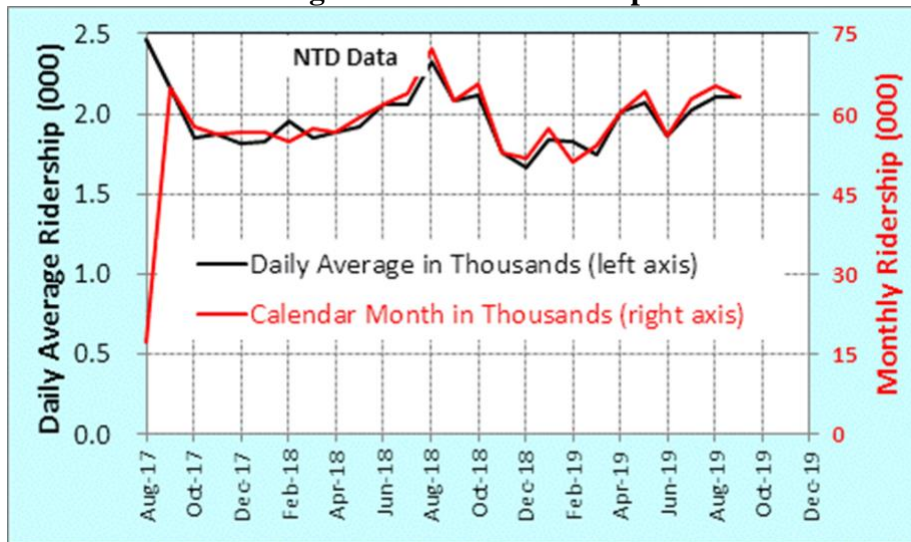


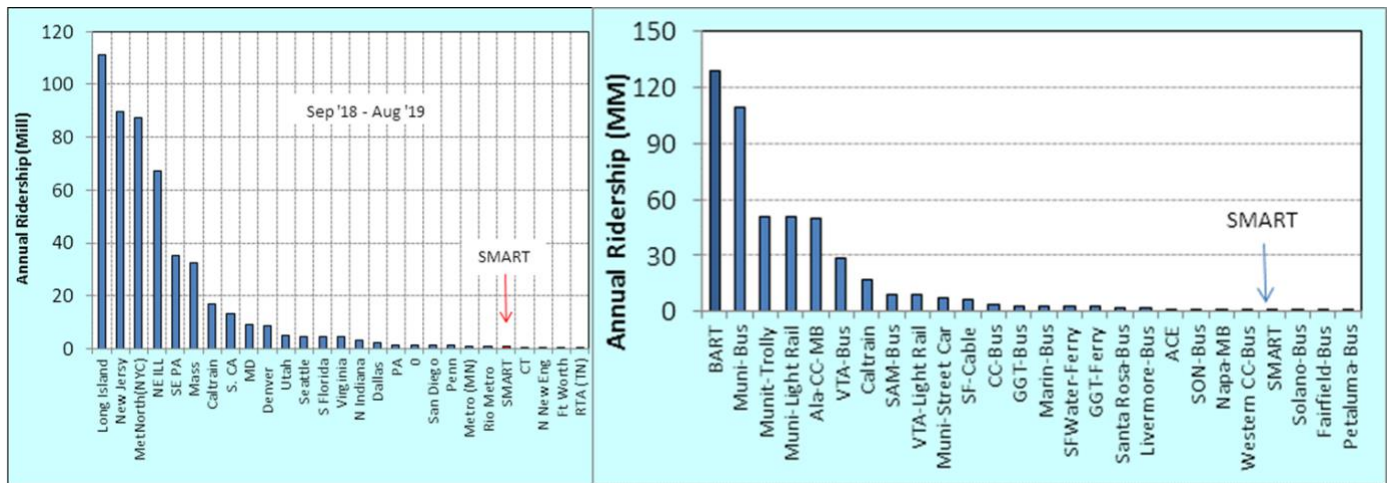
## Primer on What SMART is Not Telling the Public

- Ridership is not growing. It is a bit down year over year. It has no impact on traffic congestion other than the traffic congestion caused by SMART in San Rafael. Figure 1 plots SMART's monthly ridership that SMART submits to the FTA and is published on-line in the "National Transit Database" or NTD. Figure 2 (left panel) compares SMART ridership to other commuter rail systems in the US. Figure 2 (right panel) compares SMART ridership to other transit systems in the SF Bay Area.

**Fig. 1 – SMART Ridership**



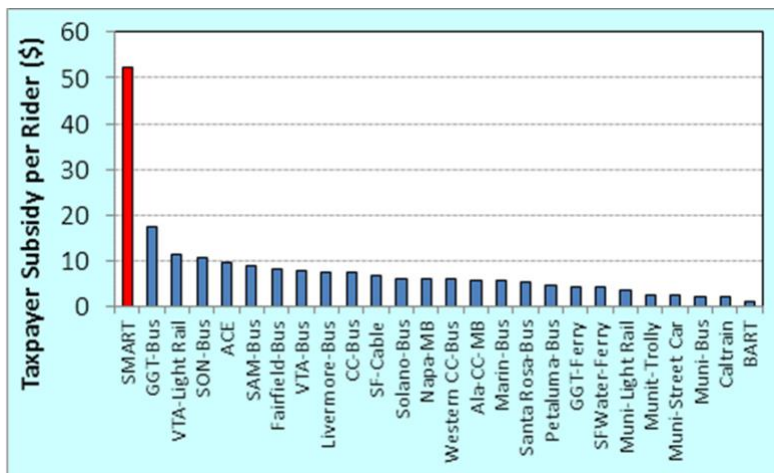
**Figure 2. Ridership Comparisons of Other Transit Systems**



## Primer on What SMART is Not Telling the Public

- 2) SMART is the most inefficient (from a cost perspective) transit system in the Bay Area. This is calculated as the taxpayer subsidy-per rider which is over \$50. Golden Gate Transit buses, which are one of the more expensive transits, are \$17/rider. This is based on published data as demonstrated in Figure 3.

**Figure 3. Taxpayer Subsidy per Rider of SF Bay Area Transit Systems**



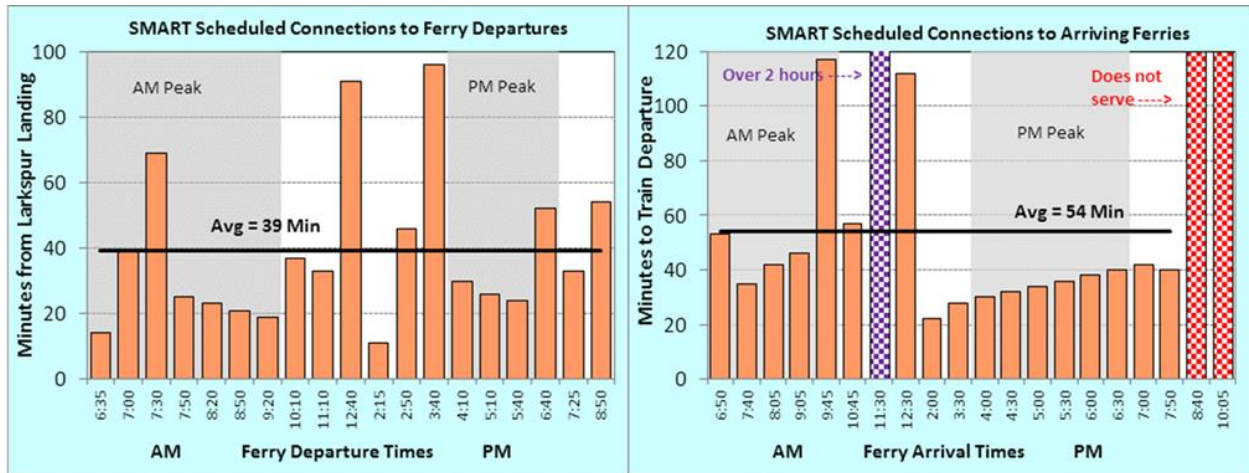
- 3) They are increasing traffic congestion in downtown San Rafael which is about to made far worse once the trains begin operations across 2nd and 3rd. The most recent quote of SMART's GM (Farhad Mansourian) in the MarinIJ (Sunday December 1).

But SMART's general manager, Farhad Mansourian, said that drivers complaining about traffic in San Rafael are wrongly blaming the train. "The notion that we are affecting congestion in downtown San Rafael is false," he said. "It's just that simple. It's been congested since before SMART was there."

- 4) The "connectivity to the ferry" has been touted by SMART has a great enhancement. In fact, GGT is eliminating the 31 route once the train begins service. Fewer people are expected to use it than are currently taking the bus. Why? The buses depart downtown San Rafael pulsed to meet the ferry departures. Commuters get off the bus in front of the ferry bldg. The train will take longer. It will leave passengers a 7-10 minute walk from the ferry bldg and trains can not be scheduled to meet the ferries. Supposedly Farhad will publish the new rail schedules today. Figure 4 (next page) compares the connect times for arriving and departing ferries to the SMART train.

## Primer on What SMART is Not Telling the Public

**Figure 4: Connection Times between SMART Train and Larkspur Ferry**



- 5) SMART has way overestimated its sales tax revenue potential over the course of the next 39 years (2020 - 2059). They are forecasting from 2029 – 2059 \$2.4 billion in sales tax revenues. The SMART Board decided to make it up future revenues just as they did in 2008. They have overestimated their revenue potential by hundreds of millions of dollars.

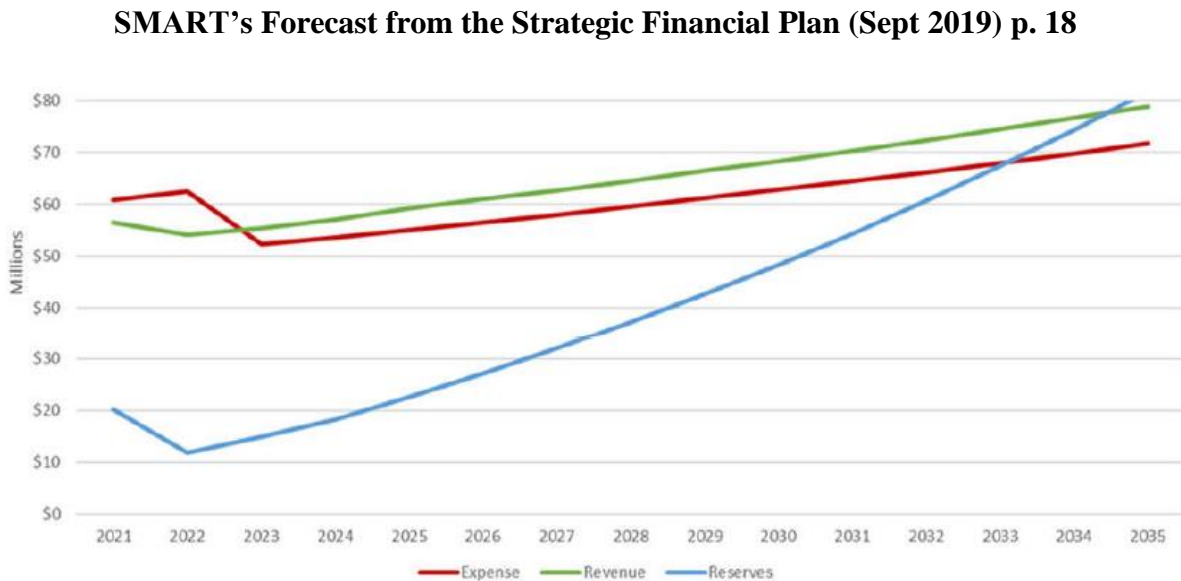
What does this mean? They are in real financial trouble and their future operations will be squeezed. For this rail system extensions are a financial loser because they generate more cost than fare revenues. Ridership is that low. The Windsor extension now estimated to cost \$65 million is an unbelievably uneconomic extension.

- 6) What is this election really about? In 2012 they issued unbelievably risky bonds that contained a rising debt service payment schedule. Those payments are now consuming 42% of the sales tax revenues. They want to refi the bonds. But here's the catch: they can't until calendar year 2022 because the bonds contain call dates and they can't be refinanced until those dates.
- 7) This means the tax if it passes, it won't impact their sales tax revenue stream until April 1, 2029. And it won't impact their debt service expenses until FY 2023. This in turns means, SMART is lying to the public about what is likely to occur. A recession is quite likely before 2023. And when it occurs -- depending on its depth -- they'll be facing major cutbacks. Major. And there's nothing in this measure that will prevent those cuts.

## Primer on What SMART is Not Telling the Public

- 8) If you want documentary evidence of how out of control the Board is, just take a look at the first 3 years of financials in the Strategic Plan. The Board adopted a plan that ASSUMES that the agency will be operating in the red for 3 years even with growing sales tax revenues. This is highly imprudent.
- Figure 5 below is pulled directly from the Strategic Plan document. Note that it shows **expenses EXCEED revenues** and the red ink is paid for by consuming financial reserves (blue line in the diagram).
  - It further shows they plan to continue this plan through FY 2022.
  - It does not show what's happening in this year (FY 2020), in which expenses are currently exceeding revenues. In other words, they can't afford the 38 trains they're currently operating on weekdays without consuming financial assets reserved for emergencies.

**Figure 5**



- 9) How much has been spent on SMART? I carefully went through the external audit reports to create the table below. Through June 30, 2019, SMART has spent over \$797 million according to the reports of the independent external auditor.

Primer on What SMART is Not Telling the Public

**Table 1. SMART Expenses through June 30, 2019**

<b>Fiscal Year</b>	<b>Salaries &amp; Benefits</b>	<b>Materials and Suppliers</b>	<b>Capital Outlay</b>	<b>Interest &amp; Related Fees</b>	<b>2012 Bond Re-funding</b>	<b>Depreciation</b>	<b>Other</b>	<b>Total</b>
2005	269	1,217	-	-		100	-	1,586
2006	440	1,702	25	-		101	-	2,267
2007	449	1,393	1,292	-		100	205	3,439
2008	632	1,118	5,639	1		196	64	7,649
2009	777	5,103	22,261	2		411	35	28,588
2010	1,291	13,001	20,335	1		420	5	35,053
2011	1,848	10,098	14,614	-		472	53	27,085
2012	2,462	4,180	29,233	1,117	1,738	4,528	(1,662)	41,596
2013	2,559	4,406	77,630	7,047		4,528	701	96,871
2014	3,041	4,467	65,770	8,457		4,474	649	86,857
2015	4,303	5,275	125,832	8,457		4,576	380	148,822
2016	7,737	5,999	77,278	8,457		4,610	8	104,089
2017	12,611	7,499	35,153	8,275		4,717	0	68,256
2018	16,950	8,877	6,535	8,009		17,800	672	58,844
2019	18,453	11,337	30,124	7,731		19,034	0	86,678
<b>Total</b>	<b>73,821</b>	<b>85,671</b>	<b>511,720</b>	<b>57,555</b>	<b>1,738</b>	<b>66,065</b>	<b>1,110</b>	<b>797,681</b>