

Board of Directors Meeting: June 17, 2020 – Public Comments

Date	Name	5. Public Comment on Non-Agenda Items
6/4/2020	Patricia Tuttle Brown	<p><u>My comment was to be: perhaps someone could read it so it's in the record for the meeting.</u></p> <p>As Mr. Columbo said: the one job of the COC is to vet the STRATEGIC plan every 5 years, and I agree and my view is: the Strategic Plan had a lot more in it than was vetted by the Board. And that WAS and IS part of the COC job in my view since that is the group the Board turned to vet the Strategic Plan. Thus the Pathway maps and language, were left unveiled. And they remain somewhat unclear. e.g. the Pathway is called by different names in different places, which leads to unclarity of what it is even supposed to be. "Bikeway", for instance, is a completely different meaning that "Pathway" and "Pathway" is the correct language. [I do not have a list in front of me of the various words used in the Plan] But the Plan was not really vetted for consistency in this arena. . "Pathway" reminds us all that the ultimate vision must remain for off-road connections, safe, inviting for pedestrians, and not a roadway for instance shared with cars and right next to the freeway, as the Cal Trans roads are. The Strategic Plan maps, in their connections, show what are actually "interim" connections for the sake of current-time bicyclists knowing how to get from Santa Rosa to San Rafael. But those connection include arterials just chosen for connectivity etc, which—for creating of the final Pathway—are not the actual final vision. There is a gap of over 7 miles in the maps between Novato and Petaluma which is simply left out, and it is not really possible to even see the landmarks.</p> <p>Why comments area are irrespective of the insistence by Bike Coalitions—which I disagree with—of an angry insistence of a certain % of money being spent NOW, or of accusations of unfairness to cyclists—which i also disagree with. SMART has had to build a train. Excellent job. But the ultimate Pathway vision—even though it may take decades through grants--is ALSO part of the Strategic Plan that needed to be vetted by the COC, as per it being the only group given the Strategic Plan to bring back to the Board. And it was not part of the discussion. Of course, the COC money/bond vetting is imperative. But so is this, as the election may have indicated.</p> <p>Patricia Tuttle Brown, SMART proponent -in all its aspects—since the last 1990's</p>
6/10/2020	Paul Garbarini	Letter Attached

Board of Directors Meeting: June 17, 2020 – Public Comments

6/15/2020	Lucy Fairweather	<p>As a participating member of the Advisory Committee for the Petaluma SMART Station Area Master Plan, the Transverse Street was a critical component to connect the station to the Petaluma River and downtown. But perhaps even more importantly, it helped to mitigate the traffic and allow for a more direct route to both the SMART Station and the Transit Hub. As a former Planning Commissioner, it is a known fact that the intersections of Lakeville & D Street and Lakeville and Washington will be at Level of Service (LOS) F upon buildout of the development. That "F" could stand for "FAIL". By not extending the Transverse Street for vehicular traffic, it only exacerbates an already bad situation. OPTICOS Design and their traffic consultant, studied this issue and other alternatives. They concluded that allowing vehicles to utilize the Transverse Street from Weller Street to the Station was the best solution. Furthermore, the limited retail associated with this development should be located on the Transverse Street for the benefit of the residents. Locating retail on the corners of the busy intersections, where no parking is available, is wrong headed in appealing to passing traffic rather than providing a more quiet and intimate shopping experience for the residents. Please reconsider and revise the proposed plan for development.</p>
6/15/2020	Edward FitzGerald	<p>I beseech you to seriously consider and then adopt the downtown Petaluma transverse/access proposed by the Petaluma Urban Chat, 350 Petaluma, and Friends of SMART in "The Downtown Petaluma SMART Station: Providing Good Access, Minimizing Congestion, and Creating a Place", June 11, 2020.</p> <p>It is already extremely difficult to navigate this area, and with the new plans it will become even more so.</p> <p>Thanks in advance for your thoughtful consideration. Blessings and good health, Ed FitzGerald 609 Prospect ST Petaluma, CA 94952</p>
6/16/2020	Barry Albert Bussewitz	<p>Please restore the Transverse/Station connection to the Downtown SMART station. As detailed and charted in a previously submitted document, failure to restore this connection will add confusion, frustration and congestion to the use of our station. I fervently want a successful train in Petaluma. Making it as easy and accessible as possible will help. Thank you for doing all can for this!</p> <p>KEY EXCERPTS — For Petaluma, managing traffic congestion is a priority. Without the Transverse/Station connection, nearby congestion would be increased. The additional congestion would impact the comfort, safety, and timely arrival to all destinations of drivers, transit riders, pedestrians, and bicyclists.^[1] Without the Transverse/Station connection, the only traffic entrance into the train station parking lot, also known as Station Access Road,</p>

Board of Directors Meeting: June 17, 2020 – Public Comments

		is a right turn from NE Bound E. Washington. The only exit is a right turn onto SW Bound D Street. Other entrances or exits from the two arterials aren't permitted because of the short distance from the railroad tracks or long traffic queues. Without the Transverse/Station connection, over 80 percent of trips to and from the Downtown Petaluma station would require an average of three extra blocks of travel. More importantly, all the indirect routes require two extra congestion-causing turns onto or off of arterials. The added congestion would not only inconvenience train passengers but also add congestion for all modes of travel, slowing arrivals while reducing comfort and safety.
Date	Name	6. Consent 6a. Accept Monthly Ridership Report- May 2020 6b. Accept SMART's Annual Report - 2019
6/16/2020	Mike Arnold	See attached table
Date	Name	7. Approve a Resolution re-establishing a second Petaluma Station at Corona Road and N. McDowell Boulevard in Petaluma; Authorize using the \$8 million proceeds from the sale of the Downtown SMART property to fund the design and construction of second station; Authorize the General Manager to enter into a related agreement with the City of Petaluma regarding the Corona station project and Downtown Depot lease and authorize the General Manager to issue a Change Notice Proposal to existing Systems and Civil construction contractors
6/15/2020	Edward FitzGerald	<p>I beseech you to seriously consider and then adopt the downtown Petaluma transverse/access proposed by the Petaluma Urban Chat, 350 Petaluma, and Friends of SMART in "The Downtown Petaluma SMART Station: Providing Good Access, Minimizing Congestion, and Creating a Place", June 11, 2020.</p> <p>It is already extremely difficult to navigate this area, and with the new plans it will become even more so.</p> <p>Thanks in advance for your thoughtful consideration. Blessings and good health, Ed FitzGerald 609 Prospect ST Petaluma, CA 94952</p>
6/15/2020	Bill Wolpert	As a participating member of the Advisory Committee for the Petaluma SMART Station Area Master Plan, the Transverse Street was a critical component to connect the station to the

Board of Directors Meeting: June 17, 2020 – Public Comments

		<p>Petaluma River and downtown. But perhaps even more importantly, it helped to mitigate the traffic and allow for a more direct route to both the SMART Station and the Transit Hub. As a former Planning Commissioner, it is a known fact that the intersections of Lakeville & D Street and Lakeville and Washington will be at Level of Service (LOS) F upon buildout of the development. That "F" could stand for "FAIL". By not extending the Transverse Street for vehicular traffic, it only exacerbates an already bad situation. OPTICOS Design and their traffic consultant, studied this issue and other alternatives. They concluded that allowing vehicles to utilize the Transverse Street from Weller Street to the Station was the best solution. Furthermore, the limited retail associated with this development should be located on the Transverse Street for the benefit of the residents. Locating retail on the corners of the busy intersections, where no parking is available, is wrong headed in appealing to passing traffic rather than providing a more quiet and intimate shopping experience for the residents. Please reconsider and revise the proposed plan for development.</p>
6/16/2020	Dave Alden	<p>I'm disappointed with the pending agreement. Given the protests roiling the nation, it's disheartening to see fifty affordable homes moved from a transit-rich, walkable district to a transit-weak, car-dependent location. Equally unfortunate is the narrow range of housing at Corona. Is no one listening to the drumbeat of our time? However, even if Petaluma was constrained by the SMART deadline, I understand these decisions were approved by Petaluma. So instead I want to look at the downtown station traffic circulation pattern. I've backed SMART with enthusiasm for nearly two decades. One of my reasons was the integration of rail and life. Done well, it's an elegant urban form that serves as a template for the 21st century. Done poorly, it undermines its setting. The circulation plan now proposed is an example of the latter. A position paper by Petaluma Urban Chat, submitted separately, illustrates the problem. Driving to the train station requires out of direction travel, putting additional trips into what should be pedestrian-bicycle havens. Also, more turns must be made on and off arterials, further congesting already troublesome traffic. And these are only the initial concerns. It has been suggested that I present a specific proposal. But the best urban form isn't from a single mind but from collaboration. Thus, I ask only that you not approve this agreement today but instead direct staff to return to the negotiating table, hopefully enlightened, to seek a solution that better serves the needs of all. Thank you for your attention.</p> <p>(see attached document)</p>
6/16/2020	Dani Sheehan-Meyer	<p>I support the document Dave Alden has submitted to the General Manager, Staff and the Board of Directs titled; The Downtown Petaluma SMART Station Providing Good Access,</p>

Board of Directors Meeting: June 17, 2020 – Public Comments

		Minimizing Congestion, and Creating a Place Transverse Street should connect to the downtown Petaluma station and this third access should be redesigned to complete access for both cars, bicyclist and pedestrians. This was included in the original design, looks like an 'easy' fix and cuts green house gases by reducing time spent driving. Please consider as you plan to make the Transverse connection part of the permanent plan. Thank you.
6/16/2020	Barry Albert Bussewitz	<p>Petaluma Please restore the Transverse/Station connection to the Downtown SMART station. As detailed and charted in a previously submitted document, failure to restore this connection will add confusion, frustration and congestion to the use of our station. I fervently want a successful train in Petaluma. Making it as easy and accessible as possible will help. Thank you for doing all can for this</p> <p>KEY EXCERPTS — For Petaluma, managing traffic congestion is a priority. Without the Transverse/Station connection, nearby congestion would be increased. The additional congestion would impact the comfort, safety, and timely arrival to all destinations of drivers, transit riders, pedestrians, and bicyclists. Without the Transverse/Station connection, the only traffic entrance into the train station parking lot, also known as Station Access Road, is a right turn from NE Bound E. Washington. The only exit is a right turn onto SW Bound D Street. Other entrances or exits from the two arterials aren't permitted because of the short distance from the railroad tracks or long traffic queues.</p> <p>Without the Transverse/Station connection, over 80 percent of trips to and from the Downtown Petaluma station would require an average of three extra blocks of travel. More importantly, all the indirect routes require two extra congestion-causing turns onto or off of arterials. The added congestion would not only inconvenience train passengers but also add congestion for all modes of travel, slowing arrivals while reducing comfort and safety.</p>
Date	Name	8. Approve the Resolutions to Adopt the Revised Fiscal Year 2019-20 Budget, the Fiscal Year 2020-21 Proposed Budget Including Annual Position Authorization and the Investment Policy for Fiscal Year 2020-21 and Ratifying the Annual Appropriation Limit for Fiscal Year 2020-21
6/15/2020	Mike Arnold	Submitted 3 memos (attached): 1) Continue Use of Financial Reserves to Save Staff Positions; 2) Lack of Ridership Forecast in the Budget; and 3) CDFTA Sales Tax Revenue Allocation Data
Date	Name	9. Authorize the General Manager to Execute Seven (7) Consultant Contract Amendments totaling \$417,000 as needed to Fiscal Year 2020-21
		NONE

Board of Directors Meeting: June 17, 2020 – Public Comments

Date	Name	10. Authorize the General Manager to Execute Contract Amendment No. 9 with SPTJ Consulting for Information Technology Services in the amount of \$340,470 for a total not-to-exceed amount of \$1,979,601
6/15/2020	Bruce Vogen	It would appear SPTJ Consulting's website is www.sptj.com . Entering that url into Chrome, Microsoft Explorer, and Firefox yields the following results. If this url does belong to the firm mentioned in agenda item 10, it would be helpful to the public if the company updated its website.
Date	Name	11. Authorize the General Manager to Execute Contract Amendment No. 9 with Hanson Bridgett LLP for legal support services in the amount of \$100,000 for a contract not-to-exceed amount of \$650,000
		NONE
Date	Name	12. Authorize the General Manager to Award an On-Call Service Agreement for Biohazard Remediation with Environmental Logistics, Inc. and American Integrated Services, Inc. each in the amount of \$150,000
		NONE
Date	Name	13. Approve Resolutions Authorizing the Submittal of State Transit Assistance Fund Claims to the Metropolitan Transportation Commission and the Submittal of State Rail Assistance Fund Applications to the California State Transportation Agency
		NONE
Date	Name	14. Authorize the General Manager to Execute Contract No. CV-PS-19-001 with GHD, Inc for Engineering Design and Support Services - Petaluma, Penngrove, and Santa Rosa Various Non-Motorized Pathway Segments for a total contract amount of \$949,138
		NONE
Date	Name	15. Authorize the General Manager to Enter into Purchase Agreement with the Lagun Valley Mitigation Bank for the purchase of 2.2 acres of seasonal wetland mitigation credits in an amount not to exceed \$275,000
		NONE

The SMART Board has lost focus. Early last century, we had numerous passenger trains that were not profitable after the invention of the automobile. These privately-owned companies soon liquidated. Commuting systems are much the same as 100 years ago; the individual vehicle is still a more flexible form of transportation. Rail is still suitable for densely populated cities and where people commute from the suburbs to city jobs. However, rail transportation is inappropriate for travel between suburbs.

In 2008 SMART proponents did not believe this version of history and presented a different VISION of a future, receiving 70% voter approval. Recently voters rejected a sales tax extension when REALITY became evident. With a total of over \$600 million, SMART has built and as is operating a great railroad. The problem persists: there are still not enough riders. SMART is recovering 17% of the cost while massively subsidizing operations. Does this sound like a success? Remember, a passenger railroad is like a factory that makes passenger miles; without passengers, it has no value

When assessing the failed recent tax extension vote at the May 6 Board meeting, neither SMART Management or any Board member mentioned ridership, and only Director Phillips seemed to recognize the future implication of voter rejection. Even if SMART were to raise fares and cut service, it would all unequivocally have to shut down when the tax expires in 2029.

SMART has no viable published plan to increase passengers by the necessary factor of three or four. Taxpayers expect the SMART Board to be courageous and stop the continued use of taxpayer funds if they cannot see an economic path forward.

Paul Garbarini
San Rafael

Received by email; 6/10/2020

SMART Ridership by Train – April 6 – 30, 2020

Date	Southbound									
	5:02AM	6:06AM	7:10AM	12:45PM	1:17PM	2:21PM	3:25PM	5:01PM		
4-6-2020	16	15	16	9	3	14	3	14		
4-7-2020	19	21	13	7	1	8	1	7		
4-8-2020	23	13	20	12	5	2	2	10		
4-9-2020	20	15	24	5	1	7	4	14		
4-10-2020	21	14	16	18	2	7	11	15		
4-13-2020	19	15	18	10	2	3	4	17		
4-14-2020	24	14	15	12	4	6	14	19		
4-15-2020	21	15	14	12	6	8	1	19		
4-16-2020	16	21	22	8	4	4	11	17		
4-17-2020	20	14	17	14	3	7	6	21		
4-20-2020	20	19	19	12	5	3	2	11		
4-21-2020	19	18	23	6	6	3	6	18		
4-22-2020	25	17	22	11	6	3	8	16		
4-23-2020	20	17	20	14	3	1	7	19		
4-24-2020	16	14	24	14	5	3	8	14		
4-27-2020	20	22	19	14	3	3	3	20		
4-28-2020	25	19	19	16	2	3	7	15		
4-29-2020	26	16	23	16	5	2	2	15		
4-30-2020	21	20	32	18	0	4	6	19		

SMART Ridership by Train – April 6 – 30, 2020

Date	Northbound									
	6:38AM	7:42AM	8:46AM	2:21PM	2:53PM	3:57PM	5:01PM	6:37PM		
4-6-2020	12	2	5	15	5	17	20	5		
4-7-2020	13	4	5	19	5	27	23	9		
4-8-2020	14	4	2	19	6	23	22	8		
4-9-2020	14	3	3	12	9	19	30	9		
4-10-2020	11	1	5	18	4	21	13	3		
4-13-2020	13	2	4	20	6	19	20	8		
4-14-2020	16	2	8	20	4	18	19	10		
4-15-2020	16	4	2	22	3	20	25	8		
4-16-2020	20	5	8	15	10	23	23	7		
4-17-2020	16	2	6	12	3	24	18	8		
4-20-2020	10	4	9	21	7	24	25	10		
4-21-2020	13	8	2	13	5	28	22	10		
4-22-2020	12	3	6	17	4	29	20	12		
4-23-2020	16	4	2	20	8	26	24	18		
4-24-2020	10	3	9	21	9	21	12	11		
4-27-2020	14	3	5	20	3	25	18	11		
4-28-2020	17	2	8	17	8	16	28	13		
4-29-2020	13	3	3	28	6	27	20	17		
4-30-2020	20	4	6	16	6	26	30	20		

The Downtown Petaluma SMART Station

Providing Good Access, Minimizing Congestion, and Creating a Place

June 11, 2020

Summary: In 2013, Petaluma adopted a Station Area Master Plan for development near the Downtown SMART station. The lead consultant was Opticos Design. The traffic circulation pattern was established by transportation engineering firm Nelson\Nygaard and was planned to provide effective multi-modal access to the entire district including the train station.

Before adoption by the City Council, the master plan was reviewed by City Commissions and Committees, City staff, and the many citizens who participated in the open process.

In 2019, as the result of a failure of SMART and Petaluma to reach mutually acceptable terms on a land transaction, a key element of the circulation plan, a connection between the station and the heart of the development area, the Transverse/Station connection, was eliminated.

As the removal of the connection was the result only of the failed negotiation and not of a reconsideration of the circulation pattern, it's possible neither party was aware of the consequences of the change, which would be out-of-direction travel for drivers and increased congestion for all transportation modes.

For SMART to reach its goals, it needs ridership. Ridership is influenced by station planning:

- Accessibility – How do passengers reach a station? Is the route obvious? Does it feel right?
- Community Setting – Is a station integrated into its neighborhood? Does the circulation work?
- Passenger Experience – Do passengers feel respected when traveling to and from a station?

Without the missing connection, none of these three standards are met.

For Petaluma, managing traffic congestion is a priority. Without the Transverse/Station connection, nearby congestion would be increased. The additional congestion would impact the comfort, safety, and timely arrival to all destinations of drivers, transit riders, pedestrians, and bicyclists.

SMART and Petaluma should recognize that each could be harmed by the unsuccessful negotiation and should resume efforts to find a mutually beneficial arrangement.

The Details:

- Without the Transverse/Station connection, the only traffic entrance into the train station parking lot, also known as Station Access Road, is a right turn from NE Bound E. Washington. The only exit is a right turn onto SW Bound D Street. Other entrances or exits from the two

arterials aren't permitted because of the short distance from the railroad tracks or long traffic queues.

- Prior to the failed negotiation, the parking lot was connected to the planned Transverse Street, providing another entrance and exit from the parking lot. This now-missing connection was crucial to effective transportation.
- Without the Transverse/Station connection, access to and from the station from most directions would involve greater and out-of-direction travel for cars, disorienting and inconveniencing train passengers while increasing congestion for all modes.
- As one example, consider approaching the station on SW Bound E. Washington:

With Transverse/ Station Connection

Left turn onto Copeland
Left turn onto Transverse
Right turn into station

Without Transverse/ Station Connection

Left turn onto Copeland
Right turn onto Transverse
Right turn onto Weller
Right turn onto E. Washington
Right turn into station
(Additional driving distance: 1,300 feet)



- Or approaching the Station on NW Bound Lakeville:



- Or leaving the station toward NE Bound D Street:

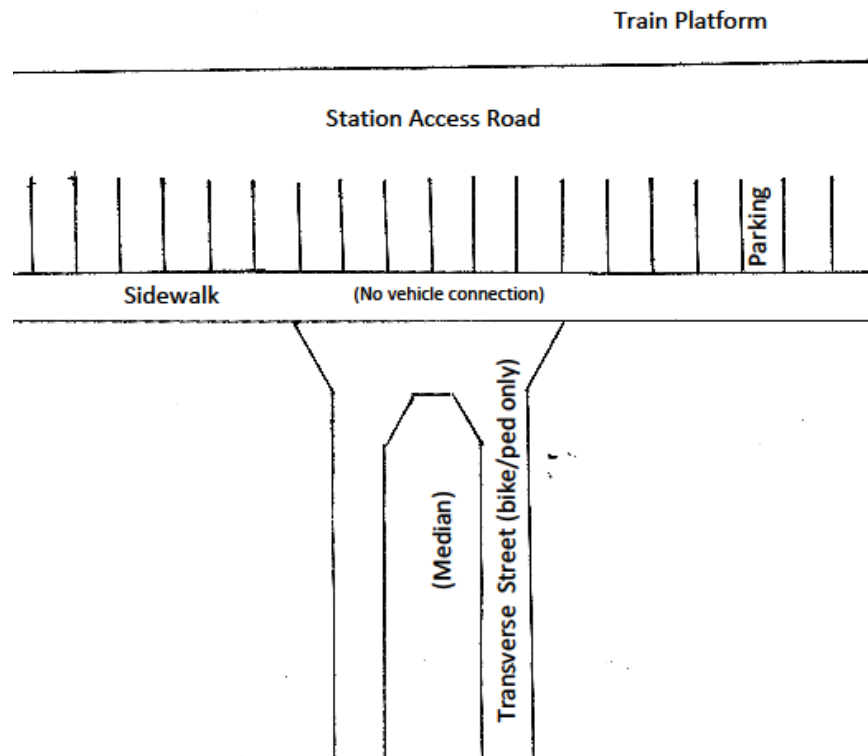


- Without the Transverse/Station connection, over 80 percent of trips to and from the Downtown Petaluma station would require an average of three extra blocks of travel. More importantly, all the indirect routes require two extra congestion-causing turns onto or off of arterials. The added congestion would not only inconvenience train passengers but also add congestion for all modes of travel, slowing arrivals while reducing comfort and safety.

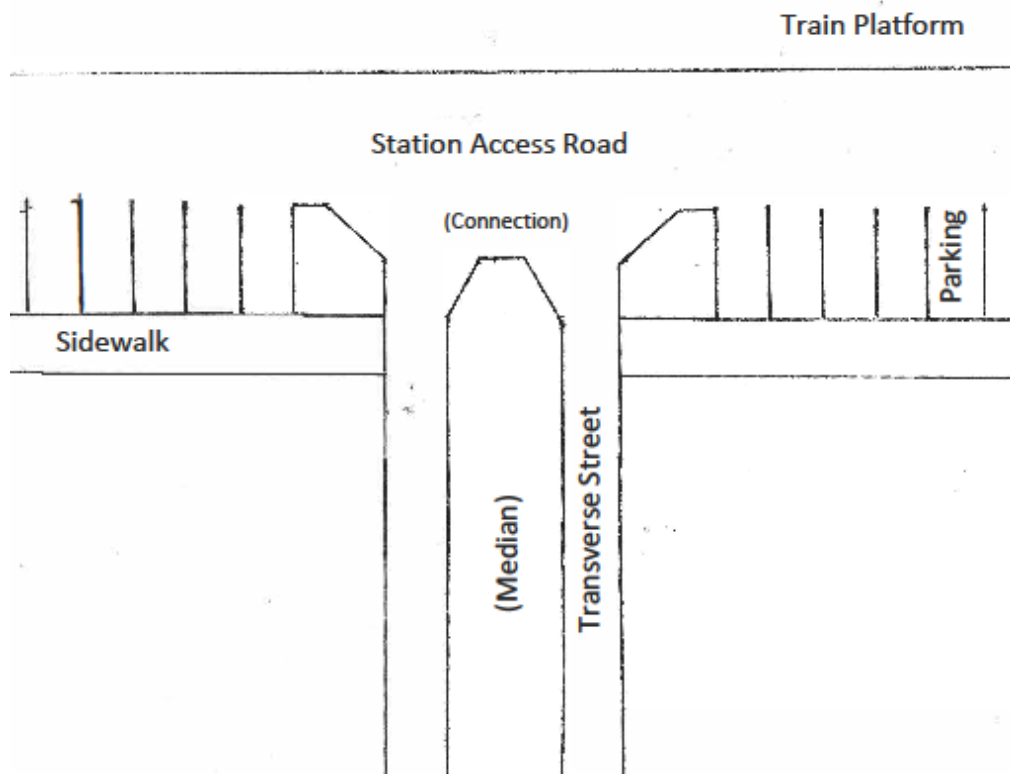
Routes to Downtown Petaluma SMART Station			
	Turns involving arterials		
Approach Arterial and Direction	With Transverse/ Station connection	Without Transverse/ Station connection	Additional driving distance (ft)
SW Bound E. Washington	1	3	1,300
NE Bound E. Washington	1	1	0
SW Bound D Street	1	3	800
NE Bound D Street	1	3	800
NW Bound Lakeville	2	4	800
SE Bound Lakeville	2	4	1,300

Routes from Downtown Petaluma SMART Station			
	Turns involving arterials		
Departure Arterial and Direction	With Transverse/ Station connection	Without Transverse/ Station connection	Additional driving distance (ft)
SW Bound E. Washington	1	3	500
NE Bound E. Washington	1	3	500
SW Bound D Street	1	1	0
NE Bound D Street	1	3	1,100
NW Bound Lakeville	2	4	500
SE Bound Lakeville	2	4	1,000

- Even after deducting the 20 percent of trips that wouldn't use the Transverse/Station connection, the cars entering and exiting 60 parking spaces with an estimated turnover of two times per day for travelers to the station, Petaluma Arts Center and Petaluma Visitors Center, would cause approximately 200 trips per day to be lengthened by the missing connection.
- Connecting Transverse Street and Station Access Road wouldn't be difficult. In the current plan, Transverse Street terminates a few feet short of Station Access Road, allowing bicycles and pedestrians, but not cars, to reach the parking lot and train platform.



- A small design revision and the loss of a few parking spaces would reconnect the streets:



- This connection was deemed essential in Petaluma's Station Area Master Plan and was only removed when Petaluma wouldn't pay \$900,000 to acquire a sliver of SMART land.
- However, good access for train riders and respecting the circulation pattern in the master plan should be SMART's principal responsibilities, not maximizing the payment from Petaluma.
- Also, Petaluma should want to find a reasonable solution to avoid additional traffic congestion, so the SMART land should have some value, although probably not the initial asking price.
- SMART and Petaluma must return to the negotiating table to find a solution that works.
- However, opening Transverse Street to cars and forcing bicyclists into bike lanes isn't right either. Delivering bicyclists and pedestrians to the station in comfort and safety is essential. Transverse Street should be redesigned, preferably with a design speed limit of no more than 15 mph, so that all modes of transportation are equally accommodated. Similarly, the design of the station parking lot should also be reconsidered to be equally safe and useful for all.
- In the absence of the Transverse/Station connection, the developer of the land closest to the station has moved the retail space away from Transverse and near the arterials, where they won't serve the station community. With Transverse re-opened to all modes, perhaps the retail can be returned to Transverse, again making it the intended community hub.

Conclusion: Connecting Transverse Street and Station Access Road would improve the Accessibility, Community Setting, and Passenger Experience at the Downtown Petaluma SMART station. It would also prevent additional congestion on E. Washington Street, D Street, and Lakeville. And it may return Transverse Street to its planned role as a community centerpiece. The SMART riders deserve a good solution. So do all Petalumans.

Signed:

Organizations

Petaluma Urban Chat (PUC)
350 Petaluma (350)
Friends of SMART (FoS)

Individuals

Barry Bussewitz (PUC)
Steve Birdlebough (FoS)
Tonya Parnak (350, PUC)
Dan Lyke (PUC)
Davis Everett (350)
Sheldon Gen (School Board.)

Brian Barnacle (PUC, 350)
Dave Alden (PUC)
Dani Sheehan-Meyer (FoS)
George Beeler (Architect)
Jeffrey Rhoads (FoS)
Bill Wolpert (Architect)

Individuals (cont')

Veronica Olsen (350)	Ned Orrett (Climate Comm.)
Willard Richards (FoS)	Steve Kirk (PUC)
Annie Stuart (350)	Rick Coates (FoS)
Ed FitzGerald (retired Tech. Dir.)	Murray Rockowitz (PUC)
David Keller (former Cnclmmbr.)	Bill Rinehart (Landscape arch.)
Lucy Fairweather (PUC)	Elizabeth Mori (PUC)
Jerry Wilkinson (Transit Comm.)	Duane Bellinger (FoS)
Christopher Smith (Art Comm.)	Mike Pechner (FoS)
Richard Brand (FoS)	Janie Castles (PUC)

Memo

To: SMART Board of Directors
 From: Mike Arnold
 Date: June 14, 2020
 Subject: Comments on the Continued Use of Financial Reserves to Save Staff Positions

The purpose of this Memo is to address SMART's CFO comments regarding the use financial reserves to maintain current staff levels. In the June 17th meeting Board Packet, p. 73/240 the CFO wrote the following:

1. **Why does the proposed budget show SMART expenditures exceeding revenue (so-called "operating in the red")?** The purpose of having a reserve is to prepare for recessions and difficult circumstances such as the COVID-19 crises. We are relying on and have sufficient reserves and revenues shown for the next fiscal year and believe our budget plan is a reasonable one for the times we are facing. We are into our fourth month of historic shocks to both transit and the greater society. We have worked very hard in a very short period of time to identify and include \$7.2 million in reductions in our proposed budget. Your Board has provided direction that more draconian cuts in service, which are the next step in budget reductions, should be delayed pending further information on revenues in the coming months in order to preserve service as much as possible.

First, financial reserves are a form of "self-insurance" to protect the agency against *unexpected* events. Given the amount of uncertainty regarding growth of the economy, the continuing severity of the COVID-19 infection rates, the mode choice of potential passengers still concerned about exposure to a virus, and whether additional federal bailout funds will be provided, the Board should give guidance to staff with respect to using or "preserving" its financial reserves "just in case" rather than explicitly *planning* now on consuming them over the course of the year as the agency has the past two years.

Second, the paragraph states that the budget includes \$7.2 million in "cuts." But the paragraph does not tell the Board or the public exactly what these cuts are to be compared with. If one uses the financial information in the proposed budget for FY 2021 and compares it with last fall's adopted Strategic Plan for the same fiscal year, staff is proposing no cuts relative to that plan. Also, based on the budget numbers presented, staff is proposing to increase core operating expenses by \$1 million compared with this fiscal year.

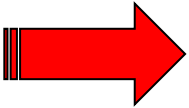
These calculations are reported in Table 1 on the next page. By excluding debt and capital expenses, I estimate what I refer to as the "core operating expenses" (emphasized with the red arrow) of SMART. This definition is consistent with the definition of O&M expenditures in the Strategic Plan. I also compare the proposed budget with actuals and the estimate for FY 2020 demonstrating the staff is proposing an increase of \$1M in these expenditures, not \$7.2 M claimed in the CFO's memo.

Finally, the Board should be concerned that staff is proposing to consume even more financial reserves than what was included in the Strategic Plan for FY 2021.

Table 1
Budget Revenues and Expenditures Compared (\$M)

Budget Item	FY 2020			FY 2021	
	Strategic Plan	Adopted Budget	Estimated Actuals	Strategic Plan	Proposed Budget
Measure Q	38.3	39.3	33.6	39.5	33.0
Fare Revenues	4.1	4.2	3.2	4.3	2.7
Other Revenues	8.6	31.6	50.2	12.8	35.5
Federal Funding	NA	4.7	13.5	NA	13.5
State Funding	NA	21.4	29.1	NA	16.0
Total Revenues	51.0	75.1	87.0	56.6	71.2
Memo: Total Revenues ex State and Federal Sources	51.0	49.1	44.4	56.6	41.7
Core Operating Expenses= Operating Expenses ex Debt Service	41.3	44.9	42.2	43.2	43.2
Debt Service	16.7	16.7	16.8	17.4	16.4
Capital Expenditures	12.2	33.7	42.6	0.3	19.1
Total Expenditures	70.2	95.3	101.6	60.9	78.7
Net Income	(19.2)	(20.2)	(14.6)	(4.3)	(7.5)

Note: "Core Operating Expenses" are the same definition as "O&M expenses" used by SMART in its Strategic Plan (2019).



Memo

To: SMART Board of Directors
 From: Mike Arnold
 Date: June 14, 2020
 Subject: Comments on the Lack of a Ridership Forecast in the Budget

The purpose of this Memo is to address SMART's CFO comments regarding the lack of a ridership forecast in the proposed budget. In the Board Packet, p. 73/240 the CFO wrote the following:

6. **Should the budget provide a ridership forecast?** The budget authorizes future expenses and projects revenues to be received. It is not a ridership forecasting exercise. Frankly, it is impossible to forecast future ridership given the uncertainty around COVID-19 and the shelter in place orders. However, as a budget exercise, we have projected revenues to drop by 25% in Fiscal Year 2019-20 over original budgeted amounts and fall again another 15% in FY 2020-21 due to continued pandemic impacts and SMART's service reductions. This will be one of the many revenue sources we monitor and revise as the Fiscal Year progresses.

By definition: **fare revenues = ridership * average fares per passenger**

The budget provides the left hand side of this equation. Whether or not staff wants to state for the public and Board what its ridership assumption is, it is trivial to approximate what it might be. It only requires an estimate of average fares per passenger, which staff regularly reports. Here's a table for the ridership implied in the budget, using varying average fare assumptions.

FY 2021 Forecast of Fare Revenues (\$)	Alternative Avg. Fare Assumptions (\$)	Ridership Implied in the Budget
2,633,366	4.75	554,393
2,633,366	5.00	526,673
2,633,366	5.25	501,594
2,633,366	5.50	478,794
2,633,366	5.75	457,977

Note: Average fare revenues per passenger were \$5.53 in FY 2020

The last column reports the ridership implied by staff's forecast of fare revenues. No one knows how long the pandemic is going to last. The pace at which the economy and employment recover is highly uncertain as is the extent a "work at home" shift post-pandemic occurs. Nor do we know how long it will be before transit riders feel that it is sufficiently safe to travel in a public transit vehicle.

Staff created serious public distrust in the last year when it refused to disclose ridership data to the public. Disclosing what these estimates are is consistent with the stated goals of the Board to "increase SMART's transparency." Moreover, a budget process is supposed to be about

planning and specifying the agency's intended service level for the public. It is not just an accounting exercise for receiving and dispersing tax revenues.

A ridership forecast above 450,000 for FY2021 implies that the number of riders would have to double each quarter. Is this close to realistic given the incredibly low 5,308 riders reported for May 2020? The Board should let the public know its view on the implied ridership forecast.

Memo

To: SMART Board of Directors
 From: Mike Arnold
 Date: June 14, 2020
 Subject: On CDFTA Sales Tax Revenue Allocation Data

The purpose of this Memo is to address SMART's CFO comments regarding the use of CDFTA data. In the Board Packet, p. 73/240 the CFO wrote the following

2. **Why doesn't SMART show in its budget the entire sales tax allocation shown on the State's website (CDTFA) since July?** The July and August tax payments shown on the web are related to May and June tax returns. This means the July and August 2019 payments are accounted for in Fiscal Year 2018-19 revenues and have nothing to do with revenue for Fiscal Year 2019-20. Sales tax revenues take a minimum of 2 to 3 months to flow to SMART after consumer purchases and the state has reconciled its data.

First, I agree with the descriptions in the CFO's response to the memo I sent to the Board Chair on June 4th (attached). There is a two month lag between the time the CDFTA receives taxable sales receipts and the allocations posted in the CDFTA tables.

However, this description does not address the issue that I've raised. And that issue is the proposed contains a forecast/estimate of sales tax revenue for this fiscal year (FY 2019) that is illogical and understates sales tax revenues for this year by several million dollars.

- 1) According to published CDFTA sales tax revenue allocations to SMART, the agency has been allocated \$36.4M this fiscal year through May 31, 2020. By contrast, the budget in the Board packet staff forecasts \$33.6M in sales tax revenues for this fiscal year.
- 2) In the attached memo, I have documented that for past fiscal years, reported allocations by year end are very close to the final sales tax revenue numbers reported in SMART's annual audit reports. (See Table 1 in the June 4th Memo below.)
- 3) Table 1 also demonstrates that reported sales tax revenues for the fiscal years are very close to the final taxable sales numbers reported in SMART's annual report.
- 4) In order to accept staff's forecast, you'd have to believe that CDFTA has overstated the revenues the agency will eventually receive. There is no evidence in from past reports that this has occurred.

Therefore, I conclude, as I did before, staff has understated sales tax revenues for FY 2020 by several million dollars and the CFO has provided no evidence that contradicts this finding.

Memo

To: SMART Board of Directors
From: Mike Arnold
Date: June 4, 2020
Subject: CDFTA Sales Tax Revenue Allocations vs. SMART Sales Tax Revenues

According to published CDFTA sales tax revenue allocations to SMART, the agency has been allocated \$36.4M this fiscal year through May 31, 2020. By contrast, in the proposed budget at the June 3rd Board meeting, staff forecasts \$33.6M in sales tax revenues for this fiscal year. At that Board meeting staff questioned the legitimacy of using CDFTA data as a guide for the Board and the public to monitor sales tax revenues for this fiscal year. This memo demonstrates that staff needs to reconsider its position. CDFTA data is readily available and provides relatively accurate and up-to-date information on taxable sales in Marin and Sonoma counties and on SMART's sales tax revenues.

Several comparisons are made to SMART's published reports. These comparisons indicate that CDFTA allocations can be reliability relied upon to monitor both taxable sales and sales tax revenues allocated to SMART. The primary conclusion is that over periods of six months or more, the CDFTA allocations can be used to monitor taxable sales and sales tax revenue trends. Over longer periods, such as a fiscal year, there are only minor differences in the reported data (see table 1).

One conclusion from this review is that current CDFTA data indicates the sales tax revenue forecast for this fiscal year understates by several million dollars the amount of revenue the agency will receive this year.

A second conclusion is that when CDFTA reports are used to monitor sales tax revenues, they provide much more timely signals compared to what is reported by staff in SMART's Monthly Financial Reports.

Taxable Sales and Sales Tax Revenues: CDFTA vs. SMART Audit Report

Table 1 (next page) compares the final taxable sales and sales tax revenues received by the SMART by fiscal year (reported in SMART's annual audit report), with the data published by CDFTA on its website. As indicated, there are only minor differences by fiscal year.

Lags in CDFTA Sales Tax Revenue Allocation Reports

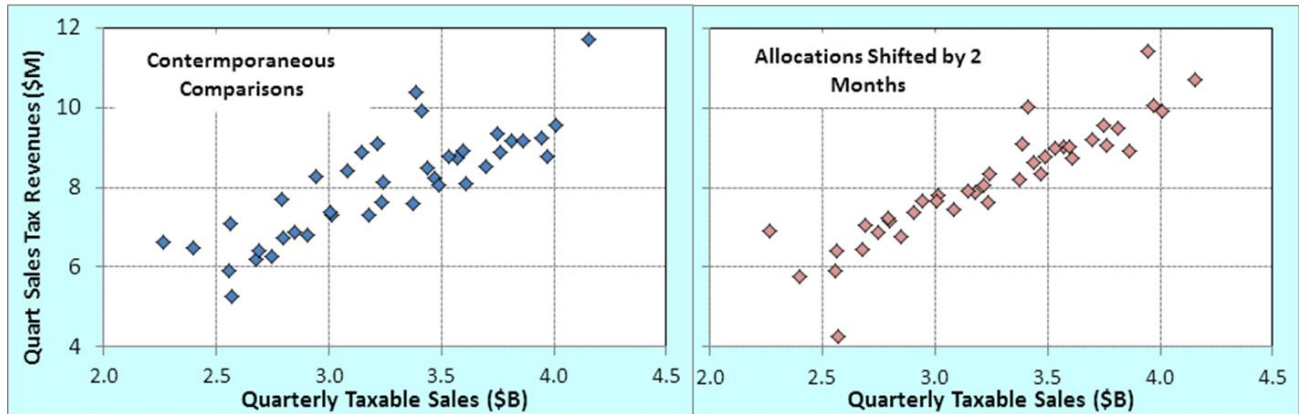
CDFTA reports that there is a two month lag between their receipts of taxable sales and allocations provided to local agencies. This is demonstrated in Figure 1 (next page), which compares quarterly taxable sales reported for Marin and Sonoma counties (combined) with reported sales tax revenue allocations for 2010Q3 – 2019Q2. The left panel compares coincident revenue allocations. The right panel compares CDFTA allocations shifted by two months. As indicated, there is much greater visible correlation accounting for the reporting lag and it is why shorter term information contains greater variances. However, since the variances by quarter contain both positive and negative variances, over the course of a fiscal year, the accuracy of the CDFTA allocation data is increased.

Table 1
CDFTA Data Compared with SMART Audit Report

FY	Taxable Sales (\$B)			Sales Tax Revenues (\$M)		
	SMART	CDFTA	% Δ	SMART	CDFTA	% Δ
2010	10.1	10.1	<0.1%	24.1	24.0	-0.3
2011	10.6	10.6	<0.1%	26.8	25.9	-3.4
2012	11.3	11.3	<0.1%	28.3	28.1	-0.8
2013	12.2	12.2	<0.1%	30.4	30.0	-1.4
2014	13.0	13.0	<0.1%	32.5	32.2	-0.8
2015	13.6	13.6	-0.4	33.8	33.7	-0.6
2016	13.9	14.1	0.8	34.8	34.6	-0.4
2017	14.2	14.3	1.2	36.1	35.7	-1.0
2018	14.8	15.0	1.7	37.1	38.0	2.3
2019	15.4	15.5	0.3	41.2	40.1	-2.8

Figure 1

Quarterly CDFTA Sales Tax Revenue Allocations vs. Quarterly Taxable Sales



Cumulative CDFTA Allocations vs. SMART Monthly Financial Reports

The Monthly Financial Reports provided in the Board packets contain a significant reporting lag compared with the CDFTA revenue allocation data. As noted in the introduction, CDFTA data for each month is posted by the end of the first week of the subsequent month. Figure 2 (next page) compares these reports for the last four years. June data is pulled from the audit reports. As indicated, cumulative CDFTA revenue allocations provide a much more consistent view on existing revenue trends.

Figure 2
Monthly Financial Reports: Reported Cumulative Sales Tax Revenues vs. CDFTA
Allocations



NA: Missing MFRs

COVID-19 Impact on This Year's Sales Tax Revenues

Table 2 (next page) compares monthly CDFTA allocations for this fiscal year with the last fiscal year. As indicated, the last three months of data, reflect significant declines in allocations beginning in March. However, on a cumulative basis, sales tax revenues for this fiscal year are likely to be less than 4 percent below last years, even though March – April (cumulatively) indicate a decline of over 15 percent.

Table 2
Comparison of FY 2019 and FY 2020 Allocations (\$M)

Month	Monthly			Cumualtive		
	FY 2019	FY 2020	% Δ	FY 2019	FY 2020	% Δ
July	3.3	3.5	5.2	3.3	3.5	5.2
August	2.7	3.7	36.8	6.0	7.2	19.5
September	3.2	3.5	8.2	9.2	10.6	15.5
October	4.2	4.0	-4.6	13.4	14.7	9.2
November	4.0	2.9	-28.0	17.4	17.5	0.7
December	3.5	3.2	-9.1	20.9	20.7	-0.9
January	3.7	3.5	-4.9	24.6	24.2	-1.5
February	3.5	4.4	26.9	28.1	28.7	2.0
March	3.2	2.8	-11.2	31.3	31.5	0.7
April	3.4	2.7	-21.5	34.7	34.2	-1.5
May	2.5	2.2	-12.3	37.2	36.4	-2.2
June	2.9					