



BOARD OF DIRECTORS MEETING AGENDA December 7, 2022 – 1:30 PM

In accordance with AB 361, Sonoma-Marin Area Rail Transit District Resolution No. 2021-24, Governor Newsom's March 4, 2020, State of Emergency due to the COVID-19 pandemic and Marin and Sonoma Counties Health Officials recommendations to continue measures that promote social distancing the SMART Board of Directors Meeting will continue to be held virtually through Zoom.

MEMBERS OF THE PUBLIC MAY NOT ATTEND THIS MEETING IN PERSON

[ZOOM TELECONFERENCE INSTRUCTIONS](#)

PUBLIC COMMENT PRIOR TO MEETING:

If you wish to make a comment you are strongly encouraged to please submit your comment by 5:00 p.m. on Tuesday, December 6, 2022 at <https://www.surveymonkey.com/r/SMARTBoardComments>

PUBLIC COMMENT DURING THE MEETING:

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

1. Call to Order
2. Approval of the November 16, 2022, Board Meeting Minutes
3. Board Member Announcements
4. General Manager's Report
5. Public Comment on Non-Agenda Items

Consent Calendar

- 6a. Consider and Approve a Resolution to continue virtual Tele/Video Conference Meetings during the COVID-19 State of Emergency
- 6b. Approval of Monthly Financial Reports – October 2022
- 6c. Approve a Resolution to execute Amendment No. 1 to the Memorandum of Understanding for the Resilient State Route 37 Program

- 6d. Determine there is a continued need for emergency action and continue to approve contract No. FR-ER-22-001 for emergency repairs to the Timber Trestle Bridge at Railroad Slough, MP-B38.97, for a total contract amount not to exceed \$425,000

Regular Calendar

7. Review and Accept SMART's Fiscal Year 2021-22 Annual Comprehensive Financial Report and Single Audit – *Presented by Heather McKillop*
8. Approve a Resolution to Amend Freight Budget for Fiscal Year 2022-23 – *Presented by Heather McKillop*
9. Short Range Transit Plan Update (Information) – *Presented by Heather McKillop*
10. Authorize the General Manager to Award a Sole-Source Purchase Order to Toshiba International Corporation for the Purchase of Specialized Diesel Multiple Unit Replacement Parts in an amount of \$113,136.97 – *Presented by Ken Hendricks*
11. Authorize the General Manager to Award a Purchase Order to RELAM, Inc. for the Purchase of Two (2) Hi-Rail Signal Trucks in the amount of \$280,973.22 – *Presented by Ken Hendricks*
12. Approve a Resolution Authorizing the General Manager to Execute Contract no. FR-BB-22-004 with Koppers Railroad Structures, Inc for the Brazos Branch Timber Bridge Repairs Phase 1 Project for a total contract amount of \$1,165,302 and term through March 31, 2023 – *Presented by Bill Gamlen*
13. Approve Citizens Oversight Committee Bylaws – *Presented by General Manager Cumins*
14. Approve a Resolution Amending Article II Section 2.05 (2) And Section 6.01 to the Sonoma-Marin Area Rail Transit District Administrative Code Related to Board Of Director's Regular Meeting Schedule and Purchasing Agent contract limits – *Presented by General Manager Cumins*
15. Closed Session – Public Employee Performance Evaluation – Title: General Manager (Pursuant to Government Code Section 54957)
16. Report Out Closed Session
17. Next Regular Meeting of the Board of Directors, January 4, 2023 – 1:30 PM
18. Adjournment

DISABLED ACCOMODATIONS:

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



**BOARD OF DIRECTORS
REGULAR MEETING MINUTES
November 16, 2022 - 1:30 PM**

In accordance with AB 361, Sonoma-Marin Area Rail Transit District Resolution No. 2021-24, Governor Newsom's March 4, 2020, State of Emergency due to the COVID-19 pandemic, and Marin and Sonoma Counties Health Officials recommendations to continue measures that promote social distancing, the SMART Board of Directors Meeting will continue to be held virtually through Zoom.

MEMBERS OF THE PUBLIC MAY NOT ATTEND THIS MEETING IN PERSON

1. Call to Order

Chair Rabbitt called the meeting to order at 1:30pm. Directors Bagby, Colin, Fudge, Garbarino, Hillmer, Lucan, and Pahre were present. Directors Arnold, Connolly, Coursey and Rogers absent.

2. Approval of the November 2, 2022, Board Meeting Minutes

MOTION: Director Garbarino moved approval of November 2, 2022 Board Meeting Minutes as presented. Director Bagby second. The motion carried 8-0 (Directors Arnold, Connolly, Coursey and Rogers absent)

3. Board Members Announcements

None

4. General Manager's Report

General Manager Cumins provided a brief update on the following:

- Emergency Bridge Repair (Brazos Branch)
- Ridership
- Caltrans Visit
- Toy Drive
- Employee Promotions
- Questions

Emergency Bridge Repair (Brazos Branch)

- On November 2, 2022, the Board of Directors approved an emergency contract with Koppers Railroad Structures, Inc. and Resolution to repair the Brazos Branch
- The initial work to get the bridge to be passable was completed last Friday, November 11, 2022
 - Work consisted of replacing pile bent caps and two stringers (beams)
 - Temporary work so that we can operate across the bridge
 - Long-lead bridge timbers ordered and expected to arrive in January 2023
- The Contractor will return to make permanent repairs in January/February timeframe

Ridership Update

November average weekday ridership is down 9% from October 2022

- 75% of pre-COVID average
- 78% over November 2021

Caltrans Visit

SMART staff had the opportunity to host Caltrans Staff. Caltrans staff rode the train and visited the Rail Operation Center. Caltrans has been a great partner and we appreciate their continued support.

SMART Toy Drive 2022

SMART annual toy drive will be held on Saturday, December 3, 2022. Toys will be collected on the train, and they will be donated to Toys for Tots Campaign. Also, Santa will be riding the train this year!

Employee Promotions

General Manager Cumins announced the newly promoted Engineers.

Marcus A. Cortez

- Hired as Conductor September 2021
- Promoted to Engineer October 2022

Steve Baptist

- Hired in MOW September 2017
- Promoted to Conductor in June 2021
- Promoted to Engineer October 2022

Carlos Aroche

- Hired in Vehicle Maintenance February 2018
- Promoted to Conductor June 2021
- Promoted to Engineer October 2022

Comments

Chair Rabbitt thanked staff for continuing with great work. He congratulated the newly promoted staff and said it is excellent to have internal staff get promoted.

Vice Chair Pahre asked if SMART has a specific time frame for Toy donations. General Manager Cumins responded that the staff will be available all day to collect toys.

Director Garbarino thanked the General Manager Cumins for the concise report, which helps her to provide SMART report to other committees she represents.

5. Public Comment on Non-Agenda Items

Steve Birdlebough stated that it is a good approach to promote within the organization.

Jack Swearingen asked if the toys need to be new and unwrapped for the December 3rd Toy Drive.

Richard Brand congratulated Directors Connolly and Lucan for their successful campaign. He asked if SMART has received court date updates regarding the Regional Measure 3 (RM#) case.

Eris Weaver stated that she enjoyed attending the groundbreaking for the Pathway in Petaluma. She asked for an update on the Pathway litigation. She appreciates the fact that more space is made available for bicycles on the train. She invited everyone to attend the holiday lighted bicycle parade on December 16th in Petaluma

District Counsel Lyons responded there will be briefings on RM3 Case and the Supreme Court will decide, which can take a year. Staff received a court dismissal decision of approximately 100 plaintiffs. In the next couple of months there will be a Summary Judgement on the remainder Plaintiffs

6. Consent

- a. Accept Monthly Ridership Report – October 2022
- b. Authorize the General Manager to enter into an Intergovernmental Service Agreement No. OP-SV-22-010 with the County of Sonoma's Fleet Operations Division to perform maintenance, repair, and equipment installation services for SMART's non-revenue fleet vehicles and heavy equipment with a not-to-exceed amount of \$100,000 for each Fiscal Year 2023-2027

Chair Rabbitt asked for Board and public comments on the proposed Consent Agenda.

MOTION: Director Garbarino moved approval of the Consent Agenda Items as presented. Director Bagby second. The motion carried 8-0 (Directors Arnold, Connolly, Coursey and Rogers absent)

7. Approve a Resolution Authorizing the General Manager to Execute a Purchase Agreement to purchase wetland credits from the Burdell Ranch Wetland Conservation Bank for an amount of \$834,000 to fulfill San Francisco Bay Regional Water Quality Control Board permit requirements – *Presented by Bill Gamlen*

Chief Engineer, Bill Gamlen stated that this item is the purchase of 0.6 acres of wetland credits with the Burdell Ranch Mitigation Wetland Conservation Bank for an amount of \$834,000. This purchase will fulfill regulatory permit requirements from the California Regional Water

Board and is the only wetland bank in the watershed that has credits available. The wetland credits that were established by SMART at the Mira Monte Marin restoration site are for tidal wetlands.

The Pathway projects that are planned from Petaluma to Penngrove requires SMART to purchase freshwater seasonal wetland credits to mitigate permanent impacts.

He stated that we incorrectly identified Resolution No. on this item. The correct Resolution No. is 2022-39. Staff recommends approving Resolution No. 2022-39 authorizing the General Manager to purchase wetland credits from Burdell Ranch Wetland Conservation Bank.

Chair Rabbitt asked if there is a dynamic pricing on these credits since there's a very few left and the leverage is up to the seller and not the buyer. Mr. Gamlen responded that SMART is paying the same amount others have paid and we received documentation for our file to support the cost.

MOTION: Vice Chair Pahre moved to Approve a Resolution Authorizing the General Manager to Execute a Purchase Agreement to purchase wetland credits from the Burdell Ranch Wetland Conservation Bank for an amount of \$834,000 to fulfill San Francisco Bay Regional Water Quality Control Board permit requirements as presented. Director Hillmer second. The motion carried 8-0 (Directors Arnold, Connolly, Coursey and Rogers absent).

8. Approve a Resolution Authorizing the General Manager to Execute Contract No. EV-BB-22-004 with Triangle Properties, Inc for the Pathway Riparian Enhancement Implementation and Monitoring Project with Triangle Properties, Inc. for a total contract amount of \$235,510 and a term through January 31, 2028 – *Presented by Bill Gamlen*

Chief Engineer, Bill Gamlen, stated that this contract implements riparian planting and establishment monitoring for five (5) years to mitigate for impacts associated with the construction of two pathway segments in Sonoma County: Petaluma to Penngrove: Southpoint Boulevard to Main Street; and Rohnert Park to Santa Rosa: Golf Course Drive to Bellevue Avenue .

Mitigating for the riparian impacts is a permit condition from the California Department of Fish and Wildlife as well as the California Regional Water Quality Control Board. The project was able to develop mitigation plantings in the SMART right-of-way near the Segment 1 (Petaluma to Penngrove) pathway project. The project includes five (5) years of maintenance and monitoring of the plantings.

Staff recommends approving Resolution No. 2022-38 and authorizing the General Manager to execute a contract with Triangle Properties, Inc. for a total not to exceed amount of \$235,510 and contract term through January 31, 2028.

MOTION: Director Colin moved to Approve a Resolution Authorizing the General Manager to Execute Contract No. EV-BB-22-004 with Triangle Properties, Inc for the Pathway Riparian Enhancement Implementation and Monitoring Project with Triangle Properties, Inc. for a total contract amount of \$235,510 and a term through January 31, 2028, as presented. Director Lucan second. The motion carried 8-0 (Directors Arnold, Connolly, Coursey, and Rogers absent).

9. Governor Newsom announced that the COVID-19 State of Emergency will end on February 28, 2023. With the State of Emergency ending, remote meetings pursuant to AB-361 will no longer be available and the District must again hold public meetings in compliance with the general requirements of the Brown Act (*Discussion*) – *Presented by General Manager Cumins*

General Manager Cumins stated that this item is to discuss future Board meetings and to provide staff feedback to develop a plan. He provided a brief PowerPoint presentation which is posted on SMART's website. Highlights include:

- SMART Board of Directors has been meeting remotely since April 15, 2020
- Governor Newsom signed AB-361 September 16, 2021
 - Allowing local government bodies subject to the Brown Act to continue using video and/or teleconferencing to conduct meetings
- Governor Newsom announced the COVID-19 State of Emergency will end February 28, 2023
 - This timeline is intended to provide state and local agencies the time needed to prepare for the phase-out of certain Executive Orders
 - Eliminates option for remote Board meetings
- Considerations
 - In-person meeting implementation date
 - Meeting frequency
 - Remote option for the public
 - Other considerations

Comments

Chair Rabbitt said that he personally feels that he needs to look at what works for the benefit of the organization and the frequency of the meetings. Whether that means giving additional authority to the General Manager on certain contract amounts.

Director Fudge suggested having a hybrid for the public. We have received higher public participation. She asked if there is flexibility for Board members who are not available to attend in person.

Chair Rabbitt stated that Board members have less flexibility. In fact, it requires an action by the Board to allow Board members to attend other ways.

District Counsel Lyons stated that the Board members will revert to the requirements of the Brown Act, which requires Board members to provide a location for the public to attend at

their location. It will also require public noticing where they can attend at the location of the Board member, and it limits the number of board members that can be out of the jurisdiction during the meeting.

Director Colin thanked General Manager Cumins for bringing this item for discussion. She asked for clarification regarding public noting of Board members location since she has received three different answers. She also heard the Board members can only call/zoom a certain percentage of the meeting. She advocated for the board to consider having the Board meetings to once a month versus twice.

Director Hillmer said he would like to recognize in the attendees Vice Mayor Gabe Paulson, from Larkspur, who will be succeeding him as representing the Marin County Council of Mayors and Council members to the SMART Board. As well as newly elected Council Member Kevin Kara was also among the attendees.

Chair Rabbitt asked Director Hillmer if he will be attending the December 7th Board meeting, so the Board can give a proper sendoff. Director Hillmer said that December 7th will be his last meeting.

Director Bagby said she is glad to hear that there will be one more meeting where the Board members can be thanked for serving as SMART Board members. She acknowledged Director Colin's comments. The traffic on Highway 101 corridor, is the reason why we have SMART. She is disappointed as a Board member with the distance of the SMART office to a train station. She suggested moving near a station to make it easier for employees and Board members to attend meetings. She supports having a meeting once a month. We need to continue to provide hybrid meetings and not a hardship for the public to participate in the meetings.

Vice Chair Pahre suggested increasing contract authority for the General Manager. The one piece that wasn't mentioned was the camaraderie that happens when we meet in person. She agrees that the public would appreciate being able to join via zoom.

Director Lucan said he is eager to attend board meetings in person. SMART will have three new Board members by March, so it is a good time to get back in person. He is open to giving additional authority to the General Manager and continuing to provide transparency we have had as an organization. There are ways to increase authority and still follow best practices. He supports having fewer and longer meetings and providing technology so that members of the public can still participate.

Director Garbarino stated that she disliked Zoom from the beginning of the pandemic, however there are environmental benefits discussed about not being on the road. She asked if it could be considered on occasion depending on the Brown Act and with all due respect to the public and being transparent for the Board members to be able to participate via zoom as a limited amount of time. She also endorses having a meeting once a month to be more efficient.

Larkspur Mayor Paulson thanked Director Hillmer for giving him the opportunity to speak on this item. He has been following SMART since the opening of the Larkspur Station in 2017. He said that hybrid meetings have a lot of value in getting members together. For the public it really does increase engagement. He is a fan of being in person, especially as a newcomer, he would like to see everybody. The hybrid option gives people the flexibility to really pack in a lot more.

Jack Swearingen stated that the public pays attention. He asked if the public attendees when they speak are shown on video or voice.

Richard Brand said that having monthly meetings limits the ability to address emergency issues. He suggested having the meetings near a train station, this would allow the public to attend. Having a long drive is a carbon negative and suggested sending a resolution to the Assembly State addressing the reasons to continue to have meeting via remote.

Steve Birdlebough said he agrees with Richard Brand comments. Also, if the Legislators can be convinced that remote participation can benefit board members. He is glad to hear that everybody wants to allow the public to participate remotely. He looks forward to participating in person.

Doug Kerr stated that he has attended Capital Corridor Board meetings and some of their members attended remotely, even pre-pandemic and there is some precedence. He does not know the legal limit and implications.

Director Rabbitt stated that he heard that having fewer meetings and having the General Manager and staff propose some authority changes. He would like to receive clarification on AB 361 requirements. He said that Board members need to be cognizant the less you participate with the organization could equate to less engagement. He thinks it's incumbent upon all Directors to make sure that we stay fully engaged, and not just for that time. The proposed changes can address emergency meetings if they need to take place. There is something about face to face meetings, he has had experiences where he has not met a few board members in person that he serves with, and that's a strange feeling to him. The future of SMART's Headquarters would be great to get closer to a station.

Lastly, General Manager Cumins stated that staff will research the zoom limitations for Board members, and report back. If the General Manager signature authority is changed from a \$100k to \$200k it would eliminate about 35% of the contract that are taken to the Board. Also, he thinks that we should include some emergency provisions, since things can occur at any given time. He can bring back some proposed language to the Board, to the next board meeting. He wants to make sure we remain extremely transparent and will be happy to provide in the General Managers report any contracts over \$100k that have been signed. He heard having monthly meetings with remote options for the public. He asked when the Board would like to start in person meetings. The State already set that date as February 28, 2023; we would like to have some direction on when we would like to start our in-person meetings?

Chair Rabbitt asked Board members if in-person meeting should start in March 2023 or earlier.

Director Bagby suggested that the Board review any proposed changes in the next few meetings with new Board members to be able to implement them in March 2023.

Chair Rabbitt stated that the Governor chose the end of February, thinking if there is an outbreak of COVID this winter and it may also be a safe to stay within the Governor deadline in case anything happens on the health front. If an Executive Committee needs to be formalized for staff since the Board will be meeting monthly, it will need to be presented in the proposed language.

General Manager Cumins said that he agrees with Chair Rabbitt that formalizing an Executive Committee that can meet every two or three weeks. We will put together a proposal that we can present at the next board meeting.

Director Bagby reminded the public that if SMART goes to have meetings monthly the Board has the power to hold an emergency meeting if that's necessary. It makes sense having monthly meetings for environmental reasons.

Chair Rabbitt thanked his colleagues and the public for the discussion. He looks forward to some changes into the New Year.

10. Next Regular Meeting of the Board of Directors, December 7, 2022 – 1:30pm
11. Adjournment - Meeting adjourned at 2:29pm.

Respectfully submitted,

Leticia Rosas-Mendoza
Clerk of the Board

Approved on: _____

Resolution No. 2022-01.12 (DEC)
Sonoma-Marín Area Rail Transit District
December 7, 2022

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT, STATE OF CALIFORNIA, AND RELATED FINDINGS REGARDING VIRTUAL-CONFERENCE MEETINGS DURING THE COVID-19 STATE OF EMERGENCY

WHEREAS, on March 4, 2020, Governor Newsom proclaimed pursuant to his authority under the California Emergency Services Act, California Government Code Section 8625, that a state of emergency exists with regards to a novel coronavirus (a disease now known as COVID-19); and

WHEREAS, on June 4, 2021, in lifting many restrictions that the State previously imposed due to COVID-19, the Governor indicated that those changes did not end the ongoing emergency; and

WHEREAS, following expiration of the Executive Orders, on September 16, 2021, the Governor signed into law Assembly Bill 361 ("AB 361"), allowing for teleconference meetings under the Brown Act during declared states of emergency; and

WHEREAS, Marin and Sonoma Health Officials continue to recommend that we continue to emphasize social distancing in order to minimize the potential spread of COVID-19 during indoor, public meetings;

WHEREAS, in light of this recommendation, the Board of Directors of SMART desires to continue to have the flexibility, for itself to meet virtually via tele/video conference.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Board of Directors of SMART has resolved to continue with Teleconference meetings with the option for a limited in-person and virtual teleconference participation, and has reconsider the circumstances of the emergency and determine that the current circumstances continues to directly impact the ability to meet in-person safely;
2. There is an ongoing proclaimed state of emergency relating to the novel coronavirus causing the disease known as COVID-19.
3. State and Local officials continue to recommend measures to promote social distancing, and as a result of that emergency, large gatherings that meet in person would present imminent risks to the health or safety of attendees of in-person meetings and of this legislative body within the meaning of California Government Code Section 54953(e)(1).

Resolution No. 2022-01.12 (DEC)
Sonoma-Marín Area Rail Transit District
December 7, 2022

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Sonoma-Marín Area Rail Transit District held on the 7th day of December 2022, by the following vote:

DIRECTORS:

AYES:

NOES:

ABSENT:

ABSTAIN:

David Rabbitt, Chair, Board of Directors
Sonoma-Marín Area Rail Transit District

ATTEST:

Leticia Rosas-Mendoza, Clerk of the Board of Directors
Sonoma-Marín Area Rail Transit District



December 7, 2022

David Rabbitt, Chair
Sonoma County Board of Supervisors

Barbara Pahre, Vice Chair
Golden Gate Bridge,
Highway/Transportation District

Judy Arnold
Marin County Board of Supervisors

Melanie Bagby
Sonoma County Mayors' and
Councilmembers Association

Kate Colin
Transportation Authority of Marin

Damon Connolly
Marin County Board of Supervisors

Chris Coursey
Sonoma County Board of Supervisors

Debora Fudge
Sonoma County Mayors' and
Councilmembers Association

Patty Garbarino
Golden Gate Bridge,
Highway/Transportation District

Dan Hillmer
Marin County Council of Mayors and
Councilmembers

Eric Lucan
Transportation Authority of Marin

Chris Rogers
Sonoma County Mayors' and
Councilmembers Association

Eddy Cumins
General Manager

5401 Old Redwood Highway
Suite 200
Petaluma, CA 94954
Phone: 707-794-3330
Fax: 707-794-3037
www.sonomamarintrain.org

Sonoma-Marin Area Rail Transit Board of Directors
5401 Old Redwood Highway, Suite 200
Petaluma, CA 94954

SUBJECT: Monthly Financial Status

Dear Board Members:

RECOMMENDATION: Approve Monthly Financial Reports

SUMMARY:

In this report, we have broken out passenger and freight. We have provided both budgeted revenues and expenditures for both in separate charts in the attached document. The actual column reflects revenues and expenditures for July – October 2022. In addition, for passenger rail, we have shown more detail regarding sales tax and fare revenues to show current and comparative information over the last four years.

Information on the approved budget, actual expenditures, and remaining budget have been provided. Please keep in mind that expenditures do not always occur on a straight-line basis, many large expenditures such as debt service only occur on specific intervals. In addition, we are including more extensive information on our capital program.

We have also included information regarding SMART's investment policy, where our funds are being held, and how much is currently being held. In addition, we have shown the current obligations, reserves, and fund balance requirements for FY 2022-23.

Very truly yours,

/s/

Heather McKillop
Chief Financial Officer

Attachment(s):

- 1) Monthly Financial Status Report
- 2) Contract Summary Report



MONTHLY FINANCIAL STATUS

OCTOBER 2022

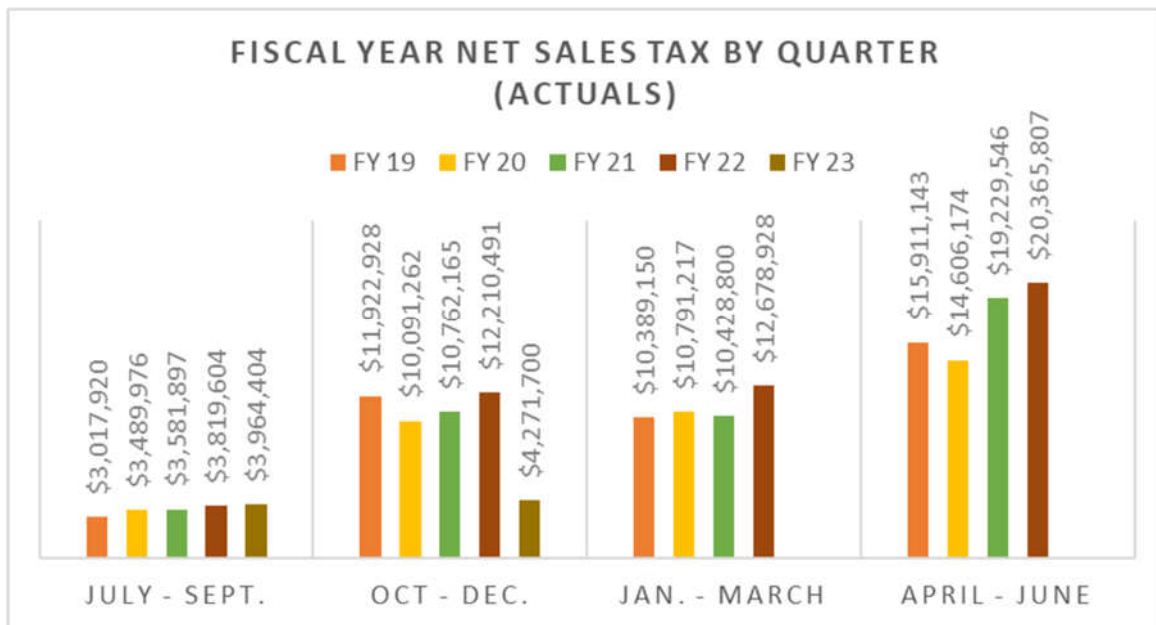
PASSENGER REVENUES

	FY 2022-23 Approved Budget	Actual	Amount Over/ Under Budget	Comments
Revenues				
Passenger Rail				
Sales/Use Taxes	\$ 51,622,000	\$ 8,236,104	\$ (43,385,896)	Sales Taxes are recorded when received not when earned
Interest and Lease Earnings	\$ 544,381	\$ 212,003	\$ (332,378)	Leases renew throughout the year
Miscellaneous Revenue	\$ 255,900	\$ 66,978	\$ (188,922)	
Passenger Fares	\$ 2,310,768	\$ 530,115	\$ (1,780,653)	
State Grants	\$ 21,224,171	\$ 1,334,667	\$ (19,889,504)	State grants are received throughout the year
Charges For Services	\$ 28,325	\$ 34,606	\$ 6,281	Includes dispatching and flagging services which are performed throughout the year
Federal Funds (Non-COVID Relief)	\$ 4,954,529	\$ 244,726	\$ (4,709,803)	Federal funds are received on a reimbursable basis. Funds have to be expended before they can be requested.
Federal Funds (COVID)	\$ 7,507,797	\$ -	\$ (7,507,797)	Federal funds are received on a reimbursable basis. Funds have to be expended before they can be requested.
Other Governments	\$ -	\$ 30,000	\$ 30,000	
Passenger Rail Subtotal	\$ 88,447,871	\$ 10,689,199	\$ (77,758,672)	

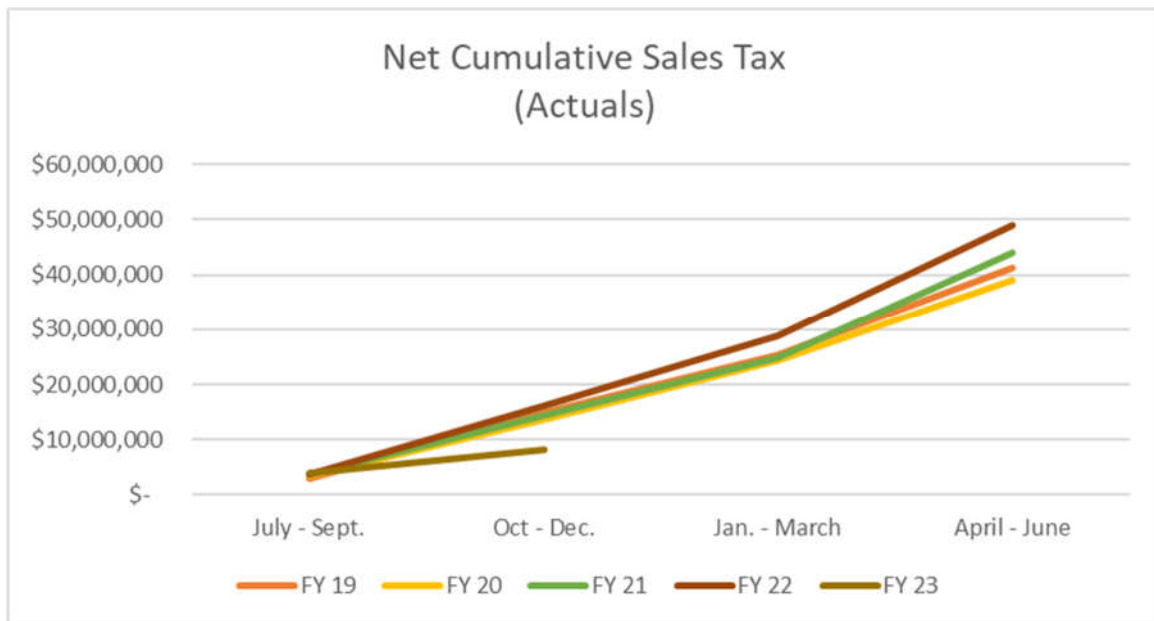
**Measure Q Sales Tax
Fiscal Year (FY) 2022/2023**

Time Period	July - Sept.	Oct - Dec.	Jan. - March	April - June
Forecasted FY 23 Budget	\$ 4,017,856	\$ 12,844,262	\$ 13,337,013	\$ 21,422,870
Actual	\$ 3,964,404	\$ 4,271,700		
Difference	\$ (53,452)	\$ (8,572,562)		

**Fiscal Year 2019-2023 Net Sales Tax Comparison
(by Quarter)**

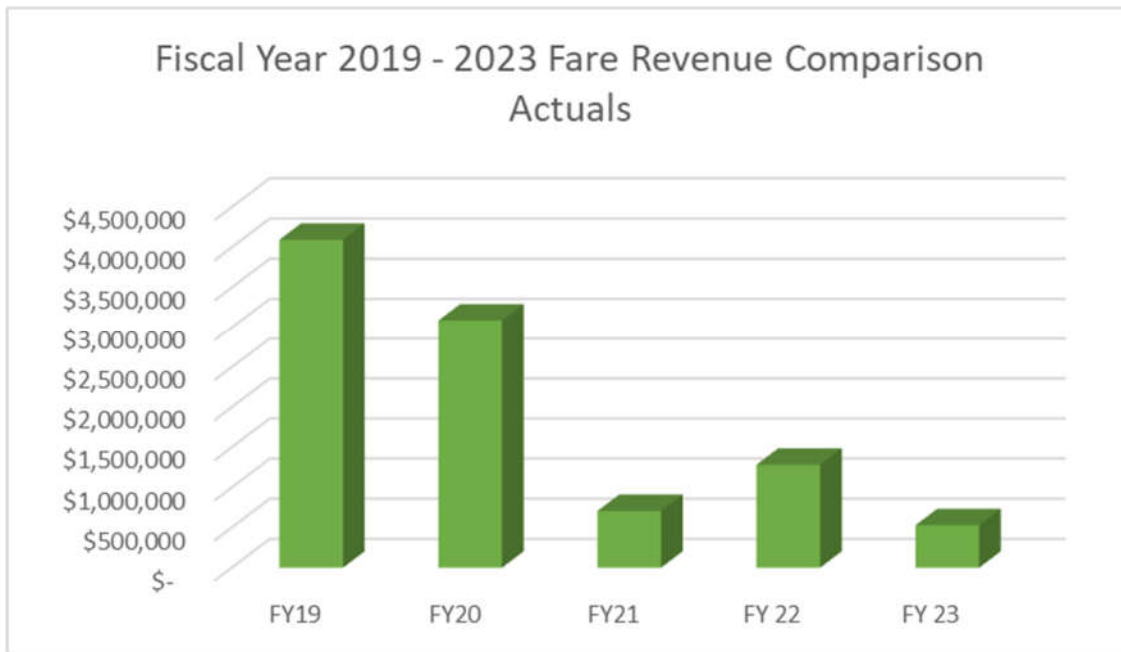


Fiscal Year 2019-2023 Net Cumulative Sales Tax Comparison

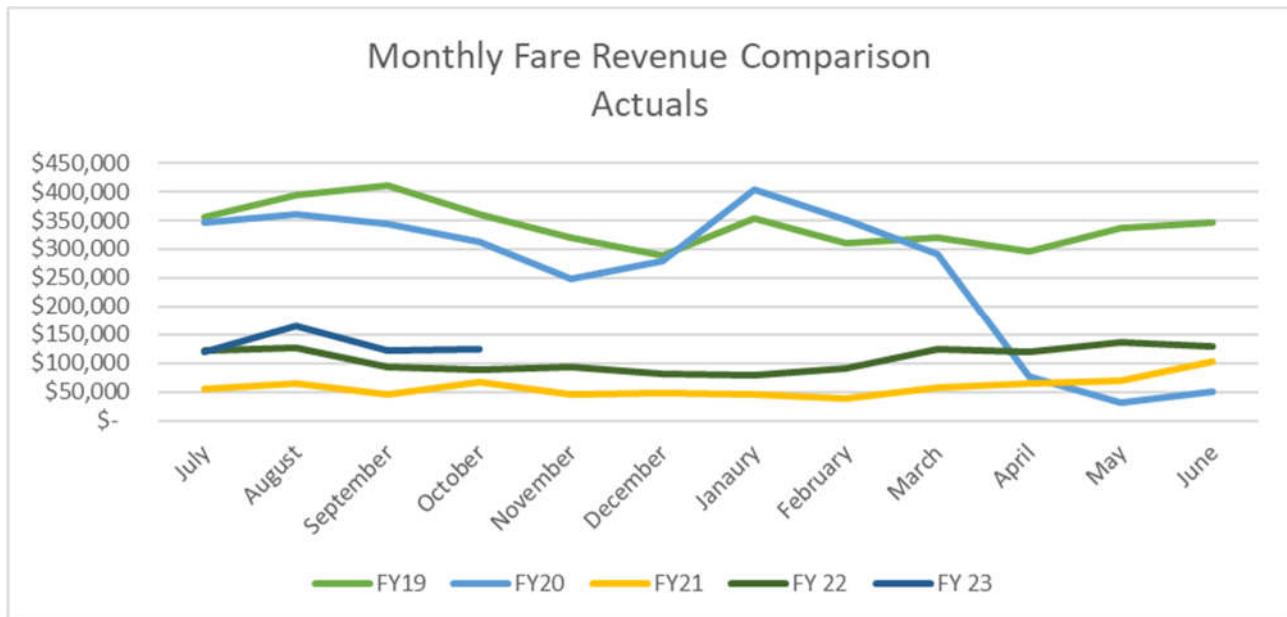


Note: Sales Taxes are recorded when received not when earned.

Fiscal Year 2019-2023 Fare Revenue Comparison



Fiscal Year 2019-2023 Monthly Fare Revenue Comparison



PASSENGER EXPENDITURES

Administration	Operations	Capital
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0% - 50% 50% - 75%
75% - 100%



0% - 50% 50% - 75%
75% - 100%



0% - 50% 50% - 75%
75% - 100%



	FY 2022-23 Approved Budget	Actual	Amount Over/ Under Budget
Passenger Expenditures			
Administration			
Salaries & Benefits	\$ 5,535,249	\$ 1,488,795	\$ (4,046,454)
Services & Supplies	\$ 11,927,874	\$ 1,877,244	\$ (10,050,630)
Administration Subtotal	\$ 17,463,123	\$ 3,366,039	\$ (14,097,084)
Operations			
Salaries & Benefits	\$ 16,602,921	\$ 4,610,411	\$ (11,992,510)
Services & Supplies	\$ 6,612,449	\$ 1,144,201	\$ (5,468,248)
Operations Subtotal	\$ 23,215,370	\$ 5,754,612	\$ (17,460,758)
Capital			
Salaries & Benefits	\$ 301,774	\$ 372,057	\$ 70,283
Services & Supplies	\$ 1,505,840	\$ 42,840	\$ (1,463,000)
Capital Subtotal	\$ 1,807,614	\$ 414,897	\$ (1,392,717)
Total Passenger Expenditures	\$ 42,486,107	\$ 9,535,548	\$ (32,950,559)

Passenger (Capital) Expenditures			
Buildings & Capital Improvements	\$ 2,756,191	\$ -	\$ (2,756,191)
Machinery & Equipment	\$ 579,333	\$ 400,847	\$ (178,487)
Infrastructure	\$ 20,072,332	\$ 739,421	\$ (19,332,911)
Total Passenger (Capital) Expenditures	\$ 23,407,856	\$ 1,140,268	\$ (22,267,589)

Passenger Expenditures + Capital	\$ 65,893,963	\$ 10,675,816	\$ (55,218,148)
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FREIGHT REVENUES

	FY 2022-23 Approved Budget	Actual	Amount Over/ Under Budget	Comments
Revenues				
Freight				
Sales/Use Taxes	\$ -	\$ -	\$ -	
Interest and Lease Earnings	\$ 145,743	\$ 242,789	\$ 97,046	Leases renew throughout the year
Miscellaneous Revenue	\$ -	\$ 10,051	\$ 10,051	
Freight Traffic	\$ 1,100,000	\$ 289,395	\$ (810,605)	
State Grants	\$ 4,206,000	\$ -	\$ (4,206,000)	State grants are received throughout the year
Charges For Services	\$ 92,000	\$ 5,406	\$ (86,594)	Includes freight car storage.
Federal Funds (Non-COVID Relief)	\$ -	\$ -	\$ -	
Federal Funds (COVID)	\$ -	\$ -	\$ -	
Other Governments	\$ -	\$ -	\$ -	
Freight Subtotal	\$ 5,543,743	\$ 547,641	\$ (4,996,102)	

FREIGHT EXPENDITURES

■ 0% - 50% ■ 50% - 75%
■ 75% - 100%



	FY 2022-23 Approved Budget	Actual	Amount Over/ Under Budget
Freight Expenditures			
Administration			
Salaries & Benefits	\$ -	\$ -	\$ -
Services & Supplies	\$ -	\$ 13,943	\$ 13,943
Administration Subtotal	\$ -	\$ 13,943	\$ 13,943
Operations			
Salaries & Benefits	\$ 893,563	\$ 219,417	\$ (674,146)
Services & Supplies	\$ 1,045,967	\$ 105,835	\$ (940,132)
Operations Subtotal	\$ 1,939,530	\$ 325,252	\$ (1,614,278)
Capital			
Salaries & Benefits	\$ -	\$ -	\$ -
Services & Supplies	\$ 2,505,825	\$ 62,861	\$ (2,442,964)
Capital Subtotal	\$ 2,505,825	\$ 62,861	\$ (2,442,964)
Total Freight Expenditures	\$ 4,445,355	\$ 402,056	\$ (4,043,299)

Freight (Capital) Expenditures			
Buildings & Capital Improvements	\$ -	\$ -	\$ -
Machinery & Equipment	\$ 143,000	\$ -	\$ (143,000)
Infrastructure	\$ -	\$ -	\$ -
Total Freight (Capital) Expenditures	\$ 143,000	\$ -	\$ (143,000)

Freight Expenditures + Capital	\$ 4,588,355	\$ 402,056	\$ (4,186,299)
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CAPITAL PROJECTS

Capital Project Report						
		Total Project Budget	Expended in Prior Fiscal Years	Budgeted in FY23 (Includes Amended Budget)	Remaining to be Budgeted in Future Years	Project Status
PASSENGER RAIL PROJECTS						
Windsor Extension		\$ 65,000,000	\$ 24,256,464	\$ -	\$ 40,743,536	Funds on hold, pending MTC lawsuit on RM3 funding. Awaiting Supreme Court decision
Sonoma County Pathway Connector Project - Design & Construction		\$ 17,482,847	\$ 2,240,211	\$ 10,986,919	\$ 4,255,717	Finishing design & permitting stage - Will be combined with the Petaluma North Station for construction phase
Marin & Sonoma Pathway Design & Permitting		\$ 10,752,215	\$ 604,212	\$ 2,331,354	\$ 7,816,649	In design phase
McInnis Pkwy. at Bridgewater Dr. to Smith Ranch Rd. Construction (0.74 miles)		\$ 2,158,026	\$ -	\$ -	\$ 2,158,026	In design phase
Joe Rodota to 3rd St. Construction		\$ 296,824	\$ 17,330	\$ 255,199	\$ 24,295	In design - Construction will depend on grant execution
Petaluma North Station		\$ 28,041,327	\$ 35,744	\$ 23,901,974	\$ 4,644,704	Hiring a design consultant
Path-of-Travel Improvements		\$ 501,489	\$ 236,116	\$ 264,523	\$ -	Awarded construction contract
Payran to Lakeville Pathway - Design & Construction		\$ 1,140,096	\$ -	\$ 1,140,096	\$ -	Construction underway
Basalt Creek Timber Bridge Replacement		\$ 626,103	\$ 77,543	\$ 129,888	\$ 418,672	Finalizing design and working with agencies on environmental permitting
San Antonio Tributary Timber Trestle Replacement		\$ 1,071,264	\$ 81,358	\$ 222,240	\$ 767,666	Finalizing design and working with agencies on environmental permitting
FREIGHT RAIL PROJECTS						
Black Point Bridge - Fender Replacement		\$ 875,742	\$ 89,044	\$ 722,800	\$ 63,898	Construction is complete
Highway 37 Grade Crossing Reconstruction		\$ 498,694	\$ -	\$ 498,694	\$ -	Awarded construction contract. Construction planned for January
Brazos Branch Bridge Repairs		\$ 944,749	\$ 16,594	\$ 915,269	\$ 12,886	Emergency construction completed, received bids for remaining bridges

INVESTMENTS

Investments are guided by the SMART investment policy adopted each year with the budget. The policy outlines the guidelines and practices to be used in effectively managing SMART's available cash and investment portfolio. District funds that are not required for immediate cash requirements are to be invested in compliance with the California Code Section 53600, et seq.

SMART uses the Bank of Marin for day-to-day cash requirements and for longer term investments the Sonoma County Treasury Pool is used. This chart reflects a point in time verses a projection of future fund availability.

<u>Cash On Hand</u>	
Bank of Marin	\$ 35,208,013
Sonoma County Investment Pool *	\$ 64,836,744
Total Cash on Hand	\$ 100,044,757
<u>Reserves</u>	
Self-Insured	\$ 2,370,675
OPEB/ CalPERS	\$ 3,574,676
Operating Reserve	\$ 10,000,000
Capital Sinking Fund	\$ 9,625,000
Corridor Completion	\$ 7,000,000
Total Reserves	\$ 32,570,351
Cash Balance	\$ 67,474,406
Less: Current Encumbrances	\$ 7,209,138
Balance	\$ 60,265,268
Less: Estimated FY23 Year-end Fund Balance	\$ 47,506,608
Remaining Balance	\$ 12,758,660
* Does not include funds held by the trustee for debt service	



Contract Summary

Active Contracts as of November 1, 2022

PASSENGER RAIL

Contractor	Scope	Fiscal Year 22/23 Projected	Fiscal Year 22/23 Actuals-To-Date
A.J. Janitorial Service	Janitorial Services for all Stations, Roblar, ROC, and Fultor	\$110,000	\$35,760
Ai-Media Technologies, LLC	Closed-Captioning Services	\$13,000	\$720
Air & Lube Systems, Inc.	Structural Alterations to the Rail Operation Center and Installation of the Wheel Press Machine	\$275,500	\$0
Alcohol & Drug Testing Services, LLC	DOT and FRA-regulated Drug and Alcohol Testing Services	\$36,000	\$4,768
Allen, Glaessner, Hazelwood LLP	Legal Services for Litigation and Rail Transit Issues	\$100,000	\$3,730
Alliant Insurance Services	Insurance Brokerage and Risk Management Services	\$70,000	\$0
American Integrated Services, INC.	On-Call Biohazard Remediation Services	\$50,000	\$0
American Rail Engineers Corporation	Railroad Bridge Engineering, Inspection, & Design	\$24,700	\$15,273
Asbury Environmental Services (AES)	Hazardous and Non-Hazardous Waste Removal and Disposal Services	\$10,000	\$95
Atlas Copco Compressors, LLC	Air Compressor Maintenance Services	\$8,400	\$0
BBM Railway Equipment, LLC	Wheel Press Machine - Furnish, Install, Configure, Test, Commission, and Train SMART Staff	\$289,392	\$246,636
Becoming Independent	Emergency Bus Bridge Services	\$22,000	\$2,000
Bettin Investigations	Pre-Employment Investigation, Background Screening, and Related Services	\$2,500	\$0
BKF Engineers Inc.	Design and Engineering Services for MUP Segments in Sonoma and Marin Counties	\$1,164,451	\$647,861
Bolt Staffing Service, Inc.	Temporary Staffing Services	\$60,000	\$19,622
Bright Star Security, Inc.	Security Patrol at SMART's Cal Park Tunnel	\$10,980	\$2,745
Business Training Library, LLC	Cloud-Based Learning Courses	\$12,410	\$9
Cinquini & Passarino, Inc.	Right-of-Way Land Surveying and Related Services	\$20,000	\$2,248
Craft & Commerce, LLC	Marketing and Community Outreach Services and Support	\$200,000	\$12,500
CSW/Stuber-Stroeh Engineering Group	Design and Engineering Services for 5 MUP Segments in Marin County	\$947,719	\$0
D Block Security	Security and Patrol Services	\$75,000	\$0
DeAngelo Contracting Services, LLC	Assignment of OP-SV-21-006 Vegetation Control Services	\$43,250	\$0
Dikita Enterprises, Inc	NTD Compliant Passenger Counting Services	\$40,688	\$0
Doug Williams	Fire and Life Safety Consultant	\$3,585	\$450
Dr. Lance O'Connor	Occupational Health Screening Services	\$3,000	\$0
Dunnigan Psychological & Threat Assessments, LLC	Employment-Related Psychological Evaluation Services	\$25,000	\$3,600
Eide Bailly LLP	Financial Audit Services	\$50,885	\$0
eLock Technologies, LLC	Station Bike Lockers and Maintenance Services	\$13,130	\$0
Empire Cleaners	Operations Uniform Dry Cleaning, Laundering, and Related Services	\$18,000	\$3,799
Environmental Logistics, INC.	On-Call Biohazard Remediation Services	\$150,000	\$0
Gary D. Nelson Associates, Inc.	Temporary Staffing and Placement Services	\$40,000	\$0
George Hills Company, Inc.	Third Party Claims Administration Services	\$45,000	\$660
Golden Five, LLC	Microsoft 365 Consulting Services	\$44,000	\$22,510
GP Crane & Hoist Services	Cal/OSHA Inspection Services	\$3,960	\$2,200
Granicus, Inc.	Media Streaming and Internet Broadcasting Services	\$12,248	\$12,248
Hanford A.R.C.	Maintenance and Monitoring the the Las Gallinas Creek Watershed Riparian Enhancement Planting	\$21,215	\$4,416
Hanford A.R.C.	Implementation and Monitoring, San Rafael Creek Riparian Enhancement Project	\$39,610	\$6,602
Hanson Bridgett LLP	Legal Services	\$150,000	\$27,517
HCI Systems, Inc.	Fire Equipment Inspection and Certification	\$9,774	\$0
Hogan Lovells LLP	Legal Services - Freight and Passenger Rail Sector	\$50,000	\$8,459
Holland Company	Track Geometry and Measurement Services	\$24,000	\$0
Hulcher Services, Inc.	On-Call Derailment Services	\$75,000	\$0
Hunt and Sons, Inc.	Bulk Delivery of Motor Oil (15W40)	\$16,000	\$6,661
Innovative Business Solutions	Payroll Processing Software	\$31,700	\$9,289
Integrative Security Controls, Inc.	CCTV Maintenance and Support	\$30,000	\$2,218
Intelligent Technology Solutions, LLC	Maximo SaaS Development, Implementation, and Related Services	\$222,122	\$169,683
LC Disability Consulting	Disability Access Consulting	\$12,000	\$2,000
LeaseQuery, LLC	Lease Software Licensing and Software Support Services	\$25,000	\$11,900
Leete Generators	Generator Inspection and Maintenance Services	\$5,000	\$0
Lewis, Brisbois, Bisgaard & Smith LLP	Various legal services related to transit	\$50,000	\$0
Lisa Wolper, LCSW, SAP	Substance Abuse Professional Services	\$5,000	\$600

Contractor	Scope	Fiscal Year 22/23 Projected	Fiscal Year 22/23 Actuals-To-Date
Masabi LLC	SMART Mobile Ticketing Pilot Project	\$57,000	\$9,500
MaxAccel	Compliance Management Software Design/Implementation/Asset Management	\$58,000	\$9,887
Mike Brown Electric Co.	On-Call Electrical Maintenance	\$25,000	\$0
Mission Linen Supply	Employee Uniform Services	\$32,084	\$7,942
Modern Railway Systems, Inc.	Monitoring and Maintenance SMART's Communications Network and TDX System	\$91,250	\$14,986
MuniServices, LLC	Sales Tax Recovery Services	\$89,408	\$8,350
Netspeed Solutions, Inc.	SMART Phone System Maintenance	\$15,684	\$11,867
North Bay Bottling (Alex Ruiz Sr.)	Drinking Water Delivery Service	\$2,900	\$0
North Bay Petroleum	Provision of Fuel for DMUs	\$1,474,353	\$410,531
Nossaman LLP	Litigation, Rail Transit Issues, and other related legal services	\$200,000	\$9,671
Occupational Health Centers of CA	Pre-Employment Evaluation Services	\$8,679	\$2,054
Oil Stop, LLC	Automotive Repair and Service	\$2,000	\$1,288
Oracle	Fusion ERP System	\$60,000	\$13,817
Parodi Investigative Solutions	Pre-Employment Background Investigation Services	\$27,500	\$2,075
Peterson Mechanical, Inc.	HVAC Maintenance Services	\$24,000	\$0
PFM Financial Advisors, LLC	Financial Advisory Services	\$75,000	\$0
Portola Systems, Inc.	SMART Station Network Maintenance and Configuration Services	\$255,000	\$212,276
Precision Wireless	Tech Support and Maintenance for Land Mobile Radios	\$31,150	\$9,435
Quinn Covarrubias, a Professional Law Corporation	Legal Services for Rail Transit Matters	\$100,000	\$7,080
SEFAC USA	Portable Lifting Jack Inspection and Certification Services	\$8,000	\$0
Semple Appraisals Inc.	Perform Real Estate Appraisal Services	\$4,000	\$0
Sherwood Electromotion, Inc.	Overhaul Services for SMART's Permanent Magnet Alternators	\$60,000	\$9,600
Sierra-Cedar, LLC	Oracle Enterprise Resources Planning Software	\$150,000	\$7,383
Sonoma County Fleet Operation Division	Non-Revenue Fleet Maintenance Services	\$10,000	\$1,739
Sperry Rail Service	Rail Flaw Detection Services	\$13,500	\$0
SPTJ Consulting, Inc.	Network Monitoring and Support Services	\$303,219	\$16,868
Stericycle, Inc.	Medical Waste Pick-Up and Disposal Services	\$2,000	\$0
Summit Signal, Inc.	Call-Out Maintenance and Repair Services for Signal Grade Crossings	\$10,000	\$0
Survival CPR & First Aid, LLC	First Aid and CPR Training, AED Compliance Program	\$2,800	\$0
Swiftly, Inc.	AVL Mobile Application and Website Interface	\$8,820	\$0
Traffic Management, Inc.	Project Specific Flagging, Traffic Control and Related Services	\$10,000	\$1,800
Traliant, LLC	Online Training Program	\$3,000	\$0
Tri Valley Recycling, Inc.	eWaste Collection and Recycling	\$100	\$0
Trillium Solutions, Inc.	Transit Feed Mapping Software	\$2,000	\$1,890
UTCRA, LLC	Wheel Pressing Services	\$25,000	\$0
Van Scoyoc Associates	Federal Lobbying Services	\$30,000	\$10,000
VenTek Transit Inc.	Fare Vending Machine Operations and Maintenance Services	\$282,704	\$41,992
Vista Broadband Networks, Inc.	Broadband Services	\$9,000	\$0
W.J.C. Electric, Inc. dba Hahn Automotive	Non-Revenue Vehicle Repair and Service	\$58,000	\$12,567
West Coast Arborists, Inc.	Tree Trimming and Tree Removal Services	\$30,000	\$1,200
WRA, Inc.	As-Needed Environmental Consulting Services	\$100,000	\$36,805
	Totals:	\$8,512,370	\$2,161,382
FREIGHT RAIL			
American Rail Engineers Corporation	Railroad Bridge Engineering, Inspection, & Design	\$50,000	\$21,698
Asbury Environmental Services (AES)	Hazardous and Non-Hazardous Waste Removal and Disposal Services	\$10,000	\$0
DeAngelo Contracting Services, LLC	Assignment of OP-SV-21-006 Vegetation Control Services	\$30,000	\$0
E&M Electric and Machinery, Inc.	Bridge Automation Software Design Services	\$2,500	\$1,500
Freight Rail Tracking Software Vendor	Freight Rail Tracking Software	\$29,574	\$710
GATX Rail Locomotive Group, LLC	Freight Locomotive Lease Agreement	\$20,882	\$12,066
Hue & Cry, Inc.	Security System at Schellville Depot	\$1,500	\$249

Contractor	Scope	Fiscal Year 22/23 Projected	Fiscal Year 22/23 Actuals-To-Date
Hulcher Services, Inc.	On-Call Derailment Services	\$25,000	\$0
Lambertus J. Verstegen dba South West Locomotive Repair	Overhaul and Repair Services of Locomotive RP20DB	\$20,000	\$0
Manson Construction Co.	Black Point Bridge Repair	\$552,000	\$0
North Bay Petroleum	Provision of Fuel for DMUs	\$89,000	\$15,112
Summit Signal, Inc.	Routine Freight Rail Maintenance and Inspections	\$80,000	\$10,064
Wine Country Sanitary, Inc.	Portable Toilet Rental and Maintenance	\$1,576	\$786
WRA, Inc.	As-Needed Environmental Consulting Services	\$10,000	\$1,698
Totals:		\$922,032	\$63,883

Actuals-To-Date includes invoices that have been approved as of October 31, 2022, but may not have been processed in SMART's Financial System.



December 7, 2022

David Rabbitt, Chair
Sonoma County Board of Supervisors

Barbara Pahre, Vice Chair
Golden Gate Bridge,
Highway/Transportation District

Judy Arnold
Marin County Board of Supervisors

Melanie Bagby
Sonoma County Mayors' and
Councilmembers Association

Kate Colin
Transportation Authority of Marin

Damon Connolly
Marin County Board of Supervisors

Chris Coursey
Sonoma County Board of Supervisors

Debora Fudge
Sonoma County Mayors' and
Councilmembers Association

Patty Garbarino
Golden Gate Bridge,
Highway/Transportation District

Dan Hillmer
Marin County Council of Mayors and
Councilmembers

Eric Lucan
Transportation Authority of Marin

Chris Rogers
Sonoma County Mayors' and
Councilmembers Association

Eddy Cumins
General Manager

5401 Old Redwood Highway
Suite 200
Petaluma, CA 94954
Phone: 707-794-3330
Fax: 707-794-3037
www.sonomamarintrain.org

Sonoma-Marin Area Rail Transit Board of Directors
5401 Old Redwood Highway, Suite 200
Santa Rosa, CA 94954

SUBJECT: Approve Amendment No. 1 to the State Route 37
Memorandum of Understanding

Dear Board Members:

RECOMMENDATION:

Approve Resolution No. 2022-42 authorizing the General Manager to execute Amendment No.1 to the Memorandum of Understanding (MOU) for the Resilient State Route 37 Program

SUMMARY:

The Resilient State Route 37 (SR 37) Program aims to address resiliency of transportation infrastructure to sea level rise and flooding, traffic congestion, and opportunities for ecological enhancements, transit, multimodal use and public access along the SR 37 corridor from I-80 to US 101. This Amendment No. 1 to the existing Memorandum of Understanding formally adds SMART to the Executive Steering Committee (ESC) and the Project Leadership Team (PLT).

BACKGROUND:

The Metropolitan Transportation Commission ("MTC"), the California Department of Transportation District 4 ("Caltrans"), the Solano Transportation Authority ("STA"), the Sonoma County Transportation Authority ("SCTA"), Transportation Authority of Marin ("TAM") and Napa Valley Transportation Authority ("NVTA") executed a Memorandum of Understanding (MOU) in 2019 to provide leadership to the planning effort for the Resilient SR 37 Program. The Program is intended to develop near-term and long-term improvements for the 20-mile corridor to address traffic congestion, flooding and sea level rise issues.

The MOU established the SR 37 Program Delivery Organization by forming an Executive Steering Committee (ESC) and a Project Leadership Team (PLT). The ESC guides the identification, development, funding plan and implementation of projects to improve State Route 37. The PLT functions at a technical level to assist the ESC in carrying out its duties.

This Amendment No. 1 adds SMART to the SR37 MOU. SMART is the owner of the railroad corridor that is adjacent to portions of SR37. The addition of SMART to the Resilient State Route 37 Program is a commitment to the multi-modal nature of the Program beyond bus transit and carpooling. Amendment No. 1 to the SR37 MOU formally adds SMART to the ESC and the PLT. The SMART General Manager is designated as a member of the ESC and the Chief Engineer as a member of the PLT.

Staff recommends approving Resolution No. 2022-42 to Amendment No.1 to the Memorandum of Understanding for the Resilient State Route 37 Program, thereby adding SMART to the MOU. This action is intended to approve Amendment No. 1 as to intent with the understanding that minor changes may be made with respect to providing clarity without changing the fundamental intent of the document.

FISCAL IMPACT: There is no financial obligation with the Resilient State Route 37 Program MOU.

REVIEWED BY: ☐ Finance /s/ ☒ Counsel /s/

Very truly yours,

 /s/
Bill Gamlen, P.E.
Chief Engineer

Attachment(s):

- 1) Resolution No. 2022-42
- 2) Resilient State Route 37 MOU

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT
APPROVING AMENDMENT NO. 1 TO THE MEMORANDUM OF UNDERSTANDING FOR THE RESILIENT
STATE ROUTE 37 PROGRAM**

WHEREAS, the Sonoma-Marín Area Rail Transit District (SMART) owns the railroad corridor along State Route 37 (SR 37); and

WHEREAS, the California Department of Transportation (Caltrans) the Metropolitan Transportation Commission (MTC), the Transportation Authority of Marin, the Sonoma County Transportation Authority (SCTA), the Napa Valley Transportation Authority (NVTa), and the Solano Transportation Authority (STA) executed a Memorandum of Understanding (MOU) that establishes leadership and roles to lead a planning effort to reconstruct SR 37 to address congestion, flooding and sea level rise issues; and

WHEREAS, Amendment No.1 adds SMART to the SR 37 MOU; and

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF SMART HEREBY FINDS, DETERMINES, DECLARES, AND ORDERS AS FOLLOWS:

1. The forgoing Recitals are true and correct and are incorporated herein and form a part of this Resolution.
2. Authorize the General Manager to execute Amendment No.1 to the Memorandum of Understanding for the Resilient State Route 37 Program.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Sonoma-Marín Area Rail Transit District held on the 7th day of December 2022, by the following vote:

DIRECTORS:

AYES:

NOES:

ABSENT:

ABSTAIN:

David Rabbitt, Chair, Board of Directors
Sonoma-Marín Area Rail Transit District

ATTEST:

Leticia Rosas-Mendoza, Clerk of Board of Directors
Sonoma-Marín Area Rail Transit District

AMENDMENT NO. 1
MEMORANDUM OF UNDERSTANDING
for
THE RESILIENT STATE ROUTE 37 PROGRAM
between
METROPOLITAN TRANSPORTATION COMMISSION
CALIFORNIA DEPARTMENT OF TRANSPORTATION
SOLANO TRANSPORTATION AUTHORITY
SONOMA COUNTY TRANSPORTATION AUTHORITY
TRANSPORTATION AUTHORITY OF MARIN
NAPA VALLEY TRANSPORTATION AUTHORITY
SONOMA-MARIN AREA RAIL TRANSIT DISTRICT

This Memorandum of Understanding (MOU) is entered into and effective as of the last date written below between the Metropolitan Transportation Commission (“MTC”), the California Department of Transportation District 4 (“Caltrans”), the Sonoma-Marine Area Rail Transit District (SMART), the Solano Transportation Authority (“STA”), the Sonoma County Transportation Authority (“SCTA”), Transportation Authority of Marin (“TAM”) and Napa Valley Transportation Authority (“NVTa”) (referred to herein collectively as the “Parties” or individually as a “Party”), to cooperatively determine their mutual responsibilities in delivering the Resilient State Route 37 Program (“Program”).

Recitals

1. The Resilient SR 37 Program aims to address resiliency of transportation infrastructure to sea level rise and flooding, traffic congestion, and opportunities for ecological enhancements, transit, multimodal use and public access along the SR 37 corridor from I-80 to US 101. The Program includes near- and longer-term improvements for a majority of the 20-mile corridor, including the long-term sea level rise vulnerability of a number of low-lying areas throughout the corridor.
2. The SR 37 Policy Committee, Executive Steering Committee (“ESC”) and the Project Leadership Team (“PLT”) currently have varying roles and responsibilities in the development and delivery of the Program. The SR 37 Policy Committee, composed of Executive Directors and Board Members representing MTC, Caltrans, STA, SCTA, TAM, and NVTa, provides policy oversight and dispute resolution to the respective staffs. The Executive Directors of MTC, Caltrans, STA, SCTA, TAM, and NVTa serve on the ESC to provide strategic direction to the Policy Committee and PLT. The Directors and their staffs of MTC, Caltrans, STA, SCTA, TAM, and NVTa participate in the PLT to vet technical, policy, and other related project issues and elevate them as appropriate to the ESC.
3. The MTC, Caltrans, STA, SCTA, TAM and NVTa completed a SR 37 Transportation and Sea Level Rise Corridor Improvement Plan that identified

Segment B between and including Sears Point to the Mare Island Bridge (referred to herein as the “Segment B”) as the highest priority. On November 2, 2017, the SR 37 Policy Committee confirmed that Segment B is the priority segment. Subsequently, MTC, STA, SCTA, TAM and NVTA prepared a Project Initiation Document (PID) for Segment B improvements and submitted it to Caltrans for review and approval. Caltrans approved this PID on December 28, 2018.

4. On November 8, 2018 the SR 37 Policy Committee unanimously approved a funding plan and authorized the applicable sponsor(s) to submit Initial Project Reports to the Metropolitan Transportation Commission for funding consideration under Regional Measure 3, as follows: \$15 million to STA for Segment C-Fairgrounds Interchange, \$20 million to SCTA for Interim Segment B Environmental and Design Phases, \$4 million to SCTA for Environmental Phase for SR 37/121 improvements, \$3 million to TAM for Segment A levee study, and \$58 million to SCTA and TAM for Ultimate Segment A and Segment B improvements.
5. The Parties wish to organize the delivery of the SR 37 Program wherein:
 - a. MTC, Caltrans, SMART, SCTA and TAM is assigned to and have purview over Segment A (US 101 to SR121);
 - b. MTC, Caltrans, SCTA, SMART, STA and NVTA is assigned to and have purview over Segment B (Sears Point to Mare Island Bridge); and
 - c. MTC, Caltrans, SMART and STA is assigned to and have purview over Segment C (Mare Island Bridge to I-80).

The SR 37 Policy Committee, ESC and PLT continue to perform the same roles and responsibilities except for the technical work, discussions, actions and decisions of the individual Party would be targeted and applicable to the project segment for which that Party is assigned.

6. The Parties commit to continue to make progress on the delivery of the priority Segment B interim and ultimate projects, while also performing feasibility studies, environmental studies, PIDs, and related studies with the goal of coordinating the longer-term delivery of the SR 37 Program.
7. A Party intends to seek tolling authority between Sears Point and Mare Island.
8. The Parties acknowledge the likely need for funding above and beyond tolling and as such, intend to develop a financing and funding plan consisting of other traditional and untraditional funding sources to deliver the Program.
9. The Parties wish to work cooperatively to deliver the Program by exploring alternative project delivery methods (including, but not limited to, Design Build

contracts), early environmental enhancements, and traditional and non-traditional funding and partnerships.

10. This amendment No. 1 adds SMART to the MOU. SMART is the owner of the railroad corridor that is adjacent to portions of SR37, including running parallel in Segment A and in the proximity of Segments B and C. The addition of SMART to the Resilient State Route 37 Program is a commitment to the multi-modal nature of the Program beyond bus transit and carpooling.

I. Term

The term of this MOU shall commence when fully executed, and unless amended earlier, shall terminate at a date agreed upon by the Parties.

II. SR 37 Program Delivery Organization

A. Executive Steering Committee (ESC)

1. Role

The ESC shall guide the identification, development, funding plan and implementation of projects to improve State Route 37. The ESC will select a Chairperson. The Chairperson will rotate between the members every two years. The Chairperson shall preside over the meetings of the ESC and shall perform all other duties incident to the position or as assigned to her or him by the ESC.

2. Members

- a. Executive Director, MTC (or designee)
- b. District 4 Director, Caltrans (or designee)
- c. Executive Director, STA (or designee)
- d. Executive Director, SCTA (or designee)
- e. Executive Director, TAM (or designee)
- f. Executive Director, NVTA (or designee)
- g. General Manager, SMART (or designee)

3. Assignment

- a. Segment A: MTC, Caltrans, SMART, SCTA, TAM
- b. Segment B: MTC, Caltrans, SMART, SCTA, STA, NVTA
- c. Segment C: MTC, Caltrans, SMART, STA

4. Responsibilities

- a. Approve implementation and funding plan(s), which may include one or more projects.
- b. Define agency roles and responsibilities for individual projects, including project managers.

- c. Approve the scope, schedule, budget and funding plan for individual projects within funding levels approved by the MTC or other funding agencies, as applicable.
- d. Oversee overall project progress and reporting of project status, risk assessments, costs and schedule.
- e. Advise the MTC on contract matters.
- f. Review and approve project staffing plans.

5. Decision-making

The ESC will endeavor to make decisions on a consensus basis. To ensure public accountability, transparency and public disclosure, the decisions will be documented.

6. Meetings

Regular meetings of the ESC shall be held quarterly as otherwise determined by the ESC. Notice shall include an agenda of items on which the ESC will take action. Each member of the ESC has the right to place a matter on the ESC's agenda for consideration. Meetings to be rotated between MTC, Caltrans, STA, SCTA, NVTA, TAM offices or at a location determined by the ESC.

B. Corridor Director of the ESC

- 1. The Corridor Director serves as staff to the ESC, represents all ESC members and works directly with member agency Executive Directors and their staffs.
 - a. MTC will select, with the ESC, and employ the Corridor Director.
 - b. MTC reserves the right to make decisions regarding hiring, promotion, termination, compensation, and removal of the Corridor Director, in consultation with the ESC.
 - c. The Corridor Director may serve the SR37 Corridor Policy Committee in a similar capacity.
- 2. Responsibilities
The Corridor Director shall work with the Project Leadership Team, collaborate and provide direction to the project managers, as appropriate, to
 - a. Develop a implementation plan(s) and funding plan(s), including delivery methods
 - b. Develop the scope, schedule, budget and funding plan for individual projects.
 - c. Report regularly to the ESC on project status, risks assessments, change, costs and schedule.
 - d. Develop project staffing plans.
 - e. Prepare agendas for ESC meetings.
 - f. Deliver progress reports to and consult with the SR 37 Corridor Policy Committee.

- g. Deliver progress reports to ESC and Policy Committee.
- h. Provide oversight and direction to project managers.

The Corridor Director will also advise the SR37 Corridor Policy Committee on the SR 37 program.

C. Project Leadership Team

1. Role

The ESC hereby establishes a Project Leadership Team (PLT) that shall assist the ESC in the performance of its duties. The members of the PLT shall advise the Corridor Director on matters that are to be brought before the ESC.

2. Members

- a. Deputy Executive Director, Operations, MTC (or designee)
- b. Chief Deputy Director, Caltrans District 4 (or designee)
- c. Director of Projects, STA (or designee)
- d. Deputy Executive Director, SCTA (or designee)
- e. Principal Project Delivery Manager, TAM (or designee)
- f. Director of Programs, Projects and Planning, NVTA (or designee)
- g. Chief Engineer, SMART (or designee)

3. Assignment

- a. Segment A: MTC, Caltrans, SMART, SCTA, TAM
- b. Segment B: MTC, Caltrans, SMART, SCTA, STA, NVTA
- c. Segment C: MTC, Caltrans, SMART, STA

4. Responsibilities

The PLT shall assist the Corridor Director and ESC in the performance of their duties for their assigned segments by

- a. Developing a implementation plan(s) and funding plan(s)
- b. Developing the scope, schedule, budget and funding plan for individual projects.
- c. Reviewing cost estimates, risk assessments, and cash flow requirements.
- d. Reviewing project status, scope and budgets, expenditures, staffing and contractor services to anticipate, identify, evaluate, and report to the Corridor Director concerning any project issues.
- e. Developing project staffing plans and structures.
- f. Preparing other project related reports for ESC review.
- g. Performing such other assignments as appropriate.

5. Meetings

The PLT will meet on an as-needed basis as determined necessary by the

Memorandum of Understanding
Resilient SR 37 Program
Amendment No. 1

Robert McConnell
Chair
Solano Transportation Authority

Chris Rogers
Chair
Sonoma County Transportation Authority

Stephanie Moulton-Peters Chair Transportation Authority of Marin	Date
--	------

Liz Alessio
Chair
Napa Valley Transportation Authority

David Rabbitt
Chair
Sonoma Marin Area Rail Transit



December 7, 2022

David Rabbitt, Chair
Sonoma County Board of Supervisors

Barbara Pahre, Vice Chair
Golden Gate Bridge,
Highway/Transportation District

Judy Arnold
Marin County Board of Supervisors

Melanie Bagby
Sonoma County Mayors' and
Councilmembers Association

Kate Colin
Transportation Authority of Marin

Damon Connolly
Marin County Board of Supervisors

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Sonoma County Mayors' and
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Patty Garbarino
Golden Gate Bridge,
Highway/Transportation District

Dan Hillmer
Marin County Council of Mayors and
Councilmembers

Eric Lucan
Transportation Authority of Marin

Chris Rogers
Sonoma County Mayors' and
Councilmembers Association

Eddy Cumins
General Manager

5401 Old Redwood Highway
Suite 200
Petaluma, CA 94954
Phone: 707-794-3330
Fax: 707-794-3037
www.sonomamarintrain.org

Sonoma-Marin Area Rail Transit Board of Directors
5401 Old Redwood Highway, Suite 200
Santa Rosa, CA 94954

SUBJECT: Contract No. FR-ER-22-001 for the Timber Trestle Bridge at Railroad Slough
MP B38.97 Emergency Repairs

Dear Board of Directors:

RECOMMENDATION:

Determine there is a continued need for emergency action and continue to approve contract No. FR-ER-22-001 for emergency repairs to the Timber Trestle Bridge at Railroad Slough, MP-B38.97, for a total contract amount not to exceed \$425,000.

SUMMARY:

This emergency item first came to the District's attention on Friday, October 28, 2022, after the posting of the Agenda for the regularly Scheduled November 2, 2022 Board of Directors' meeting. As you will recall the bridge is a critical link to the SMART main line and must be traveled over to serve freight customers in Petaluma. Given that this critical connection is required for SMART to fulfill its common carrier obligations, immediate repairs to the bridge were necessary.

Accordingly, at the November 2, 2022 Board Meeting, the Board determined that there was a need to take immediate action required by the emergency, and approved Resolution No. 2022-37 authorizing the General Manager to execute the emergency contract to perform the emergency repairs in an amount not to exceed \$425,000 (Agenda Item A).

The contractor has already initiated temporary repairs on the pile caps that were crushed, repaired the split timber beams and has begun the procurement of the longer lead items needed to make the proper repairs the bridge.

As previously indicated staff will continue to provide an update on the status of this emergency action, and as required by Public Contract Code §22050, the Board of Directors must continue to review the emergency action at its regularly scheduled meeting and at every regularly scheduled meeting thereafter to determine that there is a need to continue the action.

FISCAL IMPACT: Funding has been identified in the FY 2023 freight budget.

REVIEWED BY: [x] Finance /s/ [X] Counsel /s/

Very truly yours,

/s/

Eddy Cumins
General Manager



David Rabbitt, Chair
Sonoma County Board of Supervisors

Barbara Pahre, Vice Chair
Golden Gate Bridge,
Highway/Transportation District

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www.sonomamarintrain.org

December 7, 2022

Sonoma- Marin Area Rail Transit Board of Directors
5401 Old Redwood Highway, Suite 200
Petaluma, CA 94954

SUBJECT: Annual Comprehensive Financial Report (ACFR) and the Single Audit for Fiscal Year 2021-22

Dear Board Members:

RECOMMENDATIONS:

Review and Accept SMART's Fiscal Year 2021-22 Annual Comprehensive Financial Report (ACFR) and Single Audit

SUMMARY:

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

Included in the packet are three documents: SMART's Fiscal Year Annual Comprehensive Financial Report (ACFR), the Federal Awards Report, and the Governance Letter provided by Eide Bailly, our independent auditor.

Annual Comprehensive Financial Report (ACFR)

The ACFR is a best practice in government for presenting annual financial information. For the ninth year in a row, the report contains our annual achievement award from the Government Finance Officers Association for our 2021 report. The contents of the annual report are consistent from year to year. In addition to basic audited financial statements and notes, the report contains a Letter of Transmittal which provides an overview of the district, its activities and financial practices, a Management Discussion providing an overview of the statements and a statistical section which provides general, historical, and regional information. It also contains the Independent Auditor's Report which states that the financial statements present fairly, in all material respects, the respective financial position of the district as of June 30, 2022.

Key measurements of the District's financial status are outlined in the Management Discussion and Analysis. It includes the following information.

- Revenues rebounded significantly in Fiscal Year 2021-22 with sales tax collections 12% higher than FY 2021 and fare revenues 82% higher than the previous year. In addition, SMART received \$7.3 million in federal COVID relief operating assistance.
- Operating expenses were \$27.6 million in Fiscal Year 2020-21 and were the same in Fiscal Year 2021-22.
- Assets increased by \$14.5 million which was due to the assumption of freight operations which resulted in the receipt of land, freight rights, and other assets.
- The assets of the District exceeded its liabilities by \$557 million (net position).
- The District's net position increased by \$30.8 million due mainly to the acquisition of freight and higher than anticipated revenues.
- SMART implemented a new accounting standard in Fiscal Year 2021-22, GASB No. 87, related to leases. This required a restatement as of July 1, 2021 and Notes 1 and 5 further explain the effect on SMART's financial statements.

Federal Awards Report

In addition to the regular audit, SMART is required to undergo a separate audit process related to significant expenditures of federal funds, called the Single Audit. This audit is to ensure compliance with Title 2 U.S. Code of Federal Regulations CFR Part 200 Uniform Administrative Requirements, Cost Principles and Audit requirements for Federal Awards (Uniform Guidance). When completed, this audit document is provided to our federal funding agencies. We are pleased to report that there are no material weaknesses or significant deficiencies identified during this process. The Single Audit for Fiscal Year 2021-22 reviewed several different grants including 5307 Preventive Maintenance, 5307 ARPA Operating Assistance, and FEMA funds. SMART had no audit findings related to these funds.

Independent Auditor's Report on Internal Control over Financial Reporting

In this communication to the Board, Eide Bailly reports that they identified a material weakness regarding the valuing of land related to the transfer of assets from NCRA to SMART.

During the year, the District officially became the freight common carrier for the rail line that runs from Novato (MP B25.6) to just east of the Napa River (MP B49.80) and from Larkspur (MP 15) to the Sonoma/ Mendocino County line (MP 89). As part of S.B. 1029, SMART received \$4 million to purchase the freight rights and assets from NWPCo., final closing occurred on March 1, 2022. In addition, SMART received land from MP 62.2 in Healdsburg to MP 89 at the Sonoma/ Mendocino County line from NCRA. Because there was no consideration for the transfer from NCRA, the transfer from NCRA was originally recorded as a "donated asset." A "donated asset" is valued at market rates. SMART's real estate department researched the current market value, which was determined to be \$41.7 million. This amount was recorded as the value under donated assets for this transaction.

During the audit, the auditor took a more in-depth look at this transaction and after further review determined that this transaction fell under GASB 69. GASB 69 covers the transfer or acquisition of operations from one governmental entity to another. Under GASB 69, the land would be valued at the carrying cost of the asset on NCRA's books and not the market value. Since the market value was determined to be \$41.7 million and the carrying costs was determined to be \$7.3 million, the difference of \$34.4 million resulted in the auditors determining it was material. SMART has corrected the valuation on our books and neither SMART nor the auditor anticipate that this unique situation will be encountered again.

FISCAL IMPACT: No fiscal impact.

Very Truly Yours,

/s/

Heather McKillop
Chief Financial Officer

Attachments:

- 1) Annual Comprehensive Financial Report
- 2) Federal Awards Reports in Accordance with Uniform Guidance
- 3) Governance Letter
- 4) Eide Bailly PowerPoint Presentation



Annual Comprehensive Financial Report



Sonoma-Marin Area Rail Transit District
Petaluma, California
For Fiscal Year Ended June 30, 2022

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**SONOMA-MARIN AREA RAIL
TRANSIT DISTRICT
PETALUMA, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022**

PREPARED BY THE FINANCE DEPARTMENT

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David Rabbitt, Chair
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Fax: 707-794-3037
www.sonomamarintrain.org

November 28, 2022

State law requires that the Sonoma-Marin Area Rail Transit District (SMART) "cause a post audit of the financial transactions and records of the district to be made at least annually by a certified public accountant." Pursuant to that requirement, the Annual Comprehensive Financial Report of the District for the fiscal year end June 30, 2022, is hereby issued.

The report consists of management's representation concerning the finances of SMART. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of SMART's financial statements in conformity with generally accepted accounting principles (GAAP). The cost of internal controls should not outweigh the benefits, SMART's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As the General Manager, I assert that, to the best of my knowledge and belief, this financial report is complete and reliable in all material respects.

SMART's financial statements have been audited by Eide Bailly, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of SMART for the fiscal year ending June 30, 2022, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that SMART's financial statements for the fiscal year ended June 30, 2022, are fairly presented in conformity with GAAP.

The report consists of three sections:

- The Introduction section includes this letter of transmittal, SMART's organization chart and officials, a map of the SMART system and certificate of achievement.
- The Financial section includes the report of the independent auditors, the Management's Discussion and Analysis (MD&A), SMART's basic financial statements and the accompanying notes to the financial statements. Required supplementary information other than the MD&A is also included in the financial section.
- The Statistical section includes selected financial and demographic information, on a multi-year basis.

The independent audit of the financial statements of SMART was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the financial statement in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. SMART's MD&A can be found immediately following the report of the independent auditors.

SONOMA-MARIN AREA RAIL TRANSIT DISTRICT (SMART)

The Sonoma Marin Area Rail Transit (SMART) District was established by the California Legislature through the enactment of AB 2224 in 2002. The SMART District includes both Sonoma and Marin Counties and was created for the purpose of providing unified and comprehensive structure for the ownership and governance of passenger and freight rail system within Sonoma and Marin Counties and to provide passenger and freight train service along the existing publicly owned railroad right-of-way.

SMART passenger rail service began in August of 2017 with two-way passenger train service on 43 miles to 10 stations between Downtown San Rafael in Marin County and Airport Boulevard in Sonoma County. In late 2019, two new stations were completed in Downtown Novato and Larkspur near the regional Ferry to San Francisco. These two stations in Marin County brought rail service to its current total of 45 miles with 12 passenger stations. SMART also manages approximately 12 miles of an ancillary bicycle/pedestrian pathway on its right of way connecting to the SMART's stations where cyclists can find secure parking at the station or on-board the train for their bikes.

Train service is provided in state-of-the-art diesel multiple unit (DMU) rail vehicles utilizing one of the first Positive Train Control systems for passenger rail.

Freight

SMART owns the railroad from a place called “Brazos Junction” in American Canyon (East of the Napa River) west to the Ignacio Wye (Highway 101 and 37) in Novato and from there north to the Mendocino-Sonoma County Line.

On February 2, 2021, SMART filed a “Verified Notice of Exemption” with the Surface Transportation Board (STB) to exempt from regulation under U.S.C. Section 10902 SMART’s acquisition of railroad, right-of-way and a freight rail operating easement from North Coast Railroad Authority and SMART’s operation of the line. On February 12, 2021, the Notice of Exemption was approved by the STB. On March 26, a quit claim deed was executed that transferred the line of railroad and right-of-way between the Sonoma – Mendocino County border milepost 89 and Healdsburg at milepost 62.2 and the freight rail operating easement between Healdsburg milepost 62.2 and Brazos Junction at milepost SP 63.4.

On February 22, 2021, the freight operator, NWPCo, petitioned the STB for Discontinuance of Service Exemption (requesting authority to cease being the freight operator). On June 11, 2021, the STB approved NWPCo’s petition for discontinuance of service and authorized SMART to assume freight operations and common carrier duties over the rail line which became final on July 11, 2021. NWPCo. provided interim service until SMART assumed full operational responsibility on March 1, 2022.

GOVERNANCE

SMART is governed by a 12-member Board of Directors, made up of two Supervisors from each County, three City Council members from each County and two representatives from the Golden Gate Bridge, Highway and Transportation District. The Board has the authority under State law to own, operate, manage, and maintain a rail system within the territory of the SMART District.

SMART is primarily funded by a one-quarter of one cent sales tax approved by voters in the SMART District in 2008, a District which encompasses the two Counties of Sonoma and Marin.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered in the broader perspective of the specific environment within which SMART operates.

SMART’s passenger service and pathways currently operate in Marin and Sonoma Counties. These two counties are home to a mix of tourism, recreation, agriculture, and industry. The major population centers of Marin and Sonoma are located along the Highway 101 corridor and the parallel SMART rail line.

SMART's finances have relied on the strength of its voter-approved sales tax revenue which was approved in 2008 and in Fiscal Year 2022 provided more than 43% of SMART's annual revenues. Sales tax revenue is directly linked to local employment rates and median incomes. The district is home to a wealthy taxpayer base. The per capita income in Marin County is \$147,031 and Sonoma County is \$72,100. In addition, the most recent unemployment data shows Marin County's and Sonoma County's unemployment rate at 2.4% and 2.8% respectfully compared to the State of California at 3.9%. SMART also receives significant funding from the State of California for its transit services ultimately derived from State fuel and sales taxes.

Since the start of SMART service five years ago, there have been over twelve federal disaster declarations in Sonoma County, including three catastrophic wildfires, two floods, extended Public Safety Power Shut-offs from the public power utility company, and, starting in March of 2020, the COVID-19 pandemic. SMART has experienced service disruption in several of these events, including evacuation of SMART's rolling stock and temporary closure of the northernmost stations, along with service reductions due to COVID-19. The true impact of these events, however, has been to the people SMART serves. These events have caused significant loss of housing stock, massive evacuation efforts, and unprecedented disruption in the daily rhythm of people's lives. It remains to be seen what the ultimate impact will be to work and school commute patterns, including the impact of regional relocation of workers from elsewhere in the Bay Area to Sonoma County during the COVID-19 pandemic.

Although COVID-19 has been devastating from a ridership and fare collection perspective, the North Bay area has done considerably better than other parts of California and in particular San Francisco. As was mentioned previously sales and use tax, which is our largest funding source, has recovered much faster than expected in Fiscal Year 2022 and exceeded our forecasts for the year.

In addition to the expedited recovery of sales tax, SMART has received over \$24 million in federal COVID relief funding since January of 2020. In Fiscal Year 2022, SMART applied for and received an additional \$7.47 million in discretionary federal COVID relief funds which will be expended in Fiscal Year 2023. The federal funding received has allowed SMART to avoid layoffs, restore service, and decrease fares to encourage riders to return to transit.

FINANCIAL PLANNING

Every 5 years, SMART completes a Strategic Plan identifying future operational needs and capital plans. In the first half of Fiscal Year 2019-20, SMART completed a Strategic Plan that identified a future revenue and expenditure imbalance that could be addressed by debt refinancing or service reductions. The Board approved a plan to extend SMART's 20-year sales tax to provide for significant reductions in annual debt costs that would have addressed the imbalance. However, that measure failed to obtain the required 67% in the March 2020 election.

In response to this, SMART issued taxable refunding bonds in October of 2020 which reduced the average annual debts service payment by approximately \$3 million annually.

In April of 2021, the Board of Director's adopted the first Capital Plan. This plan forecasts revenues and expenditures related to capital expenditures for the period July 1, 2021 – June 30, 2029. In addition, the Metropolitan Transportation Commission (MTC) requires each transit operator receiving federal funds to prepare, adopt, and submit a Short-Range Transit Plan. The plan is required to clearly describe the basis for SMART's capital and operating budgets and provides MTC and the public with information on projects and programs of regional significance. The plan was submitted to MTC in November of 2021.

FINANCIAL INFORMATION

SMART's management is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft, or misuse and that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. SMART has designed its internal control structure to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the costs of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgment by management.

Single Audit: As a recipient of federal assistance, SMART is responsible for ensuring that an adequate internal control structure is instituted to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

As part of SMART's single audit, tests are made to determine the adequacy of the internal control structure related to federal financial assistance programs, as well as to evaluate SMART's compliance. SMART's single audit for the fiscal year ended June 30, 2022, found no instance of material weakness in the internal control structures or significant violations of applicable law and regulations.

Independent Audit: SMART's enabling legislation requires an annual audit by an independent certified public accountant. The accounting firm of Eide Bailly, LLP, is performing the audit. This audit is also designed to meet the requirements of the Federal Single Audit 2 CFR 200.501, Uniform Grant Guidance and related 2 CFR 200, Uniform Grant Guidance – Uniform Administrative Requirements, Cost Principles, and Audit Requirements. The auditor's report on the financial statements and schedules are included in the Financial Section of this report.

Investment Policy: SMART's investment policy is intended to outline the guidelines and practices to be used in effectively managing SMART's available cash and investment portfolio. In accordance with California Government Code Section 53600.5, and in order of importance, the Chief Financial Officer of SMART is required to adhere to the following three criteria: (1) Safety of Principal (2) Liquidity (3) Return on Investment.

Risk Management: SMART purchases insurance in its efforts to protect assets and control and prevent losses. Commercial insurance policies provide coverage including Railroad Protective and Railroad Liability, Auto, General Liability, Property, Worker's Compensation, Crime, Public Officials Liability & Employment Practices, and Deadly Weapons Response Program.

AWARDS

The Government Finance Officers Associations (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to SMART for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. This is the ninth consecutive year that SMART has been awarded this prestigious award.

To receive the Certificate of Achievement for Excellence in Financial Reporting, SMART must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, the contents of which must conform to program standards. This report must also satisfy both GAAP and applicable legal requirements.

The Certificate of Achievement is valid for one year only. It is my belief that the current Annual Comprehensive Financial Report meets the program's requirements and will be submitting it to the GFOA to determine its eligibility for another certificate.

CONCLUSION

The financial statements presented here show the magnitude of the public assets that have resulted from the voters' approval of the SMART sales tax measure in 2008. Measure Q revenues have made possible not only the construction of a world-class transit system, but also the ongoing operation and maintenance of that system in the future. Certainly, the challenges of the COVID pandemic have had an impact on SMART and our customers but with continued leadership from the Board, ongoing vigilance on maintaining necessary reserves, and planning for future financial challenges, SMART's current and future operations will remain on solid footing.

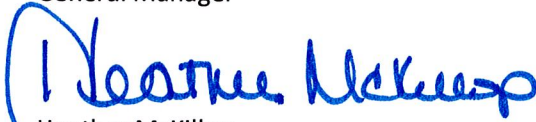
ACKNOWLEDGEMENTS

Timely preparation of the Annual Comprehensive Financial Report was made possible by the dedicated service of the Finance Department led by Heather McKillop, Chief Financial Officer. Special thanks goes to Kathy Holt, SMART's Accounting Manager. I extend my sincere appreciation to each of them for their contributions. Moreover, I thank the Board of Directors for its continued support and leadership.

Sincerely,



Eddy Cumins
General Manager



Heather McKillop
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Sonoma-Marin Area Rail Transit District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

Sonoma-Marin Area Rail Transit District

Principal Officials

June 30, 2022

Sonoma Marin Area Rail Transit District Fiscal Year 2021-22 Principal Officials

Board of Directors

David Rabbitt – Chair Sonoma County Board of Supervisors	Barbara Pahre – Vice Chair Golden Gate Bridge District
Judy Arnold Marin County Board of Supervisors	Melanie Bagby Sonoma County Mayors and Councilmembers Association
Kate Colin Transportation Authority of Marin	Damon Connolly Marin County Board of Supervisors
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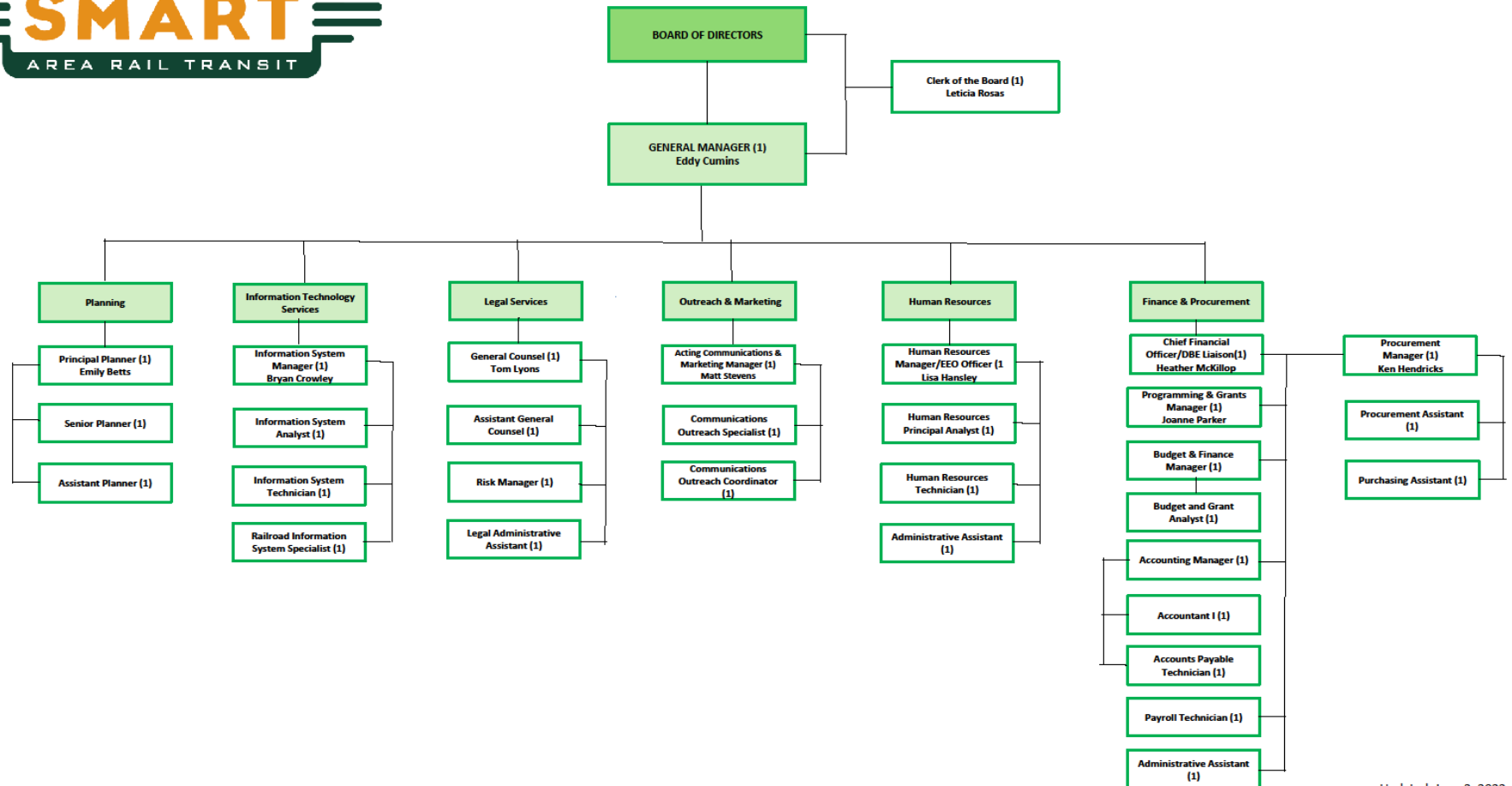
Organizational Structure

The Board appoints a General Manager for the District. In addition, the Chief Financial Officer, General Counsel, and Chief Engineer are appointed by the Board.

General Manager – Eddy Cumins	Chief Financial Officer – Heather McKillop
General Counsel – Tom Lyons	Chief Engineer – Bill Gamlen



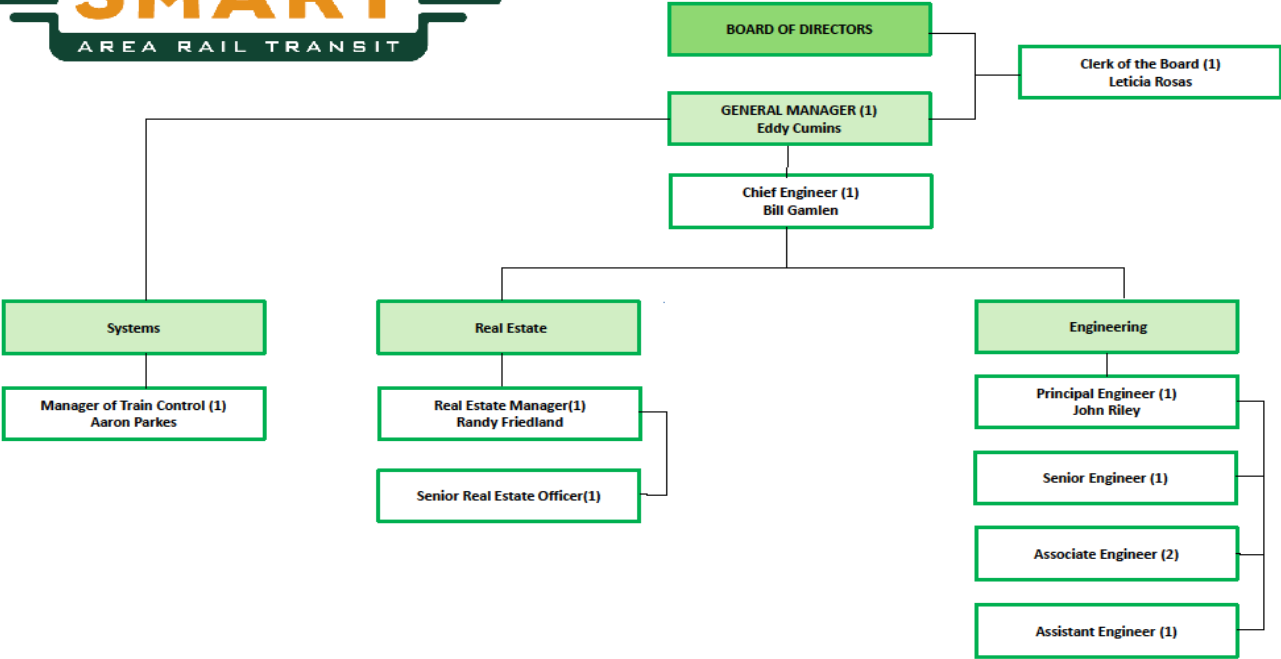
ADMINISTRATION/FINANCE ORGANIZATION CHART



Updated: June 3, 2022

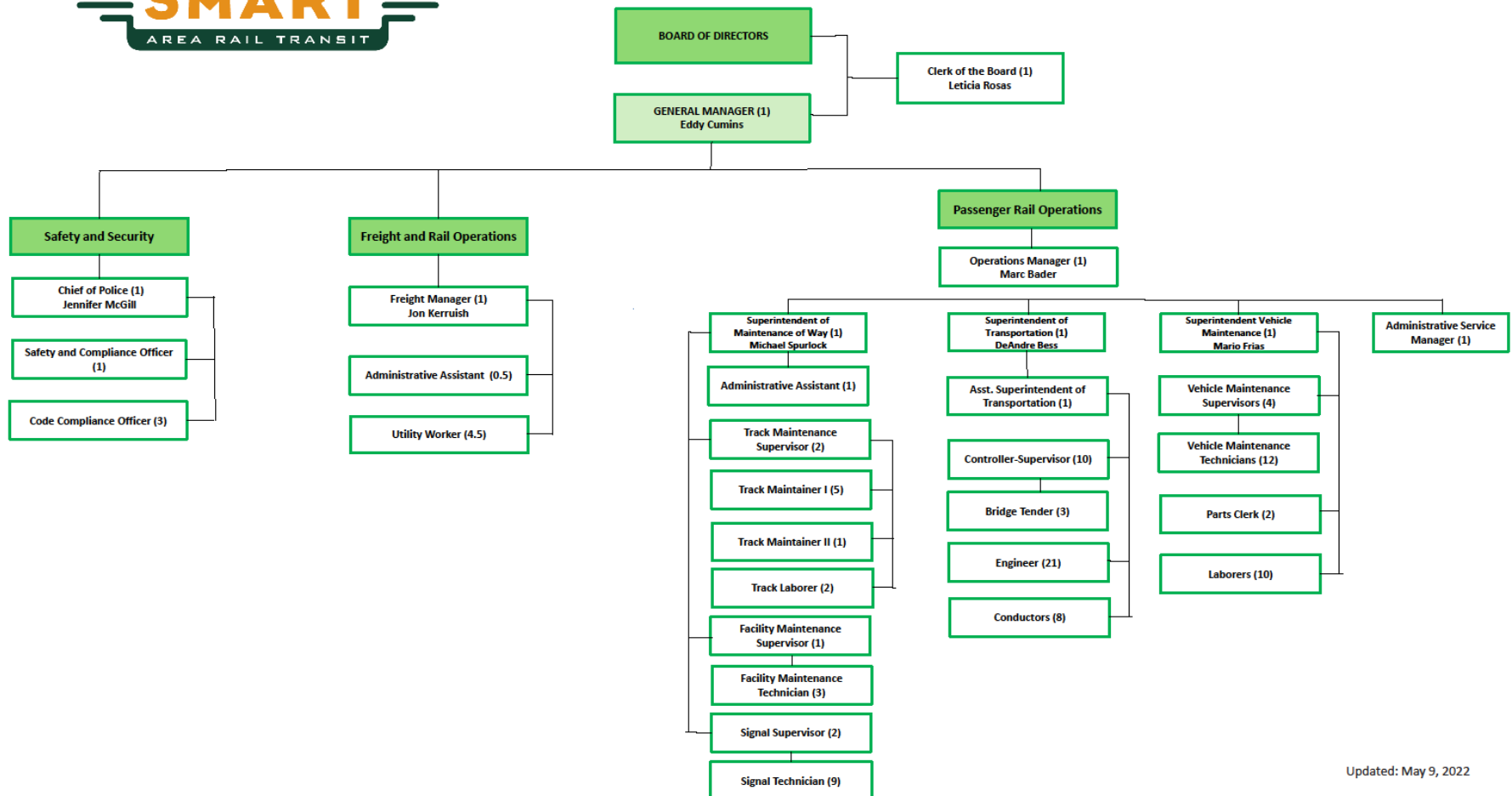


CAPITAL ORGANIZATION CHART





OPERATIONS ORGANIZATION CHART



Updated: May 9, 2022





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Independent Auditor's Report

To the Governing Board of the
Sonoma-Marín Area Rail Transit District
Petaluma, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the passenger and freight enterprise funds of the Sonoma-Marín Area Rail Transit District (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position passenger and freight enterprise funds of the District as of June 30, 2022, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Notes 1 and 5 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made as of July 1, 2021. Our opinions are not modified with respect to this matter.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of the district's proportionate share of the net pension liability, schedule of pension contributions, and a schedule of changes in the total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Menlo Park, California
November 28, 2022

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Management's Discussion and Analysis
June 30, 2022

Sonoma-Marin Area Rail Transit District

Management's Discussion and Analysis

As management of the Sonoma-Marín Area Rail Transit District (SMART or District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2022. We encourage readers to combine the information presented here with the District's basic financial statements and the accompanying notes to the basic financial statements.

Financial Highlights

During Fiscal Year 2022, SMART started to emerge from the COVID-19 pandemic. Although the Delta and Omicron variants took a toll on ridership during the winter of 2021/2022, SMART saw recovery in both ridership and funding.

Ridership

SMART modified service in March of 2020 due to the pandemic, with weekend service annulled and weekday service reduced to 16 trips per day. In May 2021, SMART added back 10 weekday trips, resulting in 26 weekday trips. Saturday service was restored the last two weekends in May 2021 with 3 morning and 3 afternoon round trips. On May 1, 2022, SMART began Sunday service with 12 trips per day and added 10 additional weekday trips on June 12, 2022, for a total of 36 trips per weekday. Fiscal Year 2022 ridership was 354,291 nearly triple Fiscal Year's 2021 ridership of 122,849.

Revenues

Fare revenues are directly tied to ridership. As ridership took a deep dive in Fiscal Year 21, so did fare revenues. In May of 2021, SMART decreased all fares by approximately 40%. Even with these reductions in fare prices, SMART saw a noticeable increase in fare revenues in Fiscal Year 2022. Fare revenues for Fiscal Year 2022, were \$1,283,112 which was an 82% increase over Fiscal Year 2021.

In addition, to fare revenues, SMART saw a significant increase in sales tax collections. Sales tax was \$5,072,420 more in Fiscal Year 2022 for a total of \$49,074,830. This is a 12% increase over the Fiscal Year 2021 sales tax collections.

SMART also continued to receive Federal assistance related to COVID. In Fiscal Year 2022, SMART received \$7.3 million which allowed us to continue to add service back to meet or exceed pre-pandemic levels and keep fares down.

Freight

California S.B. 1029 authorized SMART to operate freight service by rail. It also provided funding in the amount of \$4 million for the acquisition of freight rights and equipment from the Northwestern Pacific Railroad Company (NWPCo.). In July 2021, SMART officially became the freight common carrier for the rail line that runs from Novato (MP B25.6) to just east of the Napa River (MP B49.80) and from Larkspur (MP 15) to the Sonoma/ Mendocino County line (MP 89). NWPCo. continued to operate the line and collect the associated revenues until March 1, 2022 when final close took place. SMART hired a 3rd party operator to operate freight services on behalf of SMART until SMART could onboard the necessary employees to run the freight operations in-house. On July 1, 2022, SMART took over operations internally.

Financial Statistics

- Revenues rebounded significantly in Fiscal Year 2022 with sales tax collections 12% higher than Fiscal Year 2021 and fare revenue 82% higher than the previous year. In addition, SMART received an additional \$7.3 million in federal COVID relief operating assistance.
- Operating expenses were \$27.6 million in Fiscal Year 2021 and were the same in Fiscal Year 2022, \$27.6 million.
- Assets increased \$14.5 million which was due to the assumption of freight operations and the receipt of land, freight rights, and other assets.
- Assets of the District exceeded its liabilities at the close of the year ended June 30, 2022, by \$557 million (net position). Of this amount, \$107.1 million is unrestricted.
- The District's net position increased \$30.8 million during the year ended June 30, 2022, due mainly to the freight assets acquired as part of the assumption of common carrier responsibilities in the corridor and higher than anticipated revenues.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements which are comprised of financial statements and the notes to the basic financial statements. The District provides its financial information utilizing enterprise fund reporting. This type of fund reporting is used for funds whose activities are financed with bonds secured solely by a pledge of net revenues from fees or charges of the activity and for which fees are designed to recover costs, as a matter of policy. These requirements apply to the District.

Basic Financial Statements

The financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflow of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected rental revenue and earned but unused vacation leave).

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found on pages 19-43 of this report.

Analysis of the Financial Statements

The financial statements provide both short-term and long-term information about the District's overall financial condition. This analysis addresses the financial statements of the District as a whole. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's net position was \$556.7 million on June 30, 2022.

The largest portion of the District's net position (79.4%) reflects its investment in capital assets (e.g., land, stations, track and crossings, pathway, bridges and tunnels) net of capital related debt. The District uses these capital assets to provide passenger rail services to its customers and a pathway for the general public; consequently, these assets are not available for future spending.

Sonoma-Marin Area Rail Transit District
Management's Discussion and Analysis
Statement of Net Position
For the Year Ended June 30, 2022

	Business-Type Activities			
	2022	Restated 2021	Inc/(Dec) \$	Inc/(Dec) %
Assets				
Current and other assets	\$ 123,633,266	\$ 106,309,602	\$ 17,323,664	16.3%
Capital assets	549,080,781	555,057,679	(5,976,898)	-1.1%
Net pension asset	275,621	-	275,621	100.0%
Lease receivable	1,971,683	-	1,971,683	100.0%
Total assets	674,961,351	661,367,281	13,594,070	2.1%
Total deferred outflows of resources	4,209,286	3,312,099	897,187	27.1%
Liabilities				
Long-term liabilities outstanding	96,113,293	25,894,109	70,219,184	271.2%
Other liabilities	22,820,804	112,665,099	(89,844,295)	-79.7%
Total liabilities	118,934,097	138,559,208	(19,625,111)	191.4%
Total deferred inflows of resources	3,501,720	189,390	3,312,330	1748.9%
Net Position				
Net investment in capital assets	442,201,252	433,487,686	8,713,566	2.0%
Restricted	7,440,671	5,178,367	2,262,304	43.7%
Unrestricted	107,092,897	87,264,729	19,828,168	22.7%
Total net position	<u>\$ 556,734,820</u>	<u>\$ 525,930,782</u>	<u>\$ 30,804,038</u>	<u>5.9%</u>

The District's net position increased \$30.8 million during the year ended June 30, 2022, due mainly to the freight assets acquired as part of the assumption of common carrier responsibilities in the corridor and higher than anticipated revenues.

Sonoma-Marin Area Rail Transit District
Management's Discussion and Analysis
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2022

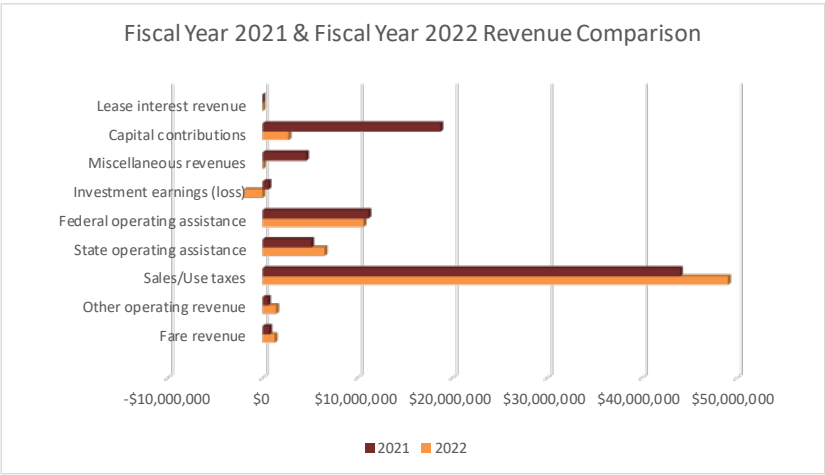
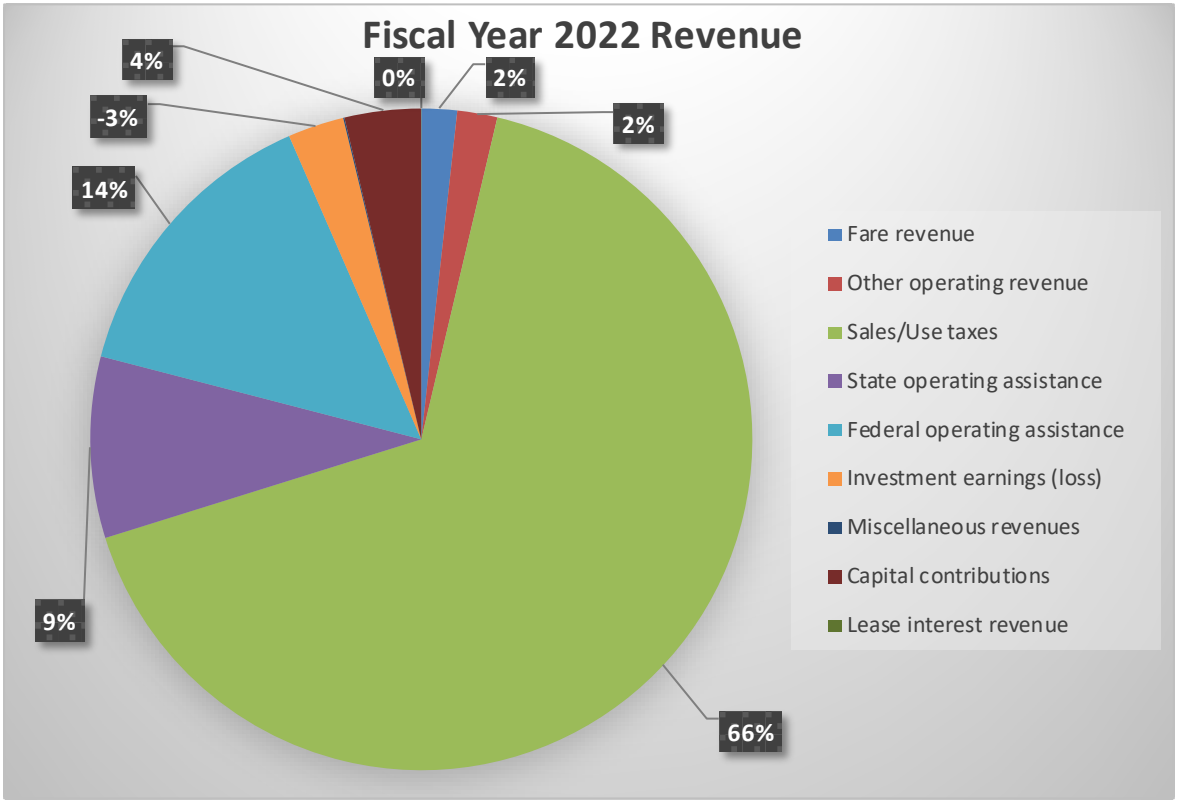
	Business-type activities			
	2022	2021	Inc/(Dec) \$	Inc/(Dec) %
Operating Revenues				
Passenger fares	\$ 1,283,112	\$ 706,938	\$ 576,174	82%
Other operating revenue	1,444,441	564,668	879,773	156%
Total Operating Revenue	2,727,553	1,271,606	1,455,947	114%
Operating Expenses				
Salaries and employee benefits	17,437,640	18,354,310	(916,670)	-5%
Depreciation and amortization	20,877,284	22,697,348	(1,820,064)	-8%
Other operating expense	10,151,605	9,217,983	933,622	10%
Total Operating Expenses	48,466,529	50,269,641	(1,803,112)	-4%
Operating Loss	(45,738,976)	(48,998,035)	3,259,059	-7%
Nonoperating Revenues (Expenses)				
Sales and use taxes	49,074,830	44,002,410	5,072,420	12%
State and federal operating assistance	17,184,007	16,301,842	882,165	5%
Other nonoperating revenues and expenses	(3,751,530)	(1,830,431)	(1,921,099)	105%
Total Nonoperating Revenues (Expenses)	62,507,307	58,473,821	4,033,486	7%
Total Capital Contributions	2,743,571	18,746,419	(16,002,848)	-85%
Total Special Items	11,292,136	-	11,292,136	-
Change In Net Position	30,804,038	28,222,205	2,581,833	9%
Net Position - Beginning	525,930,782	497,708,577	28,222,205	6%
Net Position - Ending	\$ 556,734,820	\$ 525,930,782	\$ 30,804,038	6%

Fiscal Year 2022 Revenues

The District revenues are categorized as either operating or non-operating.

- Operating revenues of \$2,727,553 consisting of fare, advertising, parking, and other revenues are directly generated by operations and ownership of property within the District. This figure is \$1,455,947 higher than Fiscal Year 2021 as ridership has started to come back after stay-at-home orders were lifted and people started to return to work and leisure activities, and the operations of freight.
- Non-operating revenues (less expenses) of \$62,507,307 are comprised of sales tax, state and federal operating assistance, and miscellaneous revenue.
 - Sales tax, the District's single largest ongoing source of revenue, rebounded in Fiscal Year 2022 by 12% or \$5 million (net of fees) over the previous year.
 - The District received \$7.3 million in American Rescue Plan Act federal operating assistance in Fiscal Year 2022 which is designed to offset revenue losses and support operations through the duration of the COVID-19 impacts.
- Capital contributions of \$2,743,571 are \$16,002,848 lower than the year ended June 30, 2021.

Category	2022	2021	Inc/(Dec) \$	Inc/(Dec) %
Fare revenue	\$ 1,283,112	\$ 706,938	\$ 576,174	81.5%
Other operating revenue	1,444,441	564,668	879,773	155.8%
Sales/Use taxes	49,074,830	44,002,410	5,072,420	11.5%
State operating assistance	6,537,550	5,140,237	1,397,313	27.2%
Federal operating assistance	10,646,457	11,161,605	(515,148)	-4.6%
Investment earnings (loss)	(2,023,805)	628,728	(2,652,533)	-421.9%
Miscellaneous revenues	46,229	4,588,714	(4,542,485)	-99.0%
Capital contributions	2,743,571	18,746,419	(16,002,848)	-85.4%
Lease interest revenue	10,461	-	10,461	-
Total revenues	<u>\$ 69,762,846</u>	<u>\$ 85,539,719</u>	<u>\$ (15,776,873)</u>	<u>-18.4%</u>

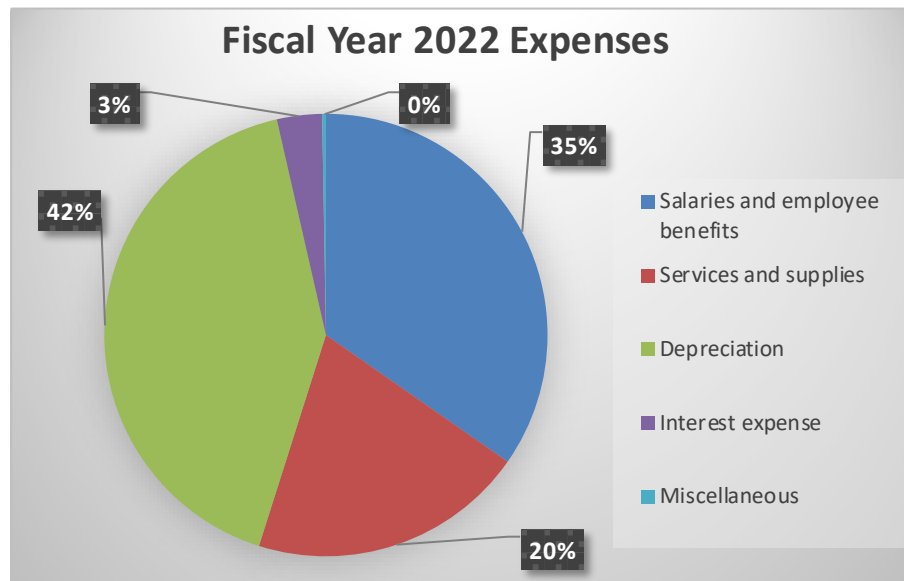


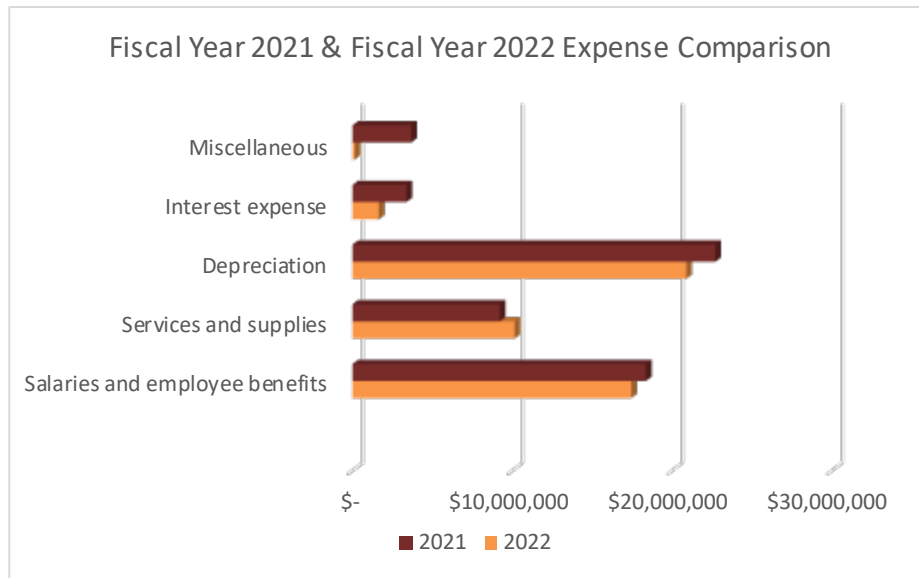
Sonoma-Marin Area Rail Transit District
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Fiscal Year 2022 Expenses

- The District had operating expenses of \$27,581,833, tied to salaries, benefits, services, and supplies. Of this amount, \$729,903 was related to freight.
- Salaries and benefits decreased over the year ended June 30, 2021, by \$916,670 due to vacancy savings and improvements in the CalPERS fiduciary net position from investment gains.
- Services and supplies increased by \$926,210 due to increases in service levels and the addition of freight.

	2022	2021	Inc/(Dec) \$	Inc/(Dec) %
Salaries and employee benefits	\$ 17,437,640	\$ 18,354,310	\$ (916,670)	-5.0%
Services and supplies	10,144,193	9,217,983	926,210	10.0%
Depreciation	20,877,284	22,697,348	(1,820,064)	-8.0%
Interest expense	1,653,081	3,374,308	(1,721,227)	-51.0%
Miscellaneous	138,746	3,673,565	(3,534,819)	-96.2%
Total expenses	<u>\$ 50,250,944</u>	<u>\$ 57,317,514</u>	<u>\$ (7,066,570)</u>	<u>-12.3%</u>





Capital Assets

The District's capital assets, as of June 30, 2022, are \$549,080,781 (net of accumulated depreciation and amortization) which is a decrease of \$5,976,898 over June 30, 2021.

Land increased by \$7,292,136 and intangible assets increased by \$4,000,000. This increase was a result of SMART assuming freight common carrier responsibilities in Fiscal Year 2022. As a result, SMART acquired land, other capital assets, and freight rights.

Sonoma-Marin Area Rail Transit District
Management's Discussion and Analysis
Capital Assets
For the Year Ended June 30, 2022

	2022	2021 (restated)	Inc/(Dec) \$	Inc/(Dec) %
Capital Assets				
Land	\$ 50,618,387	\$ 43,326,251	\$ 7,292,136	17%
Intangible assets	4,019,770	19,770	4,000,000	100%
Construction in progress	29,523,391	25,987,692	3,535,699	14%
Total nondepreciable capital assets	84,161,548	69,333,713	14,827,835	21%
Infrastructure	386,714,037	403,796,309	(17,082,272)	-4%
Buildings and improvements	19,716,094	20,339,471	(623,377)	-3%
Equipment and vehicles	6,105,554	6,638,312	(532,758)	-8%
Revenue vehicles	51,776,630	53,818,421	(2,041,791)	-4%
Intangible assets	103,638	196,550	(92,912)	-47%
Right-to-use lease	503,280	934,903	(431,623)	-46%
Total net depreciable capital assets	464,919,233	485,723,966	(20,804,733)	-4%
Total capital assets, net of depreciation	<u>\$ 549,080,781</u>	<u>\$ 555,057,679</u>	<u>\$ (5,976,898)</u>	<u>-1%</u>

Additional information on the District's capital assets can be found in Note 3 of the notes to the basic financial statements.

Debt

The District had \$106,325,000 in bonds outstanding June 30, 2022, compared to \$119,605,000 on June 30, 2021. Additional information on the District's long-term debt can be found in Note 4.

Economy

The District operations rely directly on the strength of its designated Measure Q sales and use tax receipts which provide more than 40% of its total revenues on an ongoing basis. The strength of this revenue source is dependent on the economic health of the two counties of the District, particularly employment rates and job growth. Both counties have seen continued growth in sales tax receipts after the initial dip in revenues in Fiscal Year 2021. In Fiscal Year 2022, sales tax receipts were up 12% or over \$5 million. Increases in sales tax are expected to continue to occur only on a slower basis over the next several years.

Subsequent Events

See Note 11 to the financial statements about the CalPERS discount rate and investment losses.

Request for Additional Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Sonoma-Marín Area Rail Transit District, Chief Financial Officer, 5401 Old Redwood Highway, Suite 200, Petaluma, CA 94954.

Sonoma-Marin Area Rail Transit District
Statement of Net Position
For the Year Ended June 30, 2022

	Passenger	Freight	Total
Assets			
Current Assets			
Cash and cash equivalent	\$ 93,377,608	\$ 1,753,208	\$ 95,130,816
Restricted cash, cash equivalents, and investments	5,221,473	-	5,221,473
Sales tax receivables	8,865,079	-	8,865,079
Due from other governments	7,719,147	-	7,719,147
Lease receivables	69,441	92,451	161,892
Other receivables	1,558,648	293,718	1,852,366
Inventory	2,380,165	-	2,380,165
Prepaid Expenses	2,271,756	30,572	2,302,328
Total current assets	121,463,317	2,169,949	123,633,266
Noncurrent Assets			
Lease receivables	1,650,359	321,324	1,971,683
Net pension asset	275,621	-	275,621
Capital assets not depreciated	72,869,412	11,292,136	84,161,548
Capital assets, net of accumulated depreciation	464,415,953	-	464,415,953
Right of use assets, net of accumulated amortization	503,280	-	503,280
Total noncurrent assets	539,714,625	11,613,460	551,328,085
Total assets	661,177,942	13,783,409	674,961,351
Deferred Outflows of Resources			
Pension related	2,502,596	-	2,502,596
OPEB related	1,706,690	-	1,706,690
Total deferred outflows of resources	4,209,286	-	4,209,286
Liabilities			
Current Liabilities			
Accounts payable	3,611,205	370,797	3,982,002
Accrued liabilities	1,345,954	14,623	1,360,577
Bonds payable - current	14,015,000	-	14,015,000
Interest payable	527,064	-	527,064
Unearned revenue	9,410	923,912	933,322
Compensated absences	1,561,423	-	1,561,423
Leases payable	441,416	-	441,416
Total current liabilities	21,511,472	1,309,332	22,820,804
Noncurrent Liabilities			
Compensated absences	60,520	-	60,520
Bonds payable	92,310,000	-	92,310,000
Leases payable	75,307	-	75,307
Other noncurrent liabilities	133,782	-	133,782
Net OPEB liability	3,533,684	-	3,533,684
Total noncurrent liabilities	96,113,293	-	96,113,293
Total liabilities	117,624,765	1,309,332	118,934,097
Deferred Inflows of Resources			
Lease related	1,705,455	412,606	2,118,061
OPEB related	1,351,704	-	1,351,704
Pension related	31,955	-	31,955
Total deferred inflows of resources	3,089,114	412,606	3,501,720
Net Position			
Net investment in capital assets	430,909,116	11,292,136	442,201,252
Restricted for			
Debt service	4,694,409	-	4,694,409
Pensions	2,746,262	-	2,746,262
Unrestricted	106,323,562	769,335	107,092,897
Total net position	\$ 544,673,349	\$ 12,061,471	\$ 556,734,820

See Notes to Financial Statements

Sonoma-Marin Area Rail Transit District
Statement of Revenue, Expenses, and Changes in Net Position
For the Year Ended June 30, 2022

	Passenger	Freight	Total
Operating Revenues			
Charges for services			
Passenger fares	\$ 1,283,112	\$ -	\$ 1,283,112
Rent income	500,309	157,044	657,353
Other services	312,965	178,690	491,655
Freight movement	-	295,433	295,433
Total Operating Revenues	<u>2,096,386</u>	<u>631,167</u>	<u>2,727,553</u>
Operating Expenses			
Salaries and employee benefits	17,395,212	42,428	17,437,640
Services and supplies	9,456,719	687,474	10,144,193
Depreciation and amortization	20,877,284	-	20,877,284
Miscellaneous	7,412	-	7,412
Total Operating Expenses	<u>47,736,627</u>	<u>729,902</u>	<u>48,466,529</u>
Operating Loss	<u>(45,640,241)</u>	<u>(98,735)</u>	<u>(45,738,976)</u>
Nonoperating Revenues (Expenses)			
Sales and use taxes	49,074,830	-	49,074,830
State operating assistance	5,657,989	879,561	6,537,550
Federal operating assistance	10,646,457	-	10,646,457
Rent expense	(91,608)	(11,968)	(103,576)
Investment earnings (loss)	(2,023,805)	-	(2,023,805)
Miscellaneous revenues (expenses)	46,229	-	46,229
Capital expense passed through to other agencies	(27,758)	-	(27,758)
Interest income	9,984	477	10,461
Interest expense	(1,653,081)	-	(1,653,081)
Total Nonoperating Revenues (Expenses)	<u>61,639,237</u>	<u>868,070</u>	<u>62,507,307</u>
Income Before Capital Contributions	15,998,996	769,335	16,768,331
Capital Contributions			
State of California	2,102,453	-	2,102,453
State of Good Repair	309,308	-	309,308
Sonoma County Transportation Authority - Measure M	8,768	-	8,768
Federal	104,623	-	104,623
Other governmental agencies	218,419	-	218,419
Total Capital Contributions	<u>2,743,571</u>	<u>-</u>	<u>2,743,571</u>
Change In Net Position Before Special Item	<u>18,742,567</u>	<u>769,335</u>	<u>19,511,902</u>
Special Item	<u>-</u>	<u>11,292,136</u>	<u>11,292,136</u>
Net Position-Beginning, Restated	<u>525,930,782</u>	<u>-</u>	<u>525,930,782</u>
Net Position-Ending	<u><u>\$ 544,673,349</u></u>	<u><u>\$ 12,061,471</u></u>	<u><u>\$ 556,734,820</u></u>

Sonoma-Marin Area Rail Transit District
Statement of Cash Flows
For the Year Ended June 30, 2022

	Passenger	Freight	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 1,283,112	\$ 180,405	\$ 1,463,517
Receipts from others	310,274	-	310,274
Cash received as lessor	485,964	155,875	641,839
Payments to suppliers for goods and services	(9,389,762)	(435,466)	(9,825,228)
Cash payments to employees for services	(18,944,517)	(42,428)	(18,986,945)
Net Cash Used For Operating Activities	<u>(26,254,929)</u>	<u>(141,614)</u>	<u>(26,396,543)</u>
Cash Flows from Noncapital Financing Activities			
Sales tax received	48,905,789	-	48,905,789
State operating assistance	5,427,129	-	5,427,129
Federal operating assistance	19,841,710	-	19,841,710
Cash paid on projects on behalf of other governments	(27,758)	-	(27,758)
Cash receipts for third party infrastructure	45,738	-	45,738
Net Cash Provided by Noncapital and Financing Activities	<u>74,192,608</u>	<u>-</u>	<u>74,192,608</u>
Cash Flows From Capital and Related Financing Activities			
Acquisition and construction of capital assets	(3,917,327)	(4,000,000)	(7,917,327)
Capital grants received restricted for capital purposes	2,743,571	-	2,743,571
Cash paid as lessee	(78,165)	(11,968)	(90,133)
Principal payments on long-term debt	(13,280,000)	-	(13,280,000)
Interest paid on capital debt	(1,678,269)	-	(1,678,269)
Net Cash Used for Capital and Related Financing Activities	<u>(16,210,190)</u>	<u>(4,011,968)</u>	<u>(20,222,158)</u>
Cash Flows from Investing Activities			
Investment income (loss)	(2,094,426)	477	(2,093,949)
Net Cash (Used For) Provided by Investing Activities	<u>(2,094,426)</u>	<u>477</u>	<u>(2,093,949)</u>
Net Increase (Decrease) In Cash and Cash Equivalents	29,633,063	(4,153,105)	25,479,958
Cash And Cash Equivalents - Beginning	<u>68,966,018</u>	<u>5,906,313</u>	<u>(4,153,105)</u>
Cash And Cash Equivalents - Ending	<u>98,599,081</u>	<u>1,753,208</u>	<u>21,326,853</u>
Reconciliation to the Statement of Net Position			
Cash and cash equivalents	93,377,608	1,753,208	95,130,816
Restricted Cash, Cash Equivalents, and Investments with Trustee	<u>5,221,473</u>	<u>-</u>	<u>5,221,473</u>
Total cash and cash equivalents	<u>\$ 98,599,081</u>	<u>\$ 1,753,208</u>	<u>\$ 100,352,289</u>

Sonoma-Marin Area Rail Transit District
Statement of Cash Flows
For the Year Ended June 30, 2022

Reconciliation of the Operating Loss to Net Cash			
Used for operating activities	Passenger	Freight	Total
Operating loss	\$ (45,640,241)	\$ (98,735)	\$ (45,738,976)
Adjustments to reconcile operating loss to net cash provided by operating activities			
Depreciation and amortization	20,877,284	-	20,877,284
Changes in operating assets, liabilities, deferred inflows of resources, and deferred outflows of resources			
(Increase) decrease in prepaid expenses	(188,386)	(30,572)	(218,958)
(Increase) decrease in lease receivables and related deferred inflow of resources	(14,345)	(1,169)	(15,514)
(Increase) decrease in accounts receivable	(6,434)	(293,718)	(300,152)
Increase (decrease) in accounts payable and other accrued liabilities	1,088,965	282,580	1,371,545
Increase (decrease) in compensated absences	45,000	-	45,000
Increase (decrease) in net post-employment benefits obligation	(386,857)	-	(386,857)
Increase (decrease) in net pension liability and related deferred outflow/inflow of resources	(2,029,915)	-	(2,029,915)
Net cash used by operating activities	<u>\$ (26,254,929)</u>	<u>\$ (141,614)</u>	<u>\$ (26,396,543)</u>
Schedule of Non-Cash Investing, Capital, and Financing Activities			
	Passenger	Freight	Total
Contributions of capital assets	\$ 3,535,699	\$ -	\$ 3,535,699
Assets received as a transfer of operations	\$ -	\$ 7,292,136	\$ 7,292,136
Unrealized loss on investments	\$ (2,452,040)	\$ -	\$ (2,452,040)

Note 1 - Summary of Significant Accounting Policies**A. Reporting entity**

The Sonoma-Marín Area Rail Transit District (District) was formed in January 2003 by provisions of the Sonoma-Marín Area Rail Transit District Act, as successor to the Sonoma-Marín Area Rail Transit Commission and the Northwestern Pacific Railroad Authority in the California Counties of Sonoma and Marin. Its purpose, as defined by the State, is to provide for a unified, comprehensive institutional structure for the ownership and governance of a passenger rail system within the Counties of Sonoma and Marin that shall operate in concert with existing freight service that operates upon the same rail line and serves the Counties of Humboldt, Marin, Mendocino, Napa and Sonoma. The District also owns and is constructing additional portions of a multiuse non-motorized pathway within its right-of-way. The District is governed by a 12-member Board of Directors consisting of two supervisors each from the counties of Marin and Sonoma, two members from the Golden Gate Bridge, Highway and Transportation District, and six members representing jurisdictions within the District.

B. Fund Accounting

The District uses proprietary (enterprise) funds to account for its activities. An enterprise fund may be used to report any activity for which a fee is charged to external users for goods or services. Enterprise funds are required for any activity whose principal external revenue sources meet any of the following criteria: (1) issued debt is backed solely by fees and charges, (2) the cost of providing services for any activity (including capital costs such as depreciation or debt service) must be legally recovered through fees or charges, or (3) if the government's policy is to establish activity fees or charges designed to recover the cost of providing services.

Proprietary funds distinguish operating from nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges for services for transit fares and freight operations. Operating expenses for the District include operating and maintaining passenger railway and administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Basis of Presentation

The District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the District are included on the statement of net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Sales taxes are recorded when earned and reported as non-operating revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

D. Cash Equivalents

The District considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The District's cash and investments in the Sonoma County Treasury Pool (Treasury Pool) are, in substance, demand deposits and are considered cash equivalents.

E. Investments

The District measures its investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, using observable market transactions or available market information. The District's investments in the Sonoma County investment pool are uncategorized because deposits to and from the pool are made on the basis of \$1 and not at fair value.

F. Restricted Cash and Investments with Trustee

Assets whose use is restricted to specific purposes by bond indenture or otherwise are segregated on the statement of net position. These assets are primarily restricted for direct project-related expenses and debt service purposes. Bond interest and redemption represent funds accumulated for debt service payments due in the next twelve months and reserve funds set aside to make up potential future deficiencies. Restricted accounts consisting of highly liquid investments with a maturity of three months or less when purchased are classified as cash equivalents.

G. Receivables

Receivables consist of amounts owed to SMART by other governmental agencies and the public. Amounts due from other governments are considered fully collectible. Accounts receivable from the public include reimbursements from other entities for services provided or for use of SMART owned assets. An allowance for doubtful accounts receivable is established when, based upon a review of outstanding accounts and the failure of all collection efforts, management determines that collection may not occur.

H. Capital Assets

Capital assets are tangible and intangible assets which include land, facilities, infrastructure, equipment, leases as lessee, easements, and construction in progress (CIP). It is the District's policy to capitalize qualifying assets with a cost of \$5,000 or more and a useful life of more than one year. Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Betterments and major improvements that significantly increase value, change capacity, or extend the useful life are capitalized. Donated capital assets are recorded based on their market value at the date of acquisition.

Capital assets are depreciated using the straight-line method over their useful lives. The useful life for revenue and non-revenue vehicles is determined based on the Federal Transit Administration's Default Useful Life Benchmark. SMART uses the IRS Publication 946 for all other class lives. Land, CIP, and intangible assets with an indefinite useful life are not depreciated.

I. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay reported in the basic financial statements is accrued when earned. Twenty-five percent of sick leave is payable on termination and is accrued as it is earned.

Employee compensated absences liabilities as of June 30, 2022 are as follows:

Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Due in One Year
\$ 1,576,943	\$ 1,082,459	\$ (1,037,459)	\$ 1,621,943	\$ 1,561,423

J. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance, including, but not limited to, comprehensive railroad liability and other relevant liability policies, automobile, employment and workers compensation policies. In addition, the District has policies and procedures that ensure appropriate insurance coverage and risk procedures for third-party service providers doing work on behalf of the agency. The District did not settle any claims that exceeded the District's insurance coverage during the past three years, nor did it reduce its insurance coverage from the prior year.

K. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

L. Deferred Inflow/Outflow of Resources

In addition to assets, the statement of financial position includes a separate section for *deferred outflows of resources*. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District has two items that qualify for reporting in this category; deferred amounts related to pension and OPEB. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for *deferred inflows of resources*. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category; deferred amounts related to leases, pension and OPEB.

M. Net Position

The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances of bonds, notes, lease liabilities and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

N. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

O. Change in Accounting Principles

GASB Statement Number 87 – As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities.

P. Leases

As Lessee: The District is a lessee for a noncancellable building lease. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in its financial statement.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses its estimated bond borrowing rate as the discount rate for leases with adjustment for the applicable lease terms.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with noncurrent capital assets and lease liabilities are reported with long-term debt as current and noncurrent liabilities on the statement of net position.

As Lessor: The District is a lessor for 10 noncancellable land leases and infrastructure related sites. Accordingly, the District recognizes a lease receivable and a deferred inflow of resources.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses the U.S. Treasury state and local government securities (SLGS) rates as the discount rate for leases with adjustment for applicable lease terms.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Note 2 - Cash and Investments

Cash and investments are carried at fair value and are categorized as follows on June 30, 2022:

	Available for Operations	Held by Trustee	Total
Sonoma County Treasury Pool	\$ 64,709,711	\$ 5,221,473	\$ 69,931,184
Deposits with financial institutions	30,421,105	-	30,421,105
Total cash and investments	<u>\$ 95,130,816</u>	<u>\$ 5,221,473</u>	<u>\$ 100,352,289</u>

A. Investments Authorized by the District's Investment Policy

Investments are guided by the District investment policy adopted each year with the budget. The policy outlines the guidelines and practices to be used in effectively managing the District's available cash and investment portfolio. District funds that are not required for immediate cash requirements are to be invested in compliance with the California Code Section 53600, et seq. In accordance with California Government Code Section 53600.5, and in order of importance, the Chief Financial Officer is required to adhere to the following three criteria: (a) Safety of Principal (b) Liquidity (c) Return on Investment.

The District's investments beyond those needed for near-term requirements are invested with the Sonoma County Treasury Pool which adheres to California Government Code.

Sonoma-Marin Area Rail Transit District

Notes to the Financial Statements

For the Year Ended June 30, 2022

B. Investments Authorized by Debt Agreements

The District must maintain required amounts of cash and investments with fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds. The California Government Code requires these funds to be invested per the District's Policy, bond indentures or State Statute. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Remaining Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio
Local Agency Bonds	5 Years	None	None
U.S. Treasury Obligations	5 Years	None	None
State Obligations: CA and Others	5 Years	None	None
CA Local Agency Obligations	5 Years	None	None
U.S. Agency Obligations	5 Years	None	None
Bankers' Acceptances	180 days	None	40%
Commercial Paper: Non-pooled Funds (Under \$100k)	270 days	AAA	25%
Commercial Paper: Non-pooled Funds (Over \$100k)	270 days	AAA	40%
Commercial Paper: Pooled Funds	270 days	AAA	40%
Negotiable Certificates of Deposit	5 Years	None	30%
Non-negotiable Certificates of Deposit	5 Years	None	None
Placement Service Deposits	5 Years	None	50%
Placement Service Certificates of Deposit	5 Years	None	50%
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and	92 days	None	20%
Medium-term Notes	5 years	A	30%
Mutual Funds and Money Market Mutual Funds	N/A	Multiple	20%
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-through and Asset Backed Securities	5 years	AA	20%
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	Multiple	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None
Supranational Obligations	5 years	AA	30%
Public Bank Obligations	5 years	None	None

C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County of Sonoma Treasury Investment Pool. The sensitivity of the fair values of the District's investments to market interest rate fluctuation is measured as the weighted average maturity of the investment portfolio, which was 651 days on June 30, 2022.

D. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Treasury Pool does not have a rating provided by a nationally recognized statistical rating organization.

E. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision: the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2022, \$31,548,899 of depository balances were exposed to custodial credit risk because they were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

F. Fair Value Hierarchy

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.
- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the Commission's own data.

Deposits and withdrawals in the Sonoma County Treasury Investment Pool are made on the basis of \$1 and not fair value. Accordingly, the District's proportionate share of investments on June 30, 2022 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

Sonoma-Marin Area Rail Transit District

Notes to the Financial Statements

For the Year Ended June 30, 2022

Note 3 - Capital Assets

Capital asset activity for the year ended June 30, 2022, was as follows:

Passenger Fund	Restated Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Capital assets not being depreciated				
Land	\$ 43,326,251	\$ -	\$ -	\$ 43,326,251
Intangible assets	19,770	-	-	19,770
Construction in progress	25,987,692	3,535,699	-	29,523,391
Total capital assets not being depreciated	69,333,713	3,535,699	-	72,869,412
Capital assets being depreciated				
Infrastructure	498,807,467	-	-	498,807,467
Buildings and improvements	24,868,302	-	-	24,868,302
Equipment and vehicles	10,211,671	72,552	-	10,284,223
Revenue vehicles	61,253,699	-	-	61,253,699
Intangible assets	387,672	-	-	387,672
Right-to-use lease - Building	934,903	-	-	934,903
Total capital assets being depreciated	596,463,714	72,552	-	596,536,266
Total capital assets	665,797,427	3,608,251	-	669,405,678
Accumulated depreciation and amortization				
Infrastructure	(95,011,158)	(17,082,272)		(112,093,430)
Buildings and improvements	(4,528,831)	(623,377)		(5,152,208)
Equipment and vehicles	(3,573,359)	(605,310)		(4,178,669)
Revenue vehicles	(7,435,278)	(2,041,791)	-	(9,477,069)
Intangible assets	(191,122)	(92,912)	-	(284,034)
Right-to-use lease - Building	-	(431,623)	-	(431,623)
Total accumulated depreciation and amortization	(110,739,748)	(20,877,285)	-	(131,617,033)
Capital assets, net	\$ 555,057,679	\$ (17,269,034)	\$ -	\$ 537,788,645
Freight Fund	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Capital assets not being depreciated				
Land	\$ -	\$ 7,292,136	\$ -	\$ 7,292,136
Intangible assets	-	4,000,000	-	4,000,000
Total capital assets not being depreciated	-	11,292,136	-	11,292,136
Capital assets, net	\$ -	\$ 11,292,136	\$ -	\$ 11,292,136

Note 4 - Long Term Debt

A. Composition and Changes

Long-term debt activity for the year ended June 30, 2022 was as follows:

	Original Borrowing	Restated Balance July 1, 2021	Additions	Reductions	June 30, 2022	Due in One Year
Long-Term Liabilities						
Measure Q Sales Tax Revenue Refunding Bonds (Green Bonds) Series 2020A 0.45-2.09%, due 3/1/2029	\$ 122,970,000	\$ 119,605,000	\$ -	\$ 13,280,000	\$ 106,325,000	\$ 14,015,000
Leases	934,903	934,903	-	418,180	516,723	441,416
Total	<u>\$ 123,904,903</u>	<u>\$ 120,539,903</u>	<u>\$ -</u>	<u>\$ 13,698,180</u>	<u>\$ 106,841,723</u>	<u>\$ 14,456,416</u>

B. Description of District's Long-Term Debt Issues

Measure Q Sales Tax Revenue Refunding Bonds (Green Bonds) Series 2020A – In October 2020, the District issued \$122,970,000 in variable rate Measure Q Sales Tax Revenue Refunding Bonds (Green Bonds) Series 2020A. Although the Initial Series 2020A Bonds have a maturity date of March 1, 2029, they had certain provisions that allowed the District to remarket them. The Bonds will bear interest between 0.449%-2.088%% and mature by March 1, 2029.

The bonds are direct obligations and pledge the full faith and credit of the District. The total projected Measure Q Sales Tax revenue, as projected in the 2022 Capital Improvement Plan, is expected to approximate \$384 million over the eight-year life of the tax, which is sufficient to repay the estimated debt service, including interest. The Measure Q Sales Tax revenue recognized during the fiscal year ended June 30, 2022 was \$49,074,830 whereas debt service on the Measure Q bonds was \$14,936,756 for the fiscal year ended June 30, 2022.

Sonoma-Marin Area Rail Transit District
Notes to the Financial Statements
For the Year Ended June 30, 2022

The following table presents the District's aggregate annual amount of principal and interest payments required to amortize the outstanding debt as of June 30, 2022:

For The Year Ending June 30	Principal	Interest
2023	\$ 14,015,000	\$ 1,581,193
2024	14,765,000	1,479,444
2025	15,580,000	1,324,116
2026	15,860,000	1,136,844
2027	16,105,000	893,869
2028-2030	30,000,000	899,212
	<u>\$ 106,325,000</u>	<u>\$ 7,314,678</u>

Sales tax revenues are 100% pledged to pay the scheduled principal and interest payments. If an event of default shall occur and be continuing, the District shall immediately transfer to the Trustee all revenue held by it and the Trustee shall apply all revenue and any other funds then held or thereafter received by the Trustee under any of the provisions of the indenture to protect the interests of the Holders of the Bonds.

Note 5 - Lease

The District has several leasing arrangements, summarized below.

A. Lessee Activities

The District has accrued liabilities for one building lease. The discount rate used in the calculation of the lease liability was 3.23%. The remaining liability for the lease is \$516,723 as of June 30, 2022. Right to use assets, net of amortization, for the lease is \$503,280 as of June 30, 2022. The District is required to make monthly principal and interest payments of \$35,893. Interest expense recognized on these leases was \$21,513 for the fiscal year ended June 30, 2022. Principal payments of \$418,180 were recognized in the years ended June 30, 2022. Final payment on these leases is expected in fiscal year 2024.

The District's schedule of future payments included in the measurement of the lease liability are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2023	\$ 441,416	\$ 10,221	\$ 451,637
2024	75,307	304	75,611
	<u>\$ 516,723</u>	<u>\$ 10,525</u>	<u>\$ 527,248</u>

B. Lessor Activities

The District has accrued a receivable for ten land and infrastructure leases. The remaining receivable for these leases was \$2,133,575 for the year ended June 30, 2022. Deferred inflows related to these leases were \$2,118,061 as of June 30, 2022. Interest revenue recognized on these leases was \$10,461 for the year ended June 30, 2022. Principal receipts of \$60,045 were recognized as revenue during the fiscal year. Final receipt is expected in fiscal year 2047.

Note 6 - Pension Plans

A. General Information about the Pension Plans

Plan Description

All full-time and certain other qualifying employees are eligible to participate in the District's employee pension plan, a cost-sharing multiple employer defined benefit pension plan administered by California's Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by state statute and District resolution. CalPERS acts as a common investment and administrative agent for its participating member employers. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information which can be found on the CalPERS website.

Sonoma-Marin Area Rail Transit District

Notes to the Financial Statements

For the Year Ended June 30, 2022

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 or 52, depending on the hire date, with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. Benefit provisions and all other requirements are established by state statute and may be amended by the District's contract with the employees.

The Plans' provisions and benefits in effect on June 30, 2022, are summarized as follows:

	Miscellaneous		
	Tier I	Tier II	PEPRA
Hire date	Prior to September 1, 2011	On or after September 1, 2011	On or after January 1, 2013
Benefit formula	2% at 55	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	55	55	62
Monthly benefits as a percentage of eligible compensation	1.426%-2.418%	1.426%-2.418%	1.000% - 2.500%
Required employee contribution rate	6.91%	6.92%	6.75%
Required employer contribution rate	10.34%	8.65%	7.59%
Safety			
PEPRA			
Hire date	On or after January 1, 2013		
Benefit formula	2.7% at 57		
Benefit vesting schedule	5 years of service		
Benefit payments	Monthly for life		
Retirement age	57		
Monthly benefits as a percentage of eligible compensation	2.000%-2.700%		
Required employee contribution rate	13.00%		
Required employer contribution rate	13.13%		

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1, following notice of a change in the rate. Funding contributions for Plans are determined annually on an actuarial basis, as of June 30, by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2022, the employer contributions were \$1,085,805 for the miscellaneous plan and \$16,551 for the safety plan.

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension

As of June 30, 2022, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Miscellaneous	\$ (257,780)	\$ 2,446,440	\$ 28,907	\$ 909,270
Safety	(17,841)	56,156	3,048	17,304
Total	<u>\$ (275,621)</u>	<u>\$ 2,502,596</u>	<u>\$ 31,955</u>	<u>\$ 926,574</u>

The District's net pension asset is measured as the proportionate share of the collective Plan's net pension liability. The net pension liability of the plan is measured as of June 30, 2021, and the total pension liability for the plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to the June 30, 2021 measurement date using standard update procedures. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan, relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability as of June 30, 2021, and 2022 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2020 measurement date	0.034930%	0.000160%
Proportion - June 30, 2021 measurement date	<u>-0.013580%</u>	<u>-0.000510%</u>
Increase (decrease) in proportion	<u>-0.048510%</u>	<u>-0.000670%</u>

Sonoma-Marin Area Rail Transit District

Notes to the Financial Statements

For the Year Ended June 30, 2022

For the year ended June 30, 2022, the District recognized a pension expense of \$909,270. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to the Miscellaneous Plan from the following sources:

	<u>Miscellaneous</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
District contributions subsequent to measurement date	\$ 1,085,805	\$ -
Changes in proportion and differences between District contributions and proportionate share of contributions	1,135,607	-
Net differences between projected and actual earnings on pension plan investments	225,028	-
Differences between expected and actual experience	<u>-</u>	<u>28,907</u>
Total	<u>\$ 2,446,440</u>	<u>\$ 28,907</u>

On June 30, 2022, the District reported \$1,085,805 as deferred outflows of resources related to contributions paid subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	<u>Miscellaneous</u>
<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2023	\$ 623,432
2024	433,464
2025	212,646
2026	<u>62,186</u>
Total	<u>\$ 1,331,728</u>

Sonoma-Marin Area Rail Transit District
Notes to the Financial Statements
For the Year Ended June 30, 2022

On June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to the safety plan from the following sources:

	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to measurement date	\$ 16,551	\$ -
Changes in proportion and differences between District contributions and proportionate share of contributions	28,986	-
Net differences between projected and actual earnings on pension plan investments	10,619	-
Differences between expected and actual experience	-	3,048
	<u>56,156</u>	<u>3,048</u>
Total	<u>\$ 56,156</u>	<u>\$ 3,048</u>

On June 30, 2022, the District reported \$16,551 as deferred outflows of resources related to contributions paid subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	Safety Deferred Outflows/(Inflows) of Resources
Year Ended June 30,	
2023	\$ 17,214
2024	11,365
2025	5,056
2026	2,922
	<u>36,557</u>
Total	<u>\$ 36,557</u>

Actuarial Assumptions – The total pension liabilities was determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation date	June 30, 2020	June 30, 2020
Measurement date	June 30, 2021	June 30, 2021
Actuarial cost method	Entry age normal	Entry age normal
Discount rate	7.15%	7.15%
Investment rate of return	7.15%	7.15%
Consumer price inflation	2.50%	2.50%
Wage growth	2.75%	2.75%
Mortality Rate ¹	Derived using CalPERS' Membership Data for all Funds	

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate, and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15% is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations, as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation:

Asset Class	Assumed Asset Allocation	Real Return Years 1-10 ^(a)	Real Return Years 11+ ^(b)
Global equity	50%	4.80%	5.98%
Global Fixed income	28%	1.00%	2.62%
Inflation assets	0%	0.77%	1.81%
Private equity	8%	6.30%	7.23%
Real assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
Total	100%		

^(a) An expected inflation of 2.00% used for this period.

^(b) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability (asset), as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Discount Rate	Miscellaneous Net Pension Liability (Asset)	Safety Net Pension Liability (Asset)
1% decrease (6.15%)	\$ 1,679,111	\$ 12,148
Current discount rate (7.15%)	(257,780)	(17,841)
1% increase (8.15%)	(1,858,980)	(42,474)

Pension Plan Fiduciary Net Position – CalPERS issues a separate comprehensive annual financial report, copies of which may be obtained from the CalPERS Executive Offices, Lincoln Plaza East, 400 Q Street, Sacramento, California 95814.

Note 7 - Other Post-Employment Health Care Benefits (OPEB)

For the fiscal year ended June 30, 2022, the District reported total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense as follows:

OPEB Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Health Plan	\$ 3,533,684	\$ 1,706,690	\$ (1,351,704)	\$ 386,857

A. General Information about the District's Other Post Employment Benefit (OPEB) Plan

By the District Board of Directors resolution, the District will provide certain health care benefits for retired employees under third-party insurance plans. The District's Post Employment Benefit Plan is a single-employer defined benefit plan. Employees become eligible to retire and receive healthcare benefits upon reaching retirement age with at least 5 years of service or being converted to disability, retiring directly from the District, and continue participating in Public Employees' Medical and Hospital Care Act (PEMHCA) after retirement. The PEMHCA minimum benefit was \$143 per month in 2021 and is \$149 per month in 2022. As of June 30, 2022, there were three retirees receiving OPEB benefits. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2021:

Active employees	119
Inactive employees or beneficiaries currently receiving benefits payments	3
Total	122

B. Total OPEB Liability

Actuarial Methods and Assumptions – The District's total OPEB liability was measured as of June 30, 2021 and the total OPEB liability was determined by an actuarial valuation dated June 30, 2021 to determine the \$3,533,684 total OPEB liability as of June 30, 2021, based on the following actuarial methods and assumptions:

Inflation	2.75 percent
Salary increases	3.00 percent, average, including inflation
Discount rate	1.92 percent
Investment rate of return	1.92 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	5.00 percent for 2021

C. Changes in Total OPEB Liability

The changes in the total OPEB liability follows:

	Total OPEB Liability
Balance, June 30, 2021	\$ 4,487,421
Service cost	794,213
Interest	109,811
Difference between expected and actual experience	(1,290,966)
Changes of assumptions and other inputs	760,464
Benefit changes	(1,316,588)
Benefit payments	(10,671)
Net change	(953,737)
Balance, June 30, 2022	\$ 3,533,684

D. Sensitivity of the Total OPEB Liability to Change in the Discount Rate and Healthcare Cost

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Discount Rate	Total OPEB Liability
1% decrease (0.92%)	\$ 4,731,125
Current discount rate (1.92%)	3,533,684
1% increase (2.92%)	2,676,032

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend that is one percentage point lower or one percentage point higher than the current rate:

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (3% to 4%)	\$ 2,615,602
Current healthcare cost trend rate (4% to 5%)	3,533,684
1% increase (5% to 6%)	4,690,875

E. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of \$386,857. On June 30, 2022, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 3,672	\$ -
Differences between expected and actual experience	193,065	1,196,042
Changes of assumptions	1,509,953	155,662
	<u>1,706,690</u>	<u>1,351,704</u>
Total	<u>\$ 1,706,690</u>	<u>\$ 1,351,704</u>

Reported as deferred outflows of resources related to contributions subsequent to the measurement date is \$3,672, which will be recognized as a reduction of the OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ 40,050
2024	40,050
2025	40,050
2026	40,050
2027	40,050
Thereafter	151,064
Total	<u>\$ 351,314</u>

Note 8 - Commitments

A. Purchase Commitments

At June 30, 2022, the District had outstanding purchase and contract commitments of \$3.6 million for passenger and \$0.2 million for freight.

Note 9 - Restatement of Prior Year Net Position

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases* (GASB 87). As a result of the implementation of GASB 87, the District changed its accounting for leases by recognizing a right-to-use lease asset, lease revenue receivable and the related lease financing liability and deferred inflows from leases. The following tables described the effects of the implementation on beginning net position:

	Passenger	Freight
Net position, previously reported as of July 1, 2021	\$ 525,930,782	\$ -
Recognition of a right-to-use lease asset	934,903	-
Recognition of lease receivables	1,756,164	437,456
Recognition of a lease liability	(934,903)	-
Recognition of deferred inflows from leases	(1,756,164)	(437,456)
Net position, restated as of July 1, 2021	<u>\$ 525,930,782</u>	<u>\$ -</u>

Note 10 - Transfer of Operations

California S.B. 1029 authorized SMART to operate freight service by rail. It also provided funding in the amount of \$4 million for the acquisition of freight rights and equipment from the Northwestern Pacific Railroad Company (NWPCo.) and North Cost Railroad Authority (NCRA). NWPCo. acquired freight rights through a long-term operating agreement with the NCRA.

In July 2021, SMART officially became the freight common carrier for the rail line the runs from Novato (MP B25.6) to just east of the Napa River (MP B49.80) and from Larkspur (MP 15) to the Sonoma/Mendocino County line (MP 89). NWPCo. continued to operate the line and collect the associated revenues until March 1, 2022 when final close took place. SMART received land from North Cost Railroad Authority (NCRA) who owned the land from MP 62.2 to MP 89 in Sonoma County and freight rights from NWPCo. as part of this transfer as follows:

<u>Transferred Assets</u>	<u>Carrying Value</u>
Land	\$ 7,292,136
Freight rights	<u>4,000,000</u>
Toal capital assets	<u>\$ 11,292,136</u>

Note 11 - Subsequent Events

Pension investments

In July of 2022, CalPERS announced a net investment return of negative 6.1% for the fiscal year ending 2021-22. This, along with the change in the discount rate to 6.8%, will negatively impact the net pension liability in future reporting periods. As the investment pool experienced gains in the fiscal year 2021, resulting in a drastically reduced liability in the fiscal year 2022, the District expects the inverse to be true in the fiscal year 2023 as all gains were lost in the fiscal year 2022.

Changes in interest rates

As of September 30, 2022, the market value of the District's June 30, 2022 Sonoma County Treasury Pool investment portfolio is 94.77 percent of the book value, or \$3.5 million unrealized market loss. Interest rates are expected to increase further, and it is expected as of the report date that the market value will likely decline further. The District's practice is to buy and hold investments until maturity; this minimizes the risk of loss for investment principal due to lower market values.



Required Supplementary Information
June 30, 2022

Sonoma-Marín Area Rail Transit District

Sonoma-Marín Area Rail Transit District
Schedule of the District's Proportionate Share of the Net Pension Liability – Pension Plan

	2022	2021	2020	2019	2018	2017	2016	2015
CalPERS (Miscellaneous Plan)								
Proportion of the net pension liability (asset)	-0.0136%	0.0349%	0.0281%	0.0231%	0.0238%	0.0214%	0.0281%	0.0102%
Proportionate share of the net pension liability (asset)	\$ (257,780)	\$ 1,473,514	\$ 1,126,646	\$ 870,893	\$ 936,778	\$ 742,146	\$ 585,152	\$ 633,530
Total	<u>\$ (257,780)</u>	<u>\$ 1,473,514</u>	<u>\$ 1,126,646</u>	<u>\$ 870,893</u>	<u>\$ 936,778</u>	<u>\$ 742,146</u>	<u>\$ 585,152</u>	<u>\$ 633,530</u>
Covered payroll	<u>\$ 12,561,577</u>	<u>\$ 13,265,008</u>	<u>\$ 12,916,529</u>	<u>\$ 11,175,297</u>	<u>\$ 9,930,773</u>	<u>\$ 6,017,592</u>	<u>\$ 3,572,374</u>	<u>3,073,231</u>
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-2.05%	11.11%	8.72%	7.79%	9.43%	12.33%	16.38%	20.61%
Plan fiduciary net position as a percentage of the total pension liability	86%	74%	75%	75%	73%	74%	78%	20%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS (Safety Plan)								
Proportion of the net pension liability (asset)	-0.0051%	0.0349%	0.2813%	0.0000%				
Proportionate share of the net pension liability (asset)	\$ (17,841)	\$ 10,982	\$ 4,177	\$ 709				
Covered payroll	\$ 122,516	\$ 211,670	\$ 195,041	180,138				
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-14.56%	5.19%	2.14%	0.39%				
Plan fiduciary net position as a percentage of the total pension liability	86%	74%	75%	75%				
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018				

Note :

- 1 In the future, as data becomes available, ten years of information will be presented.
- 2 Significant changes in assumptions: The discount rate was changed from 7.65% in fiscal year 2017 to 7.15%.

Sonoma-Marín Area Rail Transit District
Schedule of Contributions – Pension Plan

	2022	2021	2020	2019	2018	2017	2016	2015
CalPERS - Miscellaneous Plan								
Contractually required contribution	\$ 1,085,805	\$ 1,016,119	\$ 976,474	\$ 910,518	\$ 747,878	\$ 699,783	\$ 409,897	\$ 347,672
Less contributions in relation to the contractually required contribution	<u>1,085,805</u>	<u>1,016,119</u>	<u>976,474</u>	<u>910,518</u>	<u>747,878</u>	<u>699,783</u>	<u>477,840</u>	<u>347,672</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (67,943)</u>	<u>\$ -</u>
Covered payroll	<u>\$ 12,545,318</u>	<u>\$ 12,561,577</u>	<u>\$ 13,265,008</u>	<u>\$ 12,916,529</u>	<u>\$ 11,175,297</u>	<u>\$ 9,930,773</u>	<u>\$ 6,017,592</u>	<u>\$ 3,572,374</u>
Contributions as a percentage of covered payroll	<u>8.66%</u>	<u>8.09%</u>	<u>7.36%</u>	<u>7.05%</u>	<u>6.69%</u>	<u>7.05%</u>	<u>6.81%</u>	<u>9.73%</u>
CalPERS - Safety Plan								
Contractually required contribution	\$ 16,551	\$ 16,454	\$ 27,589	\$ 23,680				
Less contributions in relation to the contractually required contribution	<u>16,551</u>	<u>16,454</u>	<u>27,589</u>	<u>23,680</u>				
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
Covered payroll	<u>\$ 130,891</u>	<u>\$ 122,516</u>	<u>\$ 211,670</u>	<u>\$ 195,041</u>				
Contributions as a percentage of covered payroll	<u>12.645%</u>	<u>13.430%</u>	<u>13.034%</u>	<u>12.141%</u>				

Note : In the future, as data becomes available, ten years of information will be presented.

Sonoma-Marin Area Rail Transit District
Schedule of Changes in the Total OPEB Liability and Related Ratios

Fiscal year	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 794,213	\$ 638,813	\$ 444,687	\$ 438,273	\$ 478,730
Interest	109,811	96,162	72,116	54,494	36,782
Changes of benefit terms	(1,316,588)	-	-	-	-
Difference between expected and actual experience	(1,290,966)	-	260,415	-	-
Changes of assumptions	760,464	682,576	308,419	(26,755)	(241,085)
Benefit payments	(10,671)	(4,806)	(6,257)	(2,891)	(3,801)
Net change in total OPEB liability	(953,737)	1,412,745	1,079,380	463,121	270,626
Total OPEB Liability - Beginning	4,487,421	3,074,676	1,995,296	1,532,175	1,261,549
Total OPEB Liability - Ending	<u>\$ 3,533,684</u>	<u>\$ 4,487,421</u>	<u>\$ 3,074,676</u>	<u>\$ 1,995,296</u>	<u>\$ 1,532,175</u>
Covered-employee Payroll	<u>\$ 12,684,093</u>	<u>\$ 13,476,678</u>	<u>\$ 18,840,794</u>	<u>\$ 11,175,297</u>	<u>\$ 9,930,773</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>28%</u>	<u>33%</u>	<u>16%</u>	<u>18%</u>	<u>15%</u>
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

¹ No assets are accumulated in a trust that meets the criteria of paragraph 4 of Statement 75.

Note: In the future, as data becomes available, ten years of information will be presented.



Statistical Section
June 30, 2022

Sonoma-Marín Area Rail Transit District

This part of the District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

- Table 1- Net Position by Component
- Table 2- Changes in Net Position
- Table 3- Non-Capital Expenditures by Category

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant revenue source, capital grants and contributions. Also included in this section is current information on the District's ongoing significant source of revenues, the sales tax.

- Table 4- General Revenue by Source
- Table 5- Revenue Base and Revenue Rate
- Table 6- Overlapping Governments and Sales Tax Rates
- Table 7- Principal Revenue Payers

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

- Table 8- Debt Service Coverage Ratios
- Table 9- Ratios of Outstanding Debt

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

- Table 10- Demographic and Economic Statistics
- Table 11- Principal Employers

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

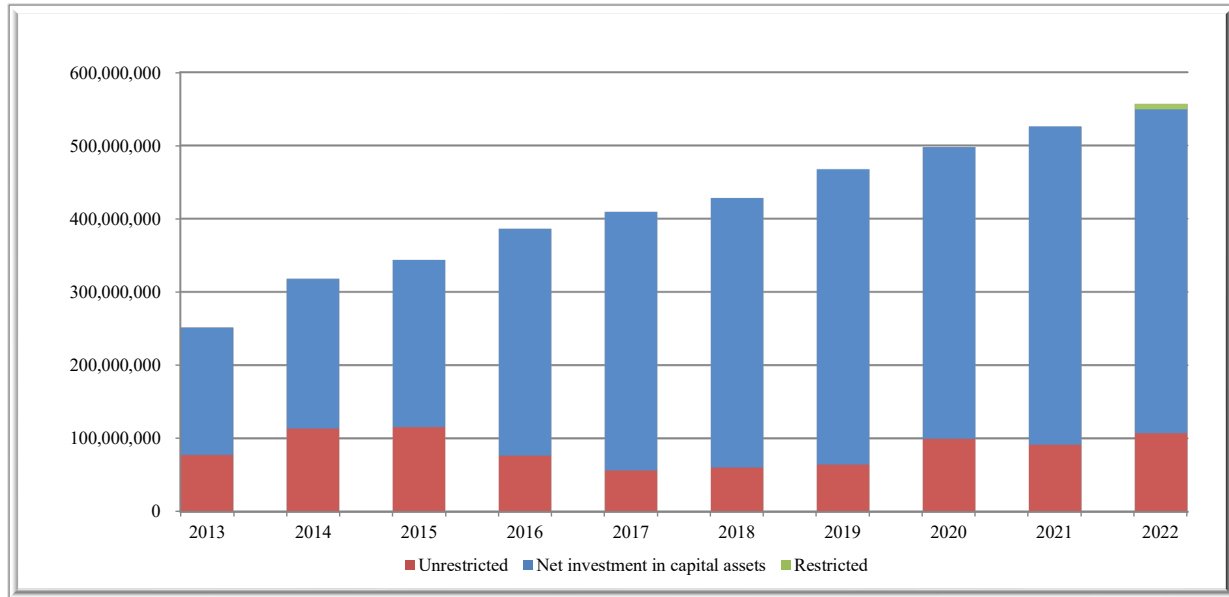
- Table 12- Operating Information
- Table 13- Employees – Full-Time Equivalent

Sources

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

Sonoma-Marin Area Rail Transit District
Net Position by Component
Last Ten Years

Table 1
SONOMA-MARIN AREA RAIL TRANSIT DISTRICT
NET POSITION BY COMPONENT



	2013	2014	2015	2016	2017
Net investment in capital assets	\$173,996,072	\$204,389,312	\$228,244,612	\$309,724,259	\$353,088,871
Restricted	\$0	\$0	\$0	\$0	\$0
Unrestricted	77,347,530	113,506,183	115,465,740	76,452,056	56,226,336
Total net position	\$251,343,602	\$317,895,495	\$343,710,352	\$386,176,315	\$409,315,207

	2018	2019	2020	2021	2022
Net investment in capital assets	\$367,957,650	\$403,239,649	\$398,251,858	\$434,505,310	\$442,201,252
Restricted	0	0	0	0	7,440,671
Unrestricted	60,223,084	64,324,957	99,456,719	91,425,472	107,092,897
Total net position	\$428,180,734	\$467,564,606	\$497,708,577	\$525,930,782	\$556,734,820

Sonoma-Marín Area Rail Transit District
Changes in Net Position
Last Ten Fiscal Years

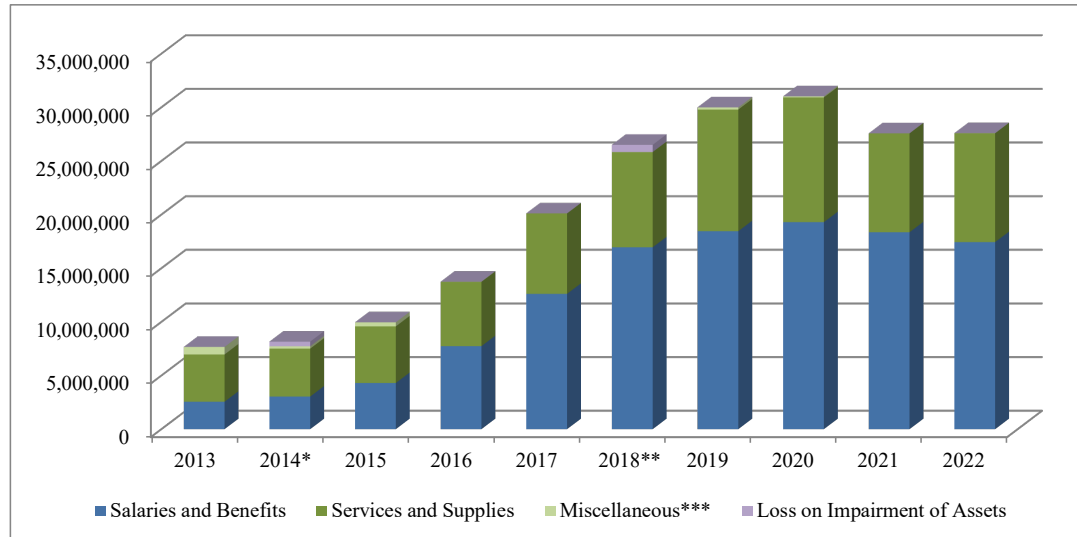
Table 2
SONOMA-MARIN AREA RAIL TRANSIT DISTRICT
CHANGES IN NET POSITION
Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Operating revenues:										
Charges for services	\$ 597,880	\$ 840,586	\$ 640,249	\$ 529,191	\$ 588,402	\$ 4,025,111	\$ 5,036,875	\$ 3,965,115	\$ 1,271,606	\$ 2,727,553
Total operating revenues	597,880	840,586	640,249	529,191	588,402	4,025,111	5,036,875	3,965,115	1,271,606	2,727,553
Operating expenses:										
Salaries and employee benefits	2,683,628	3,041,027	4,303,358	7,736,893	12,610,874	16,950,114	18,453,125	19,295,606	18,354,310	17,437,640
Services and supplies	4,772,700	4,466,562	5,275,106	5,998,630	7,498,986	8,877,465	11,336,573	11,624,479	9,217,567	10,144,193
Depreciation and amortization	4,527,575	4,473,500	4,575,530	4,610,295	4,716,779	17,800,126	19,033,577	22,150,111	22,697,348	20,877,284
Loss on impairment of assets	-	433,295	-	-	-	671,378	-	-	-	-
Miscellaneous expense	700,783	215,922	380,000	7,541	212	954	203,883	100,000	416	7,412
Total operating expenses	12,684,686	12,630,306	14,533,994	18,353,359	24,826,851	44,300,037	49,027,158	53,170,196	50,269,641	48,466,529
Operating income/(loss)	(12,086,806)	(11,789,720)	(13,893,745)	(17,824,168)	(24,238,449)	(40,274,926)	(43,990,283)	(49,205,081)	(48,998,035)	(45,738,976)
Nonoperating revenues (expenses):										
Sales and use taxes	30,435,753	32,473,329	33,845,426	34,776,012	36,061,895	37,135,476	41,241,140	38,978,630	44,002,410	49,074,830
Federal, state, and other operating assistance	-	-	-	-	-	3,701,366	5,000,756	15,574,795	16,301,842	17,184,007
Rent expense	-	-	-	-	-	-	-	-	-	(103,576)
Investment earnings (loss)	1,495,066	1,182,159	1,384,557	585,178	366,748	724,313	1,974,246	338,227	628,728	(2,023,805)
Miscellaneous revenues	62,178	65,638	49,351	2,264,334	438,639	2,236,508	4,174,454	1,438,087	4,588,714	46,229
Capital expense passed through to other agencies	-	-	(1,557,743)	(295,894)	(62,636)	(3,778,891)	(770,156)	(918,506)	(3,673,565)	(27,758)
Interest income	-	-	-	-	-	-	-	-	-	10,461
Interest expense	(5,328,770)	(4,420,558)	(2,761,502)	(805,558)	(1,164,558)	(5,819,778)	(5,591,608)	(5,273,801)	(3,374,308)	(1,653,081)
Total nonoperating revenues (expenses)	26,664,227	29,300,568	30,960,089	36,524,072	35,640,088	34,198,994	46,028,832	50,137,432	58,473,821	62,507,307
Income (loss) before capital contributions	14,577,421	17,510,848	17,066,344	18,699,904	11,401,639	(6,075,932)	2,038,549	932,351	9,475,786	16,768,331
Capital contributions										
State of California	24,130,596	4,295,318	3,381	284,094	458,549	837,950	2,883,980	20,311,493	11,592,461	6,411,761
Metropolitan Transportation Commission	4,541,421	35,500,504	7,119,973	2,683,108	5,007,846	9,939,309	4,388,830	224,051	-	-
Sonoma County Transportation Authority	5,758,121	5,136,487	35,358	47,780	33,440	356,219	55,249	22,632	109,468	8,768
Federal	6,021,838	2,562,581	500,595	3,779,595	2,750,431	9,450,100	21,270,383	2,609,220	2,500,000	104,623
Donated asset	-	-	-	16,222,106	1,116,726	-	-	1,327,565	-	-
Other governmental agencies	666,592	1,543,983	1,534,698	749,376	3,036,898	4,357,881	8,746,881	4,716,659	4,544,490	218,419
Total capital contributions	41,118,568	49,038,873	9,194,005	23,766,059	12,403,890	24,941,459	37,345,323	29,211,620	18,746,419	6,743,571
Special Item	-	-	-	-	-	-	-	-	-	11,292,136
Change in net position	\$ 55,695,989	\$ 66,549,721	\$ 26,260,349	\$ 42,465,963	\$ 23,805,529	\$ 18,865,527	\$ 39,383,872	\$ 30,143,971	\$ 28,222,205	\$ 34,804,038

Source: SMART annual financial statements.

Sonoma-Marín Area Rail Transit District
Non-Capital Expense by Category
Last Ten Fiscal Years

Table 3
SONOMA-MARIN AREA RAIL TRANSIT DISTRICT
NON-CAPITAL EXPENSE BY CATEGORY
Last Ten Fiscal Years



Fiscal Year Ended June 30	Salaries and Benefits	Services and Supplies	Miscellaneous***	Loss on Impairment of Assets	Total
2013	2,558,849	4,406,463	700,783	-	7,666,095
2014*	3,041,027	4,466,562	215,922	433,295	8,156,806
2015	4,303,358	5,275,106	380,000	-	9,958,464
2016	7,736,893	5,998,630	7,541	-	13,743,064
2017	12,610,874	7,498,986	212	-	20,110,072
2018**	16,950,114	8,877,475	954	671,378	26,499,921
2019	18,453,125	11,336,573	203,883	-	29,993,581
2020	19,295,606	11,624,479	100,000	-	31,020,085
2021	18,354,310	9,217,567	416	-	27,572,293
2022	\$ 17,437,640	\$ 10,144,193	\$ 7,412	\$ -	\$ 27,589,245

Source: Sonoma-Marín Area Rail Transit District Financial Statements

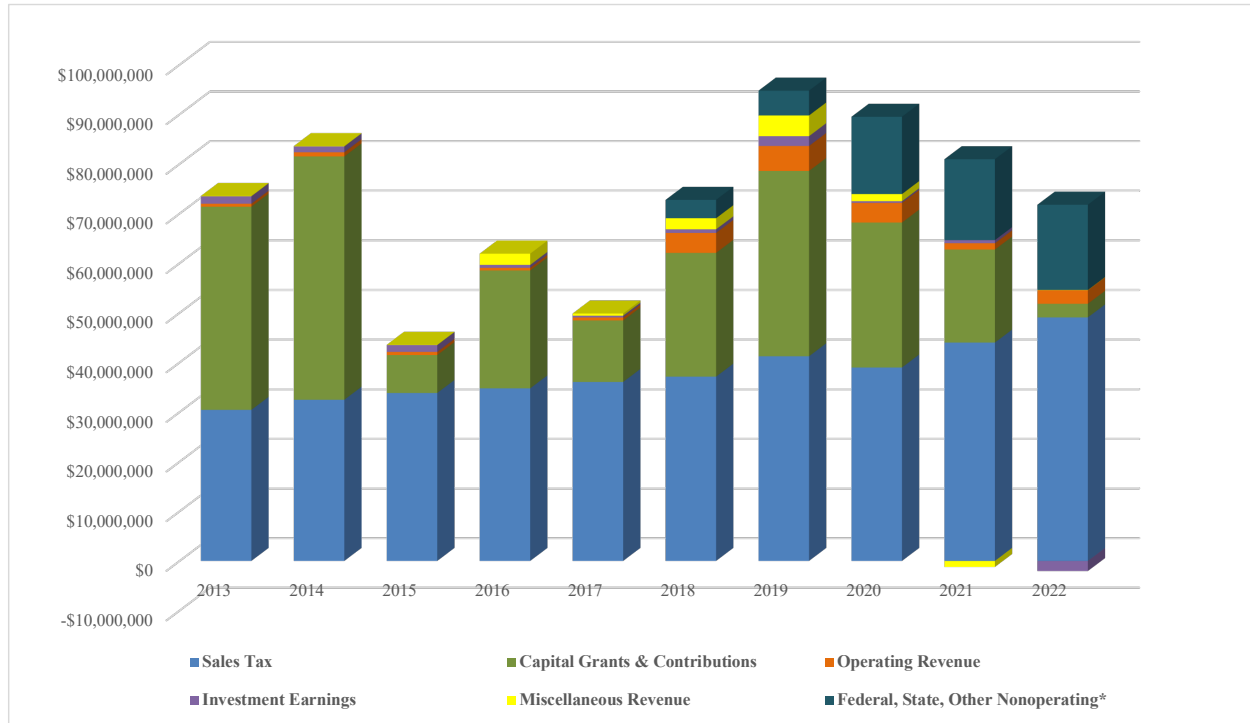
*2014 is the first year that the District presented financial reports in an enterprise format

**2018 is the first year of Operations; Other Charges Net of Non-cash adjustments

*** Miscellaneous adjusted for non-cash transactions beginning 2018

Sonoma-Marín Area Rail Transit District
General Revenue by Source
Last Ten Fiscal Years

Table 4
SONOMA-MARIN AREA RAIL TRANSIT DISTRICT
GENERAL REVENUE BY SOURCE
Last Ten Fiscal Years



Fiscal Year	Sales Tax	Capital Grants & Contributions	Operating Revenue	Federal, State, Other Nonoperating*	Investment Earnings	Miscellaneous Revenue	Total
2013	30,435,753	40,952,030	597,880		1,495,066	62,178	73,542,907
2014	32,473,329	49,038,873	840,586		1,182,159	65,638	83,600,585
2015	33,845,426	7,636,262	640,249		1,384,557	49,351	43,555,845
2016	34,776,012	23,766,059	529,191		585,178	2,264,334	61,920,774
2017	36,061,895	12,403,890	588,402		366,748	438,639	49,859,574
2018	37,135,476	24,941,459	4,025,111	3,701,366	724,313	2,236,508	72,764,233
2019	41,241,140	37,345,323	5,036,875	5,000,756	1,974,246	4,174,454	94,772,794
2020	38,978,630	29,211,620	3,965,115	15,574,795	338,227	1,438,087	89,506,474
2021	44,002,410	18,746,419	1,271,606	16,301,842	628,728	(1,190,816)	79,760,189
2022	\$ 49,074,830	\$ 2,743,571	\$ 2,727,553	\$ 17,184,007	\$ (2,013,344)	\$ 46,229	\$ 69,762,846

Source: Sonoma-Marín Area Rail Transit District Financial Reports

*Transit Operation began Fiscal Year 2018

Sonoma-Marin Area Rail Transit District

Revenue Base and Revenue Rate

Last Ten Fiscal Years

Table 5
SONOMA-MARIN AREA RAIL TRANSIT DISTRICT
REVENUE BASE AND REVENUE RATE
Last Ten Fiscal Years

Fiscal Year	SMART Sales Tax Rate	Total Sales Tax Revenue	Marin County Total Taxable Sales (In Thousands)	Sonoma County Total Taxable Sales (In Thousands)	SMART District Total Taxable Sales (In Thousands)
2013	0.25%	\$ 30,435,753	\$ 4,500,247	\$ 7,711,052	\$ 12,211,299
2014	0.25%	32,473,329	4,769,878	8,264,339	13,034,217
2015	0.25%	33,845,426	4,957,364	8,626,295	13,583,659
2016	0.25%	34,776,012	5,091,014	8,843,184	13,934,198
2017	0.25%	36,061,895	5,004,443	9,154,084	14,158,526
2018	0.25%	37,135,476	5,343,038	9,444,873	14,787,910
2019	0.25%	41,241,140	5,454,389	9,966,334	15,420,723
2020	0.25%	38,978,630	5,148,864	9,113,111	14,261,975
2021	0.25%	44,002,410	5,894,353	10,771,239	16,665,592
2022	0.25%	49,074,830	6,437,421	11,924,130	18,361,551

Source: California Department of Tax and Fee Administration

Sonoma-Marin Area Rail Transit District
Overlapping Governments and Sales Tax Rates
Last Ten Fiscal Years*

Table 6
SONOMA-MARIN AREA RAIL TRANSIT DISTRICT
OVERLAPPING GOVERNMENTS AND SALES TAX RATES
Last Ten Fiscal Years*

Marin County					
Fiscal Year	State(a)	City	County(b)	SMART(d)	Total
2013	7.50%	0 to 0.50%	0.50%	0.25%	8% to 9%
2014	7.50%	0 to 0.50%	0.75%	0.25%	8.5% to 9%
2015	7.50%	0 to 0.50%	0.75%	0.25%	8.5% to 9%
2016	7.50%	0 to 0.50%	0.75%	0.25%	8.5% to 9%
2017	7.25%	0 to 0.75%	0.75%	0.25%	8.25% to 9%
2018	7.25%	0 to 0.75%	0.75%	0.25%	8.25% to 9%
2019	7.25%	0 to 0.75%	0.75%	0.25%	8.25% to 9%
2020	7.25%	0 to 0.75%	0.75%	0.25%	8.25% to 9%
2021	7.25%	0 to 0.75%	0.75%	0.25%	8.25% to 9%
2022	7.25%	0 to 0.75%	0.75%	0.25%	8.25% to 9%

Sonoma County					
Fiscal Year	State(a)	City	County(c)	SMART(d)	Total
2013	7.50%	0 to 0.50%	0.50%	0.25%	8.25% to 8.75%
2014	7.50%	0 to 0.75%	0.50%	0.25%	8.25% to 9%
2015	7.50%	0 to 0.75%	0.50%	0.25%	8.25% to 9%
2016	7.50%	0 to 0.75%	0.50%	0.25%	8.25% to 9%
2017	7.25%	0 to 1.00%	0.625%	0.25%	8.125% to 9.125%
2018	7.25%	0 to 1.00%	0.625%	0.25%	8.125% to 9.125%
2019	7.25%	0 to 1.00%	0.625%	0.25%	8.125% to 9.125%
2020	7.25%	0 to 1.00%	0.750%	0.25%	8.25% to 9.25%
2021	7.25%	0 to 1.00%	1.000%	0.25%	8.50% to 9.50%
2022	7.25%	0 to 1.00%	1.000%	0.25%	8.50% to 9.50%

The cities within each county sales tax varies and they are combined to create this chart.

(a) Statewide sales and use tax rate increased 0.25% on January 1, 2013, and decreased by 0.25% on January 1, 2017

(b) Marin Parks/Open Space/Farmland Preservation Transactions and Use Tax (0.25%, effective 04-01-13, ended 3-31-22), Marin Parks, Open Space, and Sustainable Agriculture Transactions and Use Tax (0.25%, went into effect 10-01-22) and Transportation Authority of Marin County (0.50%, effective 04-01-05)

(c) Sonoma County Transportation Authority (0.25%, 04-01-05), Sonoma County Agricultural Preservation & Open Space District Transactions and Use Tax (0.25%, 04-01-11), Sonoma County Library Maintenance, Restoration, Enhancement Act (0.125%, 4-1-17), Sonoma County Parks and Safety Transactions (0.25%, 04-01-19)

(d) SMART sales tax effective April 1, 2009

Source: California State Board of Equalization, California City & County Sales & Use Tax Rates

[District Taxes, Rates, and Effective Dates (CDTFA-105)]

<https://www.cdtfa.ca.gov/taxes-and-fees/rates.aspx>

<https://www.cdtfa.ca.gov/formspubs/cdtfa105.pdf>

Sonoma-Marin Area Rail Transit District

Principal Revenue Payers
Current Year and Nine Years Ago

Table 7
SONOMA-MARIN AREA RAIL TRANSIT DISTRICT
PRINCIPAL REVENUE PAYERS

Fiscal Year 2022**		
Principal Revenue Payers: Sales Tax Generators	Percentage	Total Receipts
General Retail	29.5%	\$ 14,485,472
Auto and Other Transportation	20.3%	\$ 9,956,356
Food & Beverage Products	18.1%	\$ 8,894,311
Business to Business	14.0%	\$ 6,850,122
Construction Related	13.0%	\$ 6,361,664
Miscellaneous	5.1%	\$ 2,526,905
Totals	100.0%	\$ 49,074,830
Fiscal Year 2011*		
Principal Revenue Payers: Sales Tax Generators	Percentage	Total Receipts
General Retail	30.5%	\$ 7,978,547
Auto and Other Transportation	21.4%	\$ 5,597,576
Food & Beverage Products	19.0%	\$ 4,972,020
Business to Business	15.9%	\$ 4,156,846
Construction Related	10.7%	\$ 2,796,876
Miscellaneous	2.5%	\$ 654,932
Totals	100%	\$ 26,156,797

*First available year of SMART sales tax payer analysis

**Based on data from MuniServices, Categorizations and Totals May Differ from State published/Audited

Table 8
SONOMA-MARIN AREA RAIL TRANSIT DISTRICT
DEBT SERVICE COVERAGE RATIOS

LAST TEN YEARS

Fiscal Year Ending	Interest	Principal	Total	Sales Tax Revenue Actual	Coverage Ratio
6/30/2013	\$ 7,047,458	\$ -	\$ 7,047,458	\$ 30,435,753	4.32
6/30/2014	8,456,950	-	8,456,950	32,473,329	3.84
6/30/2015	8,456,950	-	8,456,950	33,845,426	4.00
6/30/2016	8,456,950	4,540,000	12,996,950	34,776,012	2.68
6/30/2017	8,275,350	5,325,000	13,600,350	36,061,895	2.65
6/30/2018	8,009,100	6,195,000	14,204,100	37,135,476	2.61
6/30/2019	7,730,850	8,365,000	16,095,850	41,241,140	2.56
6/30/2020	7,312,600	9,435,000	16,747,600	38,978,630	2.33
6/30/2021	3,987,001	3,365,000	7,352,001	44,002,410	5.99
6/30/2022	1,656,756	13,280,000	14,936,756	49,074,830	3.29

Sonoma-Marín Area Rail Transit District
Ratios of Outstanding Debt (Unaudited)
Last Ten Fiscal Years

Table 9
SONOMA-MARIN AREA RAIL TRANSIT DISTRICT
RATIOS OF OUTSTANDING DEBT (Unaudited)

TOTAL DEBT TO INCOME RATIO
SMART District: Sonoma and Marin Counties Combined

Fiscal Year	Total Outstanding Debt	Personal Income	Population	Ratio of Debt to Personal Income	Total Debt Per Capita
2013*	190,145,000				
2014	192,365,524	53,487,101,000	759,238	0.37%	\$ 253
2015	190,096,688	57,742,796,000	762,362	0.34%	\$ 249
2016	183,318,018	59,833,017,000	763,882	0.31%	\$ 240
2017	175,819,899	62,676,073,000	762,971	0.28%	\$ 229
2018	167,528,327	67,113,317,000	759,608	0.26%	\$ 216
2019	157,163,502	69,657,112,000	763,554	0.23%	\$ 206
2020	145,846,953	70,353,683,000	753,162	0.21%	\$ 194
2021	119,605,000	73,816,208,000	746,093	0.16%	\$ 160
2022**	106,841,723	74,554,370,080	754,162	0.14%	\$ 142

TOTAL DEBT SERVICE TO NON-CAPITAL EXPENSES

Fiscal Year	Total Debt Service	Non-Capital Expenditures	Ratio Debt Service to Non-
2013*	7,047,458	14,713,553	48%
2014	8,456,950	16,613,756	51%
2015	8,456,950	18,415,414	46%
2016	12,996,950	26,740,014	49%
2017	13,600,350	33,710,422	40%
2018	14,204,100	40,704,021	35%
2019	16,095,850	46,089,431	35%
2020	16,747,600	47,767,685	35%
2021***	7,352,001	34,924,294	21%
2022	14,936,756	42,526,001	35%

*Fiscal Year 2013 is the first full year SMART had outstanding debt service payments on Series 2011A bonds

**2022 Personal income amount estimated assuming 1% increase from prior year. Total Outstanding Debt includes Leases Payable.

*** SMART's 2011A bonds were refunded in October 2020 with the Series 2020A bonds part of debt service is from 2011A bonds

Sources: Bureau of Economic Analysis, US Dept of Commerce; Series 2011A Bond; Table 3

Table 10
SONOMA-MARIN AREA RAIL TRANSIT DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS (Unaudited)
Last Ten Fiscal Years

Marin County				
Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2012	256,072	\$ 23,918,732	\$ 93,407	6.3%
2013	258,453	\$ 25,093,401	\$ 97,124	5.0%
2014	260,435	\$ 27,176,774	\$ 104,319	4.3%
2015	261,016	\$ 29,227,230	\$ 114,455	3.6%
2016	260,633	\$ 30,222,883	\$ 117,552	3.4%
2017	259,725	\$ 32,867,529	\$ 124,552	2.9%
2018	259,666	\$ 33,196,204	\$ 134,275	2.3%
2019	258,826	\$ 36,684,680	\$ 138,903	2.3%
2020*	262,321	\$ 38,187,380	\$ 145,575	10.2%
2021**	260,206	\$ 38,569,254	\$ 147,031	4.5%

Sonoma County				
Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2012	490,071	\$ 23,548,182	\$ 47,879	8.6%
2013	494,243	\$ 24,905,827	\$ 50,312	6.7%
2014	498,803	\$ 25,224,331	\$ 50,533	5.6%
2015	501,346	\$ 27,284,819	\$ 55,445	4.5%
2016	503,249	\$ 28,457,348	\$ 57,264	4.1%
2017	503,246	\$ 30,343,873	\$ 60,286	3.4%
2018	499,942	\$ 30,647,311	\$ 64,501	2.7%
2019	494,336	\$ 32,972,432	\$ 64,869	2.7%
2020*	488,863	\$ 34,897,974	\$ 71,386	11.4%
2021**	485,887	\$ 35,246,954	\$ 72,100	5.5%

*2020 Most recent complete data available

**2021 Personal Income and Per Capita Personal Income estimated based on one percent increase from previous year

Sources:

Population: U.S. Census Bureau, census.gov, as of July 1, 2021
 Personal Income: US Department of Commerce, Bureau of Economic Analysis www.bea.gov, released 11/16/21
 Unemployment: EDD, Labor Market Information - www.labormarketinfo.edd.ca.gov, using June 1st data

<https://www.bea.gov/data/income-saving/personal-income-county-metro-and-other-areas>
<https://www.labormarketinfo.edd.ca.gov/file/lfhist/20aacou.pdf>

Table 11
SONOMA-MARIN AREA RAIL TRANSIT DISTRICT
MAJOR EMPLOYERS (UNAUDITED)
Current Year

Marin County 2022		
Employer	Number of Employees	Percent of Total Employment*
Kaiser Permanente San Rafael Medical Center**	2,339	1.84%
County of Marin	2,093	1.65%
BioMarin Pharmaceutical	1,658	1.31%
San Quentin State Prison	1,547	1.22%
Marin Health Medical Center**	1,081	0.85%
Novato Unified School District	800	0.63%
San Rafael City Schools	594	0.47%
Autodesk	578	0.46%
Marin Community Clinics	576	0.45%
Dominican University of California	432	0.34%
Novato Community Hospital**	375	0.30%
W. Bradley Electric, Inc.	323	0.25%
Sonoma County 2022		
Employer	Number of Employees	Percent of Total Employment*
County of Sonoma	3,783	1.57%
Kaiser Permanente	3,130	1.30%
Graton Resort and Casino	1,965	0.82%
Santa Rosa School District	1,344	0.56%
Keysight Technologies	1,727	0.72%
Providence - Sonoma County**	1,476	0.61%
Sutter Santa Rosa Regional Hospital**	1,200	0.50%
Safeway, Inc**	1,200	0.50%
Jackson Family Wines	1,082	0.45%
City of Santa Rosa**	1,091	0.45%
Oliver's Market	976	0.40%
Santa Rosa Junior College	716	0.30%

Sources:

North Bay Business Journal
County of Marin
San Quentin State Prison
Novato Unified School District
BioMarin Pharmaceutical
County of Sonoma
Graton Resort & Casino
City of Santa Rosa
Santa Rosa School District
Employment Development Department, State of California
Santa Rosa Junior College
Marin County Office of Education
Autodesk

*Percent of Total Employment reflects June 2022 employed, using California EDD data

**Utilized 2021 data, 2022 data not available

Sonoma-Marín Area Rail Transit District
Operating Information (Unaudited)
Current Year

Table 12
SONOMA-MARIN AREA RAIL TRANSIT DISTRICT
Operating Information (Unaudited)

Start of Operations	August 2017	Rail Stations in Service	12
Form of Governance	Board of Directors with General Manager	Park and Ride Lots (SMART)	6
Service Area	Sonoma and Marin Counties, California	Rail Vehicles in Service	18
Miles of Commuter Rail in Operation	45		

OPERATING STATISTICS

Fiscal Year	Ridership	Fare Revenue	Average Fare	Revenue Vehicle Hours	Revenue Vehicle Service Miles
2021-22***	354,291	1,261,038	\$3.56	23,174	679,245
2020-21**	122,855	\$706,938	\$5.75	24,496	404,011
2019-20	567,103	\$3,090,458	\$5.45	28,993	821,415
2018-19*	716,847	\$4,094,540	\$5.71	32,560	923,002
2017-18	636,029	\$3,315,274	\$5.21	43,959	766,833

FARE INFORMATION***

Daily Fares By Zone	1 Zone	2 Zones	3 Zones	4 Zones	5 Zones	Daily Max
Adult Fare	\$1.50	\$3.00	\$4.50	\$6.00	\$7.50	\$15.00
Seniors, youth, and disabled	\$0.75	\$1.50	\$2.25	\$3.00	\$3.75	\$7.50
Passes	Adult	Discount				
31-Day Pass	\$135	\$67.50				

*2018-19 is the first full year of service

**Fares changed May 2021

***2021-22 ridership and related data subject to change through NTD review

Sonoma-Marín Area Rail Transit District
Employees-Full-Time Equivalent (Unaudited)
Last Ten Fiscal Years

Table 13
SONOMA-MARIN AREA RAIL TRANSIT DISTRICT
Employees- Full-Time Equivalent (Unaudited)

Division	Fiscal Year Ended June 30									
	2013*	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Manager	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Legal	0.0	0.8	1.0	1.3	2.8	3.0	3.0	3.0	3.0	3.0
Capital Projects	11.8	13.8	13.9	13.2	8.1	6.0	11.0	11.0	7.0	9.0
Administration	5.6	8.0	8.4	9.0	13.3	15.0	18.0	20.0	16.0	15.0
Finance	5.8	5.8	5.8	6.1	6.2	7.0	8.0	7.0	7.0	7.0
Operations	1.0	1.3	4.7	36.9	79.4	86.0	99.5	102.0	96.5	103.5
Safety &	0.0	0.0	0.8	1.0	2.0	3.0	4.5	5.0	5.0	5.0
Freight	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
Total	25.2	30.7	35.6	68.6	112.8	121.0	145.0	149.0	135.5	144.5

* FY2013 was the first year SMART prepared Statistical Charts, no data available for prior years



Federal Awards Reports in Accordance
with the Uniform Guidance
June 30, 2022

Sonoma-Marín Area Rail Transit District

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing
Standards* 1

Independent Auditor’s Report on Compliance for the Major Federal Program; Report on Internal Control over
Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance 3

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Governing Board of the
Sonoma-Marín Area Rail Transit District
Petaluma, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the passenger and freight enterprise funds of Sonoma-Marín Area Rail Transit District (District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 28, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Menlo Park, California
November 28, 2022



Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Governing Board of the
Sonoma-Marín Area Rail Transit District
Petaluma, California

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Sonoma-Marín Area Rail Transit District's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2022. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the passenger and freight enterprise funds of the District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 28, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Menlo Park, California
November 28, 2022

Sonoma-Marin Area Rail Transit District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor/ Program Title or Cluster Title	Federal Financial Assistance Listing / Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department Of Transportation			
Federal Transit Cluster:			
Federal Transit Formula Grants:			
COVID-19, SMART 5307 ARPA Grant - Operating Assistance	20.507	CA-2022-005-00	\$ 7,261,675
SMART FY20 5307 - Preventive Maintenance	20.507	CA-2021-013-01	427,048
SMART FY21 5307 - Preventive Maintenance	20.507	CA-2022-008-00	<u>2,957,734</u>
Total Federal Transit Cluster			<u>10,646,457</u>
Total U.S. Department of Transportation			<u>10,646,457</u>
Federal Emergency Management Agency			
Kincade Fire 10/2019	97.036	FEMA-5295-FM-CA	104,623
Total Federal Emergency Management Agency			<u>104,623</u>
Total			<u><u>\$ 10,751,080</u></u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (schedule) includes the federal award activity of the Sonoma-Marin Area Rail Transit District (District) under programs of the federal government for the year ended June 30, 2022. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

The Organization does not draw for indirect administrative expenses and has not elected to use the 10% de minimus cost rate.

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>Yes</u>
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>None Reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal control over major federal programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>None Reported</u>
Type of auditor's report issued on compliance for major federal programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with	<u>No</u>
Identification of major federal programs:	

<u>Federal Financial Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
20.507	Federal Transit Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

Section II – Financial Statement Findings

2022-001 Transfer of Operations, Valuation Material Weakness

Criteria:

Transactions within the scope of GASB 69, *Government Combinations and Disposals of Government Operations* (GASB 69) involve combinations of legally separate entities, such as a governmental entity with other governmental entities or a governmental entity with a for-profit entity. Government combinations also include acquisitions of activities that comprise less than an entire legally separate entity and involve only the assets and liabilities previously used by an entity to provide specific goods or services. GASB 69 refers to such activities as *operations*. An operation is an integrated set of activities conducted and managed to provide identifiable services with associated assets or liabilities.

During the year, the District officially became the freight common carrier for the rail line that runs from Novato (MP B25.6) to just east of the Napa River (MP B49.80) and from Larkspur (MP 15) to the Sonoma/Mendocino County line (MP 89). SMART assumed ownership of land, capital assets, and freight rights through the transaction.

GASB 69 states that the transferee government should recognize the carrying values of assets of the transferor entity as of the effective transfer date. If the assets are not recognized and measured in conformity with authoritative guidance for state and local governments, those elements should be adjusted to bring them into conformity.

Condition:

The transaction was initially recorded as a “donation of capital assets” rather than a “transfer of operations.” Donated capital assets are recorded based on their market value. However, transfers of operations are recorded at the book value of the transferring government.

Cause: Government combinations are infrequent. The facts and circumstances of this specific government combination are extraordinarily irregular because the transaction intends to provide for the expansion of freight and passenger service.

Effect: The value of capital assets received by the freight fund were initially recognized as a donation of capital assets valued at fair value, rather than as a transfer of operations, which should have been valued at the book value of the transferring government.

Recommendation:

The District adjusted the valuation of the transferred assets in the financial statements and no further recommended action is required.

Views of Responsible Officials:

In 2018, the California legislature passed S.B. 1029 which called for the dissolution of the North Coast Railroad Authority (NCRA) a government entity and the Northwestern Railroad Company (NWPCo.) a private freight operator. The legislation provided \$4 million for the purchase of freight rights and equipment from NWPCo. and called for the right of way between MP 62.2 in Healdsburg and MP 89 at the Sonoma County line to be transferred to SMART with no consideration. Based on these circumstances, SMART recorded the transfer of land with no consideration as a “donated” asset and valued it a market rate. The \$4 million payment to NWPCo. was recorded as an intangible asset. The difference of how the land was recorded, i.e., a donated asset vs a transfer of operations, is what resulted in the difference of how the land was valued (historical vs market). SMART agrees that this is a very unique situation and it is not expected to occur again.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – Schedule of Prior Audit Findings

None reported.



November 29, 2022

To the Governing Board of the
Sonoma-Marín Area Rail Transit District
Petaluma, California

We have audited the financial statements of Sonoma-Marín Area Rail Transit District's (District) as of and for the year ended June 30, 2022, and have issued our report thereon dated November 28, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and Government Auditing Standards and our Compliance Audit under the Uniform Guidance

As communicated in our letter dated March 16, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the District complied with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program. Our audit of the financial statements and major program compliance does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of the District's major federal program compliance, is to express an opinion on the compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, as a part of our major program compliance audit, we considered internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the District's internal control over compliance.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated November 28, 2022. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated November 28, 2022.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate and our firm, have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

As stated in our auditor's report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as "significant risks". We have identified the following as significant risks.

- Management's valuation of the acquired book value of transferred capital assets presents a risk of estimation uncertainty.
- Management override of internal controls.
- Revenue may be recognized prior to meeting applicable criteria.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the fiscal year, other than the implementation of GASB Statement No. 87, *Leases*. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are involving the valuation of donated capital assets, lease accounting discount rates, and the valuations for pension and postemployment benefits as follows:

- Management's estimate of the acquired book value of capital assets is based on records of the original property acquisitions by the predecessor agency during 1995 and 1996.
- Management's estimate of the lease accounting discount rates is based the Treasury SLGS rates over the period of lease agreements with adjustment for the District's risk profile.
- Management's estimate of the pension and postemployment benefits is based on actuarial valuations prepared in accordance with the methods prescribed by governmental accounting standards.

We evaluated the key factors and assumptions used to develop the management estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to the following:

- **Note 1** summarizes the District's accounting policies. Sub-headers O and P described significant changes in accounting policies due to the implementation of new accounting standards about leases. The effect of the restatement is further described at **Note 9**.
- **Note 2** describes the District's investment portfolio, including certain risks required by the accounting standards for disclosure.
- **Note 4** describes the District's long-term debt activities including required principal and interest payments for debt service.
- **Note 6** describes the valuation of the District's net pension liability and related deferred outflows and inflows of resources. Such amounts are sensitive to the underlying actuarial assumptions used including, but not limited to, the investment rate of return and discount rate. As disclosed, a one percent increase or decrease in the discount rate has a material effect on the District's net pension liability.
- **Note 7** describes the District's postemployment benefits liability and related deferred outflows and inflows of resources are sensitive to the underlying actuarial assumptions used including, but not limited to, the discount rate and healthcare cost trend rate. As disclosed, a one percent increase or decrease in the discount rate or the healthcare cost trend rate has a material effect on the District's post-employment benefits liability.
- **Note 11** describes significant changes to the District's postemployment benefits liability occurring subsequent to the June 30, 2022 reporting date.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. The following misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

- A reduction in the recorded value of assets received and related inflows of resources from a transfer of operations of \$34.2 million.

The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

- The July 1, 2021, opening balance of accounts receivable and net position of the transit fund includes grant amounts recognized prior to the execution of the grant agreement of \$923,678. Governmental accounting standards require a fully executed grant agreement prior to recognizing such amounts in the financial statements.

The effect of the uncorrected misstatements, including the effect of the reversal of prior year uncorrected misstatements as of and for the year ended June 30, 2022, is an overstatement of accounts receivable and net position net income of \$923,678.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. Our report contains an emphasis of matter for the implementation of the GASB Statement 87, *Leases*.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated November 28, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the District's annual report, does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the other information and considered whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the governing board and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Menlo Park, California



SONOMA-MARIN AREA RAIL TRANSIT DISTRICT

2022 Audited Financial Statements

SCOPE OF THE AUDIT

- Audit of the District's financial statements
 - Are the financial statements prepared in accordance with the governmental accounting requirements
- Federal single audit
 - Is the District using Federal grants per the grant agreement?
- Reporting on identified internal control deficiencies, if any
 - Financial reporting
 - Compliance with laws and regulations

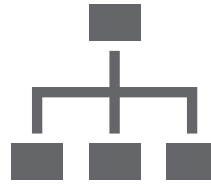


SCOPE OF THE AUDIT



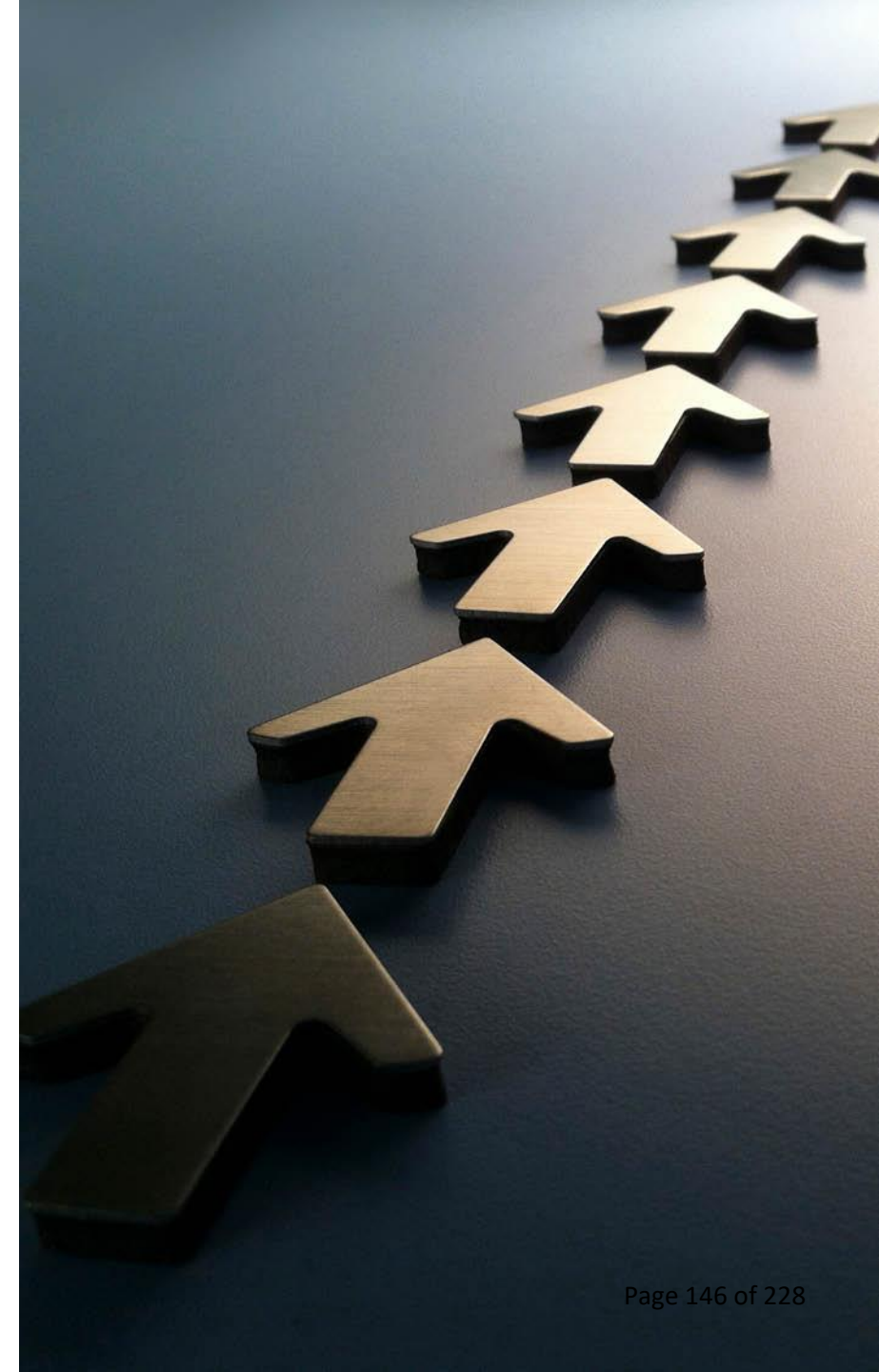
Auditor's responsibilities

Forming and expressing opinions based on the results of our audit of the **financial statements**, and audit of **compliance**.

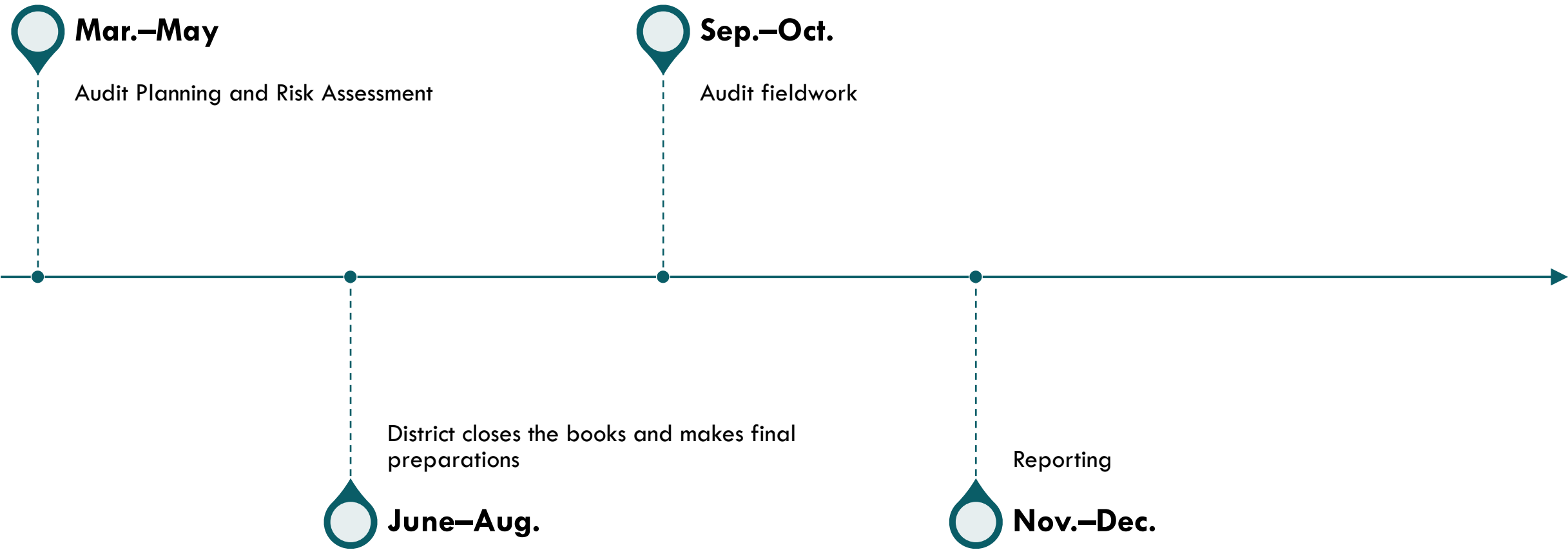


Management's Responsibilities

Completeness and accuracy of the financial statements, maintenance of internal control over financial reporting, and compliance with laws and regulations.



TIMING



AUDIT RESULTS

1 OPINION ON THE FINANCIAL STATEMENTS

“...the financial statements referred to above present fairly, in all material respects, the financial position of the District...”

2 INTERNAL CONTROL OVER FINANCIAL REPORTING

GASB 69, Government Combination

3 FEDERAL COMPLIANCE

“...the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program...”



OTHER MATTERS



GASB 87, *Leases* – Restatement



CalPERS, net pension liability and subsequent event



County pool valuation and subsequent event





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December 7, 2022

David Rabbitt, Chair
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General Manager

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www.sonomamarintrain.org

Sonoma- Marin Area Rail Transit Board of Directors
5401 Old Redwood Highway, Suite 200
Petaluma, CA 94954

SUBJECT: Approval of Board Resolution No. 2022-40, Budget Amendment for Freight

Dear Board Members:

RECOMMENDATIONS:

Review and Approve Resolution No. 2022-40, Budget Amendment for Freight for Fiscal Year 2022-23.

SUMMARY:

Fiscal Year 2022-2023 is the first full year of operating freight. In the Fiscal Year 2022-23 budget, we estimated the cost of on-going and one-time capital expenses. We are now five months into the fiscal year and need to adjust the freight budget.

Revenues

With almost five months of revenues booked, we are modifying the revenues to reflect the following:

- Increase lease revenue by \$99,257 to \$245,000 based on latest revenue collections
- Decrease storage fees by \$67,000 based revenue earned to date
- Add new funding source, 45(G) tax credit in the amount of \$239,190

This results in total estimated revenue for Fiscal Year 2022-23 of \$5,815,190.

Expenditures

We have awarded two projects, Blackpoint Bridge and Highway 37 Grade Crossing Reconstruction projects, both which came in under budget. A portion of these funds were reallocated to increase the line item for car hire fees, fund the fees for the broker for the 45(G)-tax credit, fund an on-call Bridge Engineer and Bridge Inspections, and add a contingency of \$80,000.

In addition to the projects above, we had \$923,675 budgeted for High Priority Timber Bridges on the Brazos Branch. This project included the following locations:

Brazos Timber Bridge Repairs – Phase I
Timber Bridge – MP B38.97 Railroad Slough
Timber Bridge – MP B37.37 Simmons Slough
Timber Bridge – MP B28.68 Black Point Bridge
Timber Bridge – MP B40.69 Schell Creek
Timber Bridge – MP B44.03 Tributary
Timber Bridge – MP V26.26 Novato Creek

While the project was out to bid, the Timber Bridge – MP B38.97 Railroad Slough failed and was pulled from the bid package so that emergency repairs could be done. The cost for that work was \$475,865, which left \$447,810 for the remaining locations. The bids have been opened and the lowest bid was \$1,165,302. When construction engineering and contingency are added the total estimated cost is \$1,340,097. The difference needed to complete the five remaining locations is \$892,287.

With the changes in revenue and expenditures the net amount that needs to come from the fund balance is \$699,247. This will reduce the fund balance from \$2.1 million to \$1.4 million. See Appendix B.

FISCAL IMPACT: Reduces the unrestricted Freight fund balance from \$2.1 million to \$1.4 million. This will reduce the funding available in future years for maintenance, rehabilitation, and capital improvements.

Very Truly Yours,

/s/
Heather McKillop
Chief Financial Officer

Attachment(s):

- 1) Resolution No. 2022-40
- 2) Appendix B: Freight Sources and Uses

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT,
STATE OF CALIFORNIA, AMENDING RESOLUTION NO. 2022-22, THE ANNUAL BUDGET FOR FISCAL
YEAR 2022-2023 TO PROVIDE FOR ADDITIONAL APPROPRIATION AUTHORITY**

WHEREAS, as part of its approval of the Annual Budget for Fiscal Year 2022-2023, the Board of Directors considered the annual expenditures necessary for the Sonoma-Marín Area Rail Transit District; and

WHEREAS, on June 15, 2022, the Board adopted Resolution No. 2022-22 approving the annual budget for Fiscal Year 2022-2023; and

WHEREAS, Resolution No. 2022-22 considered the appropriation of expenditures for the operations, maintenance, rehabilitation, and repair of freight for Fiscal Year 2023; and

WHEREAS, the estimate revenues and expenditures has changed and additional appropriation authority is needed to accomplish activities for the movement of freight; and

WHEREAS, the Board desires to Amend the Annual Budget to provide increased appropriation authority for freight;

NOW, THEREFORE, BE IT RESOLVED that Resolution No. 2022-22, Fiscal Year 2022-2023 Annual Budget is hereby amended to increase expenditure authority by \$699,247 for a total appropriation of \$5,480,643 for Fiscal Year 2023.

BE IT FURTHER RESOLVED except as specifically amended or supplemented by this Resolution, Resolution No. 2022-22, together with all supplements, amendments, and exhibits thereto is, and shall continue to be, in full force and effect as originally adopted, and nothing contained herein shall, or shall be construed to, modify, invalidate, or otherwise affect and provision of Resolution No. 2022-22.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Sonoma-Marín Area Rail Transit District held on the 7th day of December 2022, by the following vote:

DIRECTORS:

AYES:

NOES:

ABSENT:

ABSTAIN:

David Rabbitt, Chair, Board of Directors
Sonoma-Marín Area Rail Transit District

ATTEST: _____
Leticia Rosas-Mendoza, Clerk of the Board of Directors
Sonoma-Marín Area Rail Transit District

APPENDIX B - FREIGHT SOURCES AND USES

	FY 23	Carryforward and Other Adjustments	FY 23 Amendments	Total	Comments
Beginning Fund Balance	\$ 1,107,702		\$ -	\$ 1,107,702	
Revenues					
State Grant (42341)	\$ 4,000,000	\$ -	\$ -	\$ 4,000,000	Received 10/24/2022
State Grant (Blackpoint)	\$ 206,000	\$ -	\$ -	\$ 206,000	
Freight Movement Fees	\$ 1,100,000	\$ -	\$ -	\$ 1,100,000	
Leases	\$ 145,743	\$ -	\$ 99,257	\$ 245,000	Leases higher than anticipated
Storage	\$ 92,000	\$ -	\$ (67,000)	\$ 25,000	Revenues less than anticipated
45(g) Tax Credit	\$ -	\$ -	\$ 239,190	\$ 239,190	Sale of tax credit
Total Revenues	\$ 5,543,743	\$ -	\$ 271,447	\$ 5,815,190	
Total Revenues + Fund Balance	\$ 6,651,445	\$ -	\$ 271,447	\$ 6,922,892	

	FY 23	Carryforward and Other Adjustments	FY 23 Amendments	Total	Comments
Salaries	\$ 786,060	\$ -	\$ -	\$ 786,060	
Service & Supplies	\$ 1,133,470	\$ 377,715	\$ -	\$ 1,511,185	
Total Salaries, Benefits, Service, & Supplies	\$ 1,919,530	\$ 377,715	\$ -	\$ 2,297,245	
Balance	\$ 4,731,915	\$ (377,715)	\$ 271,447	\$ 4,625,647	

	FY 23	Carryforward and Other Adjustments	FY 23 Amendments	Total	Comments
Blackpoint Bridge	\$ 982,150	\$ (256,409)	\$ -	\$ 725,741	Bids came in lower than the budget
Highway 37 Grade Crossing Reconstruction	\$ 600,000	\$ (101,306)	\$ -	\$ 498,694	Bids came in lower than the budget
Brazos Branch - Bridge Repairs (High Priority)	\$ 865,269	\$ 58,406	\$ 892,288	\$ 1,815,963	Bids came in higher than anticipated
New York Air Brake	\$ 68,000	\$ -	\$ -	\$ 68,000	
PTC	\$ 75,000	\$ -	\$ -	\$ 75,000	
Total Capital & SOGR	\$ 2,590,419	\$ (299,309)	\$ 892,288	\$ 3,183,398	
Balance	\$ 2,141,496	\$ (78,406)	\$ (620,841)	\$ 1,442,249	



David Rabbitt, Chair
Sonoma County Board of Supervisors

Barbara Pahre, Vice Chair
Golden Gate Bridge,
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December 7, 2022

Sonoma- Marin Area Rail Transit Board of Directors
5401 Old Redwood Highway, Suite 200
Petaluma, CA 94954

SUBJECT: Short Range Transit Plan (SRTP) Update - Metropolitan
Transportation Commission (MTC)

Dear Board Members:

RECOMMENDATIONS: Information Item

SUMMARY:

Federal statutes require Metropolitan Transportation Commission (MTC) in partnership with state and local agencies to develop and update a Regional Transportation Plan (RTP) and Transportation Improvement Plan (TIP). To accomplish this, MTC requires that each transit operator that receives federal funds prepare, adopt, and submit a SRTP to MTC. This is required every four years.

Even though SMART submitted our SRTP last November, MTC requires that all transit operators provide an updated plan under a revised approach. Considering the impacts of the pandemic on transit ridership and transit agencies, MTC has reimagined and restructured the SRTP and its requirements for Fiscal Year 2023. They have narrowed the scope to 5 years and are requiring three different scenarios to be considered.

The scenario planning is designed to serve as a management document and provides FTA and MTC with information such as the status and outlook of transit service in the Bay Area, the impacts of varying levels of funding on transit service and develop actionable information to support funding advocacy and tradeoffs.

The three scenarios that are required: 1) Robust Recovery; 2) Revenue Recovery, with Fewer Riders; and 3) Some Progress. The transit operators are required to use the annual projected operating budgets that are provided by MTC. Based on those operating budgets, the operators are to estimate how much service can be provided by mode.

SMART's narrative document and data have been attached to this document. Revenue miles and hours as well as ridership was estimated based on the percentage changes in operating budget compared to FY 2019 and FY 2023 as seen on the attached MTC Data Request spreadsheet.

As was mentioned, the transit operators were not allowed to change or exceed the operating budgets for each of the scenarios. As can be seen on the attached document, SMART's Fiscal Year 23 operating budget exceeds even the Robust Recovery scenario. We believe we are in a unique situation compared to most transit agencies in the Bay Area for the following reasons:

- SMART had just opened for revenue service 2 ½ years prior to the onset of the pandemic
- SMART had just opened a critical extension from San Rafael to the Larkspur Ferry Terminal 2 months prior to the onset of the pandemic
- Ridership was just starting to grow prior to March 2020 and had not come close to its full potential prior to the shut down
- Sales Tax revenues have been steadily increasing since FY 21 and growth is expected to continue although not at the rate it has been over the last two years
- SMART is not as reliant on fares as some transit agencies in the Bay Area which has allowed us to lower fares to attract riders
- SMART is intending to open the Sonoma County Airport to Windsor extension in the next several years, pending funding
- SMART is looking at adding an on-demand service at the Sonoma County Airport and possibly adding more evening service on the weekends
- Ridership is at 82% of pre-pandemic levels

Based on these reasons, we submitted scenario #4 which better reflects where we believe SMART will be in FY 24 and through FY 28 assuming state and federal funds continue at the current levels.

FISCAL IMPACT: No fiscal impact.

Very Truly Yours,

/s/

Heather McKillop
Chief Financial Officer

Attachment(s):

- 1) SRTP MTC Update PowerPoint Presentation
- 2) Narrative for SRTP
- 3) MTC Data Request

Short Range Transit Plan (S RTP)

Bay Area Transit Recovery Scenario Planning

December 7, 2022



Basis of the SRTP Requirement

- Federal statutes require MTC in partnership with state and local agencies develop and update a Regional Transportation Plan (RTP) and Transportation Improvement Plan (TIP)
- Done through SRTP
- Required every four (4) years

Reimagined Approach

- Pandemic significantly impacted Transit Operators
- In light of impacts SRTP is being reimagined and restructured for FY 2023
- Narrows scope to 5-year planning horizon
- All transit operators required to complete regardless of when last plan was done
-
- Requires scenario planning

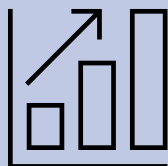
SRTP Purpose

- Serve as management document and provides FTA and MTC with information
- Understand status and outlook of transit service in the Bay Area
- Understand the impacts of varying levels of funding on transit service
- Develop actionable information to support funding advocacy and tradeoffs

Page 161 of 228

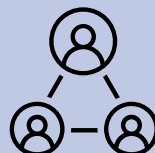


Scenario Planning



1. Robust Recovery

There is adequate funding to return overall revenue to 100% of pre-pandemic levels, with escalation



2. Revenue Recovery, with Fewer Riders:

Federal Relief funds are eventually exhausted, other funds recover to pre-pandemic levels, but farebox revenue remains 20-50% below pre-pandemic levels for next 5 years



3. Some Progress

Federal relief funds are eventually exhausted and total revenue available to the agency is 15% below pre-pandemic levels for the next five years

Scenarios

- Three scenarios
- Operating Budgets were provided by MTC by year for each scenario
- Had to provide operating hours and miles for each scenario
- SMART developed a scenario #4 based on current state

Scenarios

	Prepandemic	Current	SRTP Planning Horizon - Scenario 1				
Data Category (Annual amounts)	FY19	FY23	FY24	FY25	FY26	FY27	FY28
Revenue Vehicle Hours	32,890	34,863	27,984	28,531	29,169	29,807	30,445
Revenue Vehicle Miles	923,002	980,735	787,225	802,611	820,560	838,510	856,460
Ridership	716,847	594,028	476,820	486,139	497,011	507,883	518,755
Operating Budget	27,490,190	38,246,448	30,700,000	31,300,000	32,000,000	32,700,000	33,400,000

	Prepandemic	Current	SRTP Planning Horizon - Scenario 2				
Data Category (Annual amounts)	FY19	FY23	FY24	FY25	FY26	FY27	FY28
Revenue Vehicle Hours	32,890	34,863	26,708	27,255	27,893	28,531	29,078
Revenue Vehicle Miles	923,002	980,735	751,326	766,711	784,661	802,611	817,996
Ridership	716,847	594,028	455,075	464,394	475,267	486,139	495,458
Operating Budget	27,490,190	38,246,448	29,300,000	29,900,000	30,600,000	31,300,000	31,900,000

	Prepandemic	Current	SRTP Planning Horizon - Scenario 3				
Data Category (Annual amounts)	FY19	FY23	FY24	FY25	FY26	FY27	FY28
Revenue Vehicle Hours	32,890	34,863	23,791	24,247	24,794	25,341	25,888
Revenue Vehicle Miles	923,002	980,735	669,270	682,091	697,476	712,862	728,247
Ridership	716,847	594,028	405,374	413,140	422,459	431,778	441,097
Operating Budget	27,490,190	38,246,448	26,100,000	26,600,000	27,200,000	27,800,000	28,400,000

Changes in Revenue Hours, Revenue Vehicles, and Ridership were based on mathematical ratios and were not modeled

Scenario #4 – SMART Projections

	Prepandemic	Current	SRTP Planning Horizon - Scenario 4				
Data Category (Annual amounts)	FY19	FY23	FY24	FY25	FY26	FY27	FY28
Operating Budget	27,490,190	38,246,448	40,784,076	42,007,598	43,743,183	45,055,479	46,407,143

- Assumes sales & use tax continues to grow but at much slower pace than FY 21, FY22, and FY 23
- Assumes fare revenues don't increase until FY 25 and then only by inflation
- Assumes ridership doesn't reach pre-pandemic levels until FY 2030
- Assumes opening of Santa Rosa to Windsor in FY 25

Connect with us:

www.SonomaMarinTrain.org



Customer Service:

CustomerService@SonomaMarinTrain.org

(707) 794- 3330





November 18, 2022

David Rabbitt, Chair
Sonoma County Board of Supervisors

Barbara Pahre, Vice Chair
Golden Gate Bridge,
Highway/Transportation District

Judy Arnold
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Mr. Terence Lee
Policy & Financial Analyst
Metropolitan Transportation Commission
tleee@bayareametro.gov

Dear Terence:

SMART is submitting the required narrative document regarding the Short-Range Transit Plan: Bay Area Transit Recovery Scenario Planning.

Pre-pandemic State of Service – FY 2018-2019

SMART started revenue service on August 25, 2017, with service from Downtown San Rafael to the Sonoma County Airport in Santa Rosa, which included 43 miles of passenger rail and 10 stations.

Ridership in Fiscal Year 2019 was 716,847, with total route miles of 85.8, 32,890 revenue vehicle hours and 923,002 revenue vehicles miles.

Time Frame	Weekday Ridership	Weekend Ridership
July 2018 – June 2019	616,113	100,734

In 2019, SMART had yet to establish a baseline ridership figure. Between the start of revenue service in August 2017 and the end of Fiscal Year 2019, the North Bay experienced two devastating fires and one major flooding event that impacted ridership.

Fiscal Year 2020 – Fiscal Year 2022

In December 2019, SMART extended passenger service 2.1 miles to Larkspur and the Golden Gate Ferry Terminal. In addition, two new stations were added, one at Larkspur and one at downtown Novato. In January 2020, service was increased to 38 weekday trips and 10 trips on Saturday and Sunday.

Within weeks of the opening of the extension and the increased service, Governor Newsom issued "Stay-at-Home" orders due to the onset of the COVID-19 pandemic. In March 2020, service was reduced to 16 trips per weekday and weekend service was annulled.

The following chart shows the impact of COVID on ridership on the SMART system.

Time Frame	Weekday Ridership (Annual)	Weekend Ridership (Annual)
July 2019 – June 2020	496,369	70,734
July 2020 – June 2021	119,986	2,863
July 2020 – June 2022	306,528	47,800

In May 2021, as the Stay-at-Home orders started to lift, SMART restored 10 weekday trips for a total of 26 weekday trips and 12 trips on Saturday. Sunday service remained annulled. In addition, to the service increase, SMART reduced fares by approximately 40%. In May of 2022, Sunday service was restored with 12 trips per day and in June 2022 service was increased by an additional 10 trips on the weekdays, for a total of 36 trips.

Current State of Service – FY 2022-23

In October 2022, SMART added an additional 2 trips per day for a total of 38 weekday trips. SMART is currently operating more service than prior to the pandemic. Ridership is at approximately 86% of pre-pandemic levels and has been rising steadily.

Time Frame	Weekday Trips	Saturday Trips	Sunday Trips
January 2020	38	10	10
March 2020	16	0	0
May 2021	26	12	0
May 2022	26	12	12
June 2022	36	12	12
October 2022	38	12	12

SMART has a goal to reach ridership of 594,028, or 82% of our Fiscal Year 2019 ridership in Fiscal Year 2023. We have found that weekend ridership came back more quickly than weekday ridership and that boardings are spread more evenly throughout the day. We have also focused on trying to align our schedules to meet the Golden Gate Ferry schedule at our end of line station in Larkspur.

Scenario Planning FY 2024 – 2028

SMART utilized the planning numbers provided in the three scenarios. All three scenarios result in revenue, revenue hours, and revenue miles less than what we operated in Fiscal Year 2020. Fiscal Year 2023 operating budget, hours, and miles, reflect a full year of service at a level above what we operated pre-pandemic. To meet the budget scenarios provided by MTC, we would have to cut services by the percentages outlined in the table below in Fiscal Year 2024 with a 2% increase per year in Fiscal Years 2025-2028. We have included Scenario #4 which we believe is a more accurate reflection of our Fiscal Year 2024 operating budget.

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
FY 23 Operating Budget (BOD Adopted)	\$40.2 million	\$40.2 million	\$40.2 million	\$40.2 million
FY 24 MTC Operating Budget	\$30.7 million	\$29.3 million	\$26.1 million	
SMART Forecasted Operating Budget for FY 24				\$41.4 million
\$ Difference	(\$9.5 million)	(\$10.9 million)	(\$14.1 million)	\$1.2 million
% Difference	(24%)	(27%)	(35%)	3%

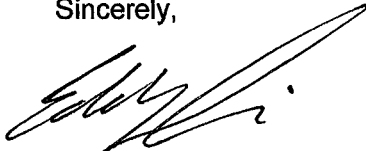
Based on our current ridership, fare revenues, and sales tax collections, unless another shutdown occurs, SMART doesn't foresee any of these three scenarios as a likely outcome over the next five years.

Conclusion

Unlike many other transit systems, SMART was in a growth phase and had not reached its full potential prior to COVID. We have seen a strong rebound in ridership as we have added service back post shut down. As was mentioned previously, we reduced our fares by 40% in May of 2021, which also had a positive impact on ridership. Fare revenues make up a small percentage of our total operating revenue, so we were less impacted than some agencies that rely more heavily on those revenues. We have also seen a strong rebound in sales tax collections in the latter half of Fiscal Year 2022 and in the first few months of Fiscal Year 2023. Future growth includes adding an on-demand service at our end of line station in Sonoma County, the possibility of adding additional evening service on Friday and Saturday, and the extension of service to Windsor in Fiscal Year 2026.

Please feel free to reach out to Heather McKillop, our Chief Financial Officer at hmckillop@sonomamarintrain.org if you have any questions.

Sincerely,



Eddy Cumins
General Manager

Cc: William Bacon, wbacon@bayareametro.gov
Heather McKillop, hmckillop@sonomamarintrain.org
Emily Betts, ebetts@sonomamarintrain.org

	Actuals	Budgeted	Forecast under provided revenue envelope						Forecast under provided revenue envelope					Forecast under provided revenue envelope					
	Prepandemic	Current	SRTP Planning Horizon - Scenario 1						SRTP Planning Horizon - Scenario 2					SRTP Planning Horizon - Scenario 3					
Data Category (Annual amounts)	FY19	FY23	FY24	FY25	FY26	FY27	FY28	FY24	FY25	FY26	FY27	FY28	FY24	FY25	FY26	FY27	FY28		
Total	Revenue Vehicle Hours	32890	34863	27984.14378	28531.06516	29169.1401	29807.21504	30445.28998	26707.9939	27254.91528	27892.99022	28531.06516	29077.98654	23791.07989	24246.84771	24793.76908	25340.69046	25887.61184	
Total	Revenue Vehicle Miles	923002	980735	787225.117	802610.6241	820560.3825	838510.1409	856459.8992	751325.6002	766711.1074	784660.8658	802610.6241	817996.1313	669269.562	682090.8179	697476.3251	712861.8323	728247.3395	
Total	Number of Routes Operated	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
Total	Total Route Miles	85.8	90.1	90.1	90.1	96.3	96.3	96.3	90.1	90.1	96.3	96.3	96.3	90.1	90.1	96.3	96.3	96.3	
Total	Ridership	716847	594028	476819.6932	486138.6448	497010.7551	507882.8654	518754.9756	455075.4726	464394.4243	475266.5346	486138.6448	495457.5965	405374.3971	413140.1902	422459.1418	431778.0935	441097.0451	
Total	Operating Budget	27,490,190	38,246,448	30,700,000	31,300,000	32,000,000	32,700,000	33,400,000	29,300,000	29,900,000	30,600,000	31,300,000	31,900,000	26,100,000	26,600,000	27,200,000	27,800,000	28,400,000	
Total	Total Revenue Vehicles	14	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	
Total	Vehicles Required For Max Service	11	12	12	12	14	14	14	12	12	14	14	14	12	12	14	14	14	
Total	Employees (Full Time Equivalent)	145	152	122	124	127	130	133	116	119	122	124	127	104	106	108	110	113	

Please complete table in whole numbers and dollars for each service mode. Mode will be autopopulated based on completion of ReadMe Tab:

		Prepandemic	Current	SRTP Planning Horizon - Scenario 1					SRTP Planning Horizon - Scenario 2					SRTP Planning Horizon - Scenario 3				
Mode	Data Category (Annual amounts)	FY19	FY23	FY24	FY25	FY26	FY27	FY28	FY24	FY25	FY26	FY27	FY28	FY24	FY25	FY26	FY27	FY28
Commuter Rail	Revenue Vehicle Hours	32,890	34,863	27,984	28,531	29,169	29,807	30,445	26,708	27,255	27,893	28,531	29,078	23,791	24,247	24,794	25,341	25,888
Commuter Rail	Revenue Vehicle Miles	923,002	980,735	787,225	802,611	820,560	838,510	856,460	751,326	766,711	784,661	802,611	817,996	669,270	682,091	697,476	712,862	728,247
Commuter Rail	Number of Routes Operated	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Commuter Rail	Total Route Miles	85.8	90.1	90.1	90.1	96.3	96.3	96.3	90.1	90.1	96.3	96.3	96.3	90.1	90.1	96.3	96.3	96.3
Commuter Rail	Ridership	716,847	594,028	476,820	486,139	497,011	507,883	518,755	455,075	464,394	475,267	486,139	495,458	405,374	413,140	422,459	431,778	441,097
Commuter Rail	Operating Budget	27,490,190	38,246,448	30,700,000	31,300,000	32,000,000	32,700,000	33,400,000	29,300,000	29,900,000	30,600,000	31,300,000	31,900,000	26,100,000	26,600,000	27,200,000	27,800,000	28,400,000
Commuter Rail	Total Revenue Vehicles	14	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18
Commuter Rail	Vehicles Required For Max Service	11	12	12	12	14	14	14	12	12	14	14	14	12	12	14	14	14
Commuter Rail	Employees (Full Time Equivalent)	145	152	122	124	127	130	133	116	119	122	124	127	104	106	108	110	113



December 7, 2022

David Rabbitt, Chair
Sonoma County Board of Supervisors

Barbara Pahre, Vice Chair
Golden Gate Bridge,
Highway/Transportation District

Judy Arnold
Marin County Board of Supervisors

Melanie Bagby
Sonoma County Mayors' and
Councilmembers Association

Kate Colin
Transportation Authority of Marin

Damon Connolly
Marin County Board of Supervisors

Chris Coursey
Sonoma County Board of Supervisors

Debora Fudge
Sonoma County Mayors' and
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Patty Garbarino
Golden Gate Bridge,
Highway/Transportation District

Dan Hillmer
Marin County Council of Mayors and
Councilmembers

Eric Lucan
Transportation Authority of Marin

Chris Rogers
Sonoma County Mayors' and
Councilmembers Association

Eddy Cumins
General Manager

5401 Old Redwood Highway
Suite 200
Petaluma, CA 94954
Phone: 707-794-3330
Fax: 707-794-3037
www.sonomamarintrain.org

Sonoma-Marin Area Rail Transit Board of Directors
5401 Old Redwood Highway, Suite 200
Petaluma, CA 94954

SUBJECT: Authorize the Award of a Sole-Source Purchase Order to Toshiba International Corporation for the Purchase of Specialized Diesel Multiple Unit (DMU) Replacement Parts.

Dear Board Members:

RECOMMENDATION:

The Board-Approved Fiscal Year 2023 Budget includes purchases of specialized DMU parts and equipment essential for supporting maintenance operations on the trains. Staff recommends authorizing the General Manager to award a Sole-Source Purchase Order to Toshiba International Corporation for the purchase of replacement parts in the amount of \$113,136.97.

SUMMARY:

Toshiba International Corporation is the sole manufacturer and distributor of certain specialized train equipment, including the Monitoring and Diagnostic System Unit and related components that are currently utilized on SMART's DMUs. These units were originally supplied by Toshiba International Corporation to Nippon Sharyo when the Diesel Multiple Units were built. Toshiba International Corporation was required to keep additional spare units on-hand to be used for warranty repair and replacement work. The warranty period is now expired and SMART's Vehicle Maintenance Team is requesting to purchase the following spare parts that are available:

(2) - Monitoring and Diagnostic System Unit (MDS Unit):

These units collect and store safety-critical and operational-critical fault information.

(2) - Train Operator Display (TOD):

These units are used by the Engineers to view and monitor the train control systems.

(1) - Vehicle Switch (VS):

This unit functions as an Ethernet switch and provides a central connection to the Ethernet network.

(1) - Remote Input/Output (RIOs):

This unit provides data collection and transmission of subsystem digital signals connected to it.

SMART's Vehicle Maintenance Department does not currently have sufficient spares in stock to support required overhaul services planned in the coming year(s). Additionally, having more spares on hand will potentially prevent trains from being out-of-service if one or more of these units onboard fails or is damaged.

Toshiba International Corporation is the Original Equipment Manufacturer ("OEM") and the only authorized vendor to supply these units for SMART's trains. These parts have undergone rigorous safety and performance testing specific to SMART's passenger rail operations *prior* to being approved by the original car builder, Nippon Sharyo. Given that these units were specifically built for our Diesel Multiple Units, SMART was able to negotiate over a 50% discount from that which even Nippon Sharyo paid for these units only a few years ago. SMART has determined the negotiated pricing to be fair and reasonable.

Staff recommends authorizing the General Manager to award a Sole-Source Purchase Order Toshiba International Corporation for the purchase of these specialized replacement parts in the amount of \$113,136.97.

FISCAL IMPACT: Funding is included in the Fiscal Year 2023 Budget.

REVIEWED BY: [x] Finance /s/ [x] Counsel /s/

Very truly yours,

 /s/

Ken Hendricks

Procurement Manager



December 7, 2022

David Rabbitt, Chair
Sonoma County Board of Supervisors

Barbara Pahre, Vice Chair
Golden Gate Bridge,
Highway/Transportation District

Judy Arnold
Marin County Board of Supervisors

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Sonoma-Marin Area Rail Transit Board of Directors
5401 Old Redwood Highway, Suite 200
Petaluma, CA 94954

SUBJECT: Authorize the General Manager to Award a Purchase Order to RELAM, Inc. for the Purchase of Two (2) Hi-Rail Signal Trucks in the Amount of \$280,973.22.

Dear Board Members:

RECOMMENDATION:

Authorize the General Manager to award a Purchase Order to RELAM, Inc. for the purchase of two (2) Hi-Rail Signal Trucks in the amount of \$280,973.22.

SUMMARY:

SMART's Maintenance of Way and Signals Department require specialized vehicles to perform signal inspection and maintenance work along SMART's Right-of-Way. These vehicles are custom built for railroads to provide the ability to operate on the tracks providing access to areas of SMART's right-of-way that are typically inaccessible using standard road vehicles, as well as properly upfitted to provide the necessary storage for the specialized tools and equipment required to perform the inspections and maintenance. It is critical that our operations team have reliable vehicles to perform the required Federal Railroad Administration ("FRA") inspections and maintenance activities to ensure a safe and reliable service to our passengers, and to ensure timely response during emergency response situations when they arise.

Two of SMART's existing Hi-Rail Signal Trucks are reaching the end of their useful lives and will require replacement. Given the current market conditions and long lead time for procurement, an Invitation for Bid was issued to procure these replacement vehicles. This solicitation was well-advertised to many firms specializing in hi-rail vehicles and railroad equipment upfitting.

SMART received a total of three bids from the following bidders:

1. Custom Truck One Source
2. Doc Bailey Construction Equipment, Inc.
3. RELAM, Inc.

Upon completion of the bid review, SMART determined that RELAM, Inc. submitted the lowest responsive responsible bid and is being recommended for this award.

The pictures below provide an example of a Hi-Rail Signal Truck similar to those which SMART intends to purchase from RELAM, Inc.



The amount of \$280,973.22 that is being requested for approval, includes California sales tax, delivery, California Tire Recycling Fees, and DMV document preparation for Exempt license plates.

Staff recommends authorizing the General Manager to award a Purchase Order to RELAM, Inc. for the purchase of two (2) Hi-Rail Signal Trucks in the amount of \$280,973.22.

FISCAL IMPACT: Funding is included in the Fiscal Year 2022-23 Budget.

REVIEWED BY: [x] Finance /s/ [x] Counsel /s/

Very truly yours,

 /s/
Ken Hendricks
Procurement Manager



December 7, 2022

David Rabbitt, Chair
Sonoma County Board of Supervisors

Barbara Pahre, Vice Chair
Golden Gate Bridge,
Highway/Transportation District

Judy Arnold
Marin County Board of Supervisors

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Sonoma-Marin Area Rail Transit Board of Directors
5401 Old Redwood Highway, Suite 200
Santa Rosa, CA 94954

SUBJECT: Approve a Resolution Authorizing the General Manager to Execute Contract No. FR-BB-22-004 with Koppers Railroad Structures for the Brazos Branch Timber Bridge Repairs Phase 1

Dear Board Members:

RECOMMENDATION:

Approve Resolution No. 2022-41 authorizing the General Manager to execute Contract No. FR-BB-22-004 with Koppers Railroad Structures, Inc for the Brazos Branch Timber Bridge Repairs Phase 1 Project for a total contract amount of \$1,165,302 and term through March 31, 2023.

SUMMARY:

This construction contract repairs five (5) timber trestle bridges on the Brazos railroad branch, between Novato and the Napa River. The repairs are needed due to wear and tear over many years. The work includes repairing or replacing stringers, reconstructing frame bents, repairing walkways and railings and miscellaneous debris removal. This is the first phase of bridge repair work on the Brazos Branch that addresses the most critical repair work.

The 4 locations within this contract include:

1. MP B27.37 Simmons Slough – Remove debris, replace walkway metal grating, replace chord, install sway bracing, and shim a pile.
2. MP B28.68 Blackpoint Bridge – Replace cap, shim or post piles, replace cross bracing, replace 55 bridge ties, and replace stringers.
3. MP B40.69 Schell Creek – Install metal walkway, replace stringers, repair frame bent, and repair backwall.
4. MP B44.03 Tributary – Replace riser and top cap, install girt, post piles, and repair backwalls.

Three additive alternates for one bridge were included in the Invitation for Bid:

1. Additive Alternate A - MP B26.26 Novato Creek: Replace stringers
2. Additive Alternate B - MP B26.26 Novato Creek: Repair walkway, replace guard timbers, and shim chords
3. Additive Alternate C - MP B26.26 Novato Creek: Replace caps, repair bents, and post piles.

SMART advertised an Invitation for Bid on October 24, 2022, for the work and received three (3) responsive bids, for the bridge repair work on November 22, 2022. Koppers Railroad Structures, Inc. was the lowest responsive and responsible bidder with a base bid price of \$810,242 and a total bid price of \$1,165,302, including the additive alternate items. Staff recommends approving the contract with the additive alternate work to address all the needed repair work.

Staff recommends authorizing the General Manager to award Contract No. FR-BB-22-004 with Koppers Railroad Structures, Inc. for a total not to exceed of \$1,165,302 and a term through March 31, 2023.

FISCAL IMPACT: A budget amendment for this work is included in Board Agenda Item 8.

REVIEWED BY: ☐ Finance /s/ ☒ Counsel /s/

Very truly yours,

 /s/
Bill Gamlen, P.E.
Chief Engineer

Attachment(s):

- 1) Resolution No. 2022-41
- 2) Koppers Railroad Structures, Inc., Agreement

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT
APPROVING CONTRACT NO. FR-BB-22-004 WITH KOPPERS RAILROAD STRUCTURES, INC. FOR BRAZOS
TIMBER BRIDGE REPAIRS – PHASE 1**

WHEREAS, the Sonoma-Marín Area Rail Transit District (SMART) owns the track between Novato to just east of the Napa River; and

WHEREAS, SMART issued an Invitation for Bid on October 24, 2022, to repair six (6) timber trestle bridges; and

WHEREAS, SMART received three (3) bids on November 22, 2022; and

WHEREAS, SMART determined that Koppers Railroad Structures, Inc. was the lowest responsible and responsive bidder; and

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF SMART HEREBY FINDS, DETERMINES, DECLARES, AND ORDERS AS FOLLOWS:

1. The forgoing Recitals are true and correct and are incorporated herein and form a part of this Resolution.
2. Authorize the General Manager to execute Contract No. FR-BB-22-004 with Koppers Railroad Structures, Inc., for a total contract amount of \$1,165,302.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Sonoma-Marín Area Rail Transit District held on the 7th day of December 2022, by the following vote:

DIRECTORS:

AYES:

NOES:

ABSENT:

ABSTAIN:

David Rabbitt, Chair, Board of Directors
Sonoma-Marín Area Rail Transit District

ATTEST:

Leticia Rosas-Mendoza, Clerk of Board of Directors
Sonoma-Marín Area Rail Transit District

DOCUMENT 00 52 00
AGREEMENT FOR CONTRACTOR SERVICES

This agreement (“Agreement”), dated as of December 7, 2022 (“Effective Date”) is by and between the Sonoma-Marín Area Rail Transit District, a Special District of the State of California (hereinafter “SMART”), and Koppers Railroad Structures, Inc., whose place of business is located at 4546 Tompkins Drive, Madison, WI 53716 (hereinafter “Contractor”).

BRAZOS BRANCH TIMBER BRIDGE REPAIRS – PHASE 1
CONTRACT # FR-BB-22-004

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set for, Contractor and SMART agree as follows:

A G R E E M E N T

ARTICLE 1. LIST OF EXHIBITS

Section 1.01 The following exhibits are attached hereto and incorporated herein:

- (a) Exhibit A: Schedule of Rates

ARTICLE 2. WORK.

Section 2.01 Contractor shall complete all work specified in the Contract Documents, in accordance with the Specifications, Drawings, and all other terms and conditions of the Contract Documents.

ARTICLE 3. NOTICES TO SMART.

Section 3.01 SMART has designated John Riley, Project Manager, to act as SMART’s Representative(s), who will represent SMART in performing SMART’s duties and responsibilities and exercising SMART’s rights and authorities in Contract Documents. SMART may change the individual(s) acting as SMART’s Representative(s), or delegate one or more specific functions to one or more specific SMART’s Representatives, including without limitation engineering, architectural, inspection and general administrative functions, at any time with written notice and without liability to Contractor. Each SMART’s Representative is the beneficiary of all Contractor obligations to SMART, including without limitation, all releases and indemnities.

Section 3.02 All notices or demands to SMART under the Contract Documents shall be to SMART’s Representative at: **5401 Old Redwood Hwy Suite 200, Petaluma, CA, 94954** or to such other person(s) and address(es) as SMART shall provide to Contractor.

SMART Project Manager: John Riley
Phone: 707-478-7531
Email: jriley@sonomamarintrain.org

ARTICLE 4. CONTRACT TIME.

Section 4.01 Contract Time and Notice to Proceed. This project is expected to take ninety (90) working days. The Contract Time allotted is through March 31, 2023.

Contract Time (the period between the start date identified in the Notice to Proceed with construction and the Substantial Completion date identified in the Notice to Proceed or as subsequently amended by a Change Order) commences on the date established in the Notice to Proceed. SMART reserves the right to modify or alter the Commencement Date of the Work. SMART may give a Notice to Proceed at any time within 60 Days after the Notice of Award. Contractor shall not do any Work at the Site prior to the date on which the Contract Time commences to run.

Contractor shall achieve Substantial Completion of the entire Work within reasonable and approved schedule from the date when the Contract Time commences to run. Contractor shall complete the Work so that a Final Inspection Report can be issued in accordance with Section 01770 (Contract Closeout).

ARTICLE 5. CONTRACT SUM.

Section 5.01 SMART shall pay Contractor the Contract Sum for completion of Work in accordance with the Contract Documents as follows:

Total Contract Sum: \$1,165,302.00

The Contract Sum includes all allowances (if any).

ARTICLE 6. CONTRACTOR REPRESENTATIONS.

In order to induce SMART to enter into this Agreement, Contractor makes the following representations and warranties:

Section 6.01 Contractor has visited the Site and has examined thoroughly and understood the nature and extent of the Contract Documents, Work, Site, locality, actual conditions, as-built conditions, all local conditions, and all federal, state and local laws and regulations that in any manner may affect cost, progress, performance or furnishing of Work or which relate to any aspect of the means, methods, techniques, sequences or procedures of construction to be employed by Contractor and safety precautions and programs incident thereto.

Section 6.02 Contractor has examined thoroughly and understood all reports of exploration and tests of subsurface conditions, as-built drawings, drawings, products specifications or reports, available for Bidding purposes, of physical conditions, including

Underground Facilities, or which may appear in the Drawings. Contractor accepts the determination set forth in these Documents and Document 00 70 00 (General Conditions) of the limited extent of the information contained in such materials upon which Contractor may be entitled to rely. Contractor agrees that, except for the information so identified, Contractor does not and shall not rely on any other information contained in such reports and drawings.

Section 6.03 Contractor has conducted or obtained and has understood all such examinations, investigations, explorations, tests, reports and studies (in addition to or to supplement those referred to in Section 5.2 of this Document 00 52 00) that pertain to the subsurface conditions, as-built conditions, Underground Facilities and all other physical conditions at or contiguous to the Site or otherwise that may affect the cost, progress, performance or furnishing of Work, as Contractor considers necessary for the performance or furnishing of Work at the Contract Sum, within the Contract Time and in accordance with the other terms and conditions of the Contract Documents, including specifically the provisions of Document 00 70 00 (General Conditions); and no additional examinations, investigations, explorations, tests, reports, studies or similar information or data are or will be required by Contractor for such purposes.

Section 6.04 Contractor has correlated its knowledge and the results of all such observations, examinations, investigations, explorations, tests, reports and studies with the terms and conditions of the Contract Documents.

Section 6.05 Contractor has given SMART prompt written notice of all conflicts, errors, ambiguities, or discrepancies that it has discovered in or among the Contract Documents and as-built drawings and actual conditions and the written resolution thereof through Addenda issued by SMART is acceptable to Contractor.

Section 6.06 Contractor is duly organized, existing and in good standing under applicable state law, and is duly qualified to conduct business in the State of California.

Section 6.07 Contractor has duly authorized the execution, delivery and performance of this Agreement, the other Contract Documents and the Work to be performed herein. The Contract Documents do not violate or create a default under any instrument, agreement, order or decree binding on Contractor.

Section 6.08 Contractor has listed the following Subcontractors pursuant to the Subcontractor Listing Law, California Public Contract Code §4100 *et seq.*:

Name of Subcontractor and Location of Mill or Shop	Description of Work: Reference To Bid Items	Subcontractor's License No.
N/A – Self Performing Work	N/A – Self Performing Work	N/A – Self Performing Work

Section 6.09 Contractor has designated **Larry Errthum**, Project Manager, to act as Contractor's Representative(s), who will represent Contractor in performing Contractor's duties and responsibilities and exercising Contractor's rights and authorities in Koppers Railroad Structures, Inc.
Agreement
FR-BB-22-004

Contract Documents. Contractor has also designated **David Casillas**, Foreman, to act as Contractor's Superintendent. Contractor may change the individual(s) acting as Contractor's Representative(s), or delegate one or more specific functions to one or more specific Contractor's Representatives, at any time upon prior written notice and approval and without liability to SMART, but Contractor is limited to two representatives.

Project Manager:	Larry Errthum	Foreman:	David Casillas
Phone:	608-515-4588	Phone:	608-886-6857
Email:	errthumlr@koppers.com	Email:	casillasda@koppers.com

ARTICLE 7. CONTRACTOR DOCUMENTS.

Section 7.01 Contract Documents consist of the following documents incorporated by reference, including all changes, Addenda, and Modifications thereto:

Agreement:	This Document
IFB:	Invitation for Bid
Document 00 70 00:	General Conditions
General Requirements:	General Requirements
Technical Specifications:	Technical Specifications

Section 7.02 There are no Contract Documents other than those listed in Section 6.01. The Contract Documents may only be amended, modified or supplemented as provided in Document 00 70 00 (General Conditions).

ARTICLE 8. INSURANCE.

Contractor shall procure and maintain for the duration of the Agreement insurance against all claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, its agents, representatives, employees, or subcontractors with limits and deductibles specified below:

Section 8.01 Workers' Compensation Insurance. Workers' Compensation as required by the State of California, with Statutory Limits, and Employer's Liability insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease. Coverage shall include United States Longshore and Harbor Workers Compensation Liability Insurance (USL&H) where applicable.

Section 8.02 Automobile Insurance. Automobile Liability insurance covering bodily injury and property damage in an amount no less than \$5,000,000 combined single limit for each occurrence. Said insurance shall include coverage for owned, hired, and non-owned vehicles.

Said policy shall also include a CA 20 70 10 13 endorsement removing the exclusion of coverage for bodily injury or property damage arising out of operations within 50 feet of any railroad bridge, trestle, track, roadbeds, tunnel, underpass or crossing.

Section 8.03 Marine General Liability Insurance. Marine General Liability Insurance covering contractual liability, products and completed operations, property damage, bodily injury, personal injury, terminal operators/wharfingers liability, sudden and accidental pollution liability, using an occurrence policy, in an amount no less than \$5,000,000 per occurrence. Said insurance shall remain in effect for five (5) years after Final Completion and acceptance of the final payment for the Work, contractual liability, and coverage for explosion, collapse, and underground hazards.

Said policy shall include a Railroads CG 24 17 endorsement removing the exclusion of coverage, if applicable, for bodily injury or property damage arising out of operations within 50 feet of any railroad property and affecting any railroad bridge, trestle, tracks, roadbeds, tunnel, underpass or crossing.

Coverage may be met by a combination of primary and umbrella or excess insurance, but umbrella and excess shall provide coverage at least as broad as specified for underlying coverage.

Section 8.04 Contractor's Pollution Liability Insurance. Contractor's Pollution Liability Insurance in an amount no less than \$2,000,000 per occurrence or claim. The Contractor's Pollution Liability policy shall be written on an occurrence basis with coverage for bodily injury, property damage and environmental damage, including cleanup costs arising out of third-party claims, for pollution conditions, and including claims of environmental authorities, for the release of pollutants caused by construction activities related to the Contract. Coverage shall include the Contractor as the named insured and shall include coverage for acts by others for whom the Contractor is legally responsible.

Coverage to be provided for bodily injury to or destruction of tangible property, including the resulting loss of use thereof, loss of use of tangible property that has been physically injured, and natural resource damage. There shall be no exclusions or limitations regarding damages or injury from existence, removal or abatement of lead paint. There shall be no insured vs. insured exclusion in the policy.

Section 8.05 Maritime Employer's Liability Insurance. Maritime Employer's Liability Insurance with limits no less than \$1,000,000 per accident for bodily injury or disease *where applicable*.

Section 8.06 Protection & Indemnity Insurance (Including Crew). Liability for any third-party bodily injury or property damage caused by the vessel, including injury to the crew, with limits no less than \$2,000,000 *where applicable*. SMART shall be named as additional insured, shall include a waiver of subrogation in favor of SMART, and shall include the primary non-contributory endorsement.

Section 8.07 Vessel Pollution Liability. If barges or vessels of any size are used in the performance of work, Vessel Pollution Liability with limits equal to \$2,000,000 will be required. SMART shall be named as additional insured, shall include a waiver of subrogation in favor of SMART, and shall include the primary non-contributory endorsement.

Section 8.08 Hull & Machinery Insurance. Hull & Machinery Insurance insuring the vessel's market value *where applicable*. In addition to providing physical damage coverage for the vessel, this policy shall provide Collision coverage for damage that could be caused to other vessels.

Section 8.09 Railroad Protective Liability Insurance. Prior to commencement of construction activities, Contractor shall procure and maintain Railroad Protective Liability insurance, in SMART's name, with limits of liability of no less than \$5,000,000 per occurrence, for losses arising out of injury to or death of all persons, and for physical loss or damage to or destruction of property, including the loss of use thereof. The additional named insureds shall be the Sonoma-Marín Area Rail Transit District, and shall cover all other railroads operating on the right-of-way.

Section 8.10 Builder's Risk Insurance. Builder's risk covering all risks of direct physical loss of or damage to property (including additional perils of flood, earthquake and collapse) with a limit of \$1,165,302.00. Coverage shall apply to all materials, supplies, and equipment that are consumed on or intended for specific installation in the Project while such materials, supplies, and equipment are located at the Project site(s). Coverage for transit and storage away from the Project site(s) shall be covered as appropriate.

Section 8.11 Endorsements. Prior to commencing work, Contractor shall file Certificate(s) of Insurance with SMART evidencing the required coverage and endorsement(s) and, upon request, a certified duplicate original of any of those policies. Said endorsements and Certificate(s) of Insurance shall stipulate:

- (a) SMART, its officers, and employees shall be named as additional insured on all policies listed above, with the exception of the workers compensation insurance policy (as applicable).
- (b) That the policy(ies) is Primary Insurance and the insurance company(ies) providing such policy(ies) shall be liable thereunder for the full amount of any loss or claim which Contractor is liable, up to and including the total limit of liability, without right of contribution from any other insurance effected or which may be effected by the Insureds.
- (c) Inclusion of the Insureds as additional insureds shall not in any way affect its rights either as respects any claim, demand, suit or judgment made, brought or recovered against Contractor. Said policy shall protect Contractor and the Insureds in the same manner as though a separate policy had been issued to each, but nothing in said policy shall operate to increase the insurance company's liability as set forth in its policy beyond the amount or amounts shown or to which the insurance company would have been liable if only one interest had been named as an insured.
- (d) Contractor hereby grants to SMART a waiver of any right to subrogation which any insurer of said Contractor may acquire against SMART by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless

of whether or not SMART has received a waiver of subrogation endorsement from the insurer.

- (e) The insurance policy(ies) shall be written by an insurance company or companies acceptable to SMART. The insurance underwriter(s) for all insurance policies except Workers' Compensation shall have an A.M. Best Company rating of A VII or better. Such insurance company shall be authorized to transact business in the state of California. Required minimum amounts of insurance may be increased should conditions of Work, in opinion of SMART, warrant such increase. Contractor shall increase required insurance amounts upon direction by SMART.

Section 8.12 Deductibles and Retentions. Contractor shall be responsible for payment of any insurance premiums, including any charges for required waivers of subrogation or the endorsement of additional insured. Contractor shall also be responsible for the payment of all deductibles or retention on Contractor's policies without right of contribution from SMART.

Section 8.13 Injuries. If injury occurs to any employee of Contractor, Subcontractor or sub-subcontractor for which the employee, or the employee's dependents in the event of employee's death, is entitled to compensation from SMART under provisions of the Workers' Compensation Insurance and Safety Act, as amended, or for which compensation is claimed from SMART, SMART may retain out of sums due Contractor under Contract Documents, amount sufficient to cover such compensation, as fixed by the Act, as amended, until such compensation is paid, or until it is determined that no compensation is due. If SMART is compelled to pay compensation, SMART may, in its discretion, either deduct and retain from the Contract Sum the amount so paid, or require Contractor to reimburse SMART.

Section 8.14 Subcontractor Responsibility. Contractor shall require and verify that subcontractors maintain insurance meeting all the requirements stated herein, and Contractor shall ensure SMART is named additional insured on insurance required from subcontractors.

Section 8.15 Claims Made Coverage. If any insurance specified above is written on a claims-made coverage form, Contractor shall:

- (a) Ensure that the retroactive date is shown on the policy, and such date must be before the date of this Agreement or beginning of any work under this Agreement;
- (b) Maintain and provide evidence of similar insurance for at least three (3) years following project completion, including the requirement of adding all additional insureds; and
- (c) If insurance is cancelled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to Agreement effective date, Contractor shall purchase "extending reporting" coverage for a minimum of three (3) years after completion of the work.

Section 8.16 Documentation. The following documentation shall be submitted to SMART:

- (a) Properly executed Certificates of Insurance clearly evidencing all coverages and limits required above. Said Certificates shall be submitted prior to the execution of this Agreement. At SMART's request, Contractor shall provide certified copies of the policies that correspond to the policies listed on the Certificates of Insurance. Contractor agrees to maintain current Certificates of Insurance evidencing the above-required coverages and limits on file with SMART for the duration of this Agreement.
- (b) Copies of properly executed endorsements required above for each policy. Said endorsement copies shall be submitted prior to the execution of this Agreement. Contractor agrees to maintain current endorsements evidencing the above-specified requirements on file with SMART for the duration of this Agreement.
- (c) After the Agreement has been signed, signed Certificates of Insurance shall be submitted for any renewal or replacement of a policy that already exists, at least ten (10) days before expiration or other termination of the existing policy.

Please email all renewal certificates of insurance and corresponding policy documents to InsuranceRenewals@sonomamarintrain.org.

Section 8.17 Policy Obligations. Contractor's indemnity and other obligations shall not be limited by the foregoing insurance requirements.

Section 8.18 Material Breach. If Contractor, for any reason, fails to maintain insurance coverage, which is required pursuant to this Agreement, the same shall be deemed a material breach of this Agreement. SMART, in its sole option, may terminate this Agreement and obtain damages from Contractor resulting from said breach. Alternatively, SMART may purchase such required insurance coverage, and without further notice to Contractor, SMART may deduct from sums due to Contractor any premium costs advanced by SMART for such insurance. These remedies shall be in addition to any other remedies available to SMART.

ARTICLE 9. MISCELLANEOUS.

Section 9.01 Terms and Abbreviations. Terms and abbreviations used in this Agreement are defined in Document 00 70 00 (General Conditions) and Section 01420 (References and Definitions) and will have the meaning indicated therein.

Section 9.02 Use of Recycled Paper. SMART requires that all printing jobs produced under this Agreement be printed on recycled content papers. Recycled-content papers are defined as papers containing a minimum of 30 percent postconsumer fiber by weight. All papers used in the performance of a print job for SMART shall be recycled-content paper. If paper meets the 30 percent requirement, the recycling logo should be printed on the project.

Section 9.03 Signers of this Agreement. It is understood and agreed that in no instance are the persons signing this Agreement for or on behalf of SMART or acting as an employee, agent, or representative of SMART, liable on this Agreement or any of the Contract Documents, or upon any warranty of authority, or otherwise, and it is further understood and agreed that liability of the SMART is limited and confined to such liability as authorized or imposed by the Contract Documents or applicable law.

Section 9.04 No Assignment of Contract. Contractor shall not assign any portion of the Contract Documents, and may subcontract portions of the Contract Documents only in compliance with the Subcontractor Listing Law, California Public Contract Code §4100 *et seq.*

Section 9.05 Assignment of Rights to Awarding Body. In entering into a public works contract or a subcontract to supply goods, services or materials pursuant to a public works contract, Contractor or Subcontractor offers and agrees to assign to the awarding body all rights, title and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. §15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, services or materials pursuant to the public works contract or the subcontract. This assignment shall be made and become effective at the time SMART tenders final payment to Contractor, without further acknowledgment by the parties.

Section 9.06 Prevailing Wages. Contractor and all Subcontractors shall pay to all workers employed not less than the prevailing rate of wages as determined in accordance with the Labor Code as indicated herein.

All Contractors, contractors, and subcontractors doing business with public agencies through the State of California (including SMART) shall comply with applicable labor compliance requirements including, but not limited to prevailing wages, SB 854, Labor Code Sections 1725.5, 1771, 1774, 1775, 1776, 1777.5, 1813, and 1815. Public Works Contractor Registration Programs, Electronic Certified Payroll Records submission to the State Labor Commissioner and other requirements, described at <http://www.dir.ca.gov/Public-Works/Contractors.html>.

Applicable projects are subject to compliance monitoring and enforcement by the California Department of Industrial Relations.

Copies of the general prevailing rates of per diem wages for each craft, classification, or type of worker needed to execute the Contract, as determined by Director of the State of California Department of Industrial Relations, are deemed included in the Contract Documents and shall be made available to any interested party on request.

Pursuant to Section 1861 of the Labor Code, Contractor represents that it is aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code, and Contractor shall comply with such provisions before

commencing the performance of the Work of the Contract Documents.

Section 9.07 Licensing Laws. The Contractor and all subcontractors shall comply with the provisions of Chapter 9 Division 3 of the Business and Professions code concerning the licensing of contractors. All Contractors shall be licensed in accordance with the laws of the State of California and any Contractor not so licensed is subject to the penalties imposed by such laws. Prior to commencing any work under contract, all Contractors and subcontractors must show that they hold appropriate and current Contractor Licenses in the State of California. The Contractor shall provide such subcontractor information, including the class type, license, number, and expiration date to SMART.

Section 9.08 Drug-Free Workplace. Contractor certifies that it will provide a drug-free workplace in compliance with Government Code §8350-§8357.

Section 9.09 Continuation of Work. Should any part, term or provision of this Agreement or any of the Contract Documents, or any document required herein or therein to be executed or delivered, be declared invalid, void or unenforceable, all remaining parts, terms and provisions shall remain in full force and effect and shall in no way be invalidated, impaired or affected thereby. If the provisions of any law causing such invalidity, illegality or unenforceability may be waived, they are hereby waived to the end that this Agreement and the Contract Documents may be deemed valid and binding agreements, enforceable in accordance with their terms to the greatest extent permitted by applicable law. In the event any provision not otherwise included in the Contract Documents is required to be included by any applicable law, that provision is deemed included herein by this reference (or, if such provision is required to be included in any particular portion of the Contract Documents, that provision is deemed included in that portion).

Section 9.10 Applicable Law and Forum. This Agreement shall be construed and interpreted according to the substantive law of California, regardless of the law of conflicts to the contrary in any jurisdiction. Venue for any action to enforce the terms of this Agreement or for the breach thereof shall be in the Superior Court of the State of California in the County of Marin.

Section 9.11 Claims Procedures. Contractor accepts the claims procedure established by Article 12 of Document 00 70 00 (General Conditions), as established under Section 930.2 of the California Government Code.

Section 9.12 No Third-Party Beneficiaries. Nothing contained in this Agreement shall be construed to create and the parties do not intend to create any rights in third parties.

Section 9.13 No Waiver of Breach. The waiver by SMART of any breach of any term or promise contained in this Agreement shall not be deemed to be a waiver of such term or provision or any subsequent breach of the same or any other term or promise contained in this Agreement.

Section 9.14 Acceptance of Electronic Signatures and Counterparts. The
Koppers Railroad Structures, Inc.
Agreement
FR-BB-22-004

parties agree that this Contract, Agreements ancillary to this Contract, and related documents to be entered into this Contract will be considered executed when all parties have signed this Agreement. Signatures delivered by scanned image as an attachment to electronic mail or delivered electronically through the use of programs such as DocuSign must be treated in all respects as having the same effect as an original signature. Each party further agrees that this Contract may be executed in two or more counterparts, all of which constitute one and the same instrument.

Section 9.15 Time of Essence. Time is and shall be of the essence of this Agreement and every provision hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

CONTRACTOR: KOPPERS RAILROAD STRUCTURES, INC.

By: _____
Mike Tweet, President

Date: _____

SONOMA-MARIN AREA RAIL TRANSIT (SMART)

By: _____
Eddy Cumins, General Manager

Date: _____

**CERTIFICATES OF INSURANCE ON FILE WITH AND
APPROVED AS TO SUBSTANCE FOR SMART:**

By: _____
Ken Hendricks, Procurement Manager

Date: _____

APPROVED AS TO FORM FOR SMART:

By: _____
District Counsel

Date: _____

**EXHIBIT A
SCHEDULE OF RATES**

ITEM	ITEM DESCRIPTION	QTY	UNIT	COST
1	Mobilization / Demobilization	1	LS	\$69,202.00
2	Repair Timber Bridge B37.37 Simmons Slough	1	LS	\$142,684.00
3	Repair Timber Bridge B28.68 Black Point Bridge	1	LS	\$385,218.00
5	Repair Timber Bridge B40.69 Schell Creek	1	LS	\$149,384.00
6	Repair Timber Bridge B44.03 Tributary	1	LS	\$63,754.00
7	Replace Stringers - Repair Timber Bridge B26.26 Novato Creek	1	LS	\$220,465.00
8	Repair Walkway, Guard Timbers, Chord Shims - Repair Timber Bridge B26.26 Novato Creek	1	LS	\$94,416.00
9	Replace Caps, Bents, Post Piles - Repair Timber Bridge B26.26 Novato Creek	1	LS	\$40,179.00
TOTAL:				\$1,165,302.00

GENERAL INFORMATION

LS = Lump Sum

Costs are in United States Dollars

The above costs include all labor, supervision, equipment, materials, supplies, insurance, overhead, profit, and all other direct and indirect costs associated with performing the work included in this Agreement.



David Rabbitt, Chair
Sonoma County Board of Supervisors

December 7, 2022

Barbara Pahre, Vice Chair
Golden Gate Bridge,
Highway/Transportation District

Sonoma-Marín Area Rail Transit Board of Directors
5401 Old Redwood Highway, Suite 200
Petaluma, CA 94954

Judy Arnold
Marin County Board of Supervisors

Melanie Bagby
Sonoma County Mayors' and
Councilmembers Association

SUBJECT: Citizens Oversight Committee Bylaws

Kate Colin
Transportation Authority of Marin

Dear Board Members:

Damon Connolly
Marin County Board of Supervisors

RECOMMENDATIONS:
Approve Citizens Oversight Committee Bylaws

Chris Coursey
Sonoma County Board of Supervisors

SUMMARY:

Debora Fudge
Sonoma County Mayors' and
Councilmembers Association

On June 14, 2022, The Sonoma County Civil Grand Jury released a report on SMART entitled "SMART Decision Making, Citizen Feedback is Critical for Success." The report consisted of 18 findings and 11 recommendations. 15 of 18 findings and nine of 11 recommendations were related to the Citizens Oversight Committee.

Patty Garbarino
Golden Gate Bridge,
Highway/Transportation District

Dan Hillmer
Marin County Council of Mayors and
Councilmembers

In response to the Sonoma County Civil Grand Jury Report, the SMART Board of Directors formed an Ad Hoc Committee to address identified concerns and develop Bylaws for the Citizens Oversight Committee. In addition, the Citizens Oversight Committee reviewed the draft bylaws and provided feedback.

Eric Lucan
Transportation Authority of Marin

Chris Rogers
Sonoma County Mayors' and
Councilmembers Association

This report will outline the details of the Citizens Oversight Committee bylaws.

Eddy Cumins
General Manager

Very truly yours,

5401 Old Redwood Highway
Suite 200
Petaluma, CA 94954
Phone: 707-794-3330
Fax: 707-794-3037
www.sonomamarintrain.org

/s/
Eddy Cumins, General Manager

Attachment(s): COC Bylaws Document

**CITIZEN'S OVERSIGHT COMMITTEE
BYLAWS
OF THE
SONOMA-MARIN AREA RAIL TRANIST**

Approved by the Board on _____

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ARTICLE I

GENERAL PROVISIONS

SECTION 1.1 PURPOSE

Measure Q called for a Citizens Oversight Committee charged with providing input and review of the Strategic Plan and periodic updates. These Bylaws will govern the proceedings of the Citizens' Oversight Committee (Committee), an advisory committee established by the Directors of the Sonoma-Marín Area Rail Transit District (SMART) as provided for in Measure Q.

SECTION 1.2 CONSTRUCTION OF BYLAWS

Unless otherwise required, the general provisions, rules of construction and definitions set forth herein or in SMART's Administrative Code shall govern the construction of these Bylaws. These Bylaws shall govern the Committee's proceedings to the extent they are consistent with any current or future Standing Rules, Application and Appointment Procedures adopted by the SMART Board and conform to the SMART Administrative Code and applicable laws.

SECTION 1.3 DEFINITIONS

As used in these Bylaws:

1. "Committee" means the Citizens' Oversight Committee.
2. "Chairperson" means the person chairing the Committee.
3. "District" means the Sonoma-Marín Area Rail Transit District (SMART).
4. "Brown Act" means California's open meeting law, the Ralph M. Brown Act, California Government Code, Sections 54950 *et seq.*
5. "Measure Q Expenditure Plan" means the Sonoma-Marín Area Rail Transit District Sales Tax Expenditure Plan, the 20-year plan for expending the quarter-cent sales tax revenues contained in Measure Q, as approved by voters in 2008.

SECTION 1.4 ADOPTION AND AMENDMENT OF BYLAWS

1. These Bylaws shall be approved by and may be amended by the SMART Board of Directors.
2. The Committee shall adopt and operate under the Board approved Bylaws and may propose changes to the bylaws to the District for consideration by SMART Board of Directors.

ARTICLE II

DUTIES AND DISTRICT

SECTION 2.1 COMMITTEE DUTIES

1. Provide input and review the Strategic Plan and subsequent plans; receive periodic updates on significant financial matters not previously identified in the Strategic Plan or annual budget that may materially impact the previously adopted Strategic Plan.
2. Hold meetings Quarterly and issue reports, on at least an annual basis, to inform and update the SMART Board and the Sonoma and Marin County residents on any developments related to the implementation, planning and advancements of the Strategic Plan. Copies of this document should be made widely available to the public.
3. Receive briefings on financial, budgetary, capital plans and other strategic planning matters that may have a material impact on the District and provide updates to the SMART Board of Directors at least bi-annually.

SECTION 2.2 DISTRICT AND LIMITATIONS

1. The Committee shall have access to the District's independent audits and budget reports, Financial and Capital plans and may provide timely comments on these reports as they relate to the Strategic Plan.
2. As established by Measure Q, the Committee shall continue to only provide input and review under its advisory role to the District and Board of Directors.
3. The Committee shall direct all communications and reports to the Board of Directors and shall not communicate publicly. All committee communications shall go to and through the District and the SMART Board of Directors.
4. No expenditures or requisitions for services and supplies shall be made by the Committee and no individual member shall be entitled to reimbursement for travel or other expenses except as authorized by the District.

ARTICLE III

MEMBERSHIP

The Committee shall be composed of 9 members to be appointed by the SMART Board, who are private citizens and who collectively represent the diversity of Sonoma and Marin County. Membership shall be limited to Marin County and Sonoma County residents without economic interest in any of the District's projects or operation.

If an organization is selected to be represented on the Committee, the organization shall nominate its representative, with final appointments approved by the SMART Board of Directors. The SMART Board of Directors shall retain discretion to rescind and or terminate any Committee Member's appointment(s) as deemed necessary. Members of this Committee shall be appointed to their full terms, subject to eligibility provisions contained in Section 3 below.

SECTION 3.1 MEMBERSHIP COMPOSITION AND ELIGIBILITY

1. Members shall be selected from Marin and Sonoma counties in order to create balance and geographic diversity between the counties and throughout SMART's service area.
2. The 9 members selected shall have relevant experience, skill and knowledge in performing their primary duty to advise the Board on Strategic Plans and objectives, drafting of Strategic Plans and knowledge of financial, budgetary, capital, transit and other strategic planning matters. However, these individuals must also reflect a balance of viewpoints across the two Counties. In addition, members may be nominated by interested stakeholders and local organizations to be appointed to the Committee, these organizations may include, but are not limited to the following:
 - a) Representative from local financial, business or taxpayer organizations
 - b) Representative from environmental, voting and transit advocacy groups in Marin and Sonoma County
 - c) Representative from major Sonoma and Marin employers
 - d) Representative from Marin and Sonoma organizations representing seniors, veterans and persons with disabilities
 - e) Representative from advocacy groups representing bicyclists, pedestrians and passengers
 - f) Representative from school districts and colleges. (Parents and educators may be considered eligible candidates)
 - g) Representative from disadvantaged communities, minority groups and civil rights organizations

SECTION 3.2 TERMS

1. Members shall be appointed for a term of three (3) years.
2. To provide for staggered terms, at the first meeting of the Committee, the members will draw lots to determine whether their initial appointment is for one, two, or three years.
3. All initial appointment terms shall commence on January 1, 2023, and subject to earlier removal or termination, shall expire May 31, 2024 as to a one-year term, May 31, 2025, as to two-year terms, and on May 31, 2026, as to three-year terms. Thereafter, terms shall commence on June 1 and shall terminate on the third anniversary date of such commencement date.
4. Committee candidates are required to complete and submit an application. Applications shall be submitted to the SMART Clerk of the Board.
5. Existing members who wish to continue serving in their appointed capacity for an additional term are required to complete and submit a new application or may update and resubmit their original application. Applications shall be submitted to the SMART Clerk of the Board.

SECTION 3.3 VACANCIES

1. If a Committee member is unable to complete his or her term, a replacement member will be nominated and appointed by the SMART Board of Directors to fill the vacancy and complete the appointed term.
2. All qualifying applications for the vacancy will be submitted to the District for consideration, selection, and appointment. When a vacancy exists on the Committee and no applications have been submitted, the vacancy will be continued until such time as an appointment is made. The SMART Board of Directors may, at any time, move to continue an appointment to a subsequent date.

SECTION 3.4 CONDUCT

1. Members shall be responsible for having a working knowledge of SMART's enabling legislation, tax ordinances (Measure Q), SMART administrative code, Bylaws, federal or state mandates, and any other governing regulations that define and set forth the intent, establishment and purpose for the COC and shall only meet, represent and take action on the limited matters related thereto.
2. Members shall not misrepresent the scope of their influence on the District, in matters assigned, or represent recommendations of the Committee as

official SMART District policy until such time as the District or Board of Directors has taken formal action.

3. Unless specifically authorized by the District as the designated spokesperson for the Committee, an individual member may not represent the Committee before any other committee or agency or to the press or the general public.

SECTION 3.5 SUBCOMMITTEES OR ADDITIONAL ADVISORY COMMITTEES (FORMED BY THE DISTRICT)

1. The District may elect to form additional advisory subcommittees to assist the District or the Committee in discharging its mission, such as reviewing audits and issuing reports. All subcommittees shall have an odd number of members and may include SMART Board and Committee members.
2. Any special or ad hoc advisory committee may be abolished upon the accomplishment of its purpose or expire under its own limited term or by a majority vote of the Board.

ARTICLE IV OFFICERS

The Committee shall elect a Chairperson and a Vice-Chairperson. The Committee may choose to establish other elected positions as well. Terms for the Chairperson and the Vice-Chairperson, and other elected positions, shall be two years. Elections for all positions shall take place at the first meeting of the odd-numbered years.

SECTION 4.1 CHAIRPERSON AND VICE-CHAIRPERSON

A Chairperson and Vice-Chairperson shall be nominated and appointed by the Committee; the appointment will be by a majority vote. In the event of a vacancy in the Chairperson's position, the Vice-Chairperson shall succeed as Chairperson for the balance of the Chairperson's term, and the Committee shall elect a successor to fill the vacancy in the Vice-Chairperson's position.

1. Duties of the Chairperson:
 - a) Call the meetings to order
 - b) Preside over each meeting
 - c) Identify items of interest for future Committee agendas that are relevant to the Committee's responsibilities
 - d) Attend, or appoint another Committee member to attend, meetings of the District at which strategic plan updates and matters are being reviewed

- by the District
 - e) Serve as liaison to SMART staff between meetings
 - f) Serve as the designated spokesperson for the Committee for matters before the SMART Board of Directors meetings
 - g) Provide semi-annual report to the SMART Board of Directors
2. Duties of the Vice-Chairperson:
- a) Perform the duties of the Chairperson when the Chairperson is absent.

ARTICLE V

MEETINGS

SECTION 5.1 REGULAR MEETINGS

1. Regular meetings of the Committee shall be held at least quarterly, or more often as needed to discharge the COC's primary duties related to the Strategic Plan.
2. All meeting locations shall be ADA compliant.

SECTION 5.2 SPECIAL MEETINGS

The Chairperson, in consultation with SMART staff and the Clerk of the Board may call a special meeting. The meeting shall be called and noticed as provided in Section 5.3 below.

SECTION 5.3 CALLING AND NOTICING OF OPEN MEETINGS

1. All meetings shall be called, noticed and conducted in accordance with the applicable provisions of the Brown Act, which mandates open meetings for legislative bodies. Information announcing the hearings must be well publicized and posted in advance. The SMART Clerk of the Board shall be given notice of all meetings.
2. Writings which are public records, and which are distributed during the Committee meeting shall be made available for public inspection at the meeting if prepared by the District or a member of the Committee, or after the meeting if prepared by some other person.

SECTION 5.4 QUORUM; VOTE; COMMITTEE OF THE WHOLE

1. The presence of a majority of the Committee members (5 members) shall constitute a quorum for the transaction of business. All official acts of the

Committee shall require the presence of a quorum and the affirmative vote of a majority of the members present. A quorum for the Committee is 5 members.

2. At any regularly called meeting not held because of a lack of a quorum, the members present may constitute themselves a “committee of the whole” for the purpose of discussing matters on the agenda of interest to the committee members present. The committee of the whole shall automatically cease to exist if a quorum is present at the meeting.

SECTION 5.5 ATTENDANCE

1. All Members are expected to attend all meetings; however, it is anticipated that some members may not be able to attend all meetings for various reasons. If a member is unable to attend a meeting, he or she should notify SMART staff as soon as possible prior to the scheduled meeting.
2. If a member is absent from three Committee meetings in any twelve-month period or for two consecutive meetings without notifying SMART staff, the position shall automatically be vacated, and a successor shall be appointed to fill the remainder of that member’s term.

SECTION 5.6 MATTERS REQUIRING COMMITTEE ACTION

1. A matter requiring Committee action shall be listed on the posted agenda as an action item before the Committee may act upon it, with the potential action that will be taken noted.
2. Discussion of matters not properly agenized is not allowed

SECTION 5.7 PUBLIC COMMENT

1. For a regular meeting, members of the public shall be given an opportunity to address the Committee either before or during the Committee’s consideration of the item, if it is listed on the agenda, or, if it is not listed on the agenda but is within the scope of the Committee jurisdiction, under the agenda item heading “Public Comments.”
2. Each member of the public shall limit their comments to three minutes. Any person addressing the Committee may submit written documents to complement their comments.
3. The Chairperson may change the time limit and/or the order of public comments as deemed appropriate but may not reduce the time limit to less than two minutes.

SECTION 5.8 GROUND RULES

1. When presentations are being made, they should proceed without interruption. Questions and comments should be made following the completion of the presentation.
2. The Chairperson may order any person removed from the Committee meeting who causes a disturbance, and the Chairperson may direct the meeting room cleared when deemed necessary to maintain order, unless the rest of the Committee determines otherwise by a majority vote.

ARTICLE VI AGENDAS AND MEETING NOTICES

SECTION 6.1 AGENDA FORMAT

1. Starting time and meeting location
2. Instructions
3. Review and approval of draft action minutes from the last meeting
4. Confirm date and time of the next meeting
5. Public Comment

SECTION 6.2 AGENDA PREPARATION

SMART staff shall produce the agenda for each meeting in consultation with the District and the Committee Chairperson. Committee members may propose an agenda item through the Committee Chairperson. Material intended for placement on the agenda shall be set by staff on or before 12:00 Noon on the date established as the agenda deadline for the forthcoming meeting, which is generally two weeks before the meeting. SMART staff may withhold placement on the agenda of any matter which is not received in a timely manner, lacks sufficient information or is in need of staff review and report prior to Committee consideration.

SECTION 6.3 AGENDA POSTING AND DELIVERY

The written agenda for each regular meeting shall be posted by SMART staff at least 72 hours before the meeting is scheduled to begin. The agenda shall be posted in a location that is freely accessible to the public. Together with supporting documents, the agenda shall be delivered to each Committee member and the SMART General Manager at least 72 hours before each regular meeting and at least 24 hours before each special meeting.

SECTION 6.4 MEETING NOTICES

SMART staff shall provide notice of every regular meeting, and every special meeting to each person who has filed a written request for notice with SMART. The notice shall be provided at least one week prior to the date set for the meeting. Notice of special meetings called less than seven days prior to the date set for the meeting shall be given as SMART staff deems practical. All notices shall clearly indicate that reasonable accommodations will be provided on request.

SECTION 6.5 MEETING MINUTES

1. The Committee shall cause to be kept at the offices of SMART a record of minutes of all meetings and actions of the Committee and its subcommittees with the time and place of holding, the names of those present at the Committee meetings and subcommittee meetings, and the proceedings.
2. Draft minutes will be prepared by SMART staff and will be distributed with agendas before the next Committee meeting. Adoption of minutes shall occur at the next meeting with the support of the majority of the members present.

ARTICLE VII MISCELLANEOUS

SECTION 7.1 PUBLIC INFORMATION LIST OF MEMBERS

The SMART Clerk of the Board shall maintain a public information list of members appointed to the Committee. The list shall include the name of the appointee, the date the term expires, and the affiliation and/or nominating organization, if any. The list shall be updated whenever there are changes in membership.

SECTION 7.2 STAFF SUPPORT

SMART staff shall prepare and distribute the Committee's agendas, notices, minutes, correspondence, and other documents. SMART staff shall maintain a record of all proceedings, reports and documents of the Committee as required by law and shall perform other duties as provided in these Bylaws.

SECTION 7.3 TRAINING

SMART staff shall provide initial Brown Act Training to all committee members upon appointment.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Sonoma-Marín Area Rail Transit District held on the ____ day of _____, 20____,

David Rabbitt
Chair, Board of Directors
Sonoma-Marín Area Rail Transit District

ATTEST:

Leticia Rosas-Mendoza
Clerk of Board of Directors
Sonoma-Marín Area Rail Transit District



December 7, 2022

David Rabbitt, Chair
Sonoma County Board of Supervisors

Barbara Pahre, Vice Chair
Golden Gate Bridge,
Highway/Transportation District

Judy Arnold
Marin County Board of Supervisors

Melanie Bagby
Sonoma County Mayors' and
Councilmembers Association

Kate Colin
Transportation Authority of Marin

Damon Connolly
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Eddy Cumins
General Manager

5401 Old Redwood Highway
Suite 200
Petaluma, CA 94954
Phone: 707-794-3330
Fax: 707-794-3037
www.sonomamarintrain.org

Sonoma-Marin Area Rail Transit Board of Directors
5401 Old Redwood Highway, Suite 200
Petaluma, CA 94954

SUBJECT: Approve a Resolution to Amend Article II Section 2.05(2) and Section 6.01 to SMART's Administrative Code

Dear Board Members:

RECOMMENDATION:

Approve Resolution No. 2022-43 Amending Article II Section 2.05 (2) and Section 6.01 To The Sonoma-Marin Area Rail Transit District Administrative Code Related To Board Of Directors Regular Meeting Schedule And Purchasing Agent Contract Limits

SUMMARY:

Governor Newsom recently announced the COVID-19 State of Emergency will end on February 28, 2023. Since April 15, 2020, SMART has conducted virtual Board meetings with only SMART staff present on-site with all Board members and members of the public attending the meeting virtually.

With the COVID-19 State of Emergency ending, remote meetings pursuant to AB-361 will no longer be an option for the SMART Board of Directors after February 28, 2023.

Based on feedback from the Board of Directors, this presentation recommends an in-person meeting implementation date, remote option for the public and one monthly-scheduled Board of Director's meetings.

2023 MEETING DATES	
January 4, 2023	June 21, 2023
January 18, 2023	July 19, 2023
February 1, 2023	August 16, 2023
February 15, 2023	September 20, 2023
March 15, 2023	October 18, 2023
April 19, 2023	November 15, 2023
May 3, 2023 (<i>Budget Workshop</i>)	December 20, 2023
May 17, 2023	

Additionally, due to meetings moving from bi-monthly to monthly, the General Manager requests an increase to contract spending authority from \$100,000 to \$200,000 with a caveat requiring the General Manager to report any contracts entered in excess of \$100,000 to the Board of Directors on a monthly basis. Furthermore, the General Manager requests authority to award emergency contracts in consultation with the Board Chair and legal counsel. All emergency contracts exceeding \$100,000 will be reported to the Board of Directors at the next available meeting.

Very truly yours,

/s/
Eddy Cumins
General Manager

Attachment(s):

- 1) Resolution No. 2022-43
- 2) Assembly Bill No. 2449

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT AMENDING ARTICLE II SECTION 2.05(2) AND SECTION 6.01 TO THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT ADMINISTRATIVE CODE RELATED TO BOARD OF DIRECTORS REGULAR MEETING SCHEDULE AND CONTRACT PURCHASING AGENT

WHEREAS, the Board desires to implement a monthly meeting schedule; and

WHEREAS, the Board desires to increase to contract spending authority from \$100,000 to \$200,000 ; and

WHEREAS, The Ralph M. Brown Act (Government Code section 54950, *et seq.*) requires legislative bodies of local agencies to formally establish a meeting schedule for regular meetings.

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors of the Sonoma-Marín Area Rail Transit District hereby amends Article II Section 2.05(2) and Section 6.1 to the Administrative Code to read as follows:

Section 2.05 (2)

Regular Meeting Date. The Board shall convene in regular meetings. Unless otherwise directed by the Board, the Board shall hold regular public meetings on the third Wednesdays of each month starting March 2023.

Section 6.1

Purchasing Agent. As Purchasing Agent for the District, the General Manager or his or her delegate shall have the authority to enter into procurement, professional services, and other contracts provided the amount of each contract (including any automatic renewals) does not exceed \$200,000. The General Manager may also approve any change orders to existing contracts that do not exceed 10% of the overall contracted amount, up to a limit of \$200,000 in the aggregate, if the overall contracted amount was previously approved by the Board.

The General Manager shall have the authority to award emergency contracts in consultation with the Board Chair and Legal Counsel. All emergency contracts exceeding \$100,000 will be reported to the Board of Directors at the next available meeting.

This resolution shall be and is hereby declared to be in full force and effect from and after the date of its passage.

Resolution No. 2022-43
Sonoma-Marin Area Rail Transit District
December 7, 2022

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Sonoma-Marin Area Rail Transit District held on the 7th day of December 2022, by the following vote:

Directors:

AYES:

NOES:

ABSENT:

ABSTAIN:

David Rabbitt, Chair, Board of Directors
Sonoma-Marin Area Rail Transit District

ATTEST:

Leticia Rosas-Mendoza, Clerk of the Board of Directors
Sonoma-Marin Area Rail Transit District

Assembly Bill No. 2449

CHAPTER 285

An act to amend, repeal, and add Sections 54953 and 54954.2 of the Government Code, relating to local government.

[Approved by Governor September 13, 2022. Filed with
Secretary of State September 13, 2022.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2449, Blanca Rubio. Open meetings: local agencies: teleconferences.

Existing law, the Ralph M. Brown Act, requires, with specified exceptions, that all meetings of a legislative body of a local agency, as those terms are defined, be open and public and that all persons be permitted to attend and participate. The act generally requires posting an agenda at least 72 hours before a regular meeting that contains a brief general description of each item of business to be transacted or discussed at the meeting, and prohibits any action or discussion from being undertaken on any item not appearing on the posted agenda. The act authorizes a legislative body to take action on items of business not appearing on the posted agenda under specified conditions. The act contains specified provisions regarding providing for the ability of the public to observe and provide comment. The act allows for meetings to occur via teleconferencing subject to certain requirements, particularly that the legislative body notice each teleconference location of each member that will be participating in the public meeting, that each teleconference location be accessible to the public, that members of the public be allowed to address the legislative body at each teleconference location, that the legislative body post an agenda at each teleconference location, and that at least a quorum of the legislative body participate from locations within the boundaries of the local agency's jurisdiction. The act provides an exemption to the jurisdictional requirement for health authorities, as defined.

Existing law, until January 1, 2024, authorizes a local agency to use teleconferencing without complying with those specified teleconferencing requirements in specified circumstances when a declared state of emergency is in effect, or in other situations related to public health.

This bill would revise and recast those teleconferencing provisions and, until January 1, 2026, would authorize a local agency to use teleconferencing without complying with the teleconferencing requirements that each teleconference location be identified in the notice and agenda and that each teleconference location be accessible to the public if at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda that is open to the public and situated within the local agency's jurisdiction. Under this exception,

the bill would authorize a member to participate remotely under specified circumstances, including participating remotely for just cause or due to emergency circumstances. The emergency circumstances basis for remote participation would be contingent on a request to, and action by, the legislative body, as prescribed. The bill, until January 1, 2026, would authorize a legislative body to consider and take action on a request from a member to participate in a meeting remotely due to emergency circumstances if the request does not allow sufficient time to place the proposed action on the posted agenda for the meeting for which the request is made. The bill would define terms for purposes of these teleconferencing provisions.

This bill would impose prescribed requirements for this exception relating to notice, agendas, the means and manner of access, and procedures for disruptions. The bill would require the legislative body to implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with federal law.

Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

The California Constitution requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory enactment that amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this purpose.

This bill would make legislative findings to that effect.

The people of the State of California do enact as follows:

SECTION 1. Section 54953 of the Government Code, as amended by Section 3 of Chapter 165 of the Statutes of 2021, is amended to read:

54953. (a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting of the legislative body of a local agency, except as otherwise provided in this chapter.

(b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all otherwise applicable requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

(2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. If the legislative body of a local agency elects to use teleconferencing, the legislative body of a local agency shall comply with all of the following:

(A) All votes taken during a teleconferenced meeting shall be by rollcall.

(B) The teleconferenced meetings shall be conducted in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency.

(C) The legislative body shall give notice of the meeting and post agendas as otherwise required by this chapter.

(D) The legislative body shall allow members of the public to access the meeting and the agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3.

(3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as provided in subdivisions (d) and (e).

(c) (1) No legislative body shall take action by secret ballot, whether preliminary or final.

(2) The legislative body of a local agency shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

(3) Prior to taking final action, the legislative body shall orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of a local agency executive, as defined in subdivision (d) of Section 3511.1, during the open meeting in which the final action is to be taken. This paragraph shall not affect the public's right under the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1) to inspect or copy records created or received in the process of developing the recommendation.

(d) (1) Notwithstanding the provisions relating to a quorum in paragraph (3) of subdivision (b), if a health authority conducts a teleconference meeting, members who are outside the jurisdiction of the authority may be counted toward the establishment of a quorum when participating in the teleconference if at least 50 percent of the number of members that would establish a quorum are present within the boundaries of the territory over which the authority exercises jurisdiction, and the health authority provides a teleconference number, and associated access codes, if any, that allows any person to call in to participate in the meeting and the number and access codes are identified in the notice and agenda of the meeting.

(2) Nothing in this subdivision shall be construed as discouraging health authority members from regularly meeting at a common physical site within the jurisdiction of the authority or from using teleconference locations within or near the jurisdiction of the authority. A teleconference meeting for which a quorum is established pursuant to this subdivision shall be subject to all other requirements of this section.

(3) For purposes of this subdivision, a health authority means any entity created pursuant to Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.9605 of the Welfare and Institutions Code, any joint powers authority created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 for the purpose of contracting pursuant to Section 14087.3 of the Welfare and Institutions Code, and any advisory committee to a county-sponsored health plan licensed pursuant to Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code if the advisory committee has 12 or more members.

(e) (1) The legislative body of a local agency may use teleconferencing without complying with the requirements of paragraph (3) of subdivision (b) if the legislative body complies with the requirements of paragraph (2) of this subdivision in any of the following circumstances:

(A) The legislative body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing.

(B) The legislative body holds a meeting during a proclaimed state of emergency for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(C) The legislative body holds a meeting during a proclaimed state of emergency and has determined, by majority vote, pursuant to subparagraph (B), that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(2) A legislative body that holds a meeting pursuant to this subdivision shall do all of the following:

(A) In each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the means by which members of the public may access the meeting and offer public comment. The agenda shall identify and include an opportunity for all persons to attend via a call-in option or an internet-based service option.

(B) In the event of a disruption that prevents the legislative body from broadcasting the meeting to members of the public using the call-in option or internet-based service option, or in the event of a disruption within the local agency's control that prevents members of the public from offering public comments using the call-in option or internet-based service option, the legislative body shall take no further action on items appearing on the meeting agenda until public access to the meeting via the call-in option or internet-based service option is restored. Actions taken on agenda items

during a disruption that prevents the legislative body from broadcasting the meeting may be challenged pursuant to Section 54960.1.

(C) The legislative body shall not require public comments to be submitted in advance of the meeting and must provide an opportunity for the public to address the legislative body and offer comment in real time.

(D) Notwithstanding Section 54953.3, an individual desiring to provide public comment through the use of an internet website, or other online platform, not under the control of the local legislative body, that requires registration to log in to a teleconference may be required to register as required by the third-party internet website or online platform to participate.

(E) (i) A legislative body that provides a timed public comment period for each agenda item shall not close the public comment period for the agenda item, or the opportunity to register, pursuant to subparagraph (F), to provide public comment until that timed public comment period has elapsed.

(ii) A legislative body that does not provide a timed public comment period, but takes public comment separately on each agenda item, shall allow a reasonable amount of time per agenda item to allow public members the opportunity to provide public comment, including time for members of the public to register pursuant to subparagraph (F), or otherwise be recognized for the purpose of providing public comment.

(iii) A legislative body that provides a timed general public comment period that does not correspond to a specific agenda item shall not close the public comment period or the opportunity to register, pursuant to subparagraph (F), until the timed general public comment period has elapsed.

(3) If a state of emergency remains active, or state or local officials have imposed or recommended measures to promote social distancing, in order to continue to teleconference without compliance with paragraph (3) of subdivision (b), the legislative body shall, not later than 30 days after teleconferencing for the first time pursuant to subparagraph (A), (B), or (C) of paragraph (1), and every 30 days thereafter, make the following findings by majority vote:

(A) The legislative body has reconsidered the circumstances of the state of emergency.

(B) Any of the following circumstances exist:

(i) The state of emergency continues to directly impact the ability of the members to meet safely in person.

(ii) State or local officials continue to impose or recommend measures to promote social distancing.

(4) This subdivision shall not be construed to require the legislative body to provide a physical location from which the public may attend or comment.

(f) (1) The legislative body of a local agency may use teleconferencing without complying with paragraph (3) of subdivision (b) if, during the teleconference meeting, at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda, which location shall be open to the public and situated within the boundaries of the territory over which the local agency

exercises jurisdiction and the legislative body complies with all of the following:

(A) The legislative body shall provide at least one of the following as a means by which the public may remotely hear and visually observe the meeting, and remotely address the legislative body:

(i) A two-way audiovisual platform.

(ii) A two-way telephonic service and a live webcasting of the meeting.

(B) In each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the means by which members of the public may access the meeting and offer public comment.

(C) The agenda shall identify and include an opportunity for all persons to attend and address the legislative body directly pursuant to Section 54954.3 via a call-in option, via an internet-based service option, and at the in-person location of the meeting.

(D) In the event of a disruption that prevents the legislative body from broadcasting the meeting to members of the public using the call-in option or internet-based service option, or in the event of a disruption within the local agency's control that prevents members of the public from offering public comments using the call-in option or internet-based service option, the legislative body shall take no further action on items appearing on the meeting agenda until public access to the meeting via the call-in option or internet-based service option is restored. Actions taken on agenda items during a disruption that prevents the legislative body from broadcasting the meeting may be challenged pursuant to Section 54960.1.

(E) The legislative body shall not require public comments to be submitted in advance of the meeting and must provide an opportunity for the public to address the legislative body and offer comment in real time.

(F) Notwithstanding Section 54953.3, an individual desiring to provide public comment through the use of an internet website, or other online platform, not under the control of the local legislative body, that requires registration to log in to a teleconference may be required to register as required by the third-party internet website or online platform to participate.

(2) A member of the legislative body shall only participate in the meeting remotely pursuant to this subdivision, if all of the following requirements are met:

(A) One of the following circumstances applies:

(i) The member notifies the legislative body at the earliest opportunity possible, including at the start of a regular meeting, of their need to participate remotely for just cause, including a general description of the circumstances relating to their need to appear remotely at the given meeting. The provisions of this clause shall not be used by any member of the legislative body for more than two meetings per calendar year.

(ii) The member requests the legislative body to allow them to participate in the meeting remotely due to emergency circumstances and the legislative body takes action to approve the request. The legislative body shall request a general description of the circumstances relating to their need to appear

remotely at the given meeting. A general description of an item generally need not exceed 20 words and shall not require the member to disclose any medical diagnosis or disability, or any personal medical information that is already exempt under existing law, such as the Confidentiality of Medical Information Act (Chapter 1 (commencing with Section 56) of Part 2.6 of Division 1 of the Civil Code). For the purposes of this clause, the following requirements apply:

(I) A member shall make a request to participate remotely at a meeting pursuant to this clause as soon as possible. The member shall make a separate request for each meeting in which they seek to participate remotely.

(II) The legislative body may take action on a request to participate remotely at the earliest opportunity. If the request does not allow sufficient time to place proposed action on such a request on the posted agenda for the meeting for which the request is made, the legislative body may take action at the beginning of the meeting in accordance with paragraph (4) of subdivision (b) of Section 54954.2.

(B) The member shall publicly disclose at the meeting before any action is taken, whether any other individuals 18 years of age or older are present in the room at the remote location with the member, and the general nature of the member's relationship with any such individuals.

(C) The member shall participate through both audio and visual technology.

(3) The provisions of this subdivision shall not serve as a means for any member of a legislative body to participate in meetings of the legislative body solely by teleconference from a remote location for a period of more than three consecutive months or 20 percent of the regular meetings for the local agency within a calendar year, or more than two meetings if the legislative body regularly meets fewer than 10 times per calendar year.

(g) The legislative body shall have and implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and resolving any doubt in favor of accessibility. In each instance in which notice of the time of the meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the procedure for receiving and resolving requests for accommodation.

(h) The legislative body shall conduct meetings subject to this chapter consistent with applicable civil rights and nondiscrimination laws.

(i) (1) Nothing in this section shall prohibit a legislative body from providing the public with additional teleconference locations.

(2) Nothing in this section shall prohibit a legislative body from providing members of the public with additional physical locations in which the public may observe and address the legislative body by electronic means.

(j) For the purposes of this section, the following definitions shall apply:

(1) "Emergency circumstances" means a physical or family medical emergency that prevents a member from attending in person.

(2) "Just cause" means any of the following:

(A) A childcare or caregiving need of a child, parent, grandparent, grandchild, sibling, spouse, or domestic partner that requires them to participate remotely. “Child,” “parent,” “grandparent,” “grandchild,” and “sibling” have the same meaning as those terms do in Section 12945.2.

(B) A contagious illness that prevents a member from attending in person.

(C) A need related to a physical or mental disability as defined in Sections 12926 and 12926.1 not otherwise accommodated by subdivision (g).

(D) Travel while on official business of the legislative body or another state or local agency.

(3) “Remote location” means a location from which a member of a legislative body participates in a meeting pursuant to subdivision (f), other than any physical meeting location designated in the notice of the meeting. Remote locations need not be accessible to the public.

(4) “Remote participation” means participation in a meeting by teleconference at a location other than any physical meeting location designated in the notice of the meeting. Watching or listening to a meeting via webcasting or another similar electronic medium that does not permit members to interactively hear, discuss, or deliberate on matters, does not constitute remote participation.

(5) “State of emergency” means a state of emergency proclaimed pursuant to Section 8625 of the California Emergency Services Act (Article 1 (commencing with Section 8550) of Chapter 7 of Division 1 of Title 2).

(6) “Teleconference” means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both.

(7) “Two-way audiovisual platform” means an online platform that provides participants with the ability to participate in a meeting via both an interactive video conference and a two-way telephonic function.

(8) “Two-way telephonic service” means a telephone service that does not require internet access, is not provided as part of a two-way audiovisual platform, and allows participants to dial a telephone number to listen and verbally participate.

(9) “Webcasting” means a streaming video broadcast online or on television, using streaming media technology to distribute a single content source to many simultaneous listeners and viewers.

(k) This section shall remain in effect only until January 1, 2024, and as of that date is repealed.

SEC. 2. Section 54953 of the Government Code, as added by Section 4 of Chapter 165 of the Statutes of 2021, is amended to read:

54953. (a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting of the legislative body of a local agency, except as otherwise provided in this chapter.

(b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding

shall comply with all otherwise applicable requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

(2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. If the legislative body of a local agency elects to use teleconferencing, the legislative body of a local agency shall comply with all of the following:

(A) All votes taken during a teleconferenced meeting shall be by rollcall.

(B) The teleconferenced meetings shall be conducted in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency.

(C) The legislative body shall give notice of the meeting and post agendas as otherwise required by this chapter.

(D) The legislative body shall allow members of the public to access the meeting and the agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3.

(3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as provided in subdivision (d).

(c) (1) No legislative body shall take action by secret ballot, whether preliminary or final.

(2) The legislative body of a local agency shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

(3) Prior to taking final action, the legislative body shall orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of a local agency executive, as defined in subdivision (d) of Section 3511.1, during the open meeting in which the final action is to be taken. This paragraph shall not affect the public's right under the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1) to inspect or copy records created or received in the process of developing the recommendation.

(d) (1) Notwithstanding the provisions relating to a quorum in paragraph (3) of subdivision (b), if a health authority conducts a teleconference meeting, members who are outside the jurisdiction of the authority may be counted toward the establishment of a quorum when participating in the teleconference if at least 50 percent of the number of members that would establish a quorum are present within the boundaries of the territory over which the authority exercises jurisdiction, and the health authority provides a teleconference number, and associated access codes, if any, that allows

any person to call in to participate in the meeting and the number and access codes are identified in the notice and agenda of the meeting.

(2) Nothing in this subdivision shall be construed as discouraging health authority members from regularly meeting at a common physical site within the jurisdiction of the authority or from using teleconference locations within or near the jurisdiction of the authority. A teleconference meeting for which a quorum is established pursuant to this subdivision shall be subject to all other requirements of this section.

(3) For purposes of this subdivision, a health authority means any entity created pursuant to Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.9605 of the Welfare and Institutions Code, any joint powers authority created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 for the purpose of contracting pursuant to Section 14087.3 of the Welfare and Institutions Code, and any advisory committee to a county-sponsored health plan licensed pursuant to Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code if the advisory committee has 12 or more members.

(e) (1) The legislative body of a local agency may use teleconferencing without complying with paragraph (3) of subdivision (b) if, during the teleconference meeting, at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda, which location shall be open to the public and situated within the boundaries of the territory over which the local agency exercises jurisdiction and the legislative body complies with all of the following:

(A) The legislative body shall provide at least one of the following as a means by which the public may remotely hear and visually observe the meeting, and remotely address the legislative body:

(i) A two-way audiovisual platform.

(ii) A two-way telephonic service and a live webcasting of the meeting.

(B) In each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the means by which members of the public may access the meeting and offer public comment.

(C) The agenda shall identify and include an opportunity for all persons to attend and address the legislative body directly pursuant to Section 54954.3 via a call-in option, via an internet-based service option, and at the in-person location of the meeting.

(D) In the event of a disruption that prevents the legislative body from broadcasting the meeting to members of the public using the call-in option or internet-based service option, or in the event of a disruption within the local agency's control that prevents members of the public from offering public comments using the call-in option or internet-based service option, the legislative body shall take no further action on items appearing on the meeting agenda until public access to the meeting via the call-in option or internet-based service option is restored. Actions taken on agenda items

during a disruption that prevents the legislative body from broadcasting the meeting may be challenged pursuant to Section 54960.1.

(E) The legislative body shall not require public comments to be submitted in advance of the meeting and must provide an opportunity for the public to address the legislative body and offer comment in real time.

(F) Notwithstanding Section 54953.3, an individual desiring to provide public comment through the use of an internet website, or other online platform, not under the control of the local legislative body, that requires registration to log in to a teleconference may be required to register as required by the third-party internet website or online platform to participate.

(2) A member of the legislative body shall only participate in the meeting remotely pursuant to this subdivision, if all of the following requirements are met:

(A) One of the following circumstances applies:

(i) The member notifies the legislative body at the earliest opportunity possible, including at the start of a regular meeting, of their need to participate remotely for just cause, including a general description of the circumstances relating to their need to appear remotely at the given meeting. The provisions of this clause shall not be used by any member of the legislative body for more than two meetings per calendar year.

(ii) The member requests the legislative body to allow them to participate in the meeting remotely due to emergency circumstances and the legislative body takes action to approve the request. The legislative body shall request a general description of the circumstances relating to their need to appear remotely at the given meeting. A general description of an item generally need not exceed 20 words and shall not require the member to disclose any medical diagnosis or disability, or any personal medical information that is already exempt under existing law, such as the Confidentiality of Medical Information Act (Chapter 1 (commencing with Section 56) of Part 2.6 of Division 1 of the Civil Code). For the purposes of this clause, the following requirements apply:

(I) A member shall make a request to participate remotely at a meeting pursuant to this clause as soon as possible. The member shall make a separate request for each meeting in which they seek to participate remotely.

(II) The legislative body may take action on a request to participate remotely at the earliest opportunity. If the request does not allow sufficient time to place proposed action on such a request on the posted agenda for the meeting for which the request is made, the legislative body may take action at the beginning of the meeting in accordance with paragraph (4) of subdivision (b) of Section 54954.2.

(B) The member shall publicly disclose at the meeting before any action is taken whether any other individuals 18 years of age or older are present in the room at the remote location with the member, and the general nature of the member's relationship with any such individuals.

(C) The member shall participate through both audio and visual technology.

(3) The provisions of this subdivision shall not serve as a means for any member of a legislative body to participate in meetings of the legislative body solely by teleconference from a remote location for a period of more than three consecutive months or 20 percent of the regular meetings for the local agency within a calendar year, or more than two meetings if the legislative body regularly meets fewer than 10 times per calendar year.

(f) The legislative body shall have and implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and resolving any doubt in favor of accessibility. In each instance in which notice of the time of the meeting is otherwise given or the agenda for the meeting is otherwise posted, the legislative body shall also give notice of the procedure for receiving and resolving requests for accommodation.

(g) The legislative body shall conduct meetings subject to this chapter consistent with applicable civil rights and nondiscrimination laws.

(h) (1) Nothing in this section shall prohibit a legislative body from providing the public with additional teleconference locations.

(2) Nothing in this section shall prohibit a legislative body from providing members of the public with additional physical locations in which the public may observe and address the legislative body by electronic means.

(i) For the purposes of this section, the following definitions shall apply:

(1) “Emergency circumstances” means a physical or family medical emergency that prevents a member from attending in person.

(2) “Just cause” means any of the following:

(A) A childcare or caregiving need of a child, parent, grandparent, grandchild, sibling, spouse, or domestic partner that requires them to participate remotely. “Child,” “parent,” “grandparent,” “grandchild,” and “sibling” have the same meaning as those terms do in Section 12945.2.

(B) A contagious illness that prevents a member from attending in person.

(C) A need related to a physical or mental disability as defined in Sections 12926 and 12926.1 not otherwise accommodated by subdivision (f).

(D) Travel while on official business of the legislative body or another state or local agency.

(3) “Remote location” means a location from which a member of a legislative body participates in a meeting pursuant to subdivision (e), other than any physical meeting location designated in the notice of the meeting. Remote locations need not be accessible to the public.

(4) “Remote participation” means participation in a meeting by teleconference at a location other than any physical meeting location designated in the notice of the meeting. Watching or listening to a meeting via webcasting or another similar electronic medium that does not permit members to interactively hear, discuss, or deliberate on matters, does not constitute remote participation.

(5) “Teleconference” means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both.

(6) “Two-way audiovisual platform” means an online platform that provides participants with the ability to participate in a meeting via both an interactive video conference and a two-way telephonic function.

(7) “Two-way telephonic service” means a telephone service that does not require internet access, is not provided as part of a two-way audiovisual platform, and allows participants to dial a telephone number to listen and verbally participate.

(8) “Webcasting” means a streaming video broadcast online or on television, using streaming media technology to distribute a single content source to many simultaneous listeners and viewers.

(j) This section shall become operative January 1, 2024, shall remain in effect only until January 1, 2026, and as of that date is repealed.

SEC. 3. Section 54953 is added to the Government Code, to read:

54953. (a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting of the legislative body of a local agency, except as otherwise provided in this chapter.

(b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

(2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. All votes taken during a teleconferenced meeting shall be by rollcall.

(3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations and conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as provided in subdivision (d). The agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3 at each teleconference location.

(4) For the purposes of this section, “teleconference” means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both. Nothing in this section shall prohibit a local agency from providing the public with additional teleconference locations.

(c) (1) No legislative body shall take action by secret ballot, whether preliminary or final.

(2) The legislative body of a local agency shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

(3) Prior to taking final action, the legislative body shall orally report a summary of a recommendation for a final action on the salaries, salary schedules, or compensation paid in the form of fringe benefits of a local agency executive, as defined in subdivision (d) of Section 3511.1, during the open meeting in which the final action is to be taken. This paragraph shall not affect the public's right under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1) to inspect or copy records created or received in the process of developing the recommendation.

(d) (1) Notwithstanding the provisions relating to a quorum in paragraph (3) of subdivision (b), if a health authority conducts a teleconference meeting, members who are outside the jurisdiction of the authority may be counted toward the establishment of a quorum when participating in the teleconference if at least 50 percent of the number of members that would establish a quorum are present within the boundaries of the territory over which the authority exercises jurisdiction, and the health authority provides a teleconference number, and associated access codes, if any, that allows any person to call in to participate in the meeting and the number and access codes are identified in the notice and agenda of the meeting.

(2) Nothing in this subdivision shall be construed as discouraging health authority members from regularly meeting at a common physical site within the jurisdiction of the authority or from using teleconference locations within or near the jurisdiction of the authority. A teleconference meeting for which a quorum is established pursuant to this subdivision shall be subject to all other requirements of this section.

(3) For purposes of this subdivision, a health authority means any entity created pursuant to Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.9605 of the Welfare and Institutions Code, any joint powers authority created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 for the purpose of contracting pursuant to Section 14087.3 of the Welfare and Institutions Code, and any advisory committee to a county-sponsored health plan licensed pursuant to Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code if the advisory committee has 12 or more members.

(e) This section shall become operative January 1, 2026.

SEC. 4. Section 54954.2 of the Government Code is amended to read:

54954.2. (a) (1) At least 72 hours before a regular meeting, the legislative body of the local agency, or its designee, shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting, including items to be discussed in closed session. A brief general description of an item generally need not exceed 20 words. The agenda shall specify the time and location of the

regular meeting and shall be posted in a location that is freely accessible to members of the public and on the local agency's Internet Web site, if the local agency has one. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. The agenda shall include information regarding how, to whom, and when a request for disability-related modification or accommodation, including auxiliary aids or services, may be made by a person with a disability who requires a modification or accommodation in order to participate in the public meeting.

(2) For a meeting occurring on and after January 1, 2019, of a legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state that has an Internet Web site, the following provisions shall apply:

(A) An online posting of an agenda shall be posted on the primary Internet Web site homepage of a city, county, city and county, special district, school district, or political subdivision established by the state that is accessible through a prominent, direct link to the current agenda. The direct link to the agenda shall not be in a contextual menu; however, a link in addition to the direct link to the agenda may be accessible through a contextual menu.

(B) An online posting of an agenda including, but not limited to, an agenda posted in an integrated agenda management platform, shall be posted in an open format that meets all of the following requirements:

(i) Retrievable, downloadable, indexable, and electronically searchable by commonly used Internet search applications.

(ii) Platform independent and machine readable.

(iii) Available to the public free of charge and without any restriction that would impede the reuse or redistribution of the agenda.

(C) A legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state that has an Internet Web site and an integrated agenda management platform shall not be required to comply with subparagraph (A) if all of the following are met:

(i) A direct link to the integrated agenda management platform shall be posted on the primary Internet Web site homepage of a city, county, city and county, special district, school district, or political subdivision established by the state. The direct link to the integrated agenda management platform shall not be in a contextual menu. When a person clicks on the direct link to the integrated agenda management platform, the direct link shall take the person directly to an Internet Web site with the agendas of the legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state.

(ii) The integrated agenda management platform may contain the prior agendas of a legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state for all meetings occurring on or after January 1, 2019.

(iii) The current agenda of the legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state shall be the first agenda available at the top of the integrated agenda management platform.

(iv) All agendas posted in the integrated agenda management platform shall comply with the requirements in clauses (i), (ii), and (iii) of subparagraph (B).

(D) For the purposes of this paragraph, both of the following definitions shall apply:

(i) “Integrated agenda management platform” means an Internet Web site of a city, county, city and county, special district, school district, or political subdivision established by the state dedicated to providing the entirety of the agenda information for the legislative body of the city, county, city and county, special district, school district, or political subdivision established by the state to the public.

(ii) “Legislative body” has the same meaning as that term is used in subdivision (a) of Section 54952.

(E) The provisions of this paragraph shall not apply to a political subdivision of a local agency that was established by the legislative body of the city, county, city and county, special district, school district, or political subdivision established by the state.

(3) No action or discussion shall be undertaken on any item not appearing on the posted agenda, except that members of a legislative body or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under Section 54954.3. In addition, on their own initiative or in response to questions posed by the public, a member of a legislative body or its staff may ask a question for clarification, make a brief announcement, or make a brief report on his or her own activities. Furthermore, a member of a legislative body, or the body itself, subject to rules or procedures of the legislative body, may provide a reference to staff or other resources for factual information, request staff to report back to the body at a subsequent meeting concerning any matter, or take action to direct staff to place a matter of business on a future agenda.

(b) Notwithstanding subdivision (a), the legislative body may take action on items of business not appearing on the posted agenda under any of the conditions stated below. Prior to discussing any item pursuant to this subdivision, the legislative body shall publicly identify the item.

(1) Upon a determination by a majority vote of the legislative body that an emergency situation exists, as defined in Section 54956.5.

(2) Upon a determination by a two-thirds vote of the members of the legislative body present at the meeting, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted as specified in subdivision (a).

(3) The item was posted pursuant to subdivision (a) for a prior meeting of the legislative body occurring not more than five calendar days prior to

the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

(4) To consider action on a request from a member to participate in a meeting remotely due to emergency circumstances, pursuant to Section 54953, if the request does not allow sufficient time to place the proposed action on the posted agenda for the meeting for which the request is made. The legislative body may approve such a request by a majority vote of the legislative body.

(c) This section is necessary to implement and reasonably within the scope of paragraph (1) of subdivision (b) of Section 3 of Article I of the California Constitution.

(d) For purposes of subdivision (a), the requirement that the agenda be posted on the local agency's Internet Web site, if the local agency has one, shall only apply to a legislative body that meets either of the following standards:

(1) A legislative body as that term is defined by subdivision (a) of Section 54952.

(2) A legislative body as that term is defined by subdivision (b) of Section 54952, if the members of the legislative body are compensated for their appearance, and if one or more of the members of the legislative body are also members of a legislative body as that term is defined by subdivision (a) of Section 54952.

(e) This section shall remain in effect only until January 1, 2026, and as of that date is repealed.

SEC. 5. Section 54954.2 is added to the Government Code, to read:

54954.2. (a) (1) At least 72 hours before a regular meeting, the legislative body of the local agency, or its designee, shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting, including items to be discussed in closed session. A brief general description of an item generally need not exceed 20 words. The agenda shall specify the time and location of the regular meeting and shall be posted in a location that is freely accessible to members of the public and on the local agency's Internet Web site, if the local agency has one. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. The agenda shall include information regarding how, to whom, and when a request for disability-related modification or accommodation, including auxiliary aids or services, may be made by a person with a disability who requires a modification or accommodation in order to participate in the public meeting.

(2) For a meeting occurring on and after January 1, 2019, of a legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state that has an Internet Web site, the following provisions shall apply:

(A) An online posting of an agenda shall be posted on the primary Internet Web site homepage of a city, county, city and county, special district, school district, or political subdivision established by the state that is accessible through a prominent, direct link to the current agenda. The direct link to the agenda shall not be in a contextual menu; however, a link in addition to the direct link to the agenda may be accessible through a contextual menu.

(B) An online posting of an agenda including, but not limited to, an agenda posted in an integrated agenda management platform, shall be posted in an open format that meets all of the following requirements:

(i) Retrievable, downloadable, indexable, and electronically searchable by commonly used Internet search applications.

(ii) Platform independent and machine readable.

(iii) Available to the public free of charge and without any restriction that would impede the reuse or redistribution of the agenda.

(C) A legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state that has an Internet Web site and an integrated agenda management platform shall not be required to comply with subparagraph (A) if all of the following are met:

(i) A direct link to the integrated agenda management platform shall be posted on the primary Internet Web site homepage of a city, county, city and county, special district, school district, or political subdivision established by the state. The direct link to the integrated agenda management platform shall not be in a contextual menu. When a person clicks on the direct link to the integrated agenda management platform, the direct link shall take the person directly to an Internet Web site with the agendas of the legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state.

(ii) The integrated agenda management platform may contain the prior agendas of a legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state for all meetings occurring on or after January 1, 2019.

(iii) The current agenda of the legislative body of a city, county, city and county, special district, school district, or political subdivision established by the state shall be the first agenda available at the top of the integrated agenda management platform.

(iv) All agendas posted in the integrated agenda management platform shall comply with the requirements in clauses (i), (ii), and (iii) of subparagraph (B).

(D) For the purposes of this paragraph, both of the following definitions shall apply:

(i) “Integrated agenda management platform” means an Internet Web site of a city, county, city and county, special district, school district, or political subdivision established by the state dedicated to providing the entirety of the agenda information for the legislative body of the city, county, city and county, special district, school district, or political subdivision established by the state to the public.

(ii) “Legislative body” has the same meaning as that term is used in subdivision (a) of Section 54952.

(E) The provisions of this paragraph shall not apply to a political subdivision of a local agency that was established by the legislative body of the city, county, city and county, special district, school district, or political subdivision established by the state.

(3) No action or discussion shall be undertaken on any item not appearing on the posted agenda, except that members of a legislative body or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under Section 54954.3. In addition, on their own initiative or in response to questions posed by the public, a member of a legislative body or its staff may ask a question for clarification, make a brief announcement, or make a brief report on his or her own activities. Furthermore, a member of a legislative body, or the body itself, subject to rules or procedures of the legislative body, may provide a reference to staff or other resources for factual information, request staff to report back to the body at a subsequent meeting concerning any matter, or take action to direct staff to place a matter of business on a future agenda.

(b) Notwithstanding subdivision (a), the legislative body may take action on items of business not appearing on the posted agenda under any of the conditions stated below. Prior to discussing any item pursuant to this subdivision, the legislative body shall publicly identify the item.

(1) Upon a determination by a majority vote of the legislative body that an emergency situation exists, as defined in Section 54956.5.

(2) Upon a determination by a two-thirds vote of the members of the legislative body present at the meeting, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted as specified in subdivision (a).

(3) The item was posted pursuant to subdivision (a) for a prior meeting of the legislative body occurring not more than five calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

(c) This section is necessary to implement and reasonably within the scope of paragraph (1) of subdivision (b) of Section 3 of Article I of the California Constitution.

(d) For purposes of subdivision (a), the requirement that the agenda be posted on the local agency’s Internet Web site, if the local agency has one, shall only apply to a legislative body that meets either of the following standards:

(1) A legislative body as that term is defined by subdivision (a) of Section 54952.

(2) A legislative body as that term is defined by subdivision (b) of Section 54952, if the members of the legislative body are compensated for their appearance, and if one or more of the members of the legislative body are

also members of a legislative body as that term is defined by subdivision (a) of Section 54952.

(e) This section shall become operative January 1, 2026.

SEC. 6. The Legislature finds and declares that Sections 1 and 2 of this act, which amend Section 54953 of the Government Code, impose a limitation on the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

By removing the requirement for agendas to be placed at the location of each public official participating in a public meeting remotely, including from the member's private home or hospital room, this act protects the personal, private information of public officials and their families while preserving the public's right to access information concerning the conduct of the people's business.

SEC. 7. The Legislature finds and declares that Sections 1 and 2 of this act, which amend Section 54953 of the Government Code, further, within the meaning of paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, the purposes of that constitutional section as it relates to the right of public access to the meetings of local public bodies or the writings of local public officials and local agencies. Pursuant to paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, the Legislature makes the following findings:

This act is necessary to ensure minimum standards for public participation and notice requirements allowing for greater public participation in teleconference meetings.