

# RIDERSHIP



# EXTENSIONS



# FISCAL YEAR 2022-2023 BUDGET

# FREIGHT



# PATHWAY



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## Sonoma-Marín Area Rail Transit District’s Board of Directors

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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

**Judy Arnold**

Marin County Board of Supervisors

**Kate Colin**

Transportation Authority of Marin

**Debora Fudge**

Sonoma County Mayors and  
Councilmembers Association

**Chris Coursey**

Sonoma County Board of Supervisors

**Eric Lucan**

Transportation Authority of Marin

**Barbara Pahre - Vice Chair**

Golden Gate Bridge District

**Melanie Bagby**

Sonoma County Mayors and  
Councilmembers Association

**Damon Connolly**

Marin County Board of Supervisors

**Patty Garbarino**

Golden Gate Bridge District

**Daniel Hillmer**

Marin County Council of Mayors and  
Councilmembers

**Chris Rogers**

Sonoma County Mayors and  
Councilmembers Association

## Sonoma-Marín Area Rail Transit Executive Management Team

**Eddy Cumins**

General Manager

**Bill Gamlen**

Chief Engineer

**Tom Lyons**

General Counsel

**Heather McKillop**

Chief Financial Officer

## About SMART

The Sonoma-Marín 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 the 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 12 miles of bicycle/pedestrian pathway on its right-of-way connecting to the stations where cyclists can find secure parking at the station or on-board the train for their bikes.

### SMART's History

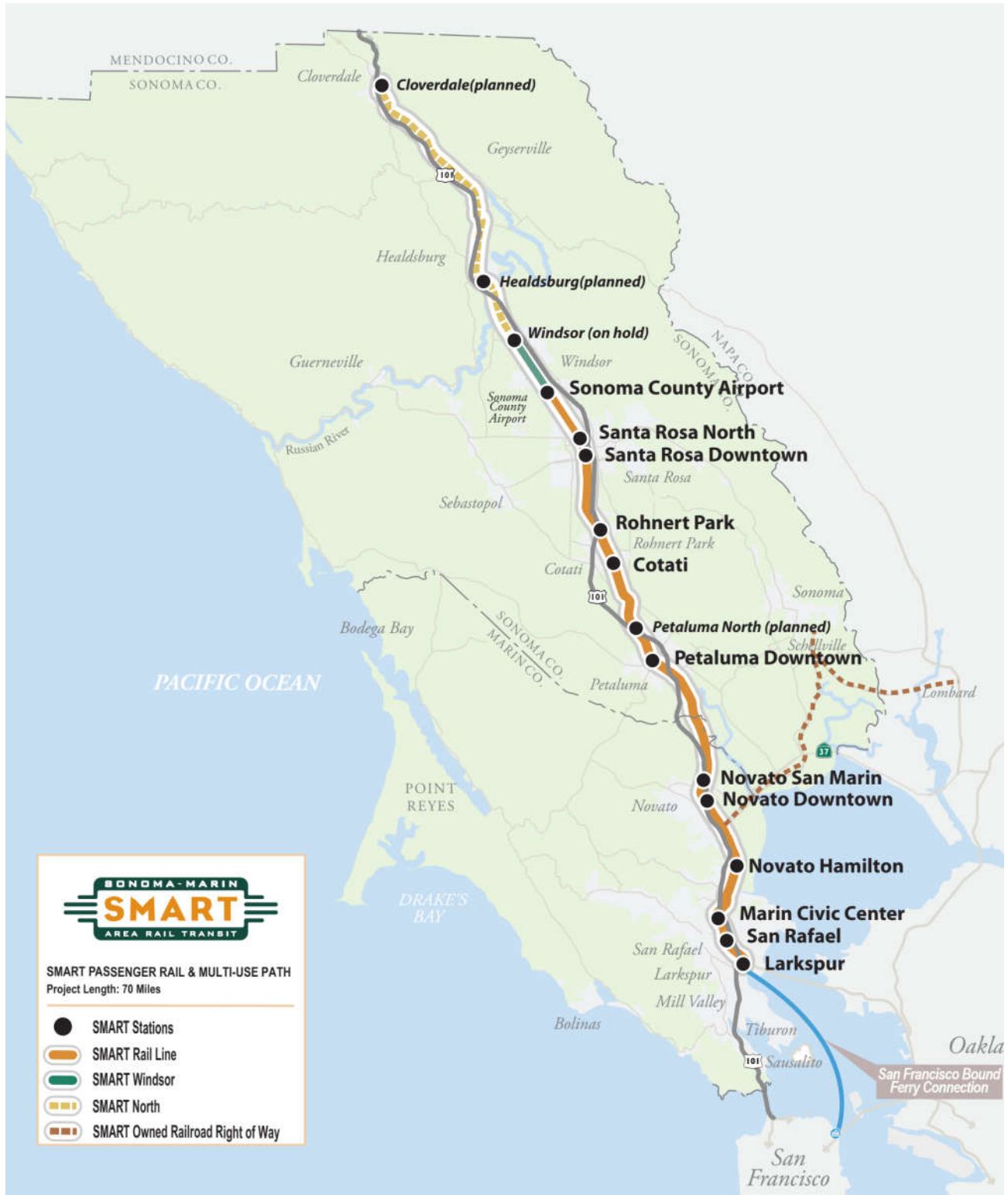
2002	SMART was created by the California Legislature
2008	SMART's ¼ cent sales tax was passed
August 2017	Service Started between San Rafael and Santa Rosa Airport to include 34 trips/ weekday and 10 trips/ weekend
October 2017	Tubbs Fire
August 2018	1 <sup>st</sup> Anniversary of the start of service
January 2019	One Millionth Rider Mark
February 2019	Flooding
August 2019	2 <sup>nd</sup> Anniversary of the start of service
October 2019	Kincade Fire
December 2019	Larkspur Extension opens

January 2020	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 <sup>rd</sup> Anniversary of the start of service
August 2020	LNU Lighting Complex Fires
May 2021	<ul style="list-style-type: none"> <li>• Fares are lowered by 40%</li> <li>• Additional 10 weekday trips are added for a total of 26 weekday trips</li> <li>• Saturday service returns</li> </ul>
June 2021	Reached Two Millionth Rider Mark
August 2021	4 <sup>th</sup> Anniversary of the start of service
November 2021	New General Manager is hired
May 2022	Sunday service returns
June 2022	Additional 10 weekday trips are added for a total of 36 weekday trips



## SMART's System

SMART currently has 45 miles of commuter rail and has completed 12 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
- Twelve (12) 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)

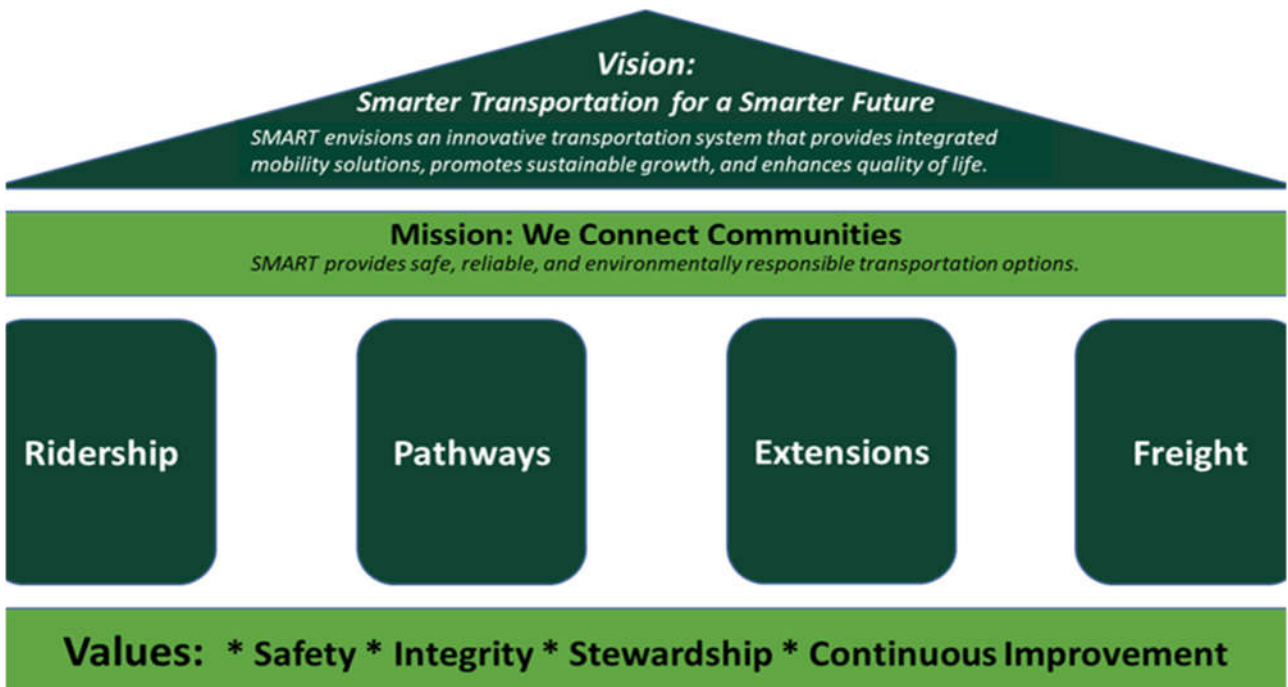


## SMART Overview

The last several years have been challenging with many highs and lows. We have seen ridership ebb and flow depending on local and national COVID restrictions. We believe, however, that Fiscal Year (FY) 2023 will define what we want the future of SMART to look like and how we will get to that future.

In November of 2021, SMART hired a new General Manager, Eddy Cumins. One of the first things General Manager Cumins did when he got to SMART was embark on a process to develop our Mission, Vision, and Strategic Objectives with the SMART Board of Directors. Based on the Board's adoption of the Vision, Mission, Strategic Objectives, and Values, SMART held four (4) listening sessions on each strategic objective in the month of April 2022. In addition, feedback and input was accepted through surveys and emails. We had 193 members of the public participate on Zoom, 1,004 participate by taking the survey, and 60 sent emails.

The feedback received from this outreach as well as input received from other events and meetings will be used to develop goals, strategies, and measurements aimed toward SMART's future success.





## Performance Measures

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

- Operating Expense per Vehicle Revenue Mile
- Operating Expense per Passenger Mile
- Passenger Trips per Vehicle Revenue Mile
- Average Fare per Passenger

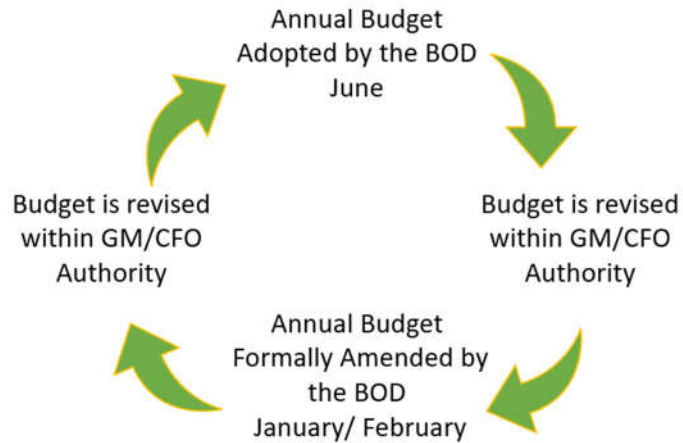
The Board adopted metrics are highlighted below. Additional NTD metrics provided for information.

NTD Metrics	2019	2020	2021
Boardings	716,847	567,103	122,849
Vehicle Revenue Miles	923,002	821,415	398,291
Passenger Miles	18,371,183	13,516,234	3,148,345
Operating Expense	\$ 27,490,190	\$ 28,757,008	\$ 24,833,822
Operating Expense per Vehicle Revenue Mile	\$ 29.78	\$ 35.01	\$ 62.35
Operating Expense per Passenger Mile	\$ 1.50	\$ 2.13	\$ 7.89
Passenger Trips per Vehicle Revenue Mile	0.8	0.7	0.3
Fare Revenues	\$ 4,094,540	\$ 3,090,457	\$ 706,938
Farebox Recovery (Fare Revenues/Operating Expense)	15%	11%	3%
Cost per Boarding (Operating Expense/ Boardings)	\$ 38.35	\$ 50.71	\$ 202.15
Fare per Boarding (Fares/ Boardings)	\$ 5.71	\$ 5.45	\$ 5.75
Subsidy per Boarding [(Cost - Fare)/ Boardings]	\$ 32.64	\$ 45.00	\$ 196.39

Fiscal Year's 2020 and 2021 were both impacted by COVID and reduced or curtailed service.

## Budget Cycle

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



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

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 Directors for approval. The amended budget will include 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 as 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 two funds, the General Fund, with several sub funds for purposes of segregating expenditures, and the Freight Fund.

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

## BUDGET OVERVIEW

The FY 23 revenue estimate for passenger rail and pathways totals \$88.5 million compared to \$68 million in FY 22. There are several primary differences. The first is sales tax. We are estimating that sales tax will be almost 10% higher in FY 23 than it was in FY 22. We are also estimating that we will receive an additional \$8.7 million in federal funds. These additional funds are a result in higher allocations of 5307 funds and discretionary American Rescue Plan funds. We are expecting construction of the Sonoma County Pathway Gap project and the Payran to Lakeville Pathway project, which are funded by grants, therefore bringing in additional grant funds to FY 23.

Regarding expenditures, several changes were made to the way we budget certain expenditures. In the past, salaries were budgeted based on the highest point on the salary scale for every position whether it was filled or vacant. Going forward salaries will be budgeted based on the actual cost of filled positions and based on the middle of the salary range for vacant positions. In addition, we have added 4 ½ positions. They are:

- Administrative Assistant - Will be used to back up the front desk receptionist and assist all employees at the Petaluma office
- Bridge Tender (1/2 FTE) - Will improve coverage and reduce overtime in this area
- Information Systems Analyst - Manage cybersecurity to protect critical systems
- Risk Manager - Needed due to increased complexities in evaluating risk from an insurance perspective especially in railroad liability. Assist legal in claims
- Senior Planner - Will support pathway planning and will be the single point of contact for pathway issues

We will upgrade an Assistant Engineer position to a Senior Engineer position as this reflects the need to manage multiple complex projects going forward. With these changes, the overall salaries and benefit budget is still 2.3% lower than FY 22.

Salaries & Benefits Comparison			
	FY 22	FY 23	% Difference
Operations	\$ 16,287,214	\$ 16,138,923	0.9%
Administration	\$ 5,924,313	\$ 5,522,935	6.8%
Capital	\$ 1,482,430	\$ 1,479,062	0.2%
Total	\$ 23,693,957	\$ 23,140,920	2.3%

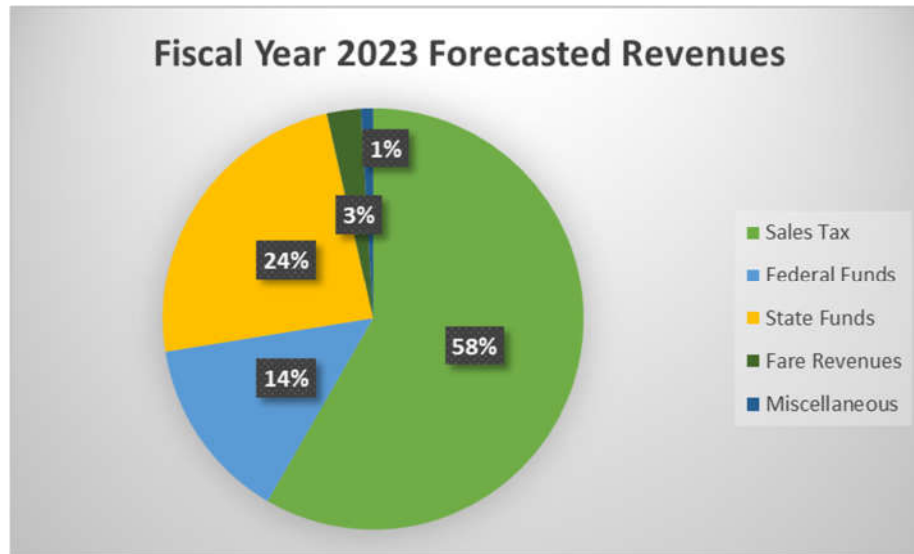
The operating budgets for Administration, Passenger Rail Operations, and Engineering/ Capital Programs total \$16.9 million which is \$353,422 or 2% less than FY 22.

Operating Comparison			
	FY 22	FY 23	% Difference
Operations	\$ 6,526,610	\$ 5,835,304	10.6%
Administration	\$ 10,245,902	\$ 10,660,886	-4.1%
Capital	\$ 471,200	\$ 394,100	16.4%
Total	\$ 17,243,712	\$ 16,890,290	2.0%

This budget also includes \$1.425 million for planning projects, \$ 0.883 million for environmental projects, \$4.5 million for State of Good Repair projects, and \$ 15.4 million for new capital projects. We have also budgeted \$500,000 towards the OPEB/ Pension liability reserve, \$2 million towards the capital replacement reserve, and \$2 million for potential grant matches.

In March of 2022 SMART began operating freight services. Revenues for freight operations are estimated at \$5.5 million. We anticipate spending \$786,060 on salaries and benefits, \$1,085,470 on operations, and \$2,590,419 on capital repairs and replacements in FY23.

# Revenues



	FY 22 Amended Budget	FY 23
<b>Revenues</b>		
<b>SMART S&amp;U Tax</b>		
Measure Q	\$ 46,981,000	\$ 51,622,000
<b>Federal Funds</b>		
5307 - Urbanized Area Formula Funds (Preventative Mtce)	\$ 2,957,733	\$ 4,148,529
American Rescue Plan	\$ 7,225,294	\$ 7,507,797
FRA Suicide Prevention Grant	\$ 80,000	\$ -
Quick Strike (CMAQ) (Pathway Payran to Lakeville)	\$ -	\$ 806,000
<b>State Funds</b>		
STA - State Transit Assistance (Revenue)	\$ 1,757,364	\$ 2,291,573
STA-State Transit Assistance (Population)	\$ 516,794	\$ 534,918
SB1 - SRA - State Rail Assistance	\$ 3,058,638	\$ 3,700,000
LCTOP - Low Carbon Transit Operating	\$ 225,623	\$ 534,762
State - TIRCP SH 37 Network Integration	\$ 30,000	\$ 750,000
STA-SGR (State of Good Repair)	\$ 309,308	\$ 550,349
SB1 - Local Partnership Program	\$ 679,000	\$ 1,392,000
ATP - SoCo Pathway - CTC/Caltrans/MTC	\$ 983,957	\$ 11,470,569
State - Cap and Trade/ TIRCP DMUs	\$ 1,100,000	\$ -
<b>Other Sources</b>		
Fare Revenues	\$ 1,200,000	\$ 2,310,768
Parking	\$ 27,000	\$ -
Interest Earning	\$ 275,000	\$ 277,750
Advertising	\$ 90,000	\$ 225,000
Rent - Real Estate	\$ 258,865	\$ 266,631
Misc.	\$ 30,000	\$ 30,900
Charges for Services	\$ 57,500	\$ 28,325
<b>Regional Funds</b>		
Other Governments	\$ 15,000	\$ -
County Intergovernmental Funds -SCTA TIF (SoCo Pathway)	\$ 146,998	\$ -
<b>Total Revenues</b>	\$ 68,005,074	\$ 88,447,871

## Sales Tax

On November 4, 2008, more than two-thirds of the voters in Sonoma and Marin counties approved Measure Q implementing the 2008 Measure Q Sales Tax. The 2008 Measure Q Sales Tax is a sales and use tax of one quarter of one percent (1/4%) imposed for a period of 20 years beginning April 1, 2009, on the gross receipts from all tangible personal property sold at retail businesses in the counties and a use tax at the same rate on the storage, use, or other consumption in the counties of such property purchased from any retailer, subject to certain exceptions. While we saw a decrease of revenues in Fiscal Year 2020, we have seen significant growth in sales tax revenues in Fiscal Years 2021, 2022 and now in the forecast for 2023. Fiscal Year 2023 is estimated to be a 9.8% increase over Fiscal Year 2022.

### 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%
2021	0.25%	\$ 45,981,000	17.96%

## State Revenues

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

- **State Transit Assistance:** 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), as signed into law by Governor Brown in July 2017. In addition, the State of Good Repair (SGR)

Program provides annual funding to 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 emissions 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, reverse commute projects, and transportation related planning. SMART became eligible for these funds starting in Fiscal Year 2019-20.
- American Rescue Plan Funds: SMART applied for and received discretionary American Rescue Plan (ARP) additional assistance funding in the amount of \$7,471,416. This has resulted in over \$15 million of ARP funds between FY 22 and FY 23.

## 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 app that provides easy purchasing of multiple or discounted tickets without purchasing a Clipper card. The fares are based on the distance travelled by a rider, like other commuter rail services. In May of 2021, fares were lowered by approximately 40%. SMART also provides several discounts to SMART riders with a youth, senior, low income, and passengers with disabilities fare. See chart below.

One-Way						
	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Daily Max
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 May 2021, a new “Weekend Day Pass” was implemented. The Weekend Day Pass is \$10.00 for adults and \$5.00 for seniors, youth, passengers with disabilities and START customers. The Weekend Day Pass offers unlimited rides for the entire day. In September 2021, the 31-day pass was lowered to \$135.00 for adults and \$67.50 for youth, seniors, and passengers with disabilities.

The current reduction in fares has been authorized to run through August of 2022. This budget assumes fares are at the reduced levels through June 30, 2023.

Farebox recovery ratio, also known as the fare recovery rate, is the fraction of operating expenses which are met by the fares paid by passengers. The calculation is total fare revenues divided by the total operating expenses. The fare box recovery, assuming the budgeted fare revenues and budget expenses, would be 13.8% for fiscal year 2023.

### Other SMART Revenues

- Interest and Lease Earnings: Includes leases and interest earnings which are expected to remain relatively the same in Fiscal Year 2023 and advertising revenue is expected to increase based on emergence from the pandemic and a new advertising vendor
- Miscellaneous Revenues: Vary each year, but are assumed to be like Fiscal Year 2022
- Advertising Revenues: Revenues from advertising space sold onboard trains and station platform shelter panels
- Parking Revenue: The Board suspended parking fees through August 2022. We are assuming parking fees are suspended for all Fiscal Year 2023 in this budget
- Charges for Services: Includes flagging services

# Expenditures

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## Passenger Rail Operations

Passenger Rail 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 guaranteeing 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 repairs of the Diesel Multiple Units (DMUs), along with interior inspections and cleaning.

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.)

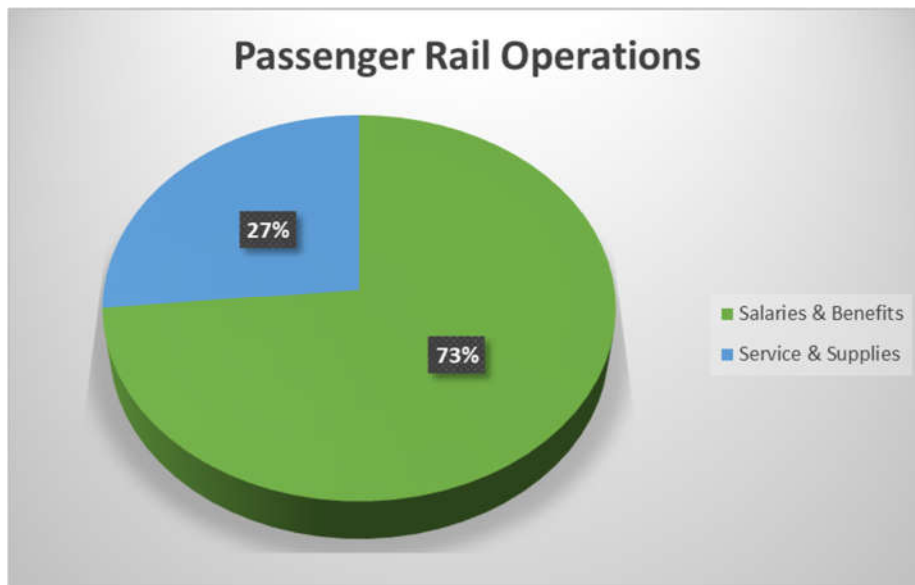
In addition to Transportation, Vehicle Maintenance and Maintenance of Way two additional functions are under the operations budget.

### Public Safety

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

### Train Control Systems

The Train Control Systems is responsible for monitoring and managing SMART's train control systems. The train control systems perform such functions as: safely route trains, safely separate trains, track and report the location of trains, detecting and report broken rail, detect and report misaligned switches, detect and report misaligned bridges, and detect and report faults. In addition, other integral parts of the train control systems include positive train control (PTC), traffic signal interconnection, and grade crossing warning systems.



Account	Account Description	FY 22 Amended Budget	FY 23 Requested Budget
51061	Maintenance of Equipment	\$ 442,576	\$ 467,378
51062	Maintenance of Radios	\$ 163,750	\$ 151,386
51063	Maintenance of Signals	\$ 258,816	\$ 230,000
51071	Maintenance of Facilities	\$ 247,080	\$ 248,680
51074	Maintenance of Railway	\$ 394,250	\$ 170,750
51075	Maintenance of Pathway	\$ 12,000	\$ 22,500
51225	Training & Travel Expense	\$ 94,000	\$ 61,500
51252	Fare Collection Fees	\$ 292,100	\$ 196,000
51401	Rental/ Leases - Equipment	\$ 49,020	\$ 58,000
51604	Maintenance of Revenue Vehicles	\$ 1,153,475	\$ 471,700
51605	Mileage Reimbursement & Auto Tolls	\$ -	\$ 1,000
51802	Contract Services - Administrative	\$ 616,940	\$ 616,740
51804	Contract Services - Transportation	\$ 93,000	\$ 93,000
51902	Communications	\$ 242,500	\$ 78,700
52021	Uniform Expense	\$ 137,000	\$ 103,000
52061	Fuel and Lubricants	\$ 1,323,000	\$ 1,885,000
52091	Memberships	\$ 2,900	\$ 3,050
52101	Miscellaneous Expense	\$ 2,000	\$ 36,500
52111	Office Expense	\$ 70,000	\$ 45,000
52117	Postage	\$ 6,000	\$ 8,000
52141	Small Tools and Equipment	\$ 220,928	\$ 186,500
52143	Software	\$ -	\$ 43,400
52191	Utilities	\$ 705,275	\$ 657,520
	<b>Grand Total</b>	<b>\$ 6,526,610</b>	<b>\$ 5,835,304</b>

The Operations Department has 109 full-time equivalent (FTE) employees with an estimated budget for salaries and benefits of \$16,138,923. One new position has been added in FY23. It is a ½ FTE for Bridge Tending. Salaries and Benefits make up 73% of the total Operations budget, see above.

In May of 2022, SMART brought back Sunday service and on June 13, 2022, added an additional ten (10) trips during the week, bringing the total trips to 36 per day on weekdays. Since we budgeted for this additional service in Fiscal Year 2022, the overall budget will not increase as a result. The largest jump in cost in the operations budget is related to the increased price of fuel. However, even with an increase in service, the operations budget is lower by \$839,597 million or 4%.



## Administration

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

### 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
- Media relations
- Community presentation, construction outreach, and events
- Rail Safety Education

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

- Digital, Print, On-Board Train, and Platform Advertising
- Marketing Collateral

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

### Finance and Procurement Department

The Finance Department includes the following functions:

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

## Human Resource Department

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

## 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 including email, servers, and printers
- Railroad Information Systems such as CCTV, radio, platform equipment, and fare collection devices
- 776 devices consisting of computers, cell phones, vehicle locators, printers, radios, and network devices

## Legal Department

The Legal department is responsible for the following:

- Transactional Matters
- Litigation
- Risk Management

## Planning Department

Planning is responsible for the following functions:

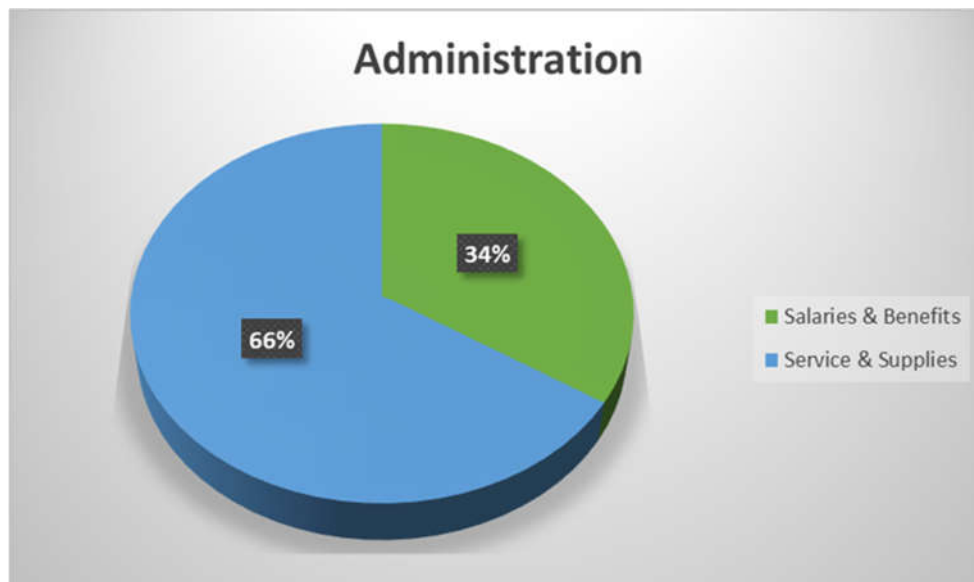
- Rail and multiuse pathway planning and service delivery studies
- Ridership and Service planning analyses and recommendations
- Capital planning studies
- Local and regional agency planning coordination
- First-last mile solutions planning

## 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.

SMART's District Administration has 32 full time equivalent (FTE) employees with an estimated budget for salaries and benefits of \$5,522,935. Four new positions have been added: Risk Manager, Senior Planner, Information Systems Analyst, and Administrative Assistant. Salaries and Benefits make up 34% of the total administrative budget, see above, which is opposite the composition of the Operations budget.

In the Administrative budget there is a notable increase in the estimate for insurance, the largest driver being railroad liability insurance. We have not received our final insurance quotes, but we are anticipating a large increase. The other area where there was an increase is miscellaneous expense. In previous budgets, contingencies were budgeted in each of the Departments, i.e., Capital, Operations, Information Systems. In this budget, all the contingency funds are budgeted under one line item, miscellaneous expense. These funds will now be under the purview of the General Manager versus the individual Division or Department heads. Legal expenses and public relations expenses are two areas that we expect costs to go down significantly from Fiscal Year 022. For Fiscal Year 2023, the overall Administration budget is higher by \$13,606 or 0.1%.



Account	Account Description	FY 22 Amended Budget	FY 23 Requested Budget
51042	Insurance	\$ 2,172,121	\$ 2,897,327
51045	Provisions for Claims	\$ 492,587	\$ 500,000
51071	Maintenance of Facilities	\$ 3,000	\$ 3,000
51201	BOE Admin Fees	\$ 1,000,000	\$ 900,000
51206	Auditing/ Accounting Services	\$ 54,885	\$ 51,030
51207	Fiscal Accounting Services	\$ 5,100	\$ 5,100
51211	Legal	\$ 2,120,000	\$ 1,176,000
51214	Agency Extra Help	\$ 102,500	\$ 100,000
51225	Training & Travel Expense	\$ 128,000	\$ 152,000
51241	Printing Services	\$ 54,800	\$ 40,800
51242	Fiscal Agent Fees	\$ 5,000	\$ 5,000
51244	Permits/ Fees	\$ 18,070	\$ 500
51250	Professional Services - Collection Agency Fees	\$ 5,000	\$ -
51301	Public/ Legal Notices	\$ 43,000	\$ 41,500
51401	Rental/ Leases - Equipment	\$ 47,000	\$ 56,000
51421	Rental/ Leases - Buildings	\$ 481,193	\$ 460,866
51605	Mileage Reimbursement & Auto Tolls	\$ 39,620	\$ 38,820
51802	Contract Services - Administrative	\$ 1,877,774	\$ 1,828,974
51803	Contract Services - Personnel	\$ 145,772	\$ 214,500
51902	Communications	\$ 49,250	\$ 243,200
51918	Claims Processing Payroll	\$ 35,400	\$ 37,170
52021	Uniform Expense	\$ 5,000	\$ 5,000
52091	Memberships	\$ 45,930	\$ 52,879
52101	Miscellaneous Expense	\$ 5,000	\$ 1,000,000
52111	Office Expense	\$ 80,860	\$ 60,000
52115	Books/ Periodicals	\$ 7,000	\$ 10,500
52117	Postage	\$ 10,000	\$ 10,000
52141	Small Tools and Equipment	\$ 2,000	\$ 2,000
52142	Computer Hardware	\$ 179,860	\$ 111,000
52143	Computer Software	\$ 411,181	\$ 593,720
52161	Marketing/ Promotional Items	\$ -	\$ 20,000
52162	Public Relations Expense	\$ 619,000	\$ 44,000
	<b>Grand Total</b>	<b>\$ 10,245,902</b>	<b>\$ 10,660,886</b>



## Planning Projects

### Survey our Current Riders - Onboard Survey

- Customer satisfaction
- Demographics
- SMART's only onboard survey was conducted in 2017/18 by MTC Consultants

### Pathway Wayfinding

- Development of design standards and framework for a multi-level wayfinding system for the SMART multi-use pathway. The wayfinding will help riders navigate along the pathway to connecting routes to major destinations, including SMART Stations



### Corridor-Level Service Planning Study

- Partner with Caltrans to conduct corridor-level service planning analyses of the SMART mainline, extension to Cloverdale, and the east-west Hwy 37 Corridor
- Determine infrastructure improvements needed to achieve clockface headways

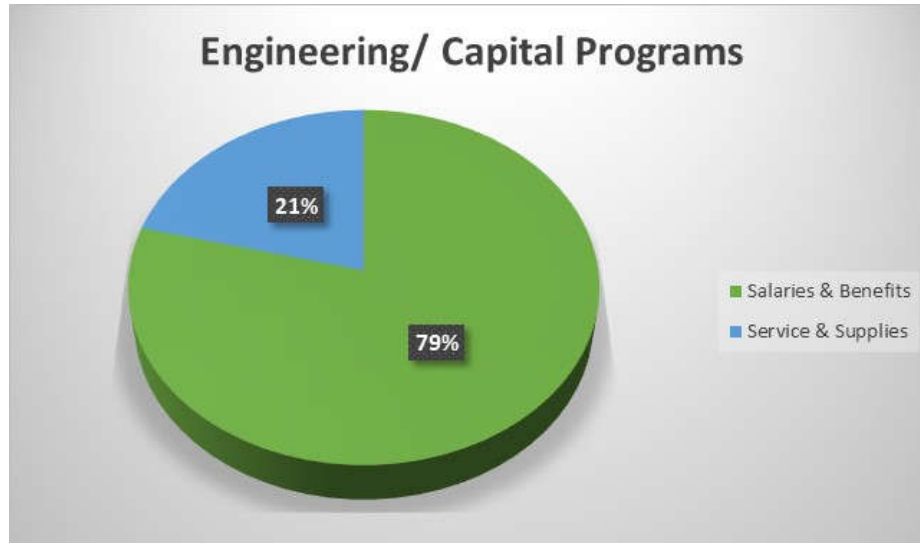
- Evaluate fleet requirements based on service parameters
- Assess impacts of station locations on ridership and service demand
- Conduct additional analyses as needed on the SMART Brazos branch interface with State Route 37 corridor.

#### First/ Last Mile

- Range of first-last mile solutions depending on the connections needed at each station, including on-demand shuttles, improved local transit service, and bicycle and pedestrian facilities.

## Engineering/ 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.



Engineering/ Capital Programs has seven FTE which includes upgrading an Assistant Engineer to a Senior Engineer. Total salary and benefits costs are estimated at \$1,479,062 of which \$1,193,147 or 80% is estimated to be charged to projects. Engineering/ Capital Programs budget decreased by \$80,468 or 4%.

Account Description	FY 22 Amended Budget	FY 23 Requested Budget
Training & Travel Expense	\$ 3,000	\$ 5,000
Contracted Services	\$ 425,000	\$ 352,000
Permit Fees	\$ 30,000	\$ 30,000
Mileage Reimbursement & Auto Tolls	\$ 1,000	\$ 1,000
Communications	\$ 7,700	\$ 5,600
Memberships	\$ 1,500	\$ 500
Small Tools and Equipment	\$ 3,000	\$ -
	<b>\$ 471,200</b>	<b>\$ 394,100</b>

## Environmental Projects

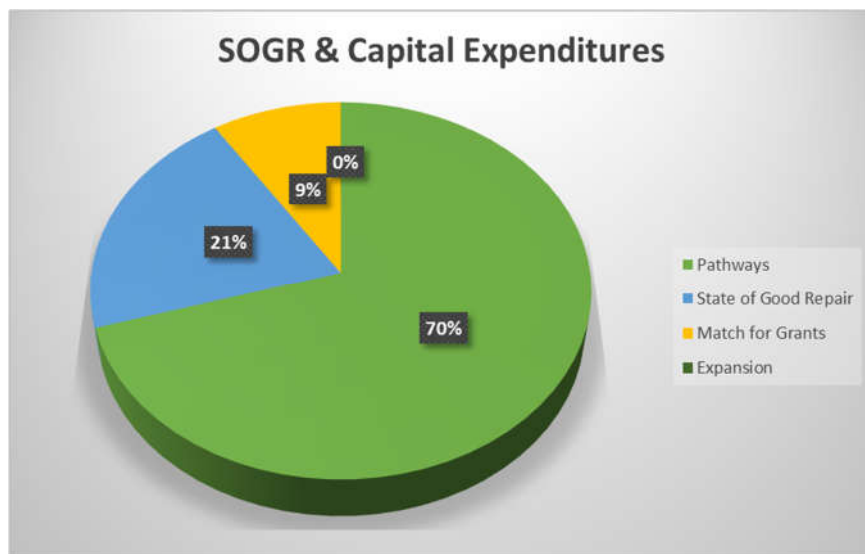
The FY 23 budget includes new and ongoing environmental projects that are a result of securing environmental regulatory permits for construction work.

- Mira Monte Mitigation
- Riparian Mitigation for Initial Operating Segment
- San Rafael Creek Mitigation for Larkspur Segment
- Las Gallinas Riparian Enhancement & Monitoring

## State of Good Repair and Capital Projects

49 CFR 625.5 defines State of Good Repair (SGR) as the condition in which a capital asset can operate at a full level of performance. Per FTA, “having well maintained, reliable transit infrastructure - track, signal systems, bridges, tunnels, vehicles and stations - will help ensure safe, dependable and accessible services.”

SMART has broken our costs into State of Good Repair and Capital Projects. State of Good Repair expenditures are those costs that keep our assets in a condition where the asset can operate at a full level of performance. This requires regular repairs and replacement of those assets. The budget by category is outlined below.



	FY 22	FY 23	Difference
<b>State of Good Repair</b>			
Track, MOW, and Facilities	\$ 300,000	\$ 436,275	\$ 136,275
Safety and Security	\$ -	\$ 477,225	\$ 477,225
DMU	\$ 2,680,844	\$ 703,500	\$ (1,977,344)
Bridges	\$ 280,620	\$ 796,988	\$ 516,368
Other Construction	\$ 2,122,761	\$ 1,050,000	\$ (1,072,761)
Information Technology	\$ 390,600	\$ 278,250	\$ (112,350)
Non-Revenue Vehicles	\$ 170,000	\$ 467,250	\$ 297,250
Equipment	\$ -	\$ 263,998	\$ 263,998
<b>Total State of Good Repair</b>	<b>\$ 5,944,825</b>	<b>\$ 4,473,486</b>	<b>\$ (1,471,339)</b>

Projects that fall under Capital Projects are those projects that result in new assets such as expanding passenger rail North of Santa Rosa or new pathways. It would also include equipment or vehicles if they were added and not purchased to replace an existing asset.

	FY 22	FY 23	Difference
<b>Capital Projects</b>			
Pathways	\$ 5,820,691	\$ 15,349,795	\$ 9,529,104
Expansion	\$ 7,234	\$ 2,133	\$ (5,101)
<b>Total Capital Expenditures</b>	<b>\$ 5,827,925</b>	<b>\$ 15,351,927</b>	<b>\$ 9,524,002</b>

Currently, the Windsor extension project is on hold pending successful resolution of a State Supreme Court case involving funding for this project or until we secure additional funding to complete. In FY 23, we have funded the following for pathways.

- Design and permitting of Marin and Sonoma pathways
- Sonoma County Gap Closure Pathway Construction
- Joe Rodota Trail to 3<sup>rd</sup> Street Construction
- Payran to Lakeville Construction

In addition, \$2 million has been budgeted to provide matching funds for grants that we are pursuing in FY 23.

## FREIGHT

In March of 2022, SMART assumed the freight operations from the Northwestern Pacific Railroad Company (NWPCo) which had been operating service from Napa County to Petaluma since 2011. SMART will be operating this service with SMART employees. Currently there are four customers, and they receive primarily feed grain. In addition, there is freight car storage location at the Schellville yard. Service consists of two round trips to Petaluma customers a week as well as two round trips to the California Northern Railroad to receive and deliver rail cars to and from the interchange.



Revenues and expenditures for freight operations are being tracked separately in Fund 60. Administrative expenses will be allocated based on a ratio of total miles freight operates versus total miles passenger rail operates. In addition to the administrative allocation, this ratio will be used for other allocation of expenses such as radio maintenance and mainline track maintenance.

The SMART Board of Directors previously approved six (6) FTE to operate the Freight Division for the organization. The FY 23 budget for salaries and benefits for freight operations is estimated at \$786,060. This could vary slightly as not all positions have

been hired and the actual cost of the Railroad Retirement benefit is not yet known. The details regarding these positions can be found in Appendix C.

Now that SMART has acquired the freight operations, we have been evaluating and prioritizing the work that needs to be done to run the service and comply with all Federal Railroad Administration requirements. Work has already begun to clean up Schellville Depot and design has begun on necessary repairs to high priority bridges. In addition, the Freight Manager has been reaching out to returning and potential new customers to increase revenues to replace the revenues lost with the elimination of storage fees from Liquid Petroleum Gas (LPG) tanker cars.

	FY 23
<b>Revenues</b>	
State Grant (42341)	\$ 4,000,000
State Grant (Blackpoint)	\$ 206,000
Freight Movement Fees	\$ 1,100,000
Leases	\$ 145,743
Storage	\$ 92,000
<b>Total Revenues</b>	<b>\$ 5,543,743</b>

Note: FY 22 Budget was only for March - June of 2022 and represented a partial year.





Account	Expenditures: Account Description	FY 22 Amended Budget	FY 23 Requested Budget
	Cost Allocation	\$ 20,000	\$ 197,515
51042	Insurance	\$ 20,000	\$ 68,000
51061	Maintenance of Equipment	\$ 6,800	\$ 63,750
51062	Maintenance of Radios	\$ -	\$ 2,034
51063	Maintenance of Signals	\$ 11,574	\$ 25,000
51071	Maintenance of Facilities	\$ -	\$ 25,000
51074	Maintenance of Railway	\$ 48,420	\$ 60,000
51604	Maintenance of Revenue Vehicles	\$ 40,400	\$ 140,000
51211	Legal Services	\$ 25,000	\$ 25,000
51225	Training & Travel Expense	\$ -	\$ 25,000
51244	Permits and Fees	\$ 3,800	\$ 10,000
51401	Rental/ Leases - Equipment	\$ 12,000	\$ 65,000
51605	Mileage Reimbursement & Auto Tolls	\$ -	\$ 2,500
51802	Contract Services - Administrative	\$ 327,686	\$ 198,321
51902	Communications	\$ -	\$ 18,500
52021	Uniform Expense	\$ -	\$ 5,000
52061	Fuel and Lubricants	\$ 21,200	\$ 105,000
52091	Memberships	\$ -	\$ 750
52141	Small Tools and Equipment	\$ -	\$ 40,000
52142	Computer Hardware	\$ -	\$ 9,000
52143	Computer Software	\$ 10,000	\$ 33,100
52191	Utilities	\$ -	\$ 15,000
	<b>Grand Total</b>	<b>\$ 546,880</b>	<b>\$ 1,133,470</b>

### Capital and Fund Balance

	FY 23
Blackpoint Bridge	\$ 982,150
Highway 37 Grade Crossing Reconstruction	\$ 600,000
Brazos Branch - Bridge Repairs (High Priority)	\$ 865,269
New York Air Brake	\$ 68,000
PTC	\$ 75,000
<b>Total Capital &amp; SOGR</b>	<b>\$ 2,590,419</b>
<b>Balance</b>	<b>\$ 2,141,496</b>

## CARRYFORWARD FUNDS/EXPENDITURES

As part of the FY 22 budget, we are anticipating carrying forward \$4,314,309 from FY 22 to FY 23. Of the \$4,314,309, \$ 70,000 is related to the freight budget. 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, 2022, this number will most likely change and will be adjusted in FY 23.

### Passenger

Description	Amount Budgeted in FY22	Amount to Roll to FY23
Permanent Magnet Alternator (PMA) Overhaul	\$ 40,000.00	\$ 20,000.00
Radiator Fan Modification	\$ 67,000.00	\$ 67,000.00
Board Meeting Wireless Mics	\$ 5,000.00	\$ 5,000.00
Pathways - Joe Rodota to 3rd Street	\$ 45,788.00	\$ 4,163.00
SoCo Gap Pathway Closure	\$ 1,713,827.00	\$ 806,360.00
Path of Travel Improvements - Four Locations	\$ 419,664.00	\$ 252,591.00
Marin-Sonoma Pathway Design & Permitting	\$ 1,315,222.00	\$ 563,272.00
Marin Pathway Design & Permitting	\$ 2,207,657.00	\$ 806,128.00
IOS Riparian Mitigation	\$ 100,000.00	\$ 100,000.00
San Rafael Creek (Larkspur Mitigation)	\$ 230,155.00	\$ 128,725.00
Rail Operations and Maintenance Facility	\$ 250,000.00	\$ 245,500.00
Wheel Truing Machine	\$ 1,250,000.00	\$ 457,500.00
Basalt Creek Timber Bridge Design	\$ 90,258.00	\$ 11,550.00
San Antonio Timber Bridge Design	\$ 179,340.00	\$ 13,200.00
DMU Door Fix	\$ 250,000.00	\$ 250,000.00
<b>Total</b>	<b>\$ 8,163,911.00</b>	<b>\$ 3,730,989.00</b>

Vendor	PO #	Amount
CDWG	1799	\$222,598.41
Downtown Ford	1746	\$72,590.37
Knorr Brake	1754	\$4,470.20
Mahle Industrial Thermal	1679	\$87,989.28
Aspen Equipment	1779	\$117,247.75
Smotherman Holdings, LLC dba Rebel Railway	1786	\$8,424.30
<b>Total</b>		<b>\$513,320.31</b>

## Freight

Description	Amount Budgeted in FY22	Amount to Roll to FY23
Locomotive 2009 - 1RPBDB20875000187	\$ 135,676.43	\$ 20,000.00
Brazos Branch Bridge Design	\$ 75,000.00	\$ 50,000.00
Total	\$ 210,676.43	\$ 70,000.00

## Reserves

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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 23 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 23 amended budget.

### Equipment Reserve

This reserve is used to accumulate funds for future capital equipment needs such as DMU replacement. The current balance is \$7,625,000. We are recommending the addition of \$2,000,000 in FY 23 as an ongoing contribution to prepare for future capital replacement needs.

### 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.

### Operating Reserve

The FY 22 operating reserve is \$10 million. We have calculated 25% of the operating costs for FY 2021/2022 which would result in a reserve of \$9.8 million. Since this is below the \$10 million minimum threshold, the reserve will remain at \$10 million for FY 23.

The current estimated fund balance after deducting the reserves is for passenger rail is \$45,365,112.

## Debt

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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 & Poor's. The new debt service schedule is listed below.

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

## APPENDIX A - PASSENGER RAIL OVERVIEW OF SOURCES & USES

	FY 22 Amended Budget	FY 23	Difference
<b>Beginning Fund Balance *</b>	\$ 37,466,206	\$ 37,393,310	\$ (72,896)
<b>Revenues</b>			
<b>SMART S&amp;U Tax</b>			
Measure Q	\$ 46,981,000	\$ 51,622,000	\$ 4,641,000
<b>Federal Funds</b>			
5307 - Urbanized Area Formula Funds (Preventative Mtce)	\$ 2,957,733	\$ 4,148,529	\$ 1,190,796
American Rescue Plan	\$ 7,225,294	\$ 7,507,797	\$ 282,503
FRA Suicide Prevention Grant	\$ 80,000	\$ -	\$ (80,000)
Quick Strike (CMAQ) (Pathway Payran to Lakeville)	\$ -	\$ 806,000	\$ 806,000
<b>State Funds</b>			
STA - State Transit Assistance (Revenue)	\$ 1,757,364	\$ 2,291,573	\$ 534,209
STA-State Transit Assistance (Population)	\$ 516,794	\$ 534,918	\$ 18,124
SB1 - SRA - State Rail Assistance	\$ 3,058,638	\$ 3,700,000	\$ 641,362
LCTOP - Low Carbon Transit Operating	\$ 225,623	\$ 534,762	\$ 309,139
State - TIRCP SH 37 Network Integration	\$ 30,000	\$ 750,000	\$ 720,000
STA-SGR (State of Good Repair)	\$ 309,308	\$ 550,349	\$ 241,041
SB1 - Local Partnership Program	\$ 679,000	\$ 1,392,000	\$ 713,000
ATP - SoCo Pathway - CTC/Caltrans/MTC	\$ 983,957	\$ 11,470,569	\$ 10,486,612
State - Cap and Trade/ TIRCP DMUs	\$ 1,100,000	\$ -	\$ (1,100,000)
<b>Other Sources</b>			
Fare Revenues	\$ 1,200,000	\$ 2,310,768	\$ 1,110,768
Parking	\$ 27,000	\$ -	\$ (27,000)
Interest Earning	\$ 275,000	\$ 277,750	\$ 2,750
Advertising	\$ 90,000	\$ 225,000	\$ 135,000
Rent - Real Estate	\$ 258,865	\$ 266,631	\$ 7,766
Misc.	\$ 30,000	\$ 30,900	\$ 900
Charges for Services	\$ 57,500	\$ 28,325	\$ (29,175)
<b>Regional Funds</b>			
Other Governments	\$ 15,000	\$ -	\$ (15,000)
County Intergovernmental Funds -SCTA TIF (SoCo Pathway)	\$ 146,998	\$ -	\$ (146,998)
<b>Total Revenues</b>	\$ 68,005,074	\$ 88,447,871	\$ 20,442,797
<b>Total Revenues + Fund Balance</b>	\$ 105,471,280	\$ 125,841,181	\$ 20,369,901
<b>Debt Service</b>	\$ 14,936,756	\$ 15,596,193	\$ 659,437
Salaries & Benefits	\$ 23,693,957	\$ 23,140,920	\$ (553,037)
Reduction for Salaries Charged to Projects	\$ (822,804)	\$ (1,193,147)	\$ (370,343)
Reduction for Allocation of Salaries/ Services/ Supplies to Freight	\$ -	\$ (197,515)	\$ (197,515)
Service & Supplies	\$ 17,997,311	\$ 16,496,190	\$ (1,501,121)
<b>Total Salaries, Benefits, Service, &amp; Supplies</b>	\$ 40,868,464	\$ 38,246,448	\$ (2,622,016)
Contribution to OPEB/ CalPERS Liability Fund	\$ 500,000	\$ 500,000	\$ -
Contribution to Capital Sinking Fund	\$ -	\$ 2,000,000	\$ 2,000,000
Self Insured Fund	\$ -	\$ -	\$ -
Operating Reserve	\$ 217,116	\$ -	\$ (217,116)
<b>Total Reserve Contributions</b>	\$ 717,116	\$ 2,500,000	\$ 1,782,884
Planning		\$ 1,425,000	\$ 1,425,000
Environmental		\$ 883,015	\$ 883,015
<b>Total Planning &amp; Environmental</b>	\$ -	\$ 2,308,015	\$ 2,308,015
<b>Total Debt Service, Operating, Reserves, Environmental/ Planning</b>	\$ 56,522,336	\$ 58,650,656	\$ 2,128,320
<b>Balance</b>	\$ 48,948,944	\$ 67,190,525	\$ 18,241,581

	FY 22	FY 23	Difference
<b>State of Good Repair</b>			
Track, MOW, and Facilities	\$ 300,000	\$ 436,275	\$ 136,275
Safety and Security	\$ -	\$ 477,225	\$ 477,225
DMU	\$ 2,680,844	\$ 703,500	\$ (1,977,344)
Bridges	\$ 280,620	\$ 796,988	\$ 516,368
Other Construction	\$ 2,122,761	\$ 1,050,000	\$ (1,072,761)
Information Technology	\$ 390,600	\$ 278,250	\$ (112,350)
Non-Revenue Vehicles	\$ 170,000	\$ 467,250	\$ 297,250
Equipment	\$ -	\$ 263,998	\$ 263,998
<b>Total State of Good Repair</b>	<b>\$ 5,944,825</b>	<b>\$ 4,473,486</b>	<b>\$ (1,471,339)</b>
	FY 22	FY 23	Difference
<b>Capital Projects</b>			
Pathways	\$ 5,820,691	\$ 15,349,795	\$ 9,529,104
Expansion	\$ 7,234	\$ 2,133	\$ (5,101)
<b>Total Capital Expenditures</b>	<b>\$ 5,827,925</b>	<b>\$ 15,351,927</b>	<b>\$ 9,524,002</b>
	FY 22	FY 23	Difference
<b>Future Match for Federal/ State Funds</b>	<b>\$ -</b>	<b>\$ 2,000,000</b>	<b>\$ 2,000,000</b>
	FY 22	FY 23	
<b>Ending Fund Balance</b>	<b>\$ 37,176,194</b>	<b>\$ 45,365,112</b>	<b>\$ 8,188,918</b>
* Excludes Reserves			

## APPENDIX B - FREIGHT OVERVIEW OF SOURCES & USES

	FY 23
Beginning Fund Balance	\$ 1,107,702
<b>Revenues</b>	
State Grant (42341)	\$ 4,000,000
State Grant (Blackpoint)	\$ 206,000
Freight Movement Fees	\$ 1,100,000
Leases	\$ 145,743
Storage	\$ 92,000
<b>Total Revenues</b>	<b>\$ 5,543,743</b>
<b>Total Revenues + Fund Balance</b>	<b>\$ 6,651,445</b>
	FY 23
Salaries	\$ 786,060
Service & Supplies	\$ 1,133,470
<b>Total Salaries, Benefits, Service, &amp; Supplies</b>	<b>\$ 1,919,530</b>
<b>Balance</b>	<b>\$ 4,731,915</b>
	FY 23
Blackpoint Bridge	\$ 982,150
Highway 37 Grade Crossing Reconstruction	\$ 600,000
Brazos Branch - Bridge Repairs (High Priority)	\$ 865,269
New York Air Brake	\$ 68,000
PTC	\$ 75,000
<b>Total Capital &amp; SOGR</b>	<b>\$ 2,590,419</b>
<b>Balance</b>	<b>\$ 2,141,496</b>

## APPENDIX C - POSITION AUTHORIZATION

Department	# of Positions	Position Title	Hourly		Annual	
			Min	Max	Min	Max
Administrative						
	1	Accountant I	\$ 33.36	\$ 40.55	\$ 69,389	\$ 84,344
	1	Accounts Payable Technician	\$ 28.29	\$ 34.40	\$ 58,843	\$ 71,552
	2	Administrative Assistant	\$ 26.97	\$ 32.78	\$ 56,098	\$ 68,182
	1	Assistant General Counsel	\$ 86.50	\$ 105.14	\$ 179,920	\$ 218,691
	1	Assistant Planner	\$ 37.19	\$ 45.20	\$ 77,355	\$ 94,016
	1	Chief Financial Officer	\$ 115.24	\$ 140.07	\$ 239,699	\$ 291,346
	1	Budget and Grants Analyst	\$ 50.77	\$ 61.72	\$ 105,602	\$ 128,378
	1	Clerk of the Board	\$ 41.02	\$ 49.86	\$ 85,322	\$ 103,709
	1	Communications and Marketing Manager	\$ 70.33	\$ 85.48	\$ 146,286	\$ 177,798
	1	Community Outreach Coordinator	\$ 38.13	\$ 46.35	\$ 79,310	\$ 96,408
	1	Community Outreach Specialist	\$ 57.71	\$ 70.15	\$ 120,037	\$ 145,912
	1	Budget and Finance Manager	\$ 58.87	\$ 71.57	\$ 122,450	\$ 148,866
	1	General Counsel	\$ 115.24	\$ 140.07	\$ 239,699	\$ 291,346
	1	General Manager	\$ 143.60		\$ 298,688	-
	1	Human Resources Manager	\$ 70.08	\$ 85.19	\$ 145,766	\$ 177,195
	1	Human Resources Principal Analyst	\$ 57.71	\$ 70.15	\$ 120,037	\$ 145,912
	1	Human Resources Technician	\$ 35.39	\$ 43.02	\$ 73,611	\$ 89,482
	1	Information Systems Analyst	\$ 44.65	\$ 54.28	\$ 92,879	\$ 112,895
	1	Information Systems Manager	\$ 73.26	\$ 89.06	\$ 152,381	\$ 185,245
	1	Information Systems Technician	\$ 39.06	\$ 47.47	\$ 81,245	\$ 98,738
	1	Legal Administrative Assistant	\$ 35.39	\$ 43.02	\$ 73,611	\$ 89,482
	1	Payroll Technician	\$ 28.35	\$ 34.45	\$ 58,968	\$ 71,656
	1	Principal Planner	\$ 62.27	\$ 75.69	\$ 129,522	\$ 157,435
	1	Purchasing Assistant	\$ 29.49	\$ 35.85	\$ 61,339	\$ 74,568
	1	Procurement Manager	\$ 64.32	\$ 78.19	\$ 133,786	\$ 162,635
	1	Programming and Grants Manager	\$ 73.89	\$ 89.82	\$ 153,691	\$ 186,826
	1	Real Estate Manager	\$ 79.56	\$ 96.72	\$ 165,485	\$ 201,178
	1	Risk Manager	\$ 62.27	\$ 75.69	\$ 129,522	\$ 157,435
	1	Senior Planner	\$ 50.77	\$ 61.72	\$ 105,602	\$ 128,378
	1	Senior Real Estate Officer	\$ 53.60	\$ 65.14	\$ 111,488	\$ 135,491
	1	Accounting Manager	\$ 54.67	\$ 66.45	\$ 113,714	\$ 138,216
		Interns (Multiple)		\$ 17.00		
Total	32					
Department	# of Positions	Position Title	Hourly		Annual	
Capital			Min	Max	Min	Max
	1	Assistant Engineer	\$ 45.09	\$ 54.82	\$ 93,787	\$ 114,026
	2	Associate Engineer	\$ 53.60	\$ 65.14	\$ 111,488	\$ 135,491
	1	Chief Engineer	\$ 94.56	\$ 114.93	\$ 196,685	\$ 239,054
	1	Manager Train Control Systems	\$ 94.56	\$ 114.93	\$ 196,685	\$ 239,054
	1	Principal Engineer	\$ 70.33	\$ 85.48	\$ 146,286	\$ 177,798
	1	Senior Engineer	\$ 58.87	\$ 71.57	\$ 122,450	\$ 148,866
Total	7					



Department	# of Positions	Position Title	Hourly		Annual	
Operations			Min	Max	Min	Max
	1	Administrative Analyst / Purchasing	\$ 43.13	\$ 52.42	\$ 89,710	\$ 109,034
	1	Administrative Assistant	\$ 26.97	\$ 32.78	\$ 56,098	\$ 68,182
	1	Administrative Services Manager	\$ 45.09	\$ 54.82	\$ 93,787	\$ 114,026
	1	Assistant Superintendent of Transportation	\$ 63.18	\$ 76.80	\$ 131,414	\$ 159,744
	3	Bridge Tender		\$ 32.79		\$ 68,203
	1	Chief of Police	\$ 85.68	\$ 104.14	\$ 178,214	\$ 216,611
	3	Code Compliance Officer	\$ 34.55	\$ 41.98	\$ 71,864	\$ 87,318
	10	Controller /Supervisor	\$ 48.33	\$ 58.74	\$ 100,526	\$ 122,179
	11	Conductor *	\$ 35.08	\$ 41.26	\$ 72,966	\$ 85,821
	18	Engineer/ Conductor *	\$ 42.17	\$ 49.61	\$ 87,714	\$ 103,189
	1	Facilities Maintenance Supervisor	\$ 49.77	\$ 60.49	\$ 103,522	\$ 125,819
	3	Facilities Maintenance Technician		\$ 41.02		\$ 85,322
	10	Laborers - Vehicle Maintenance		\$ 31.59		\$ 65,707
	2	Laborers - Track Maintenance	\$ 31.58	-	\$ 65,686	-
	1	Operations Manager	\$ 99.29	\$ 120.69	\$ 206,523	\$ 251,035
	2	Parts Clerk	\$ 32.06	\$ 38.98	\$ 66,685	\$ 81,078
	1	Railroad Information Systems Specialist	\$ 56.31	\$ 68.45	\$ 117,125	\$ 142,376
	1	Safety & Compliance Officer	\$ 65.31	\$ 79.39	\$ 135,845	\$ 165,131
	2	Signal Supervisor	\$ 53.60	\$ 65.14	\$ 111,488	\$ 135,491
	9	Signal Technician **		\$ 54.31		\$ 112,965
		Signal Technician Trainee (2) **		\$ 40.73		\$ 84,718
	1	Superintendent of Vehicle Maintenance	\$ 75.11	\$ 91.29	\$ 156,229	\$ 189,883
	1	Superintendent of Transportation	\$ 75.11	\$ 91.29	\$ 156,229	\$ 189,883
	1	Superintendent Signals and Way	\$ 75.11	\$ 91.29	\$ 156,229	\$ 189,883
	5	Track Maintainer I		\$ 40.62		\$ 84,490
	1	Track Maintainer II		\$ 44.68		\$ 92,934
	2	Track Maintenance Supervisor	\$ 48.21	\$ 58.62	\$ 100,277	\$ 121,930
	4	Vehicle Maintenance Supervisor	\$ 51.01	\$ 62.00	\$ 106,101	\$ 128,960
	12	Vehicle Maintenance Technician		\$ 49.64		\$ 103,251
Total	109					
Department	# of Positions	Position Title	Hourly		Annual	
Freight			Min	Max	Min	Max
	0.5	Freight Administrative Assistant	\$ 26.97	\$ 32.78	\$ 56,098	\$ 68,182
	1	Freight Manager	\$ 75.11	\$ 91.29	\$ 156,229	\$ 189,883
	4.5	Freight Utility Worker	\$ 34.20	\$ 41.58	\$ 71,136	\$ 86,486
Total	6					
Total FTE	154					
*	Total positions cannot exceed 29.					
**	Total positions cannot exceed 9.					

## APPENDIX D - STATISTICAL INFORMATION

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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 the 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 Areas. 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 spaces.

**POPULATION OF MARIN COUNTY  
AND INCORPORATED CITIES**

Area	2016	2017	2018	2019	2020	2021
Marin County	263,010	262,313	262,234	260,969	258,956	259,512
Belvedere	2,129	2,131	2,148	2,139	2,124	2,103
Corte Madera	9,631	9,625	10,043	10,138	10,114	10,147
Fairfax	7,528	7,533	7,714	7,443	7,399	7,496
Larkspur	12,312	12,325	12,588	12,331	12,253	12,963
Mill Valley	15,024	14,956	14,669	14,743	14,674	14,002
Novato	54,593	54,516	54,151	54,062	53,702	53,008
Ross	2,538	2,536	2,528	2,548	2,550	2,330
San Anselmo	13,017	12,982	12,908	12,845	12,757	12,772
San Rafael	60,551	60,661	60,020	60,207	59,807	61,179
Sausalito	7,227	7,234	7,421	7,301	7,252	7,159
Tiburon	9,644	9,647	9,366	9,581	9,540	9,065
Remainder of County	68,816	68,167	68,678	67,631	66,784	67,288

Note: City statistics as of January 1, 2021, County statistics as of July 1, 2021  
Source: State of California, Department of Finance, Demographic Research Unit

**POPULATION OF SONOMA COUNTY  
AND INCORPORATED CITIES**

Area	2016	2017	2018	2019	2020	2021
Sonoma County	503,322	502,758	498,849	495,058	491,134	484,674
Cloverdale	8,927	8,988	9,141	9,279	9,213	9,029
Cotati	7,376	7,453	7,739	7,628	7,533	7,512
Healdsburg	11,734	11,757	12,232	12,166	12,089	11,174
Petaluma	61,488	61,657	62,251	62,195	61,873	59,756
Rohnert Park	42,586	42,490	43,178	43,134	43,069	44,287
Santa Rosa	176,937	178,064	177,017	175,183	173,628	177,396
Sonoma	10,929	11,072	11,423	11,164	11,050	10,755
Windsor	27,445	27,492	28,356	28,596	28,248	26,134
Remainder of County	155,900	153,785	147,512	145,713	144,431	138,631

Note: City stats as of January 1, 2021, County stat as of July 1, 2021  
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 2022. These rates are not seasonally adjusted.

Area	Period	Labor Force	Unemployment	Unemployment Rate
California	Mar-22	19,131,300	933,700	4.9%
Marin County	Mar-22	132,000	3,100	2.3%
Sonoma County	Mar-22	249,100	7,400	3.0%

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	2020	Per Capita Personal Income - BEA	\$ 69,958
		Total Personal Income - BEA	\$ 2,763,312,000,000
Marin County	2020	Per Capita Personal Income - BEA	\$ 145,575
		Total Personal Income - BEA	\$ 37,461,199,000
Sonoma County	2020	Per Capita Personal Income - BEA	\$ 71,386
		Total Personal Income - BEA	\$ 34,966,152,000

Source: State of California, California Employment Development Department

## MEDIAN PRICE OF HOMES SOLD

Area	Year	Property Value
California	2020	\$ 646,245
Marin County	2020	\$ 1,463,750
Sonoma County	2020	\$ 711,875

Source: State of California, California Employment Development Department

## BUILDING PERMITS

### Building Permits - Multi-Family Homes

Area	Period	# of Permits	Total Costs
California	2020	43,420	\$ 8,330,538,576
Marin County	2020	3	\$ 350,000
Sonoma County	2020	224	\$ 37,992,566

Source: State of California, California Employment Development Department

### Building Permits - Single Family Homes

Area	Period	# of Permits	Total Costs
California	2020	51,537	\$ 14,252,828,191
Marin County	2020	87	\$ 38,449,781
Sonoma County	2020	1,086	\$ 348,394,360

Source: State of California, California Employment Development Department

### Building Permits - All Construction

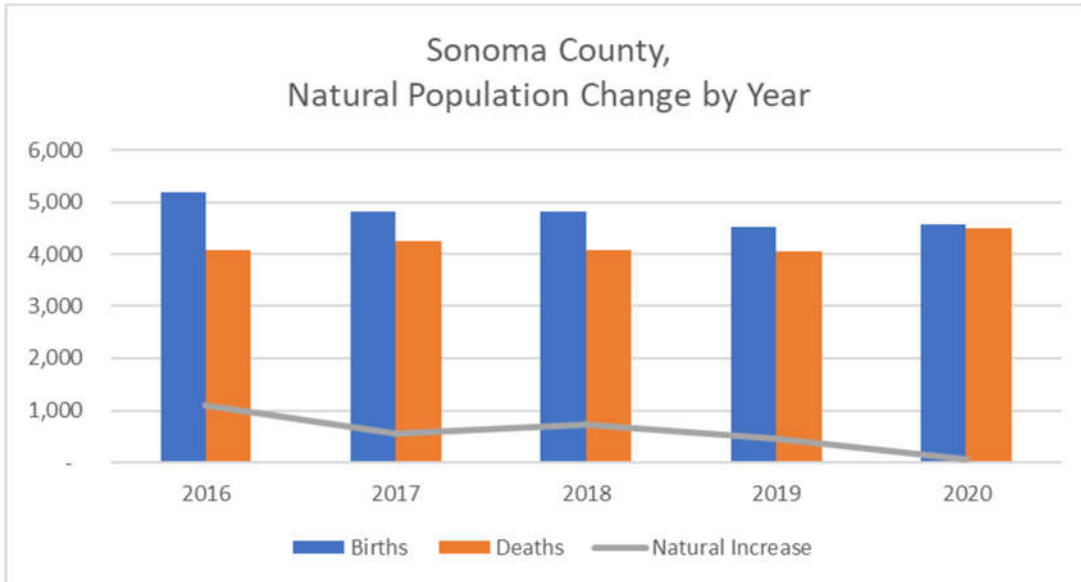
Area	Period	# of Permits	Total Costs
California	2020	94,957	\$ 22,583,366,767
Marin County	2020	90	\$ 38,799,781
Sonoma County	2020	1,310	\$ 386,386,926

Source: State of California, California Employment Development Department

## DEMOGRAPHICS OF MARIN AND SONOMA COUNTIES

### Sonoma County

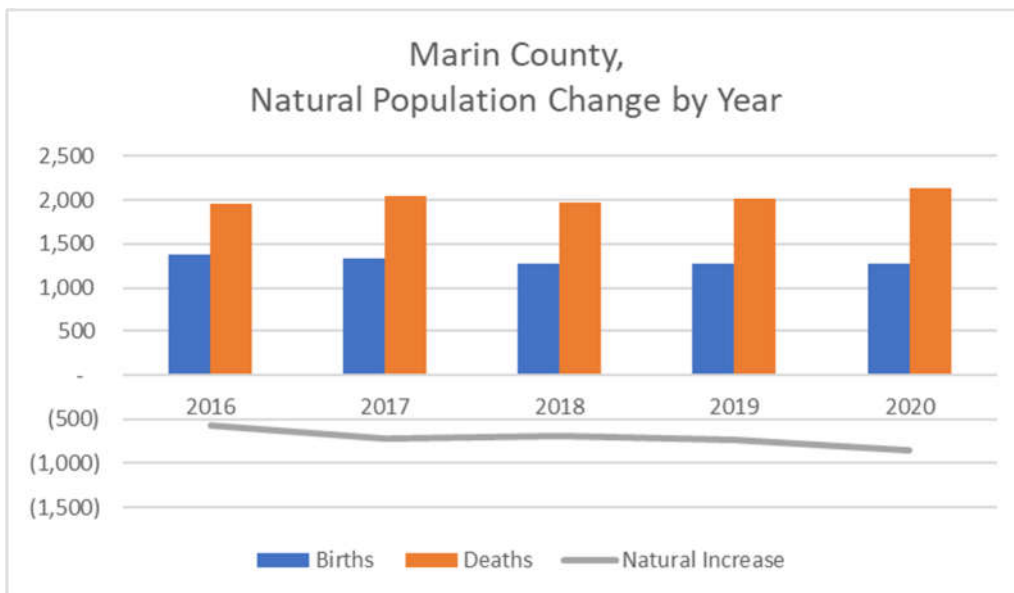
- Average age in 2020 was 42.4
- 36.4% of residents 25 or older have a bachelor's degree
- Life expectancy is 80.6 years



Source: California Department of Public Health and California Department of Finance, Demographic Research Unit

### Marin County

- Average age in 2020 was 47.1
- 60.2% of residents 25 or older have a bachelor's degree
- Life expectancy is 85.2 years



Source: California Department of Public Health and California Department of Finance, Demographic Research Unit

## APPENDIX E - STATEMENT OF INVESTMENT POLICY

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### 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 power's authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all 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 more than 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 F: APPROPRIATION CALCULATION

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	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>
Beginning Limit	\$142,288,336	\$146,414,925	\$152,544,355
Per Capita Increase in Cost of Living	1.0373	1.0573	1.0755
Population Change	0.9920	0.9854	.9946
County Used for Population Change	Sonoma	Sonoma	Sonoma
<b>Total</b>	<b>\$146,414,925</b>	<b>\$152,544,355</b>	<b>\$163,175,521</b>

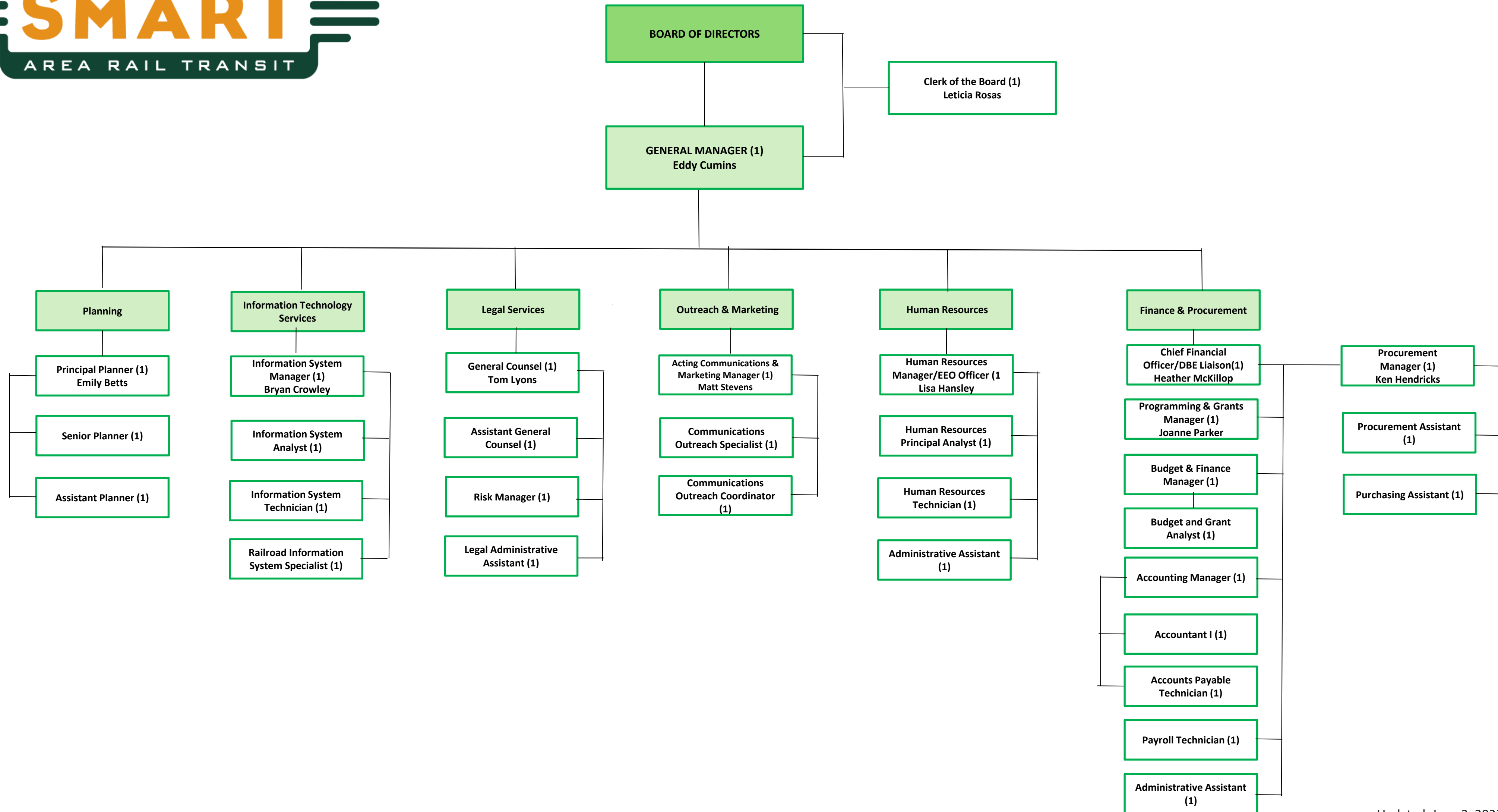
\* Per Government Code §7901, special districts located in two or more counties, such as SMART, may choose to use the change in population for the portion of the district which has the highest assessed valuation.

## APPENDIX G - ORGANIZATION CHART

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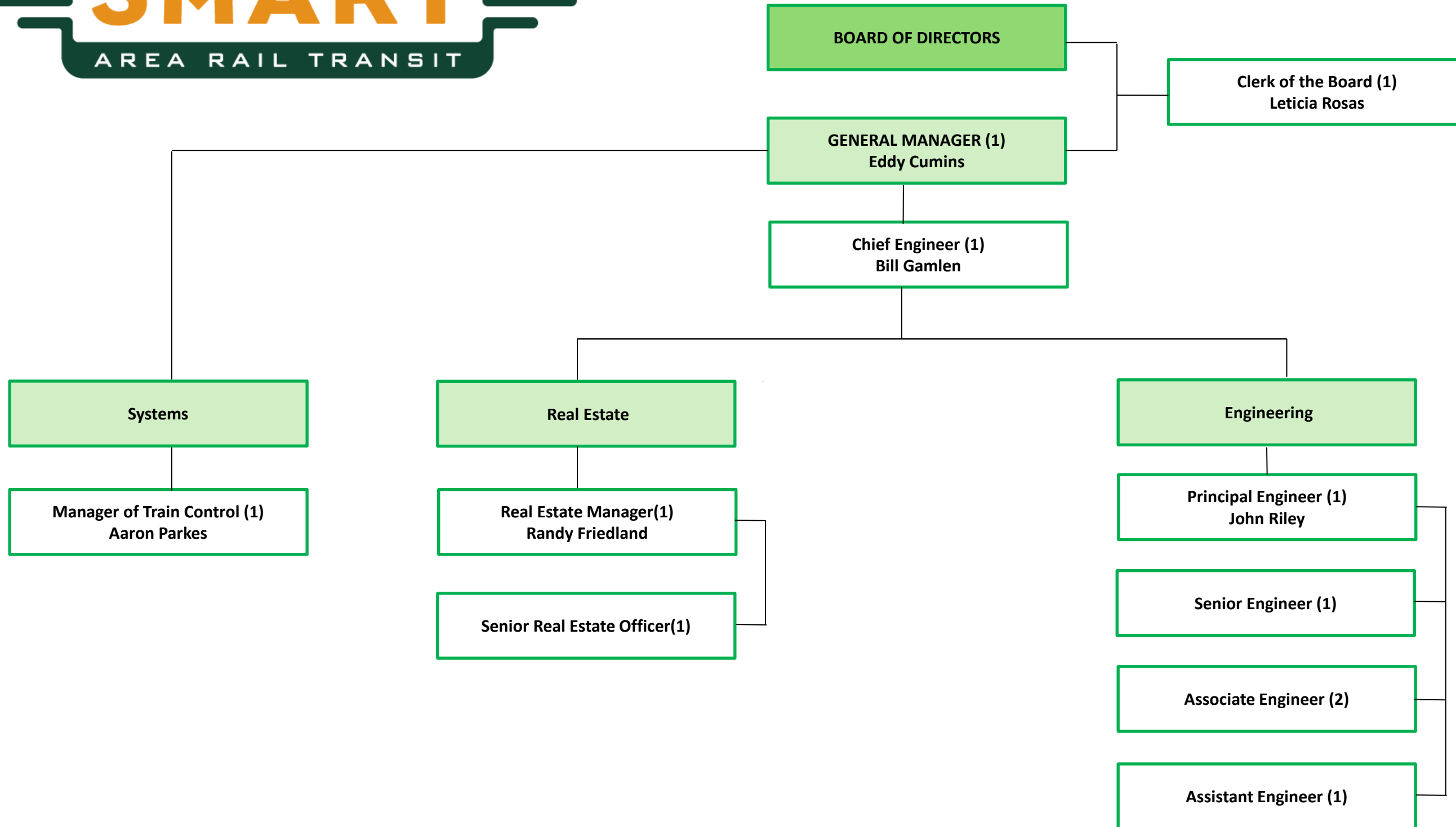
# ADMINISTRATION/FINANCE ORGANIZATION CHART







# CAPITAL ORGANIZATION CHART





# OPERATIONS ORGANIZATION CHART

