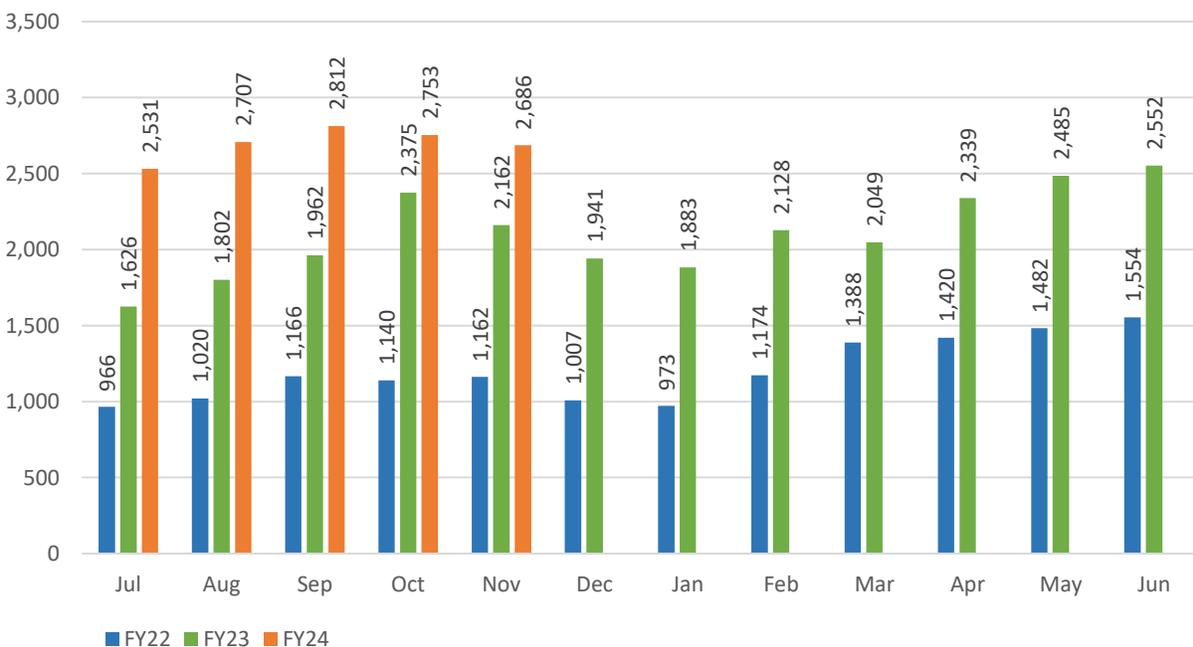
# NOVEMBER 2023 SMART RIDERSHIP REPORT

The following charts compare the average weekday ridership, average weekend ridership, boardings by day of week, and monthly totals for FY22-FY24.

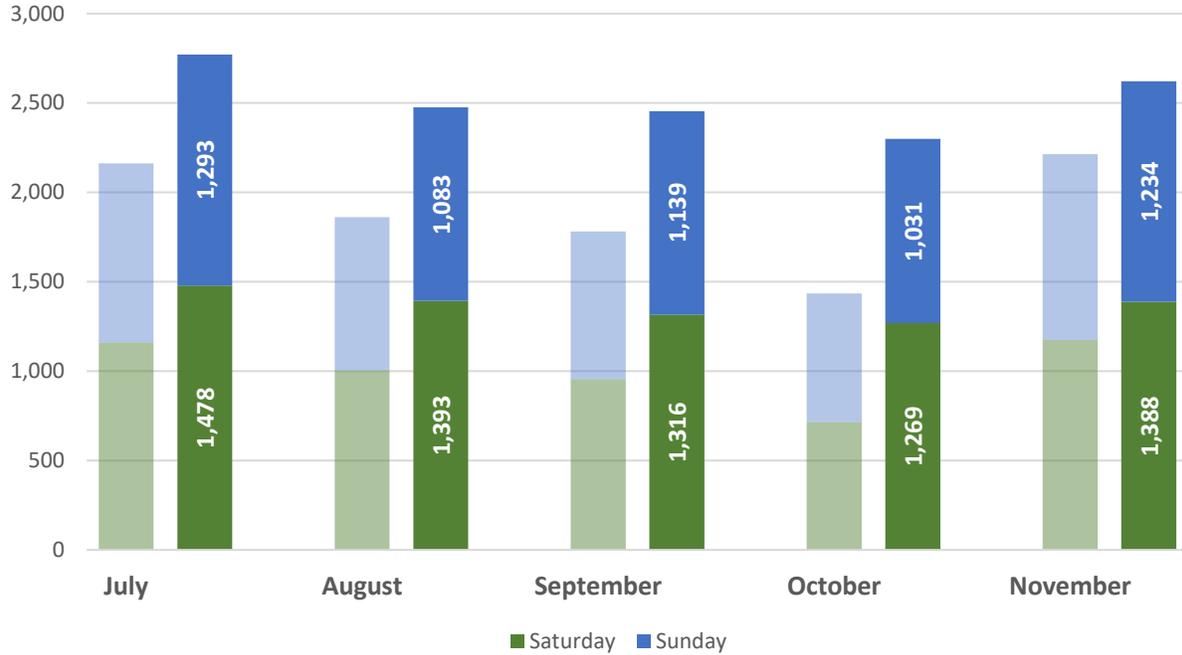
### SMART Monthly Ridership (FY22 - FY24)



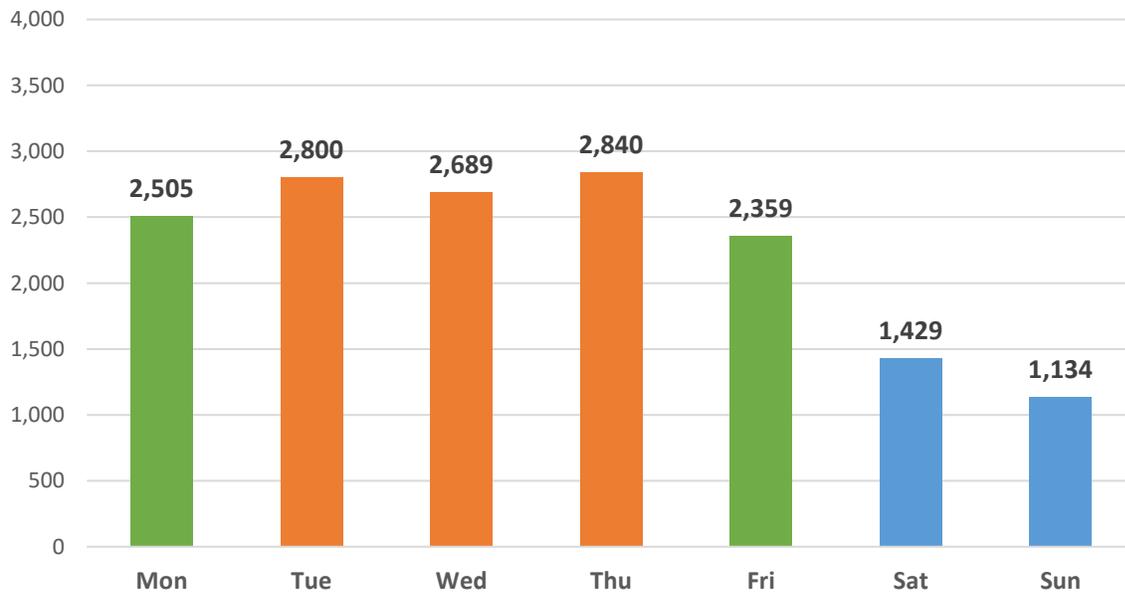
### SMART Average Weekday Ridership (FY22 - FY24)



Average Weekend Ridership (FY19 v FY24)



Average Boardings by Day of Week (previous 4 weeks)





**Eric Lucan, Chair**  
Marin County Board of Supervisors

December 20, 2023

**Melanie Bagby, Vice Chair**  
Sonoma County Mayors' and  
Councilmembers Association

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

**Kate Colin**  
Transportation Authority of Marin

**SUBJECT:** Masabi, LLC Contract Amendment #5

**Chris Coursey**  
Sonoma County Board of Supervisors

Dear Board Members:

**Rachel Farac**  
Transportation Authority of Marin

**RECOMMENDATIONS:**

Authorize the General Manager to execute Contract Amendment No. 5 to Contract No. OT-PS-16-004 with Masabi, LLC in amount of \$51,320 for a total not-to-exceed of \$495,420.

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

**Patty Garbarino**  
Golden Gate Bridge,  
Highway/Transportation District

**SUMMARY:**

On October 3, 2016, SMART entered into an agreement with Masabi, LLC. The scope required that Masabi to design and provide a working, fully functional mobile application that enables a SMART rider to purchase and activate a "ticket" that can be visually inspected by a train host and allow the agency to collect data necessary for reporting purposes. This scope was delivered, and SMART customers have been successfully using the application ever since.

**Barbara Pahre**  
Golden Gate Bridge,  
Highway/Transportation District

**Gabe Paulson**  
Marin County Council of Mayors and  
Councilmembers

**David Rabbitt**  
Sonoma County Board of Supervisors

The SMART application has provided options that weren't and are not currently available on the Clipper system. However, Clipper is in the process of transitioning from a card-based system to an account-based system. Once that transition is complete, we are anticipating that we will be able to deliver the services provided by the Masabi app through the Clipper system. SMART has committed to Clipper that we will transition once the options are available on the new system. Currently implementation of the new system is scheduled to take place between July and December 2024. We are asking for Masabi's contract to be extended until we can transition to the new Clipper system with its new features.

**Chris Rogers**  
Sonoma County Mayors' and  
Councilmembers Association

**Mary Sackett**  
Marin County Board of Supervisors

**Eddy Cumins**  
General Manager

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The contract has two component parts. The first is the annual fee that we pay to use the app and for technical support which is \$5,000/ month. In addition, we pay a merchant and service fee for each transaction. That fee is deducted directly from fare collections prior to the funds being transferred to SMART.

Since inception we have collected \$2.6 million in fares through the Masabi app which in Fiscal Year 2023 was 30% of all fares collected.

**FISCAL IMPACT:** The funds are budgeted in the Fiscal Year 2023-2024 Board Adopted Budget.

**REVIEWED BY:** [  ] Finance \_\_\_\_\_ [  ] Counsel  /s/

Sincerely,

/s/   
Heather McKillop  
Chief Financial Officer

Attachment(s): Masabi, LLC Contract Amendment No. 5

**FIFTH AMENDMENT TO THE AGREEMENT FOR CONSULTANT SERVICES  
BETWEEN THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT  
AND MASABI, LLC**

This Fifth Amendment dated as of December 20, 2023 (the “Fifth Amendment”), to the Agreement for Consultant Services by and between Masabi, LLC (hereinafter referred to as “CONSULTANT”) and the Sonoma-Marín Area Rail Transit District (hereinafter referred to as “SMART”), dated as of October 3, 2016 (the “Original Agreement,” as amended and supplemented by the First, Second, Third, Fourth, and now this Fifth Amendment, the “Agreement”).

**RECITALS**

WHEREAS, CONSULTANT and SMART previously entered the Original Agreement on October 3, 2016 to develop and maintain SMART’s Mobile Ticketing Application; and

WHEREAS, SMART and CONSULTANT previously entered into various Amendments to the Agreement between January 1, 2018 to February 3, 2023 to increase the not-to-exceed amount, modify the scope of work, add additional insurance requirements, and extend the term of the Agreement; and

WHEREAS, SMART desires to amend the Agreement to extend the term of the Agreement to December 31, 2024, modify the Exhibit B Rate Schedule, and increase the not-to-exceed amount by \$51,320.00 for a total not-to-exceed amount of \$495,420.00;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**AGREEMENT**

1. **“ARTICLE 2. LIST OF EXHIBITS”**. The following exhibits are attached hereto and incorporated herein:

(b) Exhibit B: Fee or Schedule of Hourly Rates

The Exhibit B included in the Agreement is hereby deleted and replaced with the Exhibit B included in this Fifth Amendment.

2. **“ARTICLE 5. PAYMENT”**. Section 5.02 is hereby deleted and replaced with the following:

“Vendor shall be paid, as full compensation for the satisfactory completion of the work described in the Scope of Work (Exhibit A) in accordance with the budget established in Exhibit B, provided, however, that Vendor agrees to perform all services described in the Scope of Work for the negotiated amount of \$495,420.00, regardless of whether it takes Vendor more time to complete or costs are more than anticipated. The not-to-exceed (NTE) amount of \$495,420.00 for this Agreement includes labor, travel, supervision, applicable surcharges such as taxes, insurance and fringe benefits as well as indirect costs, overhead and profit allowance, equipment, materials and supplies; in no case shall Vendor be reimbursed for an amount in excess of the NTE amount without a formal written amendment to this Agreement.”

3. **“ARTICLE 6. TERM OF AGREEMENT”**. Section 6.01 is hereby deleted and replaced with the following:

“The term of this Agreement shall remain in effect through December 31, 2024, unless terminated earlier in accordance with the provisions of **Article 7**.”

4. Except to the extent the Agreement is specifically amended or supplemented hereby, the Agreement, together with all supplements, amendments and exhibits thereto is, and shall continue to be, in full force and effect as originally executed, and nothing contained herein shall, or shall be construed to, modify, invalidate, or otherwise affect any provision of the Agreement.

*SIGNATURE PAGE TO FOLLOW*

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

**SONOMA-MARIN AREA RAIL TRANSIT DISTRICT**

Dated: \_\_\_\_\_

By \_\_\_\_\_  
Eddy Cumins, General Manager

**MASABI, LLC**

Dated: \_\_\_\_\_

By \_\_\_\_\_  
Amie Ward, Director of Account Management

**APPROVED AS TO FORM:**

Dated: \_\_\_\_\_

By \_\_\_\_\_  
District Counsel

**EXHIBIT B  
FEE SCHEDULE**

| <b>Implementation</b>  |   |   |
|--|---|---|
| <b>Fee Type</b>  | <b>Cost</b>   | <b>Notes</b>  |
| Upfront Fixed Cost   | \$65,000.00   |   |
| Transaction Fee  | 3.5% per Transaction  |   |
| Merchant Acquirer and Payment Processing Fees (Credit Card Fees) | Per transaction fee, at an estimate of 3-4% of transaction, depending on average transaction size.      | <p>Masabi passes through all direct payment card and processing fees without markup. These fees include industry standard payment card Interchange Fees together with those standard payment processing fees levied by Merchant Acquirer and Payment Gateway. Masabi uses the following providers:</p> <ul style="list-style-type: none"> <li>• Merchant Acquirer: Chase Paymentech</li> <li>• Payment Gateway: MasterCard Payment Gateway Services (MPGS)</li> </ul> <p>It is anticipated Interchange Fees should not exceed 3-4%, but such fees are industry-standard and depend on the average transaction size.</p> |
| Merchant Acquirer & Payment Processing Fees                      | \$1,000.00  | Upfront Fixed Configuration Cost  |
| Payment Reconciliation / Bank Transfer Fees                      | \$100 per first monthly reconciliation/transfer; \$50 per subsequent reconciliation/transfer per month. | Monthly Fixed Configuration Cost  |
| Fully Refundable Deposit for Refund Processing                   | \$5,000.00  | Will be refunded to SMART at the end of the contract.   |

|   |   |  |
|---|---|--|
| Pre-Agreed Time and Materials Development Costs | Vendor Standard Hourly rate card, plus direct expenses. | It is not currently envisioned that any “custom” development will be required, but any such development will be scheduled by mutual agreement and price in accordance with the standard development rate-card prevailing at that time. |
|---|---|--|

| <b>Ongoing Service and Support</b> |               |                                |
|------------------------------------|---------------|--------------------------------|
| <b>Fee Type</b>                    | <b>Cost</b>   | <b>Notes</b>                   |
| Ongoing Service and Support        | \$5,000/month | Until December 2017            |
| Ongoing Service and Support        | \$4,900/month | January 2018 through June 2019 |
| Ongoing Service and Support        | \$4,750/month | Beginning July 2019            |
| Ongoing Service and Support        | \$5,000/month | Effective January 1, 2024      |

The following payment schedule applies:

- Ongoing Service and Support Fees and Payment Reconciliation/Bank Transfer fees shall be invoiced at the end of each calendar month commencing with the month of deployment.
- Vendor Transaction Fees, and pass-through Merchant Acquirer and Payment Processing Fees shall be deducted from each bank transfer of ticketing proceeds.



**Eric Lucan, Chair**  
Marin County Board of Supervisors

**Melanie Bagby, Vice Chair**  
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December 20, 2023

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

**SUBJECT:** Sierra-Cedar Contract Amendment No. 4

Dear Board Members:

**RECOMMENDATIONS:**

Authorize the General Manager to execute Contract Amendment No. 4 to Contract No. FN-PS-21-002 with Sierra-Cedar in an amount of \$117,000 for a total not-to-exceed of \$358,200.

**SUMMARY:**

In August of 2021, SMART entered an agreement with Sierra-Cedar to provide on-call support and consultant services for SMART's Oracle Enterprise Resource Planning Software. In February 2023, the Board approved the first amendment to add funds for implementation of Oracle's Self-Service Procurement Cloud, Oracle WebCenter Forms Recognition, and Oracle Automated Invoice Processing. Amendment No. 2 added funding to the contract for Fiscal Year 2024 on-call support services. Amendment No. 4 adds funds for the implementation of the Oracle's Projects and Grants module.

We are requesting the addition of \$117,000 for consultant services for the implementation of the projects and grants module in Oracle.

|  |           |
|--|-----------|
| Fiscal Year 2022 Not-to-Exceed               | \$ 75,000 |
| Fiscal Year 2023 Not-to-Exceed               | \$100,000 |
| Amendment #1 – Task Order for Procure to Pay | \$ 36,200 |
| Amendment #2 – On-call support               | \$30,000  |
| Amendment #3 – Rate changes                  | \$0       |
| Amendment #4 – Implement Project & Grants    | \$117,000 |
| New Not-to-Exceed Amount                     | \$358,200 |

**FISCAL IMPACT:** The funds are budgeted in the Fiscal Year 2023-2024 Board Adopted Budget.

**REVIEWED BY:** [ ] Finance \_\_\_\_\_ [ x ] Counsel  /s/

Sincerely,

/s/  
Heather McKillop  
Chief Financial Officer

Attachment(s): Sierra-Cedar Contract Amendment No. 4

**FOURTH AMENDMENT TO THE AGREEMENT FOR CONSULTANT SERVICES  
BETWEEN THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT  
AND SIERRA-CEDAR, LLC**

This Fourth Amendment dated as of December 20, 2023 (the “Fourth Amendment”), to the Agreement for Consultant Services by and between Sierra-Cedar, LLC (hereinafter referred to as “CONSULTANT”) and the Sonoma-Marín Area Rail Transit District (hereinafter referred to as “SMART”), dated as of August 1, 2021 (the “Original Agreement,” as amended by the First Amendment, Second Amendment, Third Amendment, and now this Fourth Amendment, the “Agreement”).

**RECITALS**

WHEREAS, CONSULTANT and SMART previously entered into the Original Agreement on August 1, 2021 to provide on-call support and consultant services for SMART’s Oracle Enterprise Resource Planning Software; and

WHEREAS, SMART entered into Amendment No. 1 to the Agreement on February 15, 2023 to increase the not-to-exceed amount by \$30,000 for a total not-to-exceed amount of \$211,200 to support the implementation of the Oracle Procure-to-Pay module;

WHEREAS, SMART entered into Amendment No. 2 to the Agreement on June 21, 2023 to exercise the option to extend the Agreement until June 30, 2024 and to increase the not-to-exceed amount by \$30,000.00 for a total not to exceed amount of \$241,200.00;

WHEREAS, SMART entered into Amendment No. 3 to the Agreement on July 1, 2023 to modify the Exhibit B Schedule of Rates to incorporate the negotiated rates for Fiscal Year 2024; and

WHEREAS, SMART desires to amend the Agreement to increase the not-to-exceed amount by \$117,000.00 for a total not-to-exceed amount of \$358,200.00 to support the implementation of the Oracle Projects and Grants module; and

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**AGREEMENT**

1. **“ARTICLE 5. PAYMENT”**. Section 5.02 of the Agreement is hereby deleted and replaced with the following:

Consultant shall be paid on a time and materials basis in accordance with the rates established in **Exhibit B**; provided, however, that total payments to Consultant shall not exceed \$358,200.00 without the prior written approval of SMART. Consultant shall submit its invoices in arrears twice per month in a form approved by the Chief Financial Officer. The invoices shall show or include: (i) the task(s) performed; (ii)

the time in quarter hours devoted to the task(s); (iii) the hourly rate or rates of the persons performing the task(s); and (iv) copies of receipts for reimbursable materials/expenses, if any. All reimbursable expenses must comply with SMART's Travel Guidelines and must receive prior approval. Consultant's reimbursement for materials/expenses shall not include items already included in Consultant's overhead as may be billed as a part of its labor rates set forth in **Exhibit B**. SMART does not reimburse Consultant for travel time.

2. Except to the extent the Agreement is specifically amended or supplemented hereby, the Agreement, together with all supplements, amendments and exhibits thereto is, and shall continue to be, in full force and effect as originally executed, and nothing contained herein shall, or shall be construed to, modify, invalidate, or otherwise affect any provision of the Agreement.

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

**SONOMA-MARIN AREA RAIL TRANSIT DISTRICT**

Dated: \_\_\_\_\_

By \_\_\_\_\_  
Eddy Cumins, General Manager

**SIERRA-CEDAR, LLC**

Dated: \_\_\_\_\_

By \_\_\_\_\_  
Kevin Bryant, General Manager

**APPROVED AS TO FORM:**

Dated: \_\_\_\_\_

By \_\_\_\_\_  
District Counsel



**Eric Lucan, Chair**  
Marin County Board of Supervisors

**Melanie Bagby, Vice Chair**  
Sonoma County Mayors' and Councilmembers Association

**Kate Colin**  
Transportation Authority of Marin

**Chris Coursey**  
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**Mary Sackett**  
Marin County Board of Supervisors

**Eddy Cumins**  
General Manager

5401 Old Redwood Highway  
Suite 200  
Petaluma, CA 94954  
Phone: 707-794-3330  
Fax: 707-794-3037  
[www.SonomaMarinTrain.org](http://www.SonomaMarinTrain.org)

December 20, 2023

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

**SUBJECT:** Amend Position Authorization

Dear Board Members:

**RECOMMENDATIONS:**

Adopt Resolution No. 2023-45 which amends the Board Adopted Fiscal Year 2023-24 position authorization converting one (1) Assistant Engineer position to one (1) Junior Engineer Position.

**SUMMARY:**

Engineering has found that is it difficult to hire at the Assistant Engineer level and would like to lower the position to a Junior Engineer. This would bring the position authorization for Assistant Engineer from three (3) to two (2) and the Junior Engineer authorization from one (1) to two (2). This results in an overall savings to SMART of \$10,055.

**FISCAL IMPACT:** This results in an estimated savings of \$ 10,055 per year.

**REVIEWED BY:** [ ] Finance \_\_\_\_\_ [ x ] Counsel /s/

Sincerely,

/s/  
Heather McKillop  
Chief Financial Officer

Attachment(s):

- 1) Resolution No. 2023-45
- 2) Appendix C, Position Authorization

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT, STATE OF CALIFORNIA, AMENDING RESOLUTION NO. 2023-23 TO REVISE THE ANNUAL BUDGET FOR FISCAL YEAR 2023-24 TO PROVIDE FOR A CHANGE IN THE AUTHORIZED POSITIONS**

---

**WHEREAS**, as part of its approval of the Annual Budget for Fiscal Year 2023-24, the Board duly considered the annual expenditures necessary for the Sonoma-Marín Area Rail Transit District; and

**WHEREAS**, on June 21, 2023, the Board adopted Resolution No. 2023-23 approving the Annual Budget for Fiscal Year 2023-24; and

**WHEREAS**, Resolution No. 2023-23 considered the creation of employee positions and fixed the compensation and salary for those positions; and

**WHEREAS**, on October 18, 2023, the Board passed Resolution No. 2023-38 which amended the Annual Budget for Fiscal Year 2023-24 for additional spending authority; and

**WHEREAS**, on November 15, 2023, the Board passed Resolution No. 2023-41 and Resolution No. 42 which amended the Annual Budget for Fiscal Year 2023-24 for additional spending authority; and

**WHEREAS**, the Board desires to amend the Annual Budget for Fiscal Year 2023-24 to provide for revised position authority.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Sonoma-Marín Area Rail Transit District that the Fiscal Year 2023-24 budget is hereby amended to revise Appendix C, SMART Position Authorization, to increase from one to two Junior Engineer positions and to decrease from three to two Assistant Engineer positions as shown below.

| # of Positions | Position Title                | Hourly   |           | Annual     |            |
|----------------|-------------------------------|----------|-----------|------------|------------|
|                |                               | Min      | Max       | Min        | Max        |
| Capital        |                               |          |           |            |            |
| From 3 to 2    | Assistant Engineer            | \$ 46.44 | \$ 56.46  | \$ 96,601  | \$ 117,446 |
| 1              | Associate Engineer            | \$ 55.21 | \$ 67.09  | \$ 114,833 | \$ 139,556 |
| 1              | Chief Engineer                | \$ 97.40 | \$ 118.38 | \$ 202,585 | \$ 246,226 |
| From 1 to 2    | Junior Engineer               | \$ 42.27 | \$ 51.39  | \$ 87,922  | \$ 106,891 |
| 1              | Manager Train Control Systems | \$ 97.40 | \$ 118.38 | \$ 202,585 | \$ 246,226 |
| 1              | Principal Engineer            | \$ 72.44 | \$ 88.04  | \$ 150,675 | \$ 183,132 |
| 1              | Senior Engineer               | \$ 60.64 | \$ 73.71  | \$ 126,123 | \$ 153,310 |
| 9              |                               |          |           |            |            |

**Resolution No. 2023-45  
Sonoma-Marín Area Rail Transit District  
December 20, 2023**

**BE IT FURTHER RESOLVED** except as specifically amended or supplemented by this Resolution, Resolution No. 2023-23, together with all supplements, amendments, and exhibits thereto is, and shall continue to be, in full force and effect as originally adopted, and nothing contained herein shall, or shall be construed to, modify, invalidate, or otherwise affect any provision of Resolution No. 2023-23.

**PASSED AND ADOPTED** at a regular meeting of the Board of Directors of the Sonoma-Marín Area Rail Transit District held on the 20<sup>th</sup> day of December 2023, by the following vote:

**DIRECTORS:**

AYES:

NOES:

ABSENT:

ABSTAIN:

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Eric Lucan, Chair, Board of Directors  
Sonoma-Marín Area Rail Transit District

ATTEST:

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Leticia Rosas, Clerk of the Board of Directors  
Sonoma-Marín Area Rail Transit District

Appendix C - Position Authorization

| # of Positions | Position Title                          | FY 24     |           | FY 24      |            |
|----------------|---|-----------|-----------|------------|------------|
|                |   | Min       | Max       | Min        | Max        |
| Administrative |   |           |           |            |            |
|                |   | Hourly    |           | Annual     |            |
|                |   | Min       | Max       | Min        | Max        |
| 1              | Accountant I                            | \$ 34.36  | \$ 41.77  | \$ 71,470  | \$ 86,874  |
| 1              | Accounting Manager                      | \$ 56.31  | \$ 68.44  | \$ 117,125 | \$ 142,362 |
| 1              | Accounts Payable Technician             | \$ 29.14  | \$ 35.43  | \$ 60,608  | \$ 73,699  |
| 1              | Administrative Analyst / Purchasing     | \$ 44.42  | \$ 53.99  | \$ 92,402  | \$ 112,305 |
| 2              | Administrative Assistant                | \$ 27.78  | \$ 33.76  | \$ 57,781  | \$ 70,228  |
| 1              | Assistant General Counsel               | \$ 89.10  | \$ 108.29 | \$ 185,318 | \$ 225,252 |
| 1              | Assistant Planner                       | \$ 38.31  | \$ 46.56  | \$ 79,676  | \$ 96,836  |
| 1              | Budget and Finance Manager              | \$ 60.64  | \$ 73.72  | \$ 126,123 | \$ 153,332 |
| 1              | Budget and Grants Analyst               | \$ 52.29  | \$ 63.57  | \$ 108,770 | \$ 132,229 |
| 1              | Chief Financial Officer                 | \$ 118.70 | \$ 144.27 | \$ 246,890 | \$ 300,086 |
| 1              | Clerk of the Board                      | \$ 42.25  | \$ 51.36  | \$ 87,881  | \$ 106,820 |
| 1              | Communications and Marketing Manager    | \$ 72.44  | \$ 88.04  | \$ 150,675 | \$ 183,132 |
| 1              | Community Outreach Coordinator          | \$ 39.27  | \$ 47.74  | \$ 81,690  | \$ 99,300  |
| 1              | Community Outreach Specialist           | \$ 59.44  | \$ 72.25  | \$ 123,638 | \$ 150,289 |
| 1              | General Counsel                         | \$ 118.70 | \$ 144.27 | \$ 246,890 | \$ 300,086 |
| 1              | General Manager                         | \$ 147.91 | \$ -      | \$ 307,649 | \$ -       |
| 1              | Human Resources Manager                 | \$ 72.18  | \$ 87.75  | \$ 150,139 | \$ 182,511 |
| 1              | Human Resources Principal Analyst       | \$ 59.44  | \$ 72.25  | \$ 123,638 | \$ 150,289 |
| 1              | Human Resources Technician              | \$ 36.45  | \$ 44.31  | \$ 75,820  | \$ 92,166  |
| 1              | Information Systems Analyst             | \$ 45.99  | \$ 55.90  | \$ 95,658  | \$ 116,282 |
| 1              | Information Systems Manager             | \$ 75.46  | \$ 91.73  | \$ 156,952 | \$ 190,802 |
| 1              | Information Systems Technician          | \$ 40.23  | \$ 48.89  | \$ 83,682  | \$ 101,700 |
| 1              | Legal Administrative Assistant          | \$ 36.45  | \$ 44.31  | \$ 75,820  | \$ 92,166  |
| 1              | Payroll Technician                      | \$ 29.20  | \$ 35.48  | \$ 60,737  | \$ 73,806  |
| 1              | Principal Planner                       | \$ 64.14  | \$ 77.96  | \$ 133,407 | \$ 162,158 |
| 1              | Purchasing Assistant                    | \$ 30.37  | \$ 36.93  | \$ 63,179  | \$ 76,805  |
| 1              | Procurement Manager                     | \$ 66.25  | \$ 80.54  | \$ 137,799 | \$ 167,514 |
| 1              | Programming and Grants Manager          | \$ 76.11  | \$ 92.51  | \$ 158,302 | \$ 192,430 |
| 1              | Railroad Information Systems Specialist | \$ 58.00  | \$ 70.50  | \$ 120,639 | \$ 146,647 |
| 1              | Real Estate Manager                     | \$ 81.95  | \$ 99.62  | \$ 170,449 | \$ 207,213 |
| 1              | Risk Manager                            | \$ 64.14  | \$ 77.96  | \$ 133,407 | \$ 162,158 |
| 1              | Senior Buyer                            | \$ 48.87  | \$ 59.39  | \$ 101,642 | \$ 123,535 |
| 1              | Senior Planner                          | \$ 52.29  | \$ 63.57  | \$ 108,770 | \$ 132,229 |
| 1              | Senior Real Estate Officer              | \$ 55.21  | \$ 67.09  | \$ 114,833 | \$ 139,556 |
|                | Interns (Multiple)                      |           |           |            |            |
| 35             |   |           |           |            |            |

| # of Positions | Position Title                | Hourly   |           | Annual     |            |
|----------------|-------------------------------|----------|-----------|------------|------------|
|                |                               | Min      | Max       | Min        | Max        |
| Capital        |                               |          |           |            |            |
| From 3 to 2    | Assistant Engineer            | \$ 46.44 | \$ 56.46  | \$ 96,601  | \$ 117,446 |
| 1              | Associate Engineer            | \$ 55.21 | \$ 67.09  | \$ 114,833 | \$ 139,556 |
| 1              | Chief Engineer                | \$ 97.40 | \$ 118.38 | \$ 202,585 | \$ 246,226 |
| From 1 to 2    | Junior Engineer               | \$ 42.27 | \$ 51.39  | \$ 87,922  | \$ 106,891 |
| 1              | Manager Train Control Systems | \$ 97.40 | \$ 118.38 | \$ 202,585 | \$ 246,226 |
| 1              | Principal Engineer            | \$ 72.44 | \$ 88.04  | \$ 150,675 | \$ 183,132 |
| 1              | Senior Engineer               | \$ 60.64 | \$ 73.71  | \$ 126,123 | \$ 153,310 |
| 9              |                               |          |           |            |            |

Appendix C - Position Authorization

| # of Positions | Position Title                             | Hourly    |           | Annual     |            |
|----------------|--|-----------|-----------|------------|------------|
|                |  | Min       | Max       | Min        | Max        |
| Operations     |  |           |           |            |            |
| 1              | Administrative Assistant                   | \$ 27.78  | \$ 33.76  | \$ 57,781  | \$ 70,228  |
| 1              | Administrative Services Manager            | \$ 46.44  | \$ 56.46  | \$ 96,601  | \$ 117,446 |
| 1              | Assistant Superintendent of Transportation | \$ 65.08  | \$ 79.10  | \$ 135,357 | \$ 164,536 |
| 3              | Bridge Tender                              |           | \$ 35.09  |            | \$ 72,987  |
| 1              | Chief of Police                            | \$ 88.25  | \$ 107.26 | \$ 183,561 | \$ 223,110 |
| 3              | Code Compliance Officer                    | \$ 35.59  | \$ 43.24  | \$ 74,020  | \$ 89,938  |
| 12             | Controller /Supervisor                     | \$ 49.78  | \$ 60.50  | \$ 103,542 | \$ 125,845 |
| 6              | Conductor *                                |           | \$ 44.62  |            | \$ 92,810  |
|                | Conductor Trainee*                         |           | \$ 37.94  |            | \$ 78,915  |
| 28             | Engineer *                                 |           | \$ 53.65  |            | \$ 111,592 |
|                | Engineer Trainee*                          |           | \$ 45.61  |            | \$ 94,869  |
| 1              | Facilities Maintenance Supervisor          | \$ 51.76  | \$ 62.92  | \$ 107,656 | \$ 130,879 |
| 3              | Facilities Maintenance Technician          |           | \$ 44.26  |            | \$ 92,061  |
| 1              | Inventory/ Asset Management Specialist     | \$ 54.21  | \$ 68.05  | \$ 112,757 | \$ 141,544 |
| 10             | Laborers - Vehicle Maintenance             |           | \$ 33.71  |            | \$ 70,117  |
| 2              | Laborers - Track Maintenance               |           | \$ 32.81  |            | \$ 68,245  |
| 1              | Operations Manager                         | \$ 102.27 | \$ 124.31 | \$ 212,719 | \$ 258,566 |
| 3              | Parts Clerk                                | \$ 33.02  | \$ 40.15  | \$ 68,685  | \$ 83,511  |
| 1              | Safety & Compliance Officer                | \$ 67.27  | \$ 81.77  | \$ 139,920 | \$ 170,085 |
| 2              | Signal Supervisor                          | \$ 55.21  | \$ 67.09  | \$ 114,833 | \$ 139,556 |
| 8              | Signal Technician **                       |           | \$ 58.12  |            | \$ 120,890 |
|                | Signal Technician Trainee (2) **           |           | \$ 43.59  |            | \$ 90,667  |
| 1              | Superintendent of Vehicle Maintenance      | \$ 77.36  | \$ 94.03  | \$ 160,916 | \$ 195,580 |
| 1              | Superintendent of Transportation           | \$ 77.36  | \$ 94.03  | \$ 160,916 | \$ 195,580 |
| 1              | Superintendent Signals and Way             | \$ 77.36  | \$ 94.03  | \$ 160,916 | \$ 195,580 |
| 5              | Track Maintainer I                         |           | \$ 43.47  |            | \$ 90,418  |
| 1              | Track Maintainer II                        |           | \$ 47.82  |            | \$ 99,466  |
| 2              | Track Maintenance Supervisor               | \$ 51.64  | \$ 62.77  | \$ 107,420 | \$ 130,558 |
| 5              | Vehicle Maintenance Supervisor             | \$ 52.54  | \$ 63.86  | \$ 109,284 | \$ 132,829 |
| 12             | Vehicle Maintenance Technician ***         |           | \$ 53.56  |            | \$ 111,405 |
|                | Vehicle Maintenance Tech Trainee (2) ***   |           | \$ 40.17  |            | \$ 83,554  |
| 116            |  |           |           |            |            |

| # of Positions | Position Title                   | Hourly   |          | Annual     |            |
|----------------|----------------------------------|----------|----------|------------|------------|
|                |                                  | Min      | Max      | Min        | Max        |
| Freight        |                                  |          |          |            |            |
| 0.5            | Freight Administrative Assistant | \$ 27.78 | \$ 33.76 | \$ 57,781  | \$ 70,228  |
| 1              | Freight Manager                  | \$ 77.36 | \$ 94.03 | \$ 160,916 | \$ 195,580 |
| 4.5            | Freight Utility Worker           | \$ 35.23 | \$ 42.83 | \$ 73,270  | \$ 89,081  |
| 6              |                                  |          |          |            |            |

Total FTE 166  
 \* Total positions cannot exceed 34.  
 \*\* Total positions cannot exceed 8.  
 \*\*\* Total positions cannot exceed 12.



**Eric Lucan, Chair**  
Marin County Board of Supervisors

**Melanie Bagby, Vice Chair**  
Sonoma County Mayors' and Councilmembers Association

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Transportation Authority of Marin

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General Manager

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[www.SonomaMarinTrain.org](http://www.SonomaMarinTrain.org)

December 20, 2023

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

**SUBJECT:** Annual Financial Report and Single Audit for Fiscal Year 2022-23

Dear Board Members:

**RECOMMENDATIONS:**

Review and Accept SMART's Fiscal Year 2022-23 Annual Financial Report and Single Audit

**SUMMARY:**

Following the close of each fiscal year, SMART's finance staff prepares a summary of our financial activities for the year following best practices and guidelines issued by the Government Accounting Standards Board (GASB). Our financial reports are reviewed, tested, and adjusted by our independent auditor.

Included in the packet are three documents: SMART's Fiscal Year Annual Financial Report, the Single Audit, and the Governance Letter provided by Eide Bailly, LLC., our independent auditor. We are pleased to report that the auditors issued unmodified opinions on the financial statements, the audit did not identify any deficiencies in internal control that would be considered material weaknesses, and there were no difficulties in completing the audits.

Annual Financial Report

The Annual Financial Report is a best practice in government for presenting annual financial information. For the tenth year in a row, the report contains our annual achievement award from the Government Finance Officers Association for our 2022 report. The contents of the annual report are consistent from year to year. In addition to basic audited financial statements and notes, the report contains a Letter of Transmittal which provides an overview of the district, its activities and financial practices, a Management Discussion providing an overview of the statements and a statistical section which provides general, historical, and regional information.

It also contains the Auditor's Report which states that the financial statements present fairly, in all material respects, the respective financial position of the district as of June 30, 2023. At the end of the financial report, the auditor's report on Internal Controls states that the auditors did not identify any deficiencies in internal control considered to be material weaknesses.

Single Audit

In addition to the regular audit, SMART is required to undergo a separate audit process related to significant expenditures of federal funds, called the Single Audit. This audit is to ensure compliance with Title 2 U.S. Code of Federal Regulations CFR Part 200 Uniform Administrative Requirements, Cost Principles and Audit requirements for Federal Awards (Uniform Guidance). When completed, this audit document is provided to our federal funding agencies. As with our annual financial audit, we are pleased to report that there are no material weaknesses or significant deficiencies identified during this process. The Single Audit for Fiscal Year 2022-23 reviewed several different grants including 5307 Preventive Maintenance, 5307 American Rescue Plan Additional Assistance, FTA 5307 for SMART pathway, and FRA Consolidated Rail Infrastructure and Safety Improvements. SMART had no audit findings related to these funds.

**FISCAL IMPACT:** None

**REVIEWED BY:** [ ] Finance \_\_\_\_\_ [ x ] Counsel /s/

Sincerely,

/s/

Heather McKillop  
Chief Financial Officer

Attachment(s):

- 1) Eide Bailly Governance Letter
- 2) Annual Comprehensive Financial Report
- 3) Single Audit Report
- 4) Eide Bailly PowerPoint



November 16, 2023

To the Governing Board of the  
Sonoma-Marín Area Rail Transit District  
Petaluma, California

We have audited the financial statements of Sonoma-Marín Area Rail Transit District's (District) as of and for the year ended June 30, 2023, and have issued our report thereon dated November 16, 2023. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and Government Auditing Standards and our Compliance Audit under the Uniform Guidance**

As communicated in our letter dated October 19, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the District complied with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program. Our audit of the financial statements and major program compliance does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of the District’s major federal program compliance, is to express an opinion on the compliance for the District’s major federal program based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, as a part of our major program compliance audit, we considered internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the District’s internal control over compliance.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated November 16, 2023. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor’s Report on Compliance the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated November 16, 2023.

#### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

#### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate and our firm, have complied with all relevant ethical requirements regarding independence.

#### **Significant Risks Identified**

As stated in our auditor’s report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as “significant risks”. We have identified the following as significant risks.

- Management override of internal controls.
- Revenue may be recognized prior to meeting applicable criteria.

## Qualitative Aspects of the Entity's Significant Accounting Practices

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the fiscal year, other than the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are involving the valuation of donated capital assets, lease accounting discount rates, and the valuations for pension and postemployment benefits as follows:

- Management's estimate of the acquired book value of capital assets is based on records of the original property acquisitions by the predecessor agency during 1995 and 1996.
- Management's estimate of the lease accounting discount rates is based the Treasury SLGS rates over the period of lease agreements with adjustment for the District's risk profile.
- Management's estimate of the pension and postemployment benefits is based on actuarial valuations prepared in accordance with the methods prescribed by governmental accounting standards.

We evaluated the key factors and assumptions used to develop the management estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to the following:

- **Note 1** summarizes the District's accounting policies. Sub-headers O and P described significant changes in accounting policies due to the implementation of new accounting standards about leases. The effect of the restatement is further described at **Note 9**.
- **Note 2** describes the District's investment portfolio, including certain risks required by the accounting standards for disclosure.
- **Note 4** describes the District's long-term debt activities including required principal and interest payments for debt service.
- **Note 6** describes the valuation of the District's net pension liability and related deferred outflows and inflows of resources. Such amounts are sensitive to the underlying actuarial assumptions used including, but not limited to, the investment rate of return and discount rate. As disclosed, a one percent increase or decrease in the discount rate has a material effect on the District's net pension liability.
- **Note 7** describes the District's postemployment benefits liability and related deferred outflows and inflows of resources are sensitive to the underlying actuarial assumptions used including, but not limited to, the discount rate and healthcare cost trend rate. As disclosed, a one percent increase or decrease in the discount rate or the healthcare cost trend rate has a material effect on the District's post-employment benefits liability.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

- The July 1, 2022, opening balance of accounts receivable and net position of the passenger fund includes grant amounts recognized prior to the execution of the grant agreement of \$1,173,374. Governmental accounting standards require a fully executed grant agreement prior to recognizing such amounts in the financial statements.
- The June 30, 2023, ending balance of accounts receivable of the freight fund includes \$91,791 that management has determined is uncollectible and written off during the fiscal year 2024. As a result, the net position of the freight fund is overstated by \$91,791.

The effect of the uncorrected misstatements, including the effect of the reversal of prior year uncorrected misstatements as of and for the year ended June 30, 2023, is an overstatement of accounts receivable and net position of \$1,173,374 in the passenger fund and an overstatement of accounts receivable and net position of \$91,791 in the freight fund.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

## **Circumstances that Affect the Form and Content of the Auditor's Report**

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. Our report contains an emphasis of matter for the implementation of the GASB Statement 96, *Subscription-Based Information Based Technology Arrangements*.

## **Representations Requested from Management**

We have requested certain written representations from management which are included in the management representation letter dated November 17, 2023.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

### **Other Information Included in Annual Reports**

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the District's annual report, does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the other information and considered whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the governing board and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Menlo Park, California

## RIDERSHIP



## EXTENSIONS



# ANNUAL COMPREHENSIVE FINANCIAL REPORT

SONOMA-MARIN AREA RAIL TRANSIT DISTRICT  
PETALUMA, CALIFORNIA

For Fiscal Year Ended June 30, 2023

## FREIGHT



## PATHWAY



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**SONOMA-MARIN AREA RAIL  
TRANSIT DISTRICT  
PETALUMA, CALIFORNIA**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2023**

**PREPARED BY THE FINANCE DEPARTMENT**

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**David Rabbitt, Chair**  
Sonoma County Board of Supervisors

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

**Judy Arnold**  
Marin County Board of Supervisors

**Melanie Bagby**  
Sonoma County Mayors' and  
Councilmembers Association

**Kate Colin**  
Transportation Authority of Marin

**Damon Connolly**  
Marin County Board of Supervisors

**Chris Coursey**  
Sonoma County Board of Supervisors

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

**Patty Garbarino**  
Golden Gate Bridge,  
Highway/Transportation District

**Dan Hillmer**  
Marin County Council of Mayors and  
Councilmembers

**Eric Lucan**  
Transportation Authority of Marin

**Chris Rogers**  
Sonoma County Mayors' and  
Councilmembers Association

**Eddy Cumins**  
General Manager

5401 Old Redwood Highway  
Suite 200  
Petaluma, CA 94954  
Phone: 707-794-3330  
Fax: 707-794-3037  
[www.sonomamarintrain.org](http://www.sonomamarintrain.org)

November 17, 2023

To the Board of Directors, Residents, and Stakeholders of the  
Sonoma- Marin Area Rail Transit District:

State law requires that the Sonoma-Marín Area Rail Transit District {SMART} "cause a post audit of the financial transactions and records of the district to be made at least annually by a certified public accountant." Pursuant to that requirement, the Annual Comprehensive Financial Report of the District for the fiscal year end June 30, 2023, is hereby issued.

The report consists of management's representation concerning the finances of SMART. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of SMART's financial statements in conformity with generally accepted accounting principles (GAAP). The cost of internal controls should not outweigh the benefits, SMART's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As the General Manager, I assert that, to the best of my knowledge and belief, this financial report is complete and reliable in all material respects.

SMART's financial statements have been audited by Eide Bailly, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of SMART for the fiscal year ending June 30, 2023, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that SMART's financial statements for the fiscal year ended June 30, 2023, are fairly presented in conformity with GAAP.

The report consists of three sections:

- The Introduction section includes this letter of transmittal, SMART's organization chart and officials, a map of the SMART system and certificate of achievement.
- The Financial section includes the report of the independent auditors, the Management's Discussion and Analysis (MD&A), SMART's basic financial statements and the accompanying notes to the financial statements. Required supplementary information other than the MD&A is also included in the financial section.
- The Statistical section includes selected financial and demographic information, on a multi-year basis.

The independent audit of the financial statements of SMART was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the financial statement in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. SMART's MD&A can be found immediately following the report of the independent auditors.

### **SONOMA-MARIN AREA RAIL TRANSIT DISTRICT (SMART)**

The Sonoma Marin Area Rail Transit (SMART) District was established by the California Legislature through the enactment of AB 2224 in 2002. The SMART District includes both Sonoma and Marin Counties and was created for the purpose of providing unified and comprehensive structure for the ownership and governance of passenger and freight rail system within Sonoma and Marin Counties and to provide passenger and freight train service along the existing publicly owned railroad right-of-way.

SMART passenger rail service began in August of 2017 with two-way passenger train service on 43 miles to 10 stations between Downtown San Rafael in Marin County and Airport Boulevard in Sonoma County. In late 2019, two new stations were completed in Downtown Novato and Larkspur near the regional Ferry to San Francisco. These two stations in Marin County brought rail service to its current total of 45 miles with 12 passenger stations. SMART also manages approximately 12 miles of an ancillary bicycle/pedestrian pathway on its right of way connecting to the SMART's stations where cyclists can find secure parking at the station or on-board the train for their bikes.

Train service is provided in state-of-the-art diesel multiple unit (DMU) rail vehicles utilizing one of the first Positive Train Control systems for passenger rail.

## Freight

SMART owns the railroad from a place called "Brazos Junction" in American Canyon (East of the Napa River) west to the Ignacio Wye (Highway 101 and 37) in Novato and from there north to the Mendocino-Sonoma County Line.

On February 2, 2021, SMART filed a "Verified Notice of Exemption" with the Surface Transportation Board (STB) to exempt from regulation under U.S.C. Section 10902 SMART's acquisition of railroad, right-of-way and a freight rail operating easement from North Coast Railroad Authority and SMART's operation of the line. On February 12, 2021, the Notice of Exemption was approved by the STB. On March 26, a quit claim deed was executed that transferred the line of railroad and right-of-way between the Sonoma - Mendocino County border milepost 89 and Healdsburg at milepost 70.7 and the freight rail operating easement between Healdsburg milepost 68.2 and Brazos Junction at milepost SP 63.4.

On February 22, 2021, the freight operator, NWPCo, petitioned the STB for Discontinuance of Service Exemption (requesting authority to cease being the freight operator). On June 11, 2021, the STB approved NWPCo's petition for discontinuance of service and authorized SMART to assume freight operations and common carrier duties over the rail line which became final on July 11, 2021. NWPCo. provided interim service until SMART assumed full operational responsibility on March 1, 2022.

## **GOVERNANCE**

SMART is governed by a 12-member Board of Directors, made up of two Supervisors from each County, three City Council members from each County and two representatives from the Golden Gate Bridge, Highway and Transportation District. The Board has the authority under State law to own, operate, manage, and maintain a rail system within the territory of the SMART District.

SMART is primarily funded by a one-quarter of one cent sales tax approved by voters in the SMART District in 2008, a District which encompasses the two Counties of Sonoma and Marin.

## **FACTORS AFFECTING FINANCIAL CONDITION**

The information presented in the financial statements is perhaps best understood when it is considered in the broader perspective of the specific environment within which SMART operates.

SMART's passenger service and pathways currently operate in Marin and Sonoma Counties. These two counties are home to a mix of tourism, recreation, agriculture, and industry. The major population centers of Marin and Sonoma are located along the Highway 101 corridor and the parallel SMART rail line.

SMART's finances have relied on the strength of its voter-approved sales tax revenue which was approved in 2008 and in Fiscal Year 2023 provided more than 64% of SMART's annual revenues. Sales tax revenue is directly linked to local employment rates and median incomes. The district is home to a wealthy taxpayer base. The per capita income in Marin County is \$183,482 and Sonoma County is \$87,486. In addition, the most recent unemployment data shows Marin County's and Sonoma County's unemployment rate at 2.7% and 3.1% respectfully compared to the State of California at 4.2%. SMART also receives significant funding from the State of California for its transit services ultimately derived from State fuel and sales taxes.

Since the start of SMART service six years ago, there have been multiple federal disaster declarations in Sonoma and Marin counties, including wildfires, flooding, extended public utility shut offs and the COVID-19 pandemic. SMART has experienced service disruption in several of these events, including evacuation of SMART's rolling stock and temporary closure of the northernmost stations, along with service reductions due to COVID-19. The true impact of these events, however, has been to the people SMART serves. These events have caused significant loss of housing stock, massive evacuation efforts, and unprecedented disruption in the daily rhythm of people's lives. We are just starting to see the impact of these events and still don't know what the ultimate impact will be to work and school commute patterns, including the impact of regional relocation of workers from elsewhere in the Bay Area to Sonoma County during the COVID-19 pandemic.

Although COVID-19 was devastating from a ridership and fare collection perspective, the North Bay area has done considerably better than other parts of California and in particular San Francisco. As was mentioned previously sales and use tax, which is our largest funding source, has recovered much faster over the last several years.

In addition to the expedited recovery of sales tax, SMART has received over \$24 million in federal COVID relief funding since January of 2020. In addition, in Fiscal Year 2022, SMART applied for and received an additional \$7.47 million in discretionary federal COVID relief funds which was expended in Fiscal Year 2023. The federal funding received has allowed SMART to avoid layoffs, restore service, and decrease fares to encourage riders to return to transit.

SMART's ridership has been climbing steadily since service was restored in May 2021. In FY 23, ridership was 640,999 or 98% of 2019 levels and 8% higher than projected. In addition, SMART had the highest percentage return of ridership in the Bay Area for all of FY 23.

## **FINANCIAL PLANNING**

Every 5 years, SMART completes a Strategic Plan identifying future operational needs and capital plans. In the first half of Fiscal Year 2019-20, SMART completed a Strategic Plan that identified a future revenue and expenditure imbalance that could be addressed by debt refinancing or service reductions. The Board approved a plan to extend SMART's 20-year sales tax to provide for significant reductions in annual debt costs that would have addressed the imbalance. However, that measure failed to obtain the required 67% in the March 2020 election. SMART is currently in the process of updating the Strategic Plan which should be finalized and adopted in fiscal year 2024.

In April of 2021, the Board of Director's adopted the first Capital Plan. This plan forecasts revenues and expenditures related to capital expenditures for the period July 1, 2021-June 30, 2029. In addition, the Metropolitan Transportation Commission (MTC) requires each transit operator receiving federal funds to prepare, adopt, and submit a Short-Range Transit Plan.

The plan is required to clearly describe the basis for SMART's capital and operating budgets and provides MTC and the public with information on projects and programs of regional significance. The plan was submitted to MTC in November of 2021 and has been updated several times since.

## **FINANCIAL INFORMATION**

SMART's management is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft, or misuse and that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. SMART has designed its internal control structure to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the costs of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgment by management.

Single Audit: As a recipient of federal assistance, SMART is responsible for ensuring that an adequate internal control structure is instituted to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

As part of SMART's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to evaluate SMART's compliance. SMART's single audit for the fiscal year ended June 30, 2023, found no instances of material weakness in the internal control structures or significant violations of applicable laws and regulations.

Independent Audit: SMART's enabling legislation requires an annual audit by an independent certified public accountant. The accounting firm of Eide Bailly, LLP, is performing the audit. This audit is also designed to meet the requirements of the Federal Single Audit 2 CFR 200.501, Uniform Grant Guidance and related 2 CFR 200, Uniform Grant Guidance - Uniform Administrative Requirements, Cost Principles, and Audit Requirements. The auditor's report on the financial statements and schedules are included in the Financial Section of this report.

Investment Policy: SMART's investment policy is intended to outline the guidelines and practices to be used in effectively managing SMART's available cash and investment portfolio. In accordance with California Government Code Section 53600.5, and in order of importance, the Chief Financial Officer of SMART is required to adhere to the following three criteria: (1) Safety of Principal (2) Liquidity (3) Return on Investment.

Risk Management: SMART purchases insurance in its efforts to protect assets and control and prevent losses. Commercial insurance policies provide coverage including Railroad Protective and Railroad Liability, Auto, General Liability, Property, Worker's Compensation, Crime, Public Officials Liability & Employment Practices, and Deadly Weapons Response Program. In fiscal year 2023, SMART hired a Risk Manager for the first time.

#### **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Sonoma-Marin Area Rail Transit District (SMART) for its annual comprehensive financial report for the fiscal year ended June 30, 2023. This is the tenth consecutive year that SMART has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

#### **CONCLUSION**

The financial statements presented here show the magnitude of the public assets that have resulted from the voters' approval of the SMART sales tax measure in 2008. Measure Q revenues have made possible not only the construction of a world-class transit system, but also the ongoing operation and maintenance of that system in the future. Certainly, the challenges of the COVID pandemic have had an impact on SMART and our customers but with continued leadership from the Board, ongoing vigilance on maintaining necessary reserves, and planning for future financial challenges, SMART's current and future operations will remain on solid footing.

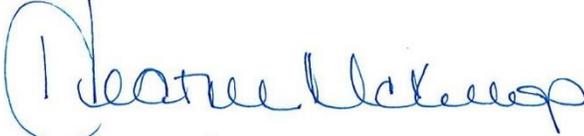
**ACKNOWLEDGEMENTS**

Timely preparation of the annual comprehensive financial report was made possible by the dedicated service of the Finance Department led by Heather McKillop, Chief Financial Officer. Special thanks go to Kathy Holt, SMART's Accounting Manager. I extend my sincere appreciation to each of them for their contributions. Moreover, I thank the Board of Directors for its continued support and leadership.

Sincerely,



Eddy Cumins General Manager



Heather McKillop  
Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Sonoma-Marin Area Rail Transit District  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

Sonoma-Marín Area Rail Transit District

Principal Officials

June 30, 2023

Sonoma-Marín Area Rail Transit District

Board of Directors

Fiscal Year 2022 – 2023

|  |  |
|--|--|
| Eric Lucan – Chair<br>Marin County Board of Supervisors                | Melanie Bagby – Vice Chair<br>Sonoma County Mayors’ and Councilmembers Association |
| Kate Colin<br>Transportation Authority of Marin                        | Chris Coursey<br>Sonoma County Board of Supervisors                                |
| Rachel Farac<br>Transportation Authority of Marin                      | Debora Fudge<br>Sonoma County Mayors’ and Councilmembers Association               |
| Patty Garbarino<br>Golden Gate Bridge, Highway/Transportation District | Barbara Pahre<br>Golden Gate Bridge, Highway/Transportation District               |
| Gabe Paulson<br>Marin County Council of Mayors and Councilmembers      | David Rabbitt<br>Sonoma County Board of Supervisors                                |
| Chris Rogers<br>Sonoma County Mayors’ and Councilmembers Association   | Mary Sackett<br>Marin County Board of Supervisors                                  |

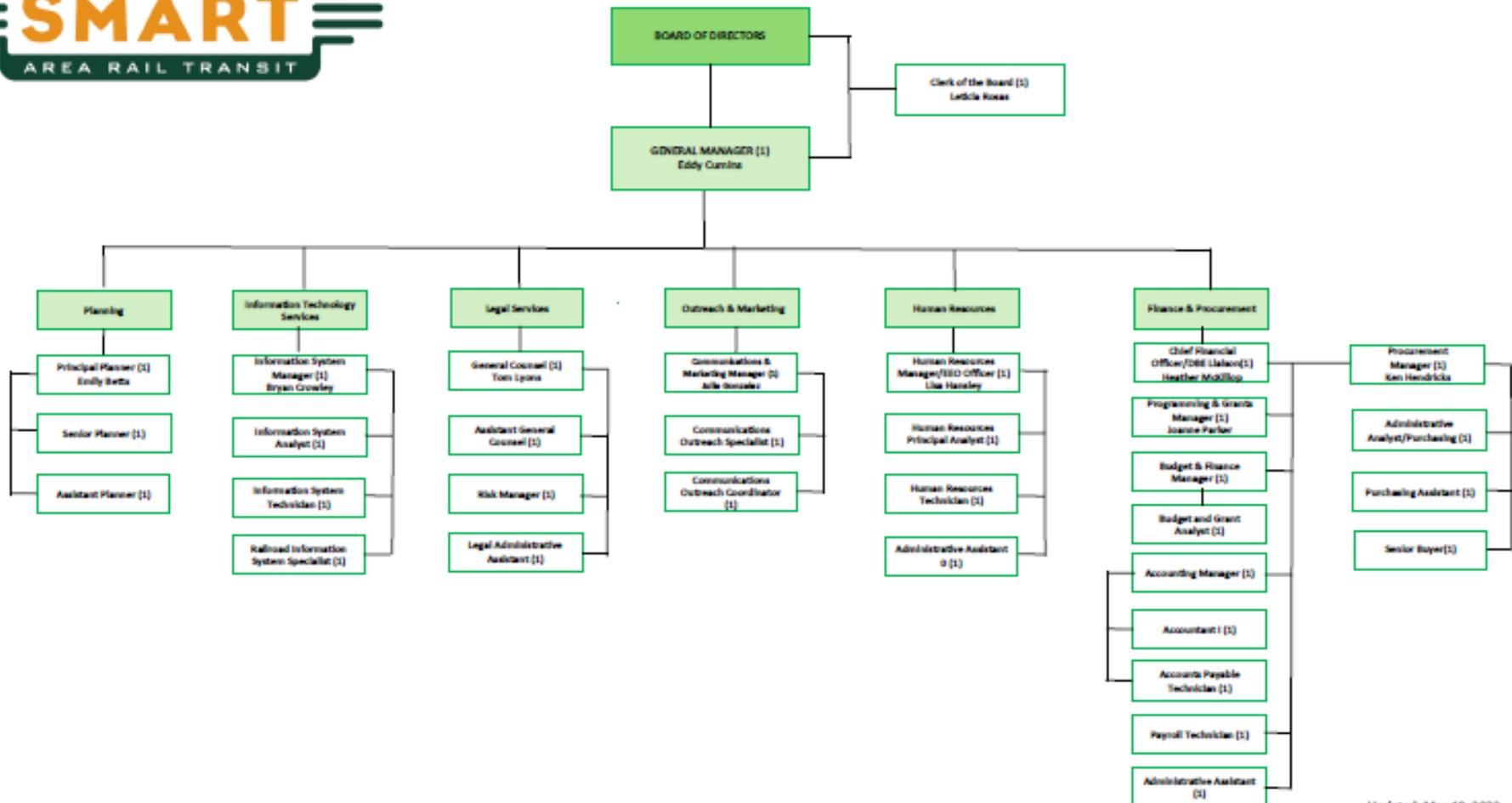
Organizational Structure

The Board of Directors appoints a General Manager for the District. In addition, to the General Manager, the Board also appoints the Chief Financial Officer and the General Counsel.

|  |
|--|
| General Manager – Eddy Cumins              |
| Chief Financial Officer – Heather McKillop |
| General Counsel – Tom Lyons                |



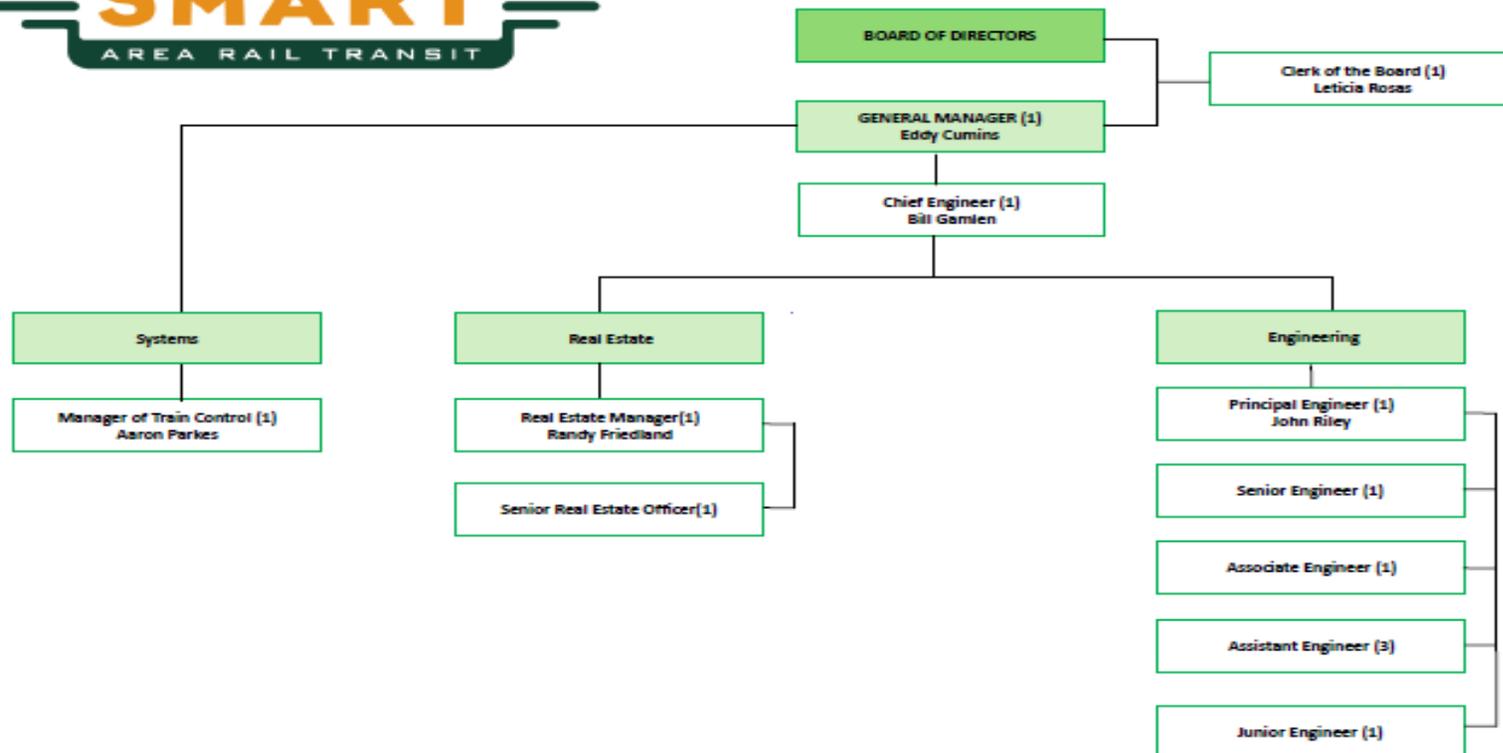
ADMINISTRATION/FINANCE ORGANIZATION CHART



Updated: May 19, 2023



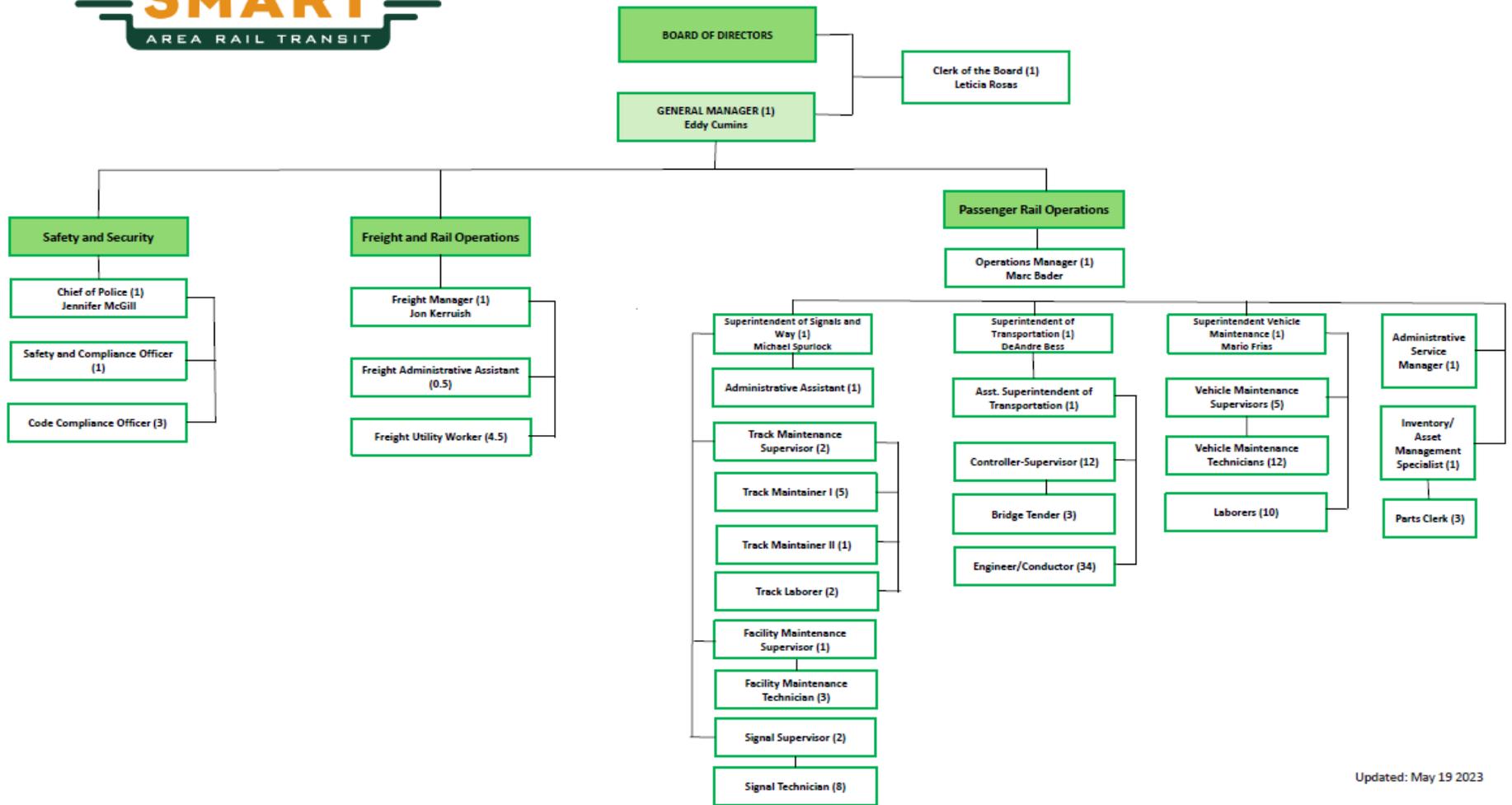
### CAPITAL ORGANIZATION CHART



Updated: May 19, 2023



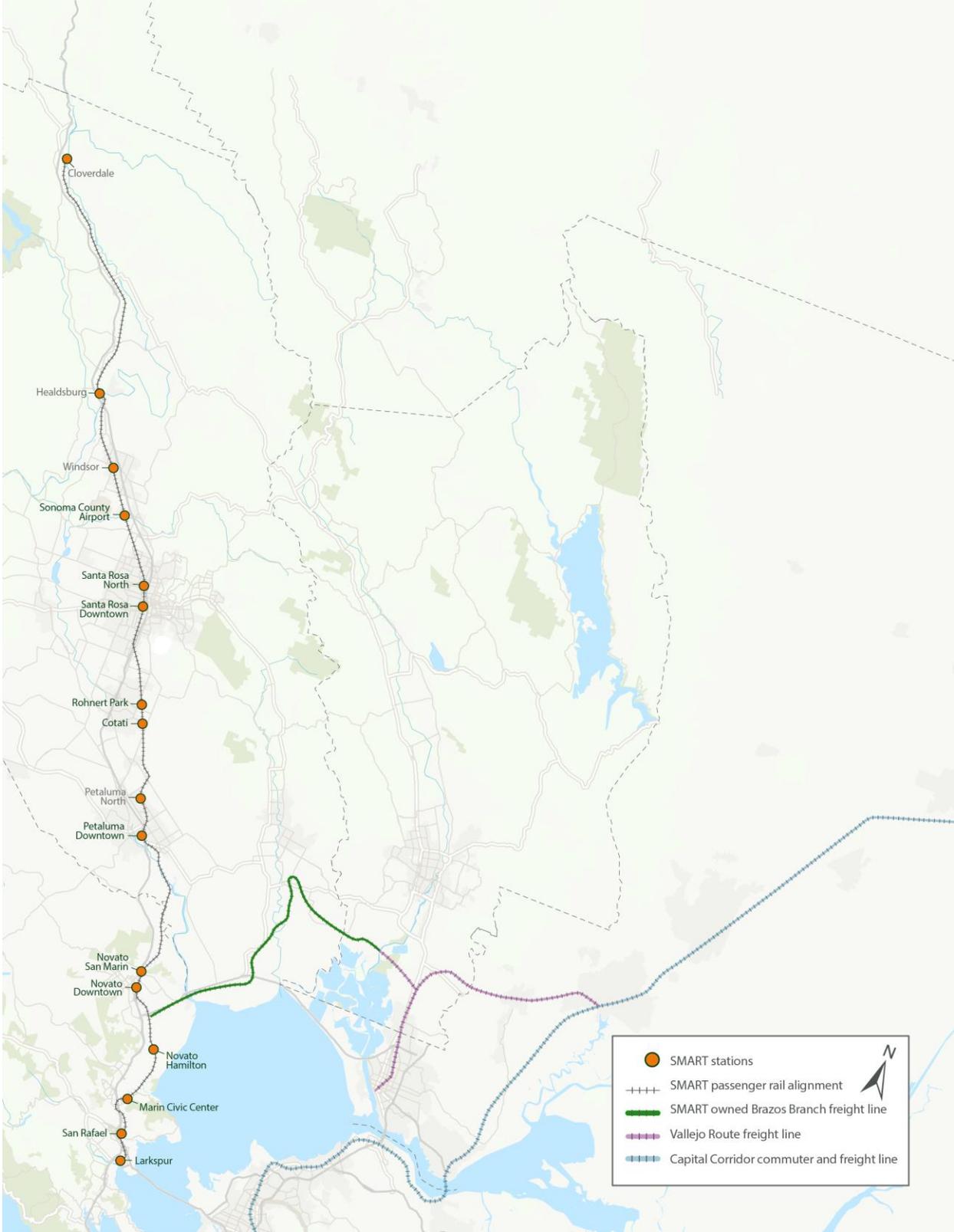
OPERATIONS ORGANIZATION CHART



Updated: May 19 2023

Sonoma-Marin Area Rail Transit District

Map  
June 30, 2023



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## Independent Auditor's Report

To the Governing Board of the  
Sonoma-Marín Area Rail Transit District  
Petaluma, California

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the passenger and freight enterprise funds of the Sonoma-Marín Area Rail Transit District (District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the passenger and freight enterprise fund of the District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sonoma-Marín Area Rail Transit District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of the district's proportionate share of the net pension liability, schedule of pension contributions, and a schedule of changes in the total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.



Menlo Park, California  
November 16, 2023

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Management's Discussion and Analysis  
June 30, 2023

# Sonoma-Marín Area Rail Transit District

## Management's Discussion and Analysis

As management of the Sonoma-Marín Area Rail Transit District (SMART or District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2023. We encourage readers to combine the information presented here with the District's basic financial statements and the accompanying notes to the basic financial statements.

## Financial Highlights

### Passenger Service

In Fiscal Year 2023, SMART celebrated its fifth (5) year of passenger service. When SMART began revenue service in August of 2017, we ran 34 weekday trips and 10 weekend trips on 43 miles of track and 10 stations. In December of 2019, we expanded service to include 38 weekday trips and 10 weekend trips. We also opened a new segment down to Larkspur and opened two (2) new stations. The pandemic hit in March of 2020 at which time we reduced to 16 trips on the weekdays and suspended weekend service.

Starting in May of 2021, we began to bring back service by adding Saturdays, Sundays, and more service during the weekdays until we arrived at the current schedule which is 38 trips on weekdays and 16 trips on the weekends, which exceeds pre-pandemic levels of service by 17%.

SMART has the second highest ridership recovery rate of all commuter rail lines in the United States and the highest ridership recovery rate of any commuter rail line in the Bay Area.

The largest funding source for passenger rail is sales tax. Sales tax makes up approximately 63% of total revenues. SMART also received additional federal assistance related to COVID in the amount of \$7.4 million which allowed us to continue to add service back to meet or exceed pre-pandemic levels and keep fares down.

In order to assist in growing ridership in May of 2021, SMART decreased all fares by approximately 40%. Fare revenues for Fiscal Year 2023, were \$1,800,747 which was a 40% increase over Fiscal Year 2022.

### Financial Statistics - Passenger

- Net Sales tax collections were \$574,545 more in Fiscal Year 2023 for a total of \$49,649,375. This is a 1.2% increase over Fiscal Year 2022.
- Fare revenues were 40% higher than in Fiscal Year 2022.
- Operating expenses, excluding depreciation and amortization expense, were \$42.7 million in Fiscal Year 2023 which is a \$14.9 million increase over Fiscal Year 2022. Of the \$14.9 million, 60% was due to salaries and benefits, and 40% was services and supplies.
- Assets increased \$10 million or a 1.5% increase over Fiscal Year 2022.

- Assets exceeded liabilities at the close of the year ended June 30, 2023, by \$563.5 million (net position). Of this amount, \$124.3 million is unrestricted.

### Freight

California S.B. 1029 authorized SMART to operate freight service by rail. It also provided funding in the amount of \$4 million for the acquisition of freight rights and equipment from the Northwestern Pacific Railroad Company (NWPCo.). In July 2021, SMART officially became the freight common carrier for the rail line the runs from Novato (MP B25.6) to just east of the Napa River (MP B49.80) and from Larkspur (MP 15) to the Sonoma/ Mendocino County line (MP 89). NWPCo. continued to operate the line and collect the associated revenues until March 1, 2022, when final close took place. SMART hired a 3<sup>rd</sup> party operator to operate freight services on behalf of SMART until SMART could onboard the necessary employees to run the freight operations in-house. On July 1, 2022, SMART took over operations internally.

### Financial Statistics - Freight

- Total revenues for Freight service were \$4.9 million or \$3.4 million higher than Fiscal Year 2022. This was a result of operating freight for an entire year versus four months in Fiscal Year 2022.
- Operating expenses were \$3.9 million which were \$3.2 million higher than Fiscal Year 2022, again due to operating a full year in Fiscal Year 2023.
- Assets exceeded liabilities at the close of the year ended June 30, 2023, by \$13 million (net position). Of this amount, \$1.7 million is unrestricted.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the District’s basic financial statements which are comprised of financial statements and the notes to the basic financial statements. The District provides its financial information utilizing enterprise fund reporting. This type of fund reporting is used for funds whose activities are financed with bonds secured solely by a pledge of net revenues from fees or charges of the activity and for which fees are designed to recover costs, as a matter of policy. These requirements apply to the District.

### **Basic Financial Statements**

The financial statements are designed to provide readers with a broad overview of the District’s finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the District’s assets, deferred outflows of resources, liabilities, and deferred inflow of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected rental revenue and earned but unused vacation leave).

### **Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found on pages 21-46 of this report.

### **Analysis of the Financial Statements**

The financial statements provide both short-term and long-term information about the District's overall financial condition. This analysis addresses the financial statements of the District as a whole. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's net position was \$576.4 million on June 30, 2023.

The largest portion of the District's net position (76.7%) reflects its investment in capital assets (e.g., land, stations, track and crossings, pathway, bridges and tunnels) net of capital related debt. The District uses these capital assets to provide passenger rail services to its customers and a pathway for the general public; consequently, these assets are not available for future spending.

Sonoma-Marín Area Rail Transit District  
Management's Discussion and Analysis  
Statement of Net Position  
For the Year Ended June 30, 2023

| Passenger and Freight Combined - Statement<br>of Net Position | Business-Type Activities |                       | Inc/(Dec) \$          | Inc/(Dec) % |
|---|--------------------------|-----------------------|-----------------------|-------------|
|   | 2023                     | 2022                  |                       |             |
| <b>Assets</b>   |                          |                       |                       |             |
| Current and Other Assets                                      | \$ 148,653,566           | \$ 123,633,266        | \$ 25,020,300         | 20%         |
| Capital Assets  | \$ 536,761,589           | \$ 549,080,781        | \$ (12,319,192)       | -2%         |
| Net Pension Asset   | \$ -                     | \$ 275,621            | \$ (275,621)          | -100%       |
| Lease Receivable  | \$ 1,925,885             | \$ 1,971,683          | \$ (45,798)           | -2%         |
| <b>Total Assets</b>   | <b>\$ 687,341,040</b>    | <b>\$ 674,961,351</b> | <b>\$ 12,379,689</b>  | <b>2%</b>   |
| Total Deferred Outflows of Resources                          | \$ 4,804,465             | \$ 4,209,286          | \$ 595,179            | 14%         |
| <b>Liabilities</b>  |                          |                       |                       |             |
| Long-Term Liabilities Outstanding                             | \$ 84,302,027            | \$ 96,113,293         | \$ (11,811,266)       | -12%        |
| Other Liabilities   | \$ 24,874,421            | \$ 22,820,804         | \$ 2,053,617          | 9%          |
| <b>Total Liabilities</b>                                      | <b>\$ 109,176,448</b>    | <b>\$ 118,934,097</b> | <b>\$ (9,757,649)</b> | <b>-8%</b>  |
| Total Deferred Inflows of Resources                           | \$ 6,519,478             | \$ 3,501,720          | \$ 3,017,758          | 86%         |
| <b>Net Position</b>   |                          |                       |                       |             |
| Net Investment in Capital Assets                              | \$ 442,223,308           | \$ 442,201,252        | \$ 22,056             | 0%          |
| Restricted  | \$ 8,244,508             | \$ 7,440,671          | \$ 803,837            | 11%         |
| Unrestricted  | \$ 125,981,763           | \$ 107,092,897        | \$ 18,888,866         | 18%         |
| <b>Total Net Position</b>                                     | <b>\$ 576,449,579</b>    | <b>\$ 556,734,820</b> | <b>\$ 19,714,759</b>  | <b>4%</b>   |

The District's net position increased \$19.7 million during the year ended June 30, 2023, due mainly to the increase in revenues and a decrease in bonds payable in passenger rail.

Sonoma-Marín Area Rail Transit District  
Management's Discussion and Analysis  
Statement of Revenues, Expenses and Changes in Net Position  
For the Year Ended June 30, 2023

| Passenger and Freight Combined - Statement of Revenues, Expenses, and Changes in Net Position | Business-Type Activities |                        | Inc/(Dec) \$           | Inc/(Dec) %  |
|---|--------------------------|------------------------|------------------------|--------------|
|   | 2023                     | 2022                   |                        |              |
| <b>Operating Revenues</b>   |                          |                        |                        |              |
| Passenger Fares   | \$ 1,800,747             | \$ 1,283,112           | \$ 517,635             | 40%          |
| Freight Movement Revenue  | \$ 743,555               | \$ 295,433             | \$ 448,122             | 152%         |
| Other Operating Revenue   | \$ 972,974               | \$ 1,149,008           | \$ (176,034)           | -15%         |
| <b>Total Operating Revenue</b>  | <b>\$ 3,517,276</b>      | <b>\$ 2,727,553</b>    | <b>\$ 789,723</b>      | <b>29%</b>   |
| <b>Operating Expenses</b>   |                          |                        |                        |              |
| Salaries and Employee Benefits  | \$ 26,041,905            | \$ 17,437,640          | \$ 8,604,265           | 49%          |
| Depreciation and Amortization   | \$ 19,377,343            | \$ 20,877,284          | \$ (1,499,941)         | -7%          |
| Other Operating Expenses  | \$ 16,544,635            | \$ 10,151,605          | \$ 6,393,030           | 63%          |
| <b>Total Operating Expenses</b>   | <b>\$ 61,963,883</b>     | <b>\$ 48,466,529</b>   | <b>\$ 13,497,354</b>   | <b>28%</b>   |
| <b>Operating Loss</b>   | <b>\$ (58,446,607)</b>   | <b>\$ (45,738,976)</b> | <b>\$ (12,707,631)</b> | <b>28%</b>   |
| <b>Nonoperating Revenues (Expenses)</b>   |                          |                        |                        |              |
| Sales & Use Taxes   | \$ 49,649,375            | \$ 49,074,830          | \$ 574,545             | 1%           |
| State and Federal Operating Assistance  | \$ 24,663,720            | \$ 17,184,007          | \$ 7,479,713           | 44%          |
| Other Nonoperating Revenues and Expenses  | \$ (193,798)             | \$ (3,751,530)         | \$ 3,557,732           | -95%         |
| <b>Total Nonoperating Revenues (Expenses)</b>   | <b>\$ 74,119,297</b>     | <b>\$ 62,507,307</b>   | <b>\$ 11,611,990</b>   | <b>19%</b>   |
| <b>Total Capital Contributions</b>  | <b>\$ 4,042,069</b>      | <b>\$ 2,743,571</b>    | <b>\$ 1,298,498</b>    | <b>47%</b>   |
| <b>Excess Before Special Items</b>  | <b>\$ 19,714,759</b>     | <b>\$ 19,511,902</b>   | <b>\$ 202,857</b>      | <b>1%</b>    |
| <b>Total Special Items</b>  | <b>\$ -</b>              | <b>\$ 11,292,136</b>   | <b>\$ (11,292,136)</b> | <b>-100%</b> |
| <b>Change in Net Position</b>   | <b>\$ 19,714,759</b>     | <b>\$ 30,804,038</b>   | <b>\$ (11,089,279)</b> | <b>-36%</b>  |
| <b>Net Position - Beginning</b>   | <b>\$ 556,734,820</b>    | <b>\$ 525,930,782</b>  | <b>\$ 30,804,038</b>   | <b>6%</b>    |
| <b>Net Position - Ending</b>  | <b>\$ 576,449,579</b>    | <b>\$ 556,734,820</b>  | <b>\$ 19,714,759</b>   | <b>4%</b>    |

Sonoma-Marín Area Rail Transit District  
Management’s Discussion and Analysis  
For the Year Ended June 30, 2023

**Fiscal Year 2023 Revenues**

The District’s revenues are categorized as either operating or non-operating. The chart below shows total revenues for both passenger and freight for both Fiscal Year 2023 and Fiscal Year 2022. Overall revenues increased by \$13.7 million or 20% in Fiscal Year 2023.

| Category                     | 2023                 | 2022                 | Inc/(Dec) \$         | Inc/(Dec) % |
|------------------------------|----------------------|----------------------|----------------------|-------------|
| Fare Revenue                 | \$ 1,800,747         | \$ 1,283,112         | \$ 517,635           | 40%         |
| Freight Movement Fees        | \$ 743,555           | \$ 295,000           | \$ 448,555           | 152%        |
| Other Operating Revenue      | \$ 972,974           | \$ 1,149,441         | \$ (176,467)         | -15%        |
| Sales & Use Tax              | \$ 49,649,375        | \$ 49,074,830        | \$ 574,545           | 1%          |
| State Operating Assistance   | \$ 13,307,756        | \$ 6,537,550         | \$ 6,770,206         | 104%        |
| Federal Operating Assistance | \$ 11,355,964        | \$ 10,646,457        | \$ 709,507           | 7%          |
| Investment Earnings (loss)   | \$ 839,529           | \$ (2,023,805)       | \$ 2,863,334         | -141%       |
| Miscellaneous                | \$ 711,820           | \$ 46,229            | \$ 665,591           | 1440%       |
| Capital Contributions        | \$ 4,042,069         | \$ 2,743,571         | \$ 1,298,498         | 47%         |
| Interest Earnings            | \$ 41,136            | \$ 10,461            | \$ 30,675            | 293%        |
| Gain on Sale of Asset        | \$ 32,613            | \$ -                 | \$ 32,613            | 100%        |
| <b>Total Revenues</b>        | <b>\$ 83,497,538</b> | <b>\$ 69,762,846</b> | <b>\$ 13,734,692</b> | <b>20%</b>  |

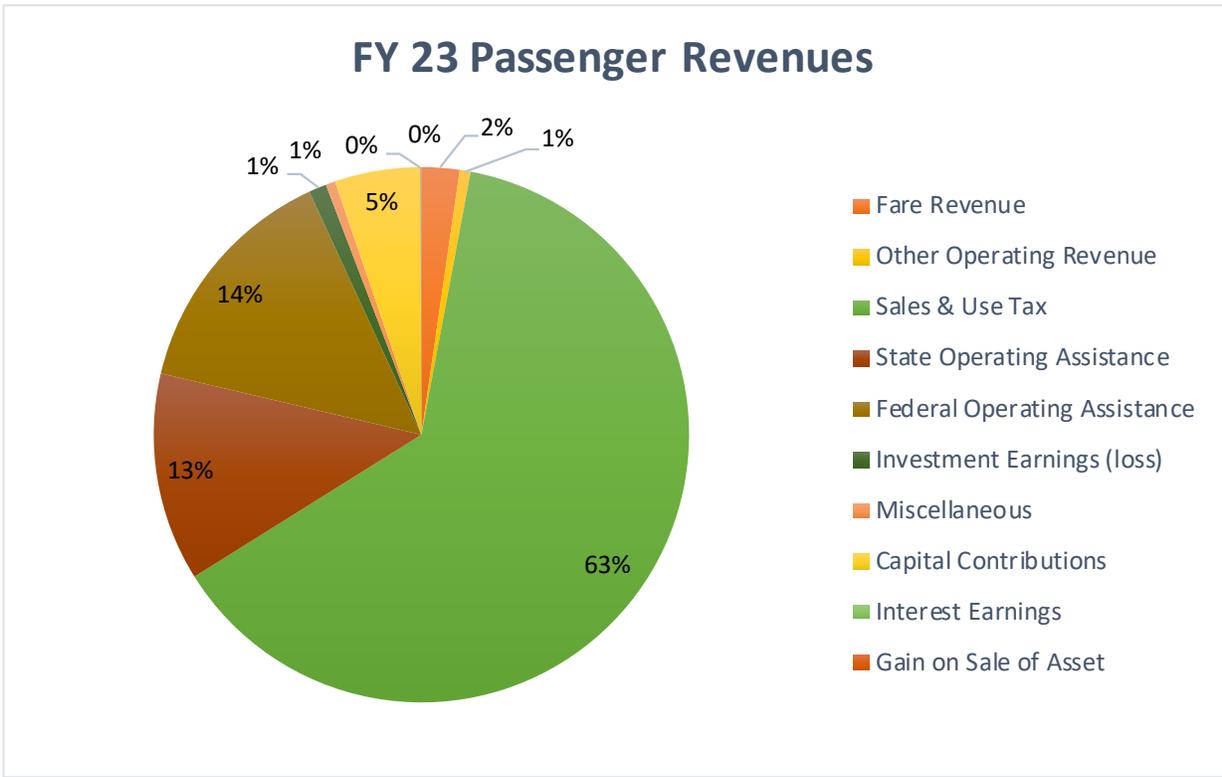
Passenger

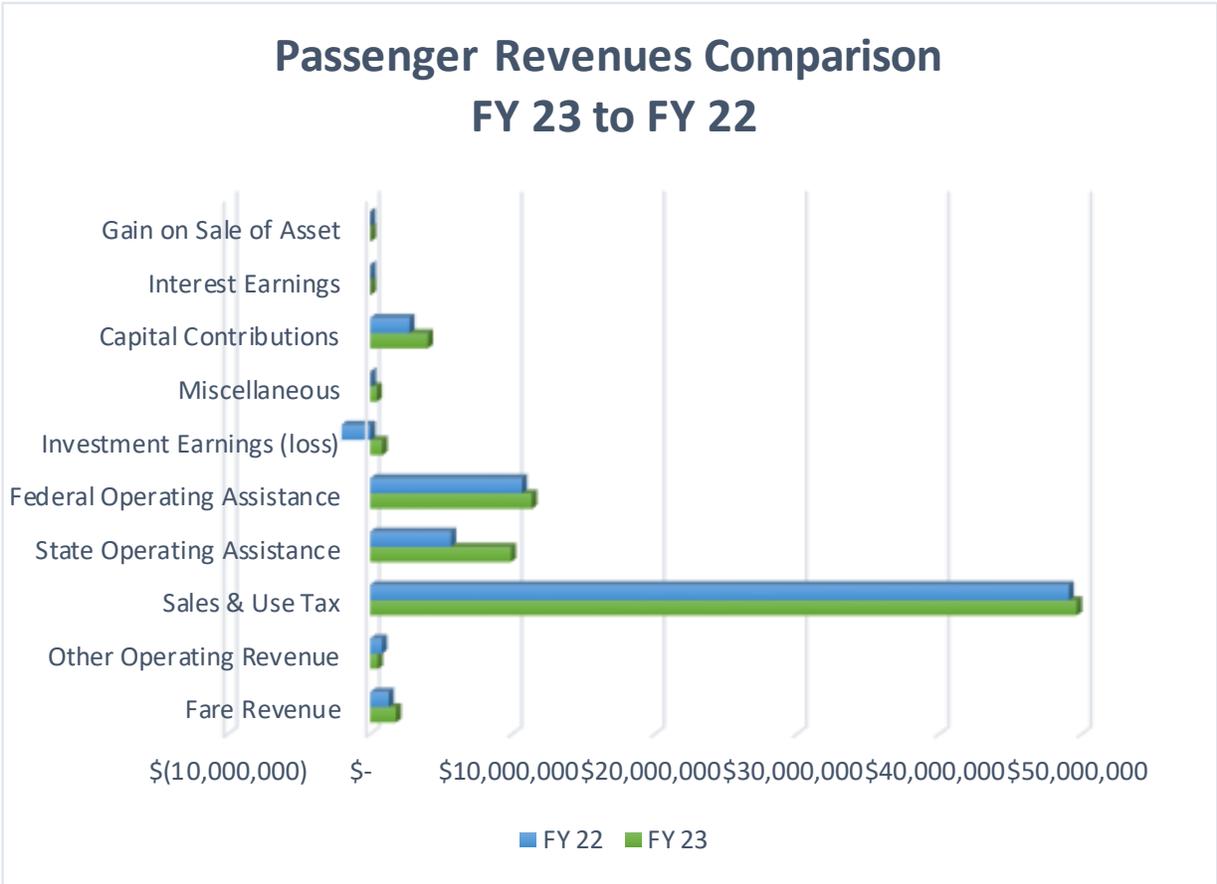
- Operating revenues of \$2,320,325 consisting of fare, advertising, parking, and other revenues are directly generated by operations and ownership of property within the District. This figure is \$223,939 higher than Fiscal Year 2022 which is due to an increase in fare revenue.
- Non-operating revenues of \$76,294,143 is comprised of sales tax, state and federal operating assistance, and miscellaneous revenue.
  - Sales tax, the District’s single largest ongoing source of revenue increased by 1.2% over the previous year.
  - The District received \$7.4 million in discretionary American Rescue Plan Act federal operating assistance in Fiscal Year 2023 which is designed to offset revenue losses and support operations through the duration of the COVID-19 impacts.
  - Investment earnings were significantly higher \$839,529 in FY 23 verses FY 22 (\$2,023,805).

Capital contributions of \$4,042,069 are \$1,298,498 higher than the year ended June 30, 2022.

Sonoma-Marín Area Rail Transit District  
 Management’s Discussion and Analysis  
 For the Year Ended June 30, 2023

| Category                     | 2023                 | 2022                 | Inc/(Dec) \$         | Inc/(Dec) % |
|------------------------------|----------------------|----------------------|----------------------|-------------|
| Fare Revenue                 | \$ 1,800,747         | \$ 1,283,112         | \$ 517,635           | 40%         |
| Other Operating Revenue      | \$ 519,578           | \$ 813,274           | \$ (293,696)         | -36%        |
| Sales & Use Tax              | \$ 49,649,375        | \$ 49,074,830        | \$ 574,545           | 1%          |
| State Operating Assistance   | \$ 9,883,519         | \$ 5,657,989         | \$ 4,225,530         | 75%         |
| Federal Operating Assistance | \$ 11,355,964        | \$ 10,646,457        | \$ 709,507           | 7%          |
| Investment Earnings (loss)   | \$ 839,529           | \$ (2,023,805)       | \$ 2,863,334         | -141%       |
| Miscellaneous                | \$ 454,896           | \$ 46,229            | \$ 408,667           | 884%        |
| Capital Contributions        | \$ 4,042,069         | \$ 2,743,571         | \$ 1,298,498         | 47%         |
| Interest Earnings            | \$ 36,178            | \$ 9,984             | \$ 26,194            | 262%        |
| Gain on Sale of Asset        | \$ 32,613            | \$ -                 | \$ 32,613            | 100%        |
| <b>Total Revenues</b>        | <b>\$ 78,614,468</b> | <b>\$ 68,251,641</b> | <b>\$ 10,362,827</b> | <b>15%</b>  |



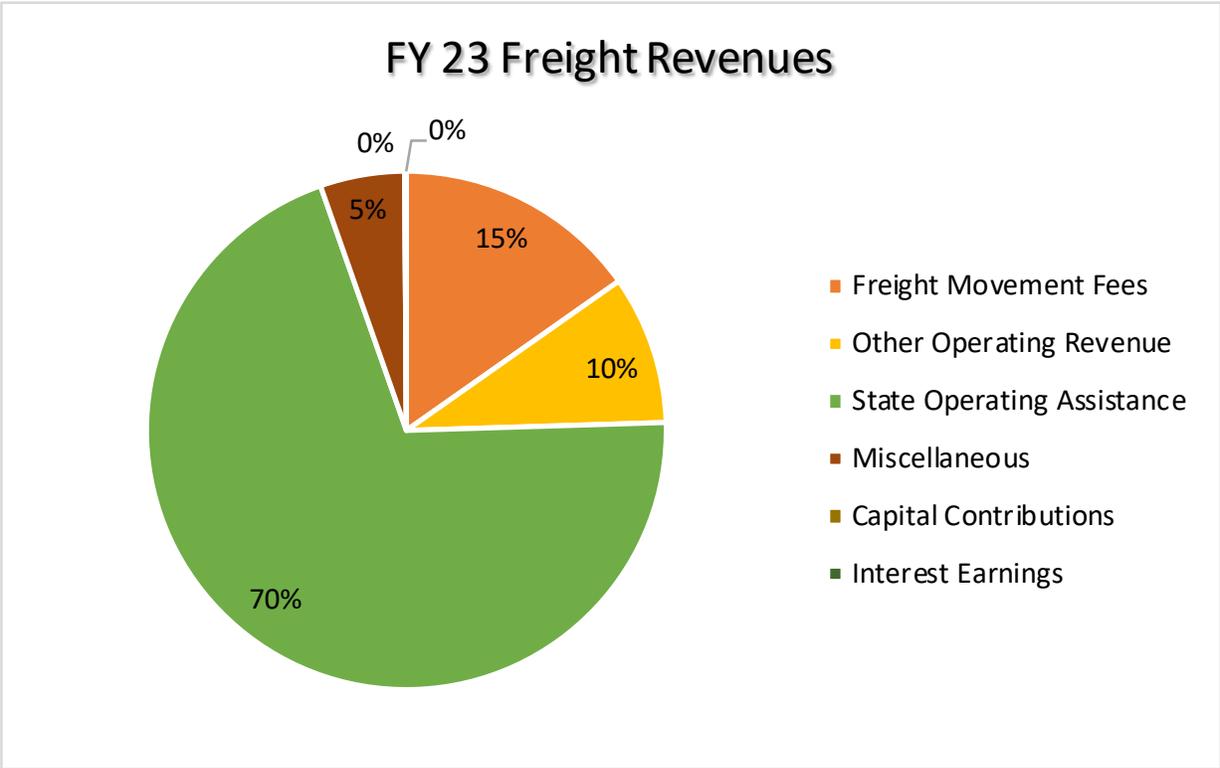


Freight

- Operating revenues of \$1,196,951 consisting of freight movement fees, storage fees, lease income, and other revenues are directly generated by operations. This figure is \$565,784 higher than Fiscal Year 2022. This is a result of operating a full year versus a partial year in Fiscal Year 2022.
- Non-operating revenues of \$3,647,115 is comprised of state grants and proceeds from the sale of 45(g) tax credits.
- There were no Capital contributions in Fiscal Year 2023.

Sonoma-Marin Area Rail Transit District  
 Management's Discussion and Analysis  
 For the Year Ended June 30, 2023

| Category                   | 2023                | 2022                | Inc/(Dec) \$        | Inc/(Dec) % |
|----------------------------|---------------------|---------------------|---------------------|-------------|
| Freight Movement Fees      | \$ 743,555          | \$ 295,000          | \$ 448,555          | 152%        |
| Other Operating Revenue    | \$ 453,396          | \$ 336,167          | \$ 117,229          | 35%         |
| State Operating Assistance | \$ 3,424,237        | \$ 879,561          | \$ 2,544,676        | 289%        |
| Miscellaneous              | \$ 256,924          | \$ -                | \$ 256,924          | 100%        |
| Capital Contributions      | \$ -                | \$ -                | \$ -                | 0%          |
| Interest Earnings          | \$ 4,958            | \$ 477              | \$ 4,481            | 939%        |
| <b>Total Revenues</b>      | <b>\$ 4,883,070</b> | <b>\$ 1,511,205</b> | <b>\$ 3,371,865</b> | <b>223%</b> |



Sonoma-Marín Area Rail Transit District  
Management’s Discussion and Analysis  
For the Year Ended June 30, 2023

**Fiscal Year 2023 Expenses**

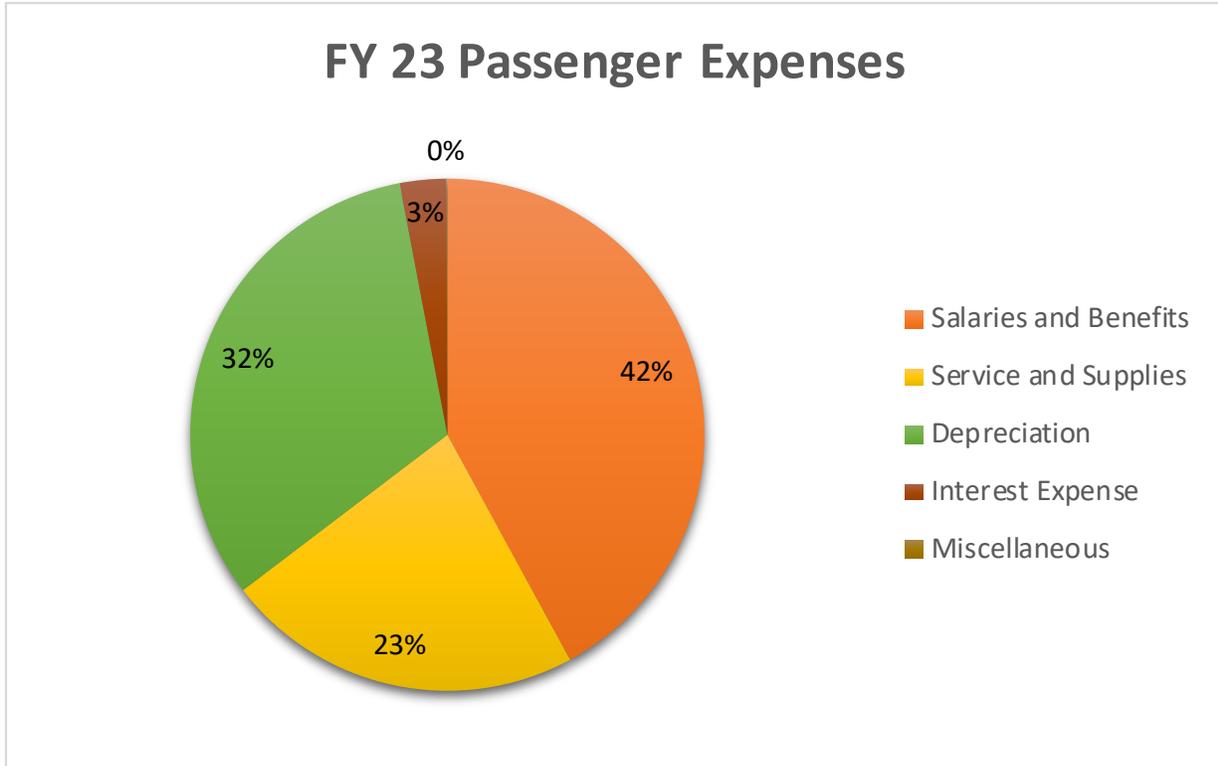
The District’s largest expense is salaries and benefits which make up 61% of total expenses less depreciation and interest expense. The chart below shows total expenses for both passenger and freight for both Fiscal Year 2023 and Fiscal Year 2022. Overall expenditures (less depreciation and interest expense) increased by \$15 million or 54% in Fiscal Year 2023. See explanation below.

| Category                                  | 2023                 | 2022                 | Inc/(Dec) \$         | Inc/(Dec) % |
|---|----------------------|----------------------|----------------------|-------------|
| Salaries and Benefits                     | \$ 26,041,905        | \$ 17,437,640        | \$ 8,604,265         | 49%         |
| Service and Supplies                      | \$ 16,544,635        | \$ 10,144,193        | \$ 6,400,442         | 63%         |
| Miscellaneous                             | \$ 72,733            | \$ 138,746           | \$ (66,013)          | -48%        |
| <b>Total Expenses before Depreciation</b> | <b>\$ 42,659,273</b> | <b>\$ 27,720,579</b> | <b>\$ 14,938,694</b> | <b>54%</b>  |
| Depreciation                              | \$ 19,377,343        | \$ 20,877,284        | \$ (1,499,941)       | -7%         |
| Interest Expense                          | \$ 1,746,163         | \$ 1,653,081         | \$ 93,082            | 6%          |
| <b>Total Expenses</b>                     | <b>\$ 63,782,779</b> | <b>\$ 50,250,944</b> | <b>\$ 13,531,835</b> | <b>27%</b>  |

Passenger

- The District’s passenger operations had operating expenses of \$58,021,719 tied to salaries, benefits, services and supplies and depreciation and amortization.
- Salaries and benefits increased over the year ended June 30, 2022, by \$7,774,403 due to the addition of 8.5 new positions, actively filling positions (some were kept vacant in FY 22) and increases in pay for both bargaining and non-bargaining employees.
- Services and supplies increased by \$4,018,042 due to increases in service levels which increased expenditures.

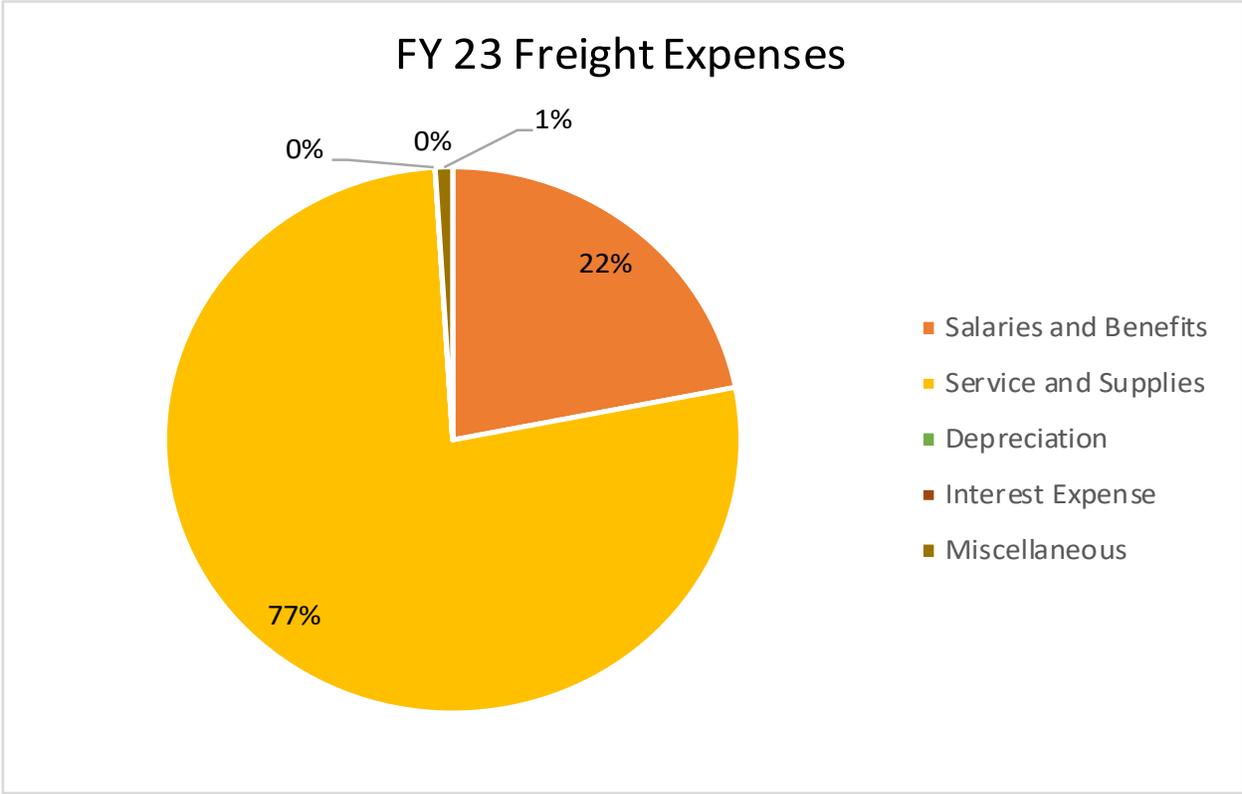
| Category              | 2023                 | 2022                 | Inc/(Dec) \$         | Inc/(Dec) % |
|-----------------------|----------------------|----------------------|----------------------|-------------|
| Salaries and Benefits | \$ 25,169,615        | \$ 17,395,212        | \$ 7,774,403         | 45%         |
| Service and Supplies  | \$ 13,474,761        | \$ 9,456,719         | \$ 4,018,042         | 42%         |
| Depreciation          | \$ 19,377,343        | \$ 20,877,284        | \$ (1,499,941)       | -7%         |
| Interest Expense      | \$ 1,746,163         | \$ 1,653,081         | \$ 93,082            | 6%          |
| Miscellaneous         | \$ 33,729            | \$ 126,778           | \$ (93,049)          | -73%        |
| <b>Total Expenses</b> | <b>\$ 59,801,611</b> | <b>\$ 49,509,074</b> | <b>\$ 10,292,537</b> | <b>21%</b>  |



Freight

- The District’s freight operations had expenses of \$3,981,168 tied to salaries, benefits, services, and supplies.
- Salaries and benefits increased over the year ended June 30, 2022, by \$829,862. In Fiscal Year 2022 freight was operated by SMART for only four (4) months. In Fiscal Year 2023, we operated an entire year.
- Services and supplies increased by \$2,382,400 due to an entire year of operations which included repairing infrastructure and rolling stock.

| Category              | 2023                | 2022              | Inc/(Dec) \$        | Inc/(Dec) % |
|-----------------------|---------------------|-------------------|---------------------|-------------|
| Salaries and Benefits | \$ 872,290          | \$ 42,428         | \$ 829,862          | 1956%       |
| Service and Supplies  | \$ 3,069,874        | \$ 687,474        | \$ 2,382,400        | 347%        |
| Depreciation          | \$ -                | \$ -              | \$ -                | 0%          |
| Interest Expense      | \$ -                | \$ -              | \$ -                | 0%          |
| Miscellaneous         | \$ 39,004           | \$ 11,968         | \$ 27,036           | 226%        |
| <b>Total Expenses</b> | <b>\$ 3,981,168</b> | <b>\$ 741,870</b> | <b>\$ 3,239,298</b> | <b>437%</b> |



**Capital Assets**

The District's capital assets, as of June 30, 2023, are \$536,761,589 (net of accumulated depreciation and amortization) which is a decrease of \$12,319,192 over June 30, 2022.

Land increased by \$241,375. This increase was a result of a land purchase next to SMART's station in downtown Petaluma for future parking needs.

Sonoma-Marín Area Rail Transit District  
Management’s Discussion and Analysis  
For the Year Ended June 30, 2023

| Passenger and Freight Combined - Capital Assets  | 2023                  | 2022                  | Inc/(Dec) \$           | Inc/(Dec) % |
|--|-----------------------|-----------------------|------------------------|-------------|
| <b>Assets</b>                                    |                       |                       |                        |             |
| Land   | \$ 50,859,762         | \$ 50,618,387         | \$ 241,375             | 0%          |
| Intangible Assets                                | \$ 4,019,770          | \$ 4,019,770          | \$ -                   | 0%          |
| Construction in Progress                         | \$ 31,562,371         | \$ 29,523,391         | \$ 2,038,980           | 7%          |
| Total Nondepreciable Capital Assets              | \$ 86,441,903         | \$ 84,161,548         | \$ 2,280,355           | 3%          |
| Infrastructure                                   | \$ 371,268,598        | \$ 386,714,037        | \$ (15,445,439)        | -4%         |
| Buildings and Improvements                       | \$ 19,092,717         | \$ 19,716,094         | \$ (623,377)           | -3%         |
| Equipment and Vehicles                           | \$ 7,018,053          | \$ 6,105,554          | \$ 912,499             | 15%         |
| Rvenue Vehicles                                  | \$ 50,688,174         | \$ 51,776,630         | \$ (1,088,456)         | -2%         |
| Intangible Assets                                | \$ 62,795             | \$ 103,638            | \$ (40,843)            | -39%        |
| Right-to-use Lease                               | \$ 2,189,349          | \$ 503,280            | \$ 1,686,069           | 335%        |
| Total Net Depreciable Capital Assets             | \$ 450,319,686        | \$ 464,919,233        | \$ (14,599,547)        | -3%         |
| <b>Total Capital Assets, Net of Depreciation</b> | <b>\$ 536,761,589</b> | <b>\$ 549,080,781</b> | <b>\$ (12,319,192)</b> | <b>-2%</b>  |

Additional information on the District’s capital assets can be found in Note 3 of the notes to the basic financial statements.

### Debt

The District had \$92,310,000 in bonds outstanding June 30, 2023, compared to \$106,325,000 on June 30, 2022. Additional information on the District’s long-term debt can be found in Note 4.

### Economy

The District operations rely directly on the strength of its designated Measure Q sales and use tax receipts which provide more than 63% of its total revenues on an ongoing basis. The strength of this revenue source is dependent on the economic health of the two counties of the District, particularly employment rates and job growth. Both counties have seen continued growth in sales tax receipts after the initial dip in revenues in Fiscal Year 2022. Increases in sales tax are expected to continue to occur only on a slower basis over the next several years.

### Request for Additional Information

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Sonoma-Marín Area Rail Transit District, Chief Financial Officer, 5401 Old Redwood Highway, Suite 200, Petaluma, CA 94954.

Sonoma-Marin Area Rail Transit District  
Statement of Net Position  
As of June 30, 2023

|  | Passenger             | Freight              | Total                 |
|--|-----------------------|----------------------|-----------------------|
| <b>Assets</b>  |                       |                      |                       |
| <b>Current Assets</b>                                |                       |                      |                       |
| Cash and cash equivalent                             | \$ 111,517,510        | \$ 3,973,935         | \$ 115,491,445        |
| Restricted cash, cash equivalents, and investments   | 5,519,709             | -                    | 5,519,709             |
| Sales tax receivables                                | 8,818,330             | -                    | 8,818,330             |
| Due from other governments                           | 11,298,707            | -                    | 11,298,707            |
| Lease receivables                                    | 72,025                | 104,239              | 176,264               |
| Other receivables                                    | 1,817,100             | 384,399              | 2,201,499             |
| Inventory  | 2,481,651             | -                    | 2,481,651             |
| Interest receivable                                  | 2,843                 | 1,267                | 4,110                 |
| Prepaid Expenses                                     | 2,551,592             | 110,259              | 2,661,851             |
| Total current assets                                 | <u>144,079,467</u>    | <u>4,574,099</u>     | <u>148,653,566</u>    |
| <b>Noncurrent Assets</b>                             |                       |                      |                       |
| Lease receivables                                    | 1,630,216             | 295,669              | 1,925,885             |
| Capital assets not depreciated                       | 75,149,767            | 11,292,136           | 86,441,903            |
| Capital assets, net of accumulated depreciation      | 448,130,337           | -                    | 448,130,337           |
| Right of use assets, net of accumulated amortization | 2,189,349             | -                    | 2,189,349             |
| Total noncurrent assets                              | <u>527,099,669</u>    | <u>11,587,805</u>    | <u>538,687,474</u>    |
| Total assets   | <u>671,179,136</u>    | <u>16,161,904</u>    | <u>687,341,040</u>    |
| <b>Deferred Outflows of Resources</b>                |                       |                      |                       |
| Pension related                                      | 3,255,642             | -                    | 3,255,642             |
| OPEB related   | 1,548,823             | -                    | 1,548,823             |
| Total deferred outflows of resources                 | <u>4,804,465</u>      | <u>-</u>             | <u>4,804,465</u>      |
| <b>Liabilities</b>                                   |                       |                      |                       |
| <b>Current Liabilities</b>                           |                       |                      |                       |
| Accounts payable                                     | 3,877,915             | 444,161              | 4,322,076             |
| Accrued liabilities                                  | 1,528,632             | 613,854              | 2,142,486             |
| Bonds payable - current                              | 14,765,000            | -                    | 14,765,000            |
| Interest payable                                     | 500,734               | -                    | 500,734               |
| Unearned revenue                                     | 6,262                 | 1,705,675            | 1,711,937             |
| Compensated absences                                 | 1,041,585             | 25,199               | 1,066,784             |
| Leases payable                                       | 365,404               | -                    | 365,404               |
| Total current liabilities                            | <u>22,085,532</u>     | <u>2,788,889</u>     | <u>24,874,421</u>     |
| <b>Noncurrent Liabilities</b>                        |                       |                      |                       |
| Compensated absences                                 | 367,146               | 13,575               | 380,721               |
| Bonds payable  | 77,545,000            | -                    | 77,545,000            |
| Leases payable                                       | 1,756,409             | -                    | 1,756,409             |
| Other noncurrent liabilities                         | 159,597               | -                    | 159,597               |
| Net Pension liability                                | 2,227,040             | -                    | 2,227,040             |
| Total OPEB liability                                 | 2,233,260             | -                    | 2,233,260             |
| Total noncurrent liabilities                         | <u>84,288,452</u>     | <u>13,575</u>        | <u>84,302,027</u>     |
| Total liabilities                                    | <u>106,373,984</u>    | <u>2,802,464</u>     | <u>109,176,448</u>    |
| <b>Deferred Inflows of Resources</b>                 |                       |                      |                       |
| Lease related  | 1,659,122             | 396,067              | 2,055,189             |
| OPEB related   | 4,434,180             | -                    | 4,434,180             |
| Pension related                                      | 30,109                | -                    | 30,109                |
| Total deferred inflows of resources                  | <u>6,123,411</u>      | <u>396,067</u>       | <u>6,519,478</u>      |
| <b>Net Position</b>                                  |                       |                      |                       |
| Net investment in capital assets                     | 430,935,348           | 11,287,960           | 442,223,308           |
| Restricted for                                       |                       |                      |                       |
| Debt service   | 5,018,975             | -                    | 5,018,975             |
| Pensions   | 3,225,533             | -                    | 3,225,533             |
| Unrestricted   | 124,306,350           | 1,675,413            | 125,981,763           |
| Total net position                                   | <u>\$ 563,486,206</u> | <u>\$ 12,963,373</u> | <u>\$ 576,449,579</u> |

**Sonoma-Marin Area Rail Transit District**  
**Statement of Revenue, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2023**

|  | Passenger             | Freight              | Total                 |
|--|-----------------------|----------------------|-----------------------|
| <b>Operating Revenues</b>                          |                       |                      |                       |
| Charges for services                               |                       |                      |                       |
| Passenger fares                                    | \$ 1,800,747          | \$ -                 | \$ 1,800,747          |
| Rent income  | 390,448               | 444,360              | 834,808               |
| Other services                                     | 129,130               | 9,036                | 138,166               |
| Freight movement                                   | -                     | 743,555              | 743,555               |
| <b>Total Operating Revenues</b>                    | <b>2,320,325</b>      | <b>1,196,951</b>     | <b>3,517,276</b>      |
| <b>Operating Expenses</b>                          |                       |                      |                       |
| Salaries and employee benefits                     | 25,169,615            | 872,290              | 26,041,905            |
| Services and supplies                              | 13,474,761            | 3,069,874            | 16,544,635            |
| Depreciation and amortization                      | 19,377,343            | -                    | 19,377,343            |
| <b>Total Operating Expenses</b>                    | <b>58,021,719</b>     | <b>3,942,164</b>     | <b>61,963,883</b>     |
| <b>Operating Loss</b>                              | <b>(55,701,394)</b>   | <b>(2,745,213)</b>   | <b>(58,446,607)</b>   |
| <b>Nonoperating Revenues (Expenses)</b>            |                       |                      |                       |
| Sales and use taxes                                | 49,649,375            | -                    | 49,649,375            |
| State operating assistance                         | 9,883,519             | 3,424,237            | 13,307,756            |
| Federal operating assistance                       | 11,355,964            | -                    | 11,355,964            |
| Rent expense                                       | (33,729)              | (39,004)             | (72,733)              |
| Investment earnings                                | 839,529               | -                    | 839,529               |
| Interest earnings                                  | 36,178                | 4,958                | 41,136                |
| Miscellaneous revenues                             | 454,896               | 256,924              | 711,820               |
| Gain on sale of asset                              | 32,613                | -                    | 32,613                |
| Interest expense                                   | (1,746,163)           | -                    | (1,746,163)           |
| <b>Total Nonoperating Revenues (Expenses)</b>      | <b>70,472,182</b>     | <b>3,647,115</b>     | <b>74,119,297</b>     |
| <b>Income Before Capital Contributions</b>         | <b>14,770,788</b>     | <b>901,902</b>       | <b>15,672,690</b>     |
| <b>Capital Contributions</b>                       |                       |                      |                       |
| State of California                                | 1,618,691             | -                    | 1,618,691             |
| State of Good Repair                               | 316,906               | -                    | 316,906               |
| Sonoma County Transportation Authority - Measure M | 1,025,746             | -                    | 1,025,746             |
| Federal  | 1,050,726             | -                    | 1,050,726             |
| Other governmental agencies                        | 30,000                | -                    | 30,000                |
| <b>Total Capital Contributions</b>                 | <b>4,042,069</b>      | <b>-</b>             | <b>4,042,069</b>      |
| <b>Change In Net Position</b>                      | <b>18,812,857</b>     | <b>901,902</b>       | <b>19,714,759</b>     |
| <b>Net Position-Beginning</b>                      | <b>544,673,349</b>    | <b>12,061,471</b>    | <b>556,734,820</b>    |
| <b>Net Position-Ending</b>                         | <b>\$ 563,486,206</b> | <b>\$ 12,963,373</b> | <b>\$ 576,449,579</b> |

Sonoma-Marin Area Rail Transit District  
Statement of Cash Flows  
For the Year Ended June 30, 2023

|   | Passenger            | Freight             | Total                |
|---|----------------------|---------------------|----------------------|
| <b>Cash Flows from Operating Activities</b>                       |                      |                     |                      |
| Receipts from customers   | \$ 1,800,747         | \$ 661,910          | \$ 2,462,657         |
| Receipts from others  | 129,130              | -                   | 129,130              |
| Cash received as lessor   | 361,674              | 441,688             | 803,362              |
| Payments to suppliers for goods and services                      | (13,982,975)         | (2,476,966)         | (16,459,941)         |
| Cash payments to employees for services                           | (20,987,851)         | (833,516)           | (21,821,367)         |
| <b>Net Cash Used For Operating Activities</b>                     | <b>(32,679,275)</b>  | <b>(2,206,884)</b>  | <b>(34,886,159)</b>  |
| <b>Cash Flows from Noncapital Financing Activities</b>            |                      |                     |                      |
| Sales tax received  | 49,696,124           | -                   | 49,696,124           |
| State operating assistance  | 3,872,367            | 4,206,000           | 8,078,367            |
| Federal operating assistance                                      | 13,948,578           | -                   | 13,948,578           |
| Cash paid on projects on behalf of other governments              | 32,613               | -                   | 32,613               |
| Cash receipts for third party infrastructure                      | 451,748              | 256,924             | 708,672              |
| <b>Net Cash Provided by Noncapital and Financing Activities</b>   | <b>68,001,430</b>    | <b>4,462,924</b>    | <b>72,464,354</b>    |
| <b>Cash Flows from Capital and Related Financing Activities</b>   |                      |                     |                      |
| Acquisition and construction of capital assets                    | (5,473,568)          | -                   | (5,473,568)          |
| Capital grants received restricted for capital purposes           | 4,042,069            | -                   | 4,042,069            |
| Interest received as lessor                                       | 36,178               | 4,958               | 41,136               |
| Cash paid as lessee   | (114,708)            | (39,004)            | (153,712)            |
| Principal payments on long-term debt                              | (14,015,000)         | -                   | (14,015,000)         |
| Interest paid on capital debt                                     | (1,772,493)          | -                   | (1,772,493)          |
| <b>Net Cash Used for Capital and Related Financing Activities</b> | <b>(17,297,522)</b>  | <b>(34,046)</b>     | <b>(17,331,568)</b>  |
| <b>Cash Flows from Investing Activities</b>                       |                      |                     |                      |
| Investment income (loss)  | 413,505              | (1,267)             | 412,238              |
| <b>Net Cash (Used For) Provided by Investing Activities</b>       | <b>413,505</b>       | <b>(1,267)</b>      | <b>412,238</b>       |
| <b>Net Increase (Decrease) In Cash and Cash Equivalents</b>       | <b>18,438,138</b>    | <b>2,220,727</b>    | <b>20,658,865</b>    |
| <b>Cash And Cash Equivalents - Beginning</b>                      | <b>98,599,081</b>    | <b>1,753,208</b>    | <b>100,352,289</b>   |
| <b>Cash And Cash Equivalents - Ending</b>                         | <b>\$117,037,219</b> | <b>\$ 3,973,935</b> | <b>\$121,011,154</b> |
| <b>Reconciliation to the Statement of Net Position</b>            |                      |                     |                      |
| Cash and cash equivalents   | \$111,517,510        | \$ 3,973,935        | \$115,491,445        |
| Restricted Cash, Cash Equivalents, and Investments with Trustee   | 5,519,709            | -                   | 5,519,709            |
| <b>Total cash and cash equivalents</b>                            | <b>\$117,037,219</b> | <b>\$ 3,973,935</b> | <b>\$121,011,154</b> |

Sonoma-Marín Area Rail Transit District  
Statement of Cash Flows  
For the Year Ended June 30, 2023

| Reconciliation of the Operating Loss to Net Cash  | Passenger              | Freight               | Total                  |
|---|------------------------|-----------------------|------------------------|
| Used for operating activities   |                        |                       |                        |
| Operating loss  | \$ (55,701,394)        | \$ (2,745,213)        | \$ (58,446,607)        |
| Adjustments to reconcile operating loss to net cash provided by operating activities                        |                        |                       |                        |
| Depreciation and amortization   | 19,377,343             | -                     | 19,377,343             |
| Changes in operating assets, liabilities, deferred inflows of resources, and deferred outflows of resources |                        |                       |                        |
| (Increase) decrease in prepaid expenses   | (279,836)              | (79,687)              | (359,523)              |
| (Increase) decrease in lease receivables and related deferred inflow of resources                           | (28,774)               | (2,672)               | (31,446)               |
| (Increase) decrease in accounts receivable  | 3,707                  | (90,681)              | (86,974)               |
| Increase (decrease) in accounts payable and other accrued liabilities                                       | 475,203                | 672,595               | 1,147,798              |
| Increase (decrease) in compensated absences   | (213,212)              | 38,774                | (174,438)              |
| Increase (decrease) in net post-employment benefits obligation  | 1,939,919              | -                     | 1,939,919              |
| Increase (decrease) in net pension liability and related deferred outflow/inflow of resources               | 1,747,769              | -                     | 1,747,769              |
| Net cash used by operating activities   | <u>\$ (32,679,275)</u> | <u>\$ (2,206,884)</u> | <u>\$ (34,886,159)</u> |
| Schedule of Non-Cash Investing, Capital, and Financing Activities   |                        |                       |                        |
| Unrealized loss on investments  | \$ (742,569)           | \$ -                  | \$ (742,569)           |

**Note 1 - Summary of Significant Accounting Policies**

**A. Reporting entity**

The Sonoma-Marín Area Rail Transit District (District) was formed in January 2003 by provisions of the Sonoma-Marín Area Rail Transit District Act, as successor to the Sonoma-Marín Area Rail Transit Commission and the Northwestern Pacific Railroad Authority in the California Counties of Sonoma and Marin. Its purpose, as defined by the State, is to provide for a unified, comprehensive institutional structure for the ownership and governance of a passenger rail system within the Counties of Sonoma and Marin that shall operate in concert with existing freight service that operates upon the same rail line and serves the Counties of Humboldt, Marin, Mendocino, Napa and Sonoma. The District also owns and is constructing additional portions of a multiuse non-motorized pathway within its right-of-way. The District is governed by a 12-member Board of Directors consisting of two supervisors each from the counties of Marin and Sonoma, two members from the Golden Gate Bridge, Highway and Transportation District, and six members representing jurisdictions within the District.

**B. Fund Accounting**

The District uses proprietary (enterprise) funds to account for its activities. An enterprise fund may be used to report any activity for which a fee is charged to external users for goods or services. Enterprise funds are required for any activity whose principal external revenue sources meet any of the following criteria: (1) issued debt is backed solely by fees and charges, (2) the cost of providing services for any activity (including capital costs such as depreciation or debt service) must be legally recovered through fees or charges, or (3) if the government's policy is to establish activity fees or charges designed to recover the cost of providing services.

Proprietary funds distinguish operating from nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges for services for transit fares and freight operations. Operating expenses for the District include operating and maintaining passenger railway and administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**C. Basis of Presentation**

The District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the District are included on the statement of net position. 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 provider have been met.

**D. Cash Equivalents**

The District considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The District's cash and investments in the Sonoma County Treasury Pool (Treasury Pool) are, in substance, demand deposits and are considered cash equivalents.

**E. Investments**

The District measures its investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, using observable market transactions or available market information. The District's investments in the Sonoma County investment pool are uncategorized because deposits to and from the pool are made on the basis of \$1 and not at fair value.

**F. Restricted Cash and Investments with Trustee**

Assets whose use is restricted to specific purposes by bond indenture or otherwise are segregated on the statement of net position. These assets are primarily restricted for direct project-related expenses and debt service purposes. Bond interest and redemption represent funds accumulated for debt service payments due in the next twelve months and reserve funds set aside to make up potential future deficiencies. Restricted accounts consisting of highly liquid investments with a maturity of three months or less when purchased are classified as cash equivalents.

**G. Receivables**

Receivables consist of amounts owed to SMART by other governmental agencies and the public. Amounts due from other governments are considered fully collectible. Accounts receivable from the public include reimbursements from other entities for services provided or for use of SMART owned assets. An allowance for doubtful accounts receivable is established when, based upon a review of outstanding accounts and the failure of all collection efforts, management determines that collection may not occur.

**H. Capital Assets**

Capital assets are tangible and intangible assets which include land, facilities, infrastructure, equipment, leases as lessee, easements, and construction in progress (CIP). It is the District’s policy to capitalize qualifying assets with a cost of \$5,000 or more and a useful life of more than one year. Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Betterments and major improvements that significantly increase value, change capacity, or extend the useful life are capitalized. Donated capital assets are recorded based on their market value at the date of acquisition.

Capital assets are depreciated using the straight-line method over their useful lives. The useful life for revenue and non-revenue vehicles is determined based on the Federal Transit Administration’s Default Useful Life Benchmark. SMART uses the IRS Publication 946 for all other class lives. Land, CIP, and intangible assets with an indefinite useful life are not depreciated.

**I. Compensated Absences**

It is the District’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay reported in the basic financial statements is accrued when earned. Twenty-five percent of sick leave is payable on termination and is accrued as it is earned.

Employee compensated absences liabilities as of June 30, 2023 are as follows:

| Balance<br>July 1, 2022 | Additions  | Deductions   | Balance<br>June 30, 2023 | Due in<br>One Year |
|-------------------------|------------|--------------|--------------------------|--------------------|
| \$ 1,621,943            | \$ 320,201 | \$ (494,639) | \$ 1,447,505             | \$ 1,066,784       |

**J. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance, including, but not limited to, comprehensive railroad liability and other relevant liability policies, automobile, employment and workers compensation policies. In addition, the District has policies and procedures that ensure appropriate insurance coverage and risk procedures for third-party service providers doing work on behalf of the agency. The District did not settle any claims that exceeded the District's insurance coverage during the past three years, nor did it reduce its insurance coverage from the prior year.

**K. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**L. Deferred Inflow/Outflow of Resources**

In addition to assets, the statement of financial position includes a separate section for *deferred outflows of resources*. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District has two items that qualify for reporting in this category; deferred amounts related to pension and OPEB. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for *deferred inflows of resources*. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category; deferred amounts related to leases, pension and OPEB.

## M. Net Position

The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances of bonds, notes, lease liabilities and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

*Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

*Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

## N. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

**O. Leases and Subscription Based Information Technology Arrangements**

**As Lessee:** The District is a lessee for a noncancellable building lease. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in its financial statement.

At the commencement of a lease/subscription based information technology arrangement (SBITA), the District initially measures the lease/SBITA liability at the present value of payments expected to be made during the lease/SBITA term. Subsequently, the lease/SBITA liability is reduced by the principal portion of lease/subscription payments made. The lease/SBITA asset is initially measured as the initial amount of the lease/SBITA liability, adjusted for lease payments made at or before the lease/subscription commencement date, plus certain initial direct costs. Subsequently, the lease asset/SBITA is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease/subscription payments to present value, (2) lease/subscription term, and (3) lease/subscription payments.

- The District uses its estimated bond borrowing rate as the discount rate for leases with adjustment for the applicable lease/subscription terms.
- The lease/subscription term includes the noncancellable period of the lease/SBITA. Lease/subscription payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease/SBITA and will remeasure the asset and liability if certain changes occur that are expected to significantly affect the amounts.

Lease/subscription assets are reported with noncurrent capital assets and lease/subscription liabilities are reported with long-term debt as current and noncurrent liabilities on the statement of net position.

**As Lessor:** The District is a lessor for 10 noncancellable land leases and infrastructure related sites. Accordingly, the District recognizes a lease receivable and a deferred inflow of resources.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses the U.S. Treasury state and local government securities (SLGS) rates as the discount rate for leases with adjustment for applicable lease terms.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

#### **P. Effects of New Pronouncements**

As of July 1, 2022, the District implemented the following GASB Statement:

**GASB Statement No. 96** – In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB Statement No. 96 defines such arrangements as contracts that convey control of the right to use another party’s information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. The standard clarifies measurement and recognition of capitalizable costs, intangible assets, and subscription liabilities for such arrangements and also requires additional disclosures related to such arrangements. The provisions of this statement have been implemented as of June 30, 2023 which did not have a material impact on the financial statements.

The District is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB statements:

**GASB Statement No. 99** – In April 2022, GASB Issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Certain requirements of this statement have been implemented as of June 30, 2022. The requirements related to leases, PPPs, and Subscription-Based Information Technology Arrangements (SBITA) are effective for fiscal years

beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

**GASB Statement No. 100** – In June 2022, GASB Issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

**GASB Statement No. 101** – In June 2022, GASB Issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

**Note 2 - Cash and Investments**

Cash and investments are carried at fair value and are categorized as follows on June 30, 2023:

|                                      | Available for<br>Operations | Held by<br>Trustee  | Total                 |
|--------------------------------------|-----------------------------|---------------------|-----------------------|
| Sonoma County Treasury Pool          | \$ 84,847,595               | \$ 5,519,709        | \$ 90,367,304         |
| Deposits with financial institutions | 30,643,850                  | -                   | 30,643,850            |
| Total cash and investments           | <u>\$ 115,491,445</u>       | <u>\$ 5,519,709</u> | <u>\$ 121,011,154</u> |

**A. Investments Authorized by the District’s Investment Policy**

Investments are guided by the District investment policy adopted each year with the budget. The policy outlines the guidelines and practices to be used in effectively managing the District’s available cash and investment portfolio. District funds that are not required for immediate cash requirements are to be invested in compliance with the California Code Section 53600, et seq. In accordance with California Government Code Section 53600.5, and in order of importance, the Chief Financial Officer is required to adhere to the following three criteria: (a) Safety of Principal (b) Liquidity (c) Return on Investment.

The District’s investments beyond those needed for near-term requirements are invested with the Sonoma County Treasury Pool which adheres to California Government Code.

**B. Investments Authorized by Debt Agreements**

The District must maintain required amounts of cash and investments with fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds. The California Government Code requires these funds to be invested per the District’s Policy, bond indentures or State Statute. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

| Authorized<br>Investment Type                                   | Maximum<br>Remaining<br>Maturity | Minimum<br>Credit<br>Quality | Maximum<br>Percentage<br>of Portfolio |
|---|----------------------------------|------------------------------|---------------------------------------|
| Local Agency Bonds  | 5 Years                          | None                         | None                                  |
| U.S. Treasury Obligations                                       | 5 Years                          | None                         | None                                  |
| State Obligations: CA and Others                                | 5 Years                          | None                         | None                                  |
| CA Local Agency Obligations                                     | 5 Years                          | None                         | None                                  |
| U.S. Agency Obligations   | 5 Years                          | None                         | None                                  |
| Bankers’ Acceptances  | 180 days                         | None                         | 40%                                   |
| Commercial Paper: Non-pooled Funds (Under \$100k)               | 270 days                         | AAA                          | 25%                                   |
| Commercial Paper: Non-pooled Funds (Over \$100k)                | 270 days                         | AAA                          | 40%                                   |
| Commercial Paper: Pooled Funds                                  | 270 days                         | AAA                          | 40%                                   |
| Negotiable Certificates of Deposit                              | 5 Years                          | None                         | 30%                                   |
| Non-negotiable Certificates of Deposit                          | 5 Years                          | None                         | None                                  |
| Placement Service Deposits                                      | 5 Years                          | None                         | 50%                                   |
| Placement Service Certificates of Deposit                       | 5 Years                          | None                         | 50%                                   |
| Repurchase Agreements   | 1 year                           | None                         | None                                  |
| Reverse Repurchase Agreements and Securities Lending Agreements | 92 days                          | None                         | 20%                                   |
| Medium-term Notes   | 5 years                          | A                            | 30%                                   |
| Mutual Funds and Money Market Mutual Funds                      | N/A                              | Multiple                     | 20%                                   |
| Collateralized Bank Deposits                                    | 5 years                          | None                         | None                                  |
| Mortgage Pass-through and Asset Backed Securities               | 5 years                          | AA                           | 20%                                   |
| County Pooled Investment Funds                                  | N/A                              | None                         | None                                  |
| Joint Powers Authority Pool                                     | N/A                              | Multiple                     | None                                  |
| Local Agency Investment Fund (LAIF)                             | N/A                              | None                         | None                                  |
| Voluntary Investment Program Fund                               | N/A                              | None                         | None                                  |
| Supranational Obligations                                       | 5 years                          | AA                           | 30%                                   |
| Public Bank Obligations   | 5 years                          | None                         | None                                  |

**C. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates may adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County of Sonoma Treasury Investment Pool. The sensitivity of the fair values of the District's investments to market interest rate fluctuation is measured as the weighted average maturity of the investment portfolio, which was 539 days on June 30, 2023.

**D. Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Treasury Pool does not have a rating provided by a nationally recognized statistical rating organization.

**E. Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision: the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2023, \$30,388,595 of depository balances were exposed to custodial credit risk because they were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

**F. Fair Value Hierarchy**

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

## Sonoma-Marin Area Rail Transit District

Notes to Financial Statements  
For the Year Ended June 30, 2023

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- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.
- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the Commission's own data.

Deposits and withdrawals in the Sonoma County Treasury Investment Pool are made on the basis of \$1 and not fair value. Accordingly, the District's proportionate share of investments on June 30, 2023, is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

Sonoma-Marín Area Rail Transit District

Notes to the Financial Statements

For the Year Ended June 30, 2023

**Note 3 - Capital Assets**

Capital asset activity for the year ended June 30, 2023, was as follows:

| Passenger Fund                                     | Balance<br>July 1, 2022 | Additions      | Deductions     | Balance<br>June 30, 2023 |
|--|-------------------------|----------------|----------------|--------------------------|
| Capital assets not being depreciated               |                         |                |                |                          |
| Land   | \$ 43,326,251           | \$ 241,375     | \$ -           | \$ 43,567,626            |
| Intangible assets                                  | 19,770                  | -              | -              | 19,770                   |
| Construction in progress                           | 29,523,391              | 4,962,008      | (2,923,028)    | 31,562,371               |
| Total capital assets<br>not being depreciated      | 72,869,412              | 5,203,383      | (2,923,028)    | 75,149,767               |
| Capital assets being depreciated                   |                         |                |                |                          |
| Infrastructure                                     | 498,807,467             | 289,914        | -              | 499,097,381              |
| Buildings and improvements                         | 24,868,302              | -              | -              | 24,868,302               |
| Equipment and vehicles                             | 10,284,223              | 1,522,454      | (83,629)       | 11,723,048               |
| Revenue vehicles                                   | 61,253,699              | 1,100,000      | -              | 62,353,699               |
| Intangible assets                                  | 387,672                 | -              | -              | 387,672                  |
| Right-to-use lease - Building                      | 934,903                 | 1,865,427      | -              | 2,800,330                |
| Total capital assets being<br>depreciated          | 596,536,266             | 4,777,795      | (83,629)       | 601,230,432              |
| Total capital assets                               | 669,405,678             | 9,981,178      | (3,006,657)    | 676,380,199              |
| Accumulated depreciation and amortization          |                         |                |                |                          |
| Infrastructure                                     | (112,093,430)           | (15,735,353)   |                | (127,828,783)            |
| Buildings and improvements                         | (5,152,208)             | (623,377)      |                | (5,775,585)              |
| Equipment and vehicles                             | (4,178,669)             | (609,955)      | 83,629         | (4,704,995)              |
| Revenue vehicles                                   | (9,477,069)             | (2,188,456)    | -              | (11,665,525)             |
| Intangible assets                                  | (284,034)               | (40,843)       | -              | (324,877)                |
| Right-to-use lease - Building                      | (431,623)               | (179,358)      | -              | (610,981)                |
| Total accumulated<br>depreciation and amortization | (131,617,033)           | (19,377,342)   | 83,629         | (150,910,746)            |
| Capital assets, net                                | \$ 537,788,645          | \$ (9,396,164) | \$ (2,923,028) | \$ 525,469,453           |
| <br>   |                         |                |                |                          |
| Freight Fund                                       | Balance<br>July 1, 2022 | Additions      | Deductions     | Balance<br>June 30, 2023 |
| Capital assets not being depreciated               |                         |                |                |                          |
| Land   | \$ 7,292,136            | \$ -           | \$ -           | \$ 7,292,136             |
| Intangible assets                                  | 4,000,000               | -              | -              | 4,000,000                |
| Total capital assets<br>not being depreciated      | 11,292,136              | -              | -              | 11,292,136               |
| Capital assets, net                                | \$ 11,292,136           | \$ -           | \$ -           | \$ 11,292,136            |

**Note 4 - Long Term Debt**

**A. Composition and Changes**

Long-term debt activity for the year ended June 30, 2023 was as follows:

|  | Original<br>Borrowing | Balance<br>July 1, 2022 | Additions           | Reductions           | June 20, 2022        | Due in<br>One Year   |
|--|-----------------------|-------------------------|---------------------|----------------------|----------------------|----------------------|
| Long-Term Liabilities                    |                       |                         |                     |                      |                      |                      |
| Measure Q Sales Tax Revenue              |                       |                         |                     |                      |                      |                      |
| Refunding Bonds (Green Bonds)            |                       |                         |                     |                      |                      |                      |
| Series 2020A 0.45-2.09%,<br>due 3/1/2029 | \$ 122,970,000        | \$ 106,325,000          | \$ -                | \$ 14,015,000        | \$ 92,310,000        | \$ 14,765,000        |
| Leases                                   | 934,903               | 516,723                 | 1,952,648           | 347,558              | 2,121,813            | 365,404              |
| Total                                    | <u>\$ 123,904,903</u> | <u>\$ 106,841,723</u>   | <u>\$ 1,952,648</u> | <u>\$ 14,362,558</u> | <u>\$ 94,431,813</u> | <u>\$ 15,130,404</u> |

**B. Description of District's Long-Term Debt Issues**

**Measure Q Sales Tax Revenue Refunding Bonds (Green Bonds) Series 2020A** – In October 2020, the District issued \$122,970,000 in variable rate Measure Q Sales Tax Revenue Refunding Bonds (Green Bonds) Series 2020A. Although the Initial Series 2020A Bonds have a maturity date of March 1, 2029, they had certain provisions that allowed the District to remarket them. The Bonds will bear interest between 0.449%-2.088%% and mature by March 1, 2029.

The bonds are direct obligations and pledge the full faith and credit of the District. The total projected Measure Q sales tax revenue, as projected in the 2023 Capital Improvement Plan, is expected to approximate \$384 million over the eight-year life of the tax, which is sufficient to repay the estimated debt service, including interest. The Measure Q Sales Tax revenue recognized during the fiscal year ended June 30, 2023 was \$49,649,375 whereas debt service on the Measure Q bonds was \$14,015,000 for the fiscal year ended June 30, 2023.

Sonoma-Marín Area Rail Transit District

Notes to the Financial Statements

For the Year Ended June 30, 2023

The following table presents the District’s aggregate annual amount of principal and interest payments required to amortize the outstanding debt as of June 30, 2023:

| For The Year<br>Ending June 30 | Principal     | Interest     |
|--------------------------------|---------------|--------------|
| 2024                           | \$ 14,765,000 | \$ 1,479,444 |
| 2025                           | 15,580,000    | 1,324,116    |
| 2026                           | 15,860,000    | 1,136,844    |
| 2027                           | 16,105,000    | 893,869      |
| 2028                           | 16,385,000    | 614,931      |
| 2029                           | 13,615,000    | 284,281      |
|                                | \$ 92,310,000 | \$ 5,733,485 |

Sales tax revenues are 100% pledged to pay the scheduled principal and interest payments. If an event of default shall occur and be continuing, the District shall immediately transfer to the Trustee all revenue held by it and the Trustee shall apply all revenue and any other funds then held or thereafter received by the Trustee under any of the provisions of the indenture to protect the interests of the Holders of the Bonds.

**Note 5 - Lease**

The District has several leasing arrangements, summarized below.

**A. Lessee Activities**

The District has accrued liabilities for one building lease. The discount rate used in the calculation of the lease liability was 4.50%. The remaining liability for the lease is \$2,121,813 as of June 30, 2023. Right to use assets, net of amortization, for the lease is \$2,189,349 as of June 30, 2023. The District is required to make monthly principal and interest payments of \$37,697. Interest expense recognized on these leases was \$198,886 for the fiscal year ended June 30, 2023. Principal payments of \$451,637 were recognized in the years ended June 30, 2023. Final payment on these leases is expected in fiscal year 2029.

The District’s schedule of future payments included in the measurement of the lease liability are as follows:

| Fiscal Year Ending<br>June 30, | Principal    | Interest   | Total        |
|--------------------------------|--------------|------------|--------------|
| 2024                           | \$ 365,404   | \$ 86,956  | \$ 452,360   |
| 2025                           | 382,427      | 69,872     | 452,299      |
| 2026                           | 399,998      | 52,239     | 452,237      |
| 2027                           | 430,722      | 33,544     | 464,266      |
| 2028                           | 463,589      | 13,393     | 476,982      |
| 2029                           | 79,673       | 162        | 79,835       |
|                                | \$ 2,121,813 | \$ 256,166 | \$ 2,377,979 |

**B. Lessor Activities**

The District has accrued a receivable for ten land and infrastructure leases. The remaining receivable for these leases was \$2,102,149 for the year ended June 30, 2023. Deferred inflows related to these leases were \$2,055,189 as of June 30, 2023. Interest revenue recognized on these leases was \$41,136 for the year ended June 30, 2023. Principal receipts of \$165,134 were recognized as revenue during the fiscal year. Final receipt is expected in fiscal year 2047.

**Note 6 - Pension Plans**

**A. General Information about the Pension Plans**

**Plan Description**

All full-time and certain other qualifying employees are eligible to participate in the District’s employee pension plan, a cost-sharing multiple employer defined benefit pension plan administered by California’s Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plan are established by state statute and District resolution. CalPERS acts as a common investment and administrative agent for its participating member employers. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information which can be found on the CalPERS website.

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 or 52, depending on the hire date, with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. Benefit provisions and all other requirements are established by state statute and may be amended by the District's contract with the employees.

The Plans' provisions and benefits in effect on June 30, 2023, are summarized as follows:

|   | Miscellaneous                  |  |                                |        |  |       |  |           |                                |                 |            |                          |                    |                  |                  |                |    |   |               |                                     |        |                                     |        |
|---|--------------------------------|--|--------------------------------|--------|--|-------|--|-----------|--------------------------------|-----------------|------------|--------------------------|--------------------|------------------|------------------|----------------|----|---|---------------|-------------------------------------|--------|-------------------------------------|--------|
|   | Tier I                         | Tier II  | PEPRA                          |        |  |       |  |           |                                |                 |            |                          |                    |                  |                  |                |    |   |               |                                     |        |                                     |        |
| Hire date   | Prior to<br>September 1, 2011  | On or after<br>September 1, 2011   | On or after<br>January 1, 2013 |        |  |       |  |           |                                |                 |            |                          |                    |                  |                  |                |    |   |               |                                     |        |                                     |        |
| Benefit formula   | 2% at 55                       | 2% at 60   | 2% at 62                       |        |  |       |  |           |                                |                 |            |                          |                    |                  |                  |                |    |   |               |                                     |        |                                     |        |
| Benefit vesting schedule                                  | 5 years of service             | 5 years of service   | 5 years of service             |        |  |       |  |           |                                |                 |            |                          |                    |                  |                  |                |    |   |               |                                     |        |                                     |        |
| Benefit payments  | Monthly for life               | Monthly for life   | Monthly for life               |        |  |       |  |           |                                |                 |            |                          |                    |                  |                  |                |    |   |               |                                     |        |                                     |        |
| Retirement age  | 55                             | 60   | 62                             |        |  |       |  |           |                                |                 |            |                          |                    |                  |                  |                |    |   |               |                                     |        |                                     |        |
| Monthly benefits as a percentage of eligible compensation | 1.426%-2.418%                  | 1.426%-2.418%  | 1.000% - 2.500%                |        |  |       |  |           |                                |                 |            |                          |                    |                  |                  |                |    |   |               |                                     |        |                                     |        |
| Required employee contribution rate                       | 6.92%                          | 6.93%  | 6.75%                          |        |  |       |  |           |                                |                 |            |                          |                    |                  |                  |                |    |   |               |                                     |        |                                     |        |
| Required employer contribution rate                       | 10.32%                         | 8.63%  | 7.47%                          |        |  |       |  |           |                                |                 |            |                          |                    |                  |                  |                |    |   |               |                                     |        |                                     |        |
|   |                                | <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" style="text-align: center;">Safety</th> </tr> <tr> <th colspan="2" style="text-align: center;">PEPRA</th> </tr> </thead> <tbody> <tr> <td>Hire date</td> <td style="text-align: center;">On or after<br/>January 1, 2013</td> </tr> <tr> <td>Benefit formula</td> <td style="text-align: center;">2.7% at 57</td> </tr> <tr> <td>Benefit vesting schedule</td> <td style="text-align: center;">5 years of service</td> </tr> <tr> <td>Benefit payments</td> <td style="text-align: center;">Monthly for life</td> </tr> <tr> <td>Retirement age</td> <td style="text-align: center;">57</td> </tr> <tr> <td>Monthly benefits as a percentage of eligible compensation</td> <td style="text-align: center;">2.000%-2.700%</td> </tr> <tr> <td>Required employee contribution rate</td> <td style="text-align: center;">13.00%</td> </tr> <tr> <td>Required employer contribution rate</td> <td style="text-align: center;">12.78%</td> </tr> </tbody> </table> |                                | Safety |  | PEPRA |  | Hire date | On or after<br>January 1, 2013 | Benefit formula | 2.7% at 57 | Benefit vesting schedule | 5 years of service | Benefit payments | Monthly for life | Retirement age | 57 | Monthly benefits as a percentage of eligible compensation | 2.000%-2.700% | Required employee contribution rate | 13.00% | Required employer contribution rate | 12.78% |
| Safety  |                                |  |                                |        |  |       |  |           |                                |                 |            |                          |                    |                  |                  |                |    |   |               |                                     |        |                                     |        |
| PEPRA   |                                |  |                                |        |  |       |  |           |                                |                 |            |                          |                    |                  |                  |                |    |   |               |                                     |        |                                     |        |
| Hire date   | On or after<br>January 1, 2013 |  |                                |        |  |       |  |           |                                |                 |            |                          |                    |                  |                  |                |    |   |               |                                     |        |                                     |        |
| Benefit formula   | 2.7% at 57                     |  |                                |        |  |       |  |           |                                |                 |            |                          |                    |                  |                  |                |    |   |               |                                     |        |                                     |        |
| Benefit vesting schedule                                  | 5 years of service             |  |                                |        |  |       |  |           |                                |                 |            |                          |                    |                  |                  |                |    |   |               |                                     |        |                                     |        |
| Benefit payments  | Monthly for life               |  |                                |        |  |       |  |           |                                |                 |            |                          |                    |                  |                  |                |    |   |               |                                     |        |                                     |        |
| Retirement age  | 57                             |  |                                |        |  |       |  |           |                                |                 |            |                          |                    |                  |                  |                |    |   |               |                                     |        |                                     |        |
| Monthly benefits as a percentage of eligible compensation | 2.000%-2.700%                  |  |                                |        |  |       |  |           |                                |                 |            |                          |                    |                  |                  |                |    |   |               |                                     |        |                                     |        |
| Required employee contribution rate                       | 13.00%                         |  |                                |        |  |       |  |           |                                |                 |            |                          |                    |                  |                  |                |    |   |               |                                     |        |                                     |        |
| Required employer contribution rate                       | 12.78%                         |  |                                |        |  |       |  |           |                                |                 |            |                          |                    |                  |                  |                |    |   |               |                                     |        |                                     |        |

**Contributions**

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1, following notice of a change in the rate. Funding contributions for Plans are determined annually on an actuarial basis, as of June 30, by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2023, the employer contributions were \$1,143,753 for the miscellaneous plan and \$16,591 for the safety plan.

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension**

As of June 30, 2023, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

| Pension Plan  | Net Pension Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | Pension Expense     |
|---------------|-----------------------|--------------------------------|-------------------------------|---------------------|
| Miscellaneous | \$ 2,207,036          | \$ 3,210,098                   | \$ 29,685                     | \$ 2,845,687        |
| Safety        | 20,004                | 45,544                         | 424                           | 62,424              |
| Total         | <u>\$ 2,227,040</u>   | <u>\$ 3,255,642</u>            | <u>\$ 30,109</u>              | <u>\$ 2,908,111</u> |

The District’s net pension liability is measured as the proportionate share of the collective Plan’s net pension liability. The net pension liability of the plan is measured as of June 30, 2022, and the total pension liability for the plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to the June 30, 2022, measurement date using standard update procedures. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan, relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the net pension liability as of June 30, 2022, and 2023 was as follows:

|   | Miscellaneous    | Safety           |
|---|------------------|------------------|
| Proportion - June 30, 2021 measurement date | -0.013580%       | -0.000510%       |
| Proportion - June 30, 2022 measurement date | <u>0.047170%</u> | <u>0.000290%</u> |
| Change in proportion                        | <u>0.060750%</u> | <u>0.000800%</u> |

Sonoma-Marín Area Rail Transit District  
Notes to the Financial Statements  
For the Year Ended June 30, 2023

For the year ended June 30, 2023, the District recognized a pension expense of \$1,747,769. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to the miscellaneous plan from the following sources:

|   | Miscellaneous                     |                                  |
|---|-----------------------------------|----------------------------------|
|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
| District contributions subsequent to measurement date   | \$ 1,143,753                      | \$ -                             |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 894,345                           | -                                |
| Net differences between projected and actual earnings on pension plan investments                             | 404,270                           | -                                |
| Differences between expected and actual experience  | 44,322                            | 29,685                           |
| Adjustment due to differences in proportions  | 497,251                           | -                                |
| Changes of assumptions  | 226,157                           | -                                |
| Total   | \$ 3,210,098                      | \$ 29,685                        |

On June 30, 2023, the District reported \$1,143,753 as deferred outflows of resources related to contributions paid subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Year Ended<br>June 30, | Miscellaneous<br>Deferred<br>Outflows/(Inflows)<br>of Resources |
|------------------------|---|
| 2024                   | \$ 868,698  |
| 2025                   | 621,064   |
| 2026                   | 299,633   |
| 2027                   | 247,265   |
| Total                  | \$ 2,036,660  |

Sonoma-Marín Area Rail Transit District  
Notes to the Financial Statements  
For the Year Ended June 30, 2023

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On June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to the safety plan from the following sources:

|   | Safety                            |                                  |
|---|-----------------------------------|----------------------------------|
|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
| District contributions subsequent to measurement date   | \$ 16,591                         | \$ -                             |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 16,988                            | -                                |
| Net differences between projected and actual earnings on pension plan investments                             | 3,159                             | -                                |
| Differences between expected and actual experience  | 828                               | 217                              |
| Adjustment due to differences in proportions  | 5,961                             | 207                              |
| Changes of assumptions  | 2,017                             | -                                |
| Total   | \$ 45,544                         | \$ 424                           |

On June 30, 2023, the District reported \$16,591 as deferred outflows of resources related to contributions paid subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Year Ended<br>June 30, | Safety<br>Deferred<br>Outflows/(Inflows)<br>of Resources |
|------------------------|--|
| 2024                   | \$ 15,340  |
| 2025                   | 7,975  |
| 2026                   | 3,286  |
| 2027                   | 1,928  |
| Total                  | \$ 28,529  |

**Actuarial Assumptions** – The total pension liabilities was determined using the following actuarial assumptions:

|                           | Miscellaneous    | Safety           |
|---------------------------|------------------|------------------|
| Valuation date            | June 30, 2021    | June 30, 2021    |
| Measurement date          | June 30, 2022    | June 30, 2022    |
| Actuarial cost method     | Entry age normal | Entry age normal |
| Discount rate             | 6.90%            | 6.90%            |
| Investment rate of return | 6.90%            | 6.90%            |

(1) The mortality table used was developed based on CalPERS’ specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.90%. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 6.90% discount rate is appropriate, and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 6.90% is applied to all plans in the Public Employees’ Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class.

## Sonoma-Marin Area Rail Transit District

Notes to the Financial Statements  
For the Year Ended June 30, 2023

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations, as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation:

| Asset Class         | Assumed Asset Allocation | Real Return Years 1-10 <sup>(a)</sup> | Real Return Years 11+ <sup>(b)</sup> |
|---------------------|--------------------------|---------------------------------------|--------------------------------------|
| Global equity       | 50%                      | 4.80%                                 | 5.98%                                |
| Global Fixed income | 28%                      | 1.00%                                 | 2.62%                                |
| Inflation assets    | 0%                       | 0.77%                                 | 1.81%                                |
| Private equity      | 8%                       | 6.30%                                 | 7.23%                                |
| Real assets         | 13%                      | 3.75%                                 | 4.93%                                |
| Liquidity           | 1%                       | 0.00%                                 | -0.92%                               |
| <b>Total</b>        | <b>100%</b>              |                                       |                                      |

<sup>(a)</sup> An expected inflation of 2.00% used for this period.

<sup>(b)</sup> An expected inflation of 2.92% used for this period.

### Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability (asset), as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

| Discount Rate                 | Miscellaneous Net Pension Liability | Safety Net Pension Liability (Asset) |
|-------------------------------|-------------------------------------|--------------------------------------|
| 1% decrease (5.90%)           | \$ 4,656,184                        | \$ 57,614                            |
| Current discount rate (6.90%) | 2,207,036                           | 20,004                               |
| 1% increase (7.90%)           | 191,993                             | (10,733)                             |

**Pension Plan Fiduciary Net Position** – CalPERS issues a separate annual comprehensive financial report, copies of which may be obtained from the CalPERS Executive Offices, Lincoln Plaza East, 400 Q Street, Sacramento, California 95814.

**Note 7 - Other Post-Employment Health Care Benefits (OPEB)**

For the fiscal year ended June 30, 2023, the District reported total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense as follows:

| <u>Total OPEB<br/>Liability</u> | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> | <u>OPEB<br/>Expense</u> |
|---------------------------------|---|--|-------------------------|
| <u>\$ 2,233,260</u>             | <u>\$ 1,548,823</u>                       | <u>\$ (4,434,180)</u>                    | <u>\$ 1,939,919</u>     |

**A. General Information about the District’s Other Post Employment Benefit (OPEB) Plan**

*Plan administration* The District’s governing board administers the Postemployment Benefits Plan (Plan). The Plan is a single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. The Plan provides medical benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the District contributes to the cost of the plan as specified below. The District’s governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

*Benefits provided* The District sponsors healthcare coverage under the California Public Employees Medical and Hospital Care Act ("PEMHCA"). Participation in PEMHCA is financed in part by District contributions made to the plan. The District contributes a percentage of the PEMHCA minimum to eligible retirees.

The District contributed \$81.95 per month to PEMHCA on behalf of each eligible retiree in 2022. This amount increased to \$90.60 per month during 2023. Each year, this contribution is increased pursuant to the "unequal contribution method" under PEMHCA, whereby the District contribution for retirees equals 5% of the District's contribution for active employees multiplied by the number of years the District has participated in PEMHCA until such time as the contributions are equal. The PEMHCA minimum was \$149 in 2022 and \$151 for 2023 in which the District contribution to retirees was 55% and 60%, respectively. Additionally, the District pays the PEMHCA percentage-of-premiums admin fee for all retirees participating in PEMHCA.

Sonoma-Marin Area Rail Transit District

Notes to the Financial Statements

For the Year Ended June 30, 2023

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Employees Covered by Benefit Terms Membership in the plan consisted of the following at the measurement date of June 30, 2022:

|   |                   |
|---|-------------------|
| Active employees  | 125               |
| Inactive employees entitled to but not yet receiving benefits payments    | -                 |
| Inactive employees or beneficiaries currently receiving benefits payments | <u>4</u>          |
| Total   | <u><u>129</u></u> |

*Contributions* The benefit payment requirements of the Plan members and the District are established and may be amended by the District. The required contribution is based on projected pay-as-you-go financing requirements. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

**B. Total OPEB Liability**

The District's Total OPEB Liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2022. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

*Actuarial Assumptions* The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

|   |  |
|---|--|
| Actuarial cost method                                     | Entry Age, Level Percent of Pay  |
| Recognition of deferred inflows and outflows of resources | Closed period equal to the average of the expected remaining service lives of all employees provided with OPEB   |
| Salary increases  | 3.00 percent   |
| Inflation rate  | 2.50 percent   |
| Healthcare cost trend rate                                | 6.50 percent for 2022, 6.00 percent for 2023, 5.50 percent for 2024, 5.25 percent for 2025-2029, 5.00 percent for 2030-2039, 4.75 percent for 2040-2049, 4.50 percent for 2050-2069, and 4.00 percent for 2070 and later years; Medicare ages: 4.50 percent for 2022-2029 and 4.00 percent for 2030 and later years. |
| Preretirement Mortality                                   |  |
| Miscellaneous   | Preretirement Mortality Rates for Public Agency Miscellaneous from CalPERS Experience Study (2000-2019).   |
| Safety  | Preretirement Mortality Rates for Public Agency Police and Fire from CalPERS Experience Study (2000-2019).   |
| Postretirement Mortality                                  |  |
| Miscellaneous   | Post-retirement Mortality Rates for Public Agency Miscellaneous from CalPERS Experience Study (2000-2019).   |
| Safety  | Post-retirement Mortality Rates for Public Agency Police and Fire from CalPERS Experience Study (2000-2019).   |

Actuarial assumptions used in the June 30, 2022 valuation were based on a review of plan experience during the period June 30, 2021 to June 30, 2022.

*Discount rate* For OPEB plans that are not administered through trusts that meet the criteria in Paragraph 4, GASB 75 requires a discount rate that is a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The discount rate used to measure the District's Total OPEB liability is based on the Fidelity GO AA 20 Years Municipal Index which was 1.92% as of the June 30, 2021 measurement date and 3.69% as of the June 30, 2022 measurement date.

**C. Changes in Total OPEB Liability**

The changes in the total OPEB liability follows:

|   | Total OPEB<br>Liability |
|---|-------------------------|
| Balance, June 30, 2022                            | \$ 3,533,684            |
| Service cost                                      | 726,098                 |
| Interest  | 107,031                 |
| Difference between expected and actual experience | (1,899,309)             |
| Changes of assumptions and other inputs           | (230,572)               |
| Benefit payments                                  | (3,672)                 |
| Net change  | (1,300,424)             |
| Balance, June 30, 2023                            | \$ 2,233,260            |

**D. Sensitivity of the Total OPEB Liability to Change in the Discount Rate and Healthcare Cost**

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

| Discount Rate                 | Total OPEB<br>Liability |
|-------------------------------|-------------------------|
| 1% decrease (2.69%)           | \$ 2,679,298            |
| Current discount rate (3.69%) | 2,233,260               |
| 1% increase (4.69%)           | 1,878,546               |

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend that is one percentage point lower or one percentage point higher than the current rate:

| Healthcare Cost Trend Rate                 | Total OPEB<br>Liability |
|--|-------------------------|
| 1% decrease (5.50%)                        | \$ 1,768,340            |
| Current healthcare cost trend rate (6.50%) | 2,233,260               |
| 1% increase (7.50%)                        | 2,859,337               |

**E. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB**

For the year ended June 30, 2023, the District recognized OPEB expense of \$1,939,919. On June 30, 2023, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| OPEB contributions subsequent to measurement date  | \$ 3,672                          | \$ -                             |
| Differences between expected and actual experience | 170,615                           | 2,864,762                        |
| Changes of assumptions                             | 1,374,536                         | 1,569,418                        |
| Total  | \$ 1,548,823                      | \$ 4,434,180                     |

Reported as deferred outflows of resources related to contributions subsequent to the measurement date is \$3,672, which will be recognized as a reduction of the OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

| Year Ended<br>June 30, | Deferred<br>Outflows/(Inflows)<br>of Resources |
|------------------------|--|
| 2024                   | \$ (206,126)                                   |
| 2025                   | (206,126)                                      |
| 2026                   | (206,126)                                      |
| 2027                   | (206,126)                                      |
| 2028                   | (206,126)                                      |
| Thereafter             | (1,858,399)                                    |
| Total                  | \$ (2,889,029)                                 |

**Note 8 - Commitments**

**A. Purchase Commitments**

At June 30, 2023, the District had outstanding purchase and contract commitments of \$5.3 million for passenger and \$687,313 for freight.



Required Supplementary Information  
June 30, 2023

## Sonoma-Marín Area Rail Transit District

Sonoma-Marín Area Rail Transit District  
Schedule of the District's Proportionate Share of the Net Pension Liability – Pension Plan

|  | 2023                 | 2022                 | 2021                 | 2020                 | 2019                 | 2018                | 2017                | 2016                | 2015              |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|-------------------|
| CalPERS (Miscellaneous Plan)   |                      |                      |                      |                      |                      |                     |                     |                     |                   |
| Proportion of the net pension liability (asset)  | 0.0472%              | -0.0136%             | 0.0349%              | 0.0281%              | 0.0231%              | 0.0238%             | 0.0214%             | 0.0281%             | 0.0102%           |
| Proportionate share of the net pension liability (asset)   | \$ 2,207,036         | \$ (257,780)         | \$ 1,473,514         | \$ 1,126,646         | \$ 870,893           | \$ 936,778          | \$ 742,146          | \$ 585,152          | \$ 633,530        |
| Total  | <u>\$ 2,207,036</u>  | <u>\$ (257,780)</u>  | <u>\$ 1,473,514</u>  | <u>\$ 1,126,646</u>  | <u>\$ 870,893</u>    | <u>\$ 936,778</u>   | <u>\$ 742,146</u>   | <u>\$ 585,152</u>   | <u>\$ 633,530</u> |
| Covered payroll  | <u>\$ 12,545,318</u> | <u>\$ 12,561,577</u> | <u>\$ 13,265,008</u> | <u>\$ 12,916,529</u> | <u>\$ 11,175,297</u> | <u>\$ 9,930,773</u> | <u>\$ 6,017,592</u> | <u>\$ 3,572,374</u> | <u>3,073,231</u>  |
| Proportionate share of the net pension liability (asset)<br>as a percentage of its covered payroll | 17.59%               | -2.05%               | 11.11%               | 8.72%                | 7.79%                | 9.43%               | 12.33%              | 16.38%              | 20.61%            |
| Plan fiduciary net position as a percentage<br>of the total pension liability                      | 78%                  | 86%                  | 74%                  | 75%                  | 75%                  | 73%                 | 74%                 | 78%                 | 20%               |
| Measurement Date   | June 30, 2022        | June 30, 2021        | June 30, 2020        | June 30, 2019        | June 30, 2018        | June 30, 2017       | June 30, 2016       | June 30, 2015       | June 30, 2014     |
| CalPERS (Safety Plan)  |                      |                      |                      |                      |                      |                     |                     |                     |                   |
| Proportion of the net pension liability (asset)  | 0.0290%              | -0.0051%             | 0.0349%              | 0.2813%              | 0.0000%              |                     |                     |                     |                   |
| Proportionate share of the net pension liability (asset)   | \$ 20,004            | \$ (17,841)          | \$ 10,982            | \$ 4,177             | \$ 709               |                     |                     |                     |                   |
| Covered payroll  | <u>\$ 130,891</u>    | <u>\$ 122,516</u>    | <u>\$ 211,670</u>    | <u>\$ 195,041</u>    | <u>180,138</u>       |                     |                     |                     |                   |
| Proportionate share of the net pension liability (asset)<br>as a percentage of its covered payroll | 15.28%               | -14.56%              | 5.19%                | 2.14%                | 0.39%                |                     |                     |                     |                   |
| Plan fiduciary net position as a percentage<br>of the total pension liability                      | 76%                  | 86%                  | 74%                  | 75%                  | 75%                  |                     |                     |                     |                   |
| Measurement Date   | June 30, 2022        | June 30, 2021        | June 30, 2020        | June 30, 2019        | June 30, 2018        |                     |                     |                     |                   |

Note :

- 1 In the future, as data becomes available, ten years of information will be presented.
- 2 Significant changes in assumptions: The discount rate was changed from 7.65% in fiscal year 2017 to 7.15%.

Sonoma-Marín Area Rail Transit District  
Schedule of Contributions – Pension Plan

|   | 2023          | 2022          | 2021          | 2020          | 2019          | 2018          | 2017         | 2016         | 2015         |
|---|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|
| CalPERS - Miscellaneous Plan  |               |               |               |               |               |               |              |              |              |
| Contractually required contribution                                       | \$ 1,143,753  | \$ 1,085,805  | \$ 1,016,119  | \$ 976,474    | \$ 910,518    | \$ 747,878    | \$ 699,783   | \$ 409,897   | \$ 347,672   |
| Less contributions in relation to the contractually required contribution | 1,143,753     | 1,085,805     | 1,016,119     | 976,474       | 910,518       | 747,878       | 699,783      | 477,840      | 347,672      |
| Contribution deficiency (excess)  | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          | \$ -         | \$ (67,943)  | \$ -         |
| Covered payroll   | \$ 15,310,263 | \$ 12,545,318 | \$ 12,561,577 | \$ 13,265,008 | \$ 12,916,529 | \$ 11,175,297 | \$ 9,930,773 | \$ 6,017,592 | \$ 3,572,374 |
| Contributions as a percentage of covered payroll                          | 7.47%         | 8.66%         | 8.09%         | 7.36%         | 7.05%         | 6.69%         | 7.05%        | 6.81%        | 9.73%        |
| CalPERS - Safety Plan   |               |               |               |               |               |               |              |              |              |
| Contractually required contribution                                       | \$ 16,591     | \$ 16,551     | \$ 16,454     | \$ 27,589     | \$ 23,680     |               |              |              |              |
| Less contributions in relation to the contractually required contribution | 16,591        | 16,551        | 16,454        | 27,589        | 23,680        |               |              |              |              |
| Contribution deficiency (excess)  | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          |               |              |              |              |
| Covered payroll   | \$ 129,822    | \$ 130,891    | \$ 122,516    | \$ 211,670    | \$ 195,041    |               |              |              |              |
| Contributions as a percentage of covered payroll                          | 12.780%       | 12.645%       | 13.430%       | 13.034%       | 12.141%       |               |              |              |              |

*Note* : In the future, as data becomes available, ten years of information will be presented.

Sonoma-Marin Area Rail Transit District  
Schedule of Changes in the Total OPEB Liability and Related Ratios

| Fiscal year   | <u>2023</u>          | <u>2022</u>          | <u>2021</u>          | <u>2020</u>          | <u>2019</u>          | <u>2018</u>         |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|
| Total OPEB Liability                                    |                      |                      |                      |                      |                      |                     |
| Service cost  | \$ 726,098           | \$ 794,213           | \$ 638,813           | \$ 444,687           | \$ 438,273           | \$ 478,730          |
| Interest  | 107,031              | 109,811              | 96,162               | 72,116               | 54,494               | 36,782              |
| Changes of benefit terms                                | -                    | (1,316,588)          | -                    | -                    | -                    | -                   |
| Difference between expected and actual experience       | (1,899,309)          | (1,290,966)          | -                    | 260,415              | -                    | -                   |
| Changes of assumptions                                  | (230,572)            | 760,464              | 682,576              | 308,419              | (26,755)             | (241,085)           |
| Benefit payments  | <u>(3,672)</u>       | <u>(10,671)</u>      | <u>(4,806)</u>       | <u>(6,257)</u>       | <u>(2,891)</u>       | <u>(3,801)</u>      |
| Net change in total OPEB liability                      | (1,300,424)          | (953,737)            | 1,412,745            | 1,079,380            | 463,121              | 270,626             |
| Total OPEB Liability - Beginning                        | <u>3,533,684</u>     | <u>4,487,421</u>     | <u>3,074,676</u>     | <u>1,995,296</u>     | <u>1,532,175</u>     | <u>1,261,549</u>    |
| Total OPEB Liability - Ending                           | <u>\$ 2,233,260</u>  | <u>\$ 3,533,684</u>  | <u>\$ 4,487,421</u>  | <u>\$ 3,074,676</u>  | <u>\$ 1,995,296</u>  | <u>\$ 1,532,175</u> |
| Covered-employee Payroll                                | <u>\$ 14,074,763</u> | <u>\$ 12,684,093</u> | <u>\$ 13,476,678</u> | <u>\$ 18,840,794</u> | <u>\$ 11,175,297</u> | <u>\$ 9,930,773</u> |
| Total OPEB Liability as a Percentage of Covered Payroll | <u>16%</u>           | <u>28%</u>           | <u>33%</u>           | <u>16%</u>           | <u>18%</u>           | <u>15%</u>          |
| Measurement Date  | June 30, 2022        | June 30, 2021        | June 30, 2020        | June 30, 2019        | June 30, 2018        | June 30, 2017       |

<sup>1</sup> No assets are accumulated in a trust that meets the criteria of paragraph 4 of Statement 75.

Note: In the future, as data becomes available, ten years of information will be presented.



Statistical Section  
June 30, 2023

# Sonoma-Marín Area Rail Transit District

This part of the District's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

**Financial Trends**

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

- Table 1- Net Position by Component
- Table 2- Changes in Net Position
- Table 3- Non-Capital Expenditures by Category

**Revenue Capacity**

These schedules contain information to help the reader assess the District's most significant revenue source, capital grants and contributions. Also included in this section is current information on the District's ongoing significant source of revenues, the sales tax.

- Table 4- General Revenue by Source
- Table 5- Revenue Base and Revenue Rate
- Table 6- Overlapping Governments and Sales Tax Rates
- Table 7- Principal Revenue Payers

**Debt Capacity**

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

- Table 8- Debt Service Coverage Ratios
- Table 9- Ratios of Outstanding Debt

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

- Table 10- Demographic and Economic Statistics
- Table 11- Principal Employers

**Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

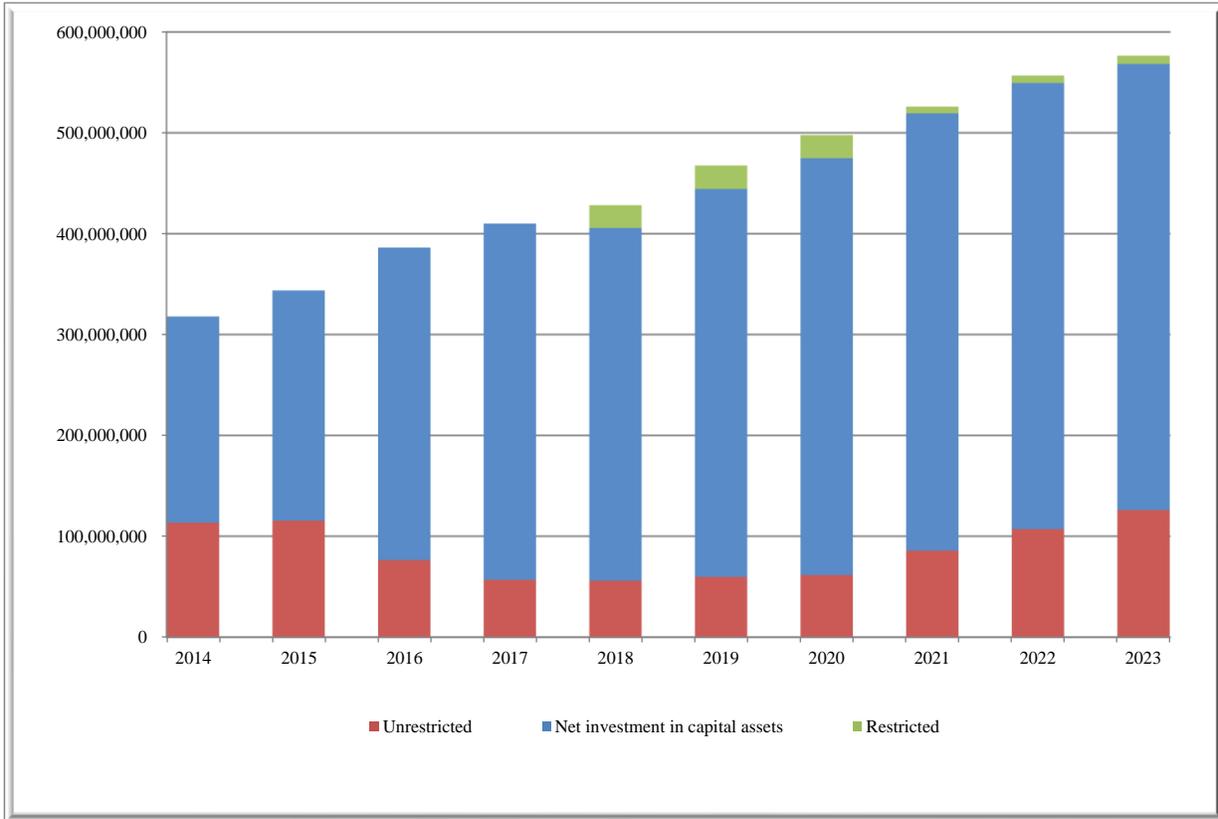
- Table 12- Operating Information
- Table 13- Employees – Full-Time Equivalent

**Sources**

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

Sonoma-Marín Area Rail Transit District  
Net Position by Component  
Last Ten Years

**Table 1**  
**SONOMA-MARIN AREA RAIL TRANSIT DISTRICT**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**



|                                  | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Net investment in capital assets | \$204,389,312        | \$228,244,612        | \$309,724,259        | \$353,088,871        | \$349,608,580        |
| Restricted                       | \$0                  | \$0                  | \$0                  | \$0                  | 22,575,206           |
| Unrestricted                     | 113,504,011          | 115,465,740          | 76,452,056           | 56,892,973           | 55,996,479           |
| <b>Total net position</b>        | <b>\$317,893,323</b> | <b>\$343,710,352</b> | <b>\$386,176,315</b> | <b>\$409,981,844</b> | <b>\$428,180,265</b> |

|                                  | 2019                 | 2020                 | 2021                 | 2022                 | 2023                 |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Net investment in capital assets | \$384,506,952        | \$413,213,191        | \$433,487,686        | \$442,201,252        | \$442,223,308        |
| Restricted                       | 23,255,790           | 22,946,005           | 6,662,863            | 7,440,671            | 8,244,507            |
| Unrestricted                     | 59,801,398           | 61,548,911           | 85,779,768           | 107,092,897          | 125,981,765          |
| <b>Total net position</b>        | <b>\$467,564,140</b> | <b>\$497,708,107</b> | <b>\$525,930,317</b> | <b>\$556,734,820</b> | <b>\$576,449,580</b> |

Sonoma-Marín Area Rail Transit District  
Changes in Net Position  
Last Ten Fiscal Years

**Table 2**  
**SONOMA-MARIN AREA RAIL TRANSIT DISTRICT**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**

|   | 2014                | 2015                | 2016                | 2017                | 2018                |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Operating revenues:</b>                        |                     |                     |                     |                     |                     |
| Charges for services                              | \$ 840,586          | \$ 640,249          | \$ 529,191          | \$ 588,402          | \$ 4,025,111        |
| Total operating revenues                          | <u>840,586</u>      | <u>640,249</u>      | <u>529,191</u>      | <u>588,402</u>      | <u>4,025,111</u>    |
| <b>Operating expenses:</b>                        |                     |                     |                     |                     |                     |
| Salaries and employee benefits                    | 3,041,027           | 4,303,358           | 7,737,361           | 12,610,874          | 16,950,114          |
| Services and supplies                             | 4,466,562           | 5,275,106           | 5,252,012           | 6,717,902           | 8,080,825           |
| Depreciation and amortization                     | 4,473,500           | 4,575,530           | 4,610,295           | 4,716,779           | 17,800,126          |
| Loss on impairment of assets                      | 433,295             | -                   | -                   | -                   | 671,378             |
| Miscellaneous expense                             | 215,922             | 380,000             | 7,541               | 212                 | 954                 |
| Total operating expenses                          | <u>12,630,306</u>   | <u>14,533,994</u>   | <u>17,607,209</u>   | <u>24,045,767</u>   | <u>43,503,397</u>   |
| Operating income/(loss)                           | <u>(11,789,720)</u> | <u>(13,893,745)</u> | <u>(17,078,018)</u> | <u>(23,457,365)</u> | <u>(39,478,286)</u> |
| <b>Nonoperating revenues (expenses):</b>          |                     |                     |                     |                     |                     |
| Sales and use taxes                               | 32,473,329          | 33,845,426          | 34,776,012          | 36,061,895          | 37,135,476          |
| Federal, state, and other operating assistance    | -                   | -                   | -                   | -                   | 3,701,366           |
| Rent expense                                      | -                   | -                   | (746,718)           | (781,084)           | (796,640)           |
| Investment earnings (loss)                        | 1,182,159           | 1,384,557           | 585,178             | 366,748             | 724,313             |
| Miscellaneous revenues                            | 65,638              | 49,351              | 2,264,334           | 438,639             | 2,236,508           |
| Capital expense passed through to other agencies  | -                   | (1,557,743)         | (295,894)           | (62,636)            | (3,778,891)         |
| Interest income                                   | -                   | -                   | -                   | -                   | -                   |
| Interest expense                                  | (4,420,558)         | (2,761,502)         | (805,558)           | (1,164,558)         | (5,819,778)         |
| Total nonoperating revenues (expenses)            | <u>29,300,568</u>   | <u>30,960,089</u>   | <u>35,777,354</u>   | <u>34,859,004</u>   | <u>33,402,354</u>   |
| Income (loss) before capital contributions        | <u>17,510,848</u>   | <u>17,066,344</u>   | <u>18,699,336</u>   | <u>11,401,639</u>   | <u>(6,075,932)</u>  |
| <b>Capital contributions</b>                      |                     |                     |                     |                     |                     |
| State of California                               | 4,295,318           | 3,381               | 284,094             | 458,549             | 837,950             |
| Metropolitan Transportation Commission            | 35,500,504          | 7,119,973           | 2,683,108           | 5,007,846           | 9,939,309           |
| Sonoma County Transportation Authority            | 5,136,487           | 35,358              | 47,780              | 33,440              | 356,219             |
| Federal   | 2,562,581           | 500,595             | 3,779,595           | 2,750,431           | 9,450,100           |
| Donated asset                                     | -                   | -                   | 16,222,106          | 1,116,726           | -                   |
| Other governmental agencies                       | 1,543,983           | 1,534,698           | 749,376             | 3,036,898           | 4,357,881           |
| Total capital contributions                       | <u>49,038,873</u>   | <u>9,194,005</u>    | <u>23,766,059</u>   | <u>12,403,890</u>   | <u>24,941,459</u>   |
| Change in net position before restatement         | <u>\$66,549,721</u> | <u>\$26,260,349</u> | <u>\$42,465,395</u> | <u>\$23,805,529</u> | <u>\$18,865,527</u> |
| Restatement due to implementation of GASB 68 FY15 | -                   | (443,320)           | -                   | -                   | -                   |
| Restatement FY17                                  | -                   | -                   | -                   | -                   | (666,637)           |
| Special Item FY22                                 | -                   | -                   | -                   | -                   | -                   |
| Change in net position, Restated                  | <u>\$66,549,721</u> | <u>\$25,817,029</u> | <u>\$42,465,395</u> | <u>\$23,805,529</u> | <u>\$18,198,890</u> |

Source: SMART annual financial statements.

Continued

Sonoma-Marín Area Rail Transit District  
Changes in Net Position  
Last Ten Fiscal Years

**Table 2**  
**SONOMA-MARIN AREA RAIL TRANSIT DISTRICT**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**

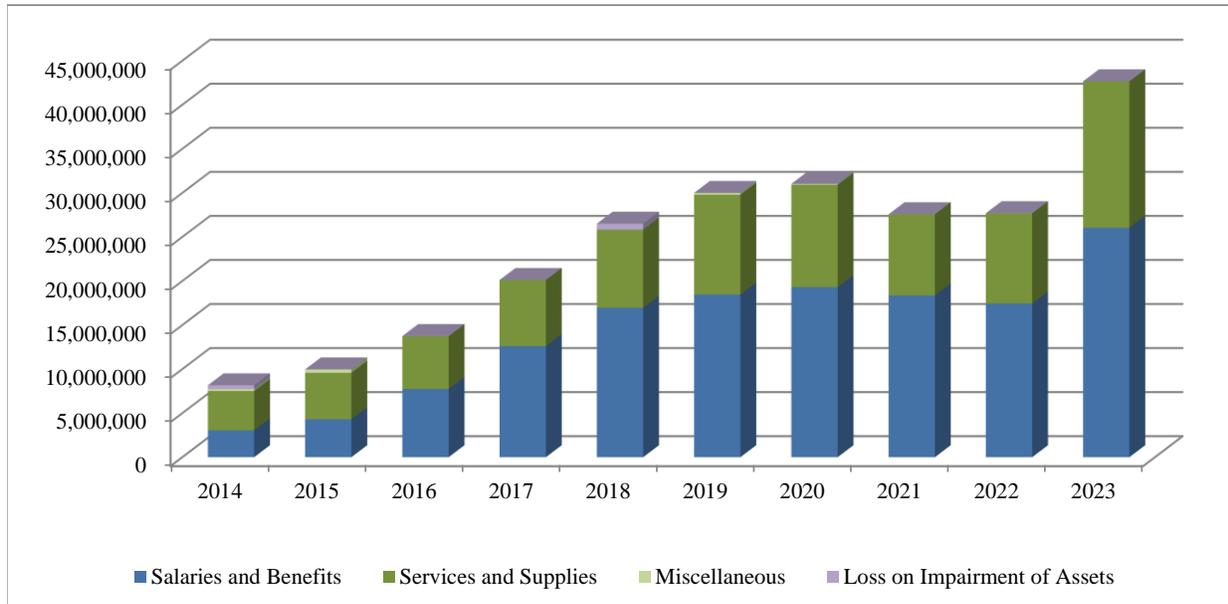
|   | 2019                | 2020                | 2021                | 2022                | 2023                |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Operating revenues:</b>                        |                     |                     |                     |                     |                     |
| Charges for services                              | \$ 5,036,875        | \$ 3,965,115        | \$ 1,271,706        | \$ 2,727,553        | \$ 3,517,277        |
| Total operating revenues                          | <u>5,036,875</u>    | <u>3,965,115</u>    | <u>1,271,706</u>    | <u>2,727,553</u>    | <u>3,517,277</u>    |
| <b>Operating expenses:</b>                        |                     |                     |                     |                     |                     |
| Salaries and employee benefits                    | 18,453,125          | 19,295,606          | 18,354,310          | 17,437,640          | 26,041,905          |
| Services and supplies                             | 10,690,334          | 11,074,071          | 8,707,194           | 10,144,193          | 16,544,637          |
| Depreciation and amortization                     | 19,033,577          | 22,150,111          | 22,697,348          | 20,877,284          | 19,377,343          |
| Loss on impairment of assets                      | -                   | -                   | -                   | -                   | -                   |
| Miscellaneous expense                             | 203,883             | 100,000             | 416                 | 7,412               | -                   |
| Total operating expenses                          | <u>48,380,919</u>   | <u>52,619,788</u>   | <u>49,759,268</u>   | <u>48,466,529</u>   | <u>61,963,885</u>   |
| Operating income/(loss)                           | <u>(43,344,044)</u> | <u>(48,654,673)</u> | <u>(48,487,562)</u> | <u>(45,738,976)</u> | <u>(58,446,608)</u> |
| <b>Nonoperating revenues (expenses):</b>          |                     |                     |                     |                     |                     |
| Sales and use taxes                               | 41,241,140          | 38,978,630          | 44,002,410          | 49,074,830          | 49,649,375          |
| Federal, state, and other operating assistance    | 5,000,756           | 15,574,795          | 16,301,842          | 17,184,007          | 24,663,720          |
| Rent expense                                      | (646,236)           | (550,406)           | (510,370)           | (103,576)           | (72,732)            |
| Investment earnings (loss)                        | 1,974,246           | 338,227             | 628,728             | (2,023,805)         | 839,528             |
| Miscellaneous revenues                            | 4,174,454           | 1,438,087           | 4,588,714           | 46,229              | 744,433             |
| Capital expense passed through to other agencies  | (770,156)           | (918,506)           | (3,673,565)         | (27,758)            | -                   |
| Interest income                                   | -                   | -                   | -                   | 10,461              | 41,137              |
| Interest expense                                  | (5,591,608)         | (5,273,801)         | (3,374,308)         | (1,653,081)         | (1,746,162)         |
| Total nonoperating revenues (expenses)            | <u>45,382,596</u>   | <u>49,587,026</u>   | <u>57,963,451</u>   | <u>62,507,307</u>   | <u>74,119,299</u>   |
| Income (loss) before capital contributions        | <u>2,038,552</u>    | <u>932,353</u>      | <u>9,475,889</u>    | <u>16,768,331</u>   | <u>15,672,691</u>   |
| <b>Capital contributions</b>                      |                     |                     |                     |                     |                     |
| State of California                               | 2,883,980           | 20,311,493          | 11,592,461          | 2,411,761           | 1,935,597           |
| Metropolitan Transportation Commission            | 4,388,830           | 224,051             | -                   | -                   | -                   |
| Sonoma County Transportation Authority            | 55,249              | 22,632              | 109,468             | 8,768               | 1,025,746           |
| Federal   | 21,270,383          | 2,609,220           | 2,500,000           | 104,623             | 1,050,726           |
| Donated asset                                     | -                   | 1,327,565           | -                   | -                   | -                   |
| Other governmental agencies                       | 8,746,881           | 4,716,659           | 4,544,490           | 218,419             | 30,000              |
| Total capital contributions                       | <u>37,345,323</u>   | <u>29,211,620</u>   | <u>18,746,419</u>   | <u>2,743,571</u>    | <u>4,042,069</u>    |
| Change in net position before restatement         | <u>\$39,383,875</u> | <u>\$30,143,973</u> | <u>\$28,222,308</u> | <u>\$19,511,902</u> | <u>\$19,714,760</u> |
| Restatement due to implementation of GASB 68 FY15 | -                   | -                   | -                   | -                   | -                   |
| Restatement FY17                                  | -                   | -                   | -                   | -                   | -                   |
| Special Item FY22                                 | -                   | -                   | -                   | 11,292,136          | -                   |
| Change in net position, Restated                  | <u>\$39,383,875</u> | <u>\$30,143,973</u> | <u>\$28,222,308</u> | <u>\$30,804,038</u> | <u>\$19,714,760</u> |

Source: SMART annual financial statements.

Concluded

Sonoma-Marín Area Rail Transit District  
Non-Capital Expense by Category  
Last Ten Fiscal Years

**Table 3**  
**SONOMA-MARIN AREA RAIL TRANSIT DISTRICT**  
**NON-CAPITAL EXPENSE BY CATEGORY**  
**Last Ten Fiscal Years**

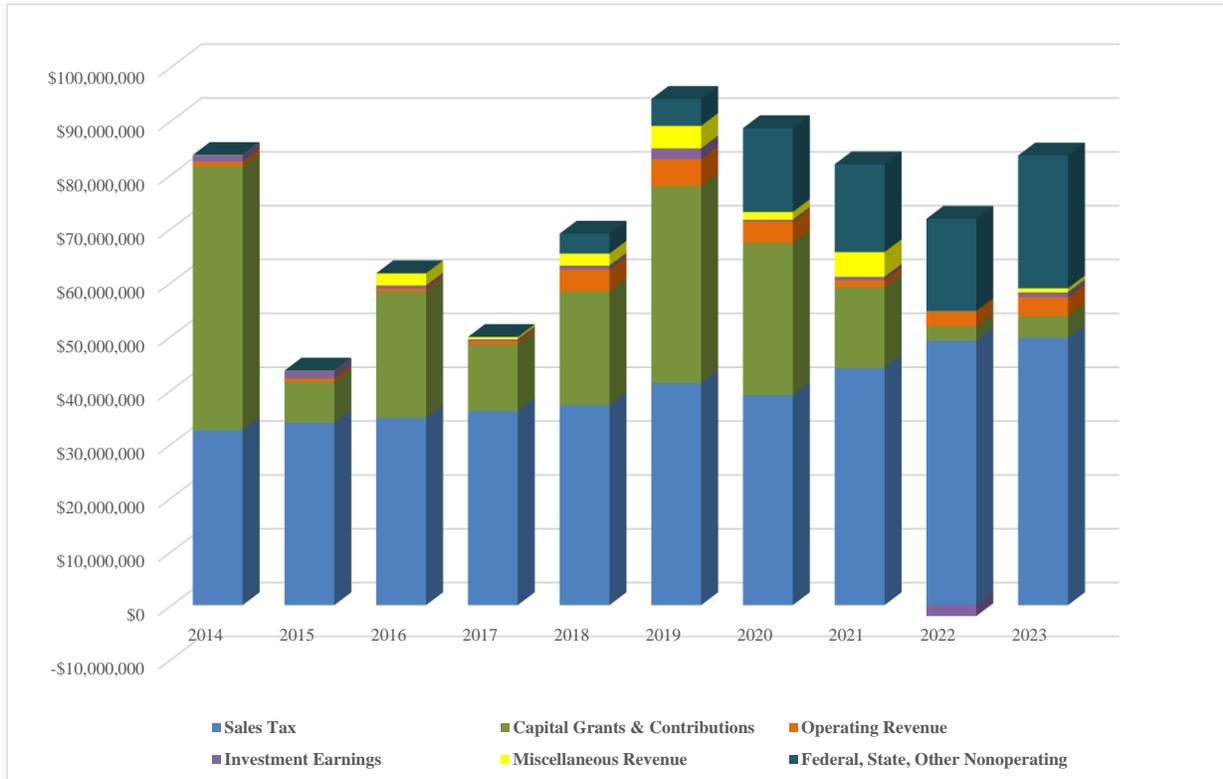


| Fiscal Year Ended June 30 | Salaries and Benefits | Services and Supplies | Miscellaneous | Loss on Impairment of Assets | Total      |
|---------------------------|-----------------------|-----------------------|---------------|------------------------------|------------|
| 2014                      | 3,041,027             | 4,466,562             | 215,922       | 433,295                      | 8,156,806  |
| 2015                      | 4,303,358             | 5,275,106             | 380,000       | -                            | 9,958,464  |
| 2016                      | 7,737,361             | 5,998,730             | 7,541         | -                            | 13,743,632 |
| 2017                      | 12,610,874            | 7,498,986             | 212           | -                            | 20,110,072 |
| 2018                      | 16,950,114            | 8,877,465             | 954           | 671,378                      | 26,499,911 |
| 2019                      | 18,453,125            | 11,336,570            | 203,883       | -                            | 29,993,578 |
| 2020                      | 19,295,606            | 11,624,477            | 100,000       | -                            | 31,020,083 |
| 2021                      | 18,354,310            | 9,217,564             | 416           | -                            | 27,572,290 |
| 2022                      | 17,437,640            | 10,247,769            | 7,412         | -                            | 27,692,821 |
| 2023                      | 26,041,905            | 16,617,369            | -             | -                            | 42,659,274 |

Source: Sonoma-Marín Area Rail Transit District Financial Statements  
 2014 is the first year that the District presented financial reports in an enterprise format  
 2018 is the first year of Operations; Other Charges Net of Non-cash adjustments

Sonoma-Marín Area Rail Transit District  
General Revenue by Source  
Last Ten Fiscal Years

**Table 4**  
**SONOMA-MARIN AREA RAIL TRANSIT DISTRICT**  
**GENERAL REVENUE BY SOURCE**  
**Last Ten Fiscal Years**



| Fiscal Year | Sales Tax  | Capital Grants & Contributions | Operating Revenue | Federal, State, Other Nonoperating | Investment Earnings | Miscellaneous Revenue | Total      |
|-------------|------------|--------------------------------|-------------------|------------------------------------|---------------------|-----------------------|------------|
| 2014        | 32,473,329 | 49,038,873                     | 840,586           | -                                  | 1,182,159           | 65,638                | 83,600,585 |
| 2015        | 33,845,426 | 7,636,262                      | 640,249           | -                                  | 1,384,557           | 49,351                | 43,555,845 |
| 2016        | 34,776,012 | 23,470,165                     | 529,191           | -                                  | 585,178             | 2,264,334             | 61,624,880 |
| 2017        | 36,061,895 | 12,341,254                     | 588,402           | -                                  | 366,748             | 438,640               | 49,796,939 |
| 2018        | 37,135,476 | 21,162,568                     | 4,025,111         | 3,701,366                          | 724,313             | 2,236,508             | 68,985,342 |
| 2019        | 41,241,140 | 36,575,167                     | 5,036,875         | 5,000,756                          | 1,974,246           | 4,174,454             | 94,002,638 |
| 2020        | 38,978,630 | 28,293,114                     | 3,965,115         | 15,574,795                         | 338,227             | 1,438,087             | 88,587,968 |
| 2021        | 44,002,410 | 15,072,854                     | 1,271,706         | 16,301,842                         | 628,728             | 4,588,714             | 81,866,254 |
| 2022        | 49,074,830 | 2,715,813                      | 2,727,553         | 17,184,007                         | (2,013,344)         | 46,229                | 69,735,088 |
| 2023        | 49,649,375 | 4,042,069                      | 3,517,277         | 24,663,720                         | 880,665             | 744,433               | 83,497,539 |

Source: Sonoma-Marín Area Rail Transit District Financial Reports  
Transit Operation began Fiscal Year 2018

Sonoma-Marin Area Rail Transit District  
 Revenue Base and Revenue Rate  
 Last Ten Fiscal Years

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**Table 5**  
**SONOMA-MARIN AREA RAIL TRANSIT DISTRICT**  
**REVENUE BASE AND REVENUE RATE**  
**Last Ten Fiscal Years**

| Fiscal Year | SMART Sales<br>Tax Rate | Total Sales Tax<br>Revenue | Marin County Total<br>Taxable Sales<br>(In Thousands) | Sonoma County<br>Total Taxable Sales<br>(In Thousands) | SMART District<br>Total Taxable Sales<br>(In Thousands) |
|-------------|-------------------------|----------------------------|---|--|---|
| 2014        | 0.25%                   | 32,473,329                 | 4,769,878   | 8,264,339  | 13,034,217  |
| 2015        | 0.25%                   | 33,845,426                 | 4,957,364   | 8,626,295  | 13,583,659  |
| 2016        | 0.25%                   | 34,776,012                 | 5,091,014   | 8,843,184  | 13,934,198  |
| 2017        | 0.25%                   | 36,061,895                 | 5,004,443   | 9,154,084  | 14,158,526  |
| 2018        | 0.25%                   | 37,135,476                 | 5,343,038   | 9,444,873  | 14,787,910  |
| 2019        | 0.25%                   | 41,241,140                 | 5,454,389   | 9,966,334  | 15,420,723  |
| 2020        | 0.25%                   | 38,978,630                 | 5,148,864   | 9,113,111  | 14,261,975  |
| 2021        | 0.25%                   | 44,002,410                 | 5,894,353   | 10,771,239   | 16,665,592  |
| 2022        | 0.25%                   | 49,074,830                 | 6,437,421   | 11,924,130   | 18,361,551  |
| 2023        | 0.25%                   | 49,649,375                 | 6,417,951   | 12,049,847   | 18,467,798  |

Source: [www.cdtfa.ca.gov/DataPortal/dataset.htm?url=TaxSalesByCounty](http://www.cdtfa.ca.gov/DataPortal/dataset.htm?url=TaxSalesByCounty)

**Table 6**  
**SONOMA-MARIN AREA RAIL TRANSIT DISTRICT**  
**OVERLAPPING GOVERNMENTS AND SALES TAX RATES**  
**Last Ten Fiscal Years\***

| <b>Marin County</b> |          |                |           |          |                |
|---------------------|----------|----------------|-----------|----------|----------------|
| Fiscal Year         | State(a) | City           | County(b) | SMART(d) | Total          |
| 2014                | 7.50%    | 0 to 0.50%     | 0.75%     | 0.25%    | 8.5% to 9%     |
| 2015                | 7.50%    | 0 to 0.50%     | 0.75%     | 0.25%    | 8.5% to 9%     |
| 2016                | 7.50%    | 0 to 0.50%     | 0.75%     | 0.25%    | 8.5% to 9%     |
| 2017                | 7.25%    | 0 to 0.75%     | 0.75%     | 0.25%    | 8.25% to 9%    |
| 2018                | 7.25%    | 0 to 0.75%     | 0.75%     | 0.25%    | 8.25% to 9%    |
| 2019                | 7.25%    | 0 to 0.75%     | 0.75%     | 0.25%    | 8.25% to 9%    |
| 2020                | 7.25%    | 0 to 0.75%     | 0.75%     | 0.25%    | 8.25% to 9%    |
| 2021                | 7.25%    | 0 to 0.75%     | 0.75%     | 0.25%    | 8.25% to 9%    |
| 2022                | 7.25%    | 0 to 0.75%     | 0.75%     | 0.25%    | 8.25% to 9%    |
| 2023                | 7.25%    | 0.50% to 1.00% | 1.00%     | 0.25%    | 8.25% to 9.25% |

| <b>Sonoma County</b> |          |                |            |          |                  |
|----------------------|----------|----------------|------------|----------|------------------|
| Fiscal Year          | State(a) | City           | County( c) | SMART(d) | Total            |
| 2014                 | 7.50%    | 0 to 0.75%     | 0.50%      | 0.25%    | 8.25% to 9%      |
| 2015                 | 7.50%    | 0 to 0.75%     | 0.50%      | 0.25%    | 8.25% to 9%      |
| 2016                 | 7.50%    | 0 to 0.75%     | 0.50%      | 0.25%    | 8.25% to 9%      |
| 2017                 | 7.25%    | 0 to 1.00%     | 0.625%     | 0.25%    | 8.125% to 9.125% |
| 2018                 | 7.25%    | 0 to 1.00%     | 0.625%     | 0.25%    | 8.125% to 9.125% |
| 2019                 | 7.25%    | 0 to 1.00%     | 0.625%     | 0.25%    | 8.125% to 9.125% |
| 2020                 | 7.25%    | 0 to 1.00%     | 0.750%     | 0.25%    | 8.25% to 9.25%   |
| 2021                 | 7.25%    | 0 to 1.00%     | 1.00%      | 0.25%    | 8.50% to 9.50%   |
| 2022                 | 7.25%    | 0 to 1.00%     | 1.00%      | 0.25%    | 8.50% to 9.50%   |
| 2023                 | 7.25%    | 0.50% to 1.00% | 1.00%      | 0.25%    | 8.50% to 9.50%   |

Source: [www.cdtfa.ca.gov/taxes-and-fees/sales-use-tax-rates.htm](http://www.cdtfa.ca.gov/taxes-and-fees/sales-use-tax-rates.htm)

Sonoma-Marín Area Rail Transit District

Principal Revenue Payers  
Current Year and Nine Years Ago

**Table 7**  
**Sonoma-Marín Area Rail Transit District**  
**Principal Revenue Payers**

| Principal Revenue Payers: Sales Tax Generators | Fiscal Year 2023     |             |
|--|----------------------|-------------|
|  | Total Receipts       | Percentage  |
| General Retail                                 | \$ 14,232,366        | 29%         |
| Transportation                                 | \$ 10,030,745        | 20%         |
| Food Products                                  | \$ 9,392,183         | 19%         |
| Business to Business                           | \$ 7,258,522         | 15%         |
| Construction                                   | \$ 6,320,535         | 13%         |
| Miscellaneous                                  | \$ 1,920,346         | 4%          |
| <b>Total</b>                                   | <b>\$ 49,154,697</b> | <b>100%</b> |

| Principal Revenue Payers: Sales Tax Generators | Fiscal Year 2011*    |             |
|--|----------------------|-------------|
|  | Total Receipts       | Percentage  |
| General Retail                                 | \$ 7,978,547         | 31%         |
| Transportation                                 | \$ 5,597,576         | 21%         |
| Food Products                                  | \$ 4,972,020         | 19%         |
| Business to Business                           | \$ 4,156,846         | 16%         |
| Construction                                   | \$ 2,796,876         | 11%         |
| Miscellaneous                                  | \$ 654,932           | 3%          |
| <b>Total</b>                                   | <b>\$ 26,156,797</b> | <b>100%</b> |

\* First available year of SMART sales tax payer analysis

Source: MuniServices, Categorizations and totals may differ from State of California

**Table 8**  
**SONOMA-MARIN AREA RAIL TRANSIT DISTRICT**  
**DEBT SERVICE COVERAGE RATIOS**

LAST TEN YEARS

| <b>Fiscal Year<br/>Ending</b> | <b>Interest</b> | <b>Principal</b> | <b>Total</b> | <b>Sales Tax<br/>Revenue Actual</b> | <b>Coverage Ratio</b> |
|-------------------------------|-----------------|------------------|--------------|-------------------------------------|-----------------------|
| 6/30/2014                     | 8,456,950       | -                | 8,456,950    | 32,473,329                          | 3.84                  |
| 6/30/2015                     | 8,456,950       | -                | 8,456,950    | 33,845,426                          | 4.00                  |
| 6/30/2016                     | 8,456,950       | 4,540,000        | 12,996,950   | 34,776,012                          | 2.68                  |
| 6/30/2017                     | 8,275,350       | 5,325,000        | 13,600,350   | 36,061,895                          | 2.65                  |
| 6/30/2018                     | 8,009,100       | 6,195,000        | 14,204,100   | 37,135,476                          | 2.61                  |
| 6/30/2019                     | 7,730,850       | 8,365,000        | 16,095,850   | 41,241,140                          | 2.56                  |
| 6/30/2020                     | 7,312,600       | 9,435,000        | 16,747,600   | 38,978,630                          | 2.33                  |
| 6/30/2021                     | 3,987,001       | 3,365,000        | 7,352,001    | 44,002,410                          | 5.99                  |
| 6/30/2022                     | 1,656,756       | 13,280,000       | 14,936,756   | 49,074,830                          | 3.29                  |
| 6/30/2023                     | 1,581,193       | 14,015,000       | 15,596,193   | 49,649,375                          | 3.18                  |

Sonoma-Marín Area Rail Transit District  
 Ratios of Outstanding Debt (Unaudited)  
 Last Ten Fiscal Years

**Table 9**  
**Sonoma-Marín Area Rail Transit District**  
**Debt Per Capita/Debt to Personal Income/Debt Service to Non-Capital Expenditures**

| Fiscal Year | Total Outstanding Debt | Personal Income | Population | Ratio of Debt to Personal | Total Debt Per Capita |
|-------------|------------------------|-----------------|------------|---------------------------|-----------------------|
| 2014        | 192,365,524            | 52,401,105,000  | 759,238    | 0.37%                     | \$ 253                |
| 2015        | 190,096,688            | 56,512,049,000  | 762,362    | 0.34%                     | \$ 249                |
| 2016        | 183,318,018            | 58,680,231,000  | 763,882    | 0.31%                     | \$ 240                |
| 2017        | 175,819,899            | 63,211,402,000  | 762,971    | 0.28%                     | \$ 230                |
| 2018        | 167,528,327            | 63,843,515,000  | 759,608    | 0.26%                     | \$ 221                |
| 2019        | 157,163,502            | 69,657,112,000  | 753,162    | 0.23%                     | \$ 209                |
| 2020        | 145,846,953            | 73,085,354,000  | 751,184    | 0.20%                     | \$ 194                |
| 2021        | 119,605,000            | 82,064,055,000  | 741,726    | 0.15%                     | \$ 161                |
| 2022*       | 106,325,000            | 89,483,266,000  | 741,905    | 0.12%                     | \$ 143                |
| 2023*       | 92,310,000             | 93,957,429,300  | 742,000    | 0.10%                     | \$ 124                |

\*2022 and 2023 personal income amount estimated.

Source: California Employment Development Department <https://labormarketinfo.edd.ca.gov/>

**Total Debt Service to Non-Capital Expenditures**

| Fiscal Year | Total Debt Service | Non-Capital Expenditures Including Debt Service | Ratio Debt Service to Non-Capital |
|-------------|--------------------|---|-----------------------------------|
| 2014        | 8,456,950          | 16,613,756                                      | 51%                               |
| 2015        | 8,456,950          | 18,415,414                                      | 46%                               |
| 2016        | 12,996,950         | 26,740,582                                      | 49%                               |
| 2017        | 13,600,350         | 33,710,422                                      | 40%                               |
| 2018        | 14,204,100         | 40,704,011                                      | 35%                               |
| 2019        | 16,095,850         | 46,089,428                                      | 35%                               |
| 2020        | 16,747,600         | 47,767,683                                      | 35%                               |
| 2021**      | 7,352,001          | 34,924,291                                      | 21%                               |
| 2022        | 14,936,756         | 42,807,576                                      | 35%                               |
| 2023        | 15,596,193         | 46,201,183                                      | 34%                               |

\*\* SMART's 2011A bonds were refunded in October 2020 with the Series 2020A bonds part of debt service is from 2011A bonds

Source: Annual Comprehensive Financial Report

**Table 10**  
**Sonoma-Marín Area Rail Transit District**  
**Demographic and Economic Statistics**  
**Last Ten Years (Unaudited)**

| <b>Marín County</b>  |            |                 |                 |              |
|----------------------|------------|-----------------|-----------------|--------------|
|                      |            | Personal Income | Per Capita      | Unemployment |
| Year                 | Population | (in thousands)  | Personal Income | Rate         |
| 2013                 | 258,453    | \$ 25,093,401   | \$ 97,124       | 5.0%         |
| 2014                 | 260,435    | \$ 27,176,774   | \$ 104,319      | 4.3%         |
| 2015                 | 261,016    | \$ 29,227,230   | \$ 114,455      | 3.6%         |
| 2016                 | 260,633    | \$ 30,222,883   | \$ 117,552      | 3.4%         |
| 2017                 | 259,725    | \$ 32,867,529   | \$ 124,552      | 2.9%         |
| 2018                 | 259,666    | \$ 33,196,204   | \$ 134,275      | 2.3%         |
| 2019                 | 258,826    | \$ 36,684,680   | \$ 138,903      | 2.3%         |
| 2020                 | 262,321    | \$ 38,187,380   | \$ 145,575      | 10.2%        |
| 2021                 | 258,385    | \$ 42,704,366   | \$ 164,118      | 4.5%         |
| 2022*                | 256,018    | \$ 46,974,803   | \$ 183,482      | 2.7%         |
| <b>Sonoma County</b> |            |                 |                 |              |
|                      |            | Personal Income | Per Capita      | Unemployment |
| Year                 | Population | (in thousands)  | Personal Income | Rate         |
| 2013                 | 494,243    | \$ 24,905,827   | \$ 50,312       | 6.7%         |
| 2014                 | 498,803    | \$ 25,224,331   | \$ 50,533       | 5.6%         |
| 2015                 | 501,346    | \$ 27,284,819   | \$ 55,445       | 4.5%         |
| 2016                 | 503,249    | \$ 28,457,348   | \$ 57,264       | 4.1%         |
| 2017                 | 503,246    | \$ 30,343,873   | \$ 60,286       | 3.4%         |
| 2018                 | 499,942    | \$ 30,647,311   | \$ 64,501       | 2.7%         |
| 2019                 | 494,336    | \$ 32,972,432   | \$ 64,869       | 2.7%         |
| 2020                 | 488,863    | \$ 34,897,974   | \$ 71,386       | 11.4%        |
| 2021                 | 483,341    | \$ 39,359,689   | \$ 81,006       | 5.5%         |
| 2022*                | 485,887    | \$ 42,508,464   | \$ 87,486       | 3.1%         |

\*2022 Personal Income and Per Capita Income estimated based on previous experience

Source: California Employment Development Department <https://labormarketinfo.edd.ca.gov/>

Sonoma-Marín Area Rail Transit District  
Major Employers (Unaudited)  
Current Year\*

**Table 11**  
**Sonoma-Marín Area Rail Transit District**  
**Major Employers (Unaudited)**

| <b>Marin County 2023</b>            |                     |                                       |
|-------------------------------------|---------------------|---------------------------------------|
| Employer                            | Number of Employees | Industry                              |
| Corrections Dept                    | 1,000-4,999         | Government Offices                    |
| Kaiser Permanente Novato            | 1,000-4,999         | Clinics                               |
| Marinhealth Medical Center          | 1,000-4,999         | Hospitals                             |
| Bay Equity                          | 500-999             | Real Estate Loans                     |
| Biomarin Pharmaceutical Inc         | 500-999             | Laboratories - Research & Development |
| California Alpine Club              | 500-999             | Clubs                                 |
| College of Marin                    | 500-999             | Schools - Universities & Colleges     |
| Glassdoor                           | 500-999             | Website Hosting                       |
| RH (restoration hardware)           | 500-999             | Furniture                             |
| Braytom Purcell, LLP                | 250-499             | Attorneys                             |
| Cagwin & Dorward                    | 250-499             | Landscape Contractors                 |
| Commnity Action Marin               | 250-499             | Membership Organization               |
| Hospice by the Bay Marin            | 250-499             | Physicians & Surgeons                 |
| Kaiser Permanente San Rafael        | 250-499             | Hospitals                             |
| Macy's                              | 250-499             | Department Stores                     |
| Managed Health Network              | 250-499             | Health Plans                          |
| Marcolin USA, Inc                   | 250-499             | Districtuion Centers                  |
| Marin Center                        | 250-499             | Convention Information Bureaus        |
| Marin Independent Journal           | 250-499             | Newspapers                            |
| Nordstrom                           | 250-499             | Department Stores                     |
| San Rafael Human Services           | 250-499             | City Government                       |
| Sutter Care At Home                 | 250-499             | Home Health Services                  |
| Township Building Svc Inc           | 250-499             | Janitor Services                      |
| Westamerica Bancorporation          | 250-499             | Holding Companies                     |
| Y YMCS San Francisco                | 250-499             | Youth Organizations                   |
| <b>Sonoma County 2023</b>           |                     |                                       |
| Employer                            | Number of Employees | Industry                              |
| Aabalat Fine & Rare Wines           | 1,000-4,999         | Wineries                              |
| Medtronic                           | 1,000-4,999         | Physicians & Surgeons                 |
| Santa Rosa Memorial Hospital        | 1,000-4,999         | Hospitals                             |
| Amy's Kitchen, Inc                  | 500-999             | Frozen Food Processors                |
| County - Sonoma Trnsprtn-Pubc       | 500-999             | Fire Departments                      |
| Fairmont Sonoma Msn Inn & Spa       | 500-999             | Hotels & Motels                       |
| Mendocino Forest Products           | 500-999             | Lumber                                |
| Protransport - 1                    | 500-999             | Transportation Services               |
| Sonoma County Office of Education   | 500-999             | County Government                     |
| Sonoma County Sheriff               | 500-999             | County Government                     |
| Sutter Santa Rosa Regional Hospital | 500-999             | Hospitals                             |
| Army National Guard Recruiter       | 250-499             | Government Offices - State            |
| County of Sonoma                    | 250-499             | Government Offices - County           |
| Flamingo Resort Hotel               | 250-499             | Hotels & Motels                       |
| Freeman Toyota                      | 250-499             | Automobile Dealers                    |
| Ghilotti Construction               | 250-499             | Road Building Contractors             |
| H2Hotel                             | 250-499             | Hotels & Motels                       |
| Kaiser Permanente Santa Rosa        | 250-499             | Hospitals                             |
| Keysight Technologiyies             | 250-499             | Instruments - Measuring               |
| Macy's                              | 250-499             | Department Stores                     |
| Petaluma Valley Hospital            | 250-499             | Hospitals                             |
| Redwood Empire Recycling            | 250-499             | Recycling Center                      |
| Santa Rosa Police Department        | 250-499             | Police Departments                    |
| Solairus Aviation                   | 250-499             | Aircraft Charter Rental & Leasing     |
| Walmart                             | 250-499             | Department Stores                     |

Source: <https://labormarketinfo.edd.ca.gov/majorer>

**Table 12**  
**Sonoma-Marín Area Rail Transit District**  
**Operation Information (Unaudited)**

| Fiscal Year | Ridership | Fare Revenue | Average Fare | Revenue Vehicle Hours | Revenue Vehicle Miles | Annual Passenger Miles |
|-------------|-----------|--------------|--------------|-----------------------|-----------------------|------------------------|
| 2018        | 636,029   | 3,315,274    | \$ 5.21      | 43,959                | 766,833               | 16,174,174             |
| 2019        | 716,847   | 4,094,540    | \$ 5.71      | 32,890                | 923,002               | 18,371,183             |
| 2020        | 567,103   | 3,091,660    | \$ 5.45      | 28,993                | 82,145                | 13,516,234             |
| 2021        | 122,849   | 706,938      | \$ 5.75      | 13,298                | 398,291               | 3,148,345              |
| 2022        | 354,328   | 1,283,112    | \$ 3.62      | 23,174                | 679,245               | 7,855,912              |
| 2023        | 640,099   | 1,800,747    | \$ 2.81      | 34,099                | 974,008               | 13,921,410             |

| Daily Fares                            | Zone 1  | Zone 2  | Zone 3  | Zone 4  | Zone 5  | Daily Max |
|--|---------|---------|---------|---------|---------|-----------|
| Adult                                  | \$ 1.50 | \$ 3.00 | \$ 4.50 | \$ 6.00 | \$ 7.50 | \$ 15.00  |
| Youth, Senior, Disabled, START Program | \$ 0.75 | \$ 1.50 | \$ 2.25 | \$ 3.00 | \$ 3.75 | \$ 7.50   |

| Passes      | Adult     | Discounted |
|-------------|-----------|------------|
| 31 Day Pass | \$ 117.00 | \$ 58.50   |

Source: SMART National Transit Database Data & Fare Structure

Sonoma-Marín Area Rail Transit District  
 Employees-Full-Time Equivalent (Unaudited)  
 Last Ten Fiscal Years

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**Table 13**  
**Sonoma-Marín Area Rail Transit District**  
**Board Authorized Full Time Equivalents (FTE) Unaudited**

| Division          | 2014        | 2015        | 2016         | 2017         | 2018         | 2019         | 2020         | 2021         | 2022         | 2023         |
|-------------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General Manager   | 1.0         | 1.0         | 1.0          | 2.0          | 2.0          | 2.0          | 2.0          | 1.0          | 1.0          | 1.0          |
| Legal             | 1.0         | 1.0         | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          | 4.0          |
| Capital Projects  | 10.0        | 14.0        | 12.0         | 12.0         | 10.0         | 11.0         | 11.0         | 7.0          | 7.0          | 7.0          |
| Administration    | 19.0        | 20.0        | 20.0         | 18.0         | 18.0         | 19.0         | 21.0         | 18.0         | 20.0         | 17.0         |
| Finance           | 4.0         | 5.0         | 5.0          | 6.0          | 7.0          | 7.0          | 7.0          | 6.0          | 6.0          | 12.0         |
| Operations        | 9.0         | 27.0        | 76.0         | 77.0         | 83.0         | 98.5         | 100.5        | 96.5         | 97.5         | 106.0        |
| Safety & Security | 1.0         | 2.0         | 2.0          | 3.5          | 4.5          | 4.5          | 4.5          | 5.0          | 5.0          | 5.0          |
| Freight           |             | 0.0         | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 1.0          | 6.0          |
| <b>Total</b>      | <b>45.0</b> | <b>70.0</b> | <b>119.0</b> | <b>121.5</b> | <b>127.5</b> | <b>145.0</b> | <b>149.0</b> | <b>136.5</b> | <b>140.5</b> | <b>158.0</b> |

Source: SMART's Board Adopted Budget



Federal Awards Reports in Accordance  
with the Uniform Guidance  
June 30, 2023

## Sonoma-Marín Area Rail Transit District

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* ..... 1

Independent Auditor’s Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance 3

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**Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Governing Board of the  
Sonoma-Marín Area Rail Transit District  
Petaluma, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the passenger and freight enterprise funds of Sonoma-Marín Area Rail Transit District (District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated November 16, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's 's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Menlo Park, California  
November 16, 2023



**Independent Auditor’s Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

To the Governing Board of the  
Sonoma-Marín Area Rail Transit District  
Petaluma, California

**Report on Compliance for the Major Federal Program**

***Opinion on the Major Federal Program***

We have audited Sonoma-Marín Area Rail Transit District’s (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District’s major federal program for the year ended June 30, 2023. The District’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District’s compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control over Compliance

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the passenger and freight enterprise funds of the District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 16, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Eide Bailly LLP*

Menlo Park, California  
November 16, 2023

Sonoma-Marín Area Rail Transit District  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2023

| Federal Grantor/Pass-through Grantor/<br>Program Title or Cluster Title | Federal Financial<br>Assistance Listing /<br>Federal CFDA<br>Number | Pass-through<br>Entity Identifying<br>Number | Expenditures                |
|---|---|--|-----------------------------|
| <b>U.S. Department Of Transportation</b>                                |   |  |                             |
| Federal Transit Cluster:  |   |  |                             |
| Federal Transit Formula Grants:   |   |  |                             |
| SMART - Fiscal Year 2021 American Rescue Plan<br>Additional Assistance  | 20.507  | CA-2022-087-00                               | \$ 7,471,416                |
| SMART FY22 5307 - Preventive Maintenance                                | 20.507  | CA-2022-113-00                               | 3,884,548                   |
| SMART Pathway - Petaluma  | 20.507  | CA-2022-157-00                               | 806,000                     |
| SMART Windsor Extension PTC Implementation                              | 20.325  | FRS-CRS-0013-19-01-00                        | <u>244,726</u>              |
| Total Federal Transit Cluster   |   |  | <u>12,406,690</u>           |
| Total U.S. Department of Transportation                                 |   |  | <u>12,406,690</u>           |
| Total   |   |  | <u><u>\$ 12,406,690</u></u> |

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (schedule) includes the federal award activity of the Sonoma-Marín Area Rail Transit District (District) under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported in the schedule are reported on the accrual basis of accounting basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

**Note 3 - Indirect Cost Rate**

The Organization does not draw for indirect administrative expenses and has not elected to use the 10% de minimus cost rate.

**Section I – Summary of Auditor’s Results**

Financial Statements

|  |                      |
|--|----------------------|
| Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: | <u>Unmodified</u>    |
| Internal control over financial reporting:   |                      |
| Material weakness identified?  | <u>No</u>            |
| Significant deficiency(ies) identified not considered to be material weaknesses?                                   | <u>None Reported</u> |
| Noncompliance material to financial statements noted?  | <u>No</u>            |

Federal Awards

|  |                      |
|--|----------------------|
| Internal control over major federal programs:                                    |                      |
| Material weakness(es) identified?  | <u>No</u>            |
| Significant deficiency(ies) identified not considered to be material weaknesses? | <u>None Reported</u> |
| Type of auditor's report issued on compliance for major federal programs:        | <u>Unmodified</u>    |
| Any audit findings disclosed that are required to be reported in accordance with | <u>No</u>            |
| Identification of major federal programs:  |                      |

| <u>Federal Financial Assistance Listing Number</u> | <u>Name of Federal Program or Cluster</u> |
|--|---|
| 20.507   | Federal Transit Cluster                   |

|  |                   |
|--|-------------------|
| Dollar threshold used to distinguish between Type A and Type B programs: | <u>\$ 750,000</u> |
| Auditee qualified as low-risk auditee?                                   | <u>No</u>         |

**Section II – Financial Statement Findings**

None reported.

**Section III – Federal Award Findings and Questioned Costs**

None reported.

**Section IV – Schedule of Prior Audit Findings**

Summarized below is the status of audit findings reported in the prior year schedule of financial statement findings.

**Financial Statement Findings**

**Finding**

The value of capital assets received by the freight fund were initially recognized as a donation of capital assets valued at fair value, rather than as a transfer of operations, which should have been valued at the book value of the transferring government.

**Recommendation**

The District adjusted the valuation of the transferred assets in the financial statements and no further recommended action is required.

**Current Status**

Resolved



# SONOMA-MARIN AREA RAIL TRANSIT DISTRICT

2023 Audited Financial Statements

# SCOPE OF THE AUDIT

- **Audit of the District's financial statements**
  - Amounts and disclosures in the financial statements
  - Accounting principles used
  - Significant estimates made by management
  - Overall financial statement presentation
- **Federal single audit**
- **Reporting on identified internal control deficiencies, if any**
  - Financial reporting
  - Compliance with laws and regulations



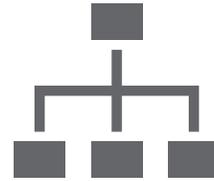
# SCOPE OF THE AUDIT

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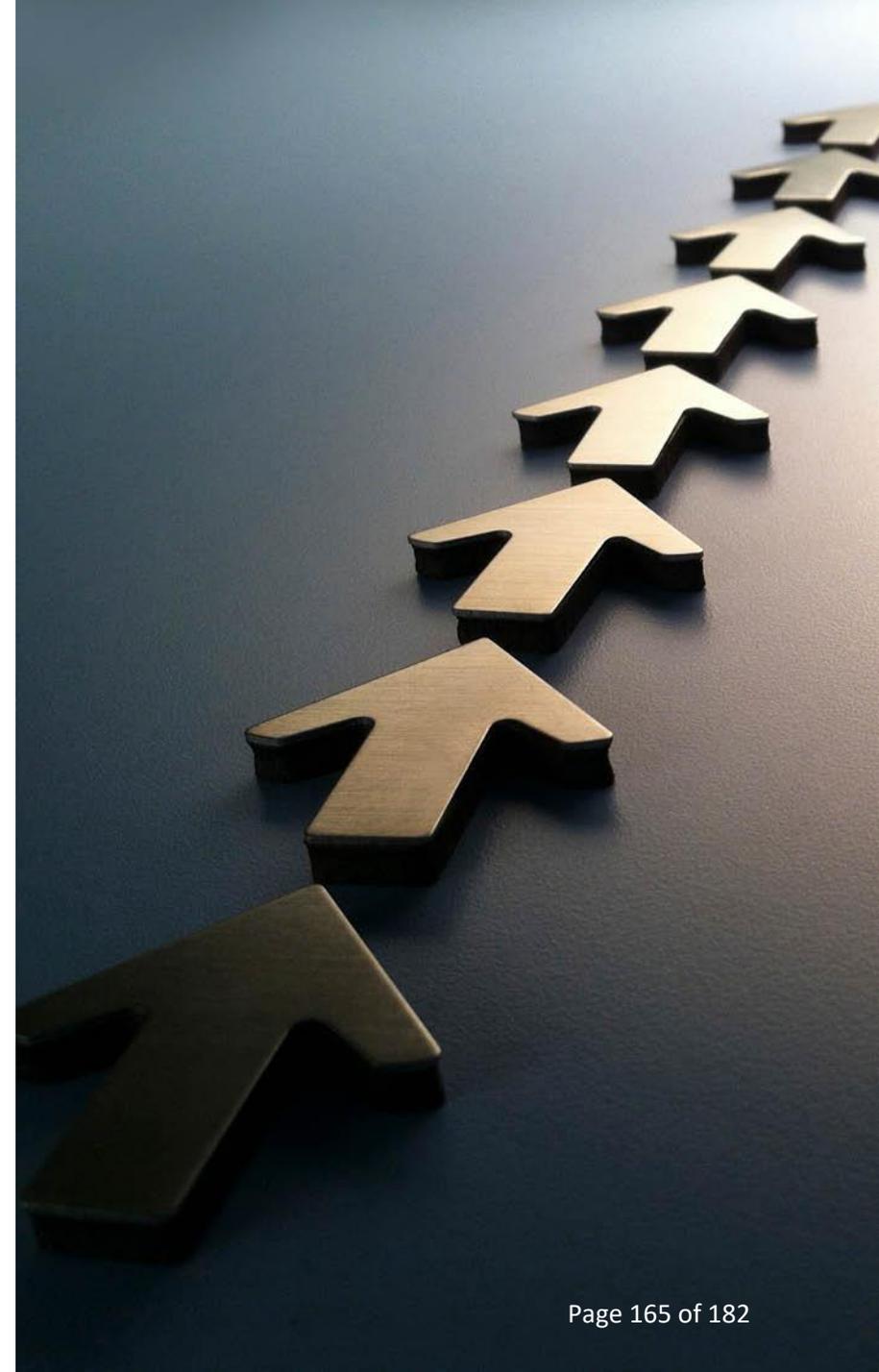
## Auditor's responsibilities

Forming and expressing opinions based on the results of our audit of the **financial statements**, and audit of **compliance**.

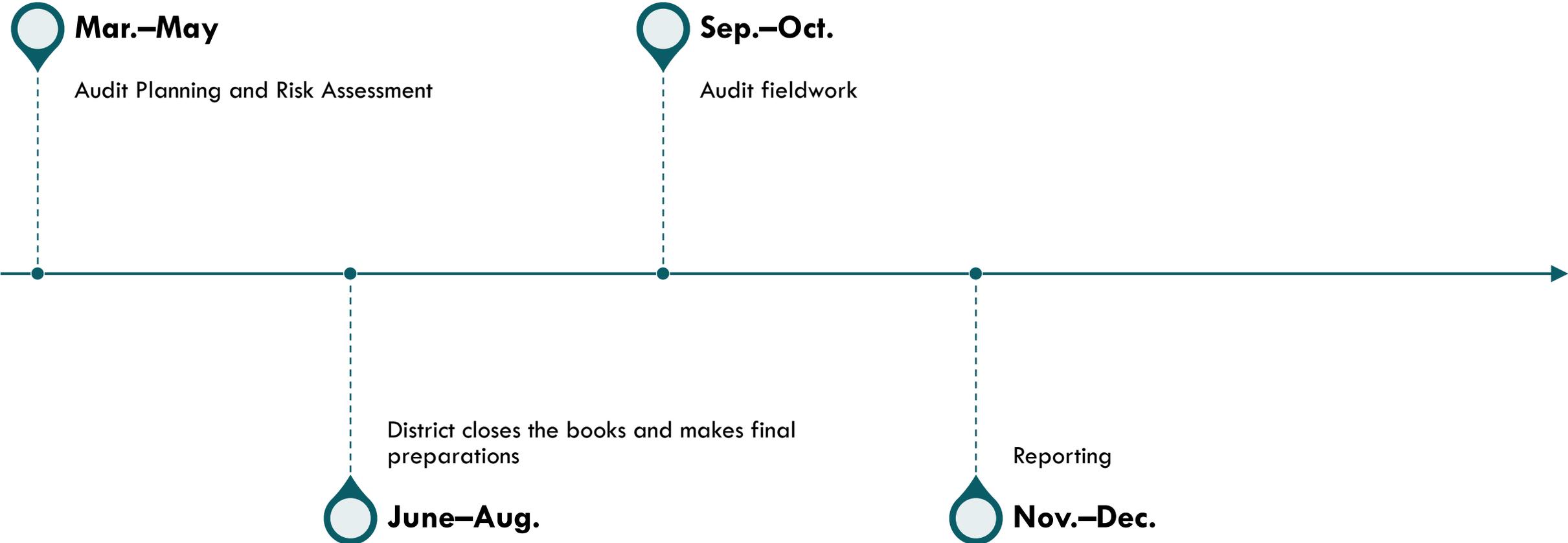


## Management's Responsibilities

Completeness and accuracy of the financial statements, maintenance of internal control over financial reporting, and compliance with laws and regulations.



# TIMING



# AUDIT RESULTS

## 1 OPINION ON THE FINANCIAL STATEMENTS

“...the financial statements referred to above present fairly, in all material respects, the financial position of the District...”

## 2 INTERNAL CONTROL OVER FINANCIAL REPORTING

No control deficiencies were identified

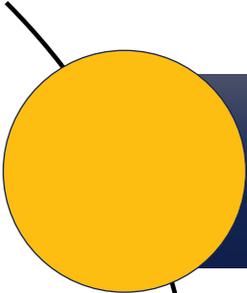
No audit adjustments were necessary

## 3 FEDERAL COMPLIANCE

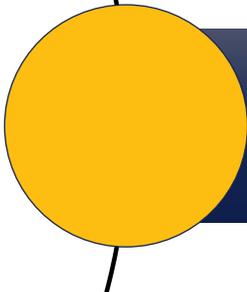
“...the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program...”



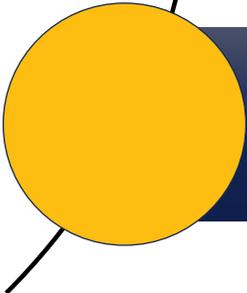
# OTHER MATTERS



Uncorrected/immaterial accounting entries



CalPERS, estimate



Accounting policy change: new GASB 96, SBITA





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December 20, 2023

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

**SUBJECT:** Fiscal Year (FY) 2022-23 Budget to Actual Comparison

Dear Board Members:

**RECOMMENDATIONS:** Information Item

**SUMMARY:**

Finance has finalized all the Fiscal Year 2022-23 processes and has prepared a reconciliation of FY 2022-23 budgeted revenues and expenditures versus actual revenues and expenditures. The attached reconciliations include a comment section, so the reader has an idea of the reason for the differences in budget versus actual of those line items that exceed +/- 20%.

Passenger Revenues

Overall revenues were higher by approximately 1% or \$425,631.

Passenger Expenditures

Salaries and Benefits came in over budget by \$1.6 million due to an increase in the cost of benefits particularly in medical. Services and supplies came in under budget by \$5.9 million and capital expenditures came in \$7.7 million under budget. Total expenditures were \$12 million less than budgeted or 17%. Of the \$12 million, \$5.9 million was work that was budgeted in Fiscal Year 2022-23 but was not able to be completed and was carried forward to Fiscal Year 2023-24 leaving a difference of \$6.1 million that will flow to the fund balance.

Freight Revenues

Overall revenues were lower than anticipated by 16% or \$932,120. We collected less in freight movement fees and storage fees than we had anticipated. We did collect more than anticipated in lease revenue and the sale of the 45(g)-tax credit. We utilized \$781,763 less than was budgeted in state grant dollars which allows us to utilize those funds in future years.

Freight Expenditures

Expenditures came in below budget by \$1.5 million or 27%. Of the \$1.5 million, \$500,000 has been rolled forward to Fiscal Year 2023-34 to complete the Brazos Branch bridge repairs. The remaining savings will be returned to the fund balance.

**FISCAL IMPACT:** No fiscal impact.

**REVIEWED BY:** [ ] Finance \_\_\_\_\_ [ x ] Counsel /s/

Sincerely,

/s/

Heather McKillop  
Chief Financial Officer

Attachment(s):

- 1) FY 23 Year End Reconciliation – Passenger
- 2) FY 23 Year End Reconciliation - Freight

**Fiscal Year 2022-23 Budget to Actual Report (Passenger Rail & Pathways)**

| <b>Revenues</b>                                | <b>Budget</b>        | <b>Actual</b>        | <b>Difference</b>   | <b>% Difference Budget vs Actual</b> | <b>Explanation</b>  |
|--|----------------------|----------------------|---------------------|--------------------------------------|---|
| Sales/Use Taxes                                | \$ 50,190,000        | \$ 49,649,375        | \$ (540,625)        | -1%                                  |   |
| Federal Intergovernmental Revenue              | \$ 12,542,326        | \$ 12,406,690        | \$ (135,636)        | -1%                                  |   |
| State Intergovernmental Revenue                | \$ 12,089,233        | \$ 11,819,115        | \$ (270,118)        | -2%                                  |   |
| Measure M                                      | \$ 1,519,892         | \$ 1,025,746         | \$ (494,146)        | -33%                                 | Spent less on the Petaluma North Station than anticipated for Design in FY 23   |
| Other Intergovernmental Revenue                |                      | \$ 30,000            | \$ 30,000           | 100%                                 | Grant for intern program that wasn't previously budgeted  |
| Train Fares                                    | \$ 1,600,000         | \$ 1,800,747         | \$ 200,747          | 13%                                  | Ridership was higher than anticipated   |
| Parking Fares                                  |                      | \$ 106               | \$ 106              | 100%                                 | Reflects first few days of overnight parking  |
| Shuttle Service                                |                      | \$ 50                | \$ 50               | 100%                                 | Reflects first few days of SMART Connect Shuttle service  |
| Interest Earned-Pooled/Unrestricted/Restricted | \$ 450,000           | \$ 1,582,098         | \$ 1,132,098        | 252%                                 | Interest rates and fund balance higher than anticipated   |
| Rent-Real Estate                               | \$ 266,631           | \$ 390,448           | \$ 123,817          | 46%                                  | More lease revenue than budgeted  |
| Miscellaneous Revenue                          | \$ 273,325           | \$ 652,662           | \$ 379,337          | 139%                                 | Received reimbursement of insurance claims  |
| <b>Total</b>                                   | <b>\$ 78,931,407</b> | <b>\$ 79,357,038</b> | <b>\$ 425,631</b>   | <b>1%</b>                            |   |
| <b>Capital</b>                                 |                      |                      |                     |                                      |   |
|  | <b>Budget</b>        | <b>Actual</b>        | <b>Difference</b>   |                                      | <b>Explanation</b>  |
| Construction in Progress - Infrastructure      | \$ 9,311,554         | \$ 3,829,210         | \$ 5,482,344        | 59%                                  | Project funds will be rolled forward to FY 23 for project completion  |
| Work in Progress - Equipment                   | \$ 3,348,619         | \$ 1,122,137         | \$ 2,226,482        | 66%                                  | Vehicles and Information Systems equipment were budgeted and ordered in FY 23 but were not received due to long lead times.   |
| Acq-Land                                       | \$ 255,000           | \$ 241,375           | \$ 13,626           | 5%                                   | Closing costs were less than anticipated  |
| <b>Total</b>                                   | <b>\$ 12,915,173</b> | <b>\$ 5,192,722</b>  | <b>\$ 7,722,451</b> | <b>60%</b>                           |   |
| <b>Debt Service</b>                            |                      |                      |                     |                                      |   |
|  | <b>Budget</b>        | <b>Actual</b>        | <b>Difference</b>   |                                      | <b>Explanation</b>  |
| Debt Service                                   | \$ 15,596,193        | \$ 15,562,277        | \$ 33,916           | 0%                                   |   |
| <b>Administration &amp; Operations</b>         |                      |                      |                     |                                      |   |
|  | <b>Budget</b>        | <b>Actual</b>        | <b>Difference</b>   |                                      | <b>Explanation</b>  |
| Salaries & Benefits                            | \$ 23,530,860        | \$ 25,169,615        | \$ (1,638,755)      | -7%                                  |   |
| Communications                                 | \$ 342,400           | \$ 294,950           | \$ 47,450           | 14%                                  |   |
| Computer Hardware & Software                   | \$ 771,009           | \$ 624,941           | \$ 146,068          | 19%                                  |   |
| Consultant Services (Engineering)              | \$ 3,978,975         | \$ 3,456,312         | \$ 522,663          | 13%                                  |   |
| Contract Services                              | \$ 3,470,934         | \$ 1,521,268         | \$ 1,949,666        | 56%                                  | - Didn't utilize financial advisor<br>- Spent less in IT services<br>- Didn't need all of the bus bridges that were budgeted<br>- Implemented shuttle service in June but budgeted for the whole year |
| Fare Collection Fees                           | \$ 196,000           | \$ 177,472           | \$ 18,528           | 9%                                   |   |
| Fiscal and Auditing Services                   | \$ 101,100           | \$ 74,130            | \$ 26,970           | 27%                                  | Timing of work done by Auditors between fiscal years  |

**Fiscal Year 2022-23 Budget to Actual Report (Passenger Rail & Pathways)**

| Revenues                                     | Budget               | Actual               | Difference           | % Difference Budget vs Actual | Explanation  |
|--|----------------------|----------------------|----------------------|-------------------------------|--|
| Fuel and Lubricants                          | \$ 1,942,000         | \$ 1,666,219         | \$ 275,781           | 14%                           | Lower fuel prices than anticipated   |
| Insurance & Claims                           | \$ 2,861,765         | \$ 2,241,252         | \$ 620,513           | 22%                           | Insurance premiums slightly lower than anticipated and claims budget didn't have to be utilized  |
| Legal Services                               | \$ 1,026,000         | \$ 688,476           | \$ 337,524           | 33%                           | Legal services were less than anticipated  |
| Maintenance of Equipment                     | \$ 472,378           | \$ 408,415           | \$ 63,963            | 14%                           |  |
| Maintenance of Radio                         | \$ 151,386           | \$ 136,730           | \$ 14,656            | 10%                           |  |
| Maintenance of Signals                       | \$ 180,000           | \$ 28,801            | \$ 151,199           | 84%                           | Expenditures dependent on need   |
| Maintenance of Revenue Vehicles              | \$ 1,048,920         | \$ 273,412           | \$ 775,508           | 74%                           | Didn't require as many spare DMU parts as budgeted, reduced scope for a project and several projects moved to FY 24.                     |
| Maintenance of Facilities                    | \$ 357,500           | \$ 276,374           | \$ 81,126            | 23%                           | Expenditures dependent on need   |
| Maintenance of Railway                       | \$ 179,174           | \$ 121,358           | \$ 57,816            | 32%                           | Funds are budgeted for emergency services in case of need. Not all the funds were needed in FY 23.                                       |
| Maintenance of Pathway                       | \$ 22,500            | \$ 16,205            | \$ 6,295             | 28%                           | Expenditures dependent on need   |
| Marketing & Public Relations                 | \$ 120,300           | \$ 104,859           | \$ 15,441            | 13%                           |  |
| Miscellaneous Expense                        | \$ 779,633           | \$ 360,358           | \$ 419,275           | 54%                           | Spent less than anticipated  |
| Rent/Lease Equip                             | \$ 113,550           | \$ 64,710            | \$ 48,840            | 43%                           | Expenditures dependent on need   |
| Rent/Lease Bldgs                             | \$ 460,866           | \$ (30,981)          | \$ 491,847           | 107%                          | Due to GASB 87 leases are reclassified at year end into an asset and only the interest expense is recorded as an expenditure (See below) |
| Other Interest Expense                       | \$ -                 | \$ 198,886           | \$ (198,886)         | 100%                          | See comment on rent  |
| Small Tools & Equipments                     | \$ 135,972           | \$ 100,083           | \$ 35,889            | 26%                           | Expenditures dependent on need   |
| Uniform Expenses                             | \$ 106,580           | \$ 98,030            | \$ 8,550             | 8%                            |  |
| Utilities                                    | \$ 805,320           | \$ 805,118           | \$ 202               | 0%                            |  |
| <b>Total Administration &amp; Operations</b> | <b>\$ 43,155,123</b> | <b>\$ 38,876,991</b> | <b>\$ 4,278,132</b>  | <b>10%</b>                    |  |
| <b>Total Expenditures</b>                    | <b>\$ 71,666,488</b> | <b>\$ 59,631,989</b> | <b>\$ 12,034,499</b> | <b>17%</b>                    |  |

**Fiscal Year 2022-23 Budget to Actual Report (Freight)**

| <b>Revenues</b>                                    | <b>Budget</b>       | <b>Actual</b>       | <b>Difference</b>   | <b>% Difference Budget vs Actual</b> | <b>Explanation</b>  |
|--|---------------------|---------------------|---------------------|--------------------------------------|---|
| State Intergovernmental Revenue                    | \$ 4,206,000        | \$ 3,424,237        | \$ (781,763)        | -19%                                 | Didn't utilize as much as was anticipated   |
| Freight Movement Revenue                           | \$ 1,100,000        | \$ 743,555          | \$ (356,445)        | -32%                                 | Freight Movement fees were less than anticipated  |
| Rent - Real Estate                                 | \$ 245,000          | \$ 444,360          | \$ 199,360          | 81%                                  | Didn't have a full inventory of leases when the budget was set  |
| Freight Storage Fees                               | \$ 25,000           | \$ 9,036            | \$ (15,964)         | -64%                                 | There were less storage needs than assumed for this budget  |
| Lease Interest Revenue                             | \$ -                | \$ 4,958            | \$ 4,958            | 100%                                 | Result of GASB 87. Some of the Lease revenue is recorded as lease interest revenue  |
| Miscellaneous Revenue                              | \$ 239,190          | \$ 256,924          | \$ 17,734           | 7%                                   |   |
| <b>Total</b>                                       | <b>\$ 5,815,190</b> | <b>\$ 4,883,070</b> | <b>\$ (932,120)</b> | <b>-16%</b>                          |   |
|  |                     |                     |                     |                                      |   |
| <b>Administration &amp; Operations</b>             | <b>Budget</b>       | <b>Actual</b>       | <b>Difference</b>   |                                      | <b>Explanation</b>  |
| Permanent Positions                                | \$ 854,031          | \$ 809,706          | \$ 44,325           | 5%                                   |   |
| Insurance & Legal Services                         | \$ 25,000           | \$ 38,410           | \$ (13,410)         | 100%                                 | Insurance was more than anticipated   |
| Maintenance of Equipment                           | \$ 66,850           | \$ 12,099           | \$ 54,751           | 82%                                  | Expenditures dependent on need  |
| Maintenance of Signals                             | \$ 25,000           | \$ 16,026           | \$ 8,974            | 36%                                  | Less gates, signals, parts were required  |
| Maintenance of Revenue Vehicles                    | \$ 162,500          | \$ 90,356           | \$ 72,144           | 44%                                  | Spent less than anticipated   |
| Maintenance of Facilities                          | \$ 25,000           | \$ (4,163)          | \$ 29,163           | 117%                                 | Accrual for FY 22 was reversed  |
| Maintenance of Railway                             | \$ 3,149,698        | \$ 2,287,206        | \$ 862,492          | 27%                                  | Didn't need to do the Air Brake Fix or PTC in FY 23 and carried forward \$496,000 from FY 23 to FY 24 for the Brazos Branch Bridge Repairs. |
| Miscellaneous Expense                              | \$ 157,433          | \$ 70,351           | \$ 87,082           | 55%                                  | Underspent uniforms, computer hardware & software, and communications   |
| Permits and Fees                                   | \$ 110,000          | \$ 66,417           | \$ 43,583           | 40%                                  | Car hire fees were less than expected   |
| Rent/Lease Equip                                   | \$ 65,000           | \$ 39,004           | \$ 25,996           | 40%                                  | Expenditures dependent on need  |
| Contract Services - Administrative                 | \$ 471,875          | \$ 360,581          | \$ 111,294          | 24%                                  | Less services required in MOW and Vehicle Maintenance than anticipated  |
| Fuel and Lubricants                                | \$ 107,250          | \$ 77,025           | \$ 30,225           | 28%                                  | Fuel prices were lower than anticipated   |
| Small Tools & Equipment                            | \$ 40,000           | \$ 2,736            | \$ 37,264           | 93%                                  | Expenditures dependent on need  |
| Utilities  | \$ 15,000           | \$ 14,561           | \$ 439              | 3%                                   |   |
| Cost Allocation                                    | \$ 197,515          | \$ 100,856          | \$ 96,659           | 49%                                  | This is dependent on the expenditures on the passenger side for administrative costs. Less was allocated than was expected.                 |
| <b>Grand Total Administration &amp; Operations</b> | <b>\$ 5,472,152</b> | <b>\$ 3,981,171</b> | <b>\$ 1,490,981</b> | <b>27%</b>                           |   |



**Eric Lucan, Chair**  
Marin County Board of Supervisors

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December 20, 2023

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

**SUBJECT:** Pathway Wayfinding Update

Dear Board Members:

**RECOMMENDATIONS:**

Approve Final Design Concept for SMART Pathway Wayfinding

**SUMMARY:**

SMART initiated the Pathway Wayfinding Project in Spring 2023 to address the need to ease users' ability to navigate the Pathway. The need for this effort was underscored by public input received at SMART's 2022 Listening Session on the Pathway. To date, SMART has conducted fieldwork and outreach to inform the sign types and design concepts for the Pathway's wayfinding system. Additionally, SMART conducted outreach in October and November to solicit input on initial sign designs. The feedback received during the design outreach guided the refinement of a single design concept. Staff are seeking approval from the Board for the proposed Final Pathway Sign Design.

**Pathway Wayfinding Development Process**

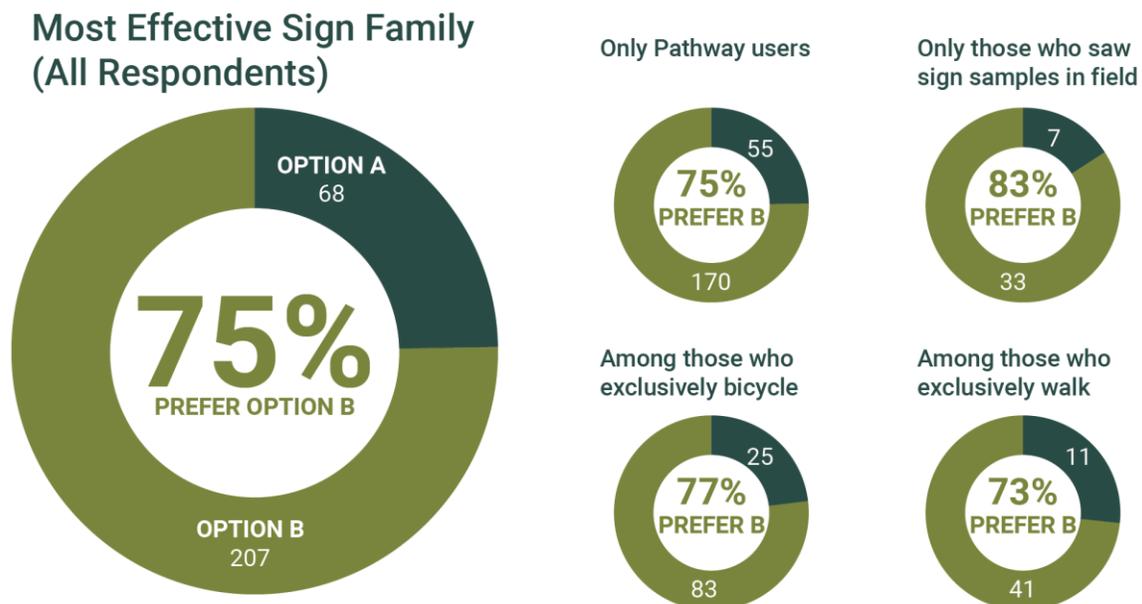
SMART's Pathway wayfinding efforts aim to support travel on the pathway for users of all abilities and create navigation solutions appropriate for the Pathway and the surrounding environment. As such, the project included fieldwork to assess the existing conditions and needs along the pathway, an intercept survey of pathway users about their use, and various engagement efforts with the public and our partners regarding their wayfinding needs, priorities and design preferences. These early stages of the project led to the development of SMART's two initial design concepts (Attachment A).

**Design Engagement and Feedback**

In October 2023, SMART presented to the Board and the public our two initial design concepts for Pathway Wayfinding. Between October 27 and November 6, 2023, members of the public could view mock-up signs along the Pathway in Larkspur and Rohnert Park and provide direct responses in a survey made accessible through posted QR Codes and available in English and Spanish. During that same time period, the designs and survey were also

available on SMART’s website and were promoted to the public through SMART’s newsletter and social media channels. A total of 395 responses were received.

The majority of respondents found the Option B sign family to be more effective; this was true for specific groups of respondents including those that exclusively walk, those that exclusively bicycle, those that saw the signs in the field, and those that identified as pathway users.



Other key themes from the feedback included:

- Preference for green color combination depicted in Option B,
- Preference for the SMART Brand/Logo treatment in Option A,
- Desire for mileage/distances on signs,
- Emphasis on simplification and legibility, and
- Preference for the bright green ground markings included in Option B.

In response to these key themes and preferences, the final wayfinding proposed was designed such that it:

- Retains the sign family formation of Option B,
- Features the preferred green color combination,
- Incorporates the preferred SMART Pathway branding from Option A,
- Includes mileage information,
- Improves legibility of navigational information, and
- Simplifies the design.

The proposed final design is included in Attachment B. Staff are seeking Board approval of the final design concept for the Pathway Wayfinding.

**Next Steps**

Following Board approval, SMART will proceed with developing a signage placement plan, sign schedule and the final design drawings needed to support the fabrication and installation of signs.

**FISCAL IMPACT:** Funds have been budgeted in the Fiscal Year 2023-24 Board approved budget for this cost.

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

Respectfully,

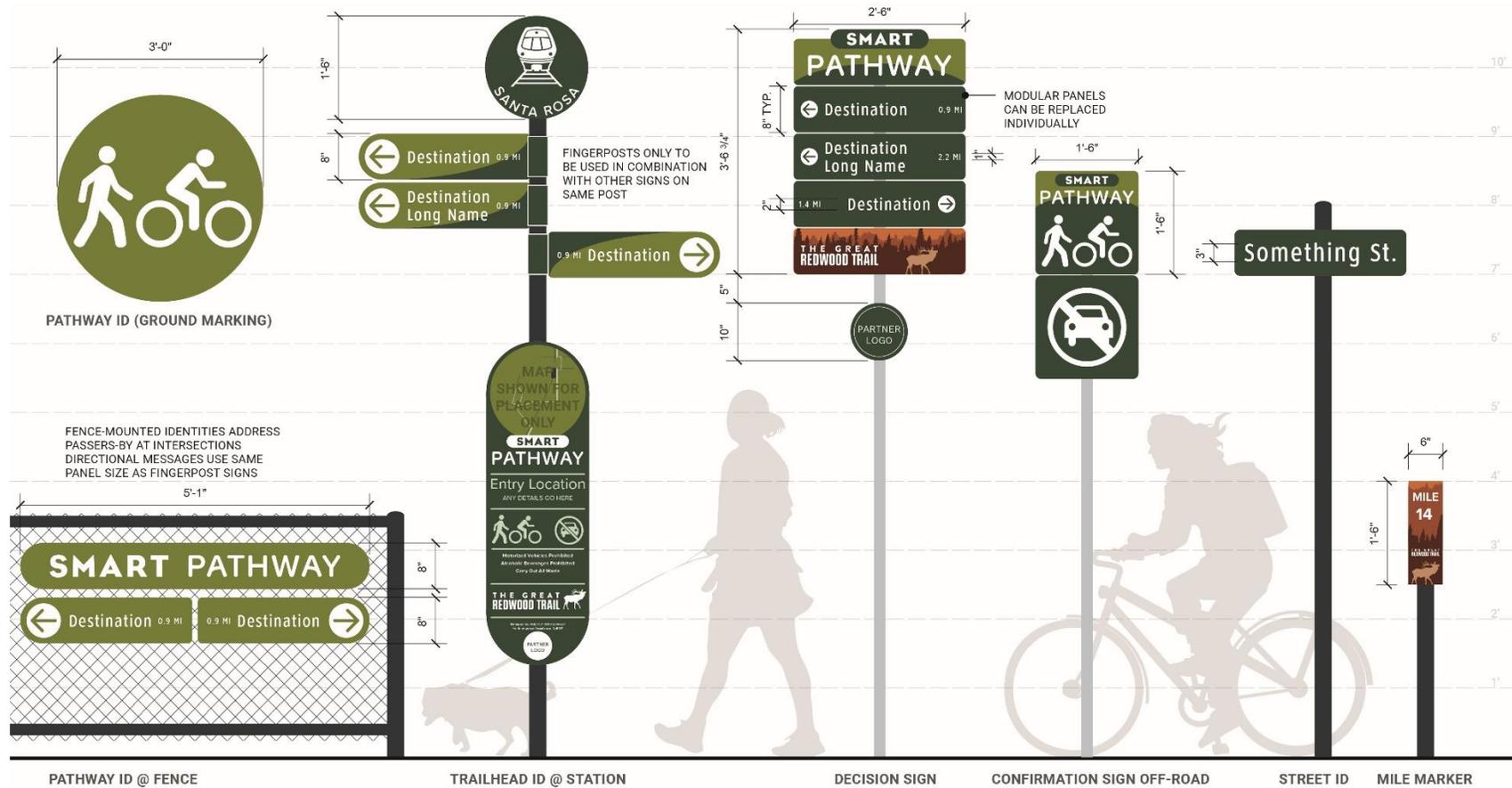
  /s/    
Emily Betts  
Principal Planner

Attachment(s):

- 1) Attachment A- Initial Design Concepts
- 2) Attachment B- Final Design Concept



Option B Sign Family







**Eric Lucan, Chair**  
Marin County Board of Supervisors

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December 20, 2023

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

**SUBJECT:** Free Fare Pilot Program for Youth and Seniors

Dear Board Members:

**RECOMMENDATIONS:**

Approve free fare pilot program for youth and seniors from April 1, 2024 through June 20, 2025.

**SUMMARY:**

In early 2022, the SMART Board of Directors completed strategic planning work that developed the vision, mission, values, and strategic objectives for the district. One of the strategic objectives was ridership. Since early 2022, numerous initiatives have been implemented to facilitate ridership growth with excellent results. SMART currently has the highest ridership recovery rate in the Bay Area when compared to 2019 and has the second highest commuter rail ridership recovery rate in the country. However, this ridership growth has come as a tradeoff to SMART's farebox recovery ratio.

At the November 15, 2023 Board Meeting, staff presented a discussion item entitled Ridership versus Farebox Recovery. In this discussion, the Board directed staff to continue focusing on improving ridership and to consider a free fare pilot program for youth and seniors.

Staff conducted research and concluded the cost of this pilot program would be approximately \$282,000 annually and could reduce the farebox recovery rate from FY23's 6% to 5%. However, considering youth and seniors in Marin and Sonoma County represent 42% of the population and only account for 25% of SMART's current ridership, there is substantial opportunity to increase ridership. The increased ridership and associated passenger miles would likely have a positive impact on SMART's investment per passenger mile. Therefore, staff recommends approving a free fare pilot program for youth and seniors from April 1, 2024, through June 30, 2025.

**FISCAL IMPACT:** The cost of this free fare pilot program for youth and seniors is approximately \$282,000 annually.

Sincerely,  
/s/  
Eddy Cumins  
General Manager