



AGENDA: SMART DISTRICT BOARD MEETING

June 21, 2006

1:30 PM

Sonoma County Board of Supervisors Chambers
575 Administration Drive, Suite 102-A, Santa Rosa

- I. Call to Order
- II. Minutes of the May 17, 2006 SMART Meeting – **DISCUSSION/ACTION****
- III. Consent Agenda – **DISCUSSION/ACTION****
 - III-1. SMART Financial Update Project Cost Report - **INFORMATION ****
- IV. Agenda Review
- V. Public Comment on Items Not on the Agenda (Comments Limited to 3 Minutes)
- VI. SMART General Manager Report (Lillian Hames) – **DISCUSSION**
- VII. Real Estate Committee Report (Lucrecia Milla) – **DISCUSSION**
- VIII. Railroad Square Developer Selection (John Nemeth) - **DISCUSSION/ACTION****
- IX. SMART Expenditure Plan 2006 (Lillian Hames) - **DISCUSSION/ACTION****
 - A. Expenditure Plan Assumptions
 - B. Project Cost Assumptions
- X. SMART Staff COLA (Greg Dion) – **DISCUSSION/ACTION****
 - A. Resolution 2006-04
- XI. **Closed Session**
 - a. Closed Session: Conference with Real Property Negotiator (Govt. Code. Section 54956.8)

Property: Northwestern Pacific Railroad (NWP) Right-of-Way from NWP Milepost 53.8 in Santa Rosa, Sonoma County.

District Negotiator: Lillian Hames, General Manager

Negotiating Parties: Santa Rosa Cannery LLC
Owner: SMART District
 - b. Closed Session: Conference with Legal Counsel-Anticipated Litigation.

Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9

Marin Audubon Society v. SMART, File# 2708-1

c, Closed Session: Conference with Legal Counsel-Anticipated Litigation.
Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9
Anna Carissa Suarez v. SMART, et al.

d. Closed Session: Conference with Real Property Negotiator (Govt. Code. Section 54956.8)

Property: Northwestern Pacific Railroad (NWP) Right-of-Way from NWP Milepost 36.5 in Petaluma, Sonoma County.

District Negotiator: Lillian Hames, General Manager

Negotiating Parties: Dutra Materials
Owner: SMART District

XII. Report on Closed Session

XIII. Next Meeting Date: July 19, 2006, TBD, San Rafael City Council Chambers, San Rafael
– **DISCUSSION/ACTION**

XIV. Adjournment - **ACTION**

DISABLED ACCOMMODATION: if you have a disability that requires the agenda materials to be in an alternate format or that requires an interpreter or other person to assist you while attending this meeting, please contact SMART at least 72 hours prior to the meeting to ensure arrangements for accommodation.

* Information will be provided at the meeting. ** Information attached.



**MINUTES OF SMART BOARD MEETING
May 17, 2006
1:30 PM
San Rafael City Council Chambers
1400 Fifth Street
San Rafael**

I Call to Order

Chairman Boro brought the meeting to order. The following Directors were present:

Jim Eddie
Mike Reilly
Deborah Fudge
Mike Healy
Mike Kerns
Peter Breen
Charles McGlashan
Barbara Pahre
Hal Brown

Absent: Carole Dillon-Knutson and Bob Jehn

II Minutes of the April 19, 2006 SMART Meeting

Chair Boro asked for approval of the April 19, 2006 SMART Board meeting minutes. Co-Chair Kern moved to approve the minutes, Director Breen seconded. Director Healy abstained. The minutes were unanimously approved.

III Consent Agenda

Chair Boro brought up the Consent Agenda and asked for approval. Director Kerns moved the item and Director McGlashan seconded. With no dissenting votes, the Consent Agenda passed unanimously.

IV Agenda Review

Chair Boro stated item 8 would not be on the agenda today and asked if there were any other changes to the Agenda from staff or the Board. There were none. The agenda was moved by Director Pahre and seconded by Co-Chair Kerns. It was passed unanimously.

V Public Comment on Non-Agenda Items

Chair Boro asked for public comment on items not appearing on the agenda. Steve Birdlebough passed out a letter to the Board requesting the Board take into consideration retaining flexibility in its expenditure strategy. Terry Larson, Los Robles Mobile Home

Community in Novato wanted to ask the Board if there were plans to take over the Los Robles mobile home park as a TOD project. Ms. Hames clarified that the IJ article was incorrect and SMART had no plans to take over their property. She noted that Matt Stevens had contacted Gayle Atkinson of the Los Robles Community Association so that he could meet and speak with your community at one of your regular meetings. Ms. Hames also stated Matt Stevens would talk with Ms. Larson directly after the meeting. Duane DeWitt suggested that SMART public meetings should reach out to Spanish speaking communities. Herman Arrow, Los Robles Park stated his community was not interested in a bus transit center by the front gate. Karen Nygren made a comment of what happens today versus what would happen in the future. Ms. Hames reiterated that the legislation prohibits SMART from condemning right of way for transit oriented development purposes. David Schonbrunn stated he just returned from the east coast where he had the opportunity to visit and experience several rail lines and he noted that SMART should check on the Colorado Rail Car maintenance record. He also noted that New Jersey Transit had projected 5300 trips a day for start up and they are now at 8300 trips a day within one year. Lionel Gambill stated as there are no major turns in the corridor, no major noises should be heard from flanges.

VI SMART General Manager Report

Ms. Hames stated that staff was currently working with consultants on response to comments for the final EIR and with the Blue Ribbon Panel Committee which included an overview and recommendations from the Panel being presented today. Staff has had two Ad Hoc Selection Committee meetings regarding the Railroad Square development and would have one more meeting next week.

Director McGlashan stated he was very proud of this Board and the SMART staff regarding the selection process for the Railroad Square Development. He noted all of the advantages of the project including extensive community outreach, affordable housing, lead platinum designation, green building and rain water catch for reuse. Ms. Hames explained to those residents of Los Robles that the property Director McGlashan was referring to was a five ½ acre site that was an empty railroad yard located in Santa Rosa. For those individuals from the Los Robles Community who would like to talk to another community that had worked with SMART, Ms. Hames suggested they speak with Carol Dean of the West End Neighborhood Association.

VII Real Estate Committee Report

Lucrecia Milla gave a brief overview of the May Real Estate Committee meeting. She noted that Dutra Materials gave a presentation on their proposed processing plant in Petaluma. Chair Boro asked about the Dutra presentation. Ms. Milla stated that they had submitted a list of questions to be answered by Dutra relative the plant's operation across the NWP tracks.

VIII Real Estate Committee Appointment

Chair Boro stated this item was not on the agenda this month.

IX Amendments to Vicki Hill Contract

Ms. Hames stated staff recommended an amendment to Vicki Hill's contract adding \$23,000, with a not to exceed of \$108,000 because of the additional work required for the preparation of response to comments. Chair Boro asked for a motion. Director Healy moved and Director Fudge seconded and the motion passed unanimously.

X. SMART Project Cost Update

Ms. Hames gave a presentation on the updated SMART project cost estimates for capital and operating costs that had been prepared by the consultant team and reviewed by the Blue Ribbon Panel. She noted that these costs would be the first step to preparing the revised 2006 Expenditure Plan. Costs were updated from a first quarter 2004 estimate. The Blue Ribbon Panel of passenger rail directors representing Caltrain, the Capital Corridor, Metrolink and Tri-Met provided comments on the project costs. The cost estimates had increased 14% on the capital side and 20% on the operating side from the 2004 estimate.

Co-Chair Kerns asked if the cost estimates could be characterized as conservative. Ms. Hames stated the estimates were conservative given the 30% level of design that had been completed to date. Ms. Hames stated it might be difficult to find another project with this level of cost detail at a 30% level of design. She noted that because SMART is a single project entity, the objective was to provide the Board and the public with updated projected costs which had been thoroughly reviewed by an independent panel of rail project directors.

XI. Blue Ribbon Panel Recommendations

Mr. David Kutrosky, Finance and Planning Director of the State Capitol Corridor stated he appreciated having an opportunity to work with SMART and the consultants on the project cost review. Mr. Kutrosky stated how impressed he was at the level of detail contained in the cost estimate given the level of design; making it easier to talk about details of the project. He and the other panel members had reviewed all of the cost estimates and assumptions that were included in today's packet.

Questions were opened to the public and Mike Arnold asked if the fuel costs were the same as those paid by the public at the pump. Ms. Hames stated the train would buy fuel in bulk as does the Capitol Corridor and used the exact number the Capitol Corridor used for their FY07 budget. Mr. Arnold asked what the shuttle operational costs were per hour and Ms. Hames noted they had used MTCD's figure but had rounded up to \$75.00. Mr. Arnold further inquired about the number of shuttle buses. Ms. Hames stated it was 9 routes times 8 hours of service per day times 255 days of service per year, for a total of 18,360 hours of service annually. Ms. Hames told Mr. Arnold that if he has additional questions to please provide those questions to the SMART office in writing, not by emails. Chair Boro asked if the cost estimates could be discussed again next month. Ms. Hames stated yes, it could be reagendaized next month.

XII FY2006-07 SMART Preliminary Budget

Ms. Hames gave an outline of the preliminary budget. The preliminary budget was very similar to last year's preliminary budget. She noted there are two budgets; the project

budget and the maintenance budget. Staff would come back later in the summer/fall with a final budget. She noted there was funding for a program management consultant as the project moved closer to final engineering. Ms. Hames went on to note the increased legal costs of the project, higher printing costs associated with the DEIR. Co-Chair Kerns asked if any property leases would be coming up for renewal and does that funding automatically get factored into the revenue side. Ms. Milla stated that yes the updates were factored into the revenues.

Mr. Schonbrunn pointed out a correction to the header of the two budget sheets noting it should be 2006/07 vs. 2005/06. He also stated Ms. Hames mentioned the design/build concept in her budget description and he felt that should be considered.

Chair Boro asked for motion to adopt the budget. It was moved by Director McGlashan, seconded by Director Kerns and passed unanimously.

XIII Measure M Funding Request

Ms. Hames gave an overview of the proposed application for Measure M funding. Although staff was pursuing TCRP fund at the July CTC meeting, Measure M funds would be used if TCRP funding was not authorized. A resolution and cooperative agreement were proposed for \$1.2 million; \$350,000 in FY05-06 and \$850,000 in FY06-07. SCTA would be reviewing this at their June 12th, 2006 meeting. Chair Boro asked to approve the resolution. It was moved by Director Pahre, seconded by Director Kerns and passed unanimously.

XIV SMART Annual Auditor-Controller's Report

Ms. Hames stated Scott Catania of Sonoma County Controller's Office was present today if the Board had questions on the Annual Auditor's Report. The audit is the most recent audit and there was one correction in it which needed to reflect the Board Members. The Board members showed Pat Eklund as a Board member and that needed to be revised. Mr. Catania stated since the audit was done in 03/04, the roster of the Board listed reflected the period of 03/04 and not the present roster. He noted that they hope to get started on the 04/05 audit report in the next few weeks. Co-Chair Kerns asked when the Board should expect the audit report. Mr. Catania stated it would be completed in August or September of this year. Chair Boro stated he appreciated the introduction which made it easier to read. Chair Boro asked for motion to move to accept. The motion was made by Director Breen and seconded by Co-Chair Kerns. It was passed unanimously.

XV Closed Session

Chairman Boro asked to clear the room so that Board could move into Closed Session.

XVI Report on Closed Session

Mr. Greg Dion reported on the Closed Session that the Board had given direction to the staff on items a, Item b was not discussed, Item c on Jerico vs. SMART was settled and direction was given to staff to the settlement agreement. With regard to Item d, direction was given to staff and with regard to item e, direction was given to Staff and there was nothing else to report. Mr. Schonbrunn asked if he could see the settlement agreement of the Jerico vs. SMART.

XVII Next Meeting Date

Chairman Boro stated the next Board meeting will be on June 21, 2006, 1:30 p.m. at the Sonoma County Board of Supervisors Chambers, Santa Rosa.

XVIII Adjournment

The meeting was adjourned at 3:30 p.m.

**Sonoma Marin Area Rail Transit
Project Draw-Downs
November 1, 2000 through May 31, 2006**

Consultants:	HDR Eng.	HDR Eng.	The Results Group	Parsons Brinkerhoff	CD&A	*	**
TCRP Projects:	Systems Planning	On Call Rail Engineering	Community Outreach	EIR EIS/PE	Station Planning	Management/ Administration	Total TCRP Funds Obligated to Date
Estimated Completion (mo/year)	Jan-07	Jan-07	Jan-07	Jan-07	Jan-07	Jan-07	
Total TCRP Authorization							7,700,000.00
Contract Amount	239,292.00	935,708.00	1,080,040.00	3,396,030.00	531,935.00	1,200,000.00	7,383,005.00
Optional Tasks	0.00	0.00	0.00	511,416.00	50,000.00	0.00	561,416.00
Total Contracts	239,292.00	935,708.00	1,080,040.00	3,907,446.00	581,935.00	1,200,000.00	7,944,421.00
Less: Contracts Paid to Date	(239,280.26)	(839,465.09)	(909,452.90)	(3,482,432.07)	(449,306.83)	0.00	(5,919,937.15)
Remaining Balance Contracts	11.74	96,242.91	170,587.10	425,013.93	132,628.17	1,200,000.00	2,024,483.85
Less: Other Expenses Paid to Date	0.00	0.00	0.00	(181,753.50)	(25,000.00)	(1,412,599.40)	(1,619,352.90)
Less: Right of Way Expenses***	0.00	0.00	0.00	0.00	0.00	(106,039.84)	(106,039.84)
Remaining Project Balance	11.74	96,242.91	170,587.10	243,260.43	107,628.17	(318,639.24)	299,091.11

* Includes project management, SCTA/SMART staff time, legal, printing, accounting and miscellaneous services.

** **As of May 31, 2006 Phase I TCRP Funds have been exhausted and remaining expenses will be reimbursed by Measure M**

*** Of the original \$7,700,000 TCRP allocation, \$150,000 has been re-allocated for ROW expenses



MEMORANDUM

DATE: June 21, 2006
TO: SMART Board of Directors
FROM: John Nemeth, Rail Planning Manager
RE: Santa Rosa Railroad Developer Selection

Agenda Item VIII

Issue Summary

The Ad Hoc Selection Committee has recommended that the Railroad Square LLC, led by Creative Housing Associates be selected as the master developer of SMART's Railroad Square property.

Analysis / Background

On April 19th, staff provided an overview of development proposals submitted by three short-listed developer teams. They included the Railroad Square Associates LLC, led by the John Stewart Company, the Railroad Square LLC led by Creative Housing Associates, and the Railroad Square Development LLC, led by CIM & Domus Development.

Since that time the Ad Hoc Selection Committee met on three occasions in May to consider the three proposals. The five-member Committee consisted of SMART Board members Bob Jehn, Charles McGlashan and Jim Eddie, along with Santa Rosa City Council Members, Mike Martini and John Sawyer.

The first meeting involved presentations by each development team of their proposals, to a public audience of well over 100. In the second meeting SMART staff and its consultants, Dena Belzer and Phil Erickson, provided a technical review of the proposals to the Committee. The final meeting involved deliberations and a recommendation. All three meetings were televised on Comcast Channel 70 in Santa Rosa, sponsored by the League of Women Voters.

Ultimately, the Committee unanimously recommended the Railroad Square LLC, led by Creative Housing Associates. The reasons cited included the quality of their overall design, strong incorporation of green building techniques, professionalism, and their willingness and ability to work constructively and cooperatively with the local community. Moreover, the selection of the Railroad Square LLC has been endorsed by several citizens groups including Friends of

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SMART, the Sonoma County Transportation and Land Use Coalition, Concerned Citizens of Santa Rosa, and the West End Neighborhood Association.

Next Steps

The SMART Real Estate Committee and SMART Board will consider the options for, and provisions to be included in, an exclusive negotiating agreement (ENA) with the master developer.

Staff Recommendation

Staff recommends that the Board approve the Ad Hoc Committee's recommendation, and invite the selected developer to participate in an ENA.



MEMORANDUM

DATE: May 16, 2006
TO: SMART Board of Directors
FROM: Lillian Hames, General Manager
RE: SMART Expenditure Plan 2006 Draft

Agenda Item IX

Issue Summary

The SMART Expenditure Plan 2006 Draft will be provided to the Board of Directors at the June 21, 2006 Board meeting. The Expenditure Plan describes the allocation of a ¼ cent sales tax measure for the proposed SMART project. The plan includes funding for the construction of the passenger rail project, along with 20 years of rail operations and maintenance revenues. In addition, the plan includes funding approximately half the cost of the proposed bicycle/pedestrian pathway. The plan includes 20 years of maintenance funding for the proposed bicycle/pedestrian pathway.

No action is required on the Expenditure Plan 2006 Draft at the June 21st Board meeting.

Key Elements of the Plan

1. The Expenditure Plan includes sales tax revenues derived from the district's proposed ¼ cent sales tax measure:

Total Sales Tax	\$668 million (over 20 years)*
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Funds by county over a 20 year period are estimated at:

Sonoma County:	\$470 million
Marin County:	\$198 million

2. The costs of the proposed project were provided to the Board in May 2006. The cost estimates were finalized following a review of the Blue Ribbon Panel composed of project

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directors from operating passenger rail districts located on the West Coast, including Caltrain, Tri-Met, Metrolink and the Capital Corridor. Those updated costs include:

Passenger Rail Project	\$387 million
Annual Operating Cost	\$ 14.2 million
Shuttle Program	\$ 1.3 million
Annual Operating Cost	
Bicycle/Pedestrian Pathway	\$ 80.4 million
Annual Operating Cost	\$.75 million

3. The Expenditure Plan assumes that SMART sales tax revenues will fund 57% of the bicycle/pedestrian pathway's construction, or \$46 million, and 100% of the 20 year maintenance costs of the pathway. (This is the same percentage included in the 2004 Expenditure Plan).

4. SMART would prepare a Strategic Plan prior to July 2007 which will identify planned investments in capital, operating and maintenance for the 20 year duration of the plan.

5. The Expenditure Plan includes the establishment of a Citizens Oversight Committee which would provide input and review on the Strategic Plan and subsequent updates.

6. The passage of the proposed ¼ cent sales tax measure would allow SMART to obtain other local, regional, state and federal funds that have either been programmed for the project or which require sales tax matching funds. These funding sources include TCRP, Prop 116, Regional Measure 2, Measure M (Sonoma County sales tax), state infrastructure funding and federal capital and operating sources.

Staff Recommendation

Staff is seeking Board review and recommendations on the SMART Expenditure Plan 2006 Draft. No action on the plan is required at this month's Board meeting. The Expenditure Plan would be included as an exhibit to the proposed sales tax ordinance, which will be presented to the Board for approval in July.

* Costs and revenues are presented in year 2006 dollars.



**Parsons
Brinckerhoff**

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May 15, 2006

To: Lillian Hames

From: Bryan Porter and John Schumann

Re: SMART Annual Operating & Maintenance Cost Assumptions (2006 Estimate)

The September 2004 SMART Expenditure Plan for the proposed project cited an annual operating cost of \$14.7 million for the rail project. This estimate included \$12.0 million to operate and maintain the rail system, \$1.0 million for supporting shuttle service, and \$1.7 million to maintain the bicycle/pedestrian pathway.

In order to revise SMART's Expenditure Plan, all costs were updated to 2006 and represent a 20% increase.

COSTING ASSUMPTIONS

The cost estimate was developed based on the following O&M elements and costing assumptions.

Rail Operations – These costs consist of two elements: fixed costs and variable costs. Fixed costs include track and signal maintenance, calculated on a track mile basis; dispatch; insurance; station maintenance; contractor management; and general & administrative costs. Variable costs include fuel, train and engine crews, and equipment maintenance.

In deriving the rail system operating costs, the following assumptions were made:

- Track miles – a total of 69.8 miles, with seven sidings totaling 5.9 miles.
- Assumes weekday use of 5 two-car trains and 2 one-car trains
- Stations are to be located in Larkspur, San Rafael, Marin Civic Center, Novato South, Novato North, Petaluma, Corona, Cotati, Rohnert Park, Santa Rosa, Jennings, Windsor, Healdsburg and Cloverdale.
- Service every 30 minutes during the peak commute hours, with one mid-day train.

Shuttle Operations – To enhance access to and from the SMART stations, a shuttle system consisting of nine routes was presented in the DEIR. The shuttles would be free to rail passengers and operate during the same hours as the rail system in the morning and afternoon peak commute periods. This service would be contracted for the hours required. The contractor would provide vehicles, drivers, vehicle maintenance, and required insurance. This new estimate is based on specific operating recommendations.

Bikeway/Pedestrian Path Maintenance and Insurance – This includes annual maintenance of the asphalt pathway and insurance for the facility located outside of the SMART/public right-of-way.

Administrative Costs – This includes employee salaries and benefits, office rent, supplies, computer equipment and miscellaneous administrative costs.

UPDATED COST ESTIMATE

Each of the six cost elements listed above has been updated as follows.

Rail Operations – The estimate provided to the SMART Board in October 2004 was between \$10 and \$12 million annually. We have adjusted the higher figure by 18% per year to \$14.2 million in 2006 dollars. This consists of 66% in fixed costs, 17% in variable costs and a 17% contingency. Fixed costs include track, signal and station maintenance, dispatching, insurance, and general management administration. Variable costs include fuel, train crews and equipment maintenance.

Shuttle Operations – In October 2004, we used an estimate of \$1 million as a placeholder figure pending a more complete definition of the shuttle network. In 2006, this estimate assumes 9 routes x 8 hours of service per day x 255 days of service per year, for a total of 18,360 hours of service annually. To be conservative, we have assumed the service will cost \$75 per hour to operate, for a total annual operating cost of nearly \$1.3 million.¹ This represents a 30% increase over the original estimate.

Bikeway/Pedestrian Path Maintenance and Insurance – In 2004, the estimate for this line item was \$1.7 million, with \$1.4 million identified as a placeholder for insurance coverage. Since we will maintain separate insurance coverage for rail system operations and because 80% of the bikeway/pedestrian path is within the railroad right-of-way, the annual insurance cost can be reduced. As a result, the cost for bikeway/pedestrian path maintenance and insurance is now estimated at \$750,000 per year.

Administrative Costs – The original rail operating cost estimate included \$1.5 million per year for administration. This too has been adjusted by the rate of inflation and continues to be included within the rail system operating budget.

Environmental Mitigation -- On-going environmental mitigation is included as part of this estimate, including annual funding of the Operation Lifesaver program.

¹ According to the Marin County Transit District, the West Marin Stage Coach currently costs \$54 per hour to operate. Because of rising labor and fuel costs, the cost for maintaining service continues to increase. As such, it was recommended we consider using an hourly cost of between \$60 and \$70 for estimating purposes.

SUMMARY

The revised estimate for annual operating and maintenance costs for the project totals \$17.6 million in current dollars, an increase of 20% over the original cost. The table below summarizes the increase in annual costs by cost element.

Cost Element	2004 Cost (Millions \$)	2006 Cost (Millions \$)	Percent Change
Rail Operations	\$12.0	\$14.2	18%
Shuttle Operations	1.0	1.3	30%
Bikeway/Pedestrian Path Maintenance	1.7	0.75	-56%
SMART Administration (includes District staffing and outreach activities to encourage rail safety; Operation Life Safer Program)	--	1.34	--
Total Annual Cost:	\$14.7	\$17.6	20%



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May 15, 2006

To: Lillian Hames
From: Bryan Porter, Pat McNamee and Mike Strider
Re: SMART Capital Cost Project Assumptions

The November 2005 Draft Environmental Impact Report (DEIR) for the proposed SMART project cited a cost of \$340 million for the rail project. The proposed bicycle/pedestrian pathway was estimated at \$70 million, \$40 million which was allocated in SMART's Expenditure Plan, 2004. All costs were in 2004 dollars.

In order to revise SMART's Expenditure Plan, all costs were updated to 2006 estimates. In addition, where appropriate, new project elements were added.

Project costs now total \$387 million and \$80.4 million for bicycle/pedestrian project. Both of these reflect a 14% increase.

COST ELEMENTS

The cost estimate was developed based on the following construction elements and costing assumptions. Backup materials documenting unit prices, quantities and other costing guidelines are included at the back of this memo.

1. Track and Bridge Rehabilitation
2. Bicycle/Pedestrian Pathway
3. Signals
4. Grade Crossings
5. New Bridges and Tunnels
6. Stations
7. Maintenance and Layover Facilities
8. Other Construction Costs, including startup and testing.

9. Vehicles

10. Right-of-way

11. Add-on allowances, including:

- Engineering, DEIS, including design costs and design services during construction
- Construction Management, including overall construction program management and administration
- Construction Change Orders during Construction
- SMART Costs
- Public Art
- Project Reserve

UPDATED COST ESTIMATE

Since development of the original construction cost estimate, SMART has taken into account an adjustment of right-of-way costs, the replacement of all wooden structures along the alignment, the sharp rise in the global price of construction materials such as steel and concrete, and storm-related damage from this winter's heavy rains. Each of these adjustment factors is discussed below.

Adjustment to Right-of-Way Acquisition Costs

Based on discussion with the county assessor's office, unimproved land, depending on its physical location, has escalated between 30 and 50% between 2004 and 2006. For the purpose of the estimate the escalation rate is assumed to be 30% over that period.

Replacement of Wooden Structures

The previous cost estimate had provisions to repair existing timber railroad trestles where possible. Following the last two years of storm damage, it was decided that all the timber bridges should be replaced. The new cost estimate now includes the replacement of all timber trestles with either prestressed precast concrete ballast deck bridges with steel or concrete piles, or with concrete culverts.

The Increased Cost of Construction Materials

A primary factor driving the cost escalation is the gradual increase in building and construction costs between 2003 and 2006. The construction cost index used for civil projects for the San Francisco Bay Area has increased from a high of 7788.80 in December 2003 to 8444.44 as of March 2006 (Engineering News-Record, 2006). The building cost index is comprised of local prices for Portland cement and 2 X 4 lumber, the national average for structural steel, and local union wages, plus fringes for carpenters, bricklayers and iron workers. A rising international demand for asphalt, concrete, lumber and steel are driving prices up for these materials. The price of steel more than doubled between 2002 and 2004, and while prices have fallen off since their 2004 peak, they remain above

their 5- and 10-year averages (TD Bank Financial Group, 2006)¹. The cost of cement is up 12.3 percent from December 2004 (Orange County Register, 2006)².

Storm Related Damage

During the floods of December, 2005, portions of the existing SMART mainline track and right-of-way were damaged. A preliminary estimate of damage is \$2 million.

Adjustment to Bicycle/Pedestrian Path

Unit costs for pathway construction were increased including fencing, safety structures, retaining walls, bridges and trestles.

Quiet Zone Mitigation

At the suggestion of the Transportation Authority of Marin (TAM), the cost estimate was modified to include funding for implementing Quiet Zone improvements. \$1.5 million was allocated for this purpose.

Environmental Mitigation

The original 2004 estimate included \$2.6 million for environmental mitigation. This estimate has been increased to \$5 million in the 2006 cost estimate.

Station Contingency for Enhancements

The original 2004 estimate did not include funds for station enhancements. A line item has been added totaling \$4.6 million in the 2006 cost estimate.

Summary

The revised estimate for construction of the rail project is now \$387.0 million, an increase of 14% over the original cost estimate. Similarly, the cost of the bike/pedestrian pathway has also increased 14% to \$80.4 million. In general, these increases are attributable to:

- Higher right-of-way costs, which have been cost adjusted by 30% and quantity adjusted for the maintenance facility, represents 45% of the overall increased cost;
- Replacement of wooden structures, which has been adjusted by 20%. This represents 6% of the overall increased cost;
- The higher cost of construction materials, which has been adjusted by 10%. This represents 19% of the overall increased cost;

¹ Available at http://www.td.com/economics/topic/db1105_steel.pdf

² Available at http://www.ocregister.com/ocregister/money/homepage/article_1045898.php

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- Storm-related damage, which has added \$2 million to the estimate. This represents 5% of the overall increased cost;
 - Quiet Zone mitigation represents 4% of the overall increased cost;
 - Environmental mitigation represents 12% of the overall increased cost; and
 - Station contingency for enhancements represents 9 of the increased cost.

REVISED ESTIMATE

Provided below is a summary of the previous and now current costs for construction of the rail project between Larkspur and Cloverdale. A comparison estimate is also shown for the bicycle/pedestrian path. Detailed information on unit costs, quantities and other cost-related elements are included at the end of this memo.

SMART CAPITAL COST PROJECT SUMMARY

LARKSPUR TO CLOVERDALE WITHOUT THE BIKE/PED PATH Cost Comparison, 2004 vs. 2006

	Cost Elements	2004	2006	Percent Increase
1	Track and Bridge Rehabilitation	72,995,666	86,271,413	18%
2	Bicycle/Pedestrian Pathway	0	0	--
3	Signals	14,742,328	15,950,705	8%
4	Grade Crossings	19,297,019	20,921,389	8%
5	New Bridge and Tunnels	2,908,000	3,152,788	8%
6	Stations (14 total)	24,080,711	20,885,712	<13%>
7	Station Contingency For Enhancements	--	4,627,733	NA
8	Maintenance and Layover Facilities	17,200,000	18,660,000	8%
9	Other Construction Costs *	4,932,164	7,862,504	59%
10	Quiet Zone Mitigation	--	1,500,000	NA
	Construction Subtotal:	156,155,888	179,832,697	15%
	Contractor Design (6%):	--	10,789,935	N/A
	Construction Contingency (15.67%)	25,138,230	28,170,856	12%
	Construction Total:	181,294,118	218,793,035	21%
11	Vehicles	66,185,900	71,783,268	8%
12	Right-of-Way **	7,572,294	29,357,053	288%
13	Add-on Multipliers	83,736,569	67,071,331	<20%>
	Total Project Costs: *** (2 nd Q 2006\$)	338,788,881	387,004,687	14%
	<p>* Includes doubling of budget for environmental mitigation</p> <p>** Includes purchase of right-of-way for new maintenance facility. In 2004, it was assumed that the land was to be leased.</p> <p>*** SMART's 2004 Expenditure Plan allocated \$40 million to the pedestrian/bicycle facility; or 57% of the total cost. Assuming this allocation formula holds for the 2006 Expenditure Plan, \$46 million would be allocated.</p>			

SMART CAPITAL COST PROJECT SUMMARY
LARKSPUR TO CLOVERDALE BIKE & PED PATH
Cost Comparison, 2004 vs. 2006

	Cost Elements	2004	2006	Percent Increase
1	Track and Bridge Rehabilitation	0	0	0%
2	Bicycle/Pedestrian Pathway	34,707,265	39,961,401	15%
3	Signals	0	0	0
4	Grade Crossings	0	0	0
5	New Bridge and Tunnels	0	0	0
6	Stations	0	0	0
7	Maintenance and Layover Facilities	0	0	0
8	Other Construction Costs	8,282,840	8,980,067	8%
	Construction Subtotal:	42,990,105	48,941,468	14%
	Contractor Design	0	2,447,073	N/A
	Construction Contingency (16.42%)	6,862,658	8,034,931	17%
	Construction Total:	49,852,763	59,423,472	19%
9	Vehicles	0	0	0
10	Right-of-Way	5,024,478	6,716,723	34%
11	Add-on Multipliers	15,860,235	14,300,352	<10%>
	Total Project Costs: *	70,737,476	80,440,547	14%

* SMART's 2004 Expenditure Plan allocated \$40 million to the pedestrian/bicycle facility; or 57% of the total cost. Assuming this allocation formula holds for the 2006 Expenditure Plan, \$46 million would be allocated..



MEMORANDUM

DATE: May 16, 2006
TO: SMART Board of Directors
FROM: Lillian Hames, General Manager
RE: SMART Project Cost Updates

Agenda Item IX

Issue Summary

SMART has prepared capital and operating cost estimates for the SMART Project. Costs were updated from a first quarter 2004 estimate prepared by SMART's consultant team. A Blue Ribbon Panel of passenger rail managers/directors representing Caltrain, the Capital Corridor, Metrolink and Tri-Met have provided a detailed review of both estimates. Cost estimates increased 14% on the capital side and 20% on the operating side. Cost increases are attributed to major increases in materials and fuel, as well as to new project elements added or revised as a result of the environmental review process.

Analysis

An overview of the costs are as follows:

Capital Costs	2004	2006	% Change
Rail	\$340 m	\$387 m	14%
Ped/Bike	\$ 70 m	\$ 80.4m	14%
Annual Operating Costs			
Rail	\$12 m	\$14.2 m	18%
Shuttles	\$ 1.0 m	\$ 1.3 m	30%
Ped/Bike	\$ 1.7 m	.75 m	-56%
Overall Annual Operating			20%

A more detailed summary of these costs is provided in the Parsons Brinckerhoff May 15, 2006 memorandums: SMART Capital Cost Project Assumptions and SMART Annual Operating and Maintenance Cost Estimates

A summary of the key cost factors impacting these costs is as follows:

Capital Costs

1. Increases of 40-60% in construction materials such as steel, asphalt and concrete.
2. Increases of 30-50% in right of way costs.
3. Storm damage of 2005/06.
4. Replacement of all wooden trestles along the NWP.
5. Addition of Quiet Zone costs.
6. Environmental mitigation adjustments.
7. Two years of inflation on all cost items.

Operating Costs

1. Shuttle cost increase of 30% replacing former place holder estimate.
2. Fuel cost increase of 25%.
3. Addition of Operation Lifesaver Program as an annual expense.

Staff Recommendation

Staff is seeking the Board's input and review of the proposed cost estimates. Following that review, these estimates will be used to update the SMART Expenditure Plan 2006.



MEMORANDUM

DATE: June 16, 2006
TO: SMART Board of Directors
FROM: Gregory Dion, Legal Counsel
RE: AGENDA ITEM: X

Staff Report: SMART Employees COLA

Issue Summary

At its May, 2006 Board Meeting, the Board of Directors approved a FY 2006-07 Preliminary Budget for SMART. The budget includes a 3.5% cost of living adjustment (COLA) for SMART employees; an increase identical to other administrative employees within Sonoma County. There are currently four SMART employees (General Manager, Rail Planning Manager, Property Manager, and Administrative Assistant). The COLA increase would only be applicable to the three staff employees who report to the General Manager. The General Manager's salary is governed by separate contract, which establishes her salary. Though a COLA increase has been included in the budget, legal counsel recommends that the Board adopt a separate resolution authorizing the COLA increases.

Recommendation

COLA increases are a policy determination to be made by the Board. Legal counsel recommends that the Board authorize COLA increases by separate resolution.



Resolution No. 2006-04 Sonoma/Marin Area Rail Transit District
Petaluma, California
June 21, 2006

RESOLUTION OF THE BOARD OF DIRECTORS FOR THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT AUTHORIZING A 3.5% COST OF LIVING ADJUSTMENT (COLA) INCREASE FOR SMART EMPLOYEES FOR THE 2006/2007 FISCAL YEAR

WHEREAS, at its May, 2006 Board meeting, the Board of Directors approved a proposed operating budget for the fiscal year 2006/2007;

WHEREAS, the proposed operating budget includes a 3.5% cost of living adjustment (COLA) for SMART employees (except the General Manager, whose salary is governed by separate contract);

WHEREAS, the Board of Directors seeks to authorize a 3.5 % COLA increase for the following SMART employees: Rail Planner, Property Manager, and Administrative Assistant;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors hereby approves a 3.5% COLA increase for the following SMART employees: Rail Planner, Property Manager, and Administrative Assistant.

BE IT FURTHER RESOLVED that the General Manager is hereby authorized and directed to take all reasonably required steps to implement the COLA increases for the 2006/2007 fiscal year.

THE FOREGOING RESOLUTION was moved by Director _____, seconded by Director _____, and approved by the following vote:

- Director Boro _____
Director Brown _____
Director Breen _____
Director Dillon-Knudson _____
Director McGlashan _____
Director Eddie _____
Director Jehn _____
Director Fudge _____
Director Healy _____
Director Kerns _____
Director Reilly _____
Director Pahre _____

Ayes: _____ Noes: _____ Absent: _____ Abstain: _____

SO ORDERED

I, the undersigned, certify that the foregoing resolution was duly adopted at a regular meeting of the Sonoma/Marin Area Rail Transit District held on June 21, 2006.

Lillian Hames, General Manager
Sonoma/Marin Area Rail Transit Rail District