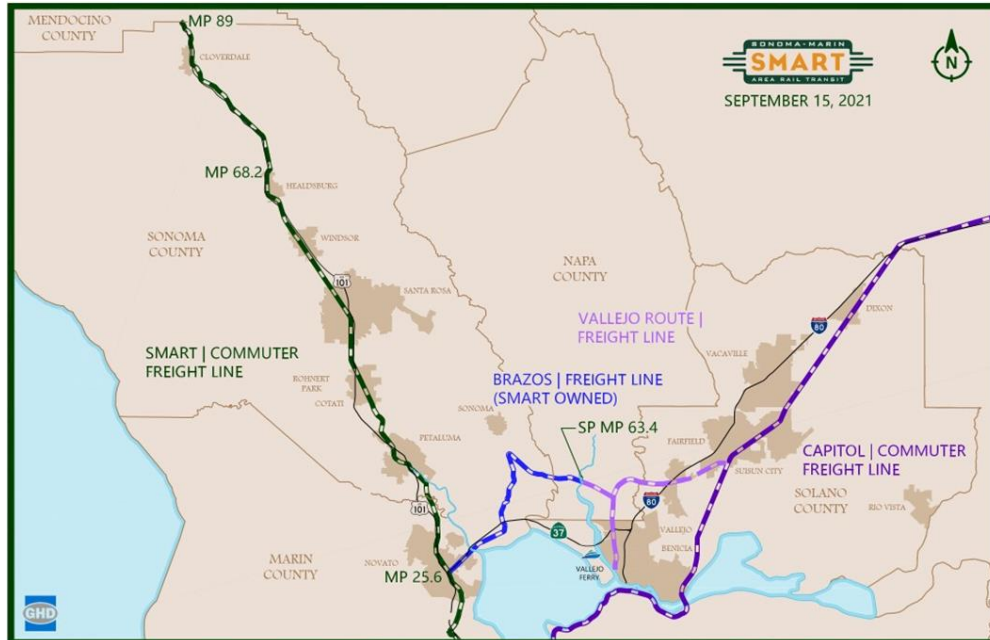




SMART Freight Budget Request & Update

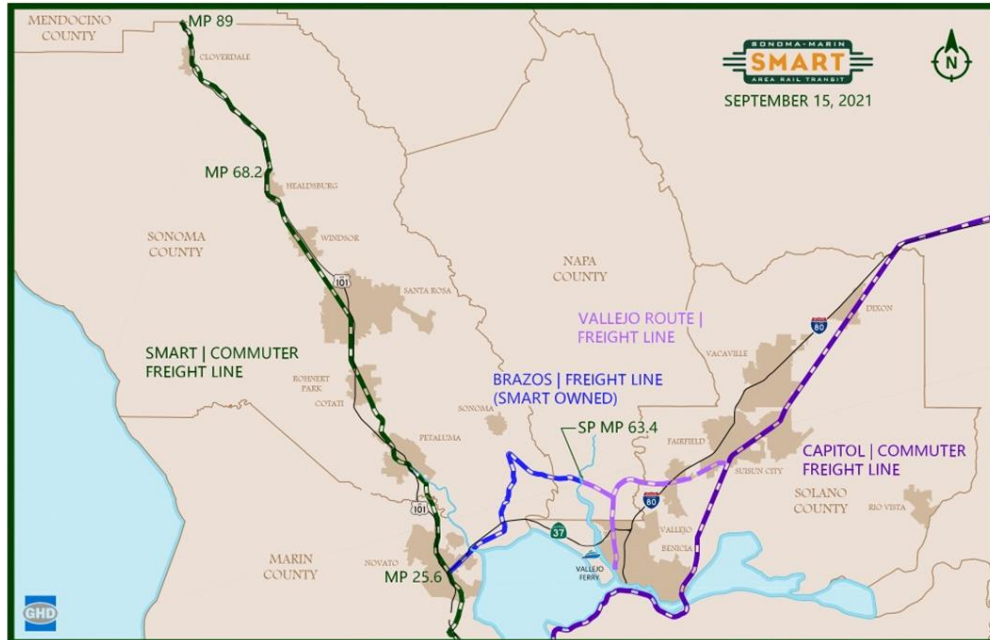
January 5, 2022

Freight Funding State Funding



- SMART received \$4 million from SB 1029 for the acquisition of freight rights and equipment – Agreement executed in early 2021
- SMART received \$2 million from AB 74 for maintenance and safety upgrades - Agreement executed in early 2021
- Another \$4 million was included in the State’s Fiscal Year 22 budget for maintenance and upgrades – These funds have not been received and are not part of this budget revision.

Freight Funding Other Sources



- Freight Fees – Flow through Union Pacific (UP) to SMART for movement of freight traffic (UP sets rates)
 - Hunt & Behrens
 - Dairymens
 - Lagunitas
 - Willowbrook Feed
- Storage Fees
 - Tesoro
 - Viper
 - Oxbow
 - Valero
 - Golden Gate Railroad Museum

Budget - Revenues

- Freight Movement Fees are based on 4 months of revenue (March – June)
- Storage Fees are also based on 4 months of revenues with the exception of LPG storage
- LPG storage revenues assumed for only two months (March & April) at \$42,300/ month
- State funds were already budgeted (\$4 million less \$50,000 spent in FY 21)
 - Will only use \$271,197 in FY 22 remaining \$1.6 million will roll to FY 23.

DESCRIPTION	FY 2021-22 CURRENT APPROVED BUDGET	FY 2021-22 PROPOSED BUDGET CHANGES	FY 2021-22 REVISED BUDGET
REVENUES:			
FEES:			
Freight Movement Fees	\$ -	\$ 372,000	\$ 372,000
Storage Fees	\$ -	\$ 115,400	\$ 115,400
STATE GRANTS:			
State Grant for Freight Rights	\$ 4,000,000	\$ -	\$ 4,000,000
State Grant for Freight	\$ 1,950,000	\$ -	\$ 1,950,000
Total Estimated Revenues	\$ 5,950,000	\$ 487,400	\$ 6,437,400

Freight Expenditures Assumptions



- NWPCo. will operate the line through February 28, 2022
- With the approval of this budget request, SMART will start the hiring process – expected operations in-house (June 1, 2022)
- Will use 3rd party to operate (March – May 2022)
- Most expenditures with the exception of payroll are based on 4 months (March – June)
- Assuming the following capital/ state of good repair expenditures
 - Geometry car
 - PTC Installation on 2nd Locomotive
 - Locomotive Braking Modifications

Budget - Expenditures

- The following positions are assumed
 - Freight Manager
 - 4.5 Freight Utility Workers
 - .5 Administrative Assistant
- Administrative costs will be allocated to freight
- \$2 million of the \$4 million allocated by the State for acquisition of the freight rights was made to NWPCo. at the end of December 2021. The remaining \$2 million will be paid out at the end of the performance period (February 28, 2022)

DESCRIPTION	FY 2021-22 CURRENT APPROVED BUDGET	FY 2021-22 PROPOSED BUDGET CHANGES	FY 2021-22 REVISED BUDGET
EXPENDITURES:			
Salaries and Benefits			
Employee Salaries	\$ -	\$ 53,684	\$ 53,684
Employee Benefits	\$ -	\$ 25,645	\$ 25,645
Total Salaries and Benefits	\$ -	\$ 79,329	\$ 79,329
Services and Supplies			
Maintenance-Equipment	\$ -	\$ 6,800	\$ 6,800
Maintenance-Revenue Vehicles	\$ -	\$ 40,400	\$ 40,400
Maintenance-Railway	\$ -	\$ 58,920	\$ 58,920
Maintenance of Signals	\$ -	\$ 24,800	\$ 24,800
Transportation Services	\$ -	\$ 3,800	\$ 3,800
Rents/Leases - Equipment	\$ -	\$ 12,000	\$ 12,000
Computer Software and Hardware	\$ -	\$ 10,000	\$ 10,000
Fuel and Lubricants	\$ -	\$ 21,200	\$ 21,200
Miscellaneous	\$ -	\$ 6,000	\$ 6,000
Professional Services	\$ -	\$ 308,460	\$ 308,460
Insurance	\$ -	\$ 20,000	\$ 20,000
Administrative Allocation	\$ -	\$ 37,389	\$ 37,389
Total Services and Supplies	\$ -	\$ 549,769	\$ 549,769
State of Good Repair/ Capital Improvements (Capital Assets)			
Freight Rights & Equipment	\$ 4,000,000	\$ -	\$ 4,000,000
Equipment	\$ -	\$ 129,500	\$ 129,500
Total Buildings and Capital Improvements	\$ 4,000,000	\$ 129,500	\$ 4,129,500
Total Estimated Expenditures	\$ 4,000,000	\$ 758,598	\$ 4,758,598

LPG Storage Impacts

- Assumption for FY 22
 - Two months of storage (March and April)
 - Revenue generated \$42,300/ month
- Assumption for FY 23
 - No revenue from LPG storage
 - Will utilize state grant - Need estimated at ~\$200,000/ year

Next Steps

- Acquire 3rd Party operator
- Contract will be brought to the Board January 19th meeting
- Transfer existing freight contracts to SMART
 - Union Pacific
 - Storage
 - Leases
- Notify customers
- Hire and onboard employees

Next Steps

- Develop and Implement policies and procedures
- Develop Capital Plan
- Identify new revenues sources
 - Have explored the following:
 - Lagunitas
 - Recology
 - Kendall Jackson
 - Alexander Valley Cellars
 - Pruitt Park

Questions?

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