

SONOMA - MARIN

SMART

AREA RAIL TRANSIT



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

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EXECUTIVE SUMMARY

This document contains the Strategic Plan for the 20-year Sonoma-Marín Area Rail Transit (SMART) Measure Q sales tax in Sonoma and Marin counties. This Strategic Plan is intended to implement the Expenditure Plan that was adopted by voters in November 2008 and the Funding Plan adopted by the SMART Board of Directors in July 2008.

Measure Q authorized the levy of a quarter-cent sales tax through March 31, 2029, to be used in combination with other local, state, regional, and federal funds, for the construction, operation, and maintenance of the SMART project.

Total sales tax revenues from the Measure Q Program are now estimated to be approximately \$845 million over 20 years, a reduction of 5.2% from the estimate in 2008.

The plan outlines a strategy that identifies and secures additional funds to make up for a significant financial challenge posed by the difficult economic climate of 2009.

STRATEGIC PLAN OVERVIEW

The Strategic Plan is to serve as a guide for the construction and operation of a passenger train system and ancillary bicycle/pedestrian pathway along the existing, publicly owned Northwestern Pacific Railroad (NWP) right-of-way. The SMART project is to extend from Cloverdale in Sonoma County to Larkspur in Marin County.

The purpose of the Strategic Plan is to:

- Explain the roles and responsibilities for development and maintenance of the Measure Q program;
- Detail the funding and expenditure plans for the Measure Q program, including construction, operating, and maintenance costs, revenue projections, and financing approaches;
- Describe the policies and procedures for the Measure Q program; and

- Identify accomplishments and critical issues.

The project information included in this 2009 Strategic Plan was developed in cooperation with a Citizens Oversight Committee, established with voter approval of the Measure Q Expenditure Plan, and SMART staff and represents the most current information available.

The Measure Q 2009 Strategic Plan is organized into the following sections:

- Executive Summary
- Background of Measure Q Program (Section 1) – This section describes the enabling legislation that established the Measure Q Program, the process for forming the 2008 Expenditure Plan and 2008 Funding Plan requirements, how the program is to be administered, and a set of guidelines to aid in implementation of the plan.
- Strategic Plan and General Guidelines (Section 2) – SMART's funding and expenditure strategy is outlined and discussed in this section, including the funding amounts available for project design, construction, and annual operations.
- Conclusions/Next Steps (Section 3) – This section describes a set of activities SMART will implement between now and the fall of 2014 when rail service is to begin in the rail corridor.
- Appendices – This section includes the SMART Measure Q Ordinance (Appendix A), approved by Marin and Sonoma county voters in November 2008. Also included are a Detailed Funding Disbursement Schedule (Appendix B) for project construction, annual operations, and maintenance; the sales tax forecasting methodology (Appendix C); a listing of SMART revenue sources (Appendix D); and a one-page summary of the program level implementation schedule (Appendix E).

EXPENDITURE PLAN REQUIREMENTS

Approved by voters in November 2008, the Measure Q Expenditure Plan contains certain requirements which are described below:

- The duration of the sales tax collection is twenty (20) years. Measure Q revenues are generated from a quarter-cent district sales tax to be collected from April 1, 2009, through March 31, 2029.
- An annual independent audit shall be conducted to assure that the revenues expended by SMART are necessary and reasonable in carrying out its responsibilities under the Ordinance.
- The Expenditure Plan requires SMART to prepare this Strategic Plan and that the plan be updated at least once every five years.

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 outside (i.e., non-Measure Q) 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 construction schedules, project costs, and District priorities. As a result, development of the Strategic Plan occurred through an iterative planning process which required comparing project costs with available program financial capacity.

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 is at present 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.

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.

MEASURE Q GENERAL GUIDELINES

The Strategic Plan sets 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 on 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.

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.

CONCLUSIONS/NEXT STEPS

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.

1.0 BACKGROUND OF MEASURE Q PROGRAM

1.1 INTRODUCTION

This document contains the Strategic Plan for the 20-year Sonoma-Marín Area Rail Transit (SMART) Measure Q sales tax in Sonoma and Marin counties. This Strategic Plan is intended to implement the Expenditure Plan that was adopted by voters in November 2008 and the

Funding Plan adopted by the SMART Board of Directors in July 2008. Measure Q authorized the levy of a quarter-cent sales tax through March 31, 2029 for construction, operation, and maintenance of the SMART project.

Total sales tax revenues from the Measure Q Program are now estimated to be approximately \$845 million over 20 years. The annual and cumulative amounts generated by the sales tax are shown in Table 1.

TABLE 1: ESTIMATED MEASURE Q SALES TAX REVENUE

Fiscal Year Ending	Annualized Sonoma County Sales Tax	Annualized Marin County Sales Tax	Annualized Combined Sales Tax	Growth	Forecast Adjusted for Partial Years of Collection (1)
2008 (2)	18,864,061	11,213,893	30,077,954		
2009	17,788,714	10,152,550	27,941,264	-7.10%	6,985,316
2010	16,661,742	9,667,815	26,329,557	-5.77%	26,329,557
2011	17,700,829	9,903,622	27,604,451	4.84%	27,604,451
2012	19,174,397	10,279,799	29,454,196	6.70%	29,454,196
2013	20,573,019	10,750,813	31,323,832	6.35%	31,323,832
2014	21,745,560	11,227,103	32,972,663	5.26%	32,972,663
2015	22,729,156	11,644,744	34,373,900	4.25%	34,373,900
2016	23,628,599	11,990,875	35,619,474	3.62%	35,619,474
2017	24,649,964	12,338,698	36,988,662	3.84%	36,988,662
2018	25,903,468	12,741,026	38,644,494	4.48%	38,644,494
2019	27,330,385	13,164,856	40,495,241	4.79%	40,495,241
2020	28,843,498	13,623,376	42,466,874	4.87%	42,466,874
2021	30,282,371	14,050,051	44,332,422	4.39%	44,332,422
2022	31,800,274	14,495,794	46,296,068	4.43%	46,296,068
2023	33,401,554	14,953,627	48,355,181	4.45%	48,355,181
2024	35,050,961	15,420,291	50,471,252	4.38%	50,471,252
2025	36,780,504	15,902,309	52,682,813	4.38%	52,682,813
2026	38,621,863	16,404,559	55,026,422	4.45%	55,026,422
2027	40,600,485	16,935,262	57,535,747	4.56%	57,535,747
2028	42,727,736	17,501,313	60,229,049	4.68%	60,229,049
2029	44,982,859	18,094,509	63,077,368	4.73%	47,308,026
Total	619,842,000	292,456,885	912,298,886	3.65%	845,495,642

(1) Measure Q Sales Tax collections begin in April 2009 and end in March 2029

(2) Data represents TAM and SCTA sales tax measures. Data from audited financial statements.

Measure Q revenues will be used to provide funding for the design, construction, implement-

tation operation, financing, maintenance and management of passenger rail service and a

bicycle/pedestrian pathway from Cloverdale in Sonoma County to a ferry terminal in Larkspur in Marin County that connects to San Francisco. The revenue from the tax can only be spent on project elements listed in the Expenditure Plan, including:

1. Weekday and weekend passenger rail service.
2. A parallel bicycle/pedestrian pathway.
3. Fourteen rail stations from Cloverdale to Larkspur (9 in Sonoma County, 5 in Marin County).
4. Rehabilitation and upgrading of the existing Northwestern Pacific Railroad (NWP) corridor from Cloverdale to Larkspur, including new passenger train passing sidings.
5. A maintenance facility in either Cloverdale or Windsor.
6. Shuttle service at selected stations.

The tax is to be collected in the same manner as sales tax is currently collected, beginning on April 1, 2009, and would continue in effect for 20 years.

1.2 PROGRAM BACKGROUND

1.2.1. SMART District Role and Purpose

On January 1, 2003, the SMART District was established by the California Legislature through the enactment of AB 2224. The SMART District includes both Sonoma and Marin Counties and was created for the purpose of providing a unified and comprehensive structure for the ownership and governance of a passenger rail system within Sonoma and Marin Counties. The goal of SMART is to provide passenger train service along the existing publicly-owned railroad right-of-way.

1.2.2. Rail Corridor Ownership and Management

The primary asset of SMART is the NWP rail right-of-way and properties contained within that right-of-way along the railroad corridor extending from Healdsburg in Sonoma County to Corte Madera in Marin County. (See Figure 1). This right-of-way is a significant public asset and is to be managed for the public's use and benefit via

the restoration of passenger train service and the development of a pathway linking the train stations.

SMART is managed by a General Manager, who is appointed by and reports to the SMART Board of Directors. SMART adopts an annual budget documenting all revenues and expenditures. SMART is to also prepare a Strategic Plan, under the direction of the SMART Board of Directors, and will update the plan at least every five years. The Strategic Plan will provide detailed annual revenue and cost assumptions for project implementation and operation. SMART will also prepare a five-year Short Range Transit Plan documenting service and funding assumptions.

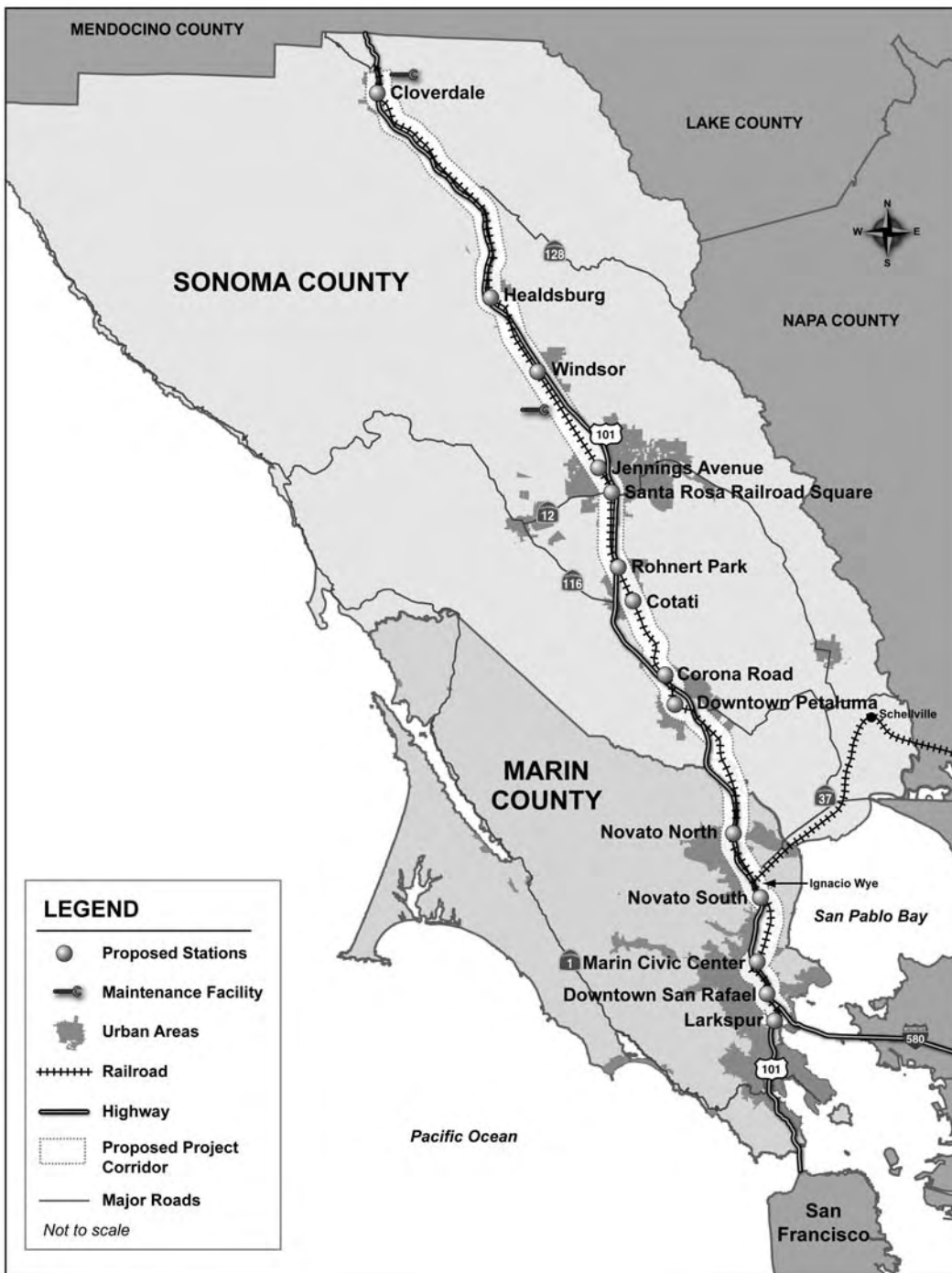
Prior to implementing train service, SMART is to prepare a Start-Up Plan and an Emergency Preparedness Plan one year in advance of scheduled service. The Start-Up Plan will include implementation requirements, schedule assumptions, staffing, and maintenance and operations requirements. The Emergency Preparedness Plan will be developed in coordination with local jurisdictions and emergency responders and will address response protocols and procedures along the corridor.

A Citizens Oversight Committee has been established by the SMART Board to provide input and review on the Strategic Plan and subsequent updates. The committee will be composed of citizens from the SMART District, appointed by the Board.

1.2.3. Community Outreach

SMART's community outreach efforts have included monthly public Board meetings, public hearings, special ad hoc meetings and hundreds of presentations to community, business and special issue groups. SMART maintains an agency website with regular postings of project documents, a project hotline with phone numbers in both Sonoma and Marin counties and has provided regular email updates on the project's development to over 2,200 email recipients.

FIGURE 1: SMART RAIL CORRIDOR



1.3 PROJECT DESCRIPTION

1.3.1. Project Description

The SMART passenger train project will upgrade the existing NWP right-of-way, to provide passenger train service from Cloverdale to Larkspur, with convenient linkages to bus, ferries, and shuttle feeder routes and direct connections to the bicycle/pedestrian pathway.

Fourteen stations are planned, nine in Sonoma County and five in Marin County. Proposed station sites include: Cloverdale, Healdsburg, Windsor, Santa Rosa (two stations), Rohnert Park, Cotati, Petaluma (two stations), Novato (two stations), Marin Civic Center, San Rafael and Larkspur.

Two-way train service is proposed at 30 minute frequencies, operating in the weekday morning and afternoon commute periods, along with one mid-day train. Weekend train service is also proposed with four round trips per day on Saturdays and Sundays.

The project includes a bicycle and pedestrian trail parallel to the entire length of the railroad between Cloverdale and Larkspur.

1.3.2 Project Components: Capital Improvements

A. Upgrading Trackway & Bridges: The existing single track rail line will be upgraded with passing tracks and train sidings, which will accommodate train schedule requirements. All of the rail, with the exception of rail recently or currently being upgraded, will be re-laid with new ballast, ties, signage, and drainage facilities. Timber trestle bridges will be replaced with concrete trestle spans supported on concrete pilings. The Gallinas Creek Bridge and Russian River Railroad Bridge will be upgraded and rehabilitated and will include drainage improvements. The Haystack Landing Bridge over the Petaluma River will also be replaced.

B. Providing New and Upgraded Stations: Fourteen train stations are proposed (see Figure 1). The stations would have convenient transfers to available peak period, fixed route bus service, connections to regional ferry service (at the Larkspur Station) and bicycle/pedestrian pathway connections. At locations where

stations are to be co-located with existing or planned transit centers, passenger rail upgrades will be provided. Each station will have a car floor level boarding platform with shelter, lighting, ticket vending machines, passenger amenities and pick-up and drop-off areas. Park-and-ride spaces will be provided at most stations. Bicycle parking would be provided at all stations. Bike stations are proposed at Santa Rosa Railroad Square and Downtown San Rafael.

C. Providing Clean and Efficient Rail Cars: SMART will use modern railcars powered by clean, efficient on-board engines, eliminating the need for big locomotives. SMART trains will be short enough to fit within a city block to avoid obstructing downtown streets.

D. Implementing Other Needed Improvements: Two tunnels will be upgraded for train service. The CalPark Hill Tunnel, between San Rafael and Larkspur, will be funded 50% by SMART and 50% by Marin County. The CalPark Hill Tunnel will include both train and pathway improvements. The Puerto Suello Hill Tunnel, located north of San Rafael will be upgraded for passenger rail service.

All public crossings will be upgraded along the rail line.

A new signal and dispatch system will be provided along the rail line to control train operations in accordance with state and federal operating rules and requirements.

The replacement of old railroad bridges and trestles will provide significant improvements in drainage and aid in the elimination of seasonal flooding along the corridor.

E. Providing for a Bicycle/ Pedestrian Pathway: SMART will provide a bicycle/pedestrian pathway along the SMART rail corridor linking the 14 train stations and on-going annual maintenance of the pathway.

F. Providing for Connecting Shuttle Services: Peak hour shuttle service is proposed for selected train stations. SMART has proposed nine shuttle routes serving

selected stations during peak commute periods. Maps showing the shuttle routes are included as part of White Paper #9 and can be found on the district's website at www.sonomamarintrain.org.

G. Building a Needed Maintenance Facility:

A maintenance facility will be constructed to provide rail car maintenance and storage.

H. Implementing Quiet Zones: SMART has committed to funding Quiet Zones (up to \$4.5 million) in areas along the corridor, which would allow crossings to operate without train horns.

I. Implementing an Environmental Mitigation Program: SMART plans to implement the environmental compliance and mitigation measures identified in the Final Environmental Impact Reports. Specific mitigation measures include selected traffic synchronization improvements and habitat and wetland restoration.

J. Engineering, Bid Documents, Staff

Support: Final engineering and preparation of all construction bid documents will be provided for the train and pathway project.

1.3.3 Project Components: On-Going Operations and Maintenance

A. Annual Forecasted Operating Costs:

Operating costs account for all costs of train and shuttle operations, including service contracts, vehicle fuel, insurance, administration, project staffing and overhead.

B. Annual Forecasted Maintenance Costs:

Annual maintenance costs have been updated to account for the costs of maintaining train cars, stations, trackway, signals, maintenance facility, railroad crossings and the portions of the bicycle/pedestrian pathway on the rail right-of-way.

1.3.4 Project Funding and Implementation

The proposed schedule for the project is as follows:

- SMART Board adoption of Measure Q Strategic Plan, June 2009

- SMART to complete engineering, design, and construction, 2009-2013
- SMART to initiate passenger train service, fall of 2014

1.4 DEVELOPMENT OF THE STRATEGIC PLAN

The following general principles have guided development of the policies and specific programming and scheduling recommendations included in the plan.

- Optimize the use of sales tax dollars.
- Maximize leveraging of outside (i.e., non-Measure Q) funding sources.
- Support timely and cost-effective project delivery, with the objective that all strategies result in the achievement of measurable improvements.

In applying these principles, this document has been prepared working in close cooperation with a Citizens Oversight Committee established with voter approval of Measure Q in November 2008. Information concerning project costs, program revenues, project delivery issues, and program implementation policies was shared with committee members.

SMART has incorporated the following ten guidelines to guide the implementation of the 2009 Measure Q Strategic Plan:

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.

Alternatively, bond financing involves the sale of bonds to investors in order to generate up-front bond proceeds and accelerate project delivery. Long-term bonds are secured against and repaid from down-stream, recurring revenues. Investors are repaid principal and interest,

according to regular, predetermined periodic payments with a specified final maturity. Bond financing provides for project acceleration, but also involves additional costs in the form of interest payments to investors as well as up front cost of issuance.

In general, pay-as-you-go-financing will be used in the early years of the project for completing engineering and design and for ongoing project administration.

Guideline 2 – Use of Bond Financing

As noted in Guideline 1, all capital expenditures are first paid with available cash revenue on a pay-as-you-go basis, with remaining capital expenditures met with 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.

It is anticipated that 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. In order to achieve a high bond rating, actual revenues at the time of the bond offering will be required to exceed the maximum authority-wide annual debt service payment by a certain factor, typically 1.50x.

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

Voter approval of the Expenditure Plan required the establishment of a Measure Q Citizens Oversight Committee. The Committee is charged with initial development of the Strategic Plan and its periodic updating.

In general, the Committee will meet at least once annually to discuss implementation of the program, review the Measure Q Annual Report (see Guideline 5), and results of the Annual Audit (see Guideline 6).

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.

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 Marin and Sonoma Counties, the Transportation Authority of Marin (TAM), the Sonoma County Transportation Authority (SCTA), and the North Coast Railroad Authority (NCRA). This type of coordination will be important to ensure the timely construction as well as ongoing operation of the project.

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 – Amendment 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.

An initial draft of the Strategic Plan was shared with the SMART Board of Directors on May 20, 2009. Throughout this process, SMART staff has provided draft materials, administrative support, and coordination of these activities.

1.5 REMAINDER OF THE DOCUMENT

The remaining sections of the Strategic Plan and their contents are listed below.

- **Discussion of 20-year Strategic Plan**

Section 2 of the Strategic Plan provides a description of the Plan. This section includes a description of the assumptions, revenue and bonding estimates, and program and project allocations on an annual basis for the 20-year period.

- **Conclusions/Next Steps**

Section 3 presents a set of program conclusions and summarizes actions to be taken by SMART in completing project design and construction between now and the fall of 2014.

- **Appendices**

Appendix A includes the full text of Measure Q (Ordinance No. 2008-01) that was submitted to the voters in November 2008. Appendix B provides the detailed funding disbursement schedule for project construction, annual operations and maintenance, while Appendix C includes the sales tax forecasting methodology. Appendix D includes a listing of SMART revenue sources. Finally, Appendix E provides a one-page chart of the program level implementation schedule.

1.6 ACKNOWLEDGMENTS

A number of individuals participated in the development of this Strategic Plan. These individuals and agencies are recognized below.

Sonoma-Marin Area Rail Transit (SMART) District Board of Directors

Charles McGlashan - Chair SMART Board of Directors, Marin County Board of Supervisors

Debora Fudge - Vice Chair SMART Board of Directors, Windsor City Council

Judy Arnold - Marin County Board of Supervisors

Al Boro - Mayor of the City of San Rafael

Peter Breen - San Anselmo City Council

Madeline Kellner - Novato City Council

Valerie Brown - Sonoma County Board of Supervisors

Mike Kerns - Sonoma County Board of Supervisors

Jake MacKenzie - Rohnert Park City Council

Carol Russell - Cloverdale City Council

Jim Eddie - GGBHTD Board

Barbara Pahre - GGBHTD Board

Measure Q Citizens Oversight Committee

Michael Allen, Committee Chairman, District Director, California Sen. Pat Wiggins

Russ Colombo, Committee Vice Chairman, President, Bank of Marin

Stephen Birdlebough, Friends of SMART

Dave Grubb, Chair, Presido Trust

Dennis Harter, Owner, Sequoia Pacific Mortgage

Pat Kendall, Administrator, Kaiser Permanente

Steve Rabinowitsh, Instructor, Santa Rosa Junior College

2.0 STRATEGIC PLAN

2.1 DEVELOPMENT OF THE PLAN

This section describes the 2009 Strategic Plan developed for the implementation of the Measure Q Program Expenditure Plan. Specifically, this section describes:

- Changes in program costs and revenues,
- The long-term revenue forecast,
- Capital funding requirements, and
- Borrowing needs and the associated debt service costs.

The Strategic Plan is designed to be flexible, providing a “guide” for the most effective completion and delivery of the project approved in the 2008 Expenditure Plan. Because construction schedules (see Appendix B), project costs and project priorities may change during the course of the Measure Q construction program, the Strategic Plan is designed to be adaptable to future changes. It is the intent of the SMART staff to provide ongoing updates of this Plan as needed and to adjust the program appropriately based on updated sales tax revenue collections, project scheduling and cost revisions and the availability of outside funding.

The Strategic Plan and related results were arrived at through an iterative planning process where capital expenditures and program revenues were rationalized against program capacity. Generally, capital expenditures in the Strategic Plan are first paid with available revenues on a pay-as-you-go basis, and remaining expenditures are met with bond financing. In this manner, borrowing costs are minimized by first spending cash, and bond financing allows for project implementation when annual revenues are insufficient to cover project construction.

The analysis prepared for the Strategic Plan is a cash flow analysis: revenues and expenditures are recorded as they are received and spent, respectively. Annual revenues that are remaining at the end of a FY are carried forward

to the next year in the form of a fund balance. A fund balance may be drawn down to meet cash needs on an as needed basis.

2.2 CHANGES IN PROGRAM COSTS AND REVENUES

During the spring of 2008, the SMART Project Funding Plan was developed to place Measure Q on the ballot. Since the development of the Funding Plan and its approval by the SMART Board in July 2008, three factors influencing the economics of the project have changed. First, the economy has entered into a severe recession. While SMART used a conservative forecast of zero percent growth for the first three years of the forecast produced during the spring of 2008, it could not have foreseen the severity of the recession and associated significant decrease in Measure Q sales tax revenues. With the need to fund construction through pay-as-you-go dollars or debt proceeds from Measure Q, the timing of this recession could not have been any worse.

The second factor is the dramatic changes to the municipal bond market. A credit crisis brought on by the declining values of mortgage-backed and other collateralized securities has disrupted all markets. With bond investors seeking more compensation for risk, interest rates have risen considerably. Accordingly, debt capacity needed to fund construction has fallen. The severity of the crisis has also resulted in the failure, consolidation or weakening of many market participants, including bond insurers. Accordingly, SMART has fewer and less powerful ways to optimize its borrowing capacity.

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 Positive Train Control Requirements. As a result of the Chatsworth, CA Metrolink Train Crash on September 12, 2008, the Federal Railroad Administration (FRA) is

now developing new rules for the use of Positive Train Control to prevent train-to-train collisions.

- **NCRA Operational Impacts.** SMART is now assuming that it will need to perform its construction work on the rail line at the same time NCRA operates its freight service. To prevent the interruption of freight service, SMART will be required to build temporary passing tracks and implement other measures to maintain freight operations. While allowance was made in the original estimate for these activities, the cost has been increased to account for greater freight service activity.
- **Increased Project Contingency.** Given the current uncertainty with construction and environmental mitigation costs, SMART has increased its overall contingency from 20% to 25%.

As a result of these major changes, the construction cost estimate has risen to \$590 million from \$541 million, an increase of \$49 million or approximately 9%.

2.3 THE STRATEGIC PLAN AND CHANGES TO INFLATION

The Strategic Plan is based on the cash-flow model shown in Appendix B. With the exception of the Measure Q sales tax revenues as discussed in Section 2.3, the basis for the sources of funds as shown in the cash-flow model is the July 2008 SMART Project Funding Plan ("2008 Funding Plan"). Any adjustments to the sources of funds are described in Appendix D. The basis for the operation, maintenance and administrative expenses are also described in the 2008 Funding Plan. Construction cost estimates have increased as described in Section 2.2 above. Overall, the sources of funds, expenses and construction costs for the 2009 Strategic Plan are inflated at a different rate than in the 2008 Funding Plan, based on recent changes in the economy and updated projections.

Over the near-term, inflation has been adjusted lower to reflect the current economic recession,

in subsequent years inflation increases. The average annual growth in inflation over the life of Measure Q is consistent with long term averages.

Changes in future inflation could impact implementation of the Plan. As a result, SMART will monitor changes in inflation during the life of Measure Q and make appropriate changes to the Strategic Plan as needed.

2.4 ESTIMATED MEASURE Q SALES TAX REVENUES

The quarter-cent Measure Q sales tax is the largest source of funds for the SMART project. As discussed in Section 2.1, the Measure Q sales tax revenue forecast has been revised for the 2009 Strategic Plan. The forecast to the 2009 Strategic plan is approximately \$845 million, which is approximately \$46 million less than the forecast used in the 2008 Funding Plan. Measure Q sales tax collection began in April 2009 and the tax will extend 20 years and expire in March 2029. Sales tax proceeds will initially be used as needed for construction costs and debt service. Following rail service start-up this source of funds would continue to fund debt service and on-going operations and maintenance costs.

Because of the current economic volatility and its effect on sales tax revenues generated in Sonoma County and Marin County, SMART has retained Beacon Economics to develop a sales tax forecast for the 2009 Strategic Plan. Beacon Economics credentials and methodology are outlined in Appendix C. Table 1 shows the current sales tax forecast.

The Beacon forecast is based on the calculation of taxable sales in Sonoma and Marin and then calculating Measure Q sales tax revenues as one-quarter of one percent of the taxable sales. Forecasted taxable sales are based on population growth and durable and non-durable goods purchased per capita. In the short term, the Beacon forecast reflects the increased savings rate in the United States.

As homeowners realize the value of their homes has declined, they are saving more and purchasing less. In addition, the forecast over the long term reflects the general trend of increasing use of services and the decreasing purchase of goods.

For a point of reference to evaluate the sales tax forecast, SMART looked at the long-term history of the Transportation Development Act quarter-cent Sales Tax in Sonoma and Marin. For the most recent two FY's, data was gathered from two existing sales tax measures in Sonoma and Marin Counties: the quarter cent sales tax revenues associated with the Sonoma County

Transportation Authority ("SCTA") and the half cent sales tax revenues associated with the Transportation Authority of Marin ("TAM").

Table 2 indicates that over the past 20 years average annual growth has been 4.39% with the greatest sales tax decline occurring in the FY 2002 at -4.28%. Beacon forecasts an average annual growth rate of 3.65% which is lower than the combined historic growth rate. The sales tax forecast also includes a large decline in sales tax receipts in the near future that is significantly worse than what took place in any of the two past recessionary periods reflecting the severity of the current recession.

TABLE 2: HISTORICAL SALES TAX GROWTH, 1988 – 2008

FY	Marin County		Sonoma County		Combined	
	Sales Tax	Growth	Sales Tax	Growth	Sales Tax	Growth
1988	5,346,531		7,665,041		13,011,572	
1989	5,629,432	5.29%	8,318,610	8.53%	13,948,042	7.20%
1990	6,140,013	9.07%	9,334,144	12.21%	15,474,157	10.94%
1991	6,302,724	2.65%	9,521,239	2.00%	15,823,963	2.26%
1992	6,130,937	-2.73%	9,240,892	-2.94%	15,371,829	-2.86%
1993	6,193,629	1.02%	9,667,255	4.61%	15,860,884	3.18%
1994	6,297,588	1.68%	9,912,637	2.54%	16,210,225	2.20%
1995	6,506,971	3.32%	10,049,809	1.38%	16,556,780	2.14%
1996	7,025,001	7.96%	11,057,828	10.03%	18,082,830	9.22%
1997	7,401,551	5.36%	11,655,865	5.41%	19,057,416	5.39%
1998	7,993,642	8.00%	12,923,237	10.87%	20,916,879	9.76%
1999	8,596,791	7.55%	13,760,430	6.48%	22,357,221	6.89%
2000	9,527,056	10.82%	15,810,470	14.90%	25,337,526	13.33%
2001	10,302,362	8.14%	17,429,706	10.24%	27,732,068	9.45%
2002	9,732,118	-5.54%	16,813,361	-3.54%	26,545,479	-4.28%
2003	9,694,417	-0.39%	16,886,783	0.44%	26,581,200	0.13%
2004	9,907,306	2.20%	17,369,653	2.86%	27,276,959	2.62%
2005	10,108,114	2.03%	18,084,274	4.11%	28,192,389	3.36%
2006	10,655,892	5.42%	19,464,336	7.63%	30,120,228	6.84%
2007*	11,534,393	8.24%	19,858,661	2.03%	31,393,054	4.23%
2008*	11,213,893	-2.78%	18,864,061	-5.01%	30,077,954	-4.19%
Average Growth		3.87%		4.74%		4.39%

Source For All Years But 2007 and 2008: TDA Sales Taxes from California State Board of Equalization Annual Reports.
 * Data represents TAM and SCTA sales tax measures. Data from audited financial statements.

Actual Measure Q sales tax revenues received in the future will differ from the forecast. The current volatile economic environment makes forecasting challenging. The forecast's apparent conservatism is appropriate because an overly optimistic forecast may result in shortages of funds for the SMART project, and in the worst case, debt service payments. As Measure Q only went into effect in April 2009, there has

been no time to accumulate funds which might offset unforeseen declines in revenues. While past performance is not a guarantee of future performance, past performance does provide indications of what may be possible in the future and accordingly provides information to evaluate the level of conservatism present in the sales tax revenue forecast.

2.5 FINANCING REQUIREMENTS / OTHER STATE AND FEDERAL SOURCES OF FUNDS

Based on the cash flow model shown in Appendix B, the Strategic Plan includes issuing the maximum amount of debt supported by Measure Q in FY 2009/10 and FY 2013/14 as well as obtaining other state and federal sources of funds ("Other Sources" and/or the "Funding Gap") in order to complete the SMART Project by 2014. The two debt offerings and other sources generate enough funds to allow for the delivery of the SMART project on a timely basis.

2.5.1 Bonding Assumptions

To cover the construction costs during FY 2011/12, funding will be necessary from bonds and alternative funding sources. This Plan projects the issuance of sales tax revenue bonds at the end of FY 2009/10 because there is some uncertainty in the timing associated with some of the sources of funds, changes in project scope and costs, and construction contractual requirements. Another bond offering may be needed three years later during FY 2013/14. Given the amount of construction costs in the early years of Measure Q, the maximum amount of debt supportable by Measure Q is needed.

There are many factors affecting maximum bonding capacity, including sales tax revenue collections, interest rates at the time of issuance, debt service coverage ratios required by market participants, and the availability of bond insurance. As project planning continues, the timing and the amount of bond offerings will be re-evaluated. A key consideration to the timing and size of the bond offerings are tax regulations. In order to issue tax-exempt bonds and realize low tax-exempt interest rates, SMART must expend the majority of each bond's proceeds within three years of the issuance of the bonds. In addition, bond proceeds must be used for capital projects and not for day-to-day working capital.

Based on assumptions shown in Table 3, the two bond offerings are anticipated to generate proceeds of approximately \$184.6 million and \$30.2 million in FY's 2009/10 and 2013/14,

respectively. The bonds are currently planned to be structured as "basic" sales tax revenue bonds which are supported by a "first lien" or pledge of all Measure Q sales tax revenues.

The sales tax revenue bond structure is frequently used by transportation and transit agencies to finance capital programs because bonds are considered a relatively strong credit structure, well received by market participants and investors. Assumptions associated with the bonds include those shown in Table 3.

Bond insurance may not offer economic advantages to SMART. Also, highly rated surety bond providers do not currently exist, requiring SMART to fully cash fund a debt service reserve.

The interest rate scale for the bonds assumed in the 2009 Strategic Plan is based on market conditions as of May 12, 2009. In an attempt to plan conservatively, 75 basis points (0.75%) are added to the interest rate scale. When SMART issues bonds in the future, interest rates may vary from those forecasted. Fluctuation in rates will have a direct impact on debt capacity. As SMART nears completion of a bond offering it can utilize a number of bond structuring alternatives to optimize pay-as-you-go funding. In an attempt at conservatism a "basic" level debt service structure is utilized for the 2009 Strategic Plan.

To determine the appropriate level of debt service coverage (annual sales tax revenues divided by the annual debt service payment) for SMART, coverage assumptions were discussed informally with credit analysts from both rating agencies and bond insurers. Based on these discussions, the credit analysts indicated that a coverage ratio of 1.5x or greater would most likely result in an investment grade rating of "A" or better. With volatile market conditions and declining sales tax revenues due to the recession, coverage requirements in the future are difficult to predict. Debt capacity is significantly changed by any changes in coverage requirements.

TABLE 3: SMART BONDING ASSUMPTIONS

Two Bond Issues	FY's Ending 2010 and 2014
Total Estimated Net Proceeds	\$214.8 million
Bond Insurance	None
Reserve Fund	Cash Funded
Optional Call Provision	10-year at par
Structure	Level debt service
Interest Rate Scale	5/12/09 CA "A" Revenue MMD plus 0.75%
Debt Service Coverage and Additional Bonds Test	1.5 times Measure Q Sales Tax Revenues

**TABLE 4: OTHER SOURCES OF STATE AND FEDERAL FUNDS
NEEDED TO FILL FUNDING GAP**

Fiscal Year Needed	Amount, Present Value	Amount, Future Value
FY 2011-2012 to FY 2012-2014	\$22.3 million	\$25.0 million
FY 2012-2013	\$85.1 million	\$95.5 million
FY 2013-2014	\$34.4 million	\$39.9 million
FY 2014-2015	\$12.9 million	\$15.5 million
Total	\$154.7 million	\$175.9 Million

As shown in the cash-flow model in Appendix B, total net debt service over the life of the sales tax is projected to be approximately \$309.2 million for the first bond issuance and

approximately \$45.6 million for the second bond issuance. Annual net debt service is approximately \$17.2 million for the first bond

offering and approximately \$3.3 million for the second bond offering.

While KNN Public Finance believes all bonding assumptions to be reasonable, changes in interest rates, sales tax collection, availability of bond insurance and surety bonds, and debt service coverage requirements could either increase or decrease bonding capacity. At the time that SMART decides to issue bonds all bond assumptions will be revisited to ensure prudent levels of debt, optimal debt structures and appropriate costs of issuance.

2.5.2 Results / Funding Gap

As noted above, the severe downturn in the economy, the contraction of the bond markets, and increases in scope and cost estimates have combined to create a funding gap in the SMART project. While economic conditions and financial markets can and do change, this Strategic Plan is a snapshot of the conditions and markets that exist in the spring of 2009. Table 4 depicts the funding gap based on that snapshot.

The cash-flow model in Appendix B shows that in order to build the full train and pathway project in five years as shown in the 2008 Expenditure Plan, SMART will need to identify approximately \$154.7 million (\$175.9 million in escalated dollars) in additional revenues (state or federal funding) to fill the funding gap.

The largest construction expenditures, which require bonding, are not scheduled until 2012 and 2013. Between now and then, sufficient sales tax revenues will accrue to allow SMART to proceed with other necessary activities such as acquisition of rail vehicles and the design and

engineering of the project. During that time, the SMART Board has directed staff to aggressively pursue other sources of state and federal funds with the goal of closing the funding gap. Meanwhile, the economy and the financial markets will have time to recover from their current conditions.

CONCLUSIONS/NEXT STEPS

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.



APPENDIX A
MEASURE Q (ORDINANCE NO. 2008-01)



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FULL TEXT OF MEASURE Q
ORDINANCE NO. 2008-01

AN ORDINANCE OF THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT IMPOSING A RETAIL TRANSACTIONS AND USE TAX TO BE ADMINISTERED BY THE STATE BOARD OF EQUALIZATION; ADOPTING AN EXPENDITURE PLAN; AND ESTABLISHING AN ANNUAL APPROPRIATIONS LIMIT FOR THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT.

BACKGROUND FINDINGS:

The Sonoma-Marín Area Rail Transit District (SMART) was created to provide a passenger rail system along the Northwestern Pacific Railroad within Sonoma and Marin Counties. The entire 75-mile corridor is publicly owned and can be used to provide passenger rail service. SMART will provide passenger rail service and a bicycle/pedestrian pathway to 14 rail stations in Sonoma and Marin Counties. SMART is committed to providing service with the most environmentally clean passenger rail vehicle possible.

SMART requires this measure in order to provide matching revenues to existing state and federal transportation grants, to bond for the construction of the project, and to provide funding for the on-going operation and maintenance of the project.

Section 1. TITLE. This ordinance shall be known as the Sonoma-Marín Passenger Rail Act. The Sonoma-Marín Area Rail Transit District hereinafter shall be called "District." This ordinance shall be applicable in the incorporated and unincorporated territory of the Counties of Sonoma and Marin, which shall be referred to herein as "District."

Section 2. OPERATIVE DATE. "Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the effective date of this ordinance, as set forth below.

Section 3. PURPOSE. This ordinance is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To provide funding for the design, construction, implementation, operation, financing, maintenance and management of a passenger rail system and a bicycle/pedestrian pathway connecting the 14 rail stations from Cloverdale to Larkspur.

B. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 105115 of the Public Utilities Code which authorizes the District to adopt this tax ordinance which shall be operative if a two-thirds majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

C. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the require-

ments and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

D. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefor that can be administered and collected by the State Board of Equalization in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the State Board of Equalization in administering and collecting the California State Sales and Use Taxes.

E. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this ordinance.

Section 4. CONTRACT WITH STATE. Prior to the operative date, the District shall contract with the State Board of Equalization to perform all functions incident to the administration and operation of this transactions and use tax ordinance; provided, that if the Authority shall not have contracted with the State Board of Equalization prior to the operative date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

Section 5. TRANSACTIONS TAX RATE. For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated and unincorporated territory of the District at the rate of 1/4 of 1 percent (0.25%) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the operative date of this ordinance.

Section 6. PLACE OF SALE. For the purposes of this ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the State Board of Equalization.

Section 7. USE TAX RATE. An excise tax is hereby imposed on the storage, use or other consumption in the District of tangible personal property purchased from any retailer on and after the operative date of this ordinance for storage, use or other consumption in said territory at the rate of 1/4 of 1 percent (0.25%) of the sales price of the property. The sales price shall include delivery charges

when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

Section 8. ADOPTION OF PROVISIONS OF STATE LAW. Except as otherwise provided in this ordinance and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this ordinance as though fully set forth herein.

Section 9. LIMITATIONS ON ADOPTION OF STATE LAW AND COLLECTION OF USE TAXES. In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of this District shall be substituted therefor. However, the substitution shall not be made when:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Board of Control, State Board of Equalization, State Treasury, or the Constitution of the State of California;

2. The result of that substitution would require action to be taken by or against this District or any agency, officer, or employee thereof rather than by or against the State Board of Equalization, in performing the functions incident to the administration or operation of this Ordinance.

3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remains subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;

b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that code.

4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word "District" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.

Section 10. PERMIT NOT REQUIRED. If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this ordinance.

Section 11. EXEMPTIONS AND EXCLUSIONS.

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any

city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the County in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the District which is shipped to a point outside the District, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the District shall be satisfied:

a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-District address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

b. With respect to commercial vehicles, by registration to a place of business out-of-District and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this ordinance, the storage, use or other consumption in this District of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such

aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this ordinance.

5. For the purposes of subparagraphs (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the District shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the District or participates within the District in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the district or through any representative, agent, canvasser, solicitor, subsidiary, or person in the District under the authority of the retailer.

7. "A retailer engaged in business in the District" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the District.

D. Any person subject to use tax under this ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

Section 12. AMENDMENTS. All amendments subsequent to the effective date of this ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of

Division 2 of the Revenue and Taxation Code, shall automatically become a part of this ordinance, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this ordinance.

Section 13. ENJOINING COLLECTION FORBIDDEN. No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the District, or against any officer of the State or the District, to prevent or enjoin the collection under this ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

Section 14. ESTABLISHMENT OF ANNUAL APPROPRIATIONS LIMIT. Taking into account the proceeds of taxes available to the District, including tax revenue that would become available upon approval of this ordinance, the appropriations limit of the Sonoma-Marin Area Rail Transit District for fiscal year 2008-2009 is established as \$100 million, unless that amount should be amended pursuant to applicable law.

Section 15. ADOPTION OF EXPENDITURE PLAN AND ACCOUNTABILITY FOR EXPENDITURE OF PROCEEDS OF THE TAX. The District Board of Directors hereby adopts the 2008 Expenditure Plan attached hereto and incorporated into this ordinance by reference. Proceeds of the tax imposed by this ordinance shall be placed in a special account, and shall be spent only to implement the project components set forth in the 2008 Expenditure Plan, including the design, construction, implementation, operation, financing, maintenance and management of the passenger rail system and bicycle/pedestrian pathway.

Section 16. ANNUAL REPORT. The Chief Financial Officer of the Sonoma-Marin Area Rail Transit District shall annually cause to be prepared a report setting forth (a) the amount of funds collected and expended; and (b) the status of any project component authorized to be funded in the 2008 Expenditure Plan adopted by the District in Section 15 herein.

Section 17. COMPLIANCE WITH CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA). An Environmental Impact Report (EIR) was prepared for the project described in the Expenditure Plan and was certified by the District Board of Directors on July 19, 2006. A Supplemental EIR was prepared to supplement the 2006 EIR and was certified by the District Board of Directors on July 16, 2008.

Section 18. SEVERABILITY. If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

Section 19. EFFECTIVE DATE. This ordinance relates to the levying and collecting of the District transactions and use taxes and shall take effect immediately upon the close of the polls on November 4, 2008, if the measure is approved by two-thirds of the electors voting on the measure at the election held that day.

Section 20. TERMINATION DATE. The authority to levy the tax imposed by this ordinance shall expire twenty (20) years from the operative date of this ordinance.

PASSED AND ADOPTED by the Board of Directors of the Sonoma-Marín Area Rail Transit District in the County of Marin, State of California, on July 16, 2008, by the following vote:

DIRECTORS:

**McGLASHAN: AYE FUDGE: AYE BORO: AYE
BREEN: AYE BROWN, H: NO BROWN, V: AYE
DILLON-KNUTSON: NO EDDIE: AYE
KERNS: AYE MACKENZIE: AYE PAHRE: AYE
AYES: 9 NOES: 2 ABSENT: _____
ABSTAIN: _____ VACANT: 1**

s/CHARLES McGLASHAN
Chair, SMART Board of Directors

Attest:

s/LILLIAN HAMES
General Manager and Clerk of the Board

***SONOMA-MARIN AREA
RAIL TRANSIT DISTRICT***

***2008 EXPENDITURE
PLAN***

July 2008

I. Executive Summary: SMART Expenditure Plan

The Sonoma-Marín Area Rail Transit District (SMART) proposes a 1/4-cent sales tax measure for Sonoma and Marin Counties in order to pay for the construction and operation of a passenger train system and ancillary bicycle/pedestrian pathway along the existing, publicly owned Northwestern Pacific Railroad. The SMART project will extend from Cloverdale in Sonoma County to Larkspur in Marin County. (See Figure 1)

SMART's proposed 1/4-cent sales tax measure would relieve traffic, fight global warming and increase transportation options, by providing two-way passenger train service every 30 minutes during weekday rush hours, weekend service, a bicycle/pedestrian pathway linking the stations, and connections to ferry/bus service, by levying a 1/4-cent sales tax for 20 years, with an annual spending cap, independent audits/oversight, and all funds supporting these environmentally responsible transportation alternatives in Marin and Sonoma Counties.

Passage of this measure allows SMART to access other state, regional, and federal funds for the provision of passenger train service that are currently unavailable to Sonoma and Marin residents.

This measure would raise approximately \$890 million over a 20-year period or approximately \$45 million a year. The proceeds of the tax would be allocated to the design, construction, implementation, operation, financing, maintenance and management of a passenger train system and a bicycle/pedestrian pathway connecting the proposed train stations.

In 2006 SMART certified an Environmental Impact Report (EIR) analyzing the potential environmental impacts of the proposed passenger train and pathway corridor. The report's findings included:

- The train and pathway project is the environmentally superior alternative to the congested 101 freeway.
- The proposed project would reduce greenhouse gases.
- Up to 1.5 million car trips would be removed from Highway 101 annually.

- Energy use is reduced thereby reducing dependence on fossil fuels.
- The pathway provides another clean transportation option linking the train stations, along with health and recreational benefits.
- Replacement of waterway bridges and culverts with modern structures would significantly improve drainage along the train corridor and eliminate seasonal flooding.

More recently, a Supplemental EIR was prepared to evaluate:

- Potential addition of weekend passenger train service;
- Potential use of lighter-weight train vehicles;
- Potential alternative locations for the Novato South Station; and
- The cumulative impact due to a change in the level of future freight rail service operating in the SMART corridor.

See www.sonomamarintrain.org to view the environmental documents.

II. SMART Expenditure Plan Background

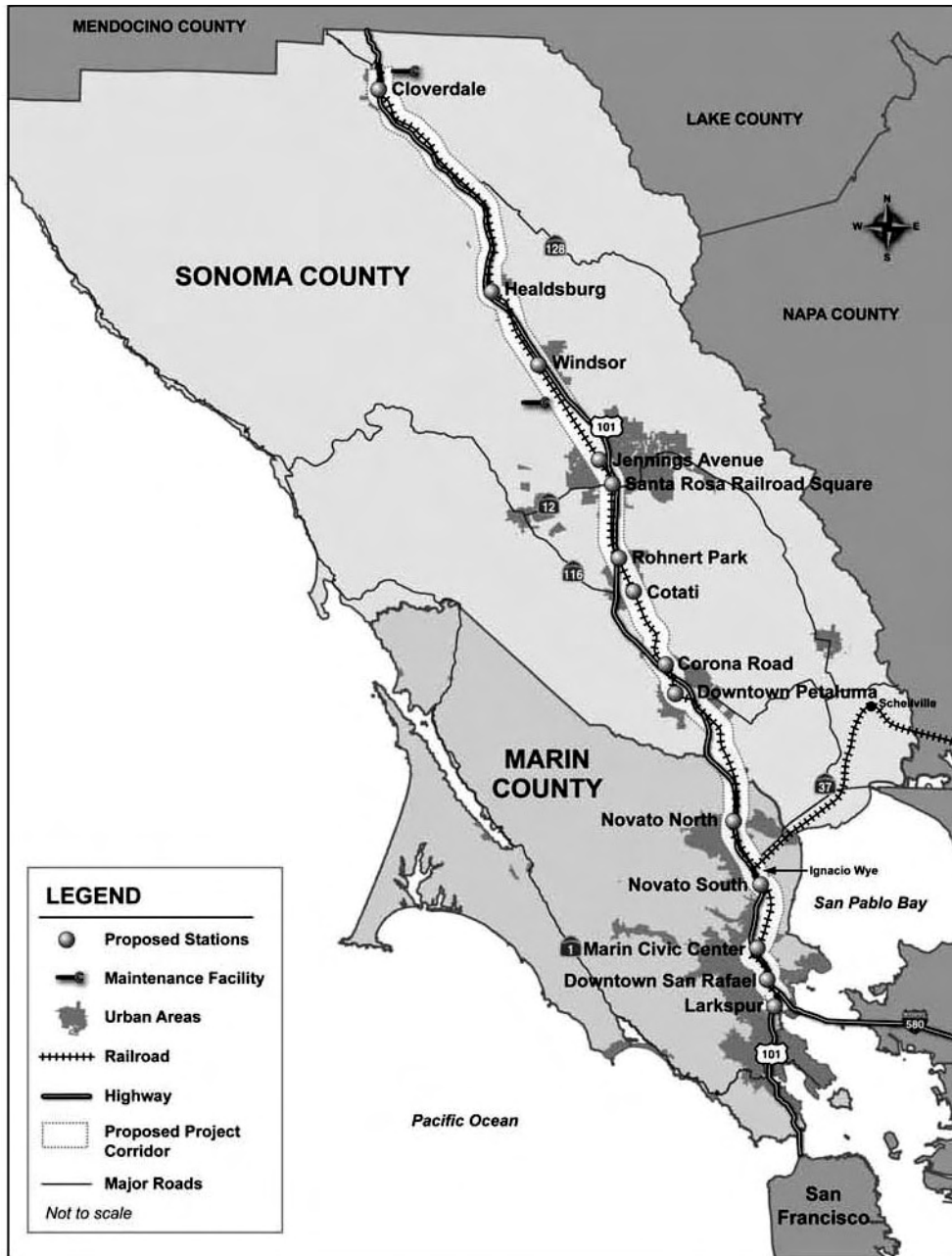
A. SMART District Role and Purpose

On January 1, 2003, the SMART District was established by the California Legislature through the enactment of AB 2224. The SMART District includes both Sonoma and Marin Counties and was created for the purpose of providing a unified and comprehensive structure for the ownership and governance of a passenger rail system within Sonoma and Marin Counties. The goal of SMART is to provide passenger train service along the existing publicly-owned railroad right-of-way.

B. Rail Corridor Ownership and Management

The primary asset of SMART is the NWP rail right-of-way and properties contained within that right-of-way along the railroad corridor extending from Healdsburg in Sonoma County to Corte Madera in Marin County. (See Figure 1). This right-of-way is a significant public asset and is to be managed for the public's use and benefit via the restoration of passenger train service and the development of a pathway linking the train stations.

Figure 1



SMART is managed by a General Manager, who is appointed by and reports to the SMART Board of Directors. SMART adopts an annual budget documenting all revenues and expenditures. Upon passage of this measure, SMART will prepare a Strategic Plan, under the direction of the SMART Board of Directors, and will update the plan at least every five years. The Strategic Plan will provide detailed annual revenue and cost assumptions for project implementation and operation. SMART will also prepare a five-year Short Range Transit Plan documenting service and funding assumptions. Prior to initiating train service, SMART will prepare a Start-Up Plan and an Emergency Preparedness Plan one year in advance of scheduled service. The Start-Up Plan will include implementation requirements, schedule assumptions, staffing, and maintenance and operations requirements. The Emergency Preparedness Plan will be developed in coordination with local jurisdictions and emergency responders and will address response protocols and procedures along the corridor.

A Citizens Oversight Committee will be established by the SMART Board to provide input and review on the Strategic Plan and subsequent updates. The committee will be composed of citizens from the SMART District, appointed by the Board.

C. Community Outreach

SMART's community outreach efforts have included monthly public Board meetings, public hearings, special ad hoc meetings and hundreds of presentations to community, business and special issue groups. SMART maintains an agency website with regular postings of project documents, a project hotline with phone numbers in both Sonoma and Marin counties and has provided regular email updates on the project's development to over 2,200 email recipients each year.

III. Expenditure Plan and Project Details

A. Project Description

The SMART passenger train project will upgrade the existing NWP right-of-way, to provide passenger train service from Cloverdale to Larkspur, with convenient linkages to bus, ferries, and shuttle feeder routes and direct connections to the bicycle/pedestrian pathway.

Fourteen stations are planned, nine in Sonoma County and five in Marin County. Proposed station sites include: Cloverdale, Healdsburg, Windsor, Santa Rosa (two stations), Rohnert Park, Cotati, Petaluma (two stations), Novato (two stations), Marin Civic Center, San Rafael and Larkspur.

Two-way train service is proposed at 30 minute frequencies, operating in the weekday a.m. and p.m. commute periods, along with one mid-day train. Weekend train service is also proposed with four, two-way round trips per day on Saturdays and Sundays.

B. Project Components: Capital Improvements

1. Upgrading Trackway & Bridges: The existing single track rail line will be upgraded with passing tracks and train sidings, which will accommodate train schedule requirements. All of the rail, with the exception of rail recently or currently being upgraded, will be re-laid with new ballast, ties, signage, and drainage facilities. Timber trestle bridges will be replaced with concrete trestle spans supported on concrete pilings. The Gallinas Creek Bridge and Russian River Railroad Bridge will be upgraded and rehabilitated and will include drainage improvements. The Haystack Landing Bridge over the Petaluma River will also be replaced.

2. Providing New and Upgraded Stations: Fourteen train stations are proposed (see Figure 1). The stations would have convenient transfers to available peak period, fixed route bus service, connections to regional ferry service (at the Larkspur Station) and bicycle/pedestrian pathway connections. At locations where stations are to be co-located with existing or planned transit centers, passenger rail upgrades will be provided. Each station will have a boarding platform with shelter, lighting, ticket vending machines, passenger amenities and pick-up and drop-off areas. Park-and-ride spaces will be provided at most stations. Bicycle parking would be provided at all stations and attended bicycle parking facilities are proposed at Santa Rosa Railroad Square and Downtown San Rafael.

3. Providing Clean and Efficient Rail Cars: SMART will use modern railcars powered by clean, efficient on-board engines, eliminating

the need for big locomotives. SMART trains can carry 200-300 passengers, yet will be short enough to fit within a city block to avoid obstructing downtown streets.

4. Implementing Other Needed Improvements: Two tunnels will be upgraded for train service. The CalPark Hill Tunnel, between San Rafael and Larkspur, will be funded 50% by SMART and 50% by Marin County. The CalPark Hill Tunnel will include both train and pathway improvements. The Puerto Suello Hill Tunnel, located north of San Rafael, will be upgraded for passenger rail service.

All public crossings will be upgraded along the rail line.

A new signal and dispatch system will be provided along the rail line to control train operations in accordance with state and federal operating rules and requirements.

The replacement of old railroad bridges and trestles will provide significant improvements in drainage and aid in the elimination of seasonal flooding along the corridor.

5. Providing Funding for a Bicycle/Pedestrian Pathway: SMART will provide a bicycle/pedestrian pathway along the SMART rail corridor linking the 14 train stations and ongoing annual maintenance of the pathway.

6. Providing for Connecting Shuttle Services: Peak hour shuttle service is proposed for selected train stations. SMART has proposed nine shuttle routes serving selected stations during peak commute periods. Maps showing the shuttle routes are included as part of White Paper #9 and can be found on the district's website at www.sonomamarintrain.org.

7. Building a Needed Maintenance Facility: A maintenance facility will be constructed to provide rail car maintenance and storage.

8. Implementing Quiet Zones: SMART has committed to funding Quiet Zones in urban areas along the corridor, which would allow crossings to operate without train horns.

9. Implementing an Environmental Mitigation Program: SMART will implement

the environmental compliance and mitigation measures identified in the Final Environmental Impact Reports. Specific mitigation measures include traffic synchronization improvements, habitat and wetland restoration, and implementation of Quiet Zones.

10. Engineering, Bid Documents, Staff Support: Final engineering and preparation of all construction bid documents will be provided for the train and pathway project.

C. Project Components: On-Going Operations and Maintenance

1. Annual Forecasted Operating Costs: Operating costs have been updated to account for all costs of train and shuttle operations, including service contracts, vehicle fuel, insurance, administration, project staffing and overhead.

2. Annual Forecasted Maintenance Costs: Annual maintenance costs have been updated to account for the costs of maintaining train cars, stations, trackway, signals, maintenance facility, railroad crossings and the portions of the bicycle/pedestrian pathway on the rail right-of-way.

IV. Project Funding and Implementation

A. Schedule

The proposed schedule for the project is as follows:

- SMART District Vote, November 4, 2008
- Engineering/Construction, 2009-2013
- Passenger Train Service Start-Up, 2014

B. Sales Tax Revenues

It is estimated that \$890 million will be raised with the 1/4-cent district-wide sales tax over 20 years. Annual revenues are estimated to be approximately \$45 million.

C. Fare Revenues

Fares for train service will be established by the SMART Board of Directors through a public process, as required by law. It is anticipated that the fare structure will incorporate a distance-based zone system, similar to other transit

districts in the North Bay. Based on the experience of other passenger train systems, fares are expected to fund approximately 36% of annual train system operating costs. The average fare assumed in this Expenditure Plan is \$4.50 per one-way trip (2008 dollars).

D Project Financing and Bonding

SMART plans on using bonds to finance a portion of the capital costs of construction of the project so that the project can be constructed and operating as quickly as possible. Financing will be used to fund the difference between regional, state and federal funding and the capital cost of the project during the construction years. The bonds will be paid back over the 20 years of the plan. Bonding will be presented in the District's Strategic Plan and will be subject to public comment before any bond sale is approved.

E. Expenditure Plan Allocations

Project costs are summarized in Table 1. The allocation of sales tax revenues to project costs over the 20 year plan includes the following assumptions:

1. District revenues will fund approximately 70% of total costs and include sales tax revenues, SMART property lease revenues, and joint development revenues.
2. Federal funding is anticipated for approximately 3% of total costs.
3. State funding is estimated at about 7% of total costs. Funding includes Proposition 116, the Traffic Congestion Relief Program, and State Transit Assistance (revenue-

based only, no population-based revenue is assumed).

4. Regional Measure 2 will fund approximately 3% of total costs.
5. Sonoma County's Measure M Traffic Relief Act will provide a total of \$23 million, representing 2% of total costs.
6. NCRA capital off-sets for ongoing trackway upgrades are estimated at 3% of total costs.
7. Fare revenues will fund approximately 36% of annual train operating costs; or 12% of total costs over the 20-year plan.
8. A 20-year program contingency is provided.

The proposed $\frac{1}{4}$ -cent sales tax measure would provide approximately \$890 million (in future year dollars) in new revenues, which would be used to leverage an estimated 20-year investment of nearly \$1.4 billion (year of expenditure dollars). The financial estimates include:

- A contingency of approximately 20% for all construction costs.
- An additional 5% factor built into the construction cost estimates through mid-point of construction.
- A contingency of 20% for annual operating and maintenance costs.

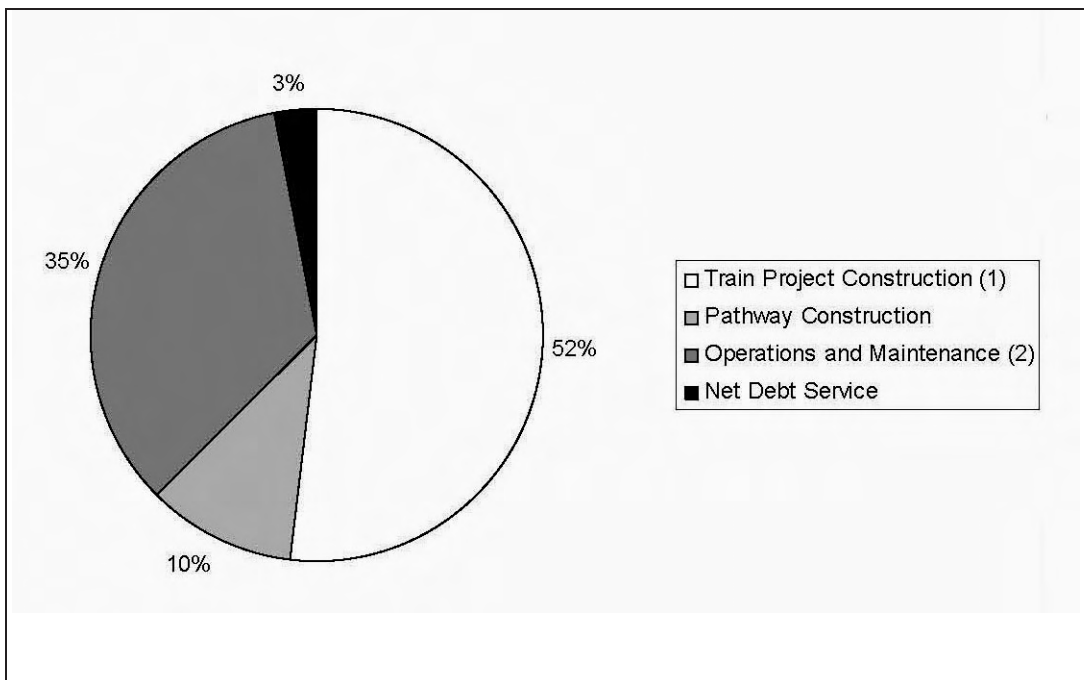
These cost and revenue estimates cover the full 20-year term of the measure and include all anticipated revenues and costs associated with the project.

Table 1: SMART Project Costs (All costs in 2008 dollars)

Project Capital Costs	
Train Project	\$450 million
Bicycle/Pedestrian Pathway	\$ 91 million
Total	\$541 million
Annual Operating Costs	
Train Project	\$17.1 million
Bicycle/Pedestrian Pathway	\$0.8 million
Shuttle Services	\$1.4 million
Total	\$19.3 million

Figures 2 and 3 identify the anticipated percentage share of costs and revenues, respectively, for implementing the SMART program over a 20 year period. For more financial information see the full text of SMART's 2008 Project Funding Plan at www.sonomamarintrain.org

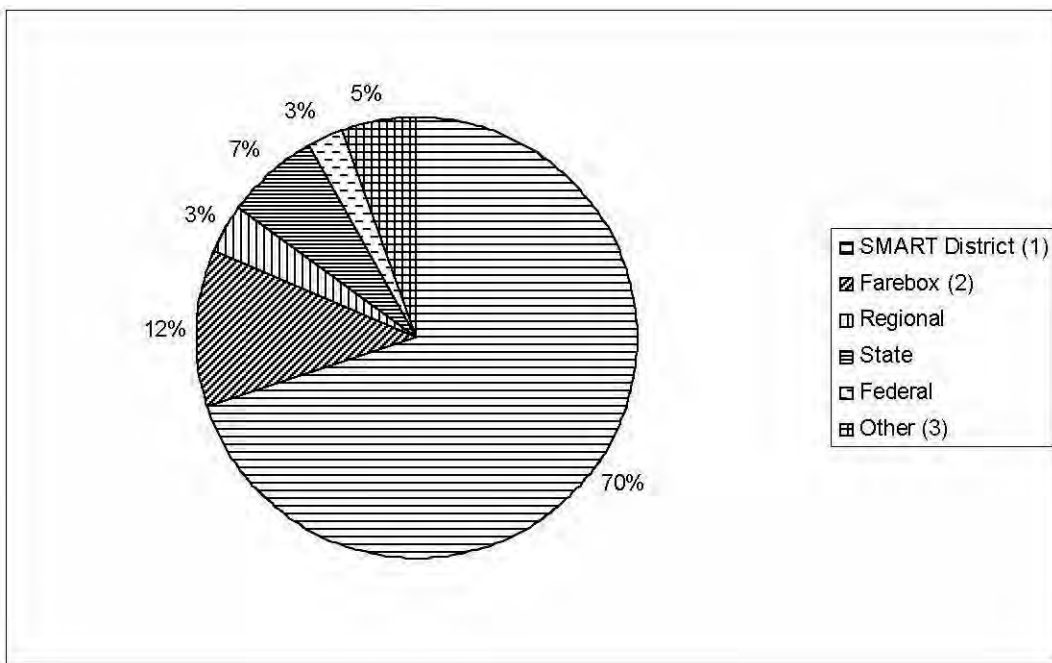
Figure 2: Anticipated Percentage Share of Costs (Estimates in 2008 dollars)



Notes:

- (1) Includes Final Design (\$56 million) plus train project construction (\$394 million).
- (2) Includes annual operating and maintenance costs and planning funds.

Figure 3: Anticipated Percentage Share of Revenues (Estimates in 2008 dollars)



Notes:

- (1) Includes SMART sales tax revenues, SMART property lease revenues and joint development revenues and other funds.
- (2) Fares are expected to contribute approximately 12% of total revenues over 20 years and 36% of annual rail operating costs.
- (3) Includes Sonoma County Measure M revenues and NCRA improvement off-sets.

V. Implementing Guidelines

The following is a list of guidelines for implementation of this Expenditure Plan:

1. A Citizens Oversight Committee will be established by the SMART Board to provide input and review on the Strategic Plan and subsequent updates.
2. SMART shall undergo an annual independent financial audit.
3. SMART will prepare a Strategic Plan prior to July 2009 which will identify planned investments in capital implementation, operations and maintenance for the duration of the tax.
4. SMART is authorized to issue revenue bonds, pursuant to Public Utilities Code section 105220, to advance the commencement of, or expedite the delivery of, passenger train service, the bicycle/pedestrian pathway and related train transit improvements.
5. The measure will be administered by the State Board of Equalization.
6. The duration of the measure will be 20 years, beginning on April 1, 2009 and expiring on March 31, 2029.
7. Actual revenues may be higher or lower than expected due to changes in availability of state or federal funds, changes in cost and/or fluctuations in sales tax revenues. Estimates of actual revenue will be programmed annually by the District in its annual budget and service plan.
8. If additional funds become available, the SMART Board will prioritize completion of the bicycle/pedestrian pathway.
9. SMART agrees not to seek any funding that TAM or Marin Transit currently has

programmed for transportation improvements in Marin County, including funds in the Regional Transportation Plan (T-2030 and T-2035) or the Federal Transportation Improvement Program.

VI. Strategic Plan

SMART will prepare a Strategic Plan, based on the commitments in this Expenditure Plan, prior to July 2009. The Strategic Plan will identify planned investments in capital implementation, operations and maintenance for the duration of the tax. The Strategic Plan will be updated at least 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.

I hereby certify that the foregoing is a true and correct copy of the full text of the 2008 Sales Tax Ordinance (Ordinance No. 2008-01), including the Expenditure Plan attached thereto and incorporated therein, proposed for adoption by the SMART Board of Directors at its regularly scheduled meeting in San Rafael, California, on July 16, 2008.

VII. Amendments to the Plan

The SMART Board of Directors may annually review and propose amendments to this Expenditure Plan to provide for the use of additional federal, state and local funds, to account for unexpected revenues and to accommodate any unforeseen circumstances.

s/LILLIAN HAMES
General Manager
Sonoma-Marin Area Rail Transit District



APPENDIX B
DETAILED PROJECT FUNDING
DISBURSEMENT SCHEDULE



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Sonoma-Marín Area Rail Transit (SMART) District Cash Flow Model
Scenario #1 - Larkspur to Cloverdale - Operations Start during September 2014

SCN#: 1

BEACON SALES TAX REVENUE FORECAST

DRAFT

Version Dated: 5/4/2009
 (\$ in Thousands)

Row	Fiscal Year Ended June 30, Sales Tax Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total	
	Actual/Projection	Actual	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Total	
10	Local Revenues:																								
11	Measure Q Sales Tax Revenues		6,985	26,330	27,604	29,454	31,324	32,973	34,374	35,619	36,989	38,644	40,495	42,467	44,332	46,296	48,355	50,471	52,683	55,026	57,536	60,229	47,308	845,496	
12	Total SCTA Measure M Rev. Spent		3,132	833	885	959	1,029	1,088	1,137	1,182	1,233	1,295	1,367	1,442	1,514	1,590	1,670	1,753	1,839	1,932	2,030	2,137	1,687	31,735	
13	Total Fare Revenue		0	0	0	0	0	0	5,176	9,501	9,810	9,538	9,848	10,193	10,549	10,918	11,301	11,696	12,106	12,529	12,968	13,422	10,419	159,972	
14	Joint Development Lease Revenue		0	250	0	4,000	2,000	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	14,250
15	NWP Lease Revenue		482	492	504	346	357	369	381	393	406	419	433	448	464	480	497	514	532	551	570	590	611	9,841	
16	NCRA Trackage Fees		0	0	0	0	0	0	151	208	214	221	229	791	819	847	877	907	939	972	1,006	1,041	1,078	10,300	
17	RR Fiber Optic Revenue		0	0	0	0	0	27	37	38	40	41	42	44	45	47	48	50	52	54	56	58	58	678	
18	Advertising Revenue		0	0	0	0	45	174	180	185	191	198	204	211	219	226	234	242	251	260	269	278	288	3,655	
19	Total Local Revenues		10,600	27,905	28,994	34,759	34,755	35,103	41,925	47,626	49,382	50,856	53,116	56,094	58,441	60,904	63,481	66,133	68,900	71,822	74,933	78,253	61,948	1,075,929	
20																									
21	Regional, State, Federal & Other Revenues:																								
22	Regional Measure 2		1,000	15,000	19,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	35,000
23	State Transit Assistance (STA)		0	0	0	0	0	0	0	0	1,276	1,318	1,361	1,408	1,457	1,508	1,561	1,616	1,672	1,731	1,792	1,854	1,919	28,074	
24	Proposition 116		10,000	18,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	28,000
25	Traffic Congestion Relief Program (TCRP)		16,050	12,250	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	28,300
26	Fed Highway Administration (FHWA)		0	1,200	1,200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,400
27	Other State or Fed Sources of Funds		0	0	0	8,333	103,847	48,247	15,463	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	175,891
28	NCRA Corridor Upgrades		0	37,200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	37,200
29	Total Reg., State, Fed., & Other Rev.		27,050	83,650	20,200	8,333	103,847	48,247	15,463	0	1,276	1,318	1,361	1,408	1,457	1,508	1,561	1,616	1,672	1,731	1,792	1,854	1,919	327,265	
30																									
31	Total Revenues		37,650	111,555	49,194	43,093	138,603	83,350	57,388	47,626	50,658	52,173	54,477	57,503	59,898	62,412	65,042	67,749	70,573	73,553	76,724	80,107	63,867	1,403,194	
32																									
33	Operating Income:																								
34	Total Revenues		37,650	111,555	49,194	43,093	138,603	83,350	57,388	47,626	50,658	52,173	54,477	57,503	59,898	62,412	65,042	67,749	70,573	73,553	76,724	80,107	63,867	1,403,194	
35	O&M Expense		0	0	0	0	0	0	(17,329)	(23,856)	(24,631)	(25,432)	(26,259)	(27,178)	(28,129)	(29,113)	(30,132)	(31,187)	(32,278)	(33,408)	(34,577)	(35,788)	(37,040)	(436,338)	
36	District Admin (incl. in ops after start-up)		(4,000)	(4,080)	(4,182)	(4,307)	(4,447)	(4,592)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(25,609)
37	Operations Life Saver		0	0	0	(116)	(120)	(124)	(128)	(132)	(137)	(141)	(146)	(151)	(156)	(161)	(167)	(173)	(179)	(185)	(192)	(198)	(205)	(205)	(2,812)
38	Operating Income		33,650	107,475	45,012	38,669	134,035	78,634	39,931	23,637	25,890	26,601	28,073	30,174	31,614	33,137	34,743	36,389	38,115	39,959	41,955	44,121	26,621	938,435	
39																									
40	Construction and Financing:																								
41	Beginning Balance		0	29,133	290,336	272,014	115,519	2,000	2,000	2,000	5,227	8,831	12,832	20,769	27,046	11,673	15,383	30,053	46,731	65,558	86,696	110,358	136,779		
42	Operating Income		33,650	107,475	45,012	38,669	134,035	78,634	39,931	23,637	25,890	26,601	28,073	30,174	31,614	33,137	34,743	36,389	38,115	39,959	41,955	44,121	26,621	938,435	
43	Earnings on Cash 2.5%		0	728	7,258	6,800	2,888	50	50	50	131	221	321	519	676	292	385	751	1,168	1,639	2,167	2,759	3,419	32,273	
44	Bond #1 - Net Proceeds			184,630																				184,630	
45	Bond #2 - Net Proceeds							30,245																30,245	
46	Bond #3 - Net Proceeds											0												0	
47	Private Placement or Subordinate Debt														0									0	
48	Construction Costs		(4,516)	(31,630)	(53,394)	(184,764)	(233,242)	(91,729)	(19,524)	0	(1,958)	(2,359)	0	(3,961)	(27,205)	(9,257)	0	0	0	0	0	0	0	(663,540)	
49	Bond #1 - Net Debt Service		0	0	(17,199)	(17,199)	(17,201)	(17,200)	(17,199)	(17,201)	(17,199)	(17,199)	(17,198)	(17,198)	(17,197)	(17,201)	(17,197)	(17,199)	(17,199)	(17,202)	(17,200)	(17,200)	352	(309,236)	
50	Bond #2 - Net Debt Service		0	0	0	0	0	0	(3,258)	(3,259)	(3,260)	(3,262)	(3,258)	(3,258)	(3,261)	(3,260)	(3,261)	(3,263)	(3,258)	(3,259)	(3,260)	(3,259)	69	(45,567)	
51	Bond #3 - Net Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
52	Priv. Plac. Or Sub. Net Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
53	Ending Balance		0	29,133	290,336	272,014	115,519	2,000	2,000	2,000	5,227	8,831	12,832	20,769	27,046	11,673	15,383	30,053	46,731	65,558	86,696	110,358	136,779	167,241	
54																									
55	Construction Summary:																								
56	Rail Construction																								
57	Allocation		0.9%	5.6%	9.4%	34.1%	40.6%	8.6%	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	
58	Amount		4,472	27,725	47,090	169,877	202,239	42,878	4,396	0	0	0	0	0	0	0	0	0	0	0	0	0	0	498,676	
59	Escalated Amount		4,516	28,562	49,725	184,764	227,110	49,716	5,263	0	0	0	0	0	0	0	0	0	0	0	0	0	0	549,657	
60																									
61	Bike/Ped Construction																								
62	Allocation		0.0%	3.3%	3.8%	0.0%	6.0%	39.8%	13.1%	0.0%	1.7%	2.0%	0.0%	3.1%	20.5%	6.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	
63	Amount		0	2,978	3,475	0	5,460	36,235	11,913	0	1,534	1,790	0	2,813	18,666	6,137	0	0	0	0	0	0	0	91,000	
64	Escalated Amount		0	3,068	3,669	0	6,131	42,013	14,261	0	1,958	2,359	0	3,961	27,205	9,257	0	0							



APPENDIX C

BEACON ECONOMICS SALES TAX FORECASTING METHODOLOGY



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Memo



To: Lillian Hames
General Manager
Sonoma-Marín Area Rail Transit District

From: Christopher Thornberg
Founding Principal Beacon Economics
Economic Consultant, State Controller's Office

Date: May 19 2009

RE: SMART Taxable Sales Forecast

Lillian:

As per your request, Beacon Economics has forecasted taxable sales, and the revenues that would be generated for the SMART infrastructure project, out to 2029. You have already received the final numbers (replicated in table 1). This memo discusses the methodology used to create these estimates and an explanation for the differences between the original SMART forecast and our own.

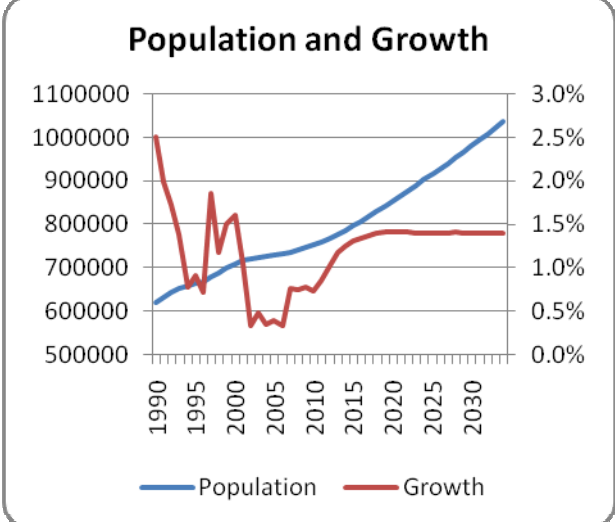
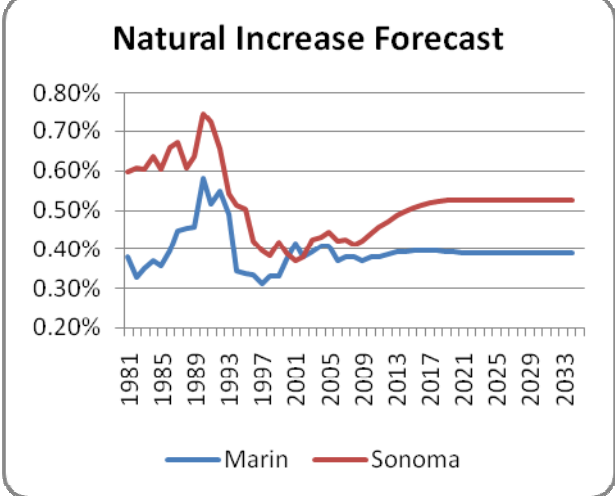
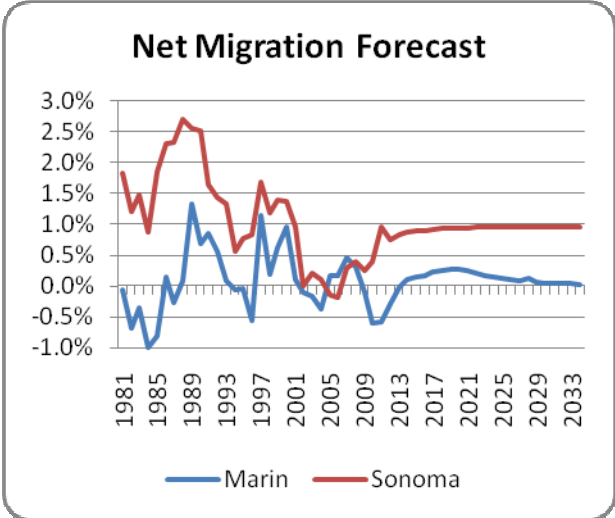
Our methodology is based on standard times series regression analysis. We estimated taxable sales in Marin and Sonoma on the basis of the population base in each county and an estimate of nominal per capita spending on durable and non-durable goods for the US overall.

Of course to run such a model, we also have to have estimates of future population growth and overall national spending patterns. These estimates were generated out of Beacon's own economic forecast.

Population growth is estimated by looking at trends in natural increases in the region (births minus deaths) and net migration. We allowed historical trends to determine the growth path of these into the future, except in the near term when the current high unemployment rate in the state is expected to reduce net migration for the next few years. We predict that net migration in Sonoma will average just less than 1 percent per year in the future, while it will converge to zero in the more built-out Marin region.

Natural increases in the two areas are projected slightly over .5% per year in Sonoma and roughly .4% per year in Marin between now and 2030. Future lower birthrates are expected to be

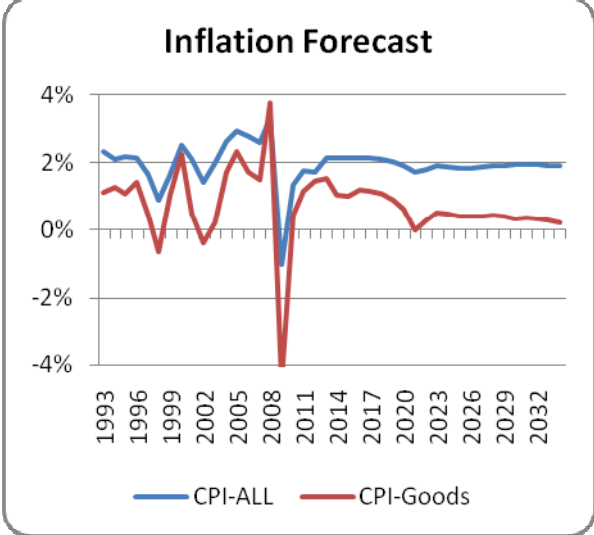
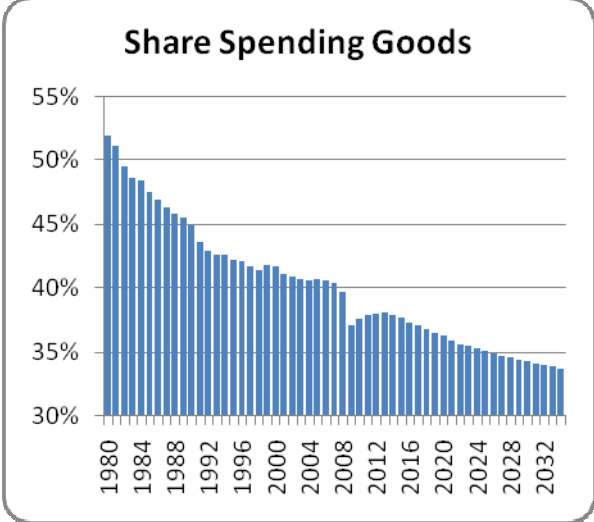
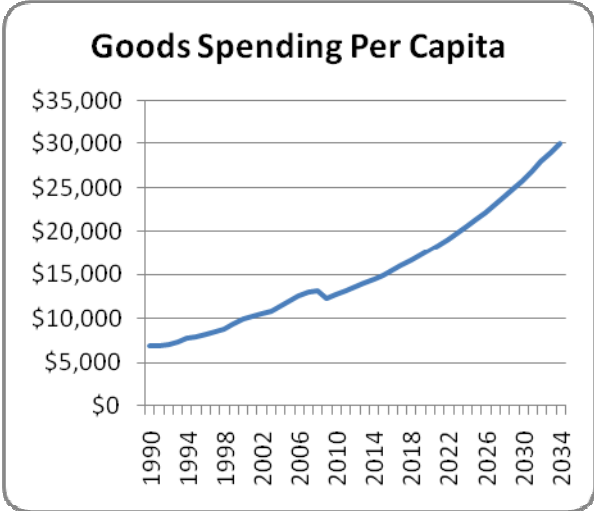
Christopher Thornberg
Founding Principal



offset by longer lifespan for older residents. By our projection, population in the two counties will grow from just under 750,000 today to just over 1 million by 2030, an average growth rate of about 1.4% per year. Note that this forecast is more aggressive than the current forecast from the State’s Department of Finance, which has total population in the two counties at 900,000 in 2030. The gap is mostly due to a higher expected growth rate for Sonoma—our forecast for Marin only differs by less than 4%. This is due to reduced rates of mortality and a higher projected rate of natural increase.

The taxable sales forecast for the two counties is a function of population growth (already discussed) and nominal spending on goods per capital at the national level. Spending per capita is based on our internal estimate of future inflation for durable and non-durable goods (roughly 2% per year) and the increase in real output per capita (slightly over 2% per year). We additionally modify the numbers for the increase in savings rates we expect to occur over the next 12 to 24 months which will reduce the long run trend slightly. Lastly we also modify the numbers to reflect the shift in consumer spending to services and away from goods. In the past 50 years consumer spending on services has increased from slightly under one-half the total budget to about two-thirds. We expect this to reach slightly over 70% by 2035.

These trends are shown in the following three graphs. Per capital spending on goods in the US will expand from



\$12,000 today to roughly \$30,000 in 2034. This is based on spending on goods falling from 50% of total consumer spending in 1980 to less than 35% in 2034. This in turn is based on an overall inflation rate of 2% in the future, but less than 1% for goods.

The net result of this work is shown in the following table. In our forecast revenues are slightly lower in the very short run, slightly higher farther out (2012 to 2018) and then becoming lower again after that through the end of the forecast period. Given the different approaches it is hard to determine the exact nature of the difference. However, clearly the later numbers are being driven by spending moving away from services, as well as the fact that inflation for durables and non-durables are lower than for the CPI overall.

I hope this has clarified the process.

If you have any further questions, please do not hesitate to contact us.

Sincerely,

Christopher Thornberg
 Founding Principal
 Beacon Economics

Table 1: SMART and Beacon Taxable Sales Revenue Forecast

**TABLE 1: ANNUAL SALES TAX GROWTH
AND REVENUE COMPARISON, 2009 - 2029**

FYE	SMART Forecast		Beacon Forecast		Diff.
	30,077,954	Growth	29,891,177	x	
2009	27,972,496	-7.0%	27,941,264	-6.5%	-0.1%
2010	27,413,047	-2.0%	26,329,557	-5.8%	-4.0%
2011	27,893,967	1.8%	27,604,451	4.8%	-1.0%
2012	28,818,898	3.3%	29,454,196	6.7%	2.2%
2013	30,017,252	4.2%	31,323,832	6.3%	4.4%
2014	31,415,565	4.7%	32,972,663	5.3%	5.0%
2015	32,978,648	5.0%	34,373,900	4.2%	4.2%
2016	34,672,321	5.1%	35,619,474	3.6%	2.7%
2017	36,509,029	5.3%	36,988,662	3.8%	1.3%
2018	38,444,286	5.3%	38,644,494	4.5%	0.5%
2019	40,517,718	5.4%	40,495,241	4.8%	-0.1%
2020	42,805,153	5.6%	42,466,874	4.9%	-0.8%
2021	45,222,654	5.6%	44,332,422	4.4%	-2.0%
2022	47,777,663	5.6%	46,296,068	4.4%	-3.1%
2023	50,478,056	5.7%	48,355,181	4.4%	-4.2%
2024	53,332,160	5.7%	50,471,252	4.4%	-5.4%
2025	56,348,780	5.7%	52,682,813	4.4%	-6.5%
2026	59,537,233	5.7%	55,026,422	4.4%	-7.6%
2027	62,907,368	5.7%	57,535,747	4.6%	-8.5%
2028	66,469,607	5.7%	60,229,049	4.7%	-9.4%
2029	52,676,228		47,308,026		



APPENDIX D
SMART REVENUE SOURCES



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SMART REVENUE SOURCES

Prepared in the spring of 2008, the SMART Project Funding Plan described in detail the project costs, revenue assumptions, and financing requirements for project construction and annual operations for a twenty (20) year period between 2009 and 2029. A copy of the document is located on the SMART website at:

http://www.sonomamarintrain.org/userfiles/file/18b_whitepaper_ap1fundingplan.pdf

With November 2008 voter approval of Measure Q, SMART has prepared the 2009 Strategic Plan. The Strategic Plan relies on many of the same revenue sources identified in the 2008 document.

Listed below is a brief summary of the revenue sources and current assumptions used in the Strategic Plan. A footnote accompanies the descriptions denoting its level of relative stability as a SMART funding source.

KEY: ¹ Most stable, consistent revenue source
² Stable, fluctuating revenue source
³ Less stable, fluctuating revenue source

Local and Regional Revenue Sources

Farebox Revenues² are fares collected from passengers using the rail system. SMART estimates that fare revenues will total \$132 million over 20 years.

SMART Measure Q Sales Tax² is a 20-year ¼ cent local sales tax approved by Sonoma and Marin county voters in 2008 for the SMART project. Beginning in April 2009, this source is estimated to generate \$873 million for the project over 20 years.

Sonoma County Measure M Sales Tax² was passed by county voters in 2004. It is estimated that the measure will provide \$23 million in revenue for the SMART project.

Joint Development Lease Revenues² will be generated by joint development of housing, office and/or retail uses on SMART property, principally at the downtown Santa Rosa and Petaluma stations. Estimated revenues are \$14 million.

NCRA Freight Trackage Fees³ will be paid by North County Railroad Authority (NCRA) to SMART for upgrades and maintenance activities conducted by SMART. Estimated revenues are \$10 million.

Railroad Fiber Optic Lease Revenues² assume payments by a communications company for an easement along the SMART corridor to provide a fiber optic line. Estimated revenues are \$678,000.

SMART Property Operating Lease Revenues¹ are payments for the lease of excess SMART right-of-way. Estimated revenues are \$9.8 million.

Advertising Revenues² are assumed to be generated from advertising placed at SMART stations and on SMART train vehicles. Estimated revenues are \$3.7 million.

Regional Measure 2² was passed by Bay Area voters in 2004 and increased tolls on State-owned bridges by \$1.00. The SMART project assumes \$35 million of these funds.

State Revenue Sources

Proposition 116¹ was passed by state voters in 1990 and includes funds for rail corridors such as SMART. The SMART project assumes \$28 million of these funds.

Transportation Congestion Relief Program (TCRP)¹ was adopted in 2000 and provides funds for a variety of transportation programs throughout California. The SMART project will receive \$37 million of these funds.

State Transit Assistance (STA) Program Funds² are currently unavailable but are assumed to be reinstated by 2014. SMART currently assumes \$20.5 million of these funds.

Federal Revenue Sources

Federal Highway Administration (FHWA) Funds¹ are assumed for the transfer of property from the Golden Gate Transit District. The SMART project assumes \$2.4 million of these funds.

Congressional Earmarks³ are assumed for the SMART project. For previous and future congressional transportation authorization cycles combined, SMART assumes that it would receive a total of \$50 million.

Other Revenue Sources

NCRA Capital Offsets² are assumed based on the \$37.2 million that the NCRA has already spent or plans to spend to upgrade the SMART rail corridor.

Interest Earnings² are assumed to accrue to SMART based on its cash balances and reserves. SMART currently estimates that interest earnings will total \$54 million.



APPENDIX E

PROGRAM LEVEL IMPLEMENTATION SCHEDULE



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ID	Task Name	Duration	Start	Finish	Predecessors	Successors	2008	2009	2010	2011	2012	2013	2014	2015
							Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
1	Advance Design & Construction Projects	769 days	Tue 5/27/08	Fri 5/6/11			[Timeline bar from 5/27/08 to 5/6/11]							
2	Cal Park Hill Tunnel (Construction)	480 days	Tue 5/27/08	Mon 3/29/10		91	[Task bar from 5/27/08 to 3/29/10]							
3	Grade Crossings Rehab. Priority 1(Design)	120 days	Mon 2/16/09	Fri 7/31/09		4	[Task bar from 2/16/09 to 7/31/09]							
4	Grade Crossings Rehab. Priority 1(Bid/Award)	40 days	Mon 8/3/09	Fri 9/25/09	3	5	[Task bar from 8/3/09 to 9/25/09]							
5	Grade Crossings Rehab. Priority (Construction)	240 days	Mon 9/28/09	Fri 8/27/10	4	6	[Task bar from 9/28/09 to 8/27/10]							
6	Complete Priority 1 Crossings Rehabilitation	0 days	Fri 8/27/10	Fri 8/27/10	5	91	[Milestone diamond at 8/27/10]							
7	Advance Utility Relocation	240 days	Mon 6/7/10	Fri 5/6/11	63SS+180 day	5,69,73,77,81	[Task bar from 6/7/10 to 5/6/11]							
8	Advance Soil & Water Remediation	240 days	Mon 6/7/10	Fri 5/6/11	63SS+180 day	65,69,73,77	[Task bar from 6/7/10 to 5/6/11]							
9	Design for Environmental Permitting	120 days	Mon 4/6/09	Fri 9/18/09		25	[Task bar from 4/6/09 to 9/18/09]							
10														
11	Strategic Plan Update	282 days	Mon 5/26/08	Wed 6/24/09			[Timeline bar from 5/26/08 to 6/24/09]							
12	Develop Draft Financial Plan	260 days	Mon 5/26/08	Fri 5/22/09		13FF	[Task bar from 5/26/08 to 5/22/09]							
13	Citizen Oversight Committee Reviews	40 days	Mon 3/30/09	Fri 5/22/09	12FF	14	[Task bar from 3/30/09 to 5/22/09]							
14	Executive Committee Review / Recommendations	10 days	Mon 5/25/09	Fri 6/5/09	13	15	[Task bar from 5/25/09 to 6/5/09]							
15	Board Approval	0 days	Wed 6/24/09	Wed 6/24/09	14	60	[Milestone diamond at 6/24/09]							
16														
17	Environmental Clearance and Environmental Permitting	669 days	Mon 2/2/09	Thu 8/25/11			[Timeline bar from 2/2/09 to 8/25/11]							
18	FTA Permit Process Decision	0 days	Fri 7/3/09	Fri 7/3/09		24	[Milestone diamond at 7/3/09]							
19	NEPA - Environmental Assessment	360 days	Mon 2/2/09	Fri 6/18/10		64	[Task bar from 2/2/09 to 6/18/10]							
20	On Call Engineer Submit APE Proposal	0 days	Fri 4/3/09	Fri 4/3/09		21	[Milestone diamond at 4/3/09]							
21	Issue NTP for APE	5 days	Fri 4/3/09	Thu 4/9/09	20	22	[Task bar from 4/3/09 to 4/9/09]							
22	Areas of Potential Effect Analysis - Pathway refinements	40 days	Fri 4/10/09	Thu 6/4/09	21	23,26,27,28	[Task bar from 4/10/09 to 6/4/09]							
23	Update Wetlands Delineation Maps & Cultural Resource Surveys	40 days	Fri 6/5/09	Thu 7/30/09	22	30,24	[Task bar from 6/5/09 to 7/30/09]							
24	Army Corps Delineation Maps Desk Top Review/Acceptance	60 days	Fri 7/31/09	Thu 10/22/09	23,18	25	[Task bar from 7/31/09 to 10/22/09]							
25	Submit Sec 404 Wetlands Permit Application to Army Corps	0 days	Thu 10/22/09	Thu 10/22/09	24,9	31	[Milestone diamond at 10/22/09]							
26	NOAA/NMFS Fish Habitat Assessment	120 days	Fri 6/5/09	Thu 11/19/09	22	30	[Task bar from 6/5/09 to 11/19/09]							
27	USFWS Sec 7 Biological Assessment Preparation	120 days	Fri 6/5/09	Thu 11/19/09	22	29	[Task bar from 6/5/09 to 11/19/09]							
28	SHPO Sec 106 Cultural Assessment	360 days	Fri 7/3/09	Thu 11/18/10	22	29	[Task bar from 7/3/09 to 11/18/10]							
29	SHPO Clearance Received	0 days	Thu 11/18/10	Thu 11/18/10	28	30	[Milestone diamond at 11/18/10]							
30	Mitigation Measures Implementation Plan/Agreements	120 days	Fri 11/19/10	Thu 5/5/11	23,26,29	31	[Task bar from 11/19/10 to 5/5/11]							
31	Army Corps Permits Final Review	80 days	Fri 5/6/11	Thu 8/25/11	30,25	32	[Task bar from 5/6/11 to 8/25/11]							
32	Army Corps Permits Received	0 days	Thu 8/25/11	Thu 8/25/11	31	64,68	[Milestone diamond at 8/25/11]							
33	US Coast Guard Permit	240 days	Mon 11/23/09	Fri 10/22/10	49	34	[Task bar from 11/23/09 to 10/22/10]							
34	US Coast Guard Permit Received	0 days	Fri 10/22/10	Fri 10/22/10	33	68	[Milestone diamond at 10/22/10]							
35														
36	Freight Railroad Operating Agreement	120 days	Mon 2/16/09	Fri 7/31/09			[Timeline bar from 2/16/09 to 7/31/09]							
37	Negotiate Agreement w/ NCRA	120 days	Mon 2/16/09	Fri 7/31/09		38	[Task bar from 2/16/09 to 7/31/09]							
38	Railroad Agreements Negotiated	0 days	Fri 7/31/09	Fri 7/31/09	37	63,86	[Milestone diamond at 7/31/09]							
39														
40	Passenger Railroad Operations Permits/Waivers	1300 days	Mon 2/16/09	Fri 2/7/14			[Timeline bar from 2/16/09 to 2/7/14]							
41	FRA Approvals	1300 days	Mon 2/16/09	Fri 2/7/14		92	[Task bar from 2/16/09 to 2/7/14]							
42	CPUC Approvals	1300 days	Mon 2/16/09	Fri 2/7/14		92	[Task bar from 2/16/09 to 2/7/14]							
43														
44	Professional Services Procurement	200 days	Mon 3/16/09	Fri 12/18/09			[Timeline bar from 3/16/09 to 12/18/09]							
45	Authorize PMC to Prepare RFP's	0 days	Mon 3/16/09	Mon 3/16/09		46	[Milestone diamond at 3/16/09]							
46	Final Designer Selection - Systems & Vehicles	115 days	Mon 3/16/09	Fri 8/21/09	45	days,79,51,86	[Task bar from 3/16/09 to 8/21/09]							
47	Final Designer Selection - Civil Track Pathway	120 days	Mon 4/13/09	Fri 9/25/09	46SS+20 days	IS+20 days,51	[Task bar from 4/13/09 to 9/25/09]							
48	Final Designer Selection - Stations	120 days	Mon 5/11/09	Fri 10/23/09	47SS+20 days	20 days,75,51	[Task bar from 5/11/09 to 10/23/09]							
49	Final Designer Selection - Major Bridges	120 days	Mon 6/8/09	Fri 11/20/09	48SS+20 days	days,67,33,51	[Task bar from 6/8/09 to 11/20/09]							
50	Final Designer Selection - Maintenance Facility	120 days	Mon 7/6/09	Fri 12/18/09	49SS+20 days	71,51	[Task bar from 7/6/09 to 12/18/09]							
51	Complete Selection of Design Consultants	0 days	Fri 12/18/09	Fri 12/18/09	46,47,48,49,50		[Milestone diamond at 12/18/09]							
52														
53	Right of Way Acquisition	700 days	Mon 2/16/09	Fri 10/21/11			[Timeline bar from 2/16/09 to 10/21/11]							
54	Maintenance Facility Site	360 days	Mon 2/16/09	Fri 7/2/10		73,57	[Task bar from 2/16/09 to 7/2/10]							
55	Station Sites	360 days	Mon 2/16/09	Fri 7/2/10		77,57	[Task bar from 2/16/09 to 7/2/10]							
56	Civil Track Pathway ROW/Easements	360 days	Mon 6/7/10	Fri 10/21/11	63SS+180 day	65,57	[Task bar from 6/7/10 to 10/21/11]							
57	ROW Acquired	0 days	Fri 10/21/11	Fri 10/21/11	54,55,56		[Milestone diamond at 10/21/11]							
58														
59	Design & Construction	1168 days	Wed 6/24/09	Fri 12/13/13			[Timeline bar from 6/24/09 to 12/13/13]							
60	Confirm Project Definition	20 days	Wed 6/24/09	Tue 7/21/09	15	61	[Task bar from 6/24/09 to 7/21/09]							
61	Board Approval	20 days	Wed 7/22/09	Tue 8/18/09	60	67,71,75,79	[Task bar from 7/22/09 to 8/18/09]							
62														
63	Civil Track Pathway (Final Design Reviews & Plan Check)	450 days	Mon 9/28/09	Fri 6/17/11	47,38	55SS+200 days	[Task bar from 9/28/09 to 6/17/11]							
64	Civil Track Pathway (Bid/Award)	120 days	Fri 8/26/11	Thu 2/9/12	63,32,19	65	[Task bar from 8/26/11 to 2/9/12]							
65	Civil Track Pathway (Permitting & Construction)	460 days	Fri 2/10/12	Thu 11/14/13	64,7,8,56	83	[Task bar from 2/10/12 to 11/14/13]							
66														
67	Major Bridges (Final Design Reviews & Plan Check)	360 days	Mon 11/23/09	Fri 4/8/11	61,49	68	[Task bar from 11/23/09 to 4/8/11]							
68	Major Bridges (Bid/Award)	80 days	Fri 8/26/11	Thu 12/15/11	67,32,34	69	[Task bar from 8/26/11 to 12/15/11]							
69	Major Bridges (Permitting & Construction)	480 days	Fri 12/16/11	Thu 10/17/13	68,7,8	83	[Task bar from 12/16/11 to 10/17/13]							
70														
71	Maintenance Facility (Final Design Reviews & Plan Check)	400 days	Mon 12/21/09	Fri 7/1/11	61,50	72	[Task bar from 12/21/09 to 7/1/11]							
72	Maintenance Facility (Bid/Award)	80 days	Mon 7/4/11	Fri 10/21/11	71	73	[Task bar from 7/4/11 to 10/21/11]							
73	Maintenance Facility (Permitting & Construction)	500 days	Mon 10/24/11	Fri 9/20/13	72,7,8,54	83	[Task bar from 10/24/11 to 9/20/13]							
74														
75	Stations (Final Design Reviews & Plan Check)	240 days	Mon 7/5/10	Fri 6/3/11	48,61,63SS+20	76	[Task bar from 7/5/10 to 6/3/11]							
76	Stations (Bid/Award)	80 days	Mon 6/6/11	Fri 9/23/11	75	77	[Task bar from 6/6/11 to 9/23/11]							
77	Stations (Permitting & Construction)	240 days	Mon 9/26/11	Fri 8/24/12	76,7,8,55	83	[Task bar from 9/26/11 to 8/24/12]							
78														
79	Systems (Final Design & Plan Check)	460 days	Mon 7/5/10	Fri 4/6/12	46,61,63SS+20	80	[Task bar from 7/5/10 to 4/6/12]							
80	Systems (Bid/Award)	80 days	Mon 4/9/12	Fri 7/27/12	79	81	[Task bar from 4/9/12 to 7/27/12]							
81	Systems (Construction & Testing)	360 days	Mon 7/30/12	Fri 12/13/13	80,7	83	[Task bar from 7/30/12 to 12/13/13]							
82														
83	Substantial Completion of Construction	0 days	Fri 12/13/13	Fri 12/13/13	65,69,73,77,81		[Milestone diamond at 12/13/13]							
84														
85	Vehicles Procurement	1200 days	Mon 8/24/09	Fri 3/28/14			[Timeline bar from 8/24/09 to 3/28/14]							
86	Vehicle Design	120 days	Mon 8/24/09	Fri 2/5/10	46,38	87	[Task bar from 8/24/09 to 2/5/10]							
87	Vehicle Procurement	1080 days	Mon 2/8/10	Fri 3/28/14	86	3+955 days,92	[Task bar from 2/8/10 to 3/28/14]							
88	Vehicles Acquired	0 days	Fri 3/28/14	Fri 3/28/14	87		[Milestone diamond at 3/28/14]							
89														
90	Integrated Testing and Start Up	257 days	Mon 10/7/13	Tue 9/30/14			[Timeline bar from 10/7/13 to 9/30/14]							
91	Test and Start Up	120 days	Mon 10/7/13	Fri 3/21/14	2,6,87SS+955	92	[Task bar from 10/7/13 to 3/21/14]							
92	Pre Revenue Operation	20 days	Mon 3/31/14	Fri 4/25/14	91,41,42,87	93	[Task bar from 3/31/14 to 4/25/14]							
93	Schedule Contingency (Float)	112 days	Mon 4/28/14	Tue 9/30/14	92	94	[Task bar from 4/28/14 to 9/30/14]							
94	Revenue Operations	0 days	Tue 9/30/14	Tue 9/30/14	93		[Milestone diamond at 9/30/14]							

