



CITIZENS OVERSIGHT COMMITTEE MEETING

DECEMBER 13, 2023 – 1:30 PM

5401 Old Redwood Highway, 1st Floor

Petaluma, CA 94954

The Meeting will facilitate using a dual format with listening and participation available through Zoom and in-person. SMART provides several remote methods for viewing the meeting and providing Public Comment.

HOW TO WATCH THE LIVE MEETING USING THE ZOOM

<https://sonomamarintrain-org.zoom.us/j/89481573027?pwd=WJnQVlrQ3FUdSsrcDgxRTVIRGliUT09>

Webinar ID: 894 8157 3027

Passcode: 252425

TELECONFERENCE

Members of the public wishing to participate via teleconference, can do so by dialing in to the following number the day of the meeting: 1-669-900-6833; Access Code: 894 8157 3027; Passcode: 252425

HOW TO PROVIDE COMMENTS ON AGENDA ITEMS

Prior To Meeting:

Technology limitations may limit the ability to receive verbal public comments during the meeting. If you wish to make a comment you are strongly encouraged to please submit your comment to COC@SonomaMarinTrain.org by 5:00 PM on *Tuesday, December 12, 2023*.

During the Meeting:

The Chair will open the floor for public comment during the Public Comment period on the agenda. Please check and test your computer settings so that your audio speaker and microphones are functioning. Speakers are asked to limit their comments to two (2) minutes. The amount of time allocated for comments during the meeting may vary at the Chairperson's discretion depending on the number of speakers and length of the agenda.

CITIZENS OVERSIGHT COMMITTEE MEETING AGENDA

DECEMBER 13, 2023 – 1:30 PM

5401 Old Redwood Highway, 1st Floor

Petaluma, CA 94954

1. Call to Order
2. Approval of August 30, 2023 Minutes
3. COC Members Announcements
4. General Manager's Report
5. Public Comment on Non-Agenda Items
6. 2024 Strategic Plan Update - *Presented by Principal Planner, Emily Betts*
7. Fiscal Year 2022-23 Annual Comprehensive Financial Report and Single Audit – *Presented by Chief Financial Officer, Heather McKillop*
8. Fiscal Year 2022-23 Budget to Actual Report – *Presented by Chief Financial Officer, Heather McKillop*
9. Next Meeting of the Citizens Oversight Committee, **March 13, 2024** – 1:30pm – 5401 Old Redwood Highway, 1st Floor, Petaluma, CA 95492
10. Adjournment

DISABLED ACCOMMODATION:

Upon request, SMART will provide for written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, to enable individuals with disabilities to participate in and provide comments at/related to public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, service, or alternative format requested at least two (2) days before the meeting. Requests should be emailed to *Leticia Rosas, Clerk of the Board* at lrosas@sonomamarintrain.org or submitted by phone at (707) 794-3072. Requests made by mail SMART's, 5401 Old Redwood Highway, Suite 200, Petaluma, CA 94954 must be received at least two days before the meeting. Requests will be granted whenever possible and resolved in favor of accessibility.



**CITIZENS OVERSIGHT COMMITTEE
MEETING MINUTES**

August 30, 2023 – 1:30 PM

5401 Old Redwood Highway, 1st Floor
Petaluma, CA 94954

1. Call to Order

Chair Sheehan-Meyer called the meeting to order at 1:30pm. Members Adams, Dilworth, Engdahl, Kushel, McCubbin, McKay, and Nachor were present; Member Erickson absent.

2. Approval of May 24, 2023 Minutes

MOTION: Minutes approved as presented.

3. COC Members Announcements

Chair Sheehan-Meyer said that on September 16, 2023 the Friends of SMART will be hosting an Inspiration SMART Travel Transit Tour to the Wings and Wheels Show (Air Show). Members of Friends of SMART will be riding specific trains to help answer questions and get people to their destination.

Member Adams said that her day job is a botanist and there is a plant called "puncture vine" that cyclists are familiar being grown along the SMART pathway in the Rohnert Park area. She contacted SMART's customer service and there was an awesome response. She thanked the staff for the fast response.

Member McKay stated that he appreciates General Manager Cumins attendance and presentation. He is excited to hear of the news of the Healdsburg SMART Station

4. General Manager's Report

General Manager Cumins provided a PowerPoint presentation, which is located on SMART's website. Highlights include:

- Grant Update
- Ridership
- Questions

Grant Update

California Transportation Commission Grant Allocations - August 18-19, 2023

- SB1 Solutions for Congested Corridors - \$30 million for Windsor civil construction
- Interregional Transportation Improvement Program - \$10 million for Windsor systems construction
- Transit and Intercity Rail Capital Program - \$10 million for Petaluma North construction
- Active Transportation Program - \$10.8 million for SMART Pathway-Great Redwood Trail construction
 - Petaluma to Penngrove and Rohnert Park to Santa Rosa
- On October 18, 2023, the SMART Board of Directors will consider necessary construction contract award actions.

Ridership

- Ridership Recovery (June 2019 vs. June 2023) – SMART continues to lead the Bay Area in post-COVID Ridership recovery
- July Ridership: 66,261 (up 51% over July 2022 and 5% above July 2019)
- July Average Weekday ridership: 2,550; 6% higher than July 2019
- August Average Weekday ridership to date: 2,695; 14% higher than August 2019
- July Pathway Count Users: 72,056

Comments

Chair Sheehan-Meyer asked how weekend ridership factors into the data. General Manager Cumins responded that weekend ridership is going well and has been well even before pre-pandemic. She suggested showing data for weekend ridership.

Member Kushel asked if the ridership record that might set in August is it attributed to existing riders riding more often, or we also have any demonstrable uptick in the number of unique people using the train. General Manager Cumins responded that with SMART current pilot programs is also changing ridership. SMART has a very diverse ridership group of riders. Member Kushel suggested publishing any ridership metrics that can help tell the story will be useful.

5. Public Comments on Non-Agenda Items

None

6. Marin County Civil Grand Jury Finding Report, dated June 22, 2023, entitled "SMART at a Crossroads – Here Today, Gone Tomorrow – Presented by General Manager Cumins

General Manager Cumins stated that August 22, 2023, was the deadline for the COC to respond. They still could submit a response; however, they are not sure if it will be published. He provided a PowerPoint presentation, which is located on SMART's website. Highlights include:

Marin County Civil Grand Jury Report

- Overview
 - June 22, 2023 – Marin County Civil Grand Jury released report entitled “SMART at a Crossroads – Here Today, Gone Tomorrow?”
 - The report consisted of six (6) findings and three (3) recommendations.
 - At the July 19, 2023 Board meeting, the board established an Ad Hoc Committee to draft responses to the report. The Ad Hoc Committee consisted of the following Board Members: Chair Lucan, Vice Chair Bagby, Directors Pahre, Colin and Rabbitt
- *Finding Responses* - Pursuant to Penal Code Section 933.05, the Grand Jury requests responses as follows (Respondents must specify one of three options):
 1. Respondent agrees with finding
 2. Respondent disagrees wholly with finding
 3. Respondent disagrees partially with finding

Findings/Responses

- F1. SMART is heavily dependent on revenue from voter approved Marin and Sonoma County sales taxes for funding its operations
Recommended Response: Respondent agrees with the finding
- F2. SMART has never attained the ridership levels that it promised in 2008
Recommended Response: Respondent agrees with the finding
- F3. SMART’s past inability to be open and transparent about decision making and operations contributed to the erosion of public confidence leading to the defeat of the Measure I sales tax extension in 2020.
Recommended Response: Respondent agrees with the finding
- F4. SMART will likely be forced to discontinue services if Marin and Sonoma County voters do not approve a sales tax extension by the required supermajority in an election before 2029.
Recommended Response: Respondent agrees with the finding
- F5. SMART’s new leadership, especially its General Manager and Chief Financial Officer, appear qualified, energetic, and motivated to take on the many challenges that SMART is facing.
Recommended Response: Respondent agrees with the finding
- F6. SMART does not have a comprehensive marketing and communications strategy.
Recommended Response: Respondent agrees with the finding
- *Recommended Response* - Pursuant to Penal Code Section 933.05, the Grand Jury requests responses as follows (Respondents must specify one of four options):
 1. Recommendation has been implemented with a summary regarding the implemented action
 2. Recommendation has not yet been implemented but will be implemented in the future with a timeframe for implementation
 3. Recommendation requires further analysis with an explanation and timeframe (not to exceed six months from date Grand Jury Report was issued)
 4. Recommendation will not be implemented because it is not warranted or reasonable, with an explanation

Recommended Responses

- R1. By December 1, 2023, the Board of Directors should initiate a fully transparent, public process to be completed by April 1, 2024 that examines how SMART might continue funding its operations beyond April 2029, including an evaluation of when the voters would decide whether to continue levying a sales tax for SMART's operations.

Recommended Response: Recommendation has not been implemented but will be implemented no later than April 1, 2024. The SMART Board of Directors will initiate the process by December 1, 2023, and complete the evaluation by April 1, 2024

- R2. By December 1, 2023, SMART's Board of Directors should direct staff to develop a written strategic marketing communications and public outreach plan and budget focused on educating voters in Marin County about the community benefits derived from the continued operation of the SMART rail system.

Recommended Response: Recommendation has not been implemented but will be implemented no later than December 1, 2023

- R3. SMART's Board of Directors should consider hiring consultants to help evaluate the feasibility and timing of future tax measures.

Recommended Response: Recommendation has not been implemented but will be implemented no later than December 1, 2023

Lastly, General Manager Cumins discussed the Next Steps of the process, which include the following:

- The Board responds to Marin County Civil Grand Jury by September 22, 2023.
- Staff prepares information based on Board direction regarding recommendations.

Recommendation 1

- Financial analysis beyond April 2029 (September 2023)
- Facilitate discussion regarding timing associated with sales tax extension measure (November 2023)

Recommendation 2

- Present strategic marketing communications and public outreach plan focused on educating voters (October 2023)
- Development budget associated with Board direction (November 2023)

Recommendation 3

- Facilitate discussion about hiring consultants to help evaluate the feasibility and timing of future tax measures (October 2023)

Comments

Vice Chair Engdahl asked how the Marin Civil Grand Jury decides which issues to investigate and select SMART. Chair Sheehan-Meyer stated that citizens submit complaints and that is how the topic is chosen. Member Dilworth stated that there is a complaint process, and the Marin Civil Grand Jury is free to select its own topic of interest.

General Manager Cumins said that he does not think it was a negative process. Staff met with Civil Grand Jury members several times and share tremendous amount of information and have been very transparent.

Member Adams said she appreciates seeing the Board's response. She suggested planning for when SMART will go back to the voters for approval. She asked for clarification on the ridership number that the Civil Grand Jury reported. General Manager Cumins responded that the Civil Grand Jury reported 5,049 riders a day and that number is from the adopted EIR which predicts 5,049 riders per day. He also researched the performing stations and not performing stations. Once Windsor Station opens it is anticipated that ridership will increase and will increase as SMART continues north. The 5,049 number assumes that the system exists from Larkspur to Cloverdale and includes the Petaluma North station.

Member Kushel asked when SMART anticipates opening Windsor Station. General Manager Cumins responded 2025.

Vice Chair Engdahl said the Fireman' Fund complex is being replace0d with housing and asked how that will affect the ridership. General Manager Cumins responded that anytime that there is a development around a rail station it can increase ridership.

Member Nachor said that he lives near Novato Downtown Station. He asked how SMART can market three Novato Stations as a destination that could be Marin's second largest city.

Member McCubbin asked if SMART's Connect was still underutilized and if the problems with the Sonoma County Airport were resolved. General Manager Cumins responded yes, a lot of adjustments and marketing efforts have increased.

Member Kusher said that he thinks the Civil Grand Jury is wanting an independent response from SMART's General Manager and the Board. We should say that the COC also agrees independently.

7. Annual Investment Report – *Presented by Chief Financial Officer McKillop*

Chief Financial Officer, Heather McKillop, stated that this item is informational and appreciates receiving feedback before it is presented to the Board of Directors. The presentation is located on SMART's website. Highlights include:

Fiscal Year 2023 Year End Investment Report

- Investment Policy Requirements
- Investment Policy Objectives
 - Safety of Principal
 - Liquidity
 - Return on Investment
- SMART Funds Held By
 - Bank of Marin
 - Sonoma County Treasurer
- Cash on Hand – June 30, 2023 (Actual in the bank)
- Estimated Cash Balance – Fiscal Year 2024-2029
- Response to Public Comment

Comments

Member Adams said she does not have a good sense of what the ratio over SMART's operations to the various types of reserves. It makes sense for Sonoma County to manage all the reserves, even when they focused on cash on hand. She asked if there is some of SMART's finances that can be managed in a different way. Chief Financial Officer McKillop responded that moving some of the reserves to a different portfolio could be expensive to manage and we don't have staff with expertise to manage the financial portfolio daily.

Member Kushel asked if Sonoma County Treasure charges SMART to manage the portfolio. Chief Financial Officer McKillop responded that Sonoma County Treasure built in their fees to the overall pool, plus they only charge SMART approximately \$1,000 a year to make a payment to the debt service. The amount of money that SMART pays Sonoma County Treasure is extremely low in this case.

Member Dilworth asked for clarification of the public comment submitted that cash position is after reserves. Chief Financial Officer McKillop responded that the Cash on Hand Subtotal included the reserves. The comment made is from the monthly financial report which shows the cash on hand minus the encumbrances.

Vice Chair Engdahl asked what is SMART's return on investment or percentage of the investments? Also, what is the cost of the bonds in a percentage of growth. Chief Financial Officer McKillop responded that she does not have the information available and will send an email. He asked how many years the renewal of the sales tax will be. General Manager Cumins responded that it would depend on the decision the Board makes.

Member Kushel asked how our cash management strategy has evolved with rates going from 1 to 5 percent over the last 15 months. Chief Financial Officer McKillop responded that it has not evolved. However, interest earnings are better than a year ago. He suggested having a summary page instead of the Sonoma County Treasure report.

Member Adams asked if SMART has insurance in the unlikely event that the Bank of Marin fails. Chief Financial Officer McKillop responded that some accounts are insured.

8. *2024 Strategic Plan Update - Presented by General Manager Cumins and Chief Financial Officer McKillop*

Chief Financial Officer, Heather McKillop, stated that this item is informational and appreciates receiving feedback. The presentation is located on SMART's website. Highlights include:

Strategic Plan Update Discussion

- 2019 Strategic Plan
- Strategic Plan Purpose
- Why Now:
 - 2019 Strategic Plan adopted in November 2019
 - Marin County Civil Grand Jury Report

- Funding
- COC Duties
 - Provide input and review the Strategic Plan and subsequent plans
 - Hold meetings Quarterly and issue reports, on at least an annual basis, to inform and update the SMART Board and the Sonoma and Marin County residents on any developments related to the implementation, planning and advancements of the Strategic Plan.
 - Receive briefings on financial, budgetary, capital plans and other strategic planning matters that may have a material impact on the District and provide updates to the SMART Board of Directors at least bi-annually.
- Outline of Strategic Plan
 - Vision
 - Mission
 - Values
 - SWOT Analysis
 - Objectives
 - Action Plan
- SMART House
 - Vision
 - Mission
 - Ridership
 - Pathways
 - Extensions
 - Freight
 - Values
- SWOT Analysis
 - Strengths
 - Weaknesses
 - Opportunities
 - Threats
- Current Action Plan- Ridership
- Current Action Plan- Pathways
- Current Action Plan- Extensions
- Current Action Plan-Freight
- Recent Initiatives
- Upcoming Improvements
- SMART Challenges
- Next Steps
 - Input on Strategic Plan
 - Financial Assumptions
 - SWOT Analysis
 - Strategic Objectives
 - Action Plan
 - Methods
 - COC Workshops

- Open Houses (In-person / Zoom)
- Community Outreach
- Discussion

Comments

Member Nachor thanked General Manager Cumins for the report. He is happy to hear that SMART will be reaching out to transit rider organizations and advocacy groups for feedback. He asked when SMART plans to implement the bike share program at 10 of 12 stations. General Manager Cumins responded that SMART is not acquiring the bike share program, since it's not SMART's product. However, SMART can facilitate by allowing the bike share on the platforms. The primary focus is the Strategic Plan and how we're going to move forward in a 5 year plan.

Member Dilworth suggested including Latino organizations in in both counties.

Member McKay said that the City of Santa Rosa, and other cities in the Sonoma/Marin counties areas are updating their General Plans, which list their Latino groups as well. The City of Santa Rosa had incredible outreach and the most engaged community they had in a long time in the process.

Member Adams asked for clarification of the Strategic Plan process. General Manager Cumins responded that he envisions having workshops, focusing on the strategic objectives. Members of the public can provide feedback and staff will write the Plan, which will be a product that everybody will have influence on.

Member Kushel asked if the COC would have the opportunity to provide input and review a draft before it's finalized. General Manager Cumins responded yes. Chief Financial Officer McKillop stated that there is enough foundation in the plan, just need to create the Action Plan.

Vice Chair Engdahl suggested more outreach with Airlines at the Sonoma County Airport about SMART.

Member Adams stated that there are people who commute from Sonoma County to Marin County and take the train. There are various employers that have employees that don't take the train but there are some employees that need public transportation to get to work. General Manager Cumins responded that SMART is a member of every Chamber of Commerce along the right-of-way. Staff attend these meetings providing them with information about SMART and hearing how SMART can improve.

Chair Sheehan-Meyer stated that many people have not taken the train. Friends of SMART do tours and in conjunction with these workshops, open houses, it would be nice to organize train rides to educate the public.

General Manager Cumins stated that we need to continue to educate the public to help them understand the system. Also, we can do a better Strategic Plan than 2019, but it is going to take a lot more work. He recommends starting with the Strategic Objectives (Strengths, Weaknesses, Opportunities, and Threats) and hearing from the public.

Member Nachor suggested that General Manager Cumins attend the All Aboard with Transit meeting in September to connect with other agencies and address the SWOT Analysis and hear the opportunities to how to make SMART a better agency.

Member McCubbin is interested in knowing the outreach plan for the cities (Sebastopol and Sonoma) that don't have a train station and are paying sales tax.

Member Kushel suggested having an updated topic list for the subsequent meetings to make sure that this is properly agendaized.

Chair Sheehan Meyer stated that it is a great presentation and outlines the responses to the Marin County Grand Jury topics.

Member McCubbin said that people in Sebastopol are more supportive of SMART than the people in Sonoma and suggested putting some focus on Sonoma.

Member Kushel said that it was a comprehensive and thoughtful presentation. Staff is thinking about this with a strategic lens in a very thoughtful way and has a high degree of confidence that the 2024 Strategic Plan is going to turn out very well.

9. Next Meeting of the Citizens Oversight Committee, November 29, 2023 – 1:30pm – 5401 Old Redwood Highway, 1st Floor, Petaluma, CA 95492
10. Adjournment - Meeting adjourned at 2:54pm.

Respectfully submitted,

Leticia Rosas
Clerk of the Board

Approved on: _____



DATE: December 13, 2023
TO: Citizens Oversight Committee Members
FROM: Eddy Cumins, General Manager
SUBJECT: 2024 Strategic Plan Timeline

RECOMMENDATION: Discussion Item

SUMMARY:

As part of the Expenditure Plan adopted by the Board in 2008 and revised in 2020, SMART's Citizens Oversight Committee is tasked to provide input and review the Strategic Plan, which is updated at least every five years. The current plan was adopted by the Board of Directors on September 18, 2019, and is for the period 2019 – 2024. Staff will present a proposed timeline for developing the new plan, to be completed by December 2024.

FISCAL IMPACT: No fiscal impact.

Sincerely,

/s/
Eddy Cumins
General Manager



DATE: December 13, 2023
TO: Citizens Oversight Committee Members
FROM: Heather McKillop, Chief Financial Officer
STAFF REPORT: Fiscal Year 2022-23 Annual Comprehensive Financial Report and Single Audit

RECOMMENDATION: Information Item

SUMMARY:

Following the close of each fiscal year, SMART's finance staff prepares a summary of our financial activities for the year following best practices and guidelines issued by the Government Accounting Standards Board (GASB). Our financial reports are reviewed, tested, and adjusted by our independent auditor.

At the December 20, 2023 Board meeting, three documents will be presented: SMART's Fiscal Year Annual Financial Report, the Single Audit, and the Governance Letter provided by Eide Bailly, LLC., our independent auditor. We are pleased to report that the auditors issued unmodified opinions on the financial statements, the audit did not identify any deficiencies in internal control that would be considered material weaknesses, and there were no difficulties in completing the audits.

Annual Financial Report

The Annual Financial Report is a best practice in government for presenting annual financial information. For the tenth year in a row, the report contains our annual achievement award from the Government Finance Officers Association for our 2022 report. The contents of the annual report are consistent from year to year. In addition to basic audited financial statements and notes, the report contains a Letter of Transmittal which provides an overview of the district, its activities and financial practices, a Management Discussion providing an overview of the statements and a statistical section which provides general, historical, and regional information.

AGENDA ITEM NO. 7

Citizens Oversight Committee Meeting

December 13, 2023

It also contains the Auditor's Report which states that the financial statements present fairly, in all material respects, the respective financial position of the district as of June 30, 2023. At the end of the financial report, the auditor's report on Internal Controls states that the auditors did not identify any deficiencies in internal control considered to be material weaknesses.

Single Audit

In addition to the regular audit, SMART is required to undergo a separate audit process related to significant expenditures of federal funds, called the Single Audit. This audit is to ensure compliance with Title 2 U.S. Code of Federal Regulations CFR Part 200 Uniform Administrative Requirements, Cost Principles and Audit requirements for Federal Awards (Uniform Guidance). When completed, this audit document is provided to our federal funding agencies. As with our annual financial audit, we are pleased to report that there are no material weaknesses or significant deficiencies identified during this process. The Single Audit for Fiscal Year 2022-23 reviewed several different grants including 5307 Preventive Maintenance, 5307 American Rescue Plan Additional Assistance, FTA 5307 for SMART pathway, and FRA Consolidated Rail Infrastructure and Safety Improvements. SMART had no audit findings related to these funds.

FISCAL IMPACT: No fiscal impact.

Sincerely,

/s/

Heather McKillop
Chief Financial Officer

Attachment(s): PowerPoint Presentation

Citizens Oversight Committee Annual Comprehensive Financial Report December 13, 2023



Annual Financial Report

- Auditor's Governance Letter
- Annual Comprehensive Financial Report
- Annual Single Audit

Auditor's Governance Letter

Auditor's Communication to the Board

- Auditor's Responsibilities
- Significant Risks Identified
- Accounting Practices
- Corrected or Uncorrected Misstatements
- Disagreements with Management
- Significant Matters, Findings, or Issues
- Other Information

Auditor's Governance Letter

Uncorrected and Corrected Misstatements

- July 1, 2022, opening balance in accounts receivable contains grant amounts recognized prior to the execution of grant agreement of \$1,173,374
 - Ongoing issue with State AHSC grant for Windsor
- June 30, 2023, ending balance of accounts receivable of the freight fund includes \$91,791 that has been determined to be uncollectible.
 - Lease - NCRA
- Both are determined to be immaterial to the financial statements

Annual Comprehensive Financial Report

- Letter of Transmittal
- Independent Auditor's Report
- Management's Discussion and Analysis
- Statements
 - Net Position
 - Revenue, Expenses, and Changes in Net Position
 - Cash Flows
 - Notes
- Required Supplementary Information
- Statistical Section

Annual Comprehensive Financial Report

Independent Auditor's Report

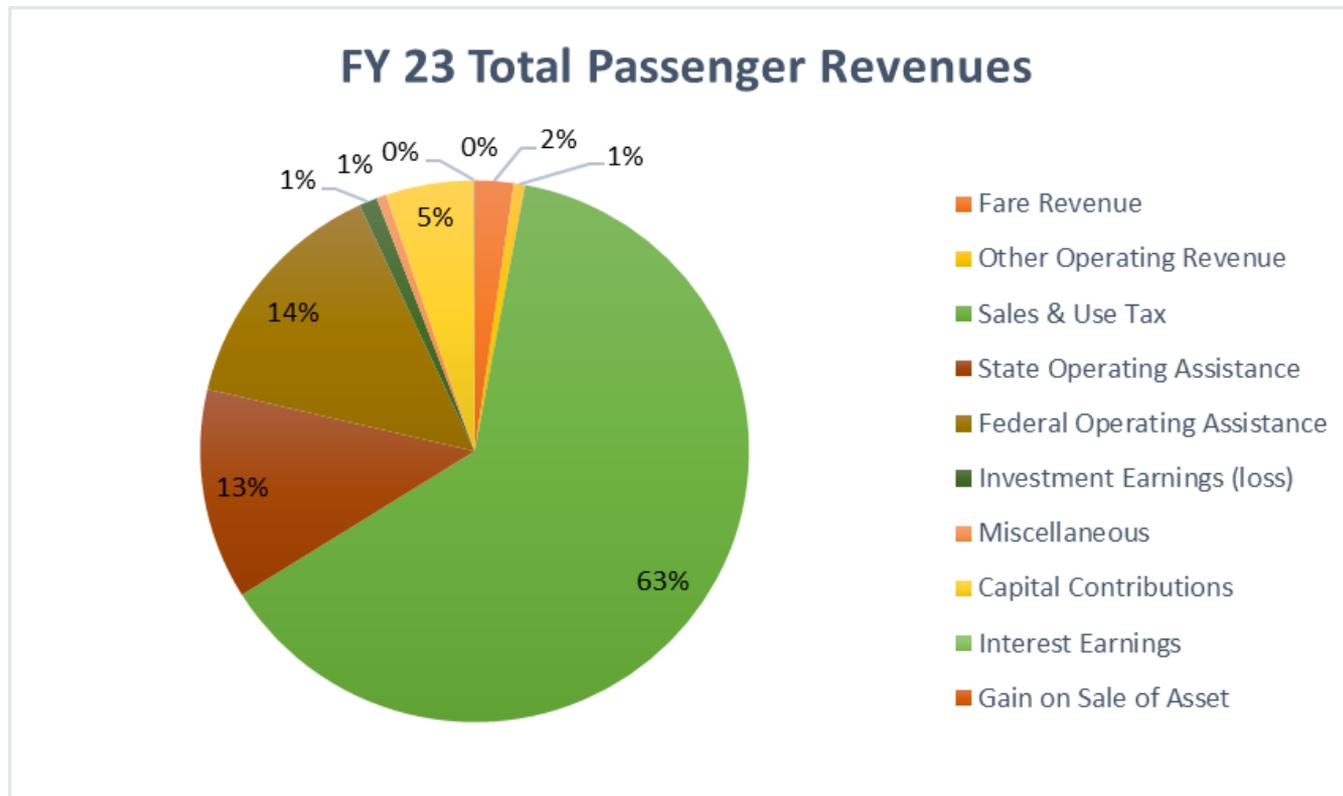
- Financial Statements present fairly, in all material respects, the respective financial position of the passenger and freight enterprise fund of SMART

Annual Comprehensive Financial Report

Management's Discussion and Analysis

- Passenger Revenues
 - Sales Tax was \$574,545 higher (1.2%) higher than FY 22
 - State Revenues were 75% higher than FY 22
 - Federal Funds were 7% higher than FY 22
 - Fare Revenues was 40% higher than FY 22
 - Investment earnings were \$2.8 million higher due to much higher interest rates

Passenger Revenues

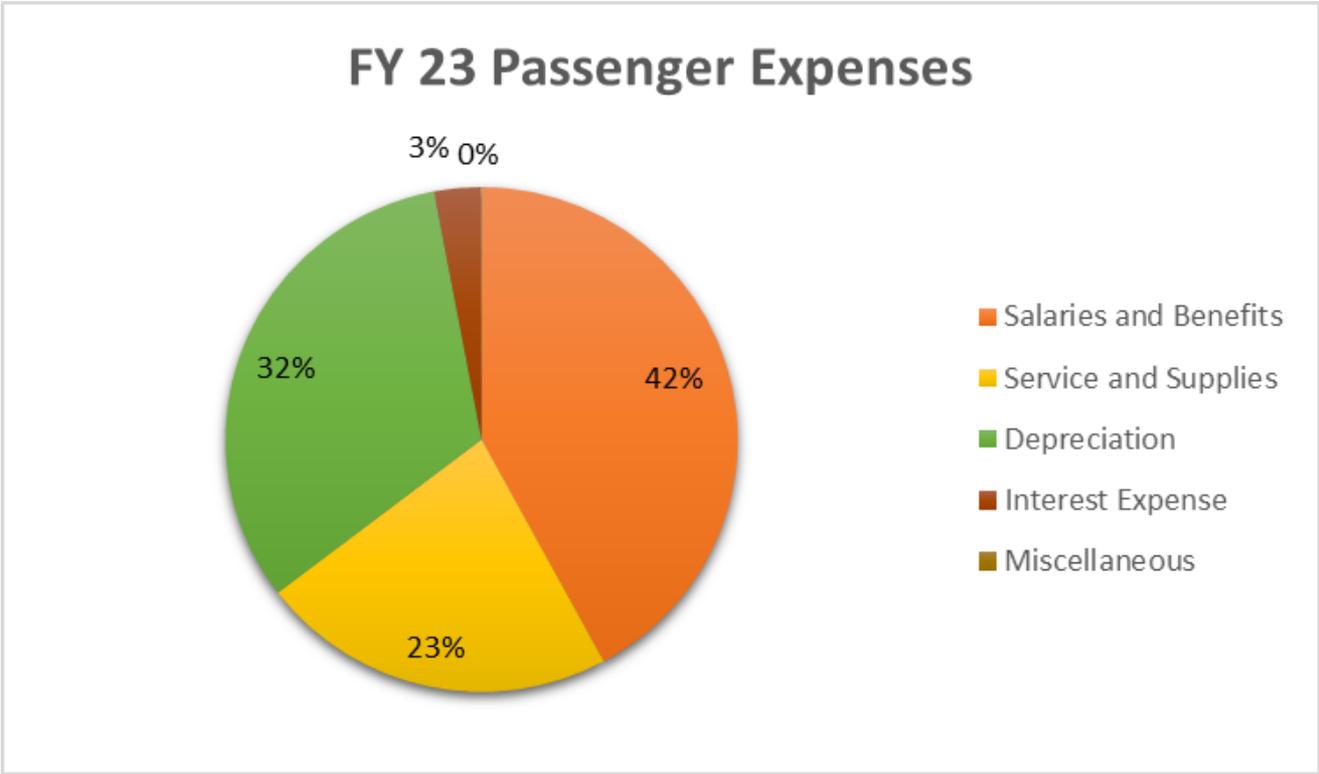


Annual Comprehensive Financial Report

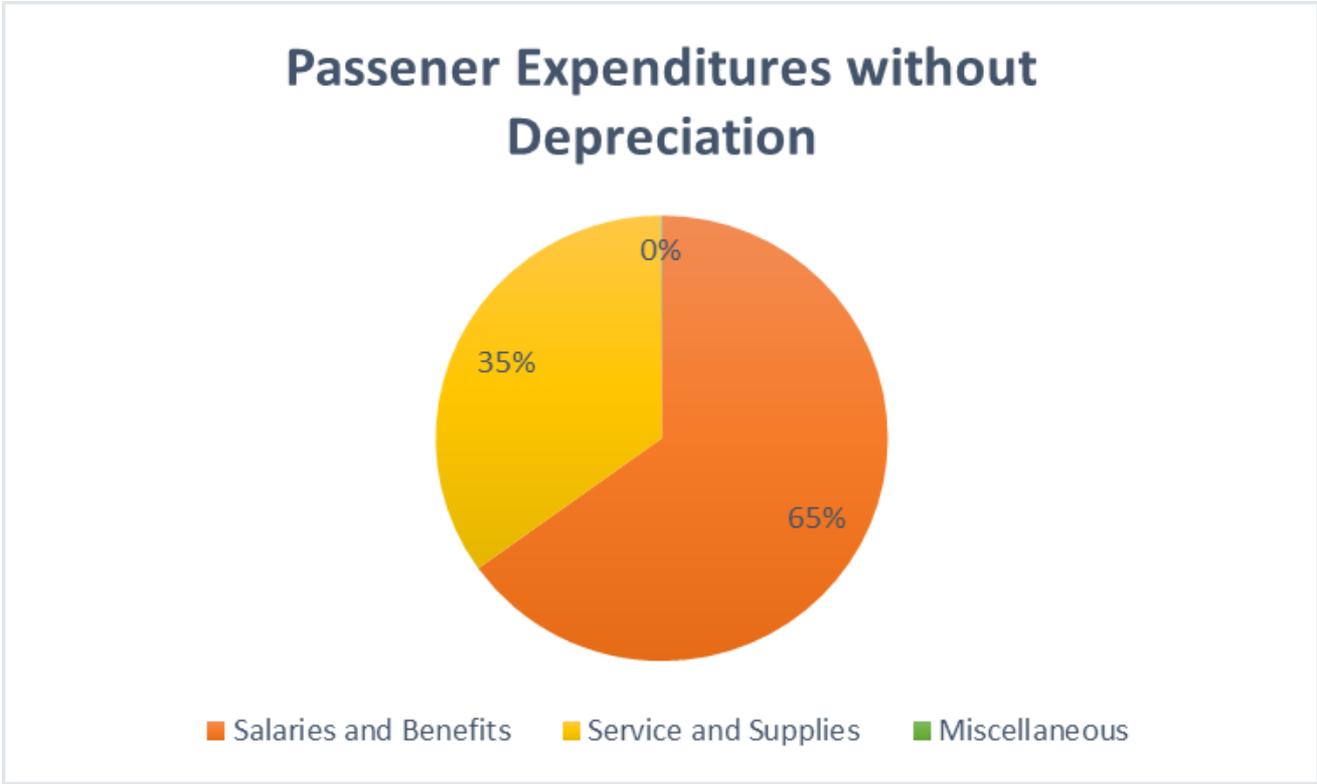
Management's Discussion and Analysis

- Passenger Expenditures
 - Salaries and Benefits increased by 45%
 - Service and Supplies increased by 42%
 - Depreciation decreased by 7%
 - Interest expense increased by 6%
 - Miscellaneous decreased by 73%

Passenger Expenditures with Depreciation



Passenger Expenditures without Depreciation

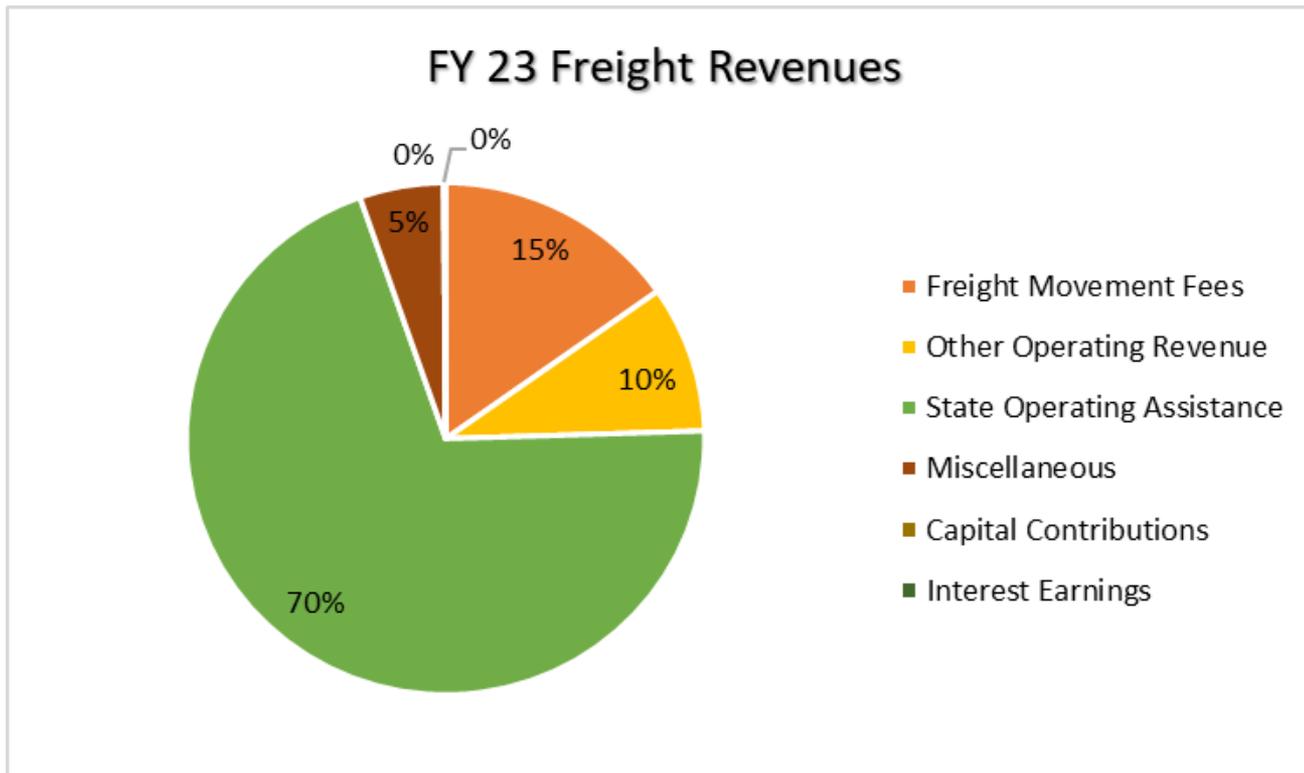


Annual Comprehensive Financial Report

Management's Discussion and Analysis

- Freight Revenues
 - State Assistance comprised 70% of total revenues for freight
 - Freight movement fees increased by 152%
 - Other Operating (Lease Income) increased by 35%
 - Miscellaneous (Tax Credit Sale) increased by 100%

Freight Revenues

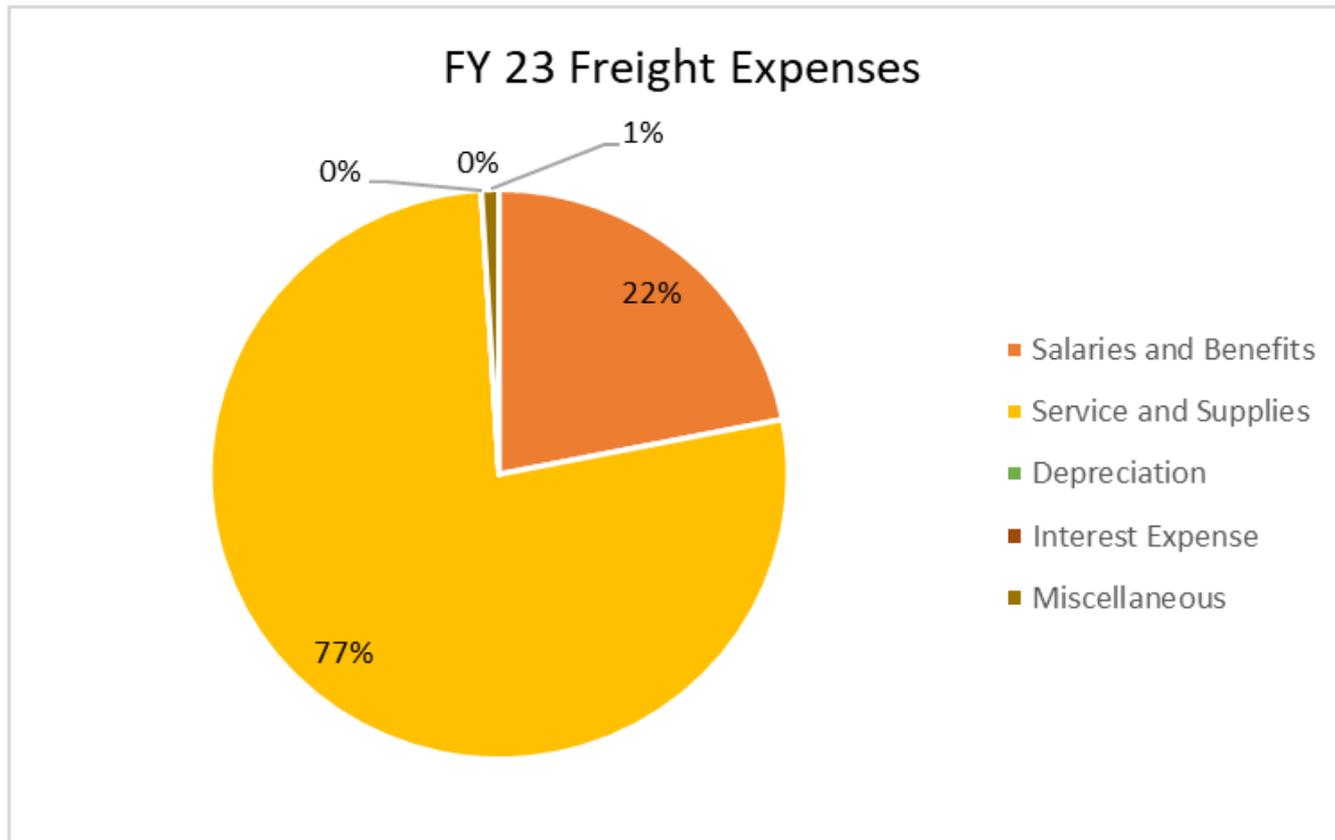


Annual Comprehensive Financial Report

Management's Discussion and Analysis

- Freight Expenditures
 - Salaries and Benefits are 23% of total expenditures
 - Service and Supplies are 77% of total expenditures
 - No depreciable assets

Freight Expenditures



Annual Comprehensive Financial Report

- Statements
 - Net Position – (Balance Sheet)
 - Revenue, Expenses, and Changes in Net Position (Income Statement)
 - Cash Flows
 - Notes
- Required Supplementary Information
 - Additional information on Pension Plan and OPEB

Annual Comprehensive Financial Report

- Statistical Section
 - Financial Trends
 - Revenue Capacity
 - Debt Capacity
 - Demographic and Economic Information
 - Operating Information

Single Audit

- Summary of Auditor's Results
- Financial Statement Findings
- Federal Award Findings and Questioned Costs
- Schedule of Prior Audit Findings

Single Audit

Summary of Auditor's Results

- Internal Control
 - No material weaknesses identified
- Compliance
 - No instances of non-compliance or other matters that are required to be reported under Government Auditing Standards
- Major Federal Program
 - District complied in all material respects with the compliance requirements in OMB Compliance Supplement
- Opinion on Financial Statements
 - Unmodified

Single Audit

- Financial Statement Findings
 - None
- Federal Award Findings and Questioned Costs
 - None
- Schedule of Prior Audit Findings
 - FY 2022 Finding Resolved
 - Value of capital assets received by freight fund
 - Recognized as donation valued at fair value vs transfer of operations which is valued at book value

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www.SonomaMarinTrain.org



Customer Service:

CustomerService@SonomaMarinTrain.org

(707) 794- 3330





DATE: December 13, 2023
TO: Citizens Oversight Committee Members
FROM: Heather McKillop, Chief Financial Officer
STAFF REPORT: Fiscal Year 2022-23 Budget to Actual Report

RECOMMENDATION: Information Item

SUMMARY:

Finance has finalized all the Fiscal Year 2022-23 processes and has prepared a reconciliation of FY 2022-23 budgeted revenues and expenditures verses actual revenues and expenditures. The attached reconciliations include a comment section, so the reader has an idea of the reason for the differences in budget verses actual of those line items that exceed +/- 20%.

Passenger Revenues

Overall revenues were higher by approximately 1% or \$425,631.

Passenger Expenditures

Salaries and Benefits came in over budget by \$1.6 million due to an increase in the cost of benefits particularly in medical. Services & supplies came in under budget by \$5.9 million and capital expenditures came in \$7.7 million under budget. Total expenditures were \$12 million less than budgeted or 17%. Of the \$12 million, \$5.9 million was work that was budgeted in Fiscal Year 2022-23 but was not able to be completed and was carried forward to Fiscal Year 2023-24 leaving a difference of \$6.1 million that will flow to the fund balance.

Freight Revenues

Overall revenues were lower than anticipated by 16% or \$932,120. We collected less in freight movement fees and storage fees than we had anticipated. We did collect

AGENDA ITEM NO. 8

Citizens Oversight Committee Meeting

December 13, 2023

more than anticipated in lease revenue and the sale of the 45(g)-tax credit. We utilized \$781,763 less than was budgeted in state grant dollars which allows us to utilize those funds in future years.

Freight Expenditures

Expenditures came in below budget by \$1.5 million or 27%. Of the \$1.5 million, \$500,000 has been rolled forward to Fiscal Year 2023-34 to complete the Brazos Branch bridge repairs. The remaining savings will be returned to the fund balance.

FISCAL IMPACT: No fiscal impact.

Sincerely,

/s/

Heather McKillop

Chief Financial Officer

Attachment(s):

- 1) FY 23 Year End Reconciliation – Passenger
- 2) FY 23 Year End Reconciliation - Freight

Fiscal Year 2022-23 Budget to Actual Report (Passenger Rail & Pathways)

Revenues	Budget	Actual	Difference	% Difference Budget vs Actual	Explanation
Sales/Use Taxes	\$ 50,190,000	\$ 49,649,375	\$ (540,625)	-1%	
Federal Intergovernmental Revenue	\$ 12,542,326	\$ 12,406,690	\$ (135,636)	-1%	
State Intergovernmental Revenue	\$ 12,089,233	\$ 11,819,115	\$ (270,118)	-2%	
Measure M	\$ 1,519,892	\$ 1,025,746	\$ (494,146)	-33%	Spent less on the Petaluma North Station than anticipated for Design in FY 23
Other Intergovernmental Revenue		\$ 30,000	\$ 30,000	100%	Grant for intern program that wasn't previously budgeted
Train Fares	\$ 1,600,000	\$ 1,800,747	\$ 200,747	13%	Ridership was higher than anticipated
Parking Fares		\$ 106	\$ 106	100%	Reflects first few days of overnight parking
Shuttle Service		\$ 50	\$ 50	100%	Reflects first few days of SMART Connect Shuttle service
Interest Earned-Pooled/Unrestricted/Restricted	\$ 450,000	\$ 1,582,098	\$ 1,132,098	252%	Interest rates and fund balance higher than anticipated
Rent-Real Estate	\$ 266,631	\$ 390,448	\$ 123,817	46%	More lease revenue than budgeted
Miscellaneous Revenue	\$ 273,325	\$ 652,662	\$ 379,337	139%	Received reimbursement of insurance claims
Total	\$ 78,931,407	\$ 79,357,038	\$ 425,631	1%	
Capital					
	Budget	Actual	Difference		Explanation
Construction in Progress - Infrastructure	\$ 9,311,554	\$ 3,829,210	\$ 5,482,344	59%	Project funds will be rolled forward to FY 23 for project completion
Work in Progress - Equipment	\$ 3,348,619	\$ 1,122,137	\$ 2,226,482	66%	Vehicles and Information Systems equipment were budgeted and ordered in FY 23 but were not received due to long lead times.
Acq-Land	\$ 255,000	\$ 241,375	\$ 13,626	5%	Closing costs were less than anticipated
Total	\$ 12,915,173	\$ 5,192,722	\$ 7,722,451	60%	
Debt Service					
	Budget	Actual	Difference		Explanation
Debt Service	\$ 15,596,193	\$ 15,562,277	\$ 33,916	0%	
Administration & Operations					
	Budget	Actual	Difference		Explanation
Salaries & Benefits	\$ 23,530,860	\$ 25,169,615	\$ (1,638,755)	-7%	
Communications	\$ 342,400	\$ 294,950	\$ 47,450	14%	
Computer Hardware & Software	\$ 771,009	\$ 624,941	\$ 146,068	19%	
Consultant Services (Engineering)	\$ 3,978,975	\$ 3,456,312	\$ 522,663	13%	
Contract Services	\$ 3,470,934	\$ 1,521,268	\$ 1,949,666	56%	- Didn't utilize financial advisor - Spent less in IT services - Didn't need all of the bus bridges that were budgeted - Implemented shuttle service in June but budgeted for the whole year
Fare Collection Fees	\$ 196,000	\$ 177,472	\$ 18,528	9%	
Fiscal and Auditing Services	\$ 101,100	\$ 74,130	\$ 26,970	27%	Timing of work done by Auditors between fiscal years

Fiscal Year 2022-23 Budget to Actual Report (Passenger Rail & Pathways)

Revenues	Budget	Actual	Difference	% Difference Budget vs Actual	Explanation
Fuel and Lubricants	\$ 1,942,000	\$ 1,666,219	\$ 275,781	14%	Lower fuel prices than anticipated
Insurance & Claims	\$ 2,861,765	\$ 2,241,252	\$ 620,513	22%	Insurance premiums slightly lower than anticipated and claims budget didn't have to be utilized
Legal Services	\$ 1,026,000	\$ 688,476	\$ 337,524	33%	Legal services were less than anticipated
Maintenance of Equipment	\$ 472,378	\$ 408,415	\$ 63,963	14%	
Maintenance of Radio	\$ 151,386	\$ 136,730	\$ 14,656	10%	
Maintenance of Signals	\$ 180,000	\$ 28,801	\$ 151,199	84%	Expenditures dependent on need
Maintenance of Revenue Vehicles	\$ 1,048,920	\$ 273,412	\$ 775,508	74%	Didn't require as many spare DMU parts as budgeted, reduced scope for a project and several projects moved to FY 24.
Maintenance of Facilities	\$ 357,500	\$ 276,374	\$ 81,126	23%	Expenditures dependent on need
Maintenance of Railway	\$ 179,174	\$ 121,358	\$ 57,816	32%	Funds are budgeted for emergency services in case of need. Not all the funds were needed in FY 23.
Maintenance of Pathway	\$ 22,500	\$ 16,205	\$ 6,295	28%	Expenditures dependent on need
Marketing & Public Relations	\$ 120,300	\$ 104,859	\$ 15,441	13%	
Miscellaneous Expense	\$ 779,633	\$ 360,358	\$ 419,275	54%	Spent less than anticipated
Rent/Lease Equip	\$ 113,550	\$ 64,710	\$ 48,840	43%	Expenditures dependent on need
Rent/Lease Bldgs	\$ 460,866	\$ (30,981)	\$ 491,847	107%	Due to GASB 87 leases are reclassified at year end into an asset and only the interest expense is recorded as an expenditure (See below)
Other Interest Expense	\$ -	\$ 198,886	\$ (198,886)	100%	See comment on rent
Small Tools & Equipments	\$ 135,972	\$ 100,083	\$ 35,889	26%	Expenditures dependent on need
Uniform Expenses	\$ 106,580	\$ 98,030	\$ 8,550	8%	
Utilities	\$ 805,320	\$ 805,118	\$ 202	0%	
Total Administration & Operations	\$ 43,155,123	\$ 38,876,991	\$ 4,278,132	10%	
Total Expenditures	\$ 71,666,488	\$ 59,631,989	\$ 12,034,499	17%	

Fiscal Year 2022-23 Budget to Actual Report (Freight)

Revenues	Budget	Actual	Difference	% Difference Budget vs Actual	Explanation
State Intergovernmental Revenue	\$ 4,206,000	\$ 3,424,237	\$ (781,763)	-19%	Didn't utilize as much as was anticipated
Freight Movement Revenue	\$ 1,100,000	\$ 743,555	\$ (356,445)	-32%	Freight Movement fees were less than anticipated
Rent - Real Estate	\$ 245,000	\$ 444,360	\$ 199,360	81%	Didn't have a full inventory of leases when the budget was set
Freight Storage Fees	\$ 25,000	\$ 9,036	\$ (15,964)	-64%	There were less storage needs than assumed for this budget
Lease Interest Revenue	\$ -	\$ 4,958	\$ 4,958	100%	Result of GASB 87. Some of the Lease revenue is recorded as lease interest revenue
Miscellaneous Revenue	\$ 239,190	\$ 256,924	\$ 17,734	7%	
Total	\$ 5,815,190	\$ 4,883,070	\$ (932,120)	-16%	
Administration & Operations	Budget	Actual	Difference		Explanation
Permanent Positions	\$ 854,031	\$ 809,706	\$ 44,325	5%	
Insurance & Legal Services	\$ 25,000	\$ 38,410	\$ (13,410)	100%	Insurance was more than anticipated
Maintenance of Equipment	\$ 66,850	\$ 12,099	\$ 54,751	82%	Expenditures dependent on need
Maintenance of Signals	\$ 25,000	\$ 16,026	\$ 8,974	36%	Less gates, signals, parts were required
Maintenance of Revenue Vehicles	\$ 162,500	\$ 90,356	\$ 72,144	44%	Spent less than anticipated
Maintenance of Facilities	\$ 25,000	\$ (4,163)	\$ 29,163	117%	Accrual for FY 22 was reversed
Maintenance of Railway	\$ 3,149,698	\$ 2,287,206	\$ 862,492	27%	Didn't need to do the Air Brake Fix or PTC in FY 23 and carried forward \$496,000 from FY 23 to FY 24 for the Brazos Branch Bridge Repairs.
Miscellaneous Expense	\$ 157,433	\$ 70,351	\$ 87,082	55%	Underspent uniforms, computer hardware & software, and communications
Permits and Fees	\$ 110,000	\$ 66,417	\$ 43,583	40%	Car hire fees were less than expected
Rent/Lease Equip	\$ 65,000	\$ 39,004	\$ 25,996	40%	Expenditures dependent on need
Contract Services - Administrative	\$ 471,875	\$ 360,581	\$ 111,294	24%	Less services required in MOW and Vehicle Maintenance than anticipated
Fuel and Lubricants	\$ 107,250	\$ 77,025	\$ 30,225	28%	Fuel prices were lower than anticipated
Small Tools & Equipment	\$ 40,000	\$ 2,736	\$ 37,264	93%	Expenditures dependent on need
Utilities	\$ 15,000	\$ 14,561	\$ 439	3%	
Cost Allocation	\$ 197,515	\$ 100,856	\$ 96,659	49%	This is dependent on the expenditures on the passenger side for administrative costs. Less was allocated than was expected.
Grand Total Administration & Operations	\$ 5,472,152	\$ 3,981,171	\$ 1,490,981	27%	