

## Board of Directors Meeting: July 15, 2020 – Public Comments

Date	Name	5. Public Comment on Non-Agenda Items
7/14/2020	Fred Schouten	Before the board approves any future schedule change (6-1-6) I would like to request that the agency take a serious look at improving the connections with GGT buses going to and coming from San Francisco in San Rafael. The current schedule does not conveniently line up with the reduced Ferry schedule in the afternoon and does not align at all with GGT buses going to and arriving from San Francisco, especially route 101. For this reason and the extended layovers, I have stopped using SMART about a month ago. Thank you for your consideration.
7/14/2020	Jim Schmidt	The Board's adopted budget for FY20/21 admitted has high uncertainty. The budget states estimates for fare and parking revenue as well as expenditures by department. Would staff please provide the planned weekday and weekend car revenue miles which underlie their budget numbers? Additionally, can staff please indicate their thinking as to what rules/ridership level will be used to decide when train schedules may be increased from the current 16 per weekday? Similarly what rules will dictate when/if weekend service will be resumed and at what train schedule level will be operated?
7/14/2020	Richard Brand	I will be inquiring once again if the \$ 2 million payment promised by Senator McGuire's office by June 30 has been received?
7/7/2020	Bob Williamson	See Attached email
Date	Name	<b>6. Consent</b> <b>6a. Approval of Monthly Financial Reports</b> <b>6b. Accept Monthly Ridership Report- June 2020</b> <b>6c. Approval of Netwoven Inc Contract Amendment No. 1</b>
7/14/2020	Mike Arnold	See attached table
Date	Name	<b>7. Authorize the General Manager to Issue a Purchase Order with Bearing Engineering Company for 96 Train Wheelset Components (Journal Bearings) in the amount of \$165,468.80</b>
		NONE

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<b>Date</b>	<b>Name</b>	<b>8. Review and Provide Guidance on SMART's Projects and Commitment Letters for the Regional Transportation Plan - Plan Bay Area 2050</b>
		None
<b>Date</b>	<b>Name</b>	<b>9. Discuss Board Activities Related to SMART's Next Sales Tax Extension</b>
		NONE

**From:** [Bob Williamson](#)  
**To:** [Leticia Rosas-Mendoza](#)  
**Cc:** [Jim Sweeney](#)  
**Subject:** SMART freight takeover  
**Date:** Tuesday, July 7, 2020 2:53:31 PM  
**Attachments:** [NCRA Financials.pdf](#)

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Leticia,

Could you please pass this on to SMART Board members and staff that may find it of interest.

SMART Board:

At the May 29, 2020 Board meeting, a number of concerns were raised about the absence of “due diligence” with respect to the financial impact of the freight takeover. The answer to “no due diligence” was that State entities effectively said “this is a good deal”. We should step back and remember that statement is from a State viewpoint. Yes, it may be a good deal for the State to move ongoing responsibilities (financial liabilities) onto SMART, while taxpayers pay off historical debts of unprofitable freight service. The relevant question should be “is it a good deal for SMART?”

SMART has relied on verbal representations by NWPCo management that operations have been profitable. This may be true, although they have not opened their books. To understand the financial impact on SMART of the freight takeover deal, one must include the financial records of NCRA (North Coast Railroad Authority), completely intertwined with those of NWPCo. It is not clear how the State considered this, so I have tried to put NCRA into an economic perspective on the attachment. My objective is to help assess the economic/financial impact on SMART. I have used NCRA audited statements, and tried to strip out one time transactions in order to gauge the ongoing economics. These numbers would be combined with related NWPCo data to see the financial history and likely future of SMART’s new freight business.

Most attention has been given to NWPCo’s claimed revenue stream of \$2 mil per year. Let us assume that is real although the LPG storage revenues are shaky. But we must also look at the associated costs being borne somewhere to support those revenues. As you can see from the NCRA statements, giving NWPCo a free ride with no charges for use of their tracks and equipment results in annual losses of about \$1.5 to \$2mil per year, even with minimal maintenance. Depending on the NCRA dissolution mechanics and the associated accounting entries, SMART will likely inherit this. Although cash flows and book accounts are different, the long term economic realities remain.

So we have NWPCo saying “we are profitable”. Probably correct, as they likely do modest maintenance and have NCRA pick up their track and equipment costs as ongoing losses. It does not take much to make a profit with a sweetheart deal like that.

My point is that when someone with SMART’s overall financial responsibility in mind looks at the freight takeover, they will see NWPCo profits offset to a large extent by NCRA losses, resulting in more of a break-even situation. This assumes, however, that SMART continues the questionable practice of minimal maintenance and receives continued subsidies as enjoyed by previous operators.

Please excuse the informality of the attached presentation(limited staff capability). It is a quick look without time for in-depth analysis, so let me know if I have overlooked something. Hopefully it will stimulate some thought and discussion. I look forward to seeing the first in-house budget estimate

of SMART's freight business financials.

R G (Bob) Williamson

Santa Rosa

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FINANCIAL RESULTS  
NORTH COAST RAILROAD AUTHORITY  
\$ 000

FISCAL YEAR ENDING JUN 30	2014	2015	2016	2017	2018
OPERATIONS	542	606	518	576	728
NON-OP	43	21	10	4	4
REVENUES	585	627	528	580	732
OPERATING EXPENSE	847	671	1154	644	759
OPERATING MARGIN	<262>	<44>	<626>	<64>	<27>
DEPRECIATION	1404	1409	1337	1315	1296
INTEREST	263	280	268	253	245
NET <LOSS>	<1929>	<1733>	<2271>	<1632>	<1568>

SPECIAL  
~~ONE TIME~~ ITEMS:

NOT INCLUDED ABOVE

- PROPERTY SALE		1316		1289
- LEGAL SETTLEMENT	?		344	<1913>
- FORGIVEN INTEREST		273		

INCLUDED ABOVE

- BIG LEGAL FEES (IN OPER)			<535>	
- ONGOING MAINTENANCE (IN OPER)	?	<48>	<167>	<58>
				?

### Ridership by Train Beginning April 6<sup>th</sup>

Date	Southbound								Total
	5:02AM	6:06AM	7:10AM	12:45PM	1:17PM	2:21PM	3:25PM	5:01PM	
4-6-2020	16	15	16	9	3	14	3	14	90
4-7-2020	19	21	13	7	1	8	1	7	77
4-8-2020	23	13	20	12	5	2	2	10	87
4-9-2020	20	15	24	5	1	7	4	14	90
4-10-2020	21	14	16	18	2	7	11	15	104
4-13-2020	19	15	18	10	2	3	4	17	88
4-14-2020	24	14	15	12	4	6	14	19	108
4-15-2020	21	15	14	12	6	8	1	19	96
4-16-2020	16	21	22	8	4	4	11	17	103
4-17-2020	20	14	17	14	3	7	6	21	102
4-20-2020	20	19	19	12	5	3	2	11	91
4-21-2020	19	18	23	6	6	3	6	18	99
4-22-2020	25	17	22	11	6	3	8	16	108
4-23-2020	20	17	20	14	3	1	7	19	101
4-24-2020	16	14	24	14	5	3	8	14	98
4-27-2020	20	22	19	14	3	3	3	20	104
4-28-2020	25	19	19	16	2	3	7	15	106
4-29-2020	26	16	23	16	5	2	2	15	105
4-30-2020	21	20	32	18	0	4	6	19	120
5-1-2020	18	13	23	18	5	7	9	10	103
5-4-2020	23	19	23	13	4	2	12	30	126
5-5-2020	24	21	23	17	6	8	13	23	135
5-6-2020	29	22	27	8	1	9	6	12	114
5-7-2020	27	20	25	6	3	2	6	23	112
5-8-2020	25	25	24	15	9	7	7	17	129
5-11-2020	25	20	16	16	2	6	3	17	105
5-12-2020	27	20	28	12	3	4	5	17	116
5-13-2020	38	23	28	7	3	5	6	18	128
5-14-2020	31	23	24	6	5	7	12	24	132
5-15-2020	28	22	26	17	12	3	7	18	133
5-18-2020	27	25	21	12	5	5	6	18	119
5-19-2020	28	21	30	23	7	5	7	25	146
5-20-2020	32	18	29	10	1	6	4	23	123
5-21-2020	33	20	35	11	8	5	13	19	144
5-22-2020	27	18	45	13	5	14	11	36	169
5-26-2020	27	29	33	16	7	8	8	16	144
5-27-2020	27	32	33	16	1	6	5	23	143
5-28-2020	31	32	34	19	6	9	12	31	174
5-29-2020	27	21	40	11	6	6	10	31	152

Date	Northbound								Total
	6:38AM	7:42AM	8:46AM	2:21PM	2:53PM	3:57PM	5:01PM	6:37PM	
4-6-2020	12	2	5	15	5	17	20	5	81
4-7-2020	13	4	5	19	5	27	23	9	105
4-8-2020	14	4	2	19	6	23	22	8	98
4-9-2020	14	3	3	12	9	19	30	9	99
4-10-2020	11	1	5	18	4	21	13	3	76
4-13-2020	13	2	4	20	6	19	20	8	92
4-14-2020	16	2	8	20	4	18	19	10	97
4-15-2020	16	4	2	22	3	20	25	8	100
4-16-2020	20	5	8	15	10	23	23	7	111
4-17-2020	16	2	6	12	3	24	18	8	89
4-20-2020	10	4	9	21	7	24	25	10	110
4-21-2020	13	8	2	13	5	28	22	10	101
4-22-2020	12	3	6	17	4	29	20	12	103
4-23-2020	16	4	2	20	8	26	24	18	118
4-24-2020	10	3	9	21	9	21	12	11	96
4-27-2020	14	3	5	20	3	25	18	11	99
4-28-2020	17	2	8	17	8	16	28	13	109
4-29-2020	13	3	3	28	6	27	20	17	117
4-30-2020	20	4	6	16	6	26	30	20	128
5-1-2020	16	6	12	14	4	17	14	16	99
5-4-2020	15	5	10	18	11	26	25	12	122
5-5-2020	16	3	9	19	8	30	26	19	130
5-6-2020	11	9	6	23	4	32	34	12	131
5-7-2020	15	2	5	24	4	26	31	18	125
5-8-2020	15	3	9	18	5	37	23	9	119
5-11-2020	13	5	8	19	6	23	22	13	109
5-12-2020	11	5	10	21	5	28	25	18	123
5-13-2020	9	6	6	20	6	33	31	16	127
5-14-2020	14	4	6	29	7	27	31	17	135
5-15-2020	14	5	6	20	12	29	24	23	133
5-18-2020	13	2	6	17	6	33	25	12	114
5-19-2020	12	5	7	30	8	39	29	17	147
5-20-2020	14	8	6	22	6	35	37	14	142
5-21-2020	16	4	11	14	8	29	33	22	137
5-22-2020	13	2	18	21	14	34	37	22	161
5-26-2020	16	4	6	18	8	44	33	14	143
5-27-2020	15	13	8	26	12	36	28	21	159
5-28-2020	14	7	14	20	12	39	34	21	161
5-29-2020	16	5	9	23	13	26	39	13	144

Source: Reformatted from SMART reports of ridership by train