



EXECUTIVE COMMITTEE REGULAR MEETING

AGENDA

October 6, 2010

12:00 p.m.

(or immediately following the Real Estate Committee Meeting – whichever is sooner)

SMART Santa Rosa Office
490 Mendocino Ave., Ste. 103
Santa Rosa, CA

1. Call to Order
2. Approval of September 1, 2010, Minutes
3. Agenda Review
4. Committee Member Announcements
5. General Manager's Report
6. Comments from the Public on Non-agenda Items
7. Review of Resolution Authorizing the Filing of Applications, Provisions of Supporting Documents, and Execution of Funding Agreements for Available Funds from the United States Government, the State of California, and Other Entities - Lillian Hames/Joanne Parker
 - a. Draft Resolution
8. Review of Resolutions Authorizing Filing of Applications, Provision of Supporting Documents, and Execution of Funding Agreements for Environmental Enhancement and Mitigation Program Funds – Lillian Hames/Joanne Parker
 - a. Draft Resolution – Environmental Enhancement and Mitigation Program – Marin County Civic Center Segment Project
 - b. Draft Resolution – Environmental Enhancement and Mitigation Program – Sonoma County Hearn/Bellevue Segment Project
9. Report on Citizens Oversight Committee – Lillian Hames/Chris Coursey

10. Update on Sales Tax Revenue Bond Issuance – Lillian Hames/David Heath
 - a. Historical Rates Graph
 - b. Financing Schedule Overview
11. Review of Draft Annual Measure Q Report – Lillian Hames/Chris Coursey
12. Update on November 6, 2010, Board Workshop
13. Next Meeting – November 3, 2010, San Rafael City Council Community Development Room
14. Adjourn

DISABLED ACCOMMODATION: if you have a disability that requires the agenda materials to be in an alternate format or that requires an interpreter or other person to assist you while attending this meeting, please contact SMART at least 72 hours prior to the meeting to ensure arrangements for accommodation.

DOCUMENTS: Documents distributed by SMART for its monthly Board meeting or committee meetings, and which are not otherwise privileged, may be inspected at SMART's office located at 750 Lindero Street, Suite 200, San Rafael, CA 94901 during regular business hours.



**EXECUTIVE COMMITTEE
MINUTES**

September 1, 2010

12:00 p.m. (or immediately following the Real Estate Committee Meeting)
Community Development Conference Room
San Rafael City Hall
1400 Fifth Ave.
San Rafael, CA

1. Call to Order

Chair Fudge called the meeting to order at 12:46 p.m. Directors Pahre, McGlashan and Boro present. Chair Fudge announced the meeting must adjourn by 2:00 p.m. due to scheduling conflicts.

2. Approval of Minutes

MOTION: Director Pahre moved approval of the July 7, 2010, minutes. Director Boro second. The motion carried 4-0.

3. Agenda Review

There were no changes to the agenda.

4. Committee Member Announcements

Director McGlashan and Chair Fudge commented on their trip to Washington, D.C., to promote the TIGER II Grant Application. Both felt the trip was worthwhile in garnering support for the SMART project.

5. Public Comment on Items Not on the Agenda (Comments Limited to 3 Minutes)

There were no public comments.

6. General Manager's Report

General Manager Lillian Hames reported that six (6) proposals were received for vehicle procurement. She stated the Board will follow the same process for discussion that was outlined in April 2010 and the District is following the same procedures that all other rail agencies have followed. She will outline the process again at the full Board meeting in September.

7. TIGER II Grant Presentation

General Manager Hames stated the TIGER II Grant application was patterned after successful TIGER I grant applications, and while there may not be time to show the presentation video at today's meeting it will be shown to the full Board on September 15, 2010.

Chair Fudge stated there were over 100 TIGER II Grant applications from California and Senator Barbara Boxer endorsed two of those – SMART’s application being one of them.

Director McGlashan publically thanked Deb Hubsmith, National Director for Safe Routes to Schools, for accompanying them on the trip and her contributions to their discussions while in D.C.

8. Employee Benefit Review Update

General Manager Hames stated the District is initiating a review of other rail districts and transit districts and doing a comparative analysis of benefits. Director Pahre asked staff to compare other agencies annual budgets with their number of employees. Finance Director Dave Heath stated he will be working with the District’s Human Resource Consultant, Gail Papworth, on this issue.

Public Comment:

Steve Birdlebough – Friends of SMART (FOS) – stated there is a huge community benefit from those who are able to retire on a secure income.

Ms. Hames stated staff will focus on benefits as a whole not just the retirement benefits.

9. Role of the Citizens Oversight Committee

General Manager Hames stated that committee would like clear direction from the Board and a defined role in the decision making process. They want to know how they can best support the Board.

Director McGlashan sees the Citizens Oversight Committee (COC) as critical financial advisors to the Board. He feels they are better able to understand the political implications of financial decisions as they are out in the community. The COC could give a pro/con analysis to the Board along with financial recommendations by staff. Theirs would not be a recommendation to the Board but a feel as to how decisions will be accepted by the community.

Director Boro –recommends the COC move forward with reviewing issuing bonds.

Director Pahre – feels they have an ambassador role and are a valuable resource for the Board.

Public Comment:

Jack Swearengen, FOS – Feels there is value brought by being a voice of the community. The COC could be a source of real neighborhood feelings vs. a committee under the thumb of the Board.

Steve Birdlebough, FOS and COC Member– agreed stating they have the time to access the community and neighborhoods as well as review financial reports.

Director Boro suggested open forum workshops on items going before the Board which would allow the COC to get feedback from citizens. There would be no decisions, no votes and they would be fully noticed.

David Hoffman – Marin County Bicycle Coalition – asked that a timeline on the financial plan be presented at the September 15th Board Meeting; that it be published on the website; that it define the role of the COC; and allow for a public comment period between publication and adoption.

10. Sales Tax Forecast and Funding Issues

Finance Director Heath stated staff is in the process of updating the District's long range sales tax forecast. There is no better time to issue bonds. The construction climate is also good as far as bids go. Mr. Heath stated staff is also in the process of selecting Bond Counsel and setting a timetable to issue bonds early next year.

General Manager Hames stated she hopes to get the construction bid out sooner vs. later as staff wants to develop a construction bid package on the portion that can move forward the fastest. She stated bonding would precede construction so the hope is to get the construction bid package out in early 2011.

Director McGlashan stated he liked the job creation element of the package and asked if there is a chance that moving forward now could make up some of the deficit. Ms. Hames stated that if this were a conventional public works project then yes, the potential to make up some of the deficit would be there; however this project is rail specific which is a bit more specialized than conventional public works projects so there may not be as big of an advantage.

Director Fudge asked about the design/build elements of the construction package. Ms. Hames stated it could include a maintenance facility. Ms. Hames stated that even with the funding deficit this project is the largest investment project the North Bay has ever seen.

Director McGlashan asked about bridge repair. Ms. Hames stated staff is reviewing all bridges and looking at all available funding sources for repairs where needed.

Public Comment:

Bill Kortum asked about getting figures on the job creation numbers. Ms. Hames stated staff should have some preliminary numbers by the end of the year.

Jack Swearingen – asked about contingencies in the cost plan. Ms. Hames stated value engineering will be complete in November and staff will know then.

11. Agenda Review for September 15, 2010, Board Meeting

After Agenda Review, with time still available, the Committee viewed the TIGER II Grant Video.

12. Adjournment

Chair Fudge adjourned the meeting at 1:55 p.m.



MEMORANDUM

DATE: October 1, 2010
TO: SMART Executive Committee
FROM: Joanne Parker, Programming and Grants Manager
RE: **AGENDA ITEM: 7**

Staff Report: Resolution Authorizing the Filing of Applications, Provision of Supporting Documents and Execution of Funding Agreements for Available Funds from the United States Government, the State of California and Other Entities.

Issue Summary

The Sonoma-Marín Area Rail Transit District (SMART District) will be seeking grant funding and financial assistance for planning, capital, training, demonstration and/or operating assistance projects that are outlined in the 2009 Strategic Plan and will be incorporated into subsequent public District documents. To expedite the process for submittal of funding applications and the execution of funding agreements necessary to finance the completion of SMART District programs and projects, the Board of Directors of the SMART District is requested to authorize the General Manager to execute and file funding applications, to furnish any additional information required in connection with such applications and to execute all funding agreements on behalf of the SMART District with public funding entities.

Background / Analysis

The SMART District is a public agency formed by an act of the California Legislature and governed by Public Utilities Code. As such, the SMART District is an eligible applicant for a variety of Federal, State, Regional and Local public grant funds, as well as private funding. The SMART District has an adopted Strategic Plan that contains descriptions of the District's current and future capital and operating components. Many grant funding programs have specific requirements as to the types of projects they will fund. These programs also often have short term deadlines or other requirements for submittal of follow up information that necessitate a quick response on the part of SMART District staff. These grant funding programs also often have requirements that would have to be agreed to by any of the grant fund recipients. These requirements could include such things as filing grant reports, completing financial audits or providing local matching funds, all of which are standard requirements for public agency funding programs. Other public agencies, such as the Bay Area Rapid Transit District (BART) have

**750 Lindero Street, Suite 200
San Rafael, California 94901
(415) 226-0880 / (Fax) 226-0881**

adopted similar blanket authorization resolutions for the purposes of streamlining the grant process and saving time and resources.

It should be noted that some grant fund programs have specific resolution requirements on the part of the SMART Board and in those instances a separate “resolution of local support” will be brought before the Board for adoption. In some other instances, for reasons of notification of the Board or for Board input onto project or program areas that would benefit from Board direction, separate resolutions of support will be brought to the Board for authorization.

In general, to minimize administrative expenses and to streamline the grant fund application and agreement execution time requirements, a resolution authorizing the General Manager, or designee, to execute and file applications and to provide supporting documentation, with both public and private entities is in the best interest of the SMART District. In addition, again to minimize administrative expenses and to streamline the grant fund application and agreement execution time requirements, a resolution authorizing the General Manager, or designee, to execute funding agreements for available funds from public entities is in the best interest of the SMART District.

Staff Recommendation

Staff is recommending that the Board of Directors of the SMART District authorize the SMART District General Manager to file applications and provide required supporting documentation for available funds from the United States Government, the State of California, and other public and private funding entities. Staff is also recommending that the Board of Directors of the SMART District authorize the SMART District General Manager to execute funding agreements for available funds from the United States Government, the State of California, and other public entities.

**Resolution No. 2010-__ Sonoma-Marine Area Rail Transit District
San Rafael, California
October 20, 2010**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA-MARIN
AREA RAIL TRANSIT DISTRICT AUTHORIZING THE FILING OF
APPLICATIONS, PROVISION OF SUPPORTING DOCUMENTS, AND
EXECUTION OF FUNDING AGREEMENTS FOR AVAILABLE FUNDS FROM
THE U. S. GOVERNMENT, THE STATE OF CALIFORNIA, AND OTHER
ENTITIES**

WHEREAS, the Secretary of the U. S. Department of Transportation, the California Department of Transportation, the California Transportation Commission, the Metropolitan Transportation Commission, the Sonoma County Transportation Authority, the Transportation Authority of Marin, are authorized to make grants for public infrastructure projects; and

WHEREAS, public and private entities other than those explicitly listed in this resolution periodically make funding available for SMART District projects and programs; and

WHEREAS, the SMART District has eligible planning, capital, training, demonstration, and/or operating assistance projects, as outlined in the 2009 SMART Strategic Plan and all subsequent amendments to that document; and

WHEREAS, all contracts and grant agreements for financial assistance will impose certain obligations upon the applicant, including the provision by the applicant of the project(s)' local share costs; and

WHEREAS, it would be in the best interests of the SMART District for the General Manager to have standing authorization to apply, on behalf of the District, for funds from public and private entities and to file necessary documents and execute funding agreements.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Sonoma Marin Area Rail Transit District:

1. That the SMART District General Manager, or designee, is authorized to execute and file all applications on behalf of the SMART District for funds for District projects and activities with any agency of the United States Government or the State of California, and with any other public entity.
2. That the General Manager, or designee, is authorized to execute and file with such applications any assurance or other document required by the public or private funding entity.

3. That the General Manager, or designee, is authorized to furnish such additional information as the public or private funding entity may require in connection with the application.
4. That the General Manager, or designee, is authorized to execute all funding agreements on behalf of the SMART District with all such public funding entities.
5. That the General Manager, or designee, is authorized to execute and file applications on behalf of the SMART District for funds for District projects and activities with any private entity, but execution of funding agreements with a private entity requires separate approval of the SMART Board of Directors.

THE FOREGOING RESOLUTION was moved by Director _____, seconded by Director _____, and approved by the following vote:

DIRECTORS:

Director Arnold _____
 Director Boro _____
 Director Fudge _____
 Director Lundstrom _____
 Director McGlashan _____
 Director Russell _____

Director Brown _____
 Director Eddie _____
 Director Kellner _____
 Director Mackenzie _____
 Director Pahre _____
 Director Zane _____

Ayes: _____ Noes: _____ Absent: _____ Abstain: _____

SO ORDERED

I, the undersigned, certify that the foregoing resolution was duly adopted at a regular meeting of the Sonoma-Marín Area Rail Transit District held on September 15, 2010.

Lillian Hames, General Manager
Sonoma-Marín Area Rail Transit District



MEMORANDUM

DATE: October 1, 2010
TO: SMART Executive Committee
FROM: Joanne Parker, Programming and Grants Manager
RE: **AGENDA ITEM:** 8

Staff Report: Resolution Authorizing the Filing of Applications, Provision of Supporting Documents and Execution of Funding Agreements for Environmental Enhancement and Mitigation Program Funds.

Issue Summary

The Sonoma-Marín Area Rail Transit District (SMART District) is seeking grant funding and financial assistance for the Multi-User Pathway project in both Marin and Sonoma County. The California Natural Resources Agency makes grant funds available through the Environmental Enhancement and Mitigation Program for several categories of enhancement projects, including Roadside Recreation projects. Staff is asking that the Executive Committee recommend to the Board of Directors to authorize the General Manager or General Manager's designee to: (1) execute and file funding applications, (2) furnish any additional information required in connection with the application and (3) execute all funding agreements on behalf of the SMART District with the California Natural Resources Agency and Caltrans in conjunction with the Environmental Enhancement and Mitigation Program.

Background / Analysis

The Environmental Enhancement and Mitigation Program (EEMP) makes up to \$350,000 in state grant funds available for categories of projects that are intended to "mitigate the environmental impacts of modified or new" transportation facilities. This program is provided for by the Streets and Highways Code Section 164.56. The projects to be funded include "Roadside Recreation" and are intended to be above and beyond the mitigation measures that were required of the original transportation facility project, called the "related transportation facility".

SMART staff have scoped out two segments of the SMART Multi-Use Pathway that fit the criteria of the EEMP grant program, one in Marin County and one in Sonoma County. Both pathway segments are part of the Phase 1 Multi-Use Pathway project that have received full California Environmental Quality Act (CEQA) environmental clearance and both segments can

**750 Lindero Street, Suite 200
San Rafael, California 94901
(415) 226-0880 / (Fax) 226-0881**

be completed by the grant deadline of April 30, 2012. By entering into any agreements to secure these funds, the SMART District agrees to provide any additional monies to fully fund the projects and agrees to make adequate provisions for operations and maintenance of the project.

The Marin County EEMP proposal is for the segment of the Multi-Use Pathway from North San Pedro Road to the Civic Center Station. This project is .8 miles and has a complete project cost of \$940,000, including final design and all construction costs. The “related transportation facility” for this pathway segment will be the Marin Highway 101 Gap Closure facility. Matching funds for the \$350,000 grant will come from Measure Q and other grant sources and will total the balance of the full project cost.

The Sonoma County EEMP proposal is for the segment of the Multi-Use Pathway from Hearn Avenue to Bellevue Avenue. The project is .85 miles and has a complete project cost of \$500,000, including final design and construction costs. The “related transportation facility” for this pathway segment will be the Highway 101 Widening from Wilfred Avenue to Highway 12 project. Matching funds for this \$350,000 grant will come from Measure Q and other grant sources and will total the balance of the full project cost.

Staff Recommendation

Staff is requesting that the Executive Committee make a recommendation to the Board of Directors of the SMART District to authorize the SMART District General Manager or the General Manager’s designee to file applications, provide required supporting documentation, and execute funding agreements for Environmental Enhancement and Mitigation Program funds for both the SMART Marin County Multi-Use Pathway “North San Pedro to Civic Center” project and the SMART Sonoma County Multi-Use Pathway “Hearn Avenue to Bellevue Avenue” project.

**Resolution No. 2010-__ Sonoma-Marín Area Rail Transit District
San Rafael, California
October 20, 2010**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA-MARIN
AREA RAIL TRANSIT DISTRICT AUTHORIZING THE APPLICATION FOR
GRANT FUNDS FOR THE ENVIRONMENTAL ENHANCEMENT AND
MITIGATION PROGRAM UNDER THE SECTION 164.56 OF THE STREETS
AND HIGHWAYS CODE FOR THE REGIONAL SMART PATHWAY – MARIN
COUNTY N. SAN PEDRO TO CIVIC CENTER SEGMENT PROJECT**

WHEREAS, the Legislature of the State of California has enacted AB471 (Chapter 106 of the Statutes of 1989), which is intended to provide \$10 million annually for a period of 10 years for grant funds to local, state and federal agencies and nonprofit entities for projects to enhance and mitigate the environmental impacts of modified or new public transportation facilities; and

WHEREAS, the Natural Resources Agency has established the procedures and criteria for reviewing grant proposals and is required to submit to the California Transportation Commission a list of recommended projects from which the grant recipients will be selected; and

WHEREAS, said procedures and criteria established by the Natural Resources Agency require a resolution certifying the approval of an application by the SMART District Board before submission of said application to the State; and

WHEREAS, the application contains assurances that the SMART District must comply with; and

WHEREAS, the SMART District, if selected, will enter into an agreement with the State of California to carry out the environmental enhancement and mitigation project.

NOW, THEREFORE, BE IT RESOLVED THAT THE Board of Directors of the Sonoma Marin Area Rail Transit District:

1. Approves the filing of applications for the Environmental Enhancement and Mitigation Program for grant assistance.
2. Certifies that the SMART District will make adequate provisions for operations and maintenance of the project.
3. Appoints the General Manager of SMART, or designee, to conduct all negotiations, execute and submit all documents, including, but not limited to applications, agreements, amendments, payment requests and so on, which may be necessary for the completion of the aforementioned project.

THE FOREGOING RESOLUTION was moved by Director _____,
seconded by Director _____, and approved by the following vote:

DIRECTORS:

Director Arnold _____
Director Boro _____
Director Fudge _____
Director Lundstrom _____
Director McGlashan _____
Director Russell _____

Director Brown _____
Director Eddie _____
Director Kellner _____
Director Mackenzie _____
Director Pahre _____
Director Zane _____

Ayes: _____

Noes: _____

Absent: _____

Abstain: _____

SO ORDERED

I, the undersigned, certify that the foregoing resolution was duly adopted at a regular meeting of the Sonoma-Marín Area Rail Transit District held on September 15, 2010.

Lillian Hames, General Manager
Sonoma-Marín Area Rail Transit District

**Resolution No. 2010-__ Sonoma-Marín Area Rail Transit District
San Rafael, California
October 20, 2010**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA-MARIN
AREA RAIL TRANSIT DISTRICT AUTHORIZING THE APPLICATION FOR
GRANT FUNDS FOR THE ENVIRONMENTAL ENHANCEMENT AND
MITIGATION PROGRAM UNDER THE SECTION 164.56 OF THE STREETS
AND HIGHWAYS CODE FOR THE REGIONAL SMART –
SONOMA COUNTY HEARN/BELLEVUE SEGMENT PROJECT**

WHEREAS, the Legislature of the State of California has enacted AB471 (Chapter 106 of the Statutes of 1989), which is intended to provide \$10 million annually for a period of 10 years for grant funds to local, state and federal agencies and nonprofit entities for projects to enhance and mitigate the environmental impacts of modified or new public transportation facilities; and

WHEREAS, the Natural Resources Agency has established the procedures and criteria for reviewing grant proposals and is required to submit to the California Transportation Commission a list of recommended projects from which the grant recipients will be selected; and

WHEREAS, said procedures and criteria established by the Natural Resources Agency require a resolution certifying the approval of an application by the SMART District Board before submission of said application to the State; and

WHEREAS, the application contains assurances that the SMART District must comply with; and

WHEREAS, the SMART District, if selected, will enter into an agreement with the State of California to carry out the environmental enhancement and mitigation project.

NOW, THEREFORE, BE IT RESOLVED THAT THE Board of Directors of the Sonoma Marin Area Rail Transit District:

1. Approves the filing of applications for the Environmental Enhancement and Mitigation Program for grant assistance.
2. Certifies that the SMART District will make adequate provisions for operations and maintenance of the project.
3. Appoints the General Manager of SMART, or designee, to conduct all negotiations, execute and submit all documents, including, but not limited to applications, agreements, amendments, payment requests and so on, which may be necessary for the completion of the aforementioned project.

THE FOREGOING RESOLUTION was moved by Director _____,
seconded by Director _____, and approved by the following vote:

DIRECTORS:

Director Arnold _____
Director Boro _____
Director Fudge _____
Director Lundstrom _____
Director McGlashan _____
Director Russell _____

Director Brown _____
Director Eddie _____
Director Kellner _____
Director Mackenzie _____
Director Pahre _____
Director Zane _____

Ayes: _____

Noes: _____

Absent: _____

Abstain: _____

SO ORDERED

I, the undersigned, certify that the foregoing resolution was duly adopted at a regular meeting of the Sonoma-Marín Area Rail Transit District held on September 15, 2010.

Lillian Hames, General Manager
Sonoma-Marín Area Rail Transit District



MEMORANDUM

DATE: Sept. 30, 2010
TO: Executive Committee
FROM: Lillian Hames, General Manager
RE: AGENDA ITEM: 9
Staff Report: Report on Citizens Oversight Committee

Issue Summary

At their meeting on Sept. 30, members of the Citizens Oversight Committee discussed ideas about how the COC might best perform its oversight function during the coming months as the Board moves forward with implementation of the SMART project. The Committee also discussed how it should report its actions and recommendations to the Board.

Members concluded that, as an oversight body, their role should be to provide close review of revenue and cost projections and provide recommendations to the Board based on such review. As such, COC members will attend the Board Workshop on Nov. 6. The COC has scheduled meetings of the Committee for Nov. 18 and Dec. 2, with the intent to report its recommendations to the Board prior to the Board's December meeting.

The COC also agreed to designate a representative of the Committee to attend Board meetings and report COC activities to the Board as appropriate.

Recommendation

For information only.



M E M O R A N D U M

DATE: September 28, 2010
TO: Executive Committee Members
FROM: David Heath, Director of Finance and Administration
RE: **AGENDA ITEM: 10**

Staff Report: Sales Tax Revenue Bond Issuance

Issue Summary

Pursuant to Public Utilities Code section 105220 and the Measure Q Expenditure Plan, SMART is authorized to issue sales tax revenue bonds secured by receipts from the one-quarter percent sales tax authorized by the voters, in November 2008, to be imposed on retail transactions within Sonoma and Marin Counties.

The Strategic Plan approved by the Board of Directors in June of 2009 assumed an initial sale of bonds by June of 2010 given projections concerning cash flow needs. SMART has been able to fund preliminary engineering and other activities using State Traffic Congestion Relief Program funding and sales tax revenue to date without issuing bonds. However with the vehicle procurement process nearing completion and staff gearing up to start construction next spring the additional funding will be needed to proceed forward.

As you can see from the attached 'Historical Rates' graph staff believes now to be the optimal time to issue bonds given low interest rates and a favorable construction bidding climate. Also attached is a financing schedule which outlines a four month issuance process culminating with the issuance and receipt of proceeds in January of 2011.

Staff is also currently in the process of selecting Bond Counsel and will be bringing forward a contract for Board consideration and approval in October.

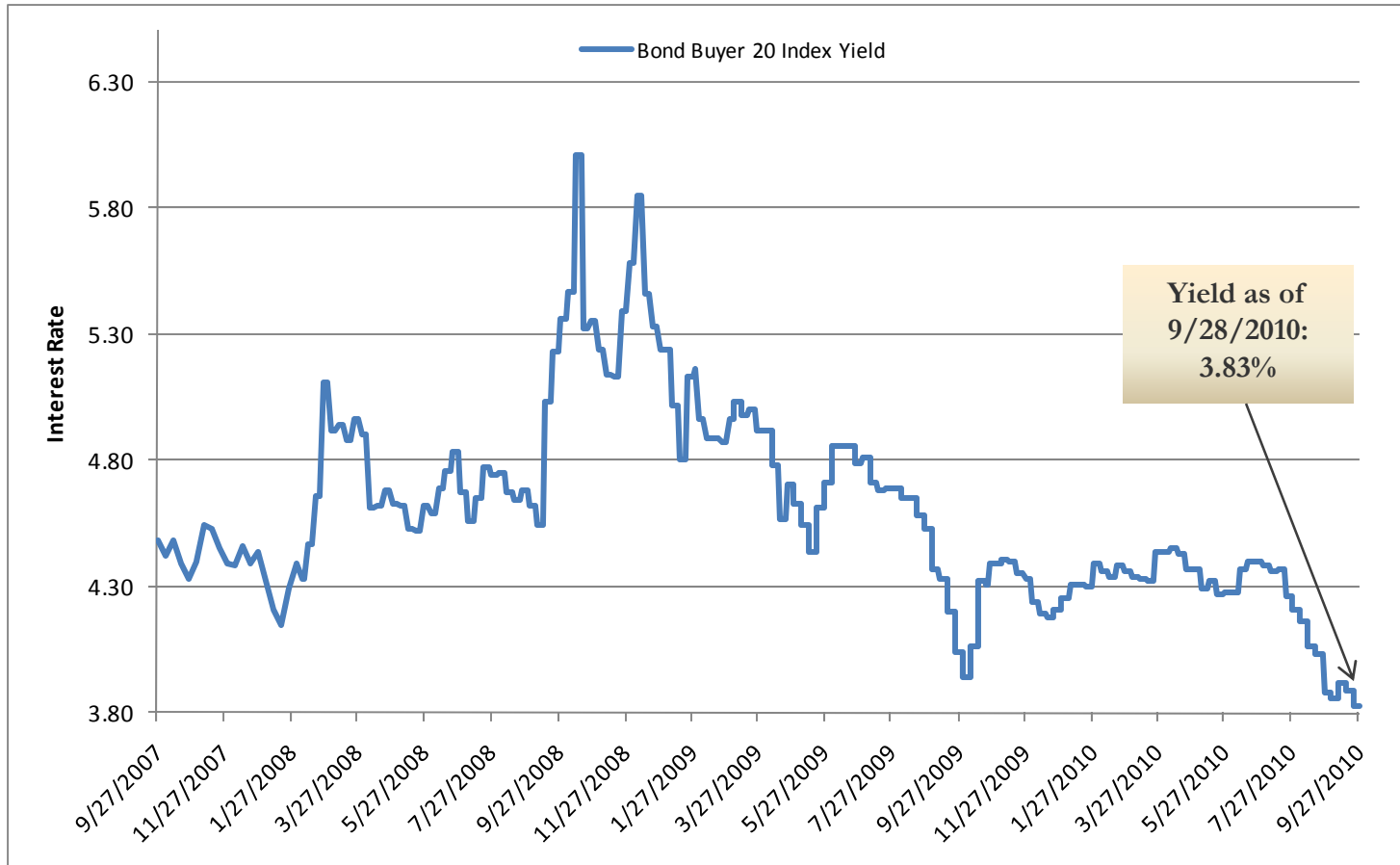
Staff Recommendation

Staff is seeking Executive Committee input on recommending the proposed financing schedule to the Board of Directors at the October 20, 2010 meeting.

**750 Lindero Street, Suite 200
San Rafael, California 94901
(415) 226-0880 / (Fax) 226-0880**

Historical Rates

Three-Year History of the Bond Buyer 20 Index



Source: The Bond Buyer 20 Index, composed of the average yield on 20 GO bonds with 20-year maturities, with average rating of "A."



Sonoma-Marín Area Rail Transit District 2011 Sales Tax Revenue Bonds

Financing Schedule Overview (As of September 24, 2010)

Through October 8, 2010	<ul style="list-style-type: none"> • Select Bond Counsel and Disclosure Counsel • Determine competitive or negotiated method of sale, if negotiated sale start Underwriter RFP process • Preliminary research regarding Additional Bonds Test (ABT) and other bond covenants • Continue to develop the financing plan – cash flow model • Gather and analyze latest Sales Tax Revenue data
October 12, 2010 to mid November 2010	<ul style="list-style-type: none"> • Kick-Off transaction • Select Underwriters, if negotiated sale • Bonds Educational Workshop for Board, if desired • Develop legal and disclosure documents for rating and bond insurance process and also for SMART Board approval • Finalize financing plan – cash flow model and bond structure including debt service reserve fund considerations, capitalized interest, delayed principal, BABs analysis • Select Trustee
Mid-November to Mid December 2010	<ul style="list-style-type: none"> • Obtain ratings and bond insurance/surety bid, if any • SMART Board approves form of documents and provides Staff with ability to complete the bond offering (December 15, 2010) • Select Printer
End of December 2010	<ul style="list-style-type: none"> • Negotiate terms of bond insurance and surety, if necessary • Release POS • Release NOS, if competitive sale to the market
Early January 2011	<ul style="list-style-type: none"> • Price the bonds, subject to market conditions
Mid-January 2011	<ul style="list-style-type: none"> • Close the bonds, bond proceeds delivered to SMART (1 to 2 weeks after pricing)



MEMORANDUM

DATE: Sept. 30, 2010

TO: Executive Committee

FROM: Lillian Hames, General Manager

RE: AGENDA ITEM: 11

Staff Report: Review of Draft Annual Measure Q Report

Issue Summary

In its General Guidelines, Measure Q requires an "Annual Measure Q Program Report." The guidelines stipulate that the report will describe the use of Measure Q funds during the prior 12 month period, the implementation status of the SMART project as well as program achievements and challenges.

Because collection of Measure Q sales tax revenues began in April 2009, the first Measure Q annual report covers a 15-month period, from the collection of the first tax revenues in April 2009 to the end of the 2009-2010 Fiscal Year in July 2010.

The attached is a draft version of the report for the Executive Committee's review. Any comments or changes will be included in another draft for review by the Board of Directors later in the month. The final report will be produced in November.

Recommendation

Staff requests comments and direction from the Committee on the Draft Annual Report.

Measure Q

Annual Report to the Public



Fiscal Year 2009-2010



2010 Sonoma-Marin Area Rail Transit District

Board of Directors

Debora Fudge, Chair
Town of Windsor

Barbara Pahre, Vice-Chair
Golden Gate Bridge, Highway and Transportation District

Judy Arnold
Marin County Board of Supervisors

Al Boro
City of San Rafael

Valerie Brown
Sonoma County Board of Supervisors

Jim Eddie
Golden Gate Bridge, Highway and Transportation District

Madeline Kellner
City of Novato

Joan Lundstrom
City of Larkspur

Jake Mackenzie
City of Rohnert Park

Charles McGlashan
Marin County Board of Supervisors

Carol Russell
City of Cloverdale

Shirlee Zane
Sonoma County Board of Supervisors

Lillian Hames
General Manager

750 Lindero St. #200
San Rafael, CA 94901
415-226-0880

www.sonomamarintrain.org

Table of Contents

DRAFT

Executive Summary

On Nov. 4, 2008, nearly 70 percent of the voters in Marin and Sonoma Counties voted to approve Measure Q, a one-quarter percent sales tax to fund the design, construction, operation and maintenance of the Sonoma-Marin Area Rail Transit project, a 70-mile passenger train and parallel bicycle-pedestrian pathway between Cloverdale, in northern Sonoma County, and Larkspur, Marin County, where the Golden Gate Ferry provides a connection with downtown San Francisco.

Collection of Measure Q sales taxes began April 1, 2009, and in late June 2009, SMART received its first payment of Measure Q sales tax revenue. In the ensuing year, Measure Q generated about \$25 million for the project, providing funding to move the passenger train and pathway project forward to its opening in Fall 2014.



During FY 2009-2010, SMART has met key milestones as the agency has completed the Advanced Conceptual Engineering phase of the project, setting the stage for preliminary and final engineering and construction packaging strategies as we move toward construction activity in 2011 and 2012.

Major accomplishments achieved during the ACE phase of design activities included:

- advancement of design to a 20% or higher level of completion
- completion of DMU vehicle specifications
- issue of DMU request for proposals
- control surveys for the 70-mile SMART corridor
- definition of multi-use pathway alignments alongside the rail corridor
- refined site layouts for each of the 14 proposed commuter rail stations
- design criteria development
- computer system and protocols developed sufficient for management of design
- initial geotechnical investigations completed
- bridge type selection and layout recommendations made
- detailed inventory of grade crossings
- initial definition of signals, communications, central control and fare collection systems
- site plan and conceptual design of buildings for operations and maintenance facility

During the 2009-2010 fiscal year, SMART also advanced organizationally with the development of several key administrative documents, including:

- The SMART Administrative Code
- The SMART Personnel Policies and Procedures Manual
- The SMART Administrative Policies and Procedures Manual
- The Real Estate Acquisition Management Plan

In addition to providing the funding to advance the SMART project, Measure Q has provided a “local stimulus package” for Marin and Sonoma Counties. With the opening of the Santa Rosa Project Office in March 2010, SMART now operates out of offices in both Marin and Sonoma Counties. In addition to the jobs SMART provides for the agency’s 12 employees, the economic impact of the SMART project ripples throughout the community. Seven major consulting contracts covering engineering, design and environmental permitting provided work to an estimated 100 people during the ACE phase. About two-thirds of those people worked within Marin and Sonoma Counties and 80 percent worked in California. At least 10 people have moved to the District to work on the project, bringing their professional rail experience from Texas, New York, Oregon, Washington, Illinois and Ohio. They and others working on the project funnel Measure Q money back into the local economy every day as they pay their rent, eat lunch in Santa Rosa or San Rafael, shop for clothes and explore the sights of their new home on days off.

Over 20 years, Measure Q is projected to generate \$845 million, the majority of which will be spent right where it is raised, in Marin and Sonoma Counties.



Measure Q Revenues/Estimates/Projections

The 2008 Expenditure Plan is the foundation for the Measure Q Strategic Plan. The financial element of the Plan has three primary objectives:

- Optimize the use of sales tax dollars.
- Maximize leveraging of other regional, state and Federal funding sources.
- Support timely and cost-effective project delivery, with the objective that all strategies result in the achievement of measurable improvements



To achieve these objectives, the 2009 Strategic Plan must be flexible, providing a guide for the most effective completion and delivery of the project approved in the 2008 Expenditure Plan. Flexibility is also needed to take into account changes that often occur in funding opportunities, construction schedules and project costs.

As a result, development of the Strategic Plan occurred through an iterative planning process that required comparing project costs with available program financial capacity. According to the Strategic Plan:

“Since adoption of the SMART Project Funding Plan in the spring of 2008, three factors influencing the economics of the project have changed. First, the economy has entered into a severe recession. While SMART anticipated an economic downturn in its forecasts, it could not have foreseen the severity of this recession and associated significant decrease in Measure Q sales tax revenues.

Second, associated with the recession has been a dramatic change to the municipal bond market. As a result, it has become much more difficult for all public agencies to issue bonds to finance project construction. Due to the reduced projected sales tax revenue and expected higher interest rates, SMART’s estimated borrowing capacity is significantly lower than what was anticipated in 2008.

Third, following a more detailed engineering review, SMART has added scope and increased its cost estimates. This is due to:

- Changes in DMU rail car availability, EPA vehicle emission standards, and vehicle procurement requirements.
- New federal standards SMART must follow for installation of a Positive Train Control system to prevent train-to-train collisions.

- New assumptions concerning SMART's need to perform its construction work at the same time the North Coast Railroad Authority (NCRA) operates freight service on the existing rail line.
- An increased project contingency to account for current economic uncertainty with construction and environmental mitigation costs. As a result, the overall contingency has been increased from 20% to 25%.

As a result of these major changes, the construction cost estimate has increased from \$541 million to \$590 million, in 2008 constant dollars, an increase of 9%.

While the sales tax program is projected to generate approximately \$845 million between 2009 and 2029, the use of the maximum bonding capacity and other state and federal sources of funds allow for the planning, design, engineering, and construction of the project so that rail operations start during the fall of 2014.

As described in Section 2 of the Strategic Plan, approximately \$214.8 million is required through two bond offerings to deliver the project according to the desired schedule. The first long-term bond issuance is needed in fiscal year (FY) 2009/10, with a subsequent issuance in FY 2013/14. The use of bond financing will help SMART build the project on a timely basis.

However, as project planning continues the timing and the amount of bond offerings will be re-evaluated.

At the time of adoption of the Strategic Plan, SMART has a funding gap of \$154.7 million in current dollars (\$175.9 million in escalated year-of-expenditure dollars). At the direction of the SMART Board, this plan focuses on continuing with planning for the project as described in the Expenditure Plan, with the additional need for an aggressive program to identify and secure other funding sources to close the gap created by the struggling economy. Some of those sources include, for example, the federal New Starts program. Assuming the funding gap can be closed, the project would be built as planned by 2014.”

As a result of the difficult bond market, SMART elected not to issue bonds in 2009. At the direction of the Board of Directors, staff proceeded with the design and engineering work required to open the entire 70-mile train and pathway project by Fall 2014. Concurrently, staff and Board members have sought to identify and secure new sources of revenue in an effort to close the identified funding gap.

Measure Q General Guidelines

The Strategic Plan set forth ten guidelines for administering the Measure Q program, as summarized below.

Guideline 1 – Use of Pay-As-You-Go Financing

Pay-as-you-go financing involves paying for capital expenditures with available cash on hand. No debt is incurred under pay-as-you-go financing, but the ability to incur expenses and deliver the project may be delayed, depending on the availability of cash on hand. In general, pay-as-you-go-financing will be used early in the project for completing engineering and design and for ongoing project administration.

Guideline 2 – Use of Bond Financing

It is anticipated that the acquisition of needed right-of-way, purchase of rail vehicles and project construction will be met with bond financing. Two bond offerings will be required to meet the timing of forecasted capital expenditure requirements. All bonds issued by SMART will be secured by authority-wide Sales Tax Revenues.

Guideline 3 – Investment of Cash Balance

SMART will invest the cash balance of the Measure Q program in the County of Sonoma Pool. Interest earned on this balance will be credited to the program's cash balance.

Guideline 4 – Citizens Oversight Committee

Measure Q calls for a Citizens Oversight Committee charged with providing input and review of the Strategic Plan and periodic updates. In general, the Committee has met since April 2009 and will meet as necessary prior to future updates of the Strategic Plan.

During the construction phase of the project, it is also envisioned that the Committee will meet more frequently to coincide with completion of specific project milestones, such as the submittal of final design plans at the 65% and 100% levels, the procurement of rail vehicles and the initiation and completion of project construction.

Guideline 5 – Annual Program Reporting

SMART will prepare an Annual Measure Q Program Report. The report will describe the use of Measure Q funds during the prior 12 month period, the implementation status of the SMART project as well as program achievements and challenges. The first Measure Q report will cover a 15-month period, from the collection of the first tax revenues in April 2009 to the end of the 2009-2010 Fiscal Year in July 2010.

Guideline 6 – Audits

A financial and compliance audit will be performed for each fiscal year. Because Measure Q revenues are collected beginning April 1, 2009, the first fiscal year will cover a 15-month period.

Guideline 7 – Multi-Jurisdictional Coordination

In implementing the Measure Q Strategic Plan, SMART will work closely with the cities located along the rail corridor as well as other jurisdictions, including Marin and Sonoma Counties, the Transportation Authority of Marin (TAM), the Sonoma County Transportation Authority (SCTA), and the North Coast Railroad Authority (NCRA).

Guideline 8 – Restriction on Use of Marin County Transportation Funds

SMART has agreed not to seek any funding that TAM or Marin County Transit currently has programmed for transportation improvements in Marin County, including funds in the Regional Transportation Plan (T-2030 or T-2035) or the Federal Transportation Improvement Program.

Guideline 9 – Amendments to the Strategic Plan

Over time, SMART may find the need to revise, delete or add new guidelines. Guidelines can be revised, deleted or added during subsequent Strategic Plan updates or at any time by resolution of the SMART Board of Directors.

Guideline 10 – Update of the Strategic Plan

The Strategic Plan will be updated at least once every five years and approved by the SMART Board of Directors. The Strategic Plan will be developed with input from the public and the Citizens Oversight Committee.

DRAFT

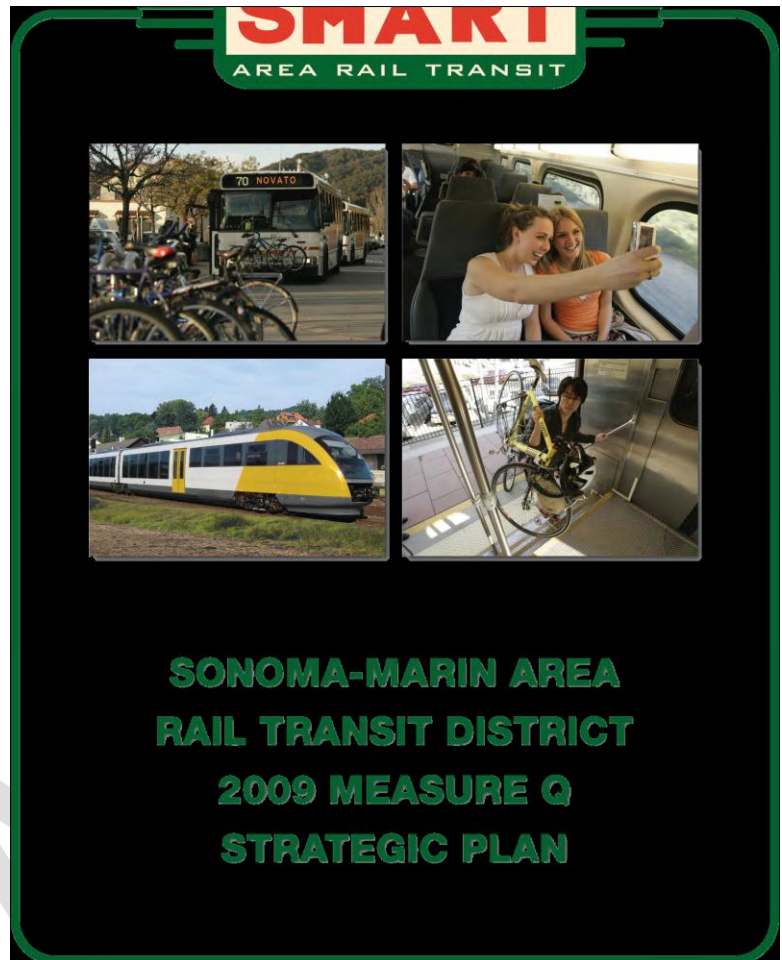
Strategic Plan

In April 2009, the SMART Citizens Oversight Committee convened its first meeting and began work on the SMART Strategic Plan, as required by Measure Q. The committee is comprised of four citizens from Sonoma County and three from Marin. Committee members bring with them broad experience in banking, finance, business administration, government and community involvement. Members in 2009 were:

- Michael Allen, Chair – former district director for California Sen. Pat Wiggins.
- Russ Colombo, Vice-Chair – president of Bank of Marin.
- Steve Birdlebough – retired attorney, founder and member of Friends of SMART.
- David Grubb – former CEO of Swinerton, Inc., president of Presidio Land Trust.
- Dennis Harter – owner, Sequoia Pacific Mortgage.
- Patricia Kendall – administrator, Kaiser Permanente.
- Steve Rabinowitsh – former Santa Rosa City Council member, instructor at Santa Rosa Junior College.

Mr. Grubb has since resigned from the COC and was replaced by Peter Breen, a former member of the San Anselmo City Council and the SMART Board of Directors. Julia Violich, an executive with Violich Farms, Inc., was appointed as an alternate to the COC in 2010.

As part of their development of the District's initial Strategic Plan, the COC worked with staff and financial consultants to determine the most up-to-date revenue and cost projections available at the time. Due to the severe economic downturn that began in the Fall of 2008 and continued into 2009, revenue projections were significantly lower for the Strategic Plan than previously forecast in the SMART Funding Plan and Expenditure Plan, which had been developed a year earlier. Total sales tax revenues from the Measure Q Program were estimated in the Strategic Plan to be approximately \$845 million over 20 years, a reduction of 5.2% from the estimate in 2008. Most significantly, SMART's bonding capacity was reduced by \$100 million due to lower sales tax revenue projections and changed conditions



SONOMA-MARIN AREA RAIL TRANSIT DISTRICT 2009 MEASURE Q STRATEGIC PLAN

in the bond market. Meanwhile, cost projections were adjusted upward by about 11 percent to reflect increased contingencies, higher vehicle costs and added project scope.

These changes resulted in a Strategic Plan that identified a funding gap in the project. To preserve the plan to build a complete 70-mile train and pathway project with passenger train service operating by Fall 2014, the Plan acknowledged a shortfall of \$155 million (in 2008\$), or \$175 million in inflated dollars.

Conclusions/Next Steps – From the 2009 SMART Strategic Plan

Over the next two years, SMART will complete its work on final design and the preparation of bid documents. During this time alternative funding will be sought and key economic indicators will be monitored to determine which implementation strategy can deliver the rail and pathway project at the earliest possible date.

For now, however, the funding gap does not cause any changes in the schedule or scope of the SMART project.

With this in mind, SMART over the next two years will:

- Begin an aggressive effort to identify new revenue sources to fill the funding gap.
- Monitor the credit markets to determine the “optimal” time for the issuance of bonds for project construction.
- Work closely with other agencies to identify economies of scale such as construction of portions of the bicycle/pedestrian pathway.
- Prepare an update of this Strategic Plan to reflect changes in economic conditions and the implementation status of the project.

The full text of the 2009 SMART Strategic Plan is available online at

<http://www.sonomamarintrain.org/userfiles/file/Strategic%20Plan%20Final%20%2006-17-09.pdf>

FY 2009-2010 Budget

Expenditures in SMART's FY09-10 budget were \$9.9 million higher than the previous year as the agency ramped up project development activities after the passage of Measure Q. Ultimately, the FY 2009-10 revised budget reflects slightly lower expenditures and revenues than originally estimated in the summer of 2009. Lower expenditure amounts are the result of a slightly slower expenditure rate for property purchases than expected and slower expenditures by SMART on the CalPark tunnel due to funding shifts within the project.

Revised total revenue estimates for FY09-10, at \$38.6 million, were \$6.6 million below originally budgeted amounts. First, SMART sales tax revenues came in slightly below Strategic Plan amounts. The amount of \$24.4 million is recorded and differs from the Strategic Plan amount by \$1.9 million (or 7% lower). However, data received from the Board of Equalization indicates that, for FY 2010, sales tax receipts will only be 1% lower than expected in SMART's Strategic Plan, or \$25.5 million.

Other reduced revenues reflect shifts of funding from the current year into the next, including \$3 million in Sonoma County Measure M funds and more than \$4 million in RM2 funds.

	Actual 2008-09	Approved Budget 2009-10	Revised Budget 2009-10
REVENUES			
Sales/Use Taxes	4,976,687	26,330,000	24,401,000
Interest/Property Income	560,373	568,060	648,042
Intergovernmental Revenues	8,126,219	17,857,937	13,565,585
Charges for Services	10,200	10,000	5,600
Miscellaneous Revenues	111,070	427,500	325
Other Financing Sources	187,770	-	-
TOTAL REVENUES	\$ 13,972,319	\$ 45,193,497	\$ 38,620,552
EXPENDITURES			
Salaries and Benefits	775,824	1,438,097	1,302,475
Services and Supplies	5,455,392	9,794,132	15,211,983
Other Charges	624	0	1,725
Fixed Asset Improvements	4,265,818	14,538,961	4,242,328
Interfund Transfers	(670,673)	(1,079,071)	(1,010,754)
Contingencies	0	150,000	0
TOTAL EXPENDITURES	\$ 9,826,985	\$ 24,842,119	\$ 19,747,757

Advanced Conceptual Engineering

The primary activities and achievements of the District during 2009-2010 were related to Advanced Conceptual Engineering – moving forward the design and engineering level of every project element to at least 20 percent, and for some elements as much as 50 percent. This is the detailed and exacting design and engineering work that creates the technical foundation needed to turn this century-old rail corridor into a state-of-the-art transportation system. It provides the guidance for construction work that will begin in 2011, leading to the initiation of passenger train service in late 2014.

That’s the schedule SMART set prior to the 2008 election, and it is the schedule SMART is working on right now.

Engineers, surveyors, geotechnical investigators and bridge specialists are in the field, measuring and inspecting the existing rail line and bridges in advance of the construction work to come. SMART staff and consultants are working with representatives



Surveying the SMART Corridor. Photo: American Surveyor Magazine, 2010 Vol. 7 No. 3

from each city and county to collaborate on issues ranging from underground utilities to transit coordination. A Technical Advisory Committee comprised of SMART staff, local city and county staff and representatives of the Bicycle Coalitions of each county is advising SMART engineers on issues concerning the rail line, stations and multi-use pathway. Real estate for station sites and a maintenance facility is being acquired. Environmental permits are being pursued. Rail vehicle manufacturers submitted their proposals to build SMART rail cars in August.

This Advanced Conceptual Engineering work – “the ACE phase” – has honed and refined the original design work and cost estimates that were used for SMART’s environmental review and ballot measure. A more detailed design now makes it possible to produce more accurate cost estimates, which will aid decision-making as the project moves toward construction.

SMART has been supported in the ACE phase by six major consulting contracts covering design services for the program. Highlights of their associated scopes of services are as follows:

LTK Engineering Services - Vehicles and Systems

LTK has worked with SMART for years on vehicle issues, and was selected as the prime consultant for vehicle and systems design. The company opened an office next door to SMART's Santa Rosa Project Office and has worked closely with staff to produce specifications for railcars and prepare the design of the project's signals and other critical systems. LTK also has been involved with significant public outreach related to vehicles (see section on public outreach). Major activities during ACE included:

- DMU vehicle specification and procurement support
- Systems design criteria development
- Positive train control system design
- Signals, communication and central control systems design
- Regulatory support
- Operations, safety and security support
- Fare collection system design
- System-wide electrical and mechanical design
- Testing and start-up support

PGH Wong Engineering and HDR Engineering – Two contracts providing Civil/Track/Pathway Design Services

HDR Engineering and PGH Wong Engineering, working on the north and south sections of the corridor, respectively, are the lead consultants for Civil Track and Pathway engineering. Working closely with each other, they also have engaged the technical staffs of each community along the corridor to produce the crucial details of SMART's 70 miles of track and pathway, and how this new infrastructure will interface with the facilities of each city along the line. Representatives of the Bicycle Coalitions of both Marin and Sonoma Counties also are part of this effort. Major ACE activities included:

- Civil design criteria development
- Alignment and track design
- Multi-use pathway design
- Grading and drainage design
- Minor bridges for train and pathway
- Street and sidewalk interfaces
- Grade crossing design
- Utility conflict resolution
- Geotechnical engineering
- Base mapping and survey
- Traffic engineering

URS Corporation - Major Bridge Design Services

URS Corp. is the lead consultant on SMART's "major bridges," which are defined as the structures spanning Gallinas Creek in San Rafael, the Petaluma River at Haystack Landing and the Russian River at Healdsburg. In addition to their inspection and design work on these bridges, URS has been working with the U.S. Coast Guard and shippers on issues related to navigation on the Petaluma River. Major ACE activities included:

- Structural and geotechnical design criteria development
- Design of Gallinas Creek bridge
- Design of Haystack Landing bridge
- Design of Russian River bridge
- Development of standards for overall bridge and wall design
- Geotechnical engineering

ZGF Architects - Station Design Services

ZGF Architects, the prime consultant for the design of SMART stations, has organized a multi-talented team to take on the challenge of designing stations that reflect the cohesiveness of a 70-mile transportation project while also respecting the individual flavor of 10 distinct cities that will be home to SMART rail stations. During the ACE phase, that included two public meetings in each of the communities along the corridor (see "Community Participation," below). Major ACE activities included:

- Station design criteria and standards development
- Station platform design
- Design of station structures and amenities
- Station access design
- Design of parking facilities
- Traffic and pathway interfaces
- Bus facility and interface design
- Site landscaping
- Signage and graphics

Winzler and Kelly - Operations and Maintenance (O&M) Facility Design Services

Winzler & Kelly, a prominent engineering firm based in Santa Rosa, is the lead consultant for the design of SMART's Operations and Maintenance Facility. W&K convened a number of internal charrettes and workshops at SMART's new Santa Rosa Project Office, bringing together planners, designers, engineers and architects to design the optimal use of an industrial property in southern Santa Rosa for this key element of the SMART system. Major ACE activities included:

- Development of O&M facility design criteria and standards
- O&M site and building design

- Equipment specifications
- Fueling and wash facility design
- Yard and storage track layout and design
- Site grading and drainage design
- Design of supporting O&M facilities
- Design of central control facility

The initial phase of work authorized for each of these contracts was described as advanced conceptual engineering (ACE).

Major accomplishments achieved during the ACE phase of design activities included:

- advancement of design generally to a 20% level of completion
- completion of DMU vehicle specifications
- issue of DMU request for proposals
- control surveys for the 70-mile SMART corridor
- definition of multi-use pathway alignments alongside the rail corridor
- refined site layouts for each of the 14 proposed commuter rail stations
- design criteria development
- computer system and protocols developed sufficient for management of design
- initial geotechnical investigations completed
- bridge type selection and layout recommendations made
- detailed inventory of grade crossings
- initial definition of signals, communications, central control and fare collection systems
- site plan and conceptual design of buildings for operations and maintenance facility

These six contracts were extended in July 2010. Moving forward into the Preliminary Engineering phase, the following activities will take place:

- review and interdisciplinary coordination of designs developed during the ACE phase
- advancement of design with ongoing involvement of local jurisdictions
- response to review comments received from reviewers
- refinement of the design documents to a higher level of completion
- completion of most geotechnical investigations
- completion of supplemental survey activities
- traffic studies to refine designs in central city locations
- completion of hydraulics and hydrology studies
- advancement of permitting activities
- support of value engineering
- risk assessment and development of a risk register
- completion of standard drawings
- further refinement of bridge designs
- advancement of utilities design to near-completion
- refinement of station site designs
- development of station furnishings and landscaping requirements

- special issues resolution
- support of SMART construction and material procurement activities
- coordination with fire marshals regarding tunnel safety facilities
- advancement of signals and communications and positive train control (PTC) designs in preparation for procurements
- refinement and specification of protection for all crossings
- central control design advancement
- selection of DMU vehicle and negotiation of contract
- further refinement of operations and maintenance plans
- operations management
- civil and systems integration
- implementation of a safety and security plan
- threat and vulnerability analysis and hazard analysis
- revised cost estimates

Major Consultant contracts for Advanced Conceptual Design, through June 30,2010 (tentative)

Contract	Consultant	Contract Amount
Civil Track Pathway North Design Services	HDR	\$ 7,484,368
Civil Track Pathway South Design Services	PGH Wong	\$ 3,694,520
Major Bridges Design Services	URS	\$ 2,299,928
Stations Engineering and Design	ZGF	\$ 2,045,127
Maintenance Facility Design	Winzler & Kelly	\$ 1,887,043
Systems & Vehicles Design	LTK	\$ 4,202,190
Real Estate Consultants (On-Call)	Various	\$ 1,600,000
Environmental Consultants	Vicky Hill; Aspen	\$ 1,450,700
TOTAL ACE Contracts		\$ 24,663,876

In addition to these major design and engineering contracts, SMART entered into contracts with 13 firms to be available for on-call work related to the project's real estate needs. These firms, most of which are based in the District, have been engaged in appraisal work, environmental investigation and other issues related to acquiring properties needed for stations, the Operations and Maintenance Facility and other right-of-way needs.

Community Participation

As a prelude to the procurement of these consulting services, SMART in June 2009 held a contractors' symposium in Petaluma. More than 350 people attended, giving a clear indication of the excitement and anticipation about SMART in the business community and building industry. Since that symposium, more than 700 potential contractors have become registered users of the "Contracts" section of SMART's web site, and they receive email notice each time the agency posts information about procurements.

SMART has also kept in close touch with the broader community. In addition to at least four public meetings held each month by the Board of Directors and its various Committees, SMART has sponsored public workshops in every community along the corridor as the agency seeks public participation in decisions about highly visible system components such as rail vehicles and stations. In addition, SMART's Community Outreach team regularly makes presentations to community and neighborhood groups and service organizations interested in keeping up with the progress of the project.

That progress is reflected in the completion of the ACE phase, which brings the design and engineering of most project components to the 20% to 50% level.

A key exception to that general rule of thumb is in the area of Vehicle and Systems Design. Because the design and manufacture of rail vehicles has the longest lead time of any project component, vehicle issues were put on the front burner for staff, consultants and the SMART Board soon after the passage of Measure Q. With the guidance of the Board and significant input from the public, LTK Engineering produced specifications for SMART rail vehicles in January 2010, and a Request for Proposals from the vehicle manufacturing industry was issued on April 22, 2010. Six proposals were received in August, representing manufacturers from North America, Europe and Asia and offering designs for railcars already in use in other rail systems and brand-new designs. A contract for the manufacture of SMART's rail vehicles is expected to be finalized in early 2011.

Station design issues also have generated widespread public interest. With ZGF Architects, SMART in February convened a series of workshops in all 10 cities along the corridor, asking for input from residents about their ideas and aspirations for SMART stations. Using the guidance offered by those who will live with and use the stations, ZGF modified station layouts and designs and returned with new information in April, again convening public workshops in each community along the corridor. The response from the public was enthusiastic and appreciative.



Healdsburg Station Design Concept

As project activity has ramped up through the ACE phase, it has been necessary for SMART to grow as an organization. The Santa Rosa Project Office opened in March 2010, providing a headquarters for capital project work. Along with the administrative headquarters in San Rafael, the Santa Rosa office gives the agency a physical presence in both Marin and Sonoma Counties. In San Rafael, SMART shares a suite of offices with the Transportation Authority of Marin and the Marin Transit District. In Santa Rosa, SMART's offices are in the same building as the Sonoma County Transportation Authority. Both sites include meeting space that can be used for the Board of Directors' Real Estate, Operations and Executive Committee meetings. In Santa Rosa, meeting rooms are used almost daily for design coordination, program management, planning and technical advisory committee meetings. Our building neighbors, including the Sonoma County Transportation Authority and the Sonoma County Health Department's Planning and Prevention Division, also have borrowed our Santa Rosa meeting rooms.

Conclusion

Despite the worst recession in nearly 80 years and its impact on SMART's financial capacity, the revenues generated by Measure Q in 2009-2010 and the activities of the ACE Phase have kept SMART on schedule for a startup of passenger rail service in 2014.

Maintaining that schedule will require the agency to continue the pace of work that has been set since Measure Q was passed. In FY 2010-2011, we expect to substantially complete the design and engineering of the project, begin some advanced construction projects, enter into a contract with SMART's vehicle manufacturer and continue to pursue alternate sources of revenue to augment the significant local commitment that voters have provided with Measure Q.

DRAFT