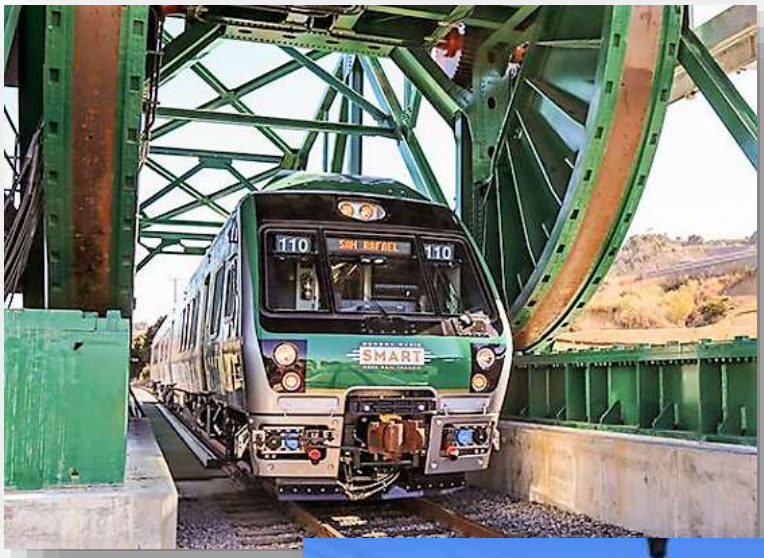
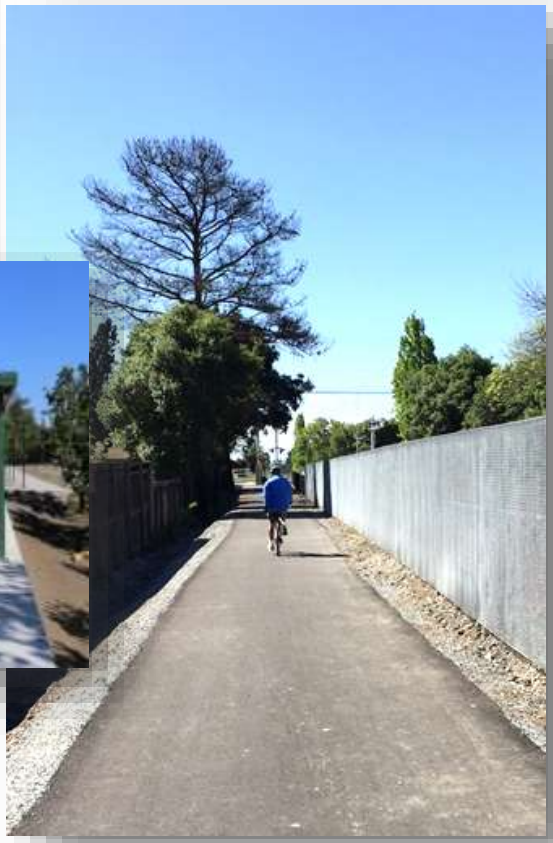
Sonoma-Marin Area Rail Transit District

Annual Report 2016





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About Sonoma-Marin Area Rail Transit (SMART)

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

SMART is currently implementing a passenger rail and bicycle-pedestrian pathway project funded by Measure Q, a one-quarter cent sales tax approved by Sonoma and Marin voters in 2008. It will ultimately serve a 70-mile corridor from Larkspur to Cloverdale, with a first phase from Downtown San Rafael to Sonoma County Airport Boulevard starting in 2017.

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

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Message From The Chair, Board of Directors

On behalf of the SMART Board of Directors, I am pleased to present the 2016 Annual Report, a progress update on our rail and pathway transit project funded by the voters of Marin and Sonoma Counties. Although SMART provides numerous reports to the public such as an audited, Comprehensive Annual Financial Report, monthly project reports and budget reports as part of our regular Board meetings, this Annual Report is designed to encompass information from each of those reports. It presents a summary of our progress to date on the SMART capital project, information on SMART operations, as well as a summary of financial activity for the year.

In 2016, SMART achieved a number of milestones, including:

- Substantial completion of all track, bridges and crossing infrastructure
- Construction of station platforms and finishes at our initial 10 stations
- Completion of multiple sections of the SMART pathway
- Federal approval of SMART's Positive Train Control testing plan
- Board approval of fares, discount programs, transfer credits and Smartphone app
- Addition of secure bike lockers and two more parking lots at stations
- Train test rides and multiple opportunities for the public to provide feedback
- Extensive coordination and training with law enforcement and safety agencies on rail emergencies
- Activation of 24-hour dispatch and complete staffing at the Rail Operations Facility
- Assumption of responsibility for track and signal inspections and maintenance

On behalf of SMART, I'd like to thank our many community partners for their time and effort in helping SMART achieve the goals set forth by the voters of the SMART District. We look forward to continued progress on the SMART rail and pathway project and the exciting start of passenger service in the coming year.

Sincerely,

Debora Fudge, Chair
Board of Directors

Trackway & Bridges, Signal & Train Systems

By the end of 2016, SMART's reconstruction of the railroad to prepare for passenger rail service was substantially complete. This included constructing new track throughout the 43-mile alignment, rebuilding or repairing 22 bridges, rebuilding 56 grade crossings, constructing four passing sidings (sections of double track), building ten stations, installing a state-of-the-art signaling and communications systems, and constructing a brand new Rail Operations Center (ROC).

In 2016 the primary focus was on signaling and systems installations, completing station infrastructure and passenger amenities, and commissioning the railroad system. Signal and systems installations includes work to ensure that the trains, the control center and the signals in the system are all communicating with each other. SMART completed integrating all systems with the Haystack Bridge and received approval from the Federal Railroad Administration to operate trains on signal indication over the Bridge. Train system signals were also modified in order to coordinate with local road signals in a number of locations. This helpful traffic preemption equipment was installed in both Petaluma and San Rafael to increase safety and provide more efficient traffic flow.

Commissioning of railroad systems in 2016 required extensive testing of the trains themselves, grade crossing warning systems, and testing the signaling and communication systems. Each system was tested and commissioned independently and then re-tested once the systems were integrated together. Testing began at slower operating speeds and gradually increased until it reached design speeds. At the conclusion of this system-wide testing, SMART will operate the system in a "simulated revenue" operation to mirror what regular service will be like. This operation will test the efficiency of the train schedule, station stops and help prepare the operators and crews for daily operation. This is anticipated to begin in early 2017. Testing will also focus on the implementation of Positive Train Control, as SMART will be among the first commuter rail systems with this safety enhancement. In 2016 the Federal Railroad Administration (FRA) approved SMART's Positive Train Control implementation plan which allows SMART to enter the testing phase planned for in early 2017.

Finally, significant work was completed on systems safety infrastructure, including emergency telephones at the Puerto Suello Tunnel, security cameras and intrusion detection at the Puerto Suello Tunnel and Haystack Bridge, system-wide radio coverage for seamless staff and emergency communication, and increased communication and monitoring capabilities at the centralized Rail Operations Control Center.

Environmental Mitigation Program

SMART's environmental mitigation program is nearing completion, with the winding down of construction work. In 2013 SMART acquired the historic Mira Monte Marina and began work to restore it to its native condition, creating wetlands, preserving habitat for endangered species and establishing a mitigation site for impacts that resulted from constructing the rail and pathway system. Construction work to remove old buildings and re-establish wetlands was completed in 2015. In 2016, SMART performed maintenance activities consisting of removing non-native and invasive plants, removing trash, and replanting areas where initial plantings failed to grow. SMART will continue to maintain and monitor the site on an ongoing basis.

Passenger Rail Cars and Rider Amenities

SMART's brand new, efficient rail cars arrived in 2015 and have been in use since that time for various types of testing. Throughout 2016, SMART continued to perform routine testing on each of the District's 14 cars to ensure readiness for grade crossings, positive train control, and systems communication. During that time, SMART was allowed to conduct some limited public test rides to see how well the trains performed with actual customers. As a result of all of these testing activities, a number of design improvements were added to each car including; improved radio communications, improved bike securement, and better accessibility to restrooms for riders.

In 2016 SMART discovered a potential design flaw in the train engines. Following that discovery, SMART worked with the carbuilder, Sumitomo Corporation of America, to design and approve a solution, which required a part in each engine to be replaced. The replacement work began in the first week of December, and will continue into the Spring of 2017. Additional acceptance testing of the cars will continue into early 2017 to ensure that the cars and the signal system work in tandem for a reliable and safe transit system that will serve the community for decades to come.

SMART installed an Automated Vehicle Location (AVL) system on the trains in 2016. This important safety equipment will, first and foremost, provide location information to all first responders to ensure timely response in case of an emergency. The AVL will also

transmit the location of the vehicle to our third-party contractor, Swiftly, for purposes of allowing the public to know when a train will be arriving at a station. Swiftly produces a smart phone application or "app" that SMART riders can download in order to obtain real-time arrival information. Swiftly will also provide that information to regional information network 511.org, as well as Google and other transit app developers who may provide other ways to use this information.

In 2016 SMART completed a competitive process to obtain a contract with The GBS Group to design and implement free passenger wireless internet services onboard SMART trains. GBS will work to install the necessary infrastructure on the trains which will communicate with local cellular providers to allow passengers a fast and reliable internet connection. SMART will also be providing Wi-Fi at its stations through a contract with Sonic.

Rail Stations

Although foundation and infrastructure work for station platforms was completed in a number places prior to 2016, this past year saw visible progress and near completion of work to make the platforms useable for the public. The work at these stations included constructing the high-level boarding platforms, passenger shelters, and important finishes such as railings, information kiosks, signage, bike racks and lighting. At three SMART stations where space was available, new park and ride lots were constructed: Hamilton Station in Novato, North Novato Station and the Rohnert Park Station. In late 2016 the Board also directed staff to use available funding to develop smaller, gravel parking lots at the Petaluma Downtown and Airport stations. Other important improvements installed during the year included security camera systems at stations and parking lots. In addition, although not yet fully functional, SMART contractors worked to install the required cabling needed for the Clipper vending machines and fare collection validators in preparation for passenger service to begin.

SMART also has been working with our local transit operators and local jurisdictions to gather information regarding locations of transit routes, transit stops, schedule and fare information, bicycle infrastructure, and points of interest in proximity to each station. This information will be utilized in wayfinding signage that may be displayed at each station. Staff is currently working to develop cost estimates for signage and will partner with the Metropolitan Transportation Commission to fund a portion of the wayfinding project.

BIKE PARKING AT STATIONS

In 2016, SMART finalized the Bicycle Parking Infrastructure Plan, that recommends bike parking infrastructure at the Initial Operating Segment stations as well as the planned Larkspur Station. The plan also evaluated the future northern stations as well, but did not make recommendations. In December of 2016, staff recommended the implementation of the secure bike parking element of the plan, in addition to the recommended U-Racks. Staff plans to work with local jurisdictions to implement the remaining infrastructure as recommended in the plan. It is expected that both the secure bike parking spaces and the U-Racks will be installed and ready for customer use for the opening day of passenger rail service.

Bicycle & Pedestrian Pathway

In March 2016, SMART completed the multi-year federal environmental approval process under the National Environmental Policy Act (NEPA) for the SMART Pathway between Guerneville Road in Santa Rosa (Santa Rosa North Station) and McInnis Drive in San Rafael (Marin Civic Center Station). This multi-year effort allowed SMART the ability, to construct multiple segments of pathway in 2016. Several contracts for construction of pathway segments had been awarded in prior years and the federal environmental clearance allowed SMART to apply finally for the required construction permits and even construct many of these segments in 2016 as detailed below.

CITY OF SANTA ROSA:

In 2016 SMART completed the construction of the following SMART Pathway segments in the City of Santa Rosa:

- Guerneville Road to College Avenue in Santa Rosa (Santa Rosa North Station connection)
- 8th to 6th Streets in Santa Rosa
- Hearn to Bellevue Avenues in Santa Rosa

These sections of pathway, in conjunction with previously constructed segments, create a nearly continuous pathway from Bellevue Avenue in southwest Santa Rosa to the Santa Rosa North Station.

ROHNERT PARK & COTATI:

In 2016 SMART began or completed construction of the following SMART Pathway segments in the Cities of Rohnert Park and Cotati:

- Golf Course Drive to Southwest Boulevard (Rohnert Park Station connection)
- Southwest Boulevard to E. Cotati Boulevard (Cotati Station connection)
- E. Cotati Boulevard to Manor Drive (Cotati Station connection)
- Manor Drive to Sonoma Mountain Village (privately funded)

PETALUMA:

In Petaluma, SMART worked to advance engineering design of the SMART Pathway segment from Payran Street to South Point Boulevard in Petaluma, over the Petaluma River and under Highway 101 connecting East and West Petaluma. SMART succeeded in receiving $1.4 million in highly competitive State Active Transportation Program funds for construction and additional grants have been submitted to complete the full funding package.

NOVATO:

In 2016 SMART was able to apply for construction permits and will construct once permits are issued on the following SMART Pathway segments in the City of Novato:

- Atherton to Rush Creek Place (San Marin Station connection)
- Grant Avenue to Franklin Pedestrian Crossing

SMART also completed permitting and construction of:

- Hamilton Parkway to Hamilton Station (Hamilton Station connection)

SAN RAFAEL:

In 2016, SMART was able to submit permit applications to construct the SMART Pathway from the Marin Civic Center Station to San Pedro Road. The project will be ready for construction in 2017 once permits are issued. Once completed, this segment in combination with the project segments completed in partnership with other agencies, will provide near continuous pathway from Terra Linda to Downtown San Rafael.

PARTNERSHIPS WITH OTHERS:

The Pathway segments constructed by SMART have been advanced with a combination of funds from the following:

- SMART's Measure Q
- Sonoma County Transportation Authority's (SCTA) Measure M
- Metropolitan Transportation Commission's (MTC) Regional Measure 2 Bridge Toll Safe Routes to Transit
- Sonoma County Open Space and Agricultural Preservation District's Matching Grant Program
- California Natural Resources Agency's and State of California's Enhanced Environmental Mitigation Program
- SCTA/MTC One Bay Area Grant Program
- State of California's Active Transportation Program and Transportation Enhancements

SMART-built segments will join several critical segments of the overall North-South Greenway and SMART Pathway that were built by partner jurisdictions funded through grants, local jurisdiction resources and Measure Q. SMART staff closely coordinated with the project management for each of these projects to ensure seamless integration. Those projects completed by partner jurisdictions included the following:

- Segments of the Foss Creek Trail by the City of Healdsburg
- College to 8th Street Path by the City of Santa Rosa
- Joe Rodota Trail to Hearn by Sonoma County Regional Parks in Santa Rosa
- Lincoln Hill Pathway by Caltrans in San Rafael
- Cal Park Hill Tunnel and Pathway by Marin County between San Rafael and Larkspur
- Central Marin Ferry Connection project completed in May 2016 by the Transportation Authority of Marin connecting the SMART right-of-way across Sir Francis Drake Boulevard between the SMART Larkspur Station and the Larkspur Ferry Terminal.

By joining together the pathway segments constructed by our partners, segments constructed by SMART in 2016, and those segments under contract for construction in 2017, we have completed many of the SMART Pathway connections to our rail stations and provided significant ability to travel by bike through the cities of Santa Rosa, Rohnert Park, Cotati, and San Rafael.

Rail Extensions

SMART began 2016 with a fully funded rail extension project from Downtown San Rafael to Larkspur. Funding will come from the Federal Transit Administration (FTA) Capital Investment Grant Program, The Congestion Mitigation and Air Quality Improvement Program (CMAQ), and Regional Measure 2 Bridge Toll funds. This 2.2 mile extension will provide a regional connection with the Golden Gate Ferry to access San Francisco. The project includes a terminal station in Larkspur, three bridges and utilizes the recently (2010) rehabilitated Cal Park Tunnel that connects San Rafael and Larkspur.

SMART began design work for the Larkspur Extension Project which included field survey and geotechnical work, as well as developing the track alignment, bridges and stations details. SMART has spent the year working closely with its local partners: Golden Gate Bridge Highway and Transportation District (GGBHTD), Marin Transit, the Transportation Authority of Marin (TAM), the Town of Larkspur and the City of San Rafael on the various details of planning the rail extension. This group has developed short-term solutions to reconfigure the Bettini Transit Center in order to prepare for the train. SMART has worked closely with the City of San Rafael on design options to close two at-grade crossings along Francisco Boulevard West and to support the City with their at-grade crossing application to the California Public Utilities Commission to preserve Anderson Drive's ability to cross the railroad track.

SMART initiated a design-build procurement to hire a contractor and designer to complete the design and construct the project. SMART plans to award a contract in the spring of 2017.

Operations

SMART Operations Department moved very close to the finish line of becoming an operating passenger rail service in 2016. During 2016, Operations hiring continued at a brisk pace. By the end of the year, 45 new staff members had been hired, with only a few vacancies remaining to complete its full-time staff of nearly 80 people. Reaching nearly full staffing levels allowed the District to take over railroad dispatch responsibilities, which required a fully functioning, 24-hour Operations Control Center(OCC) located at the Rail Operations Center (ROC) in Santa Rosa. SMART has also been utilizing its Fulton Maintenance Of Way facility as the primary site for all non-train maintenance, and the Roblar Satellite Facility which is an alternate site for train crews to report to and includes storage facilities for extra parts and equipment for responses on the south end of the system.

Staff training continues as we ramp up for passenger service. Engineer/Conductors are becoming familiar with our 43-mile service area and related signals and systems. In September, many of the Engineer/Conductors received their SMART badge after completing the required Public Officer training.

The Transportation Division has been staffing and dispatching up to five trainsets per day in support of signal activation activities and other train systems testing as we move toward operations under an Automatic Train Control /Centralized Traffic Control (ATC/CTC) environment.

The Maintenance of Way Division is working with SMART contractors as the newly built signal control system is turned over to SMART control. This includes assumption of responsibilities over many of the inspections required by the Federal Railroad Administration (FRA). This Division is also handling trouble calls related to crossing gates and ensuring any needed repairs are

completed. Mandated track inspections are being completed by SMART's track crew and they are keeping the right-of-way in top condition making the repairs and adjustments needed to provide a smooth ride for our future passengers.

The Vehicle Maintenance Division is working closely with SMART's rail car builder to fix remaining issues, swap engines to correct design problems (mentioned earlier) and to learn all the intricacies related to maintaining a state of the art modern train. Vehicle Maintenance staff continues its training on SMART's complex control systems including the ATC/CTC system that provides Positive Train Control (PTC) protection, radio systems, Wi-Fi installation, Automatic Vehicle Locator (AVL) installation, data recorders, video system maintenance and downloads, train electronic systems, and many other of the thousands of components that make up a rail vehicle.

All of SMART's maintenance activities will be tracked in it new Maintenance Management Information System (MMIS), which became fully operational in December. This system is used by Operations for tracking parts and inventory, creating Purchase Requisitions, creating work orders system-wide, and scheduling required inspections and repairs. As we grow and continue to populate the system with additional information, the MMIS program will become central to and invaluable to most activities on the railroad.

Another program brought online in 2016 is a web-based learning management system. SMART is utilizing this new training system to structure flexible training programs using both computer-based and hands-on training necessary for most jobs in Operations.

Also in 2016, staff continued to develop the plans, schedules, Standard Operating Procedures (SOPs), Timetable, System Special Instructions, rules, manuals and other documents needed to complete pre-revenue testing and transition into full service. FRA acceptance of many of those documents is required before SMART can begin service and this requires staff to be in constant contact with our federal partners to ensure our system meets all federal requirements. This will allow Operations to move into all the pre-service activities needed in early 2017: time-trial testing of the proposed weekday and weekend schedules, training of crews and staff during simulated daily service, emergency drills internally and with other agencies, simulated service disruptions and recovery techniques, and daily practice on excellent customer service.

FARES AND TRANSIT COORDINATION

In 2016 the SMART Board held several public meetings to discuss train fares, preview SMART's Clipper vending machines, and approve the development of a smartphone application for the payment of fares. Fares were based on a number of factors, including the need to pay operating costs, comparable fares for other commuter trains, and feedback from the public. Staff worked with other transit agencies to develop a regional transfer discount of $1.50 when passengers are transferring between the train and local bus services. The Board also adopted an "Eco-Pass" for businesses, colleges or institutions who purchase discounted passes for their employees or members for four six or twelve-month periods. Finally, the Board gave direction in December of 2016 to develop not only a new 31-day monthly pass but also a phased-in approach for fare collection at the beginning of service that will provide periods of free and reduced-cost service before full fares are collected.

SMART staff convened its transit operator coordination group nine times in 2016, a group that included Golden Gate Transit, Marin Transit, Petaluma Transit, Santa Rosa CityBus, Sonoma County Transit, and MTC's Clipper staff. Together the group worked on issues such as the transfer credits (mentioned above), marketing coordination, Clipper card implementation, private shuttle implementation, bus route/service modifications to better connect riders to train service times, bus operator rail safety training and orientation, and coordination of service map design and content. The public was notified of proposed service improvements via each operators' individual public outreach process as well as through a SMART Board discussion.

SAFETY AND SECURITY

SMART's safety and security team had a busy year preparing for passenger service and addressing current issues along SMART's right of way. Training with local police patrol teams, SWAT teams, Bomb

squads, Hostage Negotiation Teams and K-9 teams were conducted throughout the year. We have now trained with every law enforcement agency along the right of way in both Marin and Sonoma Counties. This training has been invaluable in preparing for real emergencies and incidents along our right of way.

SMART partnered with the City of Novato, Novato Fire Protection District and the Novato Police Department to conduct a full-scale training exercise in 2016. This training day covered a variety of scenarios ranging from medical response to a domestic violence incident on the train. Not only was it an exercise of skill and tactical entry, but tested our communication operability utilizing state mutual aid communication channels.

Internally, SMART staff conducted several exercises to prepare for emergencies, including communications and response protocols during accidents and activities necessary during major storms and flooding. Staff has been identifying track "hot spots" during storms, predetermined emergency response locations and working with equipment vendors to set up accounts.

SMART's Chief of Police continues to work to ensure the District is familiar with and ready for an emergency that may occur, including attending federally-sponsored trainings. SMART and the Marin County Offices of Emergency Services hosted a three day "Terrorist Tools and Tactics for Transit" course. This course was an overview of historical transit cases, prevention efforts, screening best practices and hazard mitigation techniques. Officers from Marin and Sonoma counties were in attendance.

In 2016 SMART continued its ongoing presence at several meetings throughout Marin and Sonoma. These meetings include; Sonoma County Emergency Disaster Council, Sonoma County Police Chiefs Association, Marin County Police Chiefs Association, Homeless Outreach Services Team, FBI Rail Liaison and Transportation Security Administration Mass Transit Stakeholders. At each of these meetings SMART prepares updates to share with our community partners and provides formal presentations

when requested. In addition to the ongoing meetings, SMART applied for grants with Office of Traffic Safety (OTS), Urban Area Security Initiative (UASI) and State Homeland Security Grant Program (SHSGP).

Staff hosted several meetings

throughout the year with Marin and Sonoma County Health and Human Services Departments to discuss suicide prevention. This collaborative approach was used to fund and create signage for SMART's right of way. This signage was an outreach message for suicide prevention and a contact number. The Health and Human Services Departments funded the purchase of signs and SMART staff installed them along the right of way.

In 2016 SMART hosted a number of meetings, tours and information-sharing exercises with other law enforcement, health, school and public safety agencies, including the Department of Homeland Security, Surface Transportation Division, the California Highway Patrol, Sonoma County Sheriff Coroner's Office, Marin County Sheriff Coroner's Office and Central Marin Police Authority, and other first responders. SMART staff was invited to be a guest at the ACE Train derailment debriefing for its first responders. Staff was able to hear firsthand how the coordination worked in responding to a train derailment with 214 passengers on-board. Many valuable lessons were learned by staff that can be applied to SMART.

Security staff in partnership with Operations staff, conduct ongoing fencing reviews and implementation throughout the corridor. The fencing has assisted in making the right-of-way safer by keeping the public out of active train areas as well as clear of garbage, trespassers and homeless encampments. SMART's Fulton property for many years has been a dumping ground for garbage, tires, homeless encampments and a nuisance for the area property owners and Sonoma County Sheriff's. Now that the area has been fenced, these issues have gone away.

SMART also welcomed two Code Compliance Officers in late 2016 who have been busy conducting patrols up and down SMART's track and pathways. In their first month, they responded to twenty calls for service. These calls ranged from trespassing, encampments along the right of way and/or transients on the pathway. In the recent weeks, since SMART's increased presence, the transient population camping on SMART's property has diminished. These patrols will continue on a regular basis to maintain safety along our property. The code compliance team has partnered with many agencies for homeless clean-ups and outreach to include: the Santa Rosa Police Department, California Highway Patrol, Petaluma Police Department and the Homeless Outreach Service Team (HOST).

In 2016, the SMART Board approved an Ordinance setting fees and fines related to public access and activities on the train and on SMART property. The Board also approved joining Marin and Sonoma County's citation processing systems and the purchasing of software and equipment necessary to process citations. SMART's staff can now issue citations for violations of the penal code, vehicle code, or parking violations which will be processed in each county's court system.

In order to provide fast and easy access for passengers on our platforms to our Operations staff, emergency "call box" phones for each of the platforms were purchased and will be installed on station platforms in2017. This provides a 24-hour emergency line directly to our central control office in Santa Rosa.

Finally, SMART staff participated in ongoing planning for several community events to include, parades in Penngrove, Novato and San Rafael, a PG&E and First Responder Liaison Day and two major area events the Amgen Bike Tour in Santa Rosa and The Great Race in San Rafael. This planning is to ensure the safety of the public and the railway in these events that cross our active railroad tracks.

Community Outreach

In 2016, SMART revamped and enhanced its community outreach programs to reach a record number of people. SMART's Communications & Marketing team substantially increased overall public awareness, and worked hard to inform the public about testing activities, rail safety, service details, and the overall progress SMART has been making towards the start of service.

With the start of passenger service targeted for late spring of 2017, safety remains SMART's top priority—and safety is a prominent part of all of the District's presentations, events, and overall messaging. SMART engages the public in a variety of ways, including: presentations and community events; multiple social media channels; digital programs; advertising; and by working with local and national media. SMART's Communications and Marketing team also responded to more than 1,150 public inquiries in 2016 that came in through email and phone, addressing concerns or questions that arise.

RAIL SAFETY EDUCATION PROGRAM

With trains operating at higher speeds and with greater frequency as testing progresses, rail safety education for students in grades K-12 remains a high priority. In partnership with our local schools and with Operation Lifesaver, a national non-profit railroad safety education organization, SMART's outreach includes delivering presentations and materials to students that stress the importance of safety around trains, tracks and at all railroad crossings.

SMART significantly expanded its rail safety for students in 2016, nearly doubling its reach from the previous year. Today, SMART's rail safety education program is thriving, and has reached more than 26,000 students at schools in Sonoma and Marin counties. In all of its outreach efforts, SMART makes a special attempt to underscore the fact that rail safety is a community effort: Everyone has a role to play in raising awareness and to encourage safe behavior near all tracks and trains.

SMART CONNECTS WITH THE COMMUNITY

In addition to attending community events, conducting presentations, and deploying SMART's safety message in local schools, SMART also sponsored several major community events to raise awareness and enhance community connections including the two public test rides reported earlier. Using social media, SMART provided two "tickets to ride" for the first 50 people to provide their favorite rail safety tips. Both rides reached capacity within hours — and elevated the issue of rail safety in the process.

As a capstone to a tremendous year of progress, SMART organized a *Holiday Express Toy Drive*, inviting the community to visit one of three stations, tour the inside of a SMART train, and donate an unwrapped toy for a child in need. The toy drive was a big success, with hundreds of people touring the train and filling two train cars with donated toys that were delivered to Toys for Tots and local nonprofits in Sonoma and Marin counties. More than 600 toys found a new home, and SMART underscored its commitment of giving back to the community.

Media and Digital Outreach

In 2016, SMART doubled the number of news releases issued and continued to work proactively with media to share the importance of rail safety. Through coverage on television, in print, and online, SMART's system-wide testing provided the backdrop to remind our community to always be alert and aware near SMART tracks and at all crossings. That effort was supplemented with safety advertising throughout the year, in both Spanish and English. Those safety ads will continue to run in 2017.

With the start of passenger service approaching, SMART began development of a new, customer-focused website, to serve as a key information portal for transit customers. SMART's new website is targeted to launch early 2017, in advance of the start of passenger service.

SMART's Facebook, Twitter, Instagram and email newsletters are designed to enhance all of the District's outreach and marketing programs. In 2016, SMART has successfully ramped up its social media program—with excellent results. Our social media and digital program engagement numbers have more than doubled, reaching record numbers. SMART's Facebook page is now a verified page, which increases SMART's ranking in Facebook's search function. SMART's social media reach on Facebook posts has grown from less than 3,000 to more than 30,000.

Content on social media and other digital channels is focused on rail safety, building affinity through community events, and driving audience engagement in preparation for the start of passenger service.

Social Media Audience Growth: 2015 vs 2016			
Channel	***2015***	***2016***	***Growth***
Facebook	4,273	9,799	129%
Twitter	1,454	2,027	39%
Instagram	347	1,093	215%
Email Newsletter	6,741	8,819	31%

Data as of Dec. 28, 2016

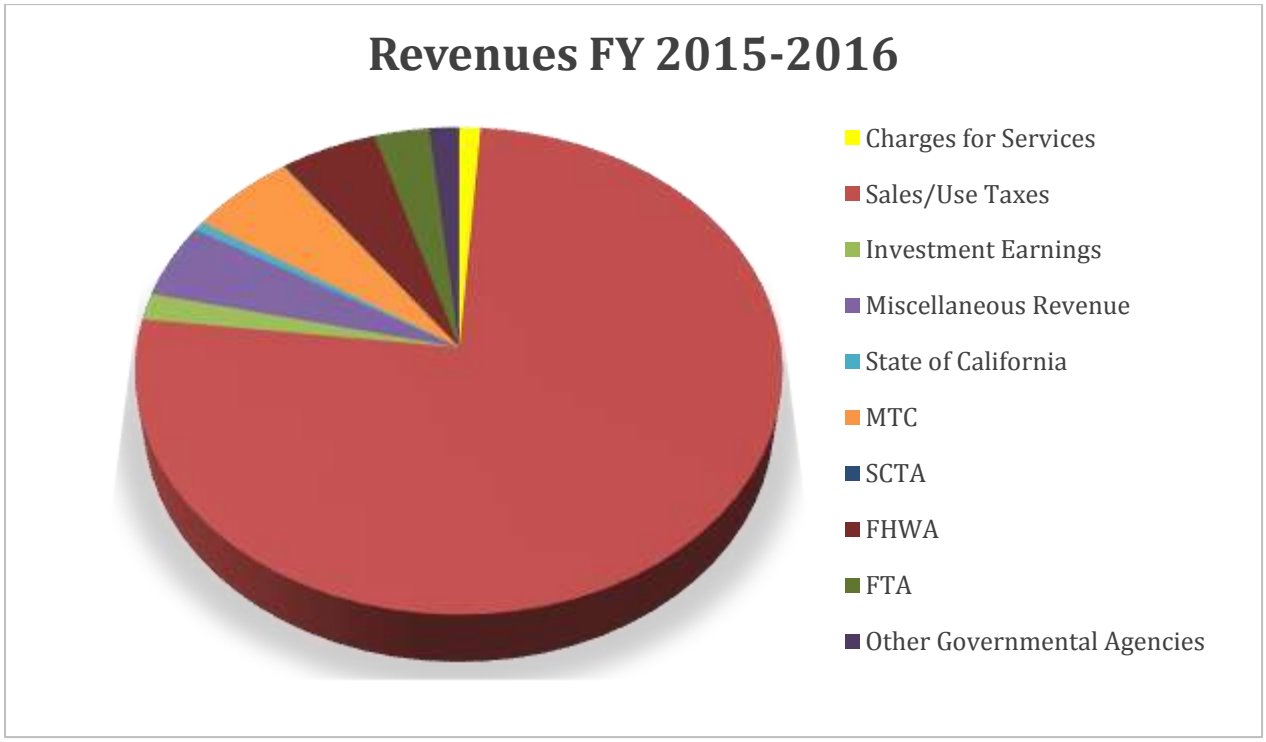
SMART Community Connections: 2016 Facts and Figures

- SMART participated in 134 presentations, meetings and community events, more than double the amount for the prior year.
- SMART reached roughly 70 percent more students with our safety messaging compared to the previous year. More than 26,300 students in Sonoma and Marin county schools received a SMART railroad safety presentation.
- SMART responded to more than 1,150 phone and email public inquiries, answering questions and providing information.
- SMART social media and digital programs showed an average growth in audiences of 103 percent.
- SMART's Facebook audience grew 129 percent from the previous year.
- SMART's Twitter audience grew 39 percent from 2015.
- SMART's Instagram audience grew 215 percent from the previous year.
- SMART's electronical email newsletter audience grew 31 percent over last year and now reaches 8,819 people.

Financial Information

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

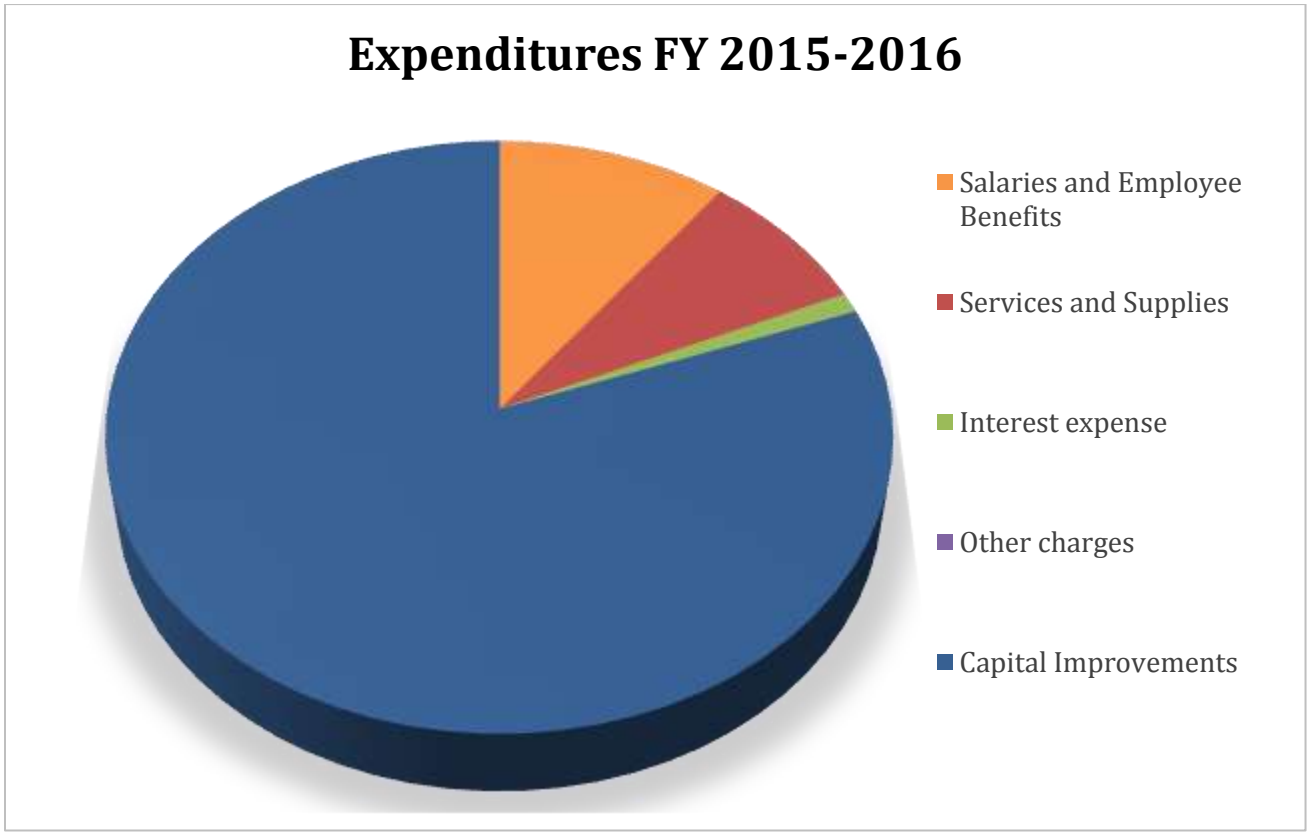
SMART's revenues in Fiscal Year 2015-16 were $45.9 million. Sales Tax revenues continued to grow but the rate of growth slowed considerably over the prior year. Tax revenue for the year of $34.8 million represented an increase of 2.75% over FY 2014-15. Other revenue was primarily related to the completion of the Phase 1 capital project, including $2.7 million from the Metropolitan Transportation Commission, and $2.4 million from the Federal Highway Administration.



At the end of the Fiscal Year, SMART had an unrestricted cash balance of $76.5 million. SMART also held bond funds of $21.6 million, which are primarily reserves controlled by SMART's bond trustee.

Expenditures for Fiscal Year 2015-16 were $74.9 million. Included in that total were $7.7 million in non-capitalized salaries and benefits and $6 million for services and supplies. The vast majority of

expenses were related to the building of the rail and pathway, known as Capital Improvements, which totaled $60.3 million. Of that amount, over $8.8 million were for track and infrastructure needed for the railway. $6.8 million was invested in the new Haystack Bridge, $10 million was paid for rail vehicles, $11.3 million was invested in Stations, and nearly $13 million was paid for train control systems, including Positive Train Control. Direct SMART pathway expenses related to federal environmental clearance, design, and construction were $2.6 million. Initial design work on the Larkspur Extension was $1.5 million. Finally, SMART also accepted a donated asset, the Central Marin Ferry Multiuse Pathway in Larkspur which extends from the CalPark Tunnel onto a bridge over Sir Francis Drake Drive to the Ferry Terminal which is valued at $16.2 million.

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