

MARIN CONSERVATION LEAGUE
Land Use and Transportation Committee Special Meeting: September 27, 2011

Present: Gail Wilhelm, chair; Allan Bortel, Priscilla Bull, Nona Dennis, Randy Greenberg, Jana Haehl, Edith Piltch, Phil Richardson, David Schnapf, Dan Sonnet, Brian and Susan Stompe, Ann Thomas, Don Wilhelm. Met at MCL, 9 to 11 AM.

Presentation with PowerPoint on SMART. Economist and risk analyst Mike Arnold spoke about his concerns with the train district. In particular he outlined SMART's projected revenue, expenses, bonding process and financial risks, but also discussed ridership projections, and relevant commute and jobs patterns. His comments included the following:

- The quarter cent tax approved in 2008 in Measure Q was known to be insufficient for a rail line but polling had indicated there was not voter support for a higher tax, and this shortfall has not been addressed but instead SMART understated project costs.
- In fall 2010, SMART staff announced they had discovered \$150 million in additional tunnel and bridge costs and thus they could not construct the 70-mile line which had been described in the 2008 ballot measure.
- SMART has consistently overstated project revenue from the sales tax and SMART's future ability to fund operations is dependent on the tax revenue stream. Only a small portion of the rail line's costs would come from fare box return.
- Trends which may negatively affect this revenue stream include: 1) taxable sales as a percent of income declines as income per capita increases, 2) Consequences of the shift to internet sales has yet to be, and 3) the length of the economic downturn.
- SMART's focus is on how much money can be raised in the bond markets and how much they can construct with the money they do raise. There are many uncertainties regarding how much the IOS (Initial Operating Segment) will cost, including future debt payments.
- SMART's projected ridership is paltry when measured by other transit system operating in the Bay Area. Numbers of riders per weekday for major Bay Area transit districts would be as follows: BART, 360,000; MUNI, 525,000; AC Transit, 127,000; Golden Gate Transit 27,000; Caltrain, 37,000; Sam Trans, 14,000; Santa Rosa bus system, 11,000; VTA, 103,000; ACE, 2,600; SMART 2,000-4,000.
- The EIR indicated the complete 70-mile rail line would carry only 2,500 riders each weekday: each making a round trip. Only 240 Sonoma County riders would take trains into Marin in the morning; most riders would be Sonoma residents commuting within Sonoma.
- Journey to work data indicates the commute from Sonoma going down while the commute from the East Bay (Contra Costa and Solano) is rising. In addition, 2/3s of Marin's employed residents work in Marin and 2/3s of the jobs in Marin County are held by Marin residents.

He concluded with the following:

- There are significant costs to SMART IF the project is constructed, because the financial challenges facing SMART once it does operate are significant.
- SMART is likely facing years of cuts in rail operations and fare increases and, as a consequence, low ridership
- There are no significant sources of funding to bail them out because the economics of SMART compare badly to other transit projects.

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