















To: Eric Lucan, SMART Chair and SMART Boardmembers; Eddy Cumins; Heather McKillop

From: Mike Arnold

Subject: Comment on Dissolution – Item # 12

Date: Sep 19, 2023

---

I agree with the staff's statement that there exists no prior example of a public rail transit agency dissolving. Exactly how failure to pass a tax extension measure would affect rail operations both prior to the expiration of the sales tax in March 2029 and afterwards cries out for further study.

As noted in the memo and at the last COC meeting, the agency expects to have significant financial resources as of March 31, 2029 that could be used to extend rail operations far beyond March 2029. Exactly how far beyond that date may depend on such issues as frequency of service, whether weekend service is continued, and other cost factors that might extend passenger rail operations for quite some time. In addition, there is the question of how the state responds. Would the state decide to fund operations until a local tax measure may be approved? These are issues that warrant a public process to consider these complex issues.

There is a second issue that also needs to be considered that was not covered in the memo and that is associated with SMART's status as a "common carrier." SMART may dissolve, but that doesn't necessarily mean the obligation to provide freight service dissolves. This issue warrants further investigation by SMART's legal counsel and whether the state inherits this obligation should the next tax extension measure not be approved by the district voters. I would think seeking advice from the federal Surface Transportation Board is something that should be pursued.