

Board of Directors Meeting: May 14, 2024 – Public Comments

Date	Name	2. Approval of the April 17, 2024 Board Meeting Minutes and May 1, 2024 Budget Workshop Minutes
		None
Date	Name	5. Public Comment on Non-Agenda Items
		None
Date	Name	6. Consent
		<ul style="list-style-type: none"> a. Accept Monthly Ridership Report – April 2024 b. Approve Monthly Financial Report – March 2024 c. Adopt the Resolutions Authorizing the Annual Filing of Grant Applications for Federal Transit Administration Formula 5307, Federal Transit Administration Formula 5337 State of Good Repair, State Transit Assistance, State Rail Assistance, State Low Carbon Transit Program and State of Good Repair fund Program for a Total of \$18,341,310 in Fiscal Year 2024-2025 Budget Operations Grant Support
		None
Date	Name	7. Fiscal Year 2025 Draft Budget (Information and Discussion) – Presented by Heather McKillop
05/14/24	Mike Arnold	Attached
Date	Name	8. Closed Session - Conference with Board of Directors to Consider Public Appointment for the position of General Counsel – Pursuant to California Government Code Section 54957
		None

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

From: Mike Arnold

Subject: Comment on Draft FY 2025 Budget

Date: May 14, 2024

1. Performance Metrics on Page B-11: Staff has provided valuable information through FY 2023 in the table presented on this page. But, the draft budget does not provide an estimate for operating expenses on the same (NTD) basis contained on this page. From this number, the key performance metrics (farebox recovery and taxpayer subsidy per boarding) can be estimated.

Recommendation 1: Estimated operating expenses for FY 2024 and forecast operating expenses for FY 2025 on an NTD basis be included in the budget.

2. SMART is building its ridership in part with discounted and free fares. The budget must include an assumption regarding the percentage of riders traveling for free to come up with an estimate and forecast of fare revenues. But it doesn't report this assumption.

Recommendation 2: The budget should report the number of boardings on weekdays and weekends by individuals traveling for free should be estimated for FY 2024 and forecast for FY 2025.

3. There is no mention of any costs associated with a ballot measure in draft FY 2025 budget. In past elections the agency has used Measure Q funds to pay for the production and mailing of an "informational brochure" to households of every registered voter in the two counties. That cost is not to be found in the draft budget. While it could be hidden the Communications and Marketing" expenditures, it is not known what the agency intends to do. If the Board has no intention of placing a ballot measure on the November 2024 ballot, why not just disclose the agency's intentions?

Recommendation 3: The Board needs to disclose whether it intends to place a tax extension measure on the November 2024 ballot.

4. Cash Position: (p. B-45). SMART's Monthly Finance Report (p. 31 of 137 in the agenda packet) reports the size of two bank deposits is now \$114.6M. Some but not all of the cash position is allocated to reserves and encumbrances. The draft does not include this calculation nor provide any history on this important financial metric.

Recommendation 4: The draft should report past FY metrics of its cash position in the same format that it reports this information in the Monthly Finance Report.

5. Freight: (p. B-43). The draft states on the bottom of the page, “The freight fund does not have reserves and the fund balance will be dependent on the amount budgeted but not spent in Fiscal Year 2024. Likely that fund balance will be very low.” At the same time, the draft does not state what has been stated at previous Board meetings, that Measure Q funds are legally prohibited from covering the freight operating deficit. One possibility to address the deficit is for SMART to restart the LPG tanker parking business in Schellville, something Sonoma Valley residents have opposed. Long before June 2025, the agency is going to have to confront this issue that may involve planning and public outreach, as well as legal consultants who specialize in STB regulations. The budget should include this as an expense item.

Recommendation 5: The budget include estimated expenditures for the planning and resolution of how the agency will resolve the issue raised by the operating deficits generated by the freight business.

6. Summary table of full costs and revenues associated with the Windsor extension, which will be completed in FY 2025 is not included in the draft. Only a “funding plan” was provided in the workshop presentation (p. 26 of May 1, Agenda Item 4).

Recommendation 6: The budget for FY 2025 should include a summary table of the full costs associated with the Windsor extension (by major category) and revenues (by source) to fully inform the public regarding the finances of this extension.