

Sonoma-Marín Area Rail Transit District Annual Report 2018



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About Sonoma-Marin Area Rail Transit (SMART)

SMART is a transit district created by the State of California in 2002 to oversee the development, implementation and operation of a passenger rail system in Marin and Sonoma counties.

SMART passenger rail service began in 2017 between Downtown San Rafael in Marin and Airport Boulevard in Sonoma, with multiple connections to adjoining bike paths along the SMART corridor. These improvements are made possible by Measure Q, a one-quarter cent sales tax approved by Sonoma and Marin voters in 2008. The rail project will ultimately serve a 70-mile corridor from Larkspur to Cloverdale, with an extension to Larkspur opening at the end of 2019 and a planned extension to Windsor in 2021.

For more information about SMART and its projects and programs, please visit www.sonomamarintrain.org.

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Message From The Chair, Board of Directors

On behalf of the SMART Board of Directors, I am pleased to present the 2018 Annual Report, providing the public information about the voter-funded Sonoma-Marin Area Rail Transit District and our activities in the past year. Although SMART provides numerous reports to the public such as an audited Comprehensive Annual Financial Report, monthly management and budget reports as part of our regular Board meetings, this Annual Report is designed to encompass information from each of those reports.

In 2018, SMART completed its first full year of passenger rail service, a milestone that built on the success of opening day, and saw SMART carry close to a million passengers by the end of December. The vision of a safe, comfortable and reliable transit system throughout Marin and Sonoma Counties has been brought to life by our dedicated staff who continue to work tirelessly to provide the best possible service to our new customers.

SMART is not content, however, to rest on its successes. The District continues to push forward on the Larkspur extension, to open in 2019, providing a major regional connection to the Golden Gate Ferry. In April of 2018, SMART announced it had received the necessary funding to build an extension and Station in the Town of Windsor, scheduled to open in 2021. And as we entered 2019, we were pleased to see close to 100,000 bicycles on our trains, another milestone in our journey toward full realization of the vision for the rail project.

On behalf of the SMART Board of Directors, I'd like to thank the people of Sonoma and Marin for their continued support and enthusiasm. Your Measure Q tax dollars make this progress possible. We look forward to continued progress on the SMART rail and pathway project and the continued excellent service provided to the riding public.

Sincerely,



Debora Fudge, Chair
Board of Directors

Passenger Rail Service

In 2018, SMART celebrated its first anniversary of rail passenger service. In that first year of service, SMART carried 722,961 passengers, 65,468 bicycles and 3,095 wheelchairs. Although that first year carried numerous challenges, it was a year that brought to the North Bay a new transportation alternative not seen in the region for over 50 years. This was strong ridership for a brand-new transit system using a new fare system (Clipper) in a region still recovering from the fires of 2017 in the North Bay. SMART sold 5,338 unlimited ride 31-day passes, an average of 445 each month.

In 2018, SMART enjoyed continued support from the business community in Marin and Sonoma counties. Over 70 employers reached out to SMART for information on how to obtain discounted passes and provide commuter benefits to their employees. Many businesses started their own commuter benefit programs to allow employees to use pre-tax dollars to purchase SMART fares, some employers subsidized fare costs and provided free shuttles, and others managed Eco-Pass programs for their employees and associates. SMART worked to create special semester-based Eco-passes for Santa Rosa Junior College, in addition to working with the County of Marin and the Marin County Office of Education for its employees. From January to December of 2018, SMART had an average of 147 active Eco-Pass users each month.

Operations

The startup of a brand-new passenger service is a daunting challenge for any public agency big or small. There are innumerable details that require foresight and attention, from the hundreds of components in the rail cars that need daily checking to the hundreds of people that required SMART's staff attention and care. However, one of the biggest accomplishments for 2018 was SMART's 97% on-time performance for the year. Providing a safe, reliable and comfortable service to our passengers will allow them to continue to ride the train and help the region by growing the number of cars we can keep off of our roads and freeway.

STATION, RAIL AND SIGNAL MAINTENANCE

SMART's passenger service utilizes Positive Train Control, one of the first passenger railroads in the nation to do so. This system, which builds on more traditional automatic train control systems, helps SMART to ensure the safety of our passengers and our communities. Every aspect of our signal system requires dedicated, well-trained staff. Thus, Signal Technician training continued to be a focus in 2018. SMART staff developed several training modules including Track Circuit

Maintenance and Trouble Shooting, Railroad Crossing Gate Maintenance and Repair, and Federal Rail Administration (FRA) Grade Crossing Safety and Inspections. The Railroad Crossing Gate Maintenance and Repair training is particularly noteworthy as SMART currently has 9 different styles of gate mechanisms in service from 2 different manufacturers. Each have slightly different wiring configurations, general maintenance requirements, and adjustment settings.

Signal maintenance employees have a limited number of hours they can work in a day and minimum rest period durations. These are spelled out in the Federal Hours of Service Regulations. In 2018 SMART transitioned from a labor-intensive paper method of tracking Hours of Service compliance to an electronic tracking system. This new system enables quicker input by the Technicians with a more efficient and reliable format for auditing by the Supervisors.

In 2018, SMART undertook an upgrade of the gate mechanisms at North McDowell Boulevard in Petaluma. This crossing consisted gate mechanisms that existed prior to the more recent construction and keeping it in good working order was becoming difficult leading to activation problems and complaints from drivers. Replacement gate mechanisms were assembled and wired by SMART's Signal team with the assistance of engineering staff from the Petaluma office. The new gate mechanisms were installed in pairs over two separate weekends. They were tested and placed into service without disrupting passenger service.



FACILITIES MAINTENANCE

The Facilities Maintenance team completed several safety enhancement projects in 2018. They designed and installed red safety striping at all passenger platforms with the words “Stand Back” stenciled in white. This is a supplemental warning added after SMART began operations. This stenciling was added to the yellow truncated domes along the edges of the platforms to further inform the public of safe practices while boarding and exiting trains.



SMART also constructed 50 feet of fence at 9th Street in Santa Rosa in order to increase the safety of that area. The existing right-of-way fence allowed pedestrians to shortcut behind the sidewalk and warning device which lead to trespassing and safety concerns in the area.

Our facilities staff also installed signs at select crossings in San Rafael, Petaluma, and Santa Rosa to discourage drivers from accidentally driving down the tracks. Locations were selected based on past incidents and potential for vehicles to drive on the track. The improvements were undertaken in an effort to improve public safety as well as eliminate a source of delays for the passenger service.



Several clean-up projects were undertaken at some of SMART’s non-operational property locations to improve the general appearance as well as improve safety and security at the sites, including:

- Downtown Petaluma Water Street
- Petaluma Downtown Yard
- Healdsburg Yard

In 2018, SMART completed one of the largest maintenance projects to date. The ride quality of SMART's trains relies on inspecting and maintaining the quality of the rail below the cars. A track geometry test car ran earlier in the year and revealed locations of track settlement and a few curves that needed adjustments made to their rail elevations. This maintenance work is typical following construction of new track bed while the ballast consolidates and settles. Six miles of track plus 3 turnouts were surfaced with specialized rail machines over the course of 4 weeks. This work was performed at night after revenue train service was complete. An additional 2,700 tons of ballast was placed along the track as part of this project all leading to improved ride quality for SMART's passengers.



Vegetation management along the right of way is a major part of Track Maintenance's weekly work. Several methods are employed to manage the vegetation growth ranging from weed eaters, walk behind mowers, skid steer mounted mowers to a herd of goats. SMART dispatched a herd of goats for three weeks to reduce vegetation just north of the Cal Park tunnel in San Rafael. The conditions at this site were not suitable for mechanical or hand removal of the vegetation. In



addition, a rail mounted brush cutter was leased for 2 months in order to cut vegetation in areas that are not otherwise accessible.

Finally, the importance of managing permitted access to SMART tracks becomes a vital function now that trains are operating daily. In 2018, staff worked with and oversaw access across the tracks for a number of special events, including the Windsor Day Parade, the Ironman tournament in Santa Rosa and the Kaiser Wellness Run in Novato. Close coordination allowing access to SMART right-of-way by PG&E, Comcast, local Cities and Counties whose infrastructure cross our property was also a major focus.

RAIL VEHICLE MAINTENANCE

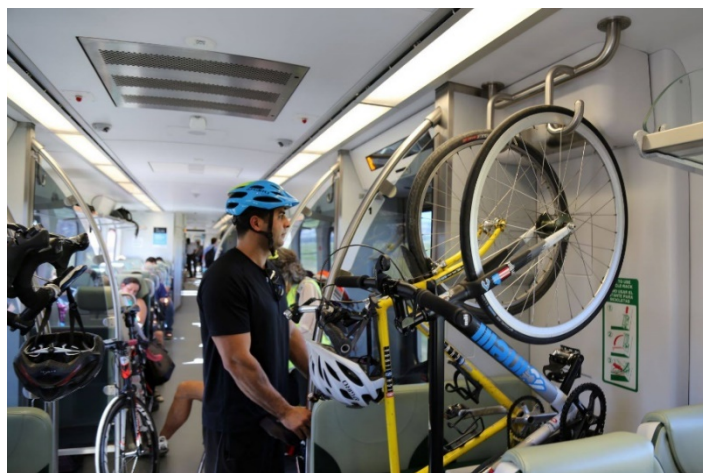
In 2018, operations and capital staff worked to design improvements to the Rail Operations Center to install a wheel truing machine in the vehicle maintenance pit. The wheel truing machine

machines material from the steel train wheels to remove flat spots and return them to the required specification. The work to install the machine involves enlarging a portion of the existing vehicle maintenance pit, installing structural supports, and supplying high-voltage electricity. Installation of machine is anticipated in 2019.

In May of 2018, due to the failure of a box truck driver to stop and obey crossing warning gates at Todd Road in Santa Rosa, SMART's Rail Car # 110 has been out of service awaiting repairs to the front of the vehicle. The incident allowed us to witness the sturdiness of the DMU; while there was damage to the fiberglass front mask and substructure, the body and Crash Energy Management system were unphased. While Car #110 performed as expected and protected the engineer and passengers, the timeline for replacing components damaged during the incident is long. The incident has allowed us to learn lessons for the future for repairing SMART's fleet, from components needed on hand to replace damaged parts, to the intricacies of repairing the DMU's structure. DMU 110 has been at Alstom, a rail vehicle repair shop located on Mare Island in Vallejo since September of 2018 and is expected to be returned to SMART by the summer of 2019.

PASSENGER TRANSPORTATION

Our Engineers, Conductors and Supervisors are becoming familiar to the regular riders of the SMART system. By the end of 2018 they had successfully managed the transportation of close to one million train passengers. They are not only responsible for the movement of people and trains, but the safety of the riding public and the community. Dispatching occurs all 24 hours of the day, while train movements generally require staff to start work at 3:30 am with the last shift ending at 10:00 pm. The Transportation Division was busy this year filling all 29 Engineer-Conductor positions, as well as training and promoting candidates to fulfill the role of Controller Supervisor who supervise, dispatch and monitor all rail activity.



Due to the highly regulated nature of passenger trains, staff must be continuously trained and certified. This past year we successfully recertified fourteen (14) Engineer-Conductor certificates to comply with Federal Railroad Administration (FRA) certificates requirements. All other Engineer-Conductors are continuously briefed, trained and checked for compliance with all SMART protocols, including those related to speed, stopping, fares, ADA compliance, to name a few.

Safety and Security

Safety and security continue to be a top priority at SMART. The safety team consists of the Chief of Police, three code compliance officer positions, a Safety and Compliance officer and two safety consultants. The team goals are focused on prevention, education and enforcement of safety practices along the right of way and on SMART trains and platforms.



During the last year, safety staff has contacted hundreds of trespassers along the right of way despite continued effort educated and inform the public that there is “No Trespassing” SMART property.



Safety staff also investigated five major incidents in 2018. There have been four train related deaths in 2018, three of which were ruled suicide. Additionally, SMART stuck a box truck that illegally entered the right of way, driving through SMART’s crossing safety equipment.

As a result of the delays caused by these and other incidents, SMART

has worked to create more ways to communicate with the public regarding scheduling delays. Nixle has become a widely-used application that allows for alerts to the public of both emergencies and schedule or delay information. In 2018, SMART implemented widespread use of Nixle, which allows the public to text “SMART” to 888-777 to receive up the minute alerts from SMART.

In addition to implementing Nixle, at the end of 2018 SMART installed on-platform announcement speakers, allowing for system-wide to alerts to riders about emergency situations. These speakers are installed on all train platforms and messages can be broadcast remotely by SMART staff.

NIXLE

- Way for SMART to send alerts to SMART Nixle subscribers
- Messaging on delays, bus bridges, special schedules

Still need to subscribe?

TEXT:

SMART to 888-777



Ongoing safety and security training continue to be a priority for the District. One such example is the convening of internal exercises to discuss or practice management and response to critical incidents. The value of these exercises is to identify potential scenarios before they occur to be better prepared for future incidents.

SMART also coordinates with Marin and Sonoma Law Enforcement agencies. On a monthly basis, staff meets with police executives from both Counties to discuss industry trends, concerns and provides an opportunity for education on activities and issues related to SMART.



In addition to coordination at the local level, SMART works with Department of Homeland Security, Transportation Security Administration (TSA), Surface Transportation Division to conduct internal audits and exercises. TSA assisted with an audit of our system as well as planned to conduct trainings for SMART Operations staff on suspicious packages and incident response. Staff participated in a regional review of the Threat and Hazard Identification and Risk Assessment (THIRA) and Stakeholder Preparedness Review Guide. This comprehensive guide published by the Department of Homeland Security provides guidance for agencies on conducting risk assessments for their systems.

In 2018 SMART continued its ongoing presence at several regional safety and law enforcement meetings throughout Marin and Sonoma. These meetings include; Sonoma County Emergency Disaster Council, Sonoma County Police Chiefs Association, Marin County Police Chiefs Association, Homeless Outreach Services Team, FBI Rail Liaison and Transportation Security Administration Mass Transit Stakeholders. At each of these meetings SMART prepares updates to share with our community partners.



Capital Projects

POSITIVE TRAIN CONTROL (PTC) IMPLEMENTATION

In 2018, SMART continued the implementation of Positive Train Control through focus on dynamic testing of its freight tenant's locomotive throughout the alignment. This test program was conducted with the approval and oversight of the Federal Railroad Administration, and involved hundreds of individual train movements during which the speed enforcement functions of the Positive Train Control system were demonstrated to ensure safe operation of the freight locomotive. Testing was performed outside of revenue service hours in order to avoid impacting SMART's daily service. SMART worked closely with its PTC supplier to make system adjustments as testing progressed.

SMART, as a leader in the implementation of Enhanced Automatic Train Control, sent staff to participate in three PTC Symposiums held by the Federal Railroad Administration at the US Department of Transportation Headquarters in Washington D.C. These summits featured detailed



presentations, along with collaborative discussions between FRA staff and railroad representatives from across the United States. SMART staff had the honor of presenting during the July 16th Symposium, during which SMART offered information and guidance on best practices for PTC working groups.

LARKSPUR EXTENSION PROJECT

Construction of the Larkspur Extension Project began in the fall of 2017 and accelerated in 2018. Work included

constructing two new bridges and reconstructing an existing timber trestle; creation of a new section of Francisco Boulevard West between 2nd Street and Rice Drive; constructing the new Larkspur passenger boarding platform and adjacent parking lot and drop-off area; reconstructing Andersen Drive; modifying the San Rafael Transit Center to accommodate a second track; and installing underground infrastructure. This project involves extensive coordination with outside stakeholders such as the City of San Rafael, the Town of Larkspur, the Golden Gate Bridge Highway & Transportation District, the Federal Transit Administration, the San Rafael Sanitation District, the Ross Valley Sanitation District, Marin Municipal Water District and other utility companies.

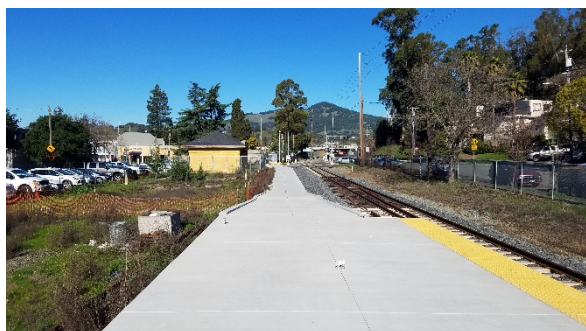
Construction progress was good in 2018 and kept SMART on schedule to open the extension in late 2019.



SMART worked cooperatively with the City of San Rafael to redesign the Larkspur project and ultimately realign SMART's property in that area to allow space for the construction of a bicycle and pedestrian pathway between Rice and Andersen Drives. The City developed the final design for the pathway and provided funding so that their project could be integrated into the Larkspur construction work. The pathway will open in 2019.

NOVATO DOWNTOWN STATION

At the request of, and funded by, the City of Novato, SMART has worked to add a third station in



Novato that can be made operational within the SMART system. SMART staff worked closely with the City of Novato to finalize the station elements and modifications to the train control system in 2018. This continued the work begun in 2017 to construct a new platform and adjacent track. Construction of station platform amenities and other final elements is planned for the end of 2019.

WINDSOR EXTENSION

This past year SMART embarked upon the planning and preliminary design of the three-mile extension from the Airport Boulevard Station to the Town of Windsor. This \$55 million project is funded by the Federal Railroad Administration, the State of California (Cap and Trade Funds), and the Metropolitan Transportation Commission (Regional Measure 3 Bridge Tolls). Work on this new extension included field surveys, utility evaluation, preliminary track design, locating the station platform, planning parking, designing a pathway and conducting wetland and wildlife surveys. SMART is working closely with the Town



of Windsor to coordinate design and roadway-related projects. Final design and permitting are planned for 2019 and 2020.

PASSENGER RAIL STUDY: NOVATO TO SUISUN

The California State Transportation Agency identified a potential passenger rail connection between the SMART system in Novato and the Capital Corridor in Suisun City in their 2018 California State Rail Plan. This connection would provide an uninterrupted rail link between the



SMART mainline and, ultimately, Sacramento and the rest of the State rail system. SMART received special funding from the State of California to initiate a feasibility study in 2018 to evaluate the technical possibility, to document existing conditions and to develop initial concepts for a rail passenger connection.

CROSSING SAFETY IMPROVEMENTS

SMART designed and constructed the passenger rail system with the safest systems in the industry to warn and protect the traveling public at all of the at-grade crossings – both vehicular and pedestrian. After experiencing several safety incidents between SMART trains and vehicles, bicyclists, and pedestrians, SMART evaluated whether there were any further improvements that could make pedestrian path-of-travel crossings safer. Staff compiled an internal task force to evaluate all of the crossings in the system that had been built to date. We also consulted with the California Public Utilities Commission staff on proposed solutions. The result was to install signage on the ground alerting pedestrians to look up before crossing the track, and additional concrete and fencing to “channelize” pedestrians to the safest location to cross.



BICYCLE & PEDESTRIAN PATHWAYS

In 2018, SMART officially opened the final multiuse pathway segments planned as part of the Phase 1 project. This included pathway segments in San Rafael from North San Pedro to the SMART Civic Center Station, and in Novato From Franklin to Grant Street and from Rush Creek Place to the SMART North Novato Station. This meant that there are now more than 18 miles of pathway made possible by the creation of the SMART District.

As part of the Larkspur extension project, SMART worked cooperatively with the City of San Rafael to redesign the project footprint and ultimately realign SMART's property in that area to allow space for the construction of a bicycle and pedestrian pathway between Rice and Andersen Drives. The City developed the final design for the pathway and provided funding so that their project could be integrated into the Larkspur construction work. The pathway will open in 2019.



SMART also finalized the design and construction documents for a segment of pathway between Payran Street and Southpoint Boulevard in Petaluma. This work included securing the necessary environmental regulatory permits to construct the project, which is funded by the State of California, the Sonoma Open Space District, and Measure Q, is planned for construction in summer of 2019.

PASSENGER RAIL CAR PROJECTS

Since opening day, SMART has gained experience and knowledge about our unique fleet of Diesel Multiple Unit (DMU) rail cars. This includes an understanding of which modifications and improvements would best suit SMART riders to long term maintenance needs. We have worked cooperatively with "sister" DMU owners Metrolinx in Toronto Canada on fleet maintenance and performance issues during the warranty period. Since arrival on SMART's property the DMU's have undergone a number of upgrades that improve the vehicles and mitigate potential future issues.

At the end of 2018 SMART started an ongoing repair campaign of modifications and improvements throughout the drivetrain of the DMUs working with carbuilder Nippon Sharyo and their subcontractor. Each DMU will have its engine, transmission, and gearbox pulled off the car to receive fixes to issues found on the Metrolinx fleet as well as other engine issues we have identified. SMART has used this opportunity to coordinate additional required maintenance work to be done concurrently which minimizes down-time for the vehicles.

SMART has made advances in expanding its fleet in 2018 as well. First on site in October of 2018, SMART's 4 newest DMU's 115, 116, 117, and 118 were involved in an incident in transit from the Port of Savannah Georgia to SMART's property in Santa Rosa which damaged the between-car platforms. Repair work was completed on January 30th 2019 and SMART, along with the car manufacturer Nippon Sharyo, has been actively commissioning and testing the new cars so that they may join the other 14 cars in passenger service.

COMMUNITY OUTREACH

SMART's first full year of service included extensive community outreach and rail safety programs; expanding social media and digital marketing programs; brand awareness and ridership campaigns; and a successful revenue-generating advertising program. In its first year of operation, SMART has built a brand based on safety, reliability, being invested in the well-being of our community.

COMMUNITY ENGAGEMENT

In 2018, SMART's Communications and Marketing team participated in 119 events and



presentations in Marin and Sonoma counties. Raising awareness about SMART and about railroad safety is at the heart of all of SMART's presentations and events. SMART connects with the community in a variety of ways, including presentations tailored to groups and organizations, participating in large community events, engaging with passengers onboard SMART trains, and conducting safety presentations on platforms and in local schools.

Connecting with children is always a priority, to ensure these future SMART riders understand the importance of railroad safety.

RAIL SAFETY EDUCATION

SMART has developed several rail safety education programs designed to help build "rail safe" communities. SMART conducts safety education at outreach events, and has also developed rail safety pop-up events that delivers safety information to the community at SMART's stations on a regular basis. SMART also conducts safety presentations for students at schools throughout Sonoma and Marin counties.



In 2018, SMART’s outreach team delivered 20 presentations at local schools, where 3,918 children were educated about safety near tracks and trains, including safe behavior at railroad crossings and at station platforms.

Since SMART began its school safety education program in 2016, its outreach team has delivered more than 170 presentations, reaching more than 37,545 students. Every member of SMART’s Communications and Marketing team is a trained Operation Lifesaver presenter.

GROUP TRIP PROGRAM

With the success of SMART’s train service, SMART developed a new program in 2018 for large groups traveling on the train. SMART’s outreach team helps these groups navigate the fare system, answers any questions they may have about SMART, and provides an on-platform safety briefing on the day of their trip to ensure a smooth and safe experience. In 2018, 31 platform safety briefings were conducted, providing 965 passengers—including children, seniors and people with disabilities—with an introduction to the SMART train and important railroad safety information. This new program continues to grow and provides an excellent way to introduce new riders to the SMART train.

SMART passengers from the Disability Services & Legal Center in Santa Rosa gear up for a group trip following a platform safety briefing from SMART’s outreach team.



SOCIAL MEDIA AND DIGITAL PROGRAMS

SMART has been expanding its social media and digital programs, posting significant growth and reach each year. SMART continues to have a strong following on Facebook and Twitter, and growing reach on Instagram. For 2018, SMART's social media programs grew on all platforms: Facebook followers increased to 13,177 (up 5%); Twitter grew to 3,502 (up 16%) and Instagram increased to 1,863 (up 18%). SMART's most popular Facebook post had a reach of more than 102,000, reflecting strong engagement levels.

SMART's Nixle text message alert system, which was implemented last year also grew to 3,462 subscribers, up from 977 in 2017, and SMART's digital e-newsletter also has a reach of 9,176. The total reach for SMART's digital programs is now more than 31,000.

SMART's website also had a banner year. Our user-focused site is often the first stop for those who want to learn more about SMART, and the website provides schedules, fares, and general information, including important safety information and information on service alerts or updates. Since the launch of service, SMART's website has had more than 500,000 unique visitors, and more than 1.13 million sessions.



MARKETING AND SPECIAL EVENTS

SMART's revenue-generating advertising program on board the SMART train and at station platforms continues to be successful. Many advertisers that came onboard when SMART first started service have remained with us, and we continue to bring on new advertisers regularly. Several advertisers have purchased SMART's advertising booking a year in advance, with contracts taking us into 2020. Advertisers are eager to get on board and recognize the value of uniting their brand with the SMART train, which can bring businesses closer to the local community and establish a unique opportunity for national brands.

For SMART, 2018 was a banner year, with a successful ridership campaign, a one-year anniversary community celebration, and our most successful holiday toy drive to date.

SMART’s marketing campaign to boost ridership included a Reasons to Ride social media video campaign, that asked riders to share their reasons for taking the SMART train. Video submissions covered a broad range of “reasons to ride” ranging from a stress-free commute to SMART’s great customer service to SMART’s onboard concession goodies.



August of 2018 marked a significant milestone for SMART—SMART’s one-year anniversary. To thank our community for their support, SMART sponsored SMART Fest, a community celebration that included booths sponsored by SMART’s advertisers, food trucks, and live music. The daylong event drew more than 4,000 attendees, received excellent news coverage across the board, and introduced our passenger train service to a broader audience.



SMART’s information booth at SMART Fest, a community celebration organized by SMART to mark its 1-year anniversary, drew several thousand people. SMART continues to enjoy strong community support.

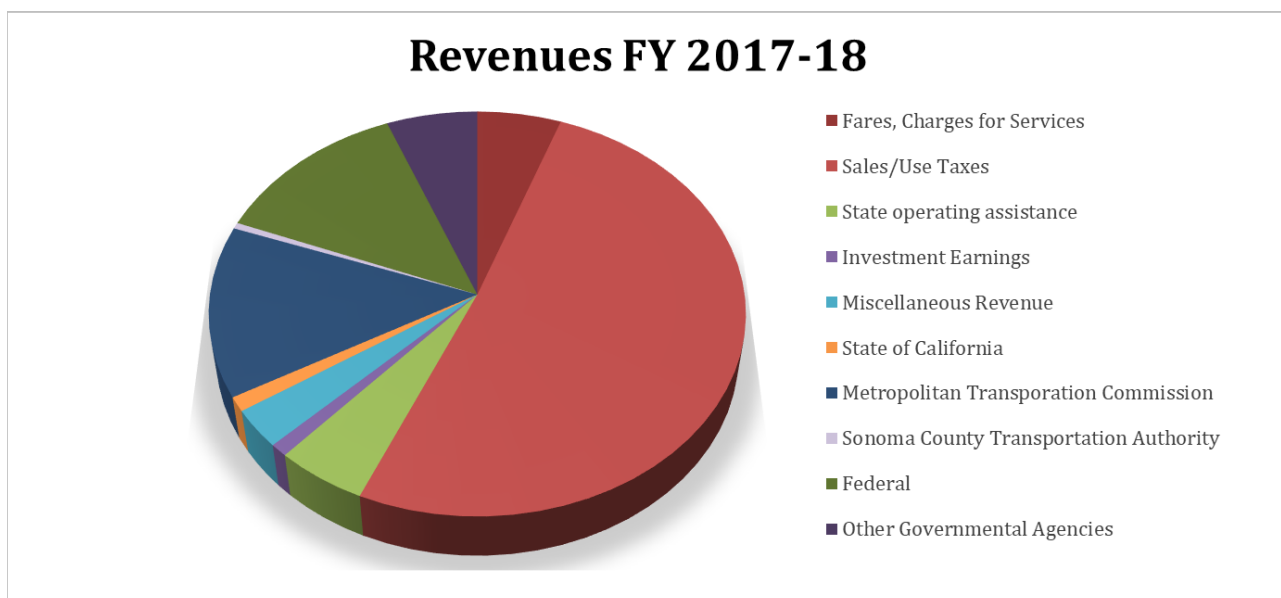
SMART's community outreach ended 2018 with its annual *Holiday Express Toy Drive* to collect toys for local children in need. This year, the toy drive included partnerships with local toy stores where donation bins were placed to collect unwrapped toys and gift cards, and two station-based events. On December 8, passengers brought their toy donations onboard and rode the decorated *Holiday Express* train with Santa, enjoying holiday treats and eggnog. The toys were distributed to our nonprofit partners: Toys for Tots in Sonoma County, Petaluma People Services Center, COTS in Petaluma, and North Marin Community Services.



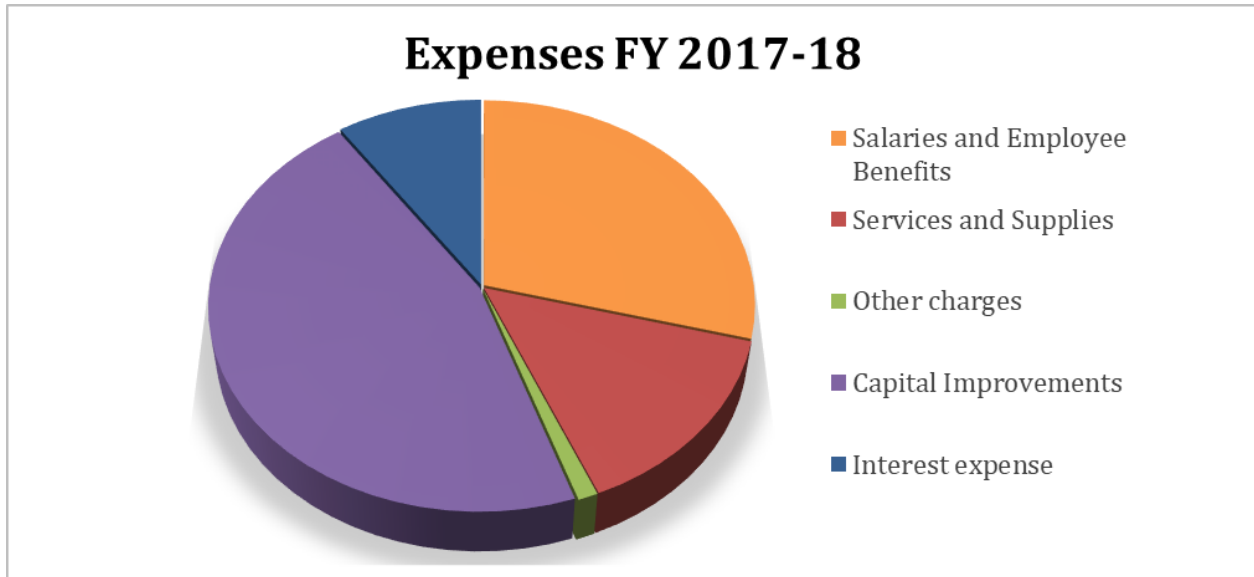
Financial Information

SMART produces a number of financial reports that are available to the public, including the Annual Budget, monthly Board reports and the audited Comprehensive Annual Financial Report. Financial information provided in this Annual Report is designed to provide the public with a general understanding of revenues and expenditures for the District in the last Fiscal Year which runs from July 1, 2017 to June 30, 2018. The presentation of these amounts differs from the 2018 Comprehensive Annual Financial Report in that they do not include calculations for depreciation and other non-cash adjustments that are necessary for presentation under Government Accounting Standards Board rules. Please refer to the District's Comprehensive Annual Financial Statements for those audited statements.

SMART's revenues related to running and operating the SMART District in Fiscal Year 2017-18 were \$47.8 million. Sales Tax revenues continued to grow at a moderate rate of 3%. Tax revenue for the year was \$37.1 million. Other revenue included Fares, Parking and other charges of \$4 million, Operating Grants of \$3.7 million and miscellaneous revenue related to the sale of property of \$2.2 million. In addition to this revenue, SMART also received grants for the Larkspur extension and other capital projects of \$24.9 million. Grants included \$9.9 million from the Metropolitan Transportation Commission, and \$9.5 million from the Federal Transit Administration. An additional \$4.4 million from Other Governments paid for improvements such as the Downtown Novato station and the Anderson Drive crossing in San Rafael. Thus, the total revenue for all functions including both capital and operating was \$72.7 million.



At the end of the Fiscal Year, SMART had an unrestricted cash balance of \$60 million. SMART also held bond funds of \$21.8 million, which are made up of reserves controlled by SMART's bond trustee.



Expenses for Fiscal Year 2017-18, excluding depreciation and other financial adjustments, were \$61.1 million. Included in that total were \$17.8 million in non-capitalized salaries and benefits and \$8.9 million for services and supplies. Expenses in Fiscal Year 2018 were evenly split between operating expenses of \$27.3 and \$27.9 million related to the building of the rail and pathway, known as Capital Improvements. Interest expense of \$5.8 million related to SMART's debt service. Within Capital Improvements, payments totaling \$4.7 million were made for SMART's new rail cars. Expenditures of \$1.9 million were related to final construction items in the Initial Operating Segment. Design and construction expenses of \$3.1 million were incurred on SMART pathway projects. Work on the Larkspur Extension was \$17.9 million.