

Board of Directors Meeting: December 20, 2023 – Public Comments

Date	Name	2. Approval of November 15, 2023 Board Meeting Minutes
		None
Date	Name	6. Public Comment on Non-Agenda Items
12/5/2023	Paul Garbarini	Attached
Date	Name	7. Consent
		<ul style="list-style-type: none"> a. Accept 2024 Board of Director Meeting Schedule b. Approve Monthly Financial Report – October 2023 c. Accept Monthly Ridership Report – November 2023 d. Authorize the General Manager to execute Contract Amendment No. 5 to Contract No. OT-PS-16-004 with Masabi, LLC in amount of \$51,320 for a total not-to-exceed of \$495,420 e. Authorize the General Manager to execute Contract Amendment No. 4 to Contract No. FN-PS-21-002 with Sierra-Cedar in an amount of \$117,000 for a total not-to-exceed of \$358,200 f. Adopt a Resolution to Amend the Position Authorization to Convert one (1) Assistant Engineer position to one (1) Junior Engineer position
		None
Date	Name	8. Review and Accept SMART’s Fiscal Year 2022-23 Annual Financial Report and Single Audit – <i>Presented by Chief Financial Officer McKillop</i>
		None
Date	Name	9. Fiscal Year 2022-23 Budget to Actual Comparison – <i>Presented by Chief Financial Officer McKillop</i>
		None
Date	Name	10. Approve the Final Design Concept for SMART Pathway Wayfinding - <i>Presented by Senior Planner, Zoe Unruh</i>
		None
Date	Name	11. Approve Free Fare Pilot Program for Youth and Seniors from April 1, 2024 to June 20, 2025 - <i>Presented by General Manager Cumins</i>
12/18/2023	Mary Hortin	Attached

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		12a. Conference with Legal Counsel regarding existing litigation pursuant to California Government Code Section 54956.9(a); Number of cases: (1) Anthony Alex v. Sonoma-Marin Area Rail Transit; Marin County Superior Court Case No. CIV2301258
		None
		12b. Pursuant to California Government Code Section 54957; Public Employee Performance Evaluation; Title: General Manager
		None

AN ANALYSIS OF SMART, September 2023

It has been 15 years since a supermajority of voters approved SMART, envisioning a sustainable rail commuter system, but the resulting system has questionable viability. Today, we have enough data to show SMART is one of the least effective commuter trains in the entire world. More passengers are required, but contrary to intuition, additional funds make it worse. There are not enough potential passengers in the SMART District for a heavy rail system, so liquidation is *inevitable*. Liquidation as soon as possible is best; waiting until 2029 will waste another 500 to 600 million dollars.

HOW IS SUCCESS MEASURED?

Since the pandemic, ridership has recovered well, but is it enough? Every public transit agency worldwide looks at performance by comparing the *farebox recovery ratio*, a percentage of an agency's fares divided by overall operating costs, with a larger percentage being better. Look up the *farebox recovery ratio* on Wikipedia, where you find it varies all over the world.

In North America, systems get subsidized; The Massachusetts Bay Transit Authority (available on the Internet) for bus and train operations typically has the following farebox recovery.

- Bus: 26% [Golden Gate buses are about 22%, with the goal of 25%] and farebox recovery buses use public roads, which are 100% subsidized.
- Commuter Rail: 48% [Similar to Caltrain on the Peninsula]
- Light Rail/Trolley: 55%
- Heavy Rail/Subway: 61% [Similar to BART]

HOW IS SMART DOING? SMART's *audited financial* results show that the 2022 [most recent available] SMART farebox ratio was 2.6%, and heavy commuter trains should have 40% to 60%. That means if a SMART train commuter purchased \$10 of transportation service, they only paid \$0.26, and the taxpayers subsidized \$9.74. *Most of us agree that some subsidy is common for public transit, but this level is not sustainable, and I see no way SMART can significantly improve it.*

HOW HAS SMART RESPONDED TO THIS PERFORMANCE? SMART's apparent strategy is to attract as many grants as possible from higher-level government [They are exceptionally good at this] and quickly spend it. As SMART expands north to lower population-density areas, its effectiveness will worsen. **There are not enough people in the SMART District for a viable single-track-heavy rail commuter system.**

POSSIBLE SCENARIOS What would be the least expensive for SMART owners?

- **Best Solution - Liquidation as soon as possible** would require stopping all expansion activities, passenger train services, selling most assets for a very low price, say \$0.05 on the dollar, and stopping sales tax revenue immediately.
- **2nd Best Solution - Liquidation in 2029, when the sales tax funding terminates.** The 2023 situation indicates SMART expenses will exceed income in 2029. Thus, most assets get liquidated at a very low price, and at least \$500,000 of tax money gets wasted. In this scenario, the financial community will likely not lend to SMART.

- **3rd Best Solution – Presume the sales tax extension gets approved in 2029.** California law does not allow SMART to publicize a position directly or indirectly in the election; it must remain neutral. The 2022 audited financial reports indicate expenses would likely exceed income, and financial institutions would be reluctant to lend.

CONCLUSION: Today, you have enough information to know that the SMART concept is a failure and will get liquidated sooner or later. The Board still has a fiduciary responsibility to the taxpayers of Marin and Sonoma counties to minimize the cost of this failure. Every Director should determine whether this analysis is fundamentally true; it's all on the Internet; you can do it yourself, or the SMART District could hire a business consultant. Once you know liquidation is inevitable, every expenditure you approve not on a liquidation plan is wasteful. You must have the moral willpower to execute your fiduciary responsibility.

Sincerely,

Paul Garbarini, Marin County Resident

From: [Mary & Greg](#)
To: [Board Questions](#)
Subject: Support for free SMART for youth and seniors pilot
Date: Monday, December 18, 2023 12:09:38 PM

Hi SMART board,

I'm writing to give my strong support for the pilot program for free SMART fares for youth and seniors. My Berkeley college student has ridden SMART a lot over the last year and a half and it has enabled him to not have a car at school and reduced our car trips to Berkeley. Additionally, it would be great to know the definitions of "youth" and "senior" that the board is proposing. It is not outlined in the agenda.

Thank you,
Mary Hortin
Santa Rosa resident

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