

Fiscal Year 2021-22 Annual Budget
Sonoma-Marín Area Rail Transit District
June 2, 2021



5401 Old Redwood Hwy, Ste 200
Petaluma, CA, 94954

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

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

David Rabbitt – Chair Sonoma County Board of Supervisors	Barbara Pahre – Vice Chair Golden Gate Bridge 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
Debora Fudge Sonoma County Mayors and Councilmembers Association	Patty Garbarino Golden Gate Bridge District
Susan Gorin Sonoma County Board of Supervisors	Daniel Hillmer Marin County Council of Mayors and Councilmembers
Eric Lucan Transportation Authority of Marin	Chris Rogers Sonoma County Mayors and Councilmembers Association

About 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.

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. Prior to the COVID-19 shutdown, service was provided roughly every 30-minutes during commute hours with additional service midday and weekends. In late 2019, two new stations were built 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 16 miles of an ancillary bicycle/pedestrian pathway on its right of way connecting to the Project's stations where cyclists can find secure parking at the station or on-board the train for their bikes.

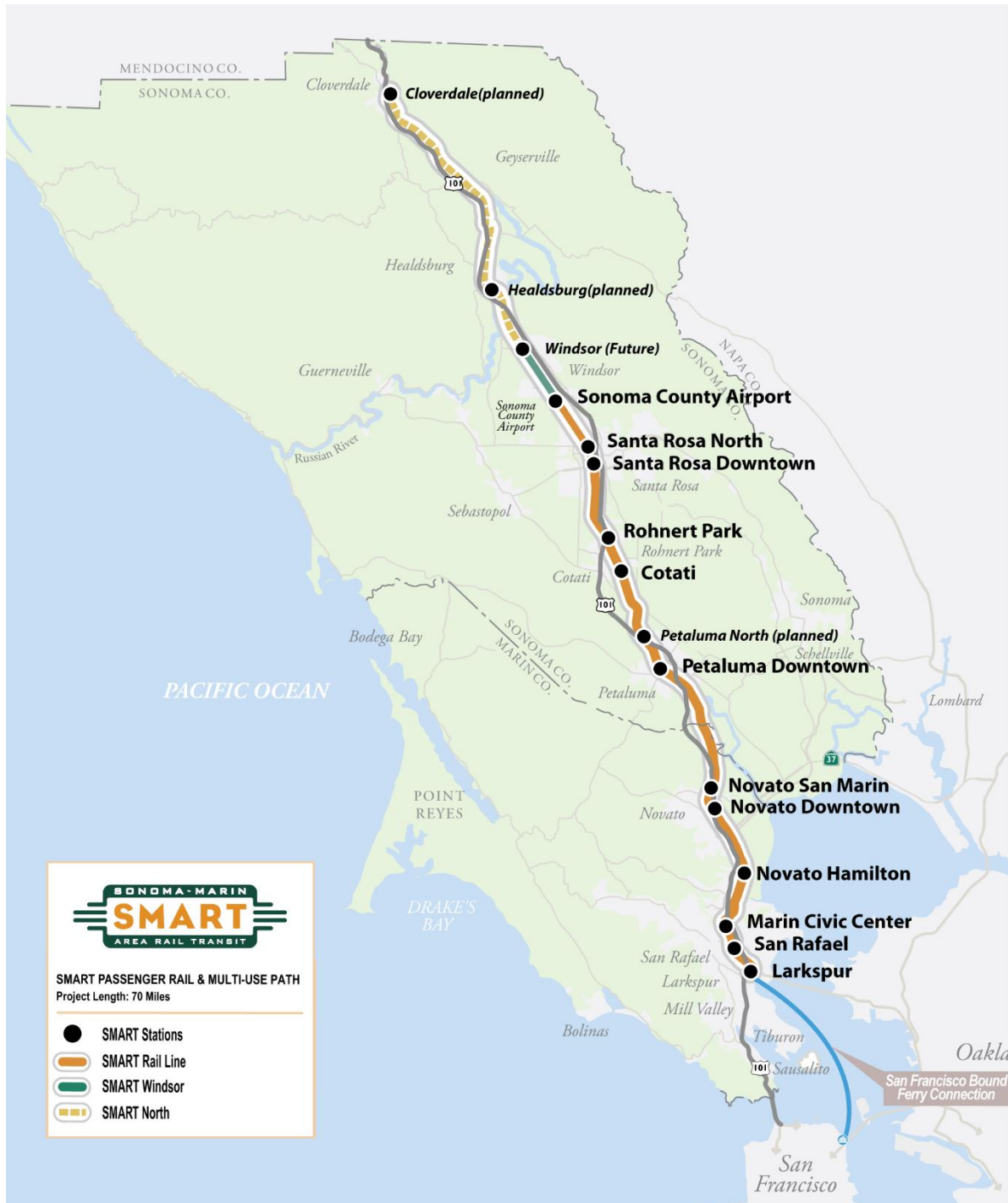
SMART's History

2002	SMART was created by the California Legislature
2008	SMART's ¼ cent sales tax was passed
August 2017	Service Started between San Rafael and Santa Rosa Airport to include 34 trips/ weekday and 10 trips/ weekend
October 2017	Tubbs Fire
August 2018	1 st Anniversary of the start of service
November 2018	Camp Fire
February 2019	Flooding
August 2019	2 nd Anniversary of the start of service
October 2019	Kincade Fire
January 2020	Larkspur Extension Opens. Service increases to 38 trips/ weekday
March 2020	COVID-19 Shelter-in-Place Orders go into effect. Trips reduced to 16 trips/ weekday and no weekend service

August 2020	3 rd Anniversary of the start of service
August 2020	LNU Lighting Complex Fires
March 2021	Marin County Progresses to the Orange Tier
April 2021	Sonoma County Progresses to the Orange Tier

SMART's System

SMART currently has 45 miles of commuter rail and has completed 24 miles of pathway connecting users to its 12 stations.



System Statistics

- Forty-five (45) miles rail corridor – connecting the Larkspur Ferry to the Sonoma County Airport
- Twenty-four (24) miles of pathway providing a first/ last mile connection to the rail corridor
- Twelve (12) stations
- Six (6) park-n-ride lots
- Sixty-eight (68) public crossings
- Twenty -seven (27) bridges
- Two (2) tunnels
- Fleet of 18 Diesel Multiple Units (DMUs)

SMART Overview

The last two fiscal years have been challenging. First in January 2020, SMART opened the Larkspur extension and the downtown Novato Station. Ridership and farebox collections were at an all-time high. Within a few months, the entire landscape had changed. COVID-19 brought with it unprecedented uncertainty both in revenues and ridership. Both FY 20 and FY 21 were a time of service and expenditure reductions. In FY 22, we are looking towards the future, bringing back service, riders, and implementation of the recently approved Capital Plan.

In FY 21, SMART moved forward with two major initiatives. The first is the development of performance measures for SMART and the second was the Capital Plan.

Performance Measures

In FY 21, SMART looked at developing performance measures to help the agency move from just reporting data to measuring performance. After several meetings with the Board of Directors, the following measures were determined to be the ones that the agency should focus on in the near term.

Derived Metrics from the National Transit Database (NTD)

- Operating Expense per Vehicle Revenue Mile (Cost Efficiency)
- Operating Expense per Passenger Mile (Cost Effectiveness)
- Passenger Trips per Vehicle Revenue Mile (Service Efficiency)
- Average Fare per Passenger (Cost Effectiveness)

In addition, the following measures will be developed around pathway usage, on-time performance, climate benefits, and customer experience. Funds have been set aside in the FY 22 budget to further develop these measures and provide funding for data collection.

Capital Plan

In April of 2021, the SMART Board of Directors adopted the Capital Plan. The Capital plan assumed there would be \$46.6 million available between FY 22 and FY 29. The \$46.6 million would be allocated based on the Board adopted expenditure principles which are:

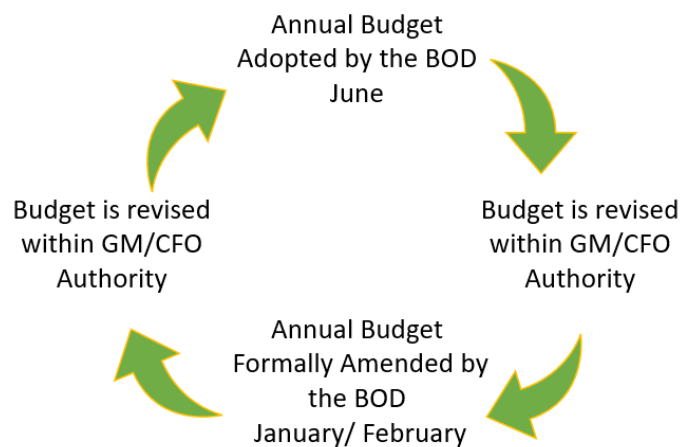
- Provide for ongoing operations and maintenance of the current system
- Prioritize safety and security maintenance and improvements
- Capital projects

Based on those principles, \$20.2 million was allocated for ongoing operations and maintenance of the existing system and safety and security maintenance and improvements between FY 22 and FY 29. Five (5) million dollars was set aside for possible fare policy changes and first/ last mile initiatives. The remaining \$21.4 million will be used to fund design, environmental, permitting, construction, and provide match for grants.

As was mentioned previously, FY 20 and FY 21 were challenging. Service and administrative reductions were prevalent, and funding was very uncertain. The FY 22 budget provides for a time of rebuilding and bringing back service and ridership. Although funding sources are not certain, the trends show a more positive outlook for sales and use tax collections, SMART's largest funding source.

Budget Cycle

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



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

In the event that total expenditures need to be increased, a budget amendment can be presented to the Board of Directors for approval.

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

Budget adjustments can be made and approved by the Chief Financial Officer as long total expenditures in the Board adopted budget are not exceeded.

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

Basis of Budgeting

The District's financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Sales taxes are recorded when earned and reported as non-operating revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

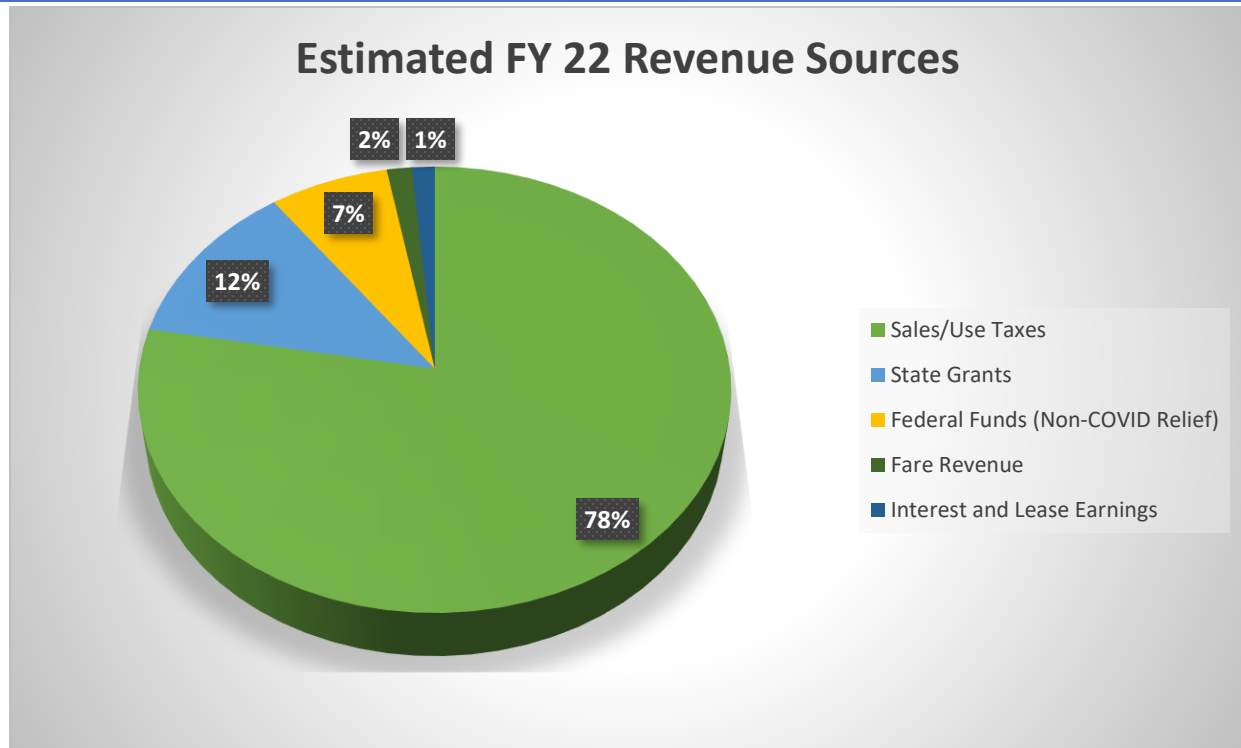
- Inclusion of capital outlays and debt principal payments as expenditures
- Inclusion of asset sale proceeds and debt issuance proceeds
- Exclusion of gains and losses on disposition of property and equipment
- Exclusion of the non-cash portion of long-term unfunded pension accruals

Fund Structure

SMART reports its financial activity as one enterprise. We have one fund, the general fund, with several subfunds for purposes of segregating expenditures.

Fund	Description
01	General Fund
02	Bond Fund
03	Bond Reserve Fund
08	General Reserve Fund
15	Self-Insurance Fund
18	OPEB Pension Fund
20	Equipment Replacement Fund
30	Landing Way Replacement Fund
40	Freight Services
50	Capital Projects Fund

Revenues



		FY 2019-20	FY 2020-21	FY 2021-22
		FINAL ACTUALS	APPROVED AMENDED BUDGET PLUS ADJUSTMENTS	PROPOSED BUDGET
Budgeted Revenue				
1	Sales/Use Taxes	39,784,110	39,133,000	42,074,000
2	Interest and Lease Earnings	1,238,993	738,700	732,665
3	Miscellaneous Revenues	931,087	105,000	30,000
4	Fare Revenue	3,090,457	655,525	811,050
5	Parking Revenue	50,368	25,000	27,000
6	State Grants	27,828,105	20,204,131	6,546,727
7	State Grants - Freight (Fund 40)	-	6,000,000	-
8	Charges For Services	189,184	80,000	57,500
9	Federal Funds (Non-COVID Relief)	2,609,220	7,394,025	3,843,733
10	Federal Funds (COVID Relief)	8,058,183	8,684,064	-
11	Other Governments/ Misc.	5,442,759	8,957,193	15,000
12	Measure M	22,632	157,348	-
13	Total All Revenues	\$ 89,245,098	\$ 92,133,986	\$ 54,137,675

Sales Tax

On November 4, 2008, more than two-thirds of the voters in Sonoma and Marin counties approved Measure Q implementing the 2008 Measure Q Sales Tax. The 2008 Measure Q Sales Tax is a sales and use tax of one quarter of one percent (1/4%) imposed for a period of 20 years beginning April 1, 2009 on the gross receipts from the sale of all tangible personal property sold at retail businesses in the counties and a use tax at the same rate on the storage, use, or other consumption in the counties of such property purchased from any retailer for storage, use or other consumption in the counties, subject to certain exceptions.

SMART HISTORICAL SALES TAX COLLECTIONS

Fiscal Year	SMART Sales Tax Rate	SMART Total Sales Tax Revenue	% Change
2010	0.25%	\$ 24,059,929	
2011	0.25%	\$ 26,826,843	11.50%
2012	0.25%	\$ 28,303,501	5.50%
2013	0.25%	\$ 30,435,753	7.53%
2014	0.25%	\$ 32,473,329	6.69%
2015	0.25%	\$ 33,845,426	4.23%
2016	0.25%	\$ 34,776,012	2.75%
2017	0.25%	\$ 36,061,895	3.70%
2018	0.25%	\$ 37,135,476	2.98%
2019	0.25%	\$ 41,241,140	11.06%
2020	0.25%	\$ 38,978,630	-5.49%

State Revenues

SMART receives formula allocation from four (4) state revenue program itemized below. SMART may receive other state grants but those are received on an application bases, are project specific, and are typically one-time allocations.

- **State Transit Assistance:** SMART also receives State Transit Assistance (STA) funds. A portion of the revenues derived from the sales tax on diesel fuel purchases and registration fees is appropriated by the State Legislature to the State Transit Assistance Program (“STA”) for public transportation purposes. These STA revenues are allocated to public transit agencies throughout the State based on population and operating revenues through a formula that has changed in recent years but was clarified and solidified in 2017 following the passage of AB 1113 (Bloom), signed into law by Governor Brown in July 2017. In addition, the State of Good Repair (SGR) Program provides funding annually transit operators in California for eligible transit maintenance, rehabilitation, and capital projects
- **State Rail Assistance:** One of the new funding sources created by SB 1 is the State Rail Assistance (SRA) program. SRA directs a 0.5% portion of new diesel sales tax revenue for

allocation: half to the five (including, Altamont Corridor Express Authority (ACE), North County Transit Development Board (Coaster), Peninsula Corridor Joint Powers Board (Caltrain), Sonoma-Marín Area Rail Transit District (SMART), Southern California Regional Rail Authority (Metrolink) commuter rail providers and half to intercity rail corridors.

- State Local Partnership Program: SB 1 created the Local Partnership Program which continuously appropriates funding annually from the Road Maintenance and Rehabilitation Account to local and regional transportation agencies that have sought and received voter approval of taxes or that have imposed fees, which taxes or fees are dedicated solely for transportation improvements.
- Low Carbon Transit Operations Program (LCTOP): LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emission and improve mobility, with a priority on serving disadvantaged communities. Approved projects in LCTOP will support new or expanded bus or rail services, expand intermodal transit facilities, and may include equipment acquisition, fueling, maintenance and other costs to operate those services or facilities, with each project reducing greenhouse gas emissions.

Federal Revenues

SMART is a direct recipient of Federal Transit Administration (FTA) Funds.

- 5307 Funds: FTA Urbanized Area Formula Funds which can be used for capital projects operating assistance, job access and reverse commute projects and transportation related planning. SMART became eligible for these funds starting in Fiscal Year 2019-20.

Fare Box Revenues

- Farebox Revenues: SMART passengers pay for their rides using the fare structure approved by the SMART Board in 2015 and 2016. SMART participates in the regional Clipper fare system that allows riders to transfer seamlessly among Bay Area operators using one fare media card. SMART also has its own mobile ticket device that provides for easy purchasing of multiple or discounted tickets without purchasing a Clipper card. The fares are based on the distance travelled by a rider which is like other commuter rail services. Prior to May 24, 2021, daily fares range from \$3.50 for a non-discounted adult travelling one zone, and \$11.50 if travelling 5 zones. SMART also provides several discounts available to SMART riders such as a youth, senior, low income, and passengers with disabilities. Effective May 24, 2021, fares were lowered from \$3.50 to \$1.50 for a non-discounted adult travelling one zone, and \$7.50 if travelling 5 zones. See new fare structure below.

One Way Fare						
	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Daily Max
	Promotional Fare	Promotional Fare	Promotional Fare	Promotional Fare	Promotional Fare	Promotional Fare
Adult Fare	\$ 1.50	\$ 3.00	\$ 4.50	\$ 6.00	\$ 7.50	\$ 15.00
Seniors, youth, low-income, and passengers with disabilities (50%)	\$ 0.75	\$ 1.50	\$ 2.25	\$ 3.00	\$ 3.75	\$ 7.50

In addition, a new “Weekend Day Pass” will be implemented on June 5, 2021. The Weekend Day Pass is \$10.00 for adults and \$5.00 for seniors, youth, passengers with disabilities, and low-income passengers. The Weekend Day Pass offers unlimited rides for the entire day. Beginning in September 2021, the 31-day pass will be \$135.00 for adults and \$67.50 for youth, seniors, and passengers with disabilities.

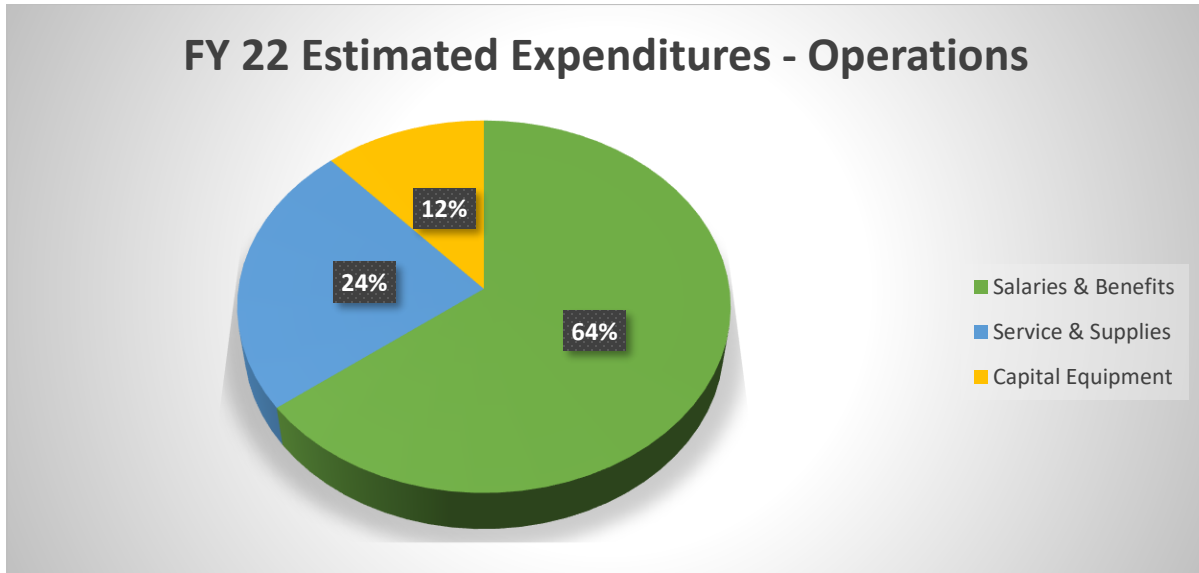
Other SMART Revenues

- Interest and Lease Earnings: Includes leases and interest earnings which are expected to remain the same in FY 22 and advertising revenue which is expected to increase but not to return to pre-pandemic levels until FY 24
- Miscellaneous Revenues: Vary each year, but are less in FY 22 due to one-time funds in FY 21
- Parking Revenue: Are expected to go up in FY 22 but not return to pre-pandemic levels until FY 24
- Charges for Services: Include dispatching and flagging services
- Other Governments: Joint project with City of San Rafael for Pathway Study

State revenues saw the most significant decline. We have had to postpone construction of the Sonoma County Pathway project due to current litigation, therefore we are not expecting to get state revenues to construct that project until after the lawsuit is resolved. The second largest change is in federal COVID-19 relief grants. We are expecting to receive American Rescue Plan Act (ARPA) funds consistent with our Federal 5307 allocation which would provide around \$10 million over several years however, these funds have not yet been allocated by the Metropolitan Transportation Commission, so they have not yet been reflected in the FY 22 budget.

Expenditures

Operations



Operations has three (3) major divisions that work together to move people in a safe, reliable, and affordable way.

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

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

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

Goals

- Maintaining a healthy staff and staffing levels throughout the pandemic
- Modifying instructions and protocols to coincide with changes at the various regulatory agencies
- Continue to develop training programs that will enable us to hire internal and local candidates to fill our technical positions

- DMU warranty issues
- Being prepared to return to higher levels of service

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

Public Safety Department

The Public Safety Department is to coordinate with Federal, State, and local jurisdictions to provide incident response, facility safety, and keep the public and our customers safe.

Goals

- Grant Opportunities for safety outreach
- Training with several police and fire departments
- Continued coordination with local, state, and federal agencies
- Receive security sensitive correspondence from local, state, and federal agencies pertaining to crime trends and national security issues
- Seek additional grant opportunities to partner with other law enforcement agencies for enforcement, equipment, and outreach materials

Train Control Systems

Train Control Systems is responsible for monitoring and managing the train control systems. The train control systems perform the following functions:

- Safely route trains
- Safely separate trains
- Track and report the location of trains
- Detect and report broken rail
- Detect and report misaligned switches
- Detect and report misaligned bridge
- Detect and report faults

Other integral parts of the train control systems include:

- Positive Train Control
- Haystack Movable Bridge
- Traffic Signal Interconnects
- Grade Crossing Warning Systems

Goals

- Implementation of a Rail Network Management System to include:
 - Central monitoring of Rail Network operation and activities
 - Pinpoint system faults along 45.5 miles or railroad
 - Allow for more rapid response to outages and issues

DESCRIPTION	FY 2019-20 FINAL ACTUALS	FY 2020-21 APPROVED AMENDED BUDGET PLUS ADJUSTMENTS	FY 2021-22 PROPOSED BUDGET
EXPENDITURES:			
OPERATIONS			
Salaries and Benefits			
Employee Salaries	10,651,825	11,845,176	12,166,025
Employee Benefits	2,990,424	3,665,401	4,121,189
Total Salaries and Benefits	13,642,248	15,510,578	16,287,214
Services and Supplies			
Uniform Expense	71,007	136,000	137,000
Communications	194,829	228,100	196,500
Maintenance-Equipment	371,030	454,676	467,576
Maintenance-Radios	115,432	151,400	163,750
Maintenance-Revenue Vehicles	1,169,501	2,576,119	742,500
Maintenance-Railway	793,540	373,090	394,250
Maintenance of Signals	122,214	204,351	200,000
Maintenance-Buildings/Facilities	205,150	248,567	247,080
Maintenance - Pathway	8,297	10,000	12,000
Transportation Services	190,391	93,000	93,000
Office Expense	71,489	86,500	76,000
Agency Extra Help	-	5,000	2,500
Rents/Leases - Equipment	60,911	82,020	73,020
Minor Equipment	190,563	253,688	217,190
Computer Software and Hardware	194,564	268,880	-
Training, Travel and Memberships	31,966	63,180	94,000
Fuel and Lubricants	950,388	905,000	1,255,000
Miscellaneous	1,801	4,500	4,900
Professional Services	1,604,750	1,415,020	909,040
Utilities	563,607	700,525	705,275
Total Services and Supplies	6,911,428	8,259,616	5,990,581
Buildings & Capital Improvements (Capital Assets)			
Buildings & Improvements		-	-
Vehicles, Equipment	1,988,014	2,349,778	2,931,000
Total Buildings and Capital Improvement	1,988,014	2,349,778	2,931,000
TOTAL OPERATIONS EXPENDITURES	\$ 22,541,691	\$ 26,119,972	\$ 25,208,795

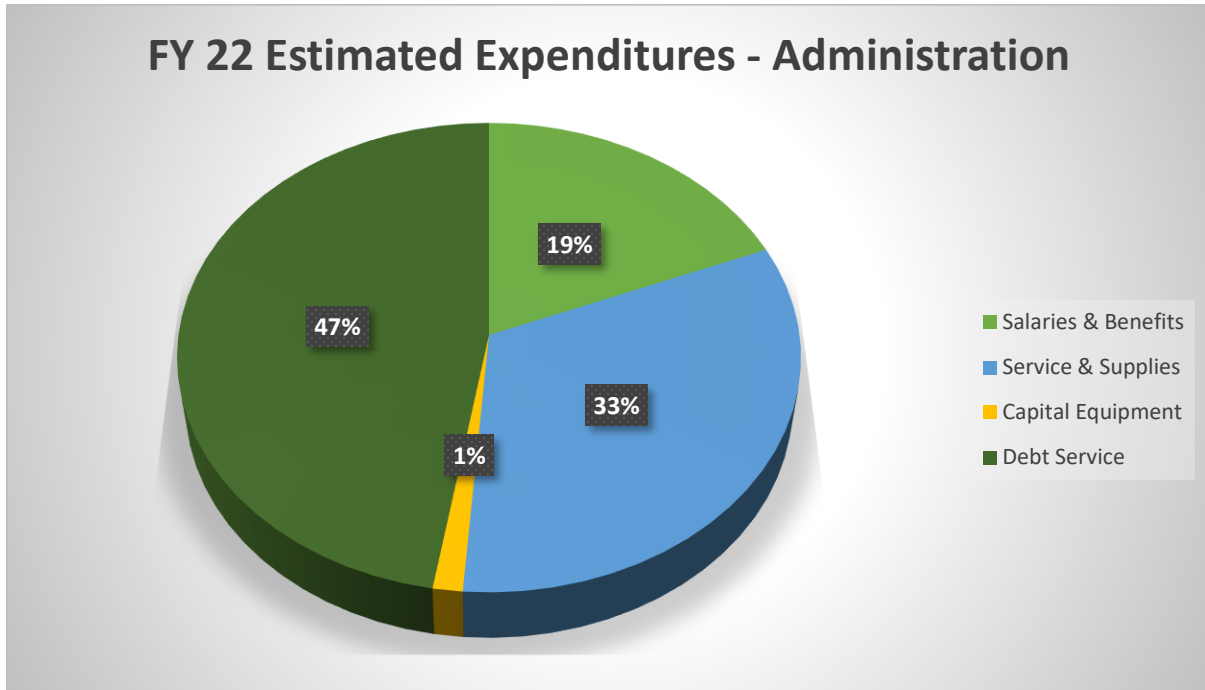
Included in the FY 2021/2022 draft budget is funding to restore weekend service to pre-pandemic levels and to increase weekday service to the 26 trips per day.

The increases in employee salaries and benefits and fuel and lubricants are a result of adding weekend service and restoring some weekday service. We have added back two (2) Engineer/ Conductor positions and one (1) new Track Maintainer position. We have also included all the pay requirements per the existing collective bargaining agreements. The capital equipment of \$2.9 million includes funding for Diesel Multiple Units (DMU) transmission, DMU restroom overhaul, permanent magnet alternator overall, automatic passenger counters, Heating, Ventilation, and Air Conditioning (HVAC) system overhaul, spare parts, and the upgrade of the automatic vehicle locator equipment and grade crossing cameras.

This budget only has funding for the service identified above. To add additional weekday or weekend service, we have estimated that we would need an additional \$ 2.2 million per year. We would need to receive an allocation from ARPA before we would have sufficient funds to return to or exceed those levels.

Administration

The Administration budget funds the day-to-day business functions of the organization such as finance, human resources, planning, legal, and information technology



Departments under Administration

Communications and Marketing Department

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

Media and Public Relations is responsible for keeping SMART's external audiences informed and engaged about the agency's services, programs, and projects. Some examples are:

- Digital and Social Media Platforms
- Websites
- Construction Outreach
- Media relations
- Community presentation and events
- Rail Safety Education

Marketing is responsible for outreach and marketing. Some examples are:

- Digital and Print Advertising
- On-Board Train and Platform Advertising
- Rider Surveys

- Marketing Collateral

Customer Service is responsible for responding to customer inquiries through phone and emails received. Other activities include:

- Problem and Issue Resolution
- Lost and Found
- Mobile Fare Refund Requests

Goals

- Increase outreach to identified audiences
- Listen to feedback and implement strategies to meet the needs of SMART's riders

Finance Department

The Finance Department includes the following functions:

- Budget
- Accounting
- Finance
- Treasury
- Payroll
- Grants Budgeting and Reporting

Goals

- Implementation of the FY 2021/2022 Budget
- Creation and adoption of the FY 2022/2023 Budget
- Review and update SMART's Short-Range Transit Plan
- Develop a Transit Asset Management Plan
- Review and Improve Invoicing Process

Human Resource Department

Human Resources is responsible for personnel issues, recruitment and selection of employees, employee compensation, labor negotiations, and performance management.

Goals

- Labor Relations – Two of our current contracts will expire on June 30, 22 – International Association of Machinists and Teamsters Union. In addition, the Teamsters Track Supervisors contract expires on June 30, 2021
- Increased presence at the Operations Center
- Training
 - Collaborate with Operations to create trainee positions

- Launch HR focused training for Managers and Supervisors when pandemic restrictions ease

Information Technology (IT) Department

The Information Technology (IT) Department develops, operates, and maintains SMART's information and telecommunications systems.

- Maintains the cybersecurity of all SMART IT systems
- Administrative Information Systems for 4 offices such as email, servers, and printers
- Railroad Information Systems such as CCTV, radio, platform equipment, and fare collection devices
- 776 devices such as computers, cell phones, vehicle locators, printers, radios, and network devices

Goals

- Complete the SMART File System migration to the cloud
- Continue to invest in IT security
- Further automate MAXIMO reporting

Legal Department

The Legal department is responsible for the following:

- Transactional Matters
 - Develop overall legal strategies
 - Analyze and review District policies and procedures
 - Provide advice to Board of Directors and District staff
- Litigation
 - Contract
 - Labor
 - Compliance
 - Real Estate
 - Personal Injury
 - Property Damage

Goals

- Labor negotiations
- COVID-19 matters
- Freight operations
- Federal regulatory issues
- Property access, crossings, and freight spur issues
- Litigation

Planning Department

Planning is responsible for the following functions:

- Grant Development and Reporting
- Planning
- Legislative Support

Goals

- Increased demand for new data analysis
- Increased coordination with MTC and our partner transit agencies
- State Route 37 Coordination and planning activities as the State of California moves forward
- Secure and manage funds for ongoing operations and capital projects

Procurement Department

Procurement is responsible for the purchase and contracting of goods and services, contract administration, asset disposition, and vendor outreach, onboarding, and management.

Goals

- More efficiency and automation
- Implementation of purchasing and contracting resource and training program for staff
- Reduction of paper files – transition to fully electronic procurement records

Real Estate

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

The following is SMART's property portfolio:

- 102 miles of track
- 12 stations and the property
- 4 ½ acre maintenance facility
- 3 smaller maintenance facilities
- 4.5-acre site in Downtown Petaluma
- 11-acre site in Healdsburg

Goals

- Streamline processes for permits
- Continue development of SMART's records
- Complete database for property ownership at crossings on the Brazos Branch
- Integrate new survey records for the sections of the Windsor Pathway

- Research title records of property acquired from NCRA
- Private crossing agreements with property owner on Brazos Branch
- Start integrating the additional 21 miles of property from NCRA into District records

	FY 2019-20	FY 2020-21	FY 2021-22
DESCRIPTION	FINAL ACTUALS	APPROVED AMENDED BUDGET PLUS ADJUSTMENTS	PROPOSED BUDGET
EXPENDITURES:			
ADMINISTRATION			
Salaries and Benefits			
Employee Salaries	3,471,392	3,761,327	4,374,878
Employee Benefits	1,020,377	1,280,643	1,549,435
Total Salaries and Benefits	4,491,769	5,041,970	5,924,313
Services and Supplies			
Communications	30,748	49,250	49,250
Insurance	1,751,589	2,410,490	2,672,121
Maintenance-Facilities	19,240	31,035	5,000
Fees/ Miscellaneous Expense	725,197	63,338	68,270
Office Expense	61,614	85,860	85,860
Postage, Printing, Periodicals	29,286	58,600	71,800
Accounting/ Payroll Services	81,626	93,791	95,385
Professional Services	721,606	789,995	1,817,620
Agency Extra Help	21,018	100,000	100,000
State Administrative Fee	805,480	901,134	1,000,000
Legal Services	202,738	404,928	2,120,000
Rents/Leases	489,495	511,468	499,193
Computer Software and Hardware	111,762	254,050	583,780
Public Outreach	30,311	261,700	861,281
Training, Travel and Memberships	43,033	127,700	157,930
Mileage Expense	33,529	39,920	39,620
Total Services and Supplies	\$ 5,158,270	\$ 6,183,260	\$ 10,227,109
Other Charges and Payments			
Bond Principal, Interest	16,747,600	14,284,259	14,936,756
Settlements	100,000	-	-
Total Other Charges	16,847,600	14,284,259	14,936,756
Buildings & Capital Improvements (Capital Assets)			
Equipment	45,942	83,000	445,600
Total Buildings and Capital Improvements	45,942	83,000	445,600
TOTAL ADMINISTRATION EXPENDITURE	\$ 26,543,581	\$ 25,592,489	\$ 31,533,778

Included in the Administration budget is payment of the annual debt service. It is budgeted at \$14.9 million approximately \$3 million less than it was prior to the refinancing of the debt in October of 2020.

Costs for railroad liability insurance is anticipated to increase by approximately \$250,000. We are still waiting for the actual insurance bids, so this number may change and need to be adjusted in the FY 22 amended budget.

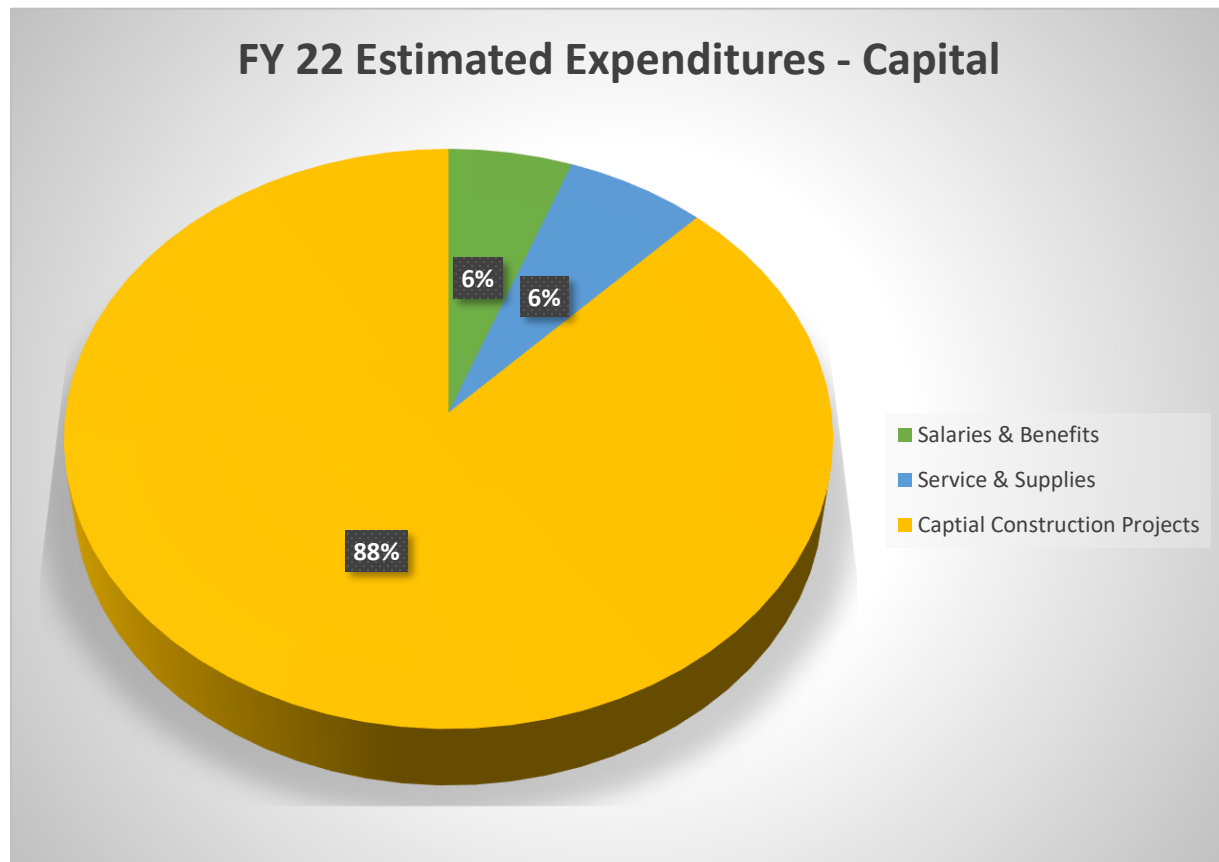
Also included are funds for legal services and the “Welcome Back” campaign. We have included funds for interns, cost of living increases, and personnel step increases. We are also requesting one (1) new purchasing assistant position. This position is needed to support the organization including operations and capital because of increased workload related to contracts, more federal funds, and more procurements.

During our presentation on performance metrics, we identified the need for resources to gather data and develop further metrics. We have included \$195,000 in the Administration budget for pathway counter and consulting services, web reporting tools, and train and pathway surveys.

We have also included \$387,600 for Information Technology capital projects to replace and upgrade of servers, routers, and switches.

Capital

The capital budget includes projects identified in the Capital Plan adopted by the Board in April. The largest category of expenditures in the Capital budget is Capital Projects.



Capital Programs

Capital Programs is responsible for planning and managing the expansion of the rail and pathway systems, managing SMART's existing infrastructure, supporting grant applications, and coordinating with local municipalities.

Goals

- Secure funding for Windsor so construction activities can resume
- Finalize design, secure permits, and initiate utility relocations for the Sonoma County Pathway project.
- Implement the Capital Improvement Plan approved by the SMART Board of Directors
- Leverage railroad closures to make needed improvements at the Roblar Timber Trestle Bridge

DESCRIPTION	FY 2019-20 FINAL ACTUALS	FY 2020-21 APPROVED AMENDED BUDGET PLUS ADJUSTMENTS	FY 2021-22 PROPOSED BUDGET
EXPENDITURES:			
CAPITAL			
Salaries and Benefits			
Employee Salaries	996,517	1,088,740	1,121,402
Employee Benefits	321,536	329,021	361,028
Total Salaries and Benefits	1,318,053	1,417,761	1,482,430
Services and Supplies			
Communications	8,196	7,700	7,700
Professional Services - Project	289,718	805,200	711,830
Computer Software and Hardware	14,714	11,336	3,000
Training, Travel, Memberships	2,591	6,000	4,500
Permits/Fees	45,040	17,500	30,000
Mileage Expense	-	5,000	1,000
Total Services and Supplies	360,258	852,736	758,030
Other Charges and Payments			
Other Governments	918,506	3,786,500	30,000
Total Other Charges	918,506	3,786,500	30,000
Buildings & Capital Improvements (Capital Assets)			
Land		-	-
Buildings & Improvements			
Machinery and Equipment	34,006		
Capital Equipment - Work in Progress	10,805,628	3,177,138	25,000
Infrastructure	24,463,033	19,034,041	10,179,857
Total Buildings and Capital Improvement	35,302,667	22,211,179	10,204,857
Interfund Transfers			
Salaries and Benefits Transfer - Capital	(861,571)	(860,000)	(816,560)
Total Interfund Transfer	(861,571)	(860,000)	(816,560)
TOTAL CAPITAL EXPENDITURES	\$ 37,037,913	\$ 27,408,176	\$ 11,658,757

As was mentioned previously, the Board approved \$20.2 million for capital related to operations, maintenance, and safety to be funded between FY 22 and FY 29. In addition, the plan provided for \$21.4 million to be funded for design, environmental, permitting, mitigation, construction, and match dollars for grants between FY 22 and FY 29. The following itemizes the portion of the \$21.4 million that is funded in FY 22.

We have funded \$5,500,000 in this budget to be used towards design and permitting funds for the following pathway projects:

- McInnis Parkway to Smith Ranch Road

- Smith Ranch Road to Main Gate Road
- Sate Access Road to Bay Trail
- Hannah Ranch Road to Vintage Way
- Vintage Way to North Side Novato Circle
- Grant Avenue to Olive Avenue
- Olive Avenue to Rush Creek Place
- Lakeville to Payran Street
- Lakeville to Oak Street Extension
- Main Street to E. Railroad Avenue
- 3rd Street to 6th Street
- Guernville Road to W. Steele Lane
- W. Steele Lane to San Miguel Boulevard
- San Miguel Boulevard to Airport Boulevard

Also included in capital expenditure budget is \$1,085,806 for construction of the Payran to Lakeville pathway project. Of which \$806,000 is federal funding and \$279,806 is SMART funding. We have also included \$30,000 for a feasibility study of the Puerto Suello to North San Pedro pathway. SMART will be providing \$15,000 towards the study with \$15,000 coming from the City of San Rafael.

We are also funding design and permitting funds for two timber bridges in the amount of \$313,110. Those bridges are:

- Milepost (MP) 24.36 Drainage Tributary Pacheco Creek Timber Bridge Replacement
- MP 31.47 San Antonio Tributary Timber Trestle Replacement

Carryforward Funds/ Expenditures

As part of the FY 22 budget, we are anticipating carrying forward approximately \$10.2 million from FY 21 to FY 22. This includes projects and programs that are not estimated to be completed or expended in FY 22. Both the revenues and expenditures will be rolled forward. Because we are estimating what will be spent between now and June 30, 2021, this number will most likely change and will be adjusted in the FY 22 amended budget.

Reserves

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

Pension Liability Reserve

This reserve is to ensure that we have funds set aside for future pension costs. We have set aside \$500,000 for FY 2022 but this figure could change as the actual contribution is based on the year-end actuarial calculation. Once we close the books, we will be able to calculate the amount of pension liability. Once that is known we can true-up the amount transferred to this reserve in the FY 22 amended budget. The FY 22 balance is \$3,574,676.

Equipment Reserve

This reserve is used to accumulate funds for future capital equipment needs such as vehicle replacement. The current balance is \$7,625,000. These funds were assumed to be utilized towards completion of the capital plan approved by the Board in April 2021.

Corridor Completion Reserve

This reserve was established in the FY 2020/2021 amended budget to set aside funds for design, environmental, or leveraging grants. The current balance is \$7,000,000. These funds were assumed to be utilized towards completion of the capital plan approved by the Board in April 2021.

Operating Reserve

The FY 2020/2021 operating reserve is \$10 million. We have done the calculation and 25% of the operating costs for FY 2021/2022 would result in a reserve of \$9.6 million. Since this is below the \$10 million minimum threshold, the reserve will remain at \$10 million for FY 22.

The current estimated fund balance after deducting the reserves is \$23 million.

Debt

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

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

APPENDIX A – OVERVIEW OF ALL SOURCES AND USES

Exhibit A

BUDGET REPORT: OVERVIEW OF ALL SOURCES AND USES

	FY 2019-20	FY 2020-21	FY 2021-22		
	FINAL ACTUALS	APPROVED AMENDED BUDGET PLUS ADJUSTMENTS	PROPOSED BUDGET	EXPLANATION OF SIGNIFICANT CHANGES	
Budgeted Revenue					
1	Sales/Use Taxes	39,784,110	39,133,000	42,074,000	Aligned with latest forecast from Muni-Services
2	Interest and Lease Earnings	1,238,993	738,700	732,665	Includes Leases/ Advertising/ and Interest Expense; Leases remain the same, advertising is higher than amended budget but not expected to return to pre-pandemic levels until FY24
3	Miscellaneous Revenues	931,087	105,000	30,000	Decrease due to one-time funds in FY21
4	Fare Revenue	3,090,457	655,525	811,050	Fare reductions are assumed for FY 22.
5	Parking Revenue	50,368	25,000	27,000	Parking revenues are expected to be slightly higher than FY21 and return to pre-pandemic levels by FY24
6	State Grants	27,828,105	20,204,131	6,546,727	No grants or capital construction projects in FY22
7	State Grants - Freight (Fund 40)	-	6,000,000	-	Expected that these revenues will carry forward to FY22
8	Charges For Services	189,184	80,000	57,500	
9	Federal Funds (Non-COVID Relief)	2,609,220	7,394,025	3,843,733	Federal 5307 funds + FRA suicide prevention grant + CMAQ Strike
10	Federal Funds (COVID Relief)	8,058,183	8,684,064	-	Have not assumed ARPA funds at this time
11	Other Governments/ Misc.	5,442,759	8,957,193	15,000	Joint project with City of San Rafael - Puerto Suello to North San Pedro Pathway Study
12	Measure M	22,632	157,348	-	
13	Total All Revenues	\$ 89,245,098	\$ 92,133,986	\$ 54,137,675	
14	Beginning Fund Balance	\$ 41,295,147	\$ 44,417,060	\$ 37,826,030	
15	Total Revenues + Beginning Fund Balance	\$ 130,540,245	\$ 136,551,046	\$ 91,963,705	
Debt Service					
16	Debt Service	\$ 16,747,600	\$ 14,284,259	\$ 14,936,756	
17	Total Revenues Less Debt Service	\$ 113,792,645	\$ 122,266,787	\$ 77,026,949	
Budgeted Expenditures					
18	Salaries & Benefits	19,452,070	21,970,308	23,693,957	Four additional positions, salary increases consistent with collective bargaining agreements, and increased cost of benefits
19	Services & Supplies	12,429,957	15,295,612	16,975,720	Fuel increase tied to schedule increase, performance metrics, welcome back campaign, increased insurance costs, legal expertise
20	Other Charges	100,000	-	-	
21	Equipment, Buildings & Improvements	2,033,956	2,432,778	3,376,600	DMU capital maintenance, automatic passenger counters, grade-crossing & Calpark Tunnel cameras, pathway chip and seal project, IT security/ server replacement
22	Capital Projects	35,302,667	22,211,179	10,204,857	No capital construction projects in FY22; Design and permitting for pathway projects, bridge repair, mitigation
23	Other Governments	918,506	3,786,500	30,000	Reimbursable work for other jurisdictions fluctuates
24	Freight (Fund 40)	-	6,000,000	-	Joint project with City of San Rafael - Puerto Suelo to North San Pedro Pathway Study
25	Account and Fund Transfers	(861,571)	(860,000)	(816,560)	Capitalizable labor
26	Total Budgeted Expenditures	\$ 69,375,585	\$ 70,836,377	\$ 53,464,574	
27	Total Revenues Less Debt Service and Budgeted Expenditures	\$ 44,417,060	\$ 51,430,410	\$ 23,562,375	Available Budget Sources minus All Uses
28	Transfer to Future OPEB/CalPERS Liability Fund	\$ -	\$ 1,079,380	\$ 500,000	
29	Transfer to Equipment Sinking Funds	\$ -	\$ 5,525,000	\$ -	
30	Transfer Fund Balance to New Corridor				
30	Completion Reserve	\$ -	\$ 7,000,000	\$ -	
31	Adjustment to match Board approved minimum agency reserve	\$ -	\$ -	\$ -	
32	Total Additional Adjustments	\$ -	\$ 13,604,380	\$ 500,000	
33	Estimated FY Ending Fund Balance	\$ 44,417,060	\$ 37,826,030	\$ 23,062,375	
Restricted Fund Balances (Reserves)					
34	Self Insured	1,876,019	1,876,019	1,876,019	
36	Future OPEB/ CalPERS Liability Fund	1,995,296	3,074,676	3,574,676	
35	Equipment Sinking Fund	2,100,000	7,625,000	7,625,000	
37	Corridor Completion Reserve (New)		7,000,000	7,000,000	
38	Operating Reserve (25% or 3 months operating)	10,000,000	10,000,000	10,000,000	

APPENDIX B – POSITION AUTHORIZATION

Appendix B

Fiscal Year 2021-22 : Proposed Position Authorization

Position	Authorized FTE	Salary Range: Annual		Salary Range: Hourly		COMMENTS
		Low	High	Low	High	
		ADMINISTRATIVE POSITIONS				
Accountant	1	\$ 78,874	\$ 95,888	\$ 37.92	\$ 46.10	
Accounting Assistant	1	\$ 57,242	\$ 69,576	\$ 27.52	\$ 33.45	
Administrative Assistant	1	\$ 54,454	\$ 66,186	\$ 26.18	\$ 31.82	
Assistant General Counsel	1	\$ 145,558	\$ 176,925	\$ 69.98	\$ 85.06	
Assistant Planner*	1	\$ 75,109	\$ 91,312	\$ 36.11	\$ 43.90	
Chief Financial Officer	1	\$ 232,710	\$ 282,859	\$ 111.88	\$ 135.99	
Clerk of the Board	1	\$ 82,846	\$ 100,714	\$ 39.83	\$ 48.42	
Communications and Marketing Manager	1	\$ 142,022	\$ 172,619	\$ 68.28	\$ 82.99	
Community Outreach Coordinator	1	\$ 77,002	\$ 93,579	\$ 37.02	\$ 44.99	
Community Outreach Specialist	1	\$ 116,542	\$ 141,648	\$ 56.03	\$ 68.10	
Fiscal Manager	1	\$ 131,893	\$ 160,326	\$ 63.41	\$ 77.08	
General Counsel	1	\$ 232,710	\$ 282,859	\$ 111.88	\$ 135.99	
General Manager	1	\$ 290,000	\$ 330,000	\$ 139.42	\$ 158.65	Adjusted per RESO 2021-09
Human Resources Manager	1	\$ 128,648	\$ 156,374	\$ 61.85	\$ 75.18	
Human Resources Principal Analyst	1	\$ 116,542	\$ 141,648	\$ 56.03	\$ 68.10	
Human Resources Technician	1	\$ 71,469	\$ 86,861	\$ 34.36	\$ 41.76	
Information Systems Manager	1	\$ 128,648	\$ 156,374	\$ 61.85	\$ 75.18	
Information Systems Technician	1	\$ 78,874	\$ 95,888	\$ 37.92	\$ 46.10	
Intern	Multiple Positions	Up to total amount	\$ 60,000			
Legal Administrative Assistant	1	\$ 71,469	\$ 86,861	\$ 34.36	\$ 41.76	
Payroll Technician	1	\$ 57,242	\$ 69,597	\$ 27.52	\$ 33.46	
Principal Planner	1	\$ 125,757	\$ 152,838	\$ 60.46	\$ 73.48	
Procurement Assistant	0 1	\$ 59,550	\$ 72,384	\$ 28.63	\$ 34.80	Added 1 FTE
Procurement Manager	1	\$ 108,243	\$ 131,560	\$ 52.04	\$ 63.25	
Programming and Grants Manager	1	\$ 149,219	\$ 181,397	\$ 71.74	\$ 87.21	
Real Estate Manager	1	\$ 160,659	\$ 195,291	\$ 77.24	\$ 93.89	
Senior Administrative Analyst	1	\$ 95,659	\$ 116,272	\$ 45.99	\$ 55.90	
Senior Real Estate Officer	1	\$ 108,243	\$ 131,560	\$ 52.04	\$ 63.25	
Supervising Accountant	1	\$ 93,330	\$ 113,443	\$ 44.87	\$ 54.54	
Subtotal Administrative Full Time Equivalents (FTE)	28					

Appendix B : Continued on Next Page (Page 1 of 3)

Appendix B

Fiscal Year 2021-22 : Proposed Position Authorization

Position	Authorized FTE	Salary Range: Annual		Salary Range: Hourly		COMMENTS
		Low	High	Low	High	

CAPITAL POSITIONS						
Assistant Engineer *	2	\$ 91,062	\$ 110,656	\$ 43.78	\$ 53.20	
Associate Engineer*	2	\$ 108,243	\$ 131,560	\$ 52.04	\$ 63.25	
Principal Engineer*	1	\$ 142,022	\$ 172,598	\$ 68.28	\$ 82.98	
Chief Engineer	1	\$ 190,965	\$ 232,107	\$ 91.81	\$ 111.59	
Manager Train Control Systems	1	\$ 190,965	\$ 232,107	\$ 91.81	\$ 111.59	
Project Extra hires *		\$ -	\$ 50,000	\$ -	\$ -	
Subtotal Capital Full Time Equivalents (FTE)	7					

* Denotes Limited-Term Position Dependent on Project need

Table 5 : Continued on Next Page (Page 2 of 3)

Appendix B

Fiscal Year 2021-22 : Proposed Position Authorization

Position	Authorized FTE	Salary Range: Annual		Salary Range: Hourly		COMMENTS
		Low	High	Low	High	
OPERATIONS POSITIONS						
Administrative Assistant	1	\$ 54,454	\$ 66,186	\$ 26.18	\$ 31.82	
Administrative Analyst-Purchasing	1	\$ 87,090	\$ 105,851	\$ 41.87	\$ 50.89	
Administrative Services Manager	1	\$ 91,062	\$ 110,677	\$ 43.78	\$ 53.21	
Assistant Superintendent of Transportation	1	\$ 110,947	\$ 134,867	\$ 53.34	\$ 64.84	
Bridge Tender*	2.5	-	\$ 68,203	-	\$ 32.79	Adjusted per Collective Bargaining Agreement
Chief of Police	1	\$ 173,014	\$ 210,330	\$ 83.18	\$ 101.12	
Code Compliance Officer	3	\$ 69,763	\$ 84,781	\$ 33.54	\$ 40.76	
Controller /Supervisor	10	\$ 97,594	\$ 118,643	\$ 46.92	\$ 57.04	
Conductor**	11	\$ 72,966	\$ 85,821	\$ 35.08	\$ 41.26	Adjusted per Collective Bargaining Agreement
Engineer-Conductor**	23 25	\$ 87,714	\$ 103,189	\$ 42.17	\$ 49.61	Added 2 FTE; Adjusted per Collective Bargaining Agreement
Extra Hires Operations		-	\$ 350,000	-	-	
Facilities Maintenance Supervisor	1	\$ 100,506	\$ 122,179	\$ 48.32	\$ 58.74	
Facilities Maintenance Technician	3	-	\$ 85,322	-	\$ 41.02	Adjusted per Collective Bargaining Agreement
Laborers-Vehicle Maintenance	10	-	\$ 65,707	-	\$ 31.59	Adjusted per Collective Bargaining Agreement
Laborers-Track Maintenance	2	-	\$ 63,773	-	\$ 30.66	Adjusted per Collective Bargaining Agreement
Operations Manager	1	\$ 190,965	\$ 232,107	\$ 91.81	\$ 111.59	
Parts Clerk	2	\$ 64,750	\$ 78,707	\$ 31.13	\$ 37.84	
Railroad Information Systems Specialist	1	\$ 113,714	\$ 138,195	\$ 54.67	\$ 66.44	
Safety & Compliance Officer	1	\$ 131,893	\$ 160,326	\$ 63.41	\$ 77.08	
Signal Supervisor	2	\$ 108,243	\$ 131,560	\$ 52.04	\$ 63.25	
Signal Technician	9	-	\$ 112,965	-	\$ 54.31	Adjusted per Collective Bargaining Agreement
Signal Technician Trainee***	2	-	\$ 84,718	-	\$ 40.73	Adjusted per Collective Bargaining Agreement
Superintendent of Vehicle Maintenance	1	\$ 131,893	\$ 160,326	\$ 63.41	\$ 77.08	
Superintendent of Transportation	1	\$ 131,893	\$ 160,326	\$ 63.41	\$ 77.08	
Superintendent Signals and Way	1	\$ 131,893	\$ 160,326	\$ 63.41	\$ 77.08	
Track Maintainer 1	4 5	-	\$ 84,490	-	\$ 40.62	Added 1 FTE; Adjusted per Collective Bargaining Agreement
Track Maintainer 2	1	-	\$ 92,934	-	\$ 44.68	Adjusted per Collective Bargaining Agreement
Track Maintenance Supervisor	2	\$ 97,365	\$ 118,373	\$ 46.81	\$ 56.91	
Vehicle Maintenance Supervisor	4	\$ 103,002	\$ 125,216	\$ 49.52	\$ 60.20	
Vehicle Maintenance Technician	12	-	\$ 103,251	-	\$ 49.64	Adjusted per Collective Bargaining Agreement
Subtotal Operations Full Time Equivalent (FTE)**	104.5	\$ 6,144,493				
TOTAL ALL SMART DEPARTMENTS	139.5					

** Engineer/Conductor may be filled by Conductors, Total FTE for both positions combined is 25

***Signal Technicians may be filled by Signal Technician Trainees, Total FTE for both is 9

APPENDIX C -STATISTICAL INFORMATION

SMART is a special district 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.

Marin County

Marin County is in the northwestern part of the San Francisco Bay Area. Its county seat is San Rafael. Marin County is across the Golden Gate Bridge from San Francisco, and is included in the San Francisco–Oakland–Berkeley, CA Metropolitan Statistical Area.

As of 2019, Marin County had the sixth highest income per capita of all U.S. counties. The county is governed by the Marin County Board of Supervisors.

San Quentin State Prison is located in the county, as is George Lucas' Skywalker Ranch. Autodesk, the publisher of AutoCAD, is also headquartered there, as well as numerous other high-tech companies. The Marin County Civic Center was designed by Frank Lloyd Wright and draws thousands of visitors a year to guided tours of its arch and atrium design. Marin County's natural sites include the Muir Woods redwood forest, the Marin Headlands, Stinson Beach, the Point Reyes National Seashore, and Mount Tamalpais.

Sonoma County

Sonoma County is in the northwestern part of the San Francisco Bay Area. Its county seat and largest city is Santa Rosa. It is to the north of Marin County and the south of Mendocino County.

Sonoma County includes the Santa Rosa and Petaluma Metropolitan Statistical Area. It is the northernmost county in the nine-county San Francisco Bay Area region.

In California's Wine Country region, which also includes Napa, Mendocino, and Lake counties, Sonoma County is the largest producer. It has thirteen approved American Viticultural Areas and more than 350 wineries. The voters have twice approved open space initiatives that have provided funding for public acquisition of natural areas, preserving forested areas, coastal habitat, and other open space.

**POPULATION OF SONOMA COUNTY
AND INCORPORATED CITIES**

Area	2016	2017	2018	2019	2020
Sonoma County	503,322	502,758	498,849	495,058	491,134
Cloverdale	8,927	8,988	9,141	9,279	9,213
Cotati	7,376	7,453	7,739	7,628	7,533
Healdsburg	11,734	11,757	12,232	12,166	12,089
Petaluma	61,488	61,657	62,251	62,195	61,873
Rohnert Park	42,586	42,490	43,178	43,134	43,069
Santa Rosa	176,937	178,064	177,017	175,183	173,628
Sonoma	10,929	11,072	11,423	11,164	11,050
Windsor	27,445	27,492	28,356	28,596	28,248
Remainder of County	155,900	153,785	147,512	145,713	144,431

Note: City stats as of January 1, 2020, County stat as of July 1, 2020

Source: State of California, Department of Finance, Demographic Research Unit.

**POPULATION OF MARIN COUNTY
AND INCORPORATED CITIES**

Area	2016	2017	2018	2019	2020
Marin County	263,010	262,313	262,234	260,969	258,956
Belvedere	2,129	2,131	2,148	2,139	2,124
Corte Madera	9,631	9,625	10,043	10,138	10,114
Fairfax	7,528	7,533	7,714	7,443	7,399
Larkspur	12,312	12,325	12,588	12,331	12,253
Mill Valley	15,024	14,956	14,669	14,743	14,674
Novato	54,593	54,516	54,151	54,062	53,702
Ross	2,538	2,536	2,528	2,548	2,550
San Anselmo	13,017	12,982	12,908	12,845	12,757
San Rafael	60,551	60,661	60,020	60,207	59,807
Sausalito	7,227	7,234	7,421	7,301	7,252
Tiburon	9,644	9,647	9,366	9,581	9,540
Remainder of County	68,816	68,167	68,678	67,631	66,784

Note: City statistics as of January 1, 2020, County statistics as of July 1, 2020

Source: State of California, Department of Finance, Demographic Research Unit.

UNEMPLOYMENT RATES

The following compares unemployment rates for the State of California, Marin County, and Sonoma County for March 2021. These rates are not seasonally adjusted.

Area	Period	Labor Force	Unemployment	Unemployment Rate
California	Mar-21	18,912,300	1,551,200	8.2%
Marin County	Mar-21	131,300	6,200	4.7%
Sonoma County	Mar-21	241,000	14,400	6.0%

Source: State of California, California Employment Development Department

MEASURES OF INCOME

The following compares per capita personal income and total personal income for California, Marin County, and Sonoma County.

Area	Period	Income Type	Income
California	2018	Per Capita Personal Income - BEA	\$ 63,557
		Total Personal Income - BEA	\$ 2,514,129,262
Marin County	2018	Per Capita Personal Income - BEA	\$ 134,275
		Total Personal Income - BEA	\$ 34,866,708
Sonoma County	2018	Per Capita Personal Income - BEA	\$ 64,501
		Total Personal Income - BEA	\$ 32,246,609

Source: State of California, California Employment Development Department

MEDIAN PRICE OF HOMES SOLD

Area	Year	Property Value
California	2019	\$ 589,774
Marin County	2019	\$ 1,306,727
Sonoma County	2019	\$ 655,947

Source: State of California, California Employment Development Department

BUILDING PERMITS

Building Permits – Multi-Family Homes

Area	Period	# of Permits	Total Costs
California	2019	50,048	\$ 8,922,683,004
Marin County	2019	61	\$ 19,137,995
Sonoma County	2019	350	\$ 56,936,010

Source: State of California, California Employment Development Department

Building Permits – Single Family Homes

Area	Period	# of Permits	Total Costs
California	2019	56,085	\$ 16,660,377,350
Marin County	2019	179	\$ 95,389,522
Sonoma County	2019	2,077	\$ 696,782,526

Source: State of California, California Employment Development Department

Building Permits – All Construction

Area	Period	# of Permits	Total Costs
California	2019	106,133	\$ 25,583,060,354
Marin County	2019	240	\$ 114,527,517
Sonoma County	2019	2,427	\$ 753,718,536

Source: State of California, California Employment Development Department

APPENDIX D - STATEMENT OF INVESTMENT POLICY

1.0 Policy:

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

2.0 Scope:

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

3.0 Prudence:

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

4.0 Objectives:

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

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

5.0 Delegation of Authority:

The authority of the Board to purchase or sell securities for the District's portfolio, may be delegated by the Board to the Chief Financial Officer, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked. The Chief

Financial Officer shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy.

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

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

6.0 Investment Procedures:

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

7.0 Ethics and Conflicts of Interest:

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

8.0 Authorized Financial Dealers and Institutions:

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

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

9.0 Authorized and Suitable Investments:

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

1. **U.S. Treasury Obligations.** United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.
2. **U.S. Agency Obligations.** Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
3. **California State and Local Agency Obligations.** Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue producing property owned, controlled or operated by the state or any local agency or by a department, board, agency or authority of the state or any local agency.
4. **Other State Obligations.** Registered treasury notes or bonds of any of the other 49 United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California.
5. **Bankers' Acceptances.** Time drafts or bills of exchange that are drawn on and accepted by a commercial bank and brokered to investors in the secondary market. The maximum maturity of an issue will be 180 days. Securities eligible for investment under this subdivision shall be rated in the highest letter and number category by nationally recognized statistical-rating organization. The maximum exposure shall be no more than 40% of the portfolio value. However, no more than 30 percent of the agency's money may be invested in the bankers' acceptances of any one commercial bank pursuant to this section.
6. **Commercial Paper.** Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph a or paragraph b:
 - a. The entity meets the following criteria: (i) Is organized and operating in the United States as a general corporation. (ii) Has total assets in excess of five hundred million dollars (\$500,000,000). (iii) Has debt other than commercial paper, if any, that is rated "AA" or higher by a nationally recognized statistical-rating organization.

- b. The entity meets the following criteria: (i) Is organized within the United States as a special purpose corporation, trust, or limited liability company. (ii) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond. (iii) Has commercial paper that is rated “AA” or higher, or the equivalent, by a nationally recognized statistical-rating organization.

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

7. **Medium-Term Notes.** Medium-term notes are defined in Government Code Section 53601 as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated “AA” or better by a nationally recognized statistical-rating organization. Purchases of medium-term notes shall not include other instruments authorized by section 53601 and may not exceed 30% of the portfolio value.
8. **Negotiable Certificates of Deposit.** Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a state-licensed branch of a foreign bank. Securities eligible for investment under this subdivision shall be rated in the highest letter and number category by a nationally recognized rating service for short-term ratings (A-1/P1/F-1) and AA or better for longer-term ratings. Purchases of negotiable certificates of deposit may not exceed 30 percent of the District’s aggregate portfolio.
9. **Time Deposits.** The District may invest in non-negotiable time deposits (CDs) that are FDIC insured or fully collateralized in a state or national bank, savings association or federal association, federal or state credit union located in California, including U.S. branches of foreign banks licensed to do business in California. To be eligible to receive local agency deposits, a financial institution must receive a minimum overall “satisfactory rating” for meeting the credit needs of California Communities in its most recent evaluation. CDs are required to be collateralized as specified under Government Code Section 53630 et seq. The District, at its discretion, may waive the collateralization requirements for any portion that is covered by federal deposit insurance. The District shall have a signed agreement with any depository accepting District funds per Government Code Section 53649. No deposits shall be made at any time in CDs issued by a state or federal credit union if a member of the Governing Council or the Finance Director serves on the board of directors or any committee appointed by the board of directors of the credit union. In accordance with Government Code Section 53638, any

deposit shall not exceed that total shareholder's equity of any depository bank, nor shall the deposit exceed the total net worth of any institution.

10. **Local Agency Investment Fund (LAIF)** is a pooled investment fund through the State Chief Financial Officer. Deposits for the purpose of investment in the Local Agency Investment Fund of the State Treasury may be made up to the maximum amount permitted by State Treasury policy.

11. **Money Market Funds.** The Chief Financial Officer may invest in shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (Government Code Section 53601(k).)

The following criteria will be used in evaluating companies:

- a. Attain the highest-ranking letter and numerical rating provided by not less than two nationally recognized rating services; or
 - b. Have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five (5) years' experience managing money market mutual funds and with assets under management in excess of \$500,000,000.
 - c. The maximum purchase price of shares shall not exceed 20% of the portfolio. However, no more than 10 percent of the agency's funds may be invested in shares of beneficial interest of any one mutual fund.
12. **Local Government Investment Pools.** Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (o) of Government Code Section 53601, inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:
- a. The adviser is registered or exempt from registration with the Securities and Exchange Commission.
 - b. The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (o) Government Code Section 53601, inclusive.
 - c. The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

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

10.0 Prohibited Investments:

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

11.0 Collateralization:

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

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

12.0 Safekeeping and Custody:

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

13.0 Maximum Maturities:

To the extent possible, the District will attempt to match its investments with anticipated cash flow requirements. For certain instruments, the term of the investment is limited by market convention or as otherwise prescribed herein. No investments may be acquired that exceed five (5) years, unless approved by the Board at least 90 days in advance of the purchase.

14.0 Internal Control:

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

15.0 Performance Standards:

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

16.0 Reporting:

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

17.0 Investment Policy Adoption:

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

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

APPENDIX E – ORGANIZATION CHART

SONOMA-MARIN AREA RAIL TRANSIT DISTRICT - ORGANIZATION CHART

