Sonoma-Marin Area Rail Transit District

Strategic Plan 2019

Contents

EXECUTIVE SUMMARY

Since the approval of the sales tax in 2008, SMART has moved to build, as quickly as possible, an entirely new transit alternative to sitting in traffic on Highway 101. Voters showed their desire to have this system in the most important way possible: by agreeing to help pay for it. The main task of this Strategic Plan is to assist the District and its policy-making Board in the decisions needed to preserve the progress that has been made to date and secure the transportation alternative well into the future. SMART's ¼ cent sales tax has produced $289 million in revenues for SMART through Fiscal Year 2018. This revenue stream has allowed SMART to both build and operate the current rail transit system that runs from San Rafael in Marin to Airport Boulevard in Sonoma, and then to go on to seek additional funding for four additional rail cars, extensions to Larkspur and Windsor, and additional pathway extensions beyond our current built system. As envisioned in the findings for Measure Q, SMART leveraged the sales tax received to bring in over $323 million for building and operating the system-- effectively doubling the sales tax income. This has resulted in $600 million of direct investment in the transportation infrastructure of the two Counties, with more to come.

In the coming year, SMART faces important decision points in its future planning. In working to provide the best transit alternative to commuters in the North Bay, SMART opened with more service than originally planned in Measure Q, service that is safe, reliable and has carried over 1.4 million passengers to date. However, in the past two years, the District has found that the costs of operating are higher than earlier projections. Those cost pressures include debt service, safety technology and the high cost of labor for qualified staff driven by the cost of housing and living in the Bay Area.

While extension of the current sales tax was always planned and necessary for continued operations, the year in which SMART asked voters for that extension had not been planned. This Strategic Plan focuses on a path forward in which SMART asks voters in March 2020 to continue the progress and success of the SMART transit alternative and extend the current sales tax past its 2029 expiration date. This would allow the District the time needed to restructure its debt and put more annual funding to operations. Preliminary estimates would allow annual debt service to be reduced from $18 million to $6 million. This would not only make the current rail and pathway operations sustainable; it would also provide the revenue needed to operate future rail extensions to Healdsburg and Cloverdale and future pathway expansion should outside construction funding become available. In the coming years, SMART will continue its very successful efforts to seek out regional federal and state funds to extend beyond the current system. Without an extension of the sales tax, SMART will embark on cost cutting measures in order to bring costs down to anticipated revenue levels.

This 2019 Plan includes sections outlining SMART's current operations and capital projects, discusses the revenues and expenditures related to those, and presents more detailed information on the financial planning options available to the Board in the coming years.

SMART RAIL SYSTEM MAP 2019

BACKGROUND AND HISTORY

SMART's ¼ cent sales tax was enacted in 2008 by 70% of voters in Sonoma and Marin Counties. This stable revenue stream has allowed SMART to both build and operate the current commuter rail service and pathway connections between San Rafael in Marin to Airport Boulevard in Sonoma. This progress to date has occurred despite the fact that the Great Recession brought uncertainty to the project in its early days and enormous challenges to delivering this new service.

SMART's positive movement forward, despite these challenges, meant the opening, in 2017, of a new transit alternative spanning 44 miles that reaches over 80% of the population SMART was targeting for ridership. originally envisioned in the measure. In addition to the building of the system and creating an entire transit agency, the existence of Measure Q has also spurred the creation of jobs, such as the growth of BioMarin in San Rafael whose buildout location choice was due to the walking distance of their new space from SMART. Commercial, retail and all-important housing is being built in Rohnert Park principally due to the SMART station there. The existence of SMART as a fully staffed operating transit district has allowed also for active partnerships with others who have funded $53.4 toward additional multiuse pathway either on or made possible by our rail right-of-way.

Since the passage of Measure Q in 2008, SMART has completed a Strategic Plan every five years. In 2009, SMART prepared and approved its first Strategic Plan, which focused on initiation of the SMART capital project and the funding available for that project. The Great Recession was just beginning to make its impacts felt, affecting the sales tax starting in 2008 through 2010, reducing it by $6.6 million during that time. This initial reduction meant an overall reduction in the sales tax revenue stream for bonding purposes in 2011. Ultimately the difference in the 20-year stream between the initial sales tax proposal and later plans meant a loss of over $100 million for the District. This fact led SMART leaders to reevaluate the capacity to deliver the full 70-mile system, in the face of a falling revenue stream accompanied by cost increases tied to new regulatory requirements, the realities of construction in an active freight corridor, and significant environmental mitigation expectations, to name a few. That plan set the stage for the District to determine what was buildable and proceed with steps to finally secure the grants, financing and contracts needed to build the first operating segment.

The 2014 Strategic Plan summarized the subsequent decision-making by the Board to build the SMART project in phases, and provided updates on the decisions made as part of the capital buildout. The initial operating segment was under construction at that time, from downtown San Rafael to Railroad Square in Santa Rosa. SMART's ability to move quickly during a slow economic time led to favorable bid results, construction savings, greater confidence in the success of the project and ultimately further project expansions. State and regional funding agencies were willing to grant more funds to the District as a "shovel-ready" project with momentum. SMART extended the project to an additional station at Guerneville Road in Santa Rosa, a station at Atherton/San Marin in Novato, and then ultimately to Airport Boulevard in Sonoma County. That 2014 plan included more informed estimates for the cost of opening

and operating rail passenger service utilizing state of the art trains, tracks, signals and related infrastructure.

The 2019 Strategic Plan is the first plan since SMART has completed construction of the first 44-mile Initial Operating Segment. As of this plan, SMART and its partner agencies have constructed 18.4 miles of pathway available for use, with another 14.5 miles under construction or fully funded for construction in the coming two years. It also is the first plan since SMART began operating passenger rail service in August of 2017. In these two years SMART has carried over 1.4 million passengers, 129,000 bicyclists, and 5,100 passengers using wheelchairs. Voters and taxpayers have invested nearly $600 million into SMART and this Strategic Plan is designed outline the financial steps the District can follow to ensure that the rail service and pathway system is maintained and operating at its highest capacity for the future of the North Bay.

GUIDELINES FOR PLAN

In July 2019, the Board of Directors discussed future expenditure plan priorities that serve as principles for the use of Sales Tax funds in the future. Thus, this 2019 Strategic Plan also adopts the same principles for priorities as outlined below:

Measure Q Funds Expenditure Principles:

1. Provide for ongoing Operation and Maintenance of the Current System: Includes funding for annual maintenance and repair, future upgrades to current systems, replacement cycles, and investment in newer technology
2. Prioritize Safety and Security Maintenance and Improvements: For enhancements in safety and security of passengers, employees, the public and our infrastructure

3. Provide for Capital Investment: Completion of all projects currently underway, and additionally:
   - Completion of the Windsor Extension project
   - Completion of the Healdsburg project
   - Completion of the Cloverdale project
   - Completion of pathway projects connecting our stations
   - Completion of the second station in Petaluma
   - Purchase of additional train sets
   - Double tracking where feasible

4. Future Amendments: The Board of Directors may review and propose amendments to these principles to provide for the use of additional Federal, State, Regional or local funds, to account for unexpected revenues and to accommodate any unforeseen circumstances.

This Strategic Plan also incorporates other principles that have guided SMART since 2008. This document continues past practice by recognizing the following additional guiding principles:

Transparent Reporting:

This Strategic Plan is just one of many reports available to the public for review outlining the finances of the District. SMART commits as part of this plan to continue to provide those reports which include:

- Fiscal Year Budget Documents: Detailing Expenditures and Revenues
- Monthly Finance reports: Progress against budget, and capital project progress
- Annual Report: High level report on project and operations
- Comprehensive Annual Financial Report: Yearly financial statements reviewed by an independent auditor utilizing generally accepted accounting principles as well as Government Accounting Standards Board (GASB) guidelines. SMART has received six Awards of Excellence for its Comprehensive Annual Financial Reports.

Citizens Oversight Committee

The current Citizens Oversight Committee has been in place since 2009. This Strategic Plan recommends the continuation of the Citizens Oversight Committee into the future. In order to follow SMART's Title VI Non-Discrimination Policy guidance, the Citizen's Oversight Committee should operate with written Bylaws prior to the 2021 update of SMART's Non Discrimination Policy. Future Committees should be appointed by the Board with terms that coincide with the Strategic Plan process, and with some requirements of knowlege in financial planning, transit service, and strive to reflect the demographic makeup of the SMART District.

Multi-Jurisdictional Coordination:

SMART will continue to work closely with the municipalities located along the project corridor, as well as with Marin and Sonoma county transportation and transit agencies, to ensure that services and capital project elements are closely coordinated with existing and future transportation planning efforts and achieves the goal of serving riders and improving the quality of life and the environment. As a primarily Clipper-dominated fare system, SMART assisted in ushering this system which assists riders throughout the Bay Area in making seamless connections between transit modes. SMART opened with the most progressive transfer policy in the region for riders transferring from buses and ferry to the train providing a discount of $1.50 per transfer. SMART collaborated with local transit partners (Golden Gate Transit, Marin Transit, Sonoma County Transit, Santa Rosa CityBus, Petaluma Transit, Napa VINE, Mendocino Transit) to develop an integrated fare policy to simplify the transit riding experience and incentivize riders to use local transit as the first and last mile transportation option when choosing to ride SMART. Work will continue as the SMART schedule evolves to coordinate "first and last mile" connections between transit modes as well as welcoming bike share systems and cooperative efforts to build important pathway connections to SMART stations. SMART will cooperate with local jurisdictions' efforts to make their transportation networks better for their residents who need help getting to the train.

SMART will also continue to work as the designated successor to the North Coast Railroad Authority (NCRA) to facilitate freight rail traffic, which shares the right-of-way with SMART passenger service. SMART's accommodation to freight along the shared corridor including gauntlet tracks at each station, upgraded freight rail sidings, passenger rail vehicles that meet Federal Railroad Administration standards, and installation of "positive train control" equipment on all locomotives and along the entire right-of-way.

Similarly, constant coordination with law enforcement, fire and safety agencies, and regional and state emergency preparedness services are a priority for SMART now and into the future.

On-Going Planning for Future Phases

This Strategic Plan discusses currently planned rail and pathway extensions as well as funding sources and strategies for future extensions. Although this plan does not identify sufficient sales tax funds for significant capital projects going forward, the plan identifies revenue that can be used for operating any new extensions. The plan also includes funds for staff to continue to work on partnerships, strategies and applications for funding that can be used to construct future phases.

OPERATIONS

Current:

SMART began operating a full passenger service schedule on August 25, 2017. SMART's passenger services are currently operating at 10 stations, with planned ultimate buildout of the system at 16 stations, 2 more than originally included in the 2008 SMART Strategic Plan and Measure Q planning and approval phase. Since opening day, SMART has carried 1.4 million passengers, with weekly ridership averaging 13,922. SMART's most heavily travelled stations to date are San Rafael and Petaluma Downtown.

SMART's Operations Department directly manages all train, track, signal, train control systems and facilities including the pathway, that provide the transit service utilized by the traveling public. SMART was able to launch rail passenger service with more trips than originally expected during the planning and approval of Measure Q in 2008. SMART currently provides a total of 34 weekday trips, 17 southbound and 17 northbound, and 10 weekend trips, 5 southbound and 5 northbound, 365 days per year. The trips provide equal frequency of service in the north and southbound directions reflecting the reality that job centers are located along the entire corridor, not just in the south. The end-to-end trip time of 67 minutes between Sonoma County Airport and San Rafael is competitive with highway commute times of as much as 100 minutes during commute times and provides predictability that cannot be achieved on Highway 101. The first train leaves at 4:19 am and the last train stop is at 9:42 pm. Even when trains aren't carrying passengers, SMART operations continue 24-hours a day, with continuous dispatching for right-of-way and vehicle maintenance, vehicle testing, inspection and coordination with freight rail activities and local traffic authorities.

SMART Effective August 25, 2017

WEEKDAY SCHEDULE

SOUTHBOUND - Sonoma County Airport to Downtown San Rafael

Sonoma County Airport	4:19	4:49	5:19	6:19	7:19	7:49	8:19	9:49	12:49	2:19	2:49	3:19	3:49	5:19	5:49	6:19	6:49
Santa Rosa North	4:26	4:56	5:26	6:26	7:26	7:56	8:26	9:56	12:56	2:26	2:56	3:26	3:56	5:26	5:56	6:26	6:56
Santa Rosa Downtown	4:31	5:01	5:31	6:31	7:31	8:01	8:31	10:01	1:01	2:31	3:01	3:31	4:01	5:31	6:01	6:31	7:01
Rohnert Park	4:38	5:08	5:38	6:38	7:38	8:08	8:38	10:08	1:08	2:38	3:08	3:38	4:08	5:38	6:08	6:38	7:08
Cotati	4:42	5:12	5:42	6:42	7:42	8:12	8:42	10:12	1:12	2:42	3:12	3:42	4:12	5:42	6:12	6:42	7:12
Petaluma Downtown	4:55	5:25	5:55	6:55	7:55	8:25	8:55	10:25	1:25	2:55	3:25	3:55	4:25	5:55	6:25	6:55	7:25
Novato San Marin	5:06	5:36	6:06	7:06	8:06	8:36	9:06	10:36	1:36	3:06	3:36	4:06	4:36	6:06	6:36	7:06	7:36
Novato Hamilton	5:14	5:44	6:14	7:14	8:14	8:44	9:14	10:44	1:44	3:14	3:44	4:14	4:44	6:14	6:44	7:14	7:44
Marin Civic Center	5:20	5:50	6:20	7:20	8:20	8:50	9:20	10:50	1:50	3:20	3:50	4:20	4:50	6:20	6:50	7:20	7:50
San Rafael	5:26	5:56	6:26	7:26	8:26	8:56	9:26	10:56	1:56	3:26	3:56	4:26	4:56	6:26	6:56	7:26	7:56

NORTHBOUND - Downtown San Rafael to Sonoma County Airport

San Rafael	5:59	6:29	6:59	7:59	8:59	9:29	9:59	11:29	2:29	3:59	4:29	4:59	5:29	6:59	7:29	7:59	8:35
Marin Civic Center	6:05	6:35	7:05	8:05	9:05	9:35	10:05	11:35	2:35	4:05	4:35	5:05	5:35	7:05	7:35	8:05	8:41
Novato Hamilton	6:11	6:41	7:11	8:11	9:11	9:41	10:11	11:41	2:41	4:11	4:41	5:11	5:41	7:11	7:41	8:11	8:47
Novato San Marin	6:19	6:49	7:19	8:19	9:19	9:49	10:19	11:49	2:49	4:19	4:49	5:19	5:49	7:19	7:49	8:19	8:55
Petaluma Downtown	6:30	7:00	7:30	8:30	9:30	10:00	10:30	12:00	3:00	4:30	5:00	5:30	6:00	7:30	8:00	8:30	9:06
Cotati	6:43	7:13	7:43	8:43	9:43	10:13	10:43	12:13	3:13	4:43	5:13	5:43	6:13	7:43	8:13	8:43	9:19
Rohnert Park	6:47	7:17	7:47	8:47	9:47	10:17	10:47	12:17	3:17	4:47	5:17	5:47	6:17	7:47	8:17	8:47	9:23
Santa Rosa Downtown	6:54	7:24	7:54	8:54	9:54	10:24	10:54	12:24	3:24	4:54	5:24	5:54	6:24	7:54	8:24	8:54	9:30
Santa Rosa North	6:59	7:29	7:59	8:59	9:59	10:29	10:59	12:29	3:29	4:59	5:29	5:59	6:29	7:59	8:29	8:59	9:35
Sonoma County Airport	7:06	7:36	8:06	9:06	10:06	10:36	11:06	12:36	3:36	5:06	5:36	6:06	6:36	8:06	8:36	9:06	9:42

WEEKEND AND HOLIDAY SCHEDULE

SOUTHBOUND - Sonoma County Airport to Downtown San Rafael

Sonoma County Airport	10:13	12:13	1:13	3:16	7:23
Santa Rosa North	10:20	12:20	1:20	3:23	7:30
Santa Rosa Downtown	10:25	12:25	1:25	3:28	7:35
Rohnert Park	10:32	12:32	1:32	3:35	7:42
Cotati	10:36	12:36	1:36	3:39	7:46
Petaluma Downtown	10:49	12:49	1:49	3:52	7:59
Novato San Marin	11:00	1:00	2:00	4:03	8:10
Novato Hamilton	11:08	1:08	2:08	4:11	8:18
Marin Civic Center	11:14	1:14	2:14	4:17	8:24
San Rafael	11:20	1:20	2:20	4:23	8:30

NORTHBOUND - Downtown San Rafael to Sonoma County Airport

San Rafael	11:52	1:52	2:55	4:55	8:50
Marin Civic Center	11:58	1:58	3:01	5:01	8:56
Novato Hamilton	12:04	2:04	3:07	5:07	9:02
Novato San Marin	12:12	2:12	3:15	5:15	9:10
Petaluma Downtown	12:23	2:23	3:26	5:26	9:21
Cotati	12:36	2:36	3:39	5:39	9:34
Rohnert Park	12:40	2:40	3:43	5:43	9:38
Santa Rosa Downtown	12:47	2:47	3:50	5:50	9:45
Santa Rosa North	12:52	2:52	3:55	5:55	9:50
Sonoma County Airport	12:59	2:59	4:02	6:02	9:57

AM Times PM Times

Visit www.SonomaMarinTrain.org for more information.

SMART currently operates a fleet of fourteen Diesel Multiple Unit (DMU) rail vehicles in two and three-car train set configurations with a seated capacity of 158 – 237 per train set. SMART received four more

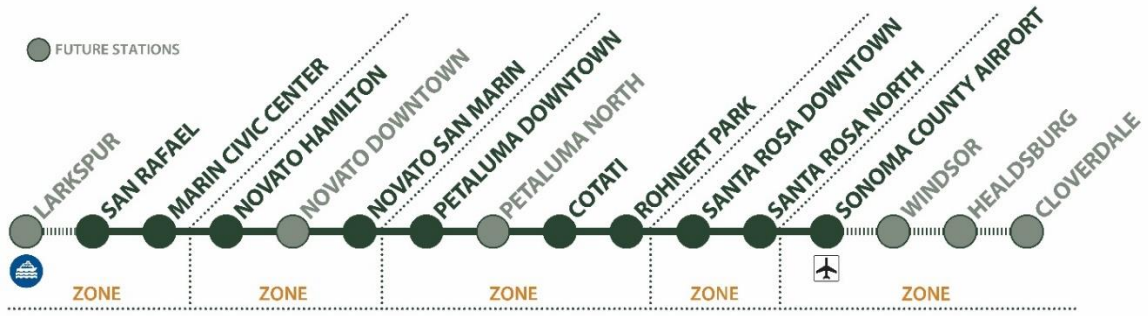
DMU vehicles at the end of 2018 and those vehicles will enter revenue service in late 2019 with the addition of Larkspur and Downtown Novato into the system.

Access to SMART stations is assisted by the SMART pathway, which SMART has the responsibility of monitoring and maintaining. The pathway offers direct connections currently to 8 of the 10 current SMART stations.

Attached in Appendix A is a detailed map showing Pathway progress to date.

SMART's Administration Department consists of the staff, services and supplies needed to run all parts of the SMART system including support for capital and operations. Its divisions include legal, human resources, finance, real estate, planning, grants, outreach and procurement. This staff works hand in hand with operations on all efforts to supply the train and path with all the back-end resources it needs while simultaneously working to find funding to extend the service farther.

The Capital Department includes staff and consultants who assist SMART with the design and implementation of all construction projects that have made the train and pathway possible and will extend it farther. This staff also manages ongoing monitoring activities associated with the structural safety of SMART's infrastructure such as monitoring SMART's mainline and Brazos branch (freight-only, eastern) bridges. The Capital Department also designs and manages projects that improve the current system through installation of major equipment, upgrading of all necessary systems or projects to keep SMART's infrastructure up to modern standards.



New Service in 2019:

In late 2019, SMART will open two new stations: Larkspur and Downtown Novato. The launch of services to Larkspur and Downtown Novato is anticipated to coincide with the launch of increased service levels to reduce the time between trains in the peak commute periods. The Larkspur extension will extend passenger service 2.1 miles from Downtown San Rafael to Larkspur. The new rail line includes include two bridges, one station with amenities, six at-grade crossings, temporary reconfiguration of the San Rafael Bettini Transit Center and train control systems that include federally mandated Positive Train Control. This project is also accommodating a reconfiguration of a major local street to ultimately allow for fewer grade crossings on

the project, improved safety, and allow the City of San Rafael, in conjunction with SMART, to complete a new parallel Class 1 pathway.

The Downtown Novato station, funded by the City of Novato, is planned to open in late 2019. In addition to its central location within walking distance of 4,000 residents, this new station will also be served by the full train schedule.

CAPITAL PROJECTS

In addition to the nearly complete Larkspur and Downtown Novato Station additions mentioned above, SMART currently is working on the following funded capital projects:

Windsor Rail Extension and Pathway: The SMART Windsor Rail Extension and SMART Pathway will provide a northern rail extension between Sonoma County's Airport Boulevard and the Town of Windsor, including just over 3-miles of Class 4 mainline track, four bridges, one station with amenities and gauntlet tracks to accommodate freight train passage, five at-grade crossings, and train control systems that include federally mandated Positive Train Control. The project provides a second entrance into the SMART Rail Operations Center (ROC) ensuring redundancy and flexibility. The double track portion will also function as a freight siding enabling more efficient movement of freight around SMART's busiest operating hours. The Town of Windsor is partnering with SMART to implement improvements to the at-grade street crossing closest to the SMART Windsor Station, which is a three-way crossing of the SMART tracks with Windsor River Road and River Road adjacent to the station site. The train control systems portion of the project was awarded in September 2018 for $15.7 million. The track, stations and other infrastructure are currently the subject of an active competitive process with completion expected in the fall of 2019. The project is currently on target to be completed and open for revenue service in late 2021. Pathway completion between Sonoma County Airport and Windsor is planned to be part of the project.

Petaluma Second Station: SMART is currently working on a public private partnership to provide a second station in Petaluma. This agreement would involve a property exchange with SMART's downtown property for land in the north end of Petaluma and funding sufficient to build another station and parking. No additional sales tax or grant funds would be needed if this agreement is finalized and executed.

Petaluma SMART Pathway: Three segments of SMART Pathway are in construction or fully funded for construction in Petaluma. These segments include safe, non-motorized crossings of several major barriers in Petaluma, including the Petaluma River and Highway 101. Combined, these three segments create a 4.5-mile continuous paved Class 1 pathway system through Petaluma connecting to Penngrove and complete all of the SMART Pathway in Petaluma that was part of the original Measure Q program.

The first segment under construction in Petaluma connects from Payran Street to Southpoint Boulevard. This project is constructing a 1.2-mile Class 1 paved bicycle and pedestrian pathway within the active SMART railroad right-of-way, including a 200-foot pedestrian and bicycles-only bridge over the Petaluma River and path under Highway 101, connecting east and west Petaluma. Currently there are limited options between east and west Petaluma for bicyclists and pedestrians and no Class 1 paved facilities, creating trespass behavior on the railroad right-of-way to cross the river and the highway or forcing pedestrians and cyclists onto steep high speed/high volume arterials crossing the highway. The project will connect east Petaluma to the SMART rail station in Downtown Petaluma and support local access to schools and services on either side of the highway and river. The project, with a direct cost of $2.4 million, is currently under construction and is estimated to be completed in October 2019.

The second segment under construction connects from Payran Street to Lakeville Street northwest of the Downtown Petaluma SMART Station. This project will construct a .4 mile Class 1 pathway and, in partnership with the City of Petaluma, provide improved pedestrian connections in the area. This project is anticipated to begin and complete construction in the spring and summer of 2020 utilizing $900,000 in other pathway construction grant savings.

The third segment in Petaluma is fully funded for construction connecting from Southpoint Boulevard to Penngrove's Main Street. This project will add 2.5-miles of Class 1 SMART Pathway through East Petaluma and into the heart of Penngrove and is combined for contracting with the SMART Pathway connection between Rohnert Park and Santa Rosa, described below. This project will begin design in the fall of 2019, start construction in the spring of 2021 and is anticipated to be open for use prior to the spring of 2023.

Sonoma County Pathway Connectors (Santa Rosa, Rohnert Park and Cotati): The SMART Pathway has been completed between Santa Rosa's Guerneville Road and Bellevue Avenue in Southwest Santa Rosa (4.2-miles) and between Rohnert Park's Golf Course Drive and Sonoma Mountain Village south of Cotati (3.3-miles) with a mix of outside grants, local resources, private funds and SMART funds. Funding has been secured to complete construction of the "gap closure" between these two areas, south from Bellevue Avenue to Golf Course Drive in Rohnert Park.

The project will construct-2.8-miles of Class 1 paved bicycle and pedestrian pathway within the active SMART railroad right-of-way from Southwest Santa Rosa to Rohnert Park. Currently there are no direct bicycle/pedestrian transportation options between these urban areas of Southwest Santa Rosa and Rohnert Park, other than Highway 101 where bicyclists and pedestrians are forbidden. Additionally, there are few sidewalks internal to most of the neighborhoods of Southwest Santa Rosa, an

area including the one State-recognized Disadvantaged Community in the SMART District.

The project will close a gap between existing segments of the SMART Pathway and will create 10.3-miles of continuous Class 1 Pathway connecting major destinations through some of the SMART District's most urban neighborhoods and crossing through urban areas and obstacles to pedestrians and bicyclists. Combined, this entire stretch of the pathway will connect people to several perpendicular connecting Class 1 pathways (Joe Rodota Trail, Colgan Creek Trail, Hinebaugh Creek Trail) and further connect people to communities, services and educational and employment opportunities. The cost estimate of the project, which has been combined with the Southpoint Boulevard to Penngrove Main Street segment, described above, is $13.8 million. The funding, programmed from the Regional Active Transportation Program and local traffic impact fees will be available starting in 2021 with construction complete by Spring 2023.

For a map of all the SMART pathways and their status, please see Appendix A.

Safety Enhancements: While the SMART system meets or exceeds all State and Federal safety requirements, each time there is an incident or concern, SMART evaluates whether there is anything within SMART's ability and means that could improve the safety of the system. As a result of several incidents of distracted pedestrians and bicyclists colliding with the train, the SMART Board has authorized the use of capital reserves for safety enhancements at 30 crossings with a direct cost of $498,455.

These improvements, which would exceed the standards set forth by the State or Federal Railroad Administration, target distracted pedestrians and bicyclists by creating channelization at crossings which would force them to pay attention to their route as they enter the SMART right-of-way at the grade crossings. These safety enhancement measures vary by location and existing conditions but generally consist of short portions of chain link or pipe barriers, and in many locations require widening portions of existing sidewalks to maintain clearances required by the Americans with Disabilities Act. Most of these safety improvements are located outside the SMART right-of-way requiring coordination and approval by a number of Cities and Counties. The following City and County municipalities were involved in the review process of the proposed improvements: City of Cotati, City of Novato, City of Rohnert Park, City of San Rafael, City of Santa Rosa, County of Sonoma, and the City of Petaluma.

Capital Maintenance Capacity Projects: In addition to service expansion, SMART is continuing to build in ways that increase service reliability and efficiency. These projects are underway using Measure Q and State operating grants. The largest of these projects include acquisition and installation of rail maintenance equipment that will enable lower operating costs or improvements in service to passengers. The recently completed Wheel Truing Machine project, which cost $1.2 million, enables on-site modifications to worn rail wheels without having to remove axles and transport them out of state for repairs. The result is quicker turnaround time on the wheels, lower cost and emissions associated with the work, and more reliable vehicle availability. Similarly, the Wheel Press acquisition and installation project, budgeted in Fiscal Year 2019-20 for $800,000 will allow for removal and installation

of wheels onto axles on-site and quicker, more reliable completion times without the costs and time to ship them offsite.

FINANCIAL PROJECTIONS

The primary purpose of the 2019 Strategic Plan is to demonstrate SMART's future financial picture. The 2019 Strategic Plan relies on future financial analysis using a cashflow approach is that aligns projected revenues with projected costs over the next 30 years. In preparing the Strategic Plan and in consultation with both the Citizen's Oversight Committee and the Board of Directors, it was agreed that renewal of the sales tax in March of 2020 is critical to the future success of the rail system. The buildout of a $600 million rail and pathway system that, if properly maintained, has a useful life of 40 years or more, should have financing that matches the use of the system by future riders. The current expiration of the tax in 2029 should to be extended in order for SMART to manage its current expenses into the future. Thus, this Strategic Plan assumes that the tax is extended to 2059 by the voters in March 2020. The sections below provide descriptions of SMART's revenue sources anticipated in the next 30 years, as well as future operating expenses during that timeframe. The financial plan does not include the capital construction expenses or revenues associated with rail and pathway extension projects that are not already fully funded as discussed further in the Capital Project section.

Revenues

This Strategic Plan shows revenues associated with Operations as well as current construction projects underway supported by the following revenue sources:

Measure Q Sales Tax: The existing 20-year quarter-cent local sales tax is the single largest source of revenue for SMART for the foreseeable future. It comprises 75% of SMART's Fiscal Year 2020 annual revenue. With collection that started in April 2009, the sales tax was originally projected to generate $890 million over 20 years through its sunset in April 2029. Sales tax receipts that SMART received in the first years of the tax were lower than initially projected between 2009 and 2013 due to the 2008 "great" recession, reducing it by $6.6 million and over $100 million during the period in which SMART hoped to issue debt. However, although the revenue impacts were unprecedented and recovery took some time, sales tax receipts showed strong recovery in the years that followed, as is the case with every recession in the two counties for the last 30 years. Audited sales tax receipts flowing directly to SMART through Fiscal Year 2018 totaled $289 million. Since the recession, sales tax growth has averaged 5.6% percent annually.

SMART has, since beginning of operations, carried an operating reserve of $17 million which is designed to allow the agency time to weather any such recession. SMART planning for the future will include a prudent reserve to continue to deal with economic uncertainty.

Most analysts predict recessions are "overdue" due to the history of the business cycle. However, the exact timing and severity of such recessions cannot be predicted. With the exception of the Great Recession, every recession for the last 30 years in the District led to revenue declines of less than 5% over 2 or fewer years with revenue recoveries occuring quickly in the ensuing years. For the last 20 years, even including the unprecedented recession, Sales Tax growth has averaged 3%.

Knowing the history of the two counties and combining that history with an understanding of the underlying income data associated with the SMART District and the desire for housing

growth particularly in Sonoma are all factors that argue for steady, continued growth of the sales tax. Thus, while actual sales tax receipts may fluctuate (up or down) from year to year, this Strategic Plan bases its analysis on a 3% average growth rate projection, with the understanding that it will be higher or lower in any given year. This mirrors analysis done recently for Marin County Economic Forum.

Appendix B includes a historical sales tax chart for the SMART District.

Farebox Revenues: SMART passengers have, for the last two years, paid for their rides using the fare structure approved by the SMART Board in 2015 and 2016. The fares are based on the distance travelled by a rider along the 70-mile distance that the train will travel when fully built. This structure is similar to other commuter rail services such as Caltrain and ACE. Daily fares range from $3.50 for a non-discounted adult travelling one zone, and $11.50 if travelling 5 zones. However, SMART provides a number of discounts available to SMART riders. In Fiscal Year 2018-19, 56 percent of rides on SMART have had some form of discount applied. The average fare per passenger during that same Fiscal Year was $5.74 which is inclusive of the discounts provided to seniors, youth, disabled riders, 31-day pass holders, and Eco Pass users. The average SMART passenger travels 2-3 zones or an estimated 24 miles per trip. In the first two years of service, SMART has received a total of $7.4 million in fare revenue through June of 2019, exceeding original budgeted estimates. For purposes of this financial projection, we are assuming that fares increase by 3% annually in all years except the year of Windsor opening. This is a modest growth assumption that would not require aggressive fare increases but rather assumes some measure of natural growth based on trips taken becoming longer and on the expansion of the regional economy.

Miscellaneous Revenues: SMART has a number of local funding sources, the largest ongoing of which is lease income. That amount is nearly matched by advertising revenue derived from advertising on the train and the platforms which has totaled $420,000 in the last two years. SMART also has one-time revenue related to property transactions, legal settlements, or insurance reimbursements. On an ongoing basis, most of these onetime revenues are not included in SMART forecasts. One exception is a $4 million real estate payment assumed in in conjunction with an executed contract for the sale of SMART's property in Santa Rosa adjacent to the Railroad Square Station.

State Revenues: SMART benefits from a number of State revenue sources for rail and transit which have been enhanced by the passage of Senate Bill 1 (SB1) in 2017. Chief among those are $3.5 Million in funds under the State Rail Assistance program. Those funds are spit between the 5 major commuter rail lines. SMART also benefits from allocations from the Low Carbon Transit Operation Program and the Local Partnership Program which provide capital and operating funding of more than $900,000 in Fiscal Year 2019-20. Finally, SMART receives significant funding through the State Transit Assistance program, including population-related funding, revenue-related funding, and State Of Good Repair funding. The Fiscal Year 2019-20 funding combined for these programs is $6 million.

Federal Revenues: As a transit operating entity and direct recipient of Federal Transit Administration (FTA) Funds, SMART will participate in future operating fund allocations from FTA federal grant programs. SMART will become eligible for funds through the FTA 5307 program starting in Fiscal Year 2020-21; and FTA Section 5337 funds after 7 years of operation, or in Fiscal year 2024-25. At that time the projections assume an estimated $1.5 million annually through those programs combined.

EXPENDITURES

With a two-year history of operating costs, this Strategic Plan includes assumptions about future operating costs that are, for the first time, based on actual data. SMART's annual budget process involves multiple public meetings with the end result being a publicly available budget showing costs by category and department. This Strategic Plan generally utilizes the expenditures budgeted in Fiscal Year 2019-20 and escalates those costs for the ensuing 30 years.

There are 8 main categories of expenditures for operating in costs for the District. They are:

1. Labor Costs: SMART operations rely first and foremost on its most important asset: its people. Labor costs make up 50% percent of annual operating costs (excluding debt service). SMART has worked to contain labor costs by implementing pension reform a year before the State of California approved sweeping changes to its pension programs. Nearly all of SMART employees are in a reduced pension benefit in which employees share in the cost of pensions and the age for retirement is increased.

   Between 2014 and 2019, in order to open service with the highest possible number of runs while managing new pathways, coordinating with freight needs, and significant public safety responsibilities, the Board approved an increase in the number of staff needed to operate the system. In addition, like all other businesses and transit agencies in the Bay Area, SMART has increased the wages paid to staff in order to first attract and then retain qualified staff. Competition for the specialized area of rail transit has meant the need for specially trained staff in the areas of rail vehicles, systems, signals, train operation, funding, purchasing and even legal, to name a few. Salaries and benefits costs for FY 2019-20 approved by the Board were $21 million total.

2. Debt service: In order to provide enough funding to build the train and pathway, SMART issued debt in 2011 that relied on tax revenue until the expiration of Measure Q in 2029. SMART currently pays $17 million a year in debt service related to the construction of the initial 44-mile service corridor. This debt service is scheduled to grow to $21.9 million in 2028. This is a significant debt burden that could be reduced to $6 million if the tax were extended past its initial expiration date as discussed earlier. Extension of the expiration date would allow the District to begin a debt restructuring process in anticipation of the ability to "call" its bonds in 2022.
3. Safety and Security: SMART's services and equipment costs related to safety and security are a significant and unavoidable cost of running a modern rail system. In order to operate and maintain the safest system possible, SMART was built with the safest technology (positive train control) which relies on sophisticated technology and constant investment. Maintaining this system is expensive. In addition, we have installed cameras, fiber optic and other technology that also requires expert and expensive maintenance. Costs for safety and security span all expenditure types within the District's budget.
4. State of Good Repair: In order to keep the system in good repair for years to come, the 2019 Plan includes $3 million a year in investment to keep the system in good repair and to replace equipment and non-revenue vehicles. This includes funding for the Diesel Multiple Unit train

system maintenance and upgrades, pathway maintenance, signal and Positive Train Control system replacements, and all required Federal Railroad Administration track maintenance.

5. Risk Management: A large portion of SMART's budget is dedicated to a well-structured insurance portfolio. Because the industry history of significant losses in the case of a serious rail accident, SMART mirrors best practice in the industry in purchasing over $ 200 million in rail liability coverage. This, plus coverage for property, general liability and other areas of risk, lead to expenses of $2 million in Fiscal Year 2020. This insurance portfolio would allow SMART to continue to operate following a significant event (fire, flood, accident) that would otherwise financially drain or cripple the Districts ability to operate.
6. Passenger Amenities: SMART provides service for all passengers, which costs over $1 million a year includes free Wi-Fi, bathrooms, and electronic bike lockers.
7. Fuel and utilities: SMART's DMU rail cars currently use $1.4 million in fuel annually. As trains travel longer distances and carry more passengers, that amount will increase. In addition, SMART's highly sophisticated signal system requires continuous power at all its crossings, stations, rail facilities and other systems. That power will cost a projected $700,000 in Fiscal Year 2020.
8. Pathway and other Right-of-Way Maintenance: SMART is budgeted to spend $2.4 in Fiscal Year 2019-20 on non-labor costs associated with maintaining the Right of Way, including the Pathway. SMART added two new staff in the Fiscal Year 2019-20 budget to address the increasing costs of managing both vegetation growth and the cleanliness and safety of the pathway. The pathway also requires significant attention from SMART's safety and security to address homelessness and other safety issues.

FUTURE FINANCIAL PLANNING

Since the approval of the sales tax in 2008, SMART has moved to build, as quickly as possible, an entirely new transit alternative to sitting in traffic on Highway 101. The main task of this Strategic Plan is to assist the District and its policy-making Board in the decisions needed to preserve the progress that has been made to date and secure the SMART transportation alternative well into the future. Prior to this Strategic Plan, SMART has developed a $17 million operating reserve as a prudent way to prepare for future financial challenges. In addition, it was always projected that the sales tax would be needed on an ongoing basis in order for SMART, like all transit services, to continue to operate.

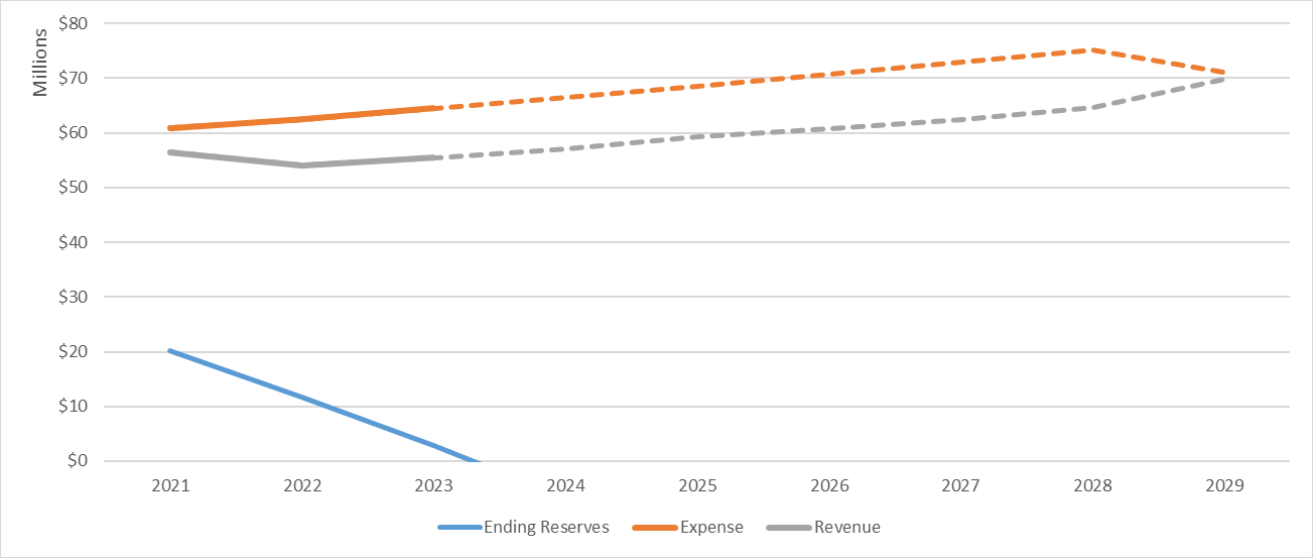
In studying the current revenues and expenditures, SMART must then project the financial path forward based on those current needs. Based on input from the Board, the Strategic Plan for SMART will assume the following two important steps to ensure the continued financial health of the transit services provided by SMART.

1. Extension of the Sales Tax beyond its current 2029 expiration.

While it was always envisioned that the sales tax would need to be extended, it was never discussed what the timing of that extension would be. SMART's current budgeted revenues and expenses relied on $7 million in unrestricted reserves in Fiscal Year 2019-20 to balance. With an assumption of normal increases in labor and operating costs, the current escalating debt service schedule, and the desire to add more service in the future, the future outlook for the District requires the District to seek to extend the current expiration of the Measure Q sales tax in March of 2020 rather than waiting for a later date.

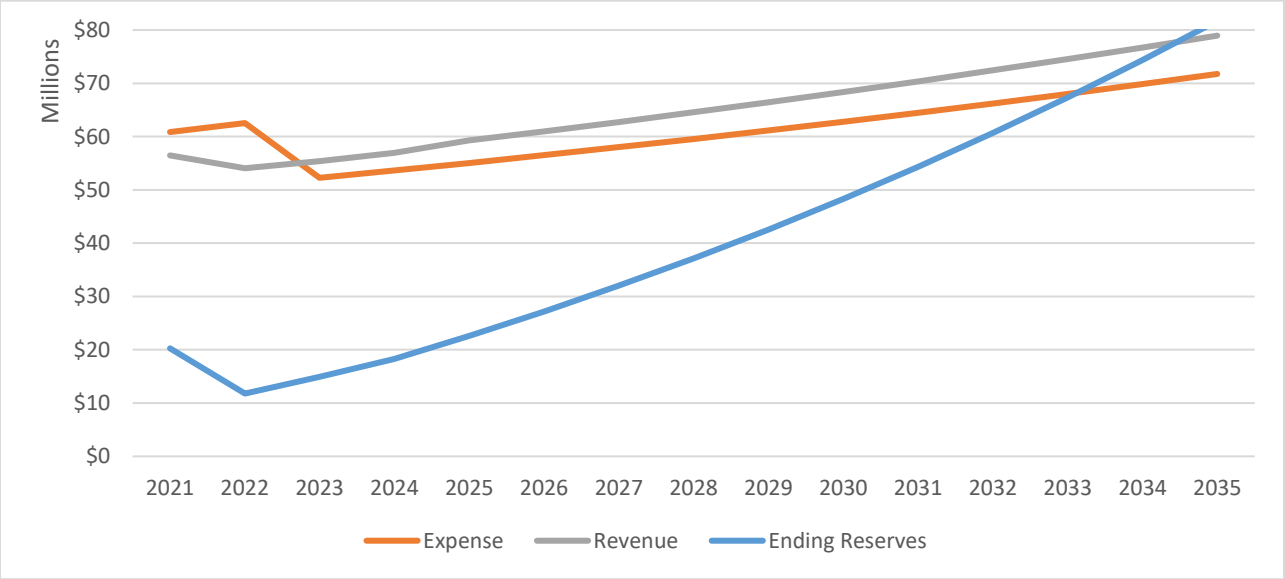
As illustrated in the chart below, future revenue and expense under an unlikely "do nothing" scenario shows that reserves would be quickly depleted if the District were not able to restructure its current debt payments. Sales tax and other revenues would continue, but SMART would no longer have reserves to fill the gap between revenues and expense.

FIGURE 1: NO SALES TAX EXTENSION SCENARIO



However, given more time to spread the debt, the District would be able to lower debt service from $18 million to $6 million annually, allowing more revenue to flow to operations. This would allow SMART to rebuild it reserves and stabilize its outlook for the future. The chart below illustrates the difference a 30-year extension would make for the agency.

FIGURE 2: MARCH 2020 SALES TAX EXTENSION SCENARIO



As shown in FIGURE 2 above, starting in 2024, reserves are beginning to be built in an amount that would exceed the need for operating reserves related to service between Larkspur and Windsor. Appendix C provides further detail. Reserves shown above as an increasing blue line could be used for other needs. One use would be to fund the future operations of Healdsburg and Cloverdale, should SMART be successful in its efforts to gain outside funding for those extensions. In that case, funds would be available for a prudent operating reserve but not for significant capital expenses. See FIGURE 3 below for the illustration of what the inclusion of those operating costs would look like in the future. Appendix C is a chart showing the dollar amounts that drive this figure by year.

FIGURE 3: MARCH 2020 SALES TAX EXTENSION & INCLUSION OF FULL OPERATING COSTS SCENARIO

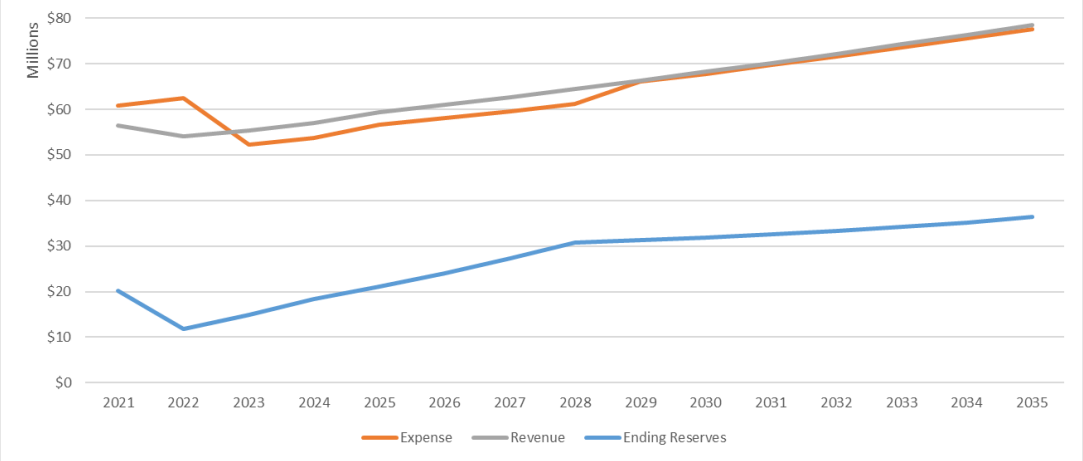


FIGURE 3 shows revenues and expenses closely aligned after the inclusion of operating costs for Healdsburg and Cloverdale. Available reserves are maintained at a prudent level to keep the District in good financial health in the face of economic downturns.

2. Prepare Budget Reduction or Revenue Increase options in the event voters do not extend the tax.

As illustrated in FIGURE 1, if the extension of the existing tax does not pass in March of 2020, SMART staff should prepare cost reduction scenarios with a goal of bringing the system into balance with the existing costs before we deplete our reserves. Depending on the future planning choices of the Board, unfortunately, that would mean a scenario with up to $9 million in cuts unless additional revenues could be identified. To put that in perspective, SMART's annual budget, not including capital projects, equipment or debt service, purchases, is $38.8 million.

FUTURE PHASES

Operations Costs Included: The operating costs of adding a second SMART rail station in Petaluma and the Downtown Novato Station are included in the financial forecast. These stations do not require the train to travel any farther than the current system already operating. The costs of Larkspur, which added 2.1 miles to the currently operating system, have already been assumed and included in the forecast as part of the approved Fiscal Year 2019-20 budget. The cost of Windsor, which is anticipated to add $600,000 to the annual operations, is also assumed in the forecast.

A debt restructuring that would reduce debt service by a projected $12 million would both cover current operating costs as well as provide sufficient revenue for the additional operating costs associated with new stations.

These annual operating costs are projected to be as follows:

Healdsburg: $1.5 million
Cloverdale: $3.2 million

These cost estimates would include additional staff, services and fuel needed for the additional train sets and miles travelled on the train, staff to run the additional miles, and additional maintenance expenses associated with those extra miles.

The ability to operate not only the currently built system but the extensions SMART will seek funding to build is a rarity in the world of capital grants. The first question asked as part of any application for capital grants is this: Will you be able to afford to operate what you build? This dedication of operating funds out of the reauthorized sales tax displays SMART's commitment to continued expansion of the system with a goal of reaching Healdsburg and Cloverdale as soon as funding can be identified.

Capital Project Cost Planning: As discussed earlier, utilizing the current year budget and projecting costs and revenues forward, current financial projections do not provide any additional revenue dedicated to future capital projects. However, the forecast does show sufficient revenue to cover the additional operating costs related to the extensions to Windsor, Healdsburg and Cloverdale. SMART will continue to work on the following unfunded capital priorities:

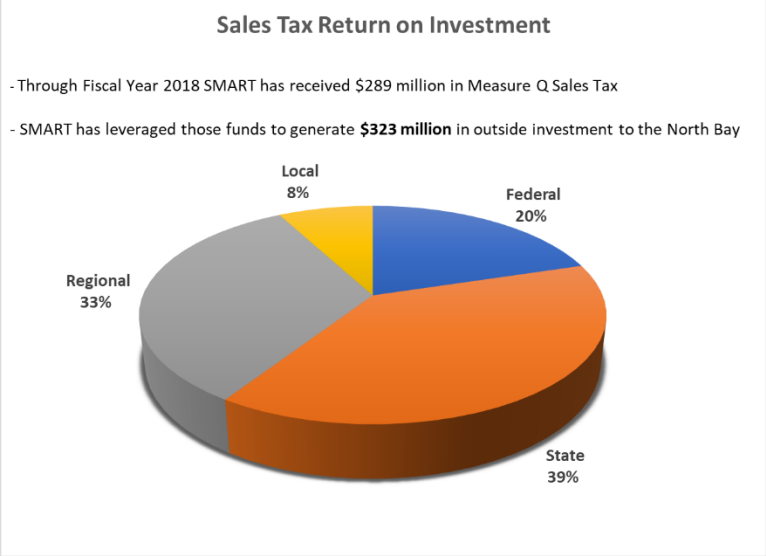
Pathway: In order to close the existing gaps between the Larkspur and Windsor Stations in the built or funded pathway segments, the cost estimate for delivering those segments is $34.5 million.

Rail: The current capital cost estimates for rail extensions and capacity expansion (vehicles/rail yard) is $364 million. This is comprised of the following elements:

- Windsor to Healdsburg (Track, Station, Bridges and Systems) - $125 million
- SMART Rail Vehicle Expansion - $44 million
- SMART Rail Yard Capacity Expansion - $25 million
- Healdsburg to Cloverdale (Track, Station, Bridges and Systems) - $170 million

Capital Revenues:

Another of SMART's great successes has come in securing outside private, local, regional, State and Federal resources and grant funds to maximize the impact of Measure Q resources for the voters of Marin and Sonoma Counties. In 2008, Measure Q outlined a successful approach taken by most if not all transportation districts in California: *"SMART requires this measure in order to provide matching revenues to existing state and federal transportation grants, to bond for the construction of the project, and to provide funding for the on-going operation and maintenance of the project."*



Since the passage of Measure Q in 2008, SMART has secured $300 million in outside funding for rail projects. Since 2012, SMART has secured $23 million in outside grant funds directly for SMART Pathway construction. This is in addition to SMART Pathway segments constructed with outside grants and funding by partner agencies.

Significant grant and other outside revenues will be available in the coming years that could advance SMART's future capital expansion efforts. Notably, within California, the voter-affirmed Senate Bill 1 has infused significant resources into improving transportation networks throughout the State. These funds were affirmed by the voters and are being made available to transportation needs. The following is a list of statewide resources for which SMART is able to compete to construct SMART's capital expansion program. The list is not exhaustive but illustrates the opportunities available with over $1.2 billion in new revenues every year moving forward:

- Transit and Intercity Rail Capital Program - $300 million annually
- Solutions for Congested Corridors - $250 million annually
- State Transportation Improvement Program – Interregional Share - $27.5 million annually
- State Transportation Improvement Program – Regional Share - $82.5 million annually
- Trade Corridor Enhancement Program - $300 million annually
- Local Partnership Program - $200 million annually
- Active Transportation Program - $100 million annually

Federal resources are also available, with reauthorization of the Federal transportation legislation, currently 2015's Fixing America's Surface Transportation (FAST) Act is on the horizon for 2020. Federal funding priorities include rural projects, particularly those that improve broadband connections. SMART's extensions north will satisfy both of those priority concerns. SMART has a history of successfully accessing funds programmed at the discretion of Federal decision-makers, with nearly $41 million in federally-controlled funds authorized for SMART rail projects.

Additional Regional resources may become available over the course of any sales tax reauthorization period. For example, with the approval of Measure Q in 2008 and the provision of operating funds for rail and

pathway, it became possible for SMART to access nearly $111 million for rail and pathway construction since 2011 via Metropolitan Transportation Commission-controlled bridge tolls and other fund sources.

On the local level, Sonoma County Transportation Authority's Measure M sales tax is being considered for reauthorization. That measure provided 5% to Rail, resulting in $16 million to the project to date, with an additional $3.5 to $4 million anticipated before the end of the existing measure in 2024. These funds were restricted for Project Development, Design, Station Construction and Rail/Street Crossing construction in Sonoma only. An additional $1 million was provided from Measure M to the SMART Pathway for use on federal environmental clearance and design. The Measure M Pathway funds have been used to advance nearly 15-miles SMART Pathway segments to construction across Sonoma County.

Private sector investments are also available to local jurisdictions to advance transit projects. Private developers have partnered with SMART to construct segments of the SMART Pathway and rail projects can benefit from a number of relatively new Tax Increment Financing Tools available in the State of California. There are a number of tools available to cities and counties that SMART cannot access directly but could be explored in partnership with Healdsburg, Cloverdale or other jurisdictions to serve as a way to provide additional revenue. These tools include:

- Enhanced Infrastructure Financing District
- Community Revitalization and Investment Authority
- Neighborhood Infill Finance and Transit Improvement Districts (SB 961 – 2018)
- Transient Occupancy Tax

Some of these tools also have mechanisms for funding Affordable Housing, some including minimum percentage requirements to provide affordable housing.

Prospective Schedule:

SMART's has demonstrated a successful track record of securing outside funding resources, much of which would otherwise have not come to the North Bay without SMART's voter approved tax to attract it to Sonoma and Marin Counties. Based on those successful efforts, SMART would seek to secure, on average, approximately $250-$270 million over the next 10-years in outside funds to construct future rail extensions and $35 million over the same period in outside funds to construct additional pathway projects.

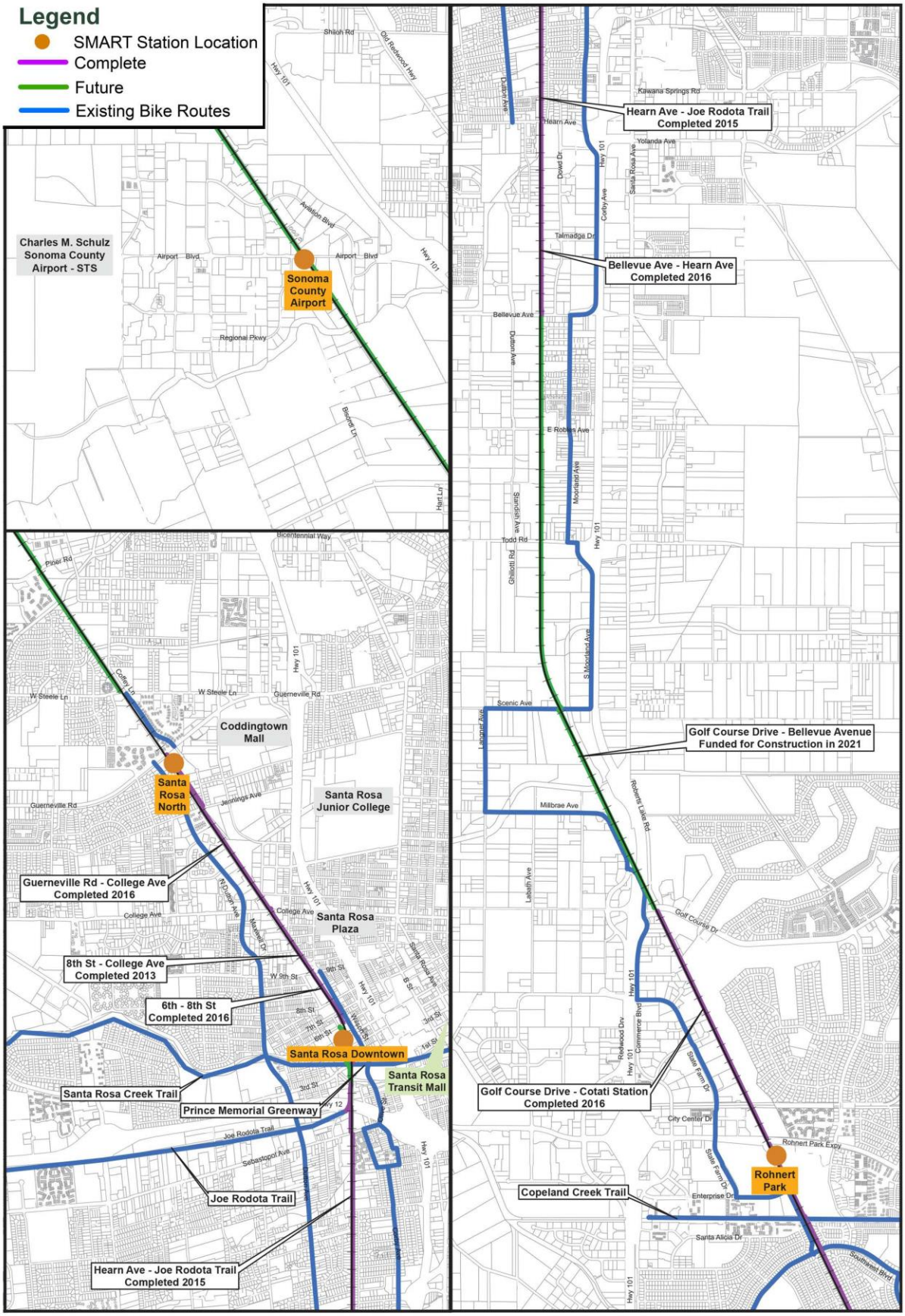
CONCLUSION

SMART has made great strides in building a new transit system that provides an alternative to Highway 101 for Sonoma and Marin Counties. The progress SMART has made since the Great Recession has meant more service than was originally envisioned in Measure Q, and a number of stations added to the system that were not part of the original vision. While the entire 70-mile system has not been built, SMART has built a system that can be sustained and can grow into the future if its primary funding source is secured. SMART's ¼ cent sales tax has produced $289 million in revenues for SMART that has been leveraged to bring in over $300 million for building and operating the system. This has resulted in $600 million of direct investment in the transportation infrastructure serving 80% of the ridership the system was originally designed to reach.

This plan focuses on a path forward in which SMART asks voters in March 2020 to continue the progress and success of the SMART transit alternative and extend the current sales tax past its 2029 expiration date. This would allow the District to time needed to restructure its debt and put more annual funding to operations. This would not only make the current operations sustainable; it would also provide the revenue needed to operate future extensions to Healdsburg and Cloverdale should outside funding become available for construction. This would also provide the revenue for ongoing pathway operations and maintenance funding possible for the existing and soon to be constructed segments. In the coming years, SMART will continue its successful efforts to seek out regional federal and state funds to extend the system beyond the current system.

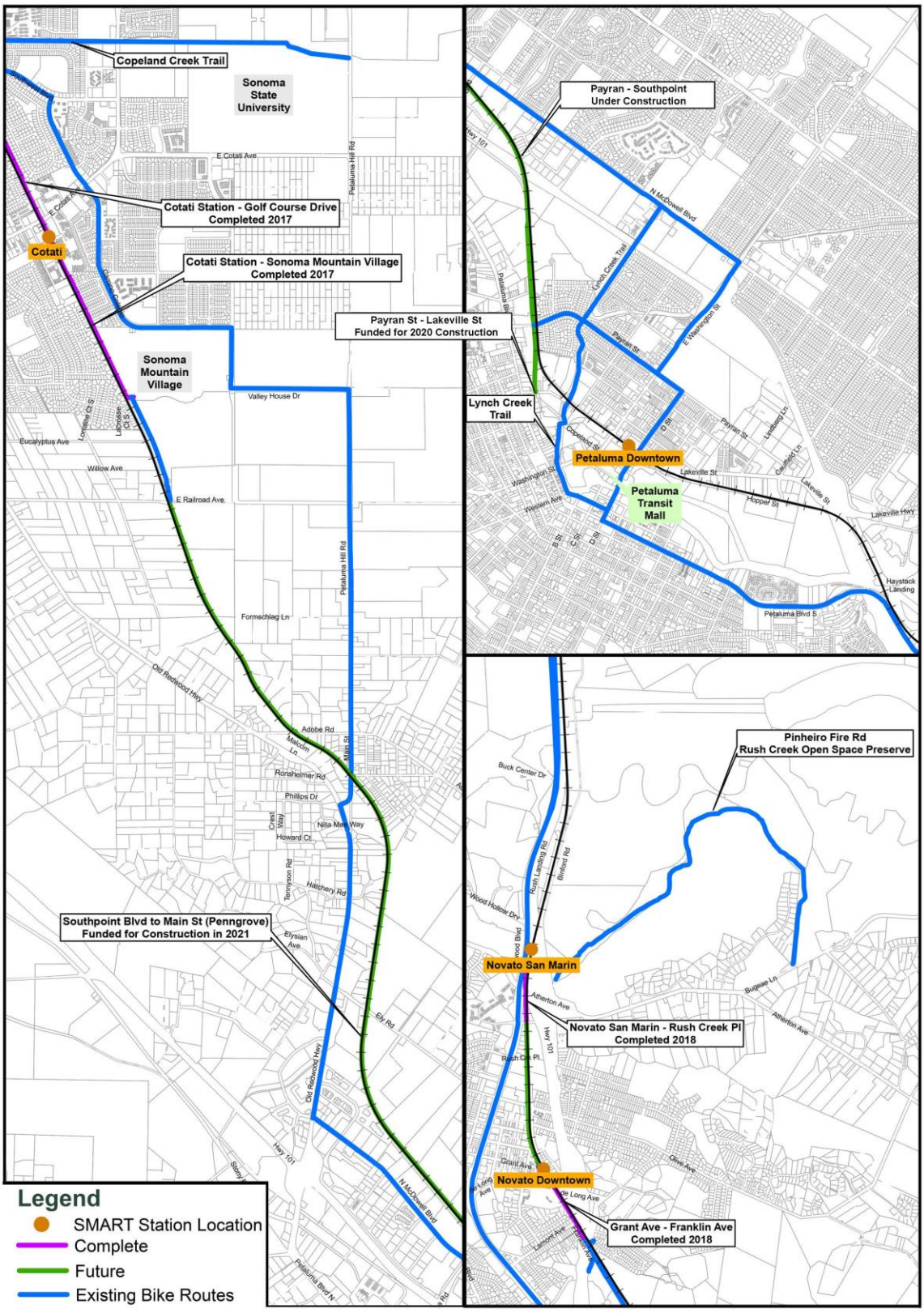
Appendix A: Pathway Progress Maps (Three Pages)

PATHWAY MAP: Santa Rosa to Rohnert Park



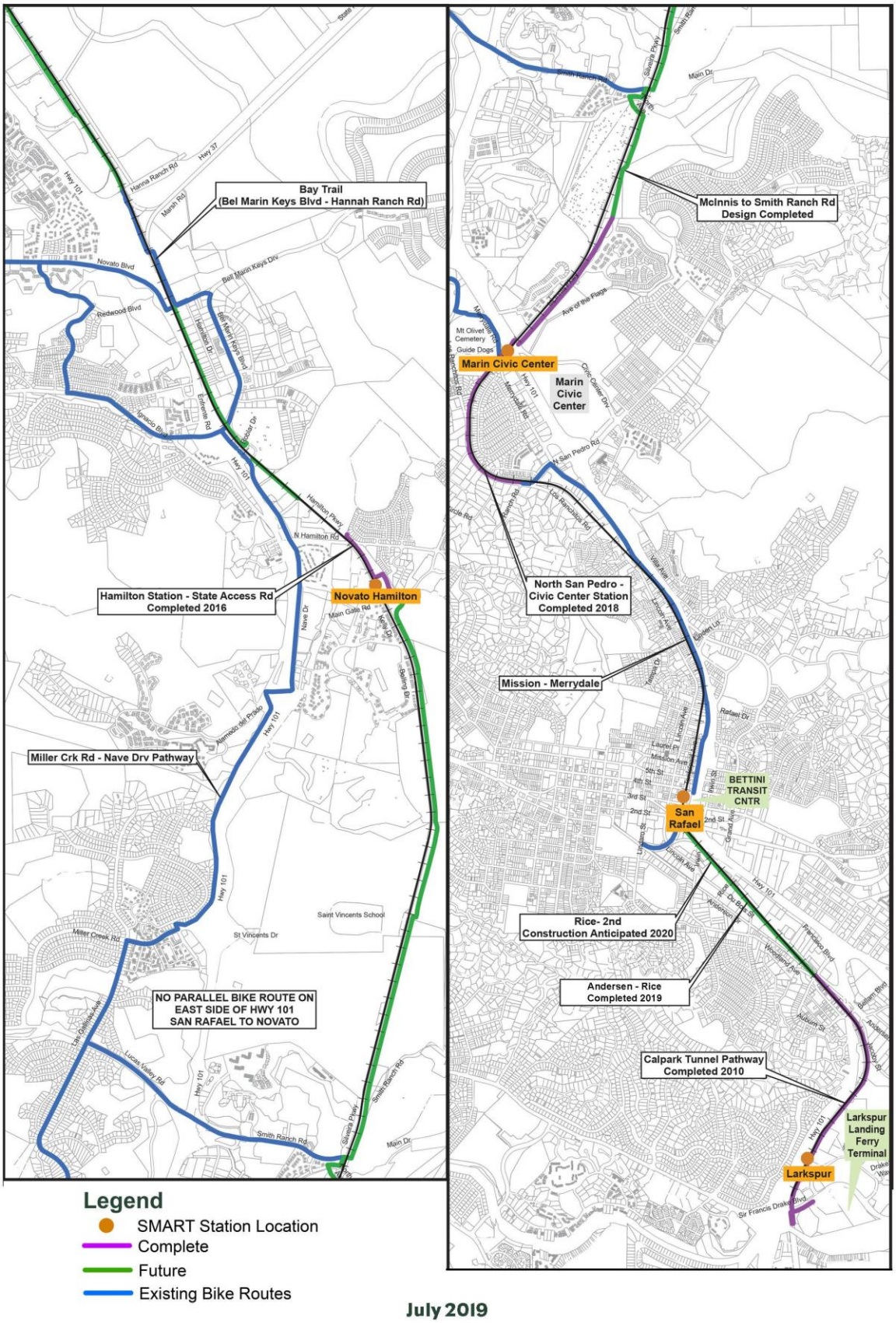
July 2019

PATHWAY MAP: Cotati to Novato Downtown



July 2019

PATHWAY MAP: Novato to Larkspur



July 2019

Appendix B: Sales Tax Historical Chart

Sales Tax Revenue for the last 20 years has averaged 3%, despite the unprecedented "Great Recession" occurring during that time. More typical recessions are smaller and impact revenue for less than three years.

	Year	SMART Sales Tax	% Change From Prior
	1999	24,221,688	11%
	2000	27,198,923	12%
	2001	26,923,793	-1%
	2002	26,378,273	-2%
Based on Taxable	2003	26,718,763	1%
Transations	2004	28,106,505	5%
	2005	29,483,858	5%
	2006	30,449,648	3%
	2007	30,685,940	1%
	2008	28,820,019	-6%
	2009	24,809,661	-14%
	2010	24,059,929	-3%
	2011	26,826,843	12%
	2012	28,303,501	6%
SMART	2013	30,435,753	8%
Audited Amounts	2014	32,473,329	7%
	2015	33,845,426	4%
	2016	34,776,012	3%
	2017	36,061,894	4%
	2018	37,135,476	3%

Typical Recession

"Great" Recession

Average Growth 3%

Appendix C: Summary Chart Revenues, Expense and Reserves : 30 Year Extension Scenario

30-Year Sales Tax Extension Scenario: Summary of Revenue, Expense and Ending Balances

$ in Millions	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Measure Q	$38.3	$39.5	$40.6	$41.9	$43.1	$44.4	$45.7	$47.1	$48.5	$50.0	$51.5	$53.0	$54.6	$56.2
Fare Revenue	4.1	4.3	4.5	4.6	4.7	4.9	5.0	5.2	5.3	5.5	5.7	5.8	6.0	6.2
Other Revenue	8.6	12.8	8.9	8.9	9.1	10.0	10.2	10.4	10.7	10.9	11.1	11.4	11.6	11.8
Total Revenue	**51.0**	**56.5**	**54.1**	**55.4**	**57.0**	**59.3**	**61.0**	**62.7**	**64.5**	**66.4**	**68.3**	**70.2**	**72.2**	**74.3**
Debt Service	16.7	17.4	18.1	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2
Operating Costs	41.3	43.2	44.5	45.8	47.2	48.6	51.5	53.1	54.7	59.5	61.3	63.1	65.0	67.0
Total Operating Expenses	**58.0**	**60.6**	**62.5**	**52.0**	**53.3**	**54.7**	**57.7**	**59.2**	**60.8**	**65.7**	**67.5**	**69.3**	**71.2**	**73.1**
Capital Expenses	**12.2**	**0.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Net Income	*(19.2)*	*(4.4)*	*(8.5)*	*3.4*	*3.6*	*4.5*	*3.3*	*3.5*	*3.7*	*0.7*	*0.8*	*0.9*	*1.0*	*1.1*
Reserves Ending Balance	**24.6**	**20.2**	**11.8**	**15.2**	**18.9**	**23.5**	**26.9**	**30.5**	**34.3**	**35.2**	**36.1**	**37.2**	**38.4**	**39.7**

$ in Millions	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Measure Q	$57.9	$59.7	$61.5	$63.3	$65.2	$67.2	$69.2	$71.3	$73.4	$75.6	$77.9	$80.2	$82.6	$85.1
Fare Revenue	6.4	6.6	6.8	7.0	7.2	7.4	7.6	7.8	8.1	8.3	8.6	8.8	9.1	9.4
Other Revenue	12.1	12.3	12.6	12.9	13.2	13.4	13.7	14.0	14.3	14.6	14.9	15.3	15.6	15.9
Total Revenue	**76.4**	**78.6**	**80.8**	**83.2**	**85.5**	**88.0**	**90.5**	**93.1**	**95.8**	**98.5**	**101.4**	**104.3**	**107.3**	**110.4**
Debt Service	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2
Operating Costs	69.0	71.1	73.2	75.4	77.6	80.0	82.4	84.8	87.4	90.0	92.7	95.5	98.4	101.3
Total Operating Expenses	**75.2**	**77.2**	**79.4**	**81.6**	**83.8**	**86.1**	**88.5**	**91.0**	**93.6**	**96.2**	**98.9**	**101.7**	**104.5**	**107.5**
Capital Expenses	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Net Income	*1.3*	*1.4*	*1.5*	*1.6*	*1.7*	*1.9*	*2.0*	*2.1*	*2.2*	*2.4*	*2.5*	*2.6*	*2.8*	*2.9*
Reserves Ending Balance	**41.1**	**42.7**	**44.3**	**46.1**	**48.0**	**50.1**	**52.3**	**54.6**	**57.0**	**59.6**	**62.4**	**65.2**	**68.2**	**71.4**

$ in Millions	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059
Measure Q	$87.6	$90.3	$93.0	$95.8	$98.6	$101.6	$104.6	$107.8	$111.0	$114.3	$117.8	$91.0
Fare Revenue	9.6	9.9	10.2	10.5	10.9	11.2	11.5	11.9	12.2	12.6	13.0	13.4
Other Revenue	16.3	16.6	17.0	17.4	23.9	18.2	18.6	19.1	19.6	20.1	20.6	21.1
Total Revenue	**113.6**	**116.8**	**120.2**	**123.7**	**133.4**	**130.9**	**134.8**	**138.7**	**142.8**	**147.0**	**151.3**	**125.4**
Debt Service	6.2	6.2	6.2	6.2	6.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Costs	104.3	107.5	110.7	114.0	117.4	121.0	124.6	128.3	132.2	136.2	140.2	144.4
Total Operating Expenses	**110.5**	**113.6**	**116.9**	**120.2**	**123.6**	**121.0**	**124.6**	**128.3**	**132.2**	**136.2**	**140.2**	**144.4**
Capital Expenses	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Net Income	*3.1*	*3.2*	*3.3*	*3.5*	*9.8*	*10.0*	*10.2*	*10.4*	*10.6*	*10.8*	*11.1*	*(19.0)*
Reserves Ending Balance	**74.7**	**78.2**	**81.8**	**85.6**	**95.7**	**106.0**	**116.4**	**127.2**	**138.1**	**149.3**	**160.7**	**142.0**