



Sonoma-Marín Area Rail Transit District Annual Report - Measure Q Program 2014

5401 Old Redwood Highway, Suite 200
Petaluma, CA 94954

About Sonoma-Marin Area Rail Transit (SMART)

SMART is a transit district created by the State of California in 2003 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 anticipated to begin rail operations at the end of 2016.

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

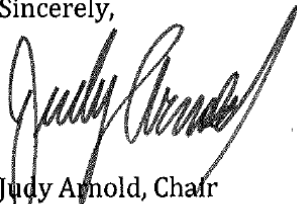
On behalf of the SMART Board of Directors, I am pleased to present this year's Annual Report, a progress update on our rail and pathway transit project funded by the voters of Marin and Sonoma Counties. Although SMART provides numerous reports to the public such as an audited, Comprehensive Annual Financial Report, monthly General Manager 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 and Operational readiness project, information on SMART operations, as well as a summary of our financial activity for the year.

In 2014, SMART achieved a number of construction and project milestones, including:

- Completing an additional 25.5 miles of track crossings and minor bridges
- Completion of over 22 bridges, including significant structures such as the Gallinas Creek and Novato Creek Bridges
- Installation of necessary foundation piers for the Haystack Bridge replacement
- Completion of first set of new passenger rail vehicles, including delivery to a national testing facility
- Significant progress in environmental permitting and mitigation, including completion of permits for the Mira Monte restoration and rail construction in Marin County
- Hiring of a number of new Operations-critical staff positions needed for the arrival of rail cars and acceptance of track
- Continued growth in sales tax revenue receipts as the economy has steadily recovered
- Completion of our five-year Strategic Plan illustrating our financial stability into the future

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 in the coming year.

Sincerely,



Judy Arnold, Chair
SMART Board of Directors

Trackway and Bridges, Signal and Train Systems

Although the SMART project takes place primarily on an existing railroad right-of-way, commuter train operations of up to 79 miles an hour require SMART to rebuild most of the rail infrastructure. That means all track, bridges, and other structures along the 43 miles of the first phase of the project have been or will be under construction. It also involves the creation of a new signal system to control train movements and safety measures for the entire rail right-of-way. In 2014, SMART's two major design-build contractors continued their work in these areas. Stacy and Witbeck/Herzog, whose scope includes track work, bridges, drainage, at-grade crossings and other infrastructure from Airport Boulevard to the Marin Civic Center, completed 25.5 miles of mainline track reconstruction in Sonoma and Marin, with additional mileage and track sidings under reconstruction continuing into 2015. In addition, Stacy and Witbeck/Herzog has rebuilt or repaired 22 bridges and rebuilt 36 grade crossings.



The following specific components were part of this work in 2014:

- Completed ballasted track from Roblar grade crossing to 1 mile south of Haystack Bridge (Petaluma River).
- Drainage work from Civic Center Drive to Haystack Bridge (Petaluma River).
- Completed the replacement of Novato Creek, San Antonio Creek, Gallinas Creek, Hannah Ranch Slough and Miller Creek Bridges.
- Significant work on Cotati and Hamilton passing sidings.
- Completed rehabilitation of Shultz Slough Bridge and Mark West Creek Bridge.
- Completed rehabilitation of minor bridges south of Petaluma.

Work on SMART train communications and control systems made significant progress in 2014. Train systems include various mechanisms for communication and electrical integration for the railway, including Positive Train Control which will allow SMART to control trains remotely for a higher level of safety for the public.

In 2014, SMART systems subcontractor Modern Railway Systems substantially completed design work including work on signal system circuit design, as well as the communications and radio system and the Haystack Bridge controls interface. By the beginning of 2015, ductbank installation was nearly complete, with segments at the Haystack Bridge and short segments in San Rafael remaining to be completed. Other work in 2014 included installing foundations and conduits, signal masts and other wayside equipment. Locations are being prepared for new central instrument locations, or “houses” and some are getting upgrades. Work continues on signal system circuit design, as well as the communications and radio system and the Haystack Bridge controls interface.



SMART’s second design-build contractor, Shimmick Construction, has been hard at work since being awarded a \$68.7 million design-build contract in late 2013 to complete track and signals from the Marin Civic Center Station to the downtown San Rafael station. Progress in 2014 included:

- Significant utility relocations in downtown San Rafael
- Design and construction of track work in a very busy section of the City of San Rafael
- Design and strengthening of the Puerto Suello Tunnel
- Progress on grade crossing installations, including completion of Mission Avenue



Shimmick Construction is also responsible for the technically challenging replacement of the Haystack Moveable Bridge at the Petaluma River. The current bridge will be replaced with a rolling bascule bridge purchased from Galveston Texas in 2012. In 2014, significant preparation work was undertaken, including:

- Bridge structural repairs and the fabrication of new components. Construction of deep pier foundations to support the bridge.
 - Installation of the bridge’s signal house.

- Beginning installation of the concrete block wall along east side of track embankment has begun.
- Painting and finishing of replacement bridge components.
- Completion of the fiber optic duct bank and power bore under the Petaluma River.
- Some existing treated wood piles were removed from the south bank.

Shimmick Construction also began work on SMART's new Operations and Maintenance Facility (OMF) at Airport Boulevard in north Santa Rosa. This is the facility that will house our passenger vehicles, 24-hour dispatch of passenger and freight trains and other operations functions. Progress in 2014 included



completion of design, utility relocations and installations, as well as significant progress on the maintenance building itself. Finally, work on the remaining track segments from the Marin County Civic Center to Downtown San Rafael is well underway.

Environmental Mitigation Program

Although the rail construction work is primarily comprised of rehabilitation and replacement of existing infrastructure, there are still multiple requirements for environmental mitigation as a result of the California Environmental Quality Act (CEQA) and federal environmental requirements. And as mentioned more in detail in our Pathway section, the multiuse pathway is a new facility requiring full environmental review and permitting. The requirements associated with permitting both the rail and the pathway have proven to be a large challenge for SMART. In late 2013 and early 2014, SMART faced significant permitting delays that impacted construction timelines. Without sufficient existing local mitigation bank sites available, in 2013 SMART purchased the 60-acre Mira Monte Marina property along the Marin/Sonoma border to provide local prime wetland environmental mitigation. In doing so SMART essentially created its own project mitigation bank. The design work and initial construction that began on the Mira Monte Restoration project in 2014 facilitated the restart of the construction on the SMART rail project that had been halted just before reaching Marin

County. In late 2014 as construction on the wetland creation was beginning, work continued on the development of a Long Term Management Plan and Deed Restrictions for Mira Monte. In addition to this major progress, in 2014, SMART received permits for important project elements as follows:



- Marin Civic Center to Downtown San Rafael (IOS-2)
- Replacement of the Haystack Moveable Bridge
- Operations and Maintenance Facility (OMF) at Airport Boulevard
- Station finishes—Marin station layouts were submitted to state and federal permitting agencies for approval prior to construction as part of the IOS-1 South and IOS-2 permit conditions. Sonoma station

layouts are now under review for submittal to permitting agencies.

In addition to the substantial challenge of construction permitting for a 43-mile project, in 2014 SMART worked hard on the impact related to one particular tree: a 56-foot redwood tree believed to be a “Chimera” tree-- containing both normal and albino traits. The 45-year old tree, located within approximately 10 feet of the centerline of the passing track to be installed at that location in Cotati. SMART right-of-way in this location is about 60 feet wide, and the tree needed to be removed to accommodate two tracks and the multi-use pathway as well as safety clearances required under state and federal regulations. Because of the limited number of these trees and the desire by the community, scientists and others to preserve the specimen, SMART worked together with contractor Stacy and Witbeck/Herzog who carefully moved the tree rather than cut it down. After weeks of extensive preparation and hours spent excavating, the tree was relocated 450 feet over where it is now maintained and can be seen from the Cotati rail station, with hopes that it will live long into the future as a valued contributor to the local and scientific communities

Passenger Rail Cars

Train service in Sonoma and Marin will be provided in state-of-the art Diesel Multiple Unit vehicles which will be the least polluting and safest passenger rail cars available.

The manufacturing/assembly of the new cars is well underway by our Vehicle contractor Sumitomo Corporation of America/Nippon Sharyo. The first, or “pilot” two-car train set was completed in 2014 and underwent a series of rigorous component tests both in Japan and then after final assembly in Illinois. Initial on-track testing took place in 2014 at the national rail testing facility in Pueblo, Colorado in preparation for the trainset’s expected delivery to SMART in April. Testing included every aspect of the trainset, to ensure safety, quality and compliance with all federal regulations



Rail Stations

With the exception of the Airport Station which is being built completely by Stacy and Witbeck/Herzog, the other nine stations have been constructed in two discrete phases. For the southern nine stations, the foundations for their platforms were constructed by Stacy and Witbeck/Herzog. Under a separate contract, Shimmick Construction is responsible for design and construction of the top slab and amenities for passengers on the platforms for those nine stations. Identifying and coordinating utility connections was a main activity through 2014 and into 2015.

In addition, meetings were concluded between SMART and local partners who have provided comment letters on 65% Station design plans. SMART closed 2014 with a process to categorize and compile comments in a manner that will allow the SMART Board to make policy decisions around those stations in 2015.

In order to add Larkspur as an 11th station, SMART worked with the Transportation Authority of Marin and the Metropolitan Transportation Commission to receive programming of \$20 million for that anticipated \$40 million project. With that local funding in hand, SMART focused on completion of work in connection with Federal Transit Administration (FTA) Small Starts grants process to provide federal funding for the other \$20 million needed. Federally required Environmental Analysis (EA) was substantially complete in 2014, in preparation for funding from the federal Small Starts program. As 2014 came to a close, the Federal Transit Administration and SMART were in the process of accepting public comments on the SMART Downtown San Rafael to Larkspur Extension EA document.

Bicycle and Pedestrian Pathway

Shimmick Construction's contract awarded in late 2013 included construction of seven segments of the SMART Pathway in Sonoma and Marin that have completed California environmental clearances. These segments, which will provide approximately 3¼ miles of pathway, were also chosen because they will enhance station access. They are:



- Prince Greenway to 3rd St., Santa Rosa
- Bellevue Ave. to Hearne Ave., Santa Rosa
- Manor Dr. to E. Cotati Ave., Cotati
- Rush Creek Pl. to San Marin/Atherton station, Novato
- Manuel Pedestrian Crossing to Grant Ave., Novato
- Main Gate Rd. to Pacheco Circle, Novato
- N. San Pedro Rd. to Civic Center Dr., San Rafael

In 2014, Shimmick worked with SMART staff and consultants to finalize design for those segments to prepare for construction in 2015. They are among the 17 segments in the approximately 20 miles of

Pathway within the Initial Operating Segment between San Rafael and Santa Rosa.

At the end of 2014, SMART was in the final stages of federal environmental approval known as the National Environmental Policy Act (NEPA) for the Pathway segments in the Initial Operating Segment. To get to that point, SMART completed a number of studies including the Natural Environment Study, a Water Quality Study, and a Biological Assessment. Still pending approval in 2015 are the Cultural Resources Investigations, State Historic Preservation Office Review and the final Categorical Exclusion. The NEPA process is essential to obtaining our pending Federal Transportation Funds for two of these segments – East Cotati Avenue to Southwest Boulevard and Southwest Boulevard to Golf Course Drive. Further, completion of the NEPA process will make the remaining Pathway segments eligible for Federal Funds. This process has also enabled significant progress to be made with permit agencies towards an understanding of Pathway construction permitting requirements including coordination with California Public Utilities Commission (CPUC) on Pathway rail and road crossings. It has also led to coordination of proposed Pathway work with Stations' design work including pedestrian and bicycle circulation, access into the stations, and plans for bicycle parking.

Outside of the SMART Initial Operating Segment, SMART has donated land and will ultimately own the Central Marin Ferry Connector multiuse pathway being constructed by the Transportation Authority of Marin southward from the future SMART Larkspur Station. In 2014, design and groundbreaking took place, with continued design and engineering review by SMART. This pathway will connect the SMART-owned CalPark Tunnel on the north side of Sir

Francis Drake Boulevard, to the Larkspur Ferry on the south side. Ultimately the Central Marin Ferry Connector will be a useful connection for rail passengers connecting from the train at the future SMART Larkspur Station to the Ferry.

Operations

In 2014 SMART began “rail activation” activities, a process of transitioning from construction of the rail infrastructure to the realization of passenger service. The first step in that activation was to begin the increased hiring of permanent operations staff. New operations staff hired in 2014 include a Superintendent of Transportation, who will be responsible for all train movement on our tracks and our first Controller-Supervisor to oversee train dispatching, field supervision, and training of operating staff. Other important positions hired in 2014 are the Superintendent of Vehicle Maintenance, who will be responsible for the trains themselves as well as other vehicles owned by SMART, and SMART’s Safety and Compliance Officer, responsible for training of operations staff on rail safety procedures, and for providing technical submittals to regulatory agencies. As work continues to prepare for passenger service, staff and expert consultants are working daily on the hundreds of safety, regulatory, and other steps required to be prepared for commuter train operations. This includes visits with and submittals to the Federal Railroad Administration (FRA), the California Public Utilities Commission, (CPUC), the Federal Transit Administration (FTA) and others. In 2014, work on these regulatory submittals was ongoing.



In 2014, operations worked with our freight partners, the North Coast Railroad Authority (NCRA) on coordination of dispatch and safety requirements, coordination on construction of freight turnouts, and other daily operational issues. This included working with them following the 2014 Napa Earthquake which damaged some portions of the freight-only track. That morning SMART implemented important safety protocols that ensured all track was safe to use following the seismic event. These protocols were also employed following record storms late in 2014 that led to flooding and other structural concerns. In these events and others like it, SMART operations and engineering staff were activated and ready to address issues as they arose.

SMART collaborated for a second time with Amtrak and neighboring railroads in the Spring of 2014 to provide operations, safety support and staffing for an excursion train over SMART’s tracks bringing hundreds of passengers to the Sonoma Raceway’s NASCAR race in June. It again brought public passengers through Napa and into Sonoma to serve the important purpose of reducing traffic impacts on race day.

Finally, in 2014, in addition to daily work in assisting with design review of the Operations and Maintenance Facility at Airport Boulevard, SMART developed plans for rail and pathway maintenance staging, storage and support on SMART's property at Fulton Road in Sonoma County. One maintenance activity that continues to be ongoing is the cleanup of dozens of homeless encampment sites on SMART property in conjunction with local jurisdictions and homeless outreach providers.

Fare Collection and Transit Coordination:

In 2014, the SMART Board moved to adopt the Regional Clipper® fare collection system as its only fare collection system. This would mean that the Clipper® system will be implemented on the SMART system during the same timeframe as other North Bay bus transit operators who are having the regional Clipper® fare collection system implemented in 2015-16. In preparation for Clipper® deployment, SMART is working with the Metropolitan Transportation Commission (MTC), the manager of the regional Clipper® system, on issues such as procurement of Clipper® fare vending and validation machines, Clipper® mobile ticketing options and Clipper® Retail Network and institutional programs. SMART also has worked through 2014 on coordination of fare rules and transfer policies among North Bay transit operators. This work continues in 2015. Individual and collective meetings have taken place with the following operators (Santa Rosa CityBus, Golden Gate Transit, Sonoma County Transit, Marin Transit, Petaluma Transit, Mendocino Transit and Napa VINE).



In addition, SMART continues to work with local transit providers on route coordination and attraction of outside resources to support transit connectivity. SMART has also been working with local businesses on employer train connections and regional programs to support employee access to alternative commute options. Included in SMART's ongoing efforts to explore effective "first and last mile" solutions for accessing the SMART system were information gathering surveys conducted by SMART in 2014. The surveys were of both the general population and major employers and their employees to ask questions about potential SMART riders, numbers of SMART riders by employer and fare structure questions. Of particular interest was SMART's general phone survey result that found:

- 65% of potential respondents "screened-in" to the survey, by indicating they would consider riding SMART
- 91% of those responding said they would consider riding SMART if the service and schedule fit their needs
- 87% of potential SMART riders currently use cars for day-to-day travel, which tracks closely with recent data from other area transit agencies
- 64% of respondents would consider riding 1-3 days per week
- 15% would ride 4-7 days/week

- 45% would pay \$5 to ride the train one way, another 45% of respondents would pay between \$7 and \$12 to ride the train one way

Safety and Security: In 2014, SMART moved to address the numerous security needs of the new infrastructure and upcoming rail operations. In addition to the hiring of a permanent Security Manager, SMART began to increase its efforts to outreach to our law enforcement and safety partners along the corridor including Fire Chiefs and their department representatives, Police Chiefs and their command staff each County Sherriff, Emergency Medical Services, 9-1-1 dispatch centers, infectious disease health planners, and other public safety and security associations. Planning documents that our safety team have been working on include security management plans, vulnerability assessments, an Emergency First Responder Plan, Hazard analysis plans, among others. Each of these is a collaborative effort that have included involvement by our regulatory partners, first responder groups and input from other rail agencies. All of the safety plans are designed with safety of our passengers and employees as a priority.

Also in 2014, SMART received funding through a Homeland Security grant to purchase Automatic Vehicle Location (AVL). This technology will provide public safety agencies and SMART staff the ability to track our train locations during any sort of event where law enforcement or other response is needed. AVL will also allow for the ability in the future to track train arrival and wait times for trains at specific station locations.

Outreach and Education

In 2014, the SMART Community Education and Outreach Team continued to focus its outreach and education efforts on construction notification and rail safety education to our neighbors in Marin and Sonoma counties. Construction outreach to residents and businesses included: direct door-to-door neighborhood canvassing, distribution of bi-lingual door hangers, flyers and mailed letters, electronic message boards and construction news advisories to the press and public service agencies and municipal organizations.

In addition, construction information is updated to the SMART Construction Updates webpage and posted to multiple social media channels. Related to construction notification, the SMART Community Education and Outreach Team also conducted 3 public meetings in advance of construction in Marin County.

The SMART Community Education and Outreach team made 36 public presentations to a variety of audiences – primarily in civic organizations and professional associations (such as Rotary Club, Active 20/30 Club, Sons in Retirement, and North Bay Association of Realtors).



In July, 5 SMART staff became Authorized Operation Lifesaver volunteers (trainers) and SMART Community Education and Outreach continued to incorporate rail safety information into all presentations and into public information booths and tables at fairs and public events.

SMART participated in 24 fairs and community events, (with a total attendance of over 430,000 people) and engaged with over 5,000 members of the public in 2014. Events included: Cloverdale Citrus Fair, Petaluma Butter & Eggs, Tour de Novato, Cinco de Mayo, NASCAR (Sonoma Raceway), Marin County Fair, Novato Art & Wine, Sonoma County Day at the Fair, Levi's Granfondo, Biketoberfest, and North Bay Discovery Days Science Fair. Outreach material at events focused on project updates and safety education where people were encouraged to play the bi-lingual rail safety game developed by SMART Community Education and Outreach.

SMART also focused on a variety of community partnerships in 2014 including: the North Bay Leadership Council Algebra Academy for minority youth entering High School, California Operation Lifesaver and Sonoma Safety PALS (Prevention and Life Safety), a county-wide public safety agency collaboration theatrical play delivering safety messaging to over 2,000 elementary students in the spring and fall of 2014.



SMART continued its on-line presence with website add that included links to the SMART Progress Update webpage which is updated daily with current status information (accessible from the SMART website home page).

We regularly updates the public using Facebook, Twitter and the SMART Construction Updates web page.

In August SMART added Instagram to its list of Social Media outlets. As of the end of 2014 SMART enjoyed wide public outreach through the internet as follows:

6,063	Constant Contact	Emails
3,000	Facebook	Likes
1,068	Twitter	Followers
45	Instagram	Followers

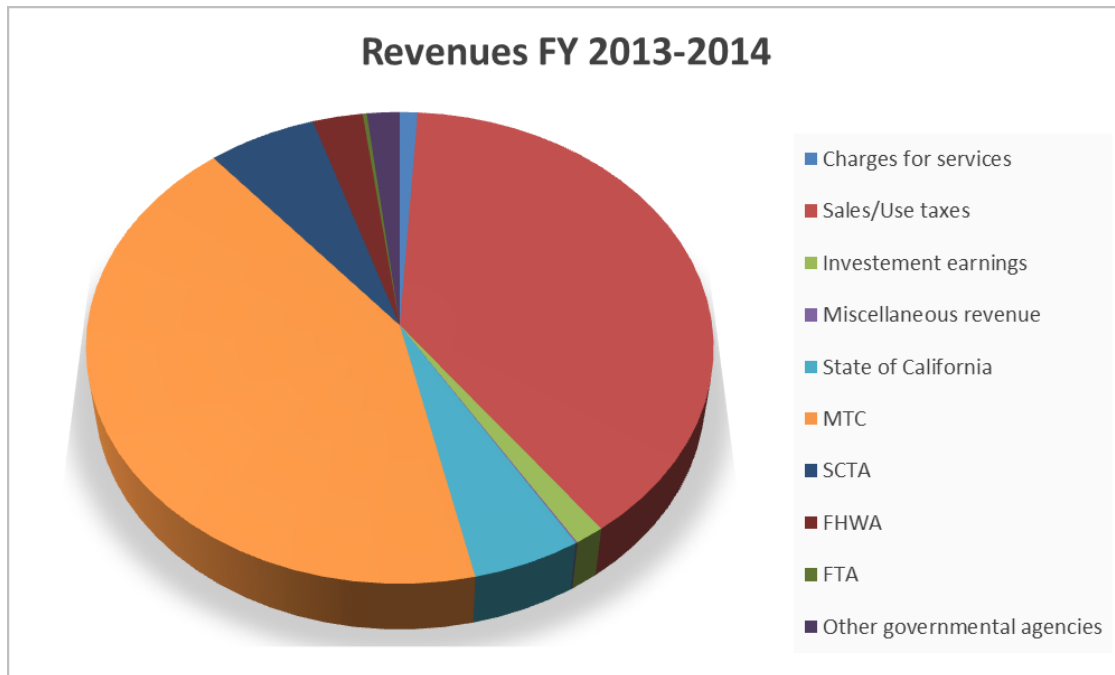
Financial Information

While SMART’s Comprehensive Annual Financial Report presents information on our financial activities throughout the year, the format and language of that report follows government accounting standards and does not necessarily present the information in a format accessible to the general public. In addition, that report presented information, for the first time, in a way that utilizes enterprise accounting rules. These rules categorize certain expenditures in a way that makes them harder to follow. Thus, in this report we present revenue and expenditures information in a format that more closely reflects the government budget process. In Fiscal Year 2013-14 SMART received total revenues of \$83,600,585.

Those Revenues include:

- Sales Tax Revenues of \$32,473,329
- Sales tax funding from Sonoma County’s Measure M (SCTA) of \$5,136,487

- Bridge Toll grant funds through the Metropolitan Transportation Commission (MTC) of \$35,500,504
- Grant Funding From the State of California of \$4,295,317
- Federal Highway Administration (FHWA) Funds of \$2,365,308
- Investment earnings of \$1,182,159
- Miscellaneous revenues of \$906,224



Sales Tax revenues continue to grow with the improving economy. Tax revenue for the year represented an increase of 6.7% over FY 2012-13.

At the end of the Fiscal Year, SMART had an unrestricted fund balance of \$113.5 million. SMART also held bond funds of \$136.8 million which are used for the capital project and are controlled by SMART's bond trustee. They remain invested in the Sonoma County Treasury Pool and the California Asset Management Program until used for the project.

Total Expenditures for Fiscal Year 2013-14 were \$78,347,160. Included in that total were \$3,041,027 in non-capitalized salaries and benefits, total salaries were \$4,032,583. SMART also incurred \$8,456,950 in bond interest. The vast majority of expenses were in capital outlays of \$65,769,796. Capital outlays are the many capital costs related to the SMART Rail and Pathway Project. Over \$62.9 million in design, permitting, staff and construction expenses went into the track, systems, bridges, platforms and rail related investments. Of that amount, \$2.8 million was spent on the Haystack Bridge, and \$14.8 million was for new train control

systems. Payments for design, management and construction of our new rail vehicles totaled \$5.4 million. Direct SMART pathway expenses related to federal environmental clearance, design, and construction were \$1,125,162. Expenses related to land acquisition were \$2,652,266. Miscellaneous project expenses, including reimbursable construction costs incurred on behalf of other jurisdictions, totaled \$649,216.

