



Local Ballot Measure: I

Measure I

Sonoma-Marin Area Rail Transit District

Measure Question

To continue relieving traffic congestion, reducing greenhouse gas emissions (having carried 1.5-million passengers by providing quality transportation alternatives to Highway 101), connecting stations with pathways, expanding rail service to Healdsburg/Cloverdale as grants become available, shall an extension of the existing Sonoma-Marin Area Rail Transit District 1/4-cent voter approved sales tax, at the same rate, generating approximately \$40,000,000 annually for an additional 30 years, subject to audits and citizens' oversight, that the State cannot take away, be adopted?

What Your Vote Means

YES	NO
A "yes" vote on Measure I will authorize SMART to extend the existing tax through March 31, 2059.	A "no" vote on Measure I will prohibit SMART from extending the tax, and the existing tax would continue in effect until March 31, 2029.

For and Against Measure I

FOR	AGAINST
Mike McGuire State Senate David Rabbitt Chair Sonoma County Supervisors Steven Herrington Ph.D County Superintendent of Schools NORTH BAY LABOR COUNCIL Jack A. Buckhorn, Executive Director FRIENDS OF SMART Lucy Kortum, CoFounder	Nancy J. Cline Winery Owner Tracey Buck-Walsh Attorney at Law Ken Churchill Director - New Sonoma



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County Counsels' Impartial Analysis of Measure I

Measure I asks voters whether the Sonoma-Marin Area Rail Transit District ("SMART") should extend its existing ¼-cent sales tax for an additional period of 30 years through March 31, 2059. Measure I was placed on the ballot by unanimous vote of the SMART Board of Directors.

SMART is a rail district created by the Legislature in 2003 to evaluate, plan, and implement passenger rail service from Cloverdale in Sonoma County to the Larkspur Ferry Terminal in Marin County. The geographic area of SMART includes all of Sonoma and Marin Counties.

Voters approved the existing ¼-cent sales tax in November 2008. Over the past 10 years, the tax has funded the construction and commencement of operation of a commuter rail transit system that extends from Larkspur in Marin County to Airport Boulevard in Sonoma County. The current tax will expire in 2029. If approved, Measure I would extend the tax (with no increase in rate) for an additional 30 years, providing approximately \$40,000,000 annually. The tax would continue to be collected as it is now, in the same manner as a state-imposed sales tax.

Measure I would also update the existing Expenditure Plan, which governs how the funds raised by the tax can be spent. Since Measure I continues a special purpose tax, monies collected will be placed in a special fund and may be spent only for the purposes set forth in the Expenditure Plan incorporated into the full text of the measure. These purposes include: providing for the ongoing operation, maintenance, and financing of the current system; refinancing existing debt service; enhancing and prioritizing safety, education, and community outreach programs; and funding capital projects that will provide for and increase the existing level of service, operation, and future expansion of both the passenger and freight rail train system and ancillary bicycle/pedestrian pathways in Sonoma and Marin Counties. Measure I would continue the accountability safeguards in the existing tax which include annual audits by an independent accountant and independent oversight by a Citizens Oversight Committee established by the Board of Directors.

Measure I would also authorize SMART to re-issue or restructure its existing revenue bonds, pursuant to Public Utilities Code section 105220, to expedite the commencement of the expanded passenger train service, bicycle/pedestrian pathway, and related transit improvements. Any bonds issued or restructured would be paid back with the proceeds of the tax.

The tax proposed by Measure I will become effective only if approved by a two-thirds majority of those voting on the measure.

A "yes" vote on Measure I will authorize SMART to extend the existing tax through March 31, 2059.

A "no" vote on Measure I will prohibit SMART from extending the tax, and the existing tax would continue in effect until March 31, 2029.

s/ Brian Washington
Marin County Counsel

s/ Bruce D. Goldstein
Sonoma County Counsel

Continue to next page for arguments



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Arguments and rebuttals are the opinions of the authors. They are printed exactly as submitted, including errors.

Argument in Favor of Measure I	Rebuttal to Argument in Favor of Measure I
<p>In 2008, Marin and Sonoma Counties voters had the foresight to create SMART. You voted for a modern train system to bridge county lines and connect to the ferry in Larkspur.</p> <p>You wanted a green transportation system, a way to travel without sitting in traffic – taking cars off Highway 101.</p> <p>SMART has delivered on that promise – despite serious obstacles.</p> <p>When the recession hit in 2009, the bond market crashed, slashing more than \$100 million in projected revenue.</p> <p>Despite this setback, SMART still got a world class transportation system up and running by winning \$328 million in regional, state and federal matching funds.</p> <p>So far, SMART has carried over 1.6 million passengers, including over 5,900 passengers who require wheelchair access and 159,000 bicyclists.</p> <p>In December, SMART opened the Larkspur station to connect to the ferry. In January, SMART revamped the commuter schedule to run trains every 32 minutes. Now, SMART is at a crossroads. Measure I is critical to SMART's future.</p> <p>Measure I would extend SMART's ¼ of one cent sales tax with No tax increase.</p> <p>Measure I would ensure SMART's financial stability and allow restructuring of construction debt. This would save \$12.2 million annually, fully funding operations from Larkspur to Windsor – and with state and federal help on to Healdsburg and Cloverdale – for the next 30 years.</p> <p>Vote Yes on Measure I to: Help reduce congestion on Highway 101 and local roads; Support SMART service to additional cities; Increase the frequency of SMART trains; Build more bicycle and walking paths connecting SMART stations; Fund safety enhancements along the rail line; Add additional parking to SMART stations.</p> <p>We finally have a modern train system for Marin and Sonoma Counties. Let's keep it rolling.</p> <p>Join seniors, environmentalists, business and community leaders – vote Yes on Measure I.</p> <p>Visit www.StayGreenKeepSMART.org</p> <p>s/ Mike McGuire State Senate</p> <p>s/ David Rabbitt Chair Sonoma County Supervisors</p> <p>s/ Steven Herrington Ph.D County Superintendent of Schools</p> <p>NORTH BAY LABOR COUNCIL s/ Jack A. Buckhorn, Executive Director</p> <p>FRIENDS OF SMART s/ Lucy Kortum, CoFounder</p>	<p>SMART built less than 2/3 of the promised rail-line and 1/3 of the bike paths. They do not have the funds to finish, and are now asking for more money for overhead.</p> <p>Measure I is a Tax Increase Of \$2.4 Billion over 30 years, and will not fund additional rail-line or bike paths. It will not even cover SMART's operating expenses when recessions occur over 39 years.</p> <p>SMART has done no analysis to show that their Diesel trains reduce greenhouse gas emissions or traffic. We have. Recent analysis has shown that buses and cars carrying the same number of riders would have lower GHG emissions than SMART.</p> <p>Compared to similar trains, SMART has the largest taxpayer subsidy, at \$100 per round trip per rider, in the nation.</p> <p>For every 2 riders on SMART, there are more than 1,000 non-riders paying for 90% of the costs.</p> <p>SMART's schedules conflicts with the Larkspur ferry's, causing average wait times of 39-minutes for southbound riders and 54-minutes for northbound riders.</p> <p>SMART is halfway through the Measure Q sales tax period, with \$389 million additional taxes projected through 2029 and SMART already needs more money.</p> <p>SMART claims extending its debt payoff saves money, but while annual payments decrease, total debt increases by \$47.4 million.</p> <p>The agency has a history of misleading voters and is now asking for another \$8,370 per household over 30 years. We can be smarter with our tax dollars.</p> <p>Vote No on Measure I. Visit www.NotSoSmart.org</p> <p>s/ Ken Churchill Director - New Sonoma</p>



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Argument Against Measure I	Rebuttal to Argument Against Measure I
<p>Vote No on Measure I.</p> <p>At \$2.4 billion dollars in new taxes, Measure I is too much for something that does so little, with no accountability. Measure I adds a 30-year extension to the Sonoma-Marine Area Rail Transit District's (SMART) current sales tax, which doesn't even expire until 2029. It gives SMART a blank check with our sales tax dollars until 2059 — allowing SMART to spend tax revenue on things that don't impact transportation without any transparency or new budget oversight. SMART is trying to extend the sales tax now so SMART can borrow money to pay for debt on which they are overextended.</p> <p>SMART is Costly, Inefficient, and built on Broken Promises.</p> <p>SMART began rail service over three years behind schedule and massively over budget. SMART failed to complete the promised rail line and even now its fares cover only 10% of its operating expenses. The average for commuter railroads in the US is 40%, making SMART one of the worst performing railroads in the nation. Ticket fares are subsidized, so each round-trip on SMART costs taxpayers an additional \$100 per round-trip for each rider. For riders, connections to other public transit like Larkspur ferry aren't synced — forcing passengers to wait as much as 90 minutes before the next ferry departs.</p> <p>Poor Management and Bad Decisions.</p> <p>SMART wants to spend \$65 million for just a three-mile extension to Windsor that won't generate many additional riders. Even worse, SMART disagreed with 13 findings of a grand jury report and rejected 7 of 8 of the report's recommendations designed to improve the agency's financial oversight and communication with the public. Vote No on Measure I and send a strong message to SMART to stop wasting taxpayer money and start operating more efficiently with the funds they have.</p> <p>s/ Nancy J. Cline Winery Owner</p> <p>s/ Tracey Buck-Walsh Attorney at Law</p> <p>s/ Ken Churchill Director - New Sonoma</p>	<p>The same band of naysayers who opposed SMART in 2008 hasn't given up. Now they're piling numbers on top of irrelevant numbers hoping to confuse you into voting no.</p> <p>Here's what you need to know: Measure I doesn't increase your taxes; Measure I renews and extends SMART's existing sales tax.</p> <p>By ensuring SMART's financial stability, Measure I allows SMART to compete for new regional, state and federal construction funds to complete the line to Healdsburg and Cloverdale – and continue to qualify for \$6 million a year in state money for operations.</p> <p>SMART's still in its infancy. It's been just over two years since the trains began providing a green alternative to Highway 101. As with any transformative project, it takes time to maximize its potential.</p> <p>In just over two years, SMART's carried over 1.6 million passengers – a number that's likely to grow. For perspective, the Larkspur Ferry carries 50% more riders per year now than it did when it began. With the Larkspur Station open – allowing passengers to connect to San Francisco on the Ferry – SMART has a bright future.</p> <p>While traffic on 101 still causes headaches, SMART provides an alternative, helping reduce congestion and greenhouse gases. We've invested in SMART's vision for the future. Our money has been more than doubled by state and federal matching funds to the tune of \$328 million.</p> <p>Now's not the time to pull the plug. Now's the time to protect and expand an alternative to traffic on 101.</p> <p>Stay Green, Keep SMART. Vote Yes on Measure I.</p> <p>s/ Jim Wood Assemblymember, AD02</p> <p>s/ David Rabbitt Chair Sonoma County Supervisors</p> <p>s/ Lynda Hopkins Sonoma County Supervisor</p> <p>s/ Steven Herrington, Ph.D. County Superintendent of Schools</p> <p>NORTH BAY LABOR COUNCIL s/ Jack A. Buckhorn, Executive Director</p>



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Full Text of Measure I

ORDINANCE NO. 2019-01

EXTENSION OF THE SONOMA-MARIN AREA RAIL TRANSIT DISTRICT'S EXISTING ONE-QUARTER OF ONE CENT RETAIL TRANSACTION AND USE TAX

PREAMBLE:

The voters of Sonoma and Marin County are requested to approve and extend the retail transaction and use tax (Measure Q) at the same rate of one-quarter of one cent (¼-cent) to:

Continue relieving traffic congestion, reducing greenhouse gas emissions (having carried 1.5-million passengers by providing quality transportation alternatives to Highway 101).

Continue to implement, construct, operate and maintain the SMART rail transit system and pathways; build additional rail lines, bicycle and pedestrian pathways, enhance local and regional transportation options.

Keep the rail transportation and pathways systems safe; build, rebuild and retrofit bridges, trestles, railroad crossings and intersections and keep the transportation system in safe and good working condition.

Embrace technology and safety innovation; incorporate modern technology, new advancements and emerging innovations in the rail transportation system.

Make public transportation more accessible, convenient, and affordable for seniors, students, and the people with disabilities and provide better mobility options for our aging population.

Create jobs, help reduce pollution, and generate local economic benefits;

Provide accountability; protect and monitor the public's investments through independent audits and oversight while maintaining the flexibility needed to respond to emerging needs.

SMART FINDS AND ORDAINS AS FOLLOWS:

- I. On November 4, 2008, the voters of Sonoma and Marin Counties approved Measure Q at the General election, and authorized the SMART District be given the responsibility to administer the proceeds from a one-quarter of one percent retail transactions and use tax.
- II. On October 16, 2019, the District approved a Sales Tax Expenditure Plan ("Expenditure Plan"). The SMART District can now adopt a retail transactions and use tax ordinance and request to have the Registrar of Voters of the Counties of Sonoma and Marin place a one-quarter of one cent (¼-cent) retail transactions and use tax measure to finance the Sales Tax Expenditure Plan on the March 3, 2020 ballot for consideration by the Marin and Sonoma electorate. The ballot measure would require 2/3-voter approval in order to pass.
- III. The Sales Tax Expenditure Plan outlines a program for utilizing the proceeds of a one-quarter of one cent retail transactions and use tax extension, which can only be spent on transportation purposes in Marin and Sonoma County. The Sales Tax Expenditure Plan consists of four implementation categories, and is designed to maintain and improve rail transportation infrastructure, refinance and restructure construction debt and provide high quality transportation options for people of all ages who live, work and travel in Sonoma and Marin Counties. The Sales Tax Expenditure Plan provides a high degree of accountability, while maintaining the flexibility needed to respond to emerging needs.
- IV. Upon approval of the tax measure by the voters of Sonoma and Marin Counties, the existing tax will be extended, for an additional

thirty year period through April 1, 2059 with the expenditure plan setting forth transportation services, operations, projects, programs and other improvements eligible to be funded, specifying eligibility and other conditions and criteria under which such revenues shall be expended, and making provisions for the adoption of future Sales Tax Expenditure Plan amendments.

SECTION 1. TITLE.

This ordinance shall be known as the "Extension of SMART existing one-quarter of one cent (¼-cent) Retail Transaction and Use Tax". The Sonoma-Marin 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/ADOPTION

"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.

Continuation of retail transactions and use tax: This Ordinance will extend and renew the retail transaction and use tax (Measure Q) at the same rate of one-quarter of one cent (¼-cent) within Sonoma and Marin County immediately upon the expiration of the Tax imposed by Ordinance No. 2008-01 of the Sonoma-Marin Area Rail Transit District (Measure Q). There shall be no concurrent assessment of the existing tax and the tax to be imposed pursuant to this Ordinance. Nothing in this ordinance is intended to modify, repeal, or alter ordinance 2008-01 previously adopted by the District other than to amend and extend the period of collection for an additional 30-years.

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 maintain a local funding source for the design, construction, implementation, operation, financing, maintenance and management of a passenger railroad transportation system and a bicycle/pedestrian pathways connecting stations.
- B. To impose and extend 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 transaction 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 requirements 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.



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- 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.

District shall contract with the California Department of Tax and Fee Administration CDTFA to perform all functions incident to the administration and operation of this transactions and use tax.

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 one-quarter of one percent 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. This shall extend the tax to be imposed for an additional period of thirty years.

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 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 California Department of Tax and Fee Administration.

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 tax date for storage, use or other consumption in said territory at the rate of one-quarter of one percent 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. This shall extend the tax to be imposed for an additional period of thirty years.

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 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 I of Division 2 of the Revenue and Taxation Code, wherever the State of California is named or referred to as the taxing agency, the name of District shall be substituted therefore. The substitution, however, shall not be made when the word State is used as part of the title of the State Controller, State Treasurer, State Board of Control, California Department of Tax and Fee Administration, State Treasury, or the Constitution of the State of California if the substitution would require action to be taken by or against the Authority or any agency, officer, or employee thereof rather than by or against the CDTFA, as successor to the State Board of Equalization, in performing the functions incident to the administration or operation of this ordinance. The

substitution shall not be made in those sections, including, but not necessarily limited to, sections referring to the exterior borders of the State of California, where the result of the substitution would be to 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 said provisions of that code. The substitution shall not be made in Sections 6701, 6702, (except in the last sentence thereof), 6711, 6715, 6737, 6797, or 6828 of the Revenue and Taxation Code. The name of the 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. 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 authority of the retailer. "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 I (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 Chapter 2 of 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.

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, AND CREDITS.

- 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



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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 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 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. 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 2019-2020 was established at \$142,288,336 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 Expenditure Plan attached hereto and incorporated into this ordinance by reference. Proceeds of the tax imposed by this ordinance shall be spent on uses set forth in the Expenditure Plan, including; operation, design, construction, financing, maintenance and management of the rail system and bicycle/pedestrian pathway. The District may propose and amend the expenditure Plan to provide for the use of additional federal, state and local funds, to account for unexpected revenues, to add or delete a project or program or to take into consideration unforeseen circumstances.



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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 the amount of funds collected and expended; and the status of operations and any use authorized to be funded in the Expenditure Plan adopted by the District.

SECTION 17. COMPLIANCE WITH CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA).

Pursuant to the State CEQA Guidelines section 15378(b)(4), adoption of this retail transactions and use tax ordinance as a government funding mechanism is not a project subject to the requirements of CEQA. Pursuant to State CEQA Guidelines section 15276, CEQA does not apply to the expenditure plan. This ordinance creates a government funding mechanism that does not involve a commitment to a specific project that may result in a potentially significant physical impact on the environment. If revenue from the tax is used for a purpose that has such effect, the District will have reviewed or would undertake the required environmental review prior to that particular project implementation.

SECTION 18. SEVERABILITY.

If any terms, provision or portions of this ordinance or the application thereof to any person or circumstance is held invalid by a court of competent jurisdiction, the remainder of the ordinance or portions of this ordinance and the application of such provision to other persons or circumstances shall not be affected thereby and remain in full force and effect unless amended or modified by the District.

SECTION 19. PROPOSITION

There shall be proposed to the voters of Sonoma and Marin Counties the following proposition:

To continue relieving traffic congestion, reducing greenhouse gas emissions (having carried 1.5-million passengers by providing quality transportation alternatives to Highway 101), connecting stations with pathways, expanding rail service to Healdsburg/Cloverdale as grants become available, shall an extension of the existing Sonoma-Marine Area Rail Transit District 1/4-cent voter approved sales tax, at the same rate, generating approximately \$40,000,000 annually for an additional 30 years, subject to audits and citizens' oversight, that the State cannot take away, be adopted?

SECTION 20. EFFECTIVE DATE AND POSTING.

This ordinance shall be, and is hereby declared to be, in full force and effect at the close of the polls on the day of election at which the proposition is adopted by two-thirds vote of the electors voting on the measure. Although this ordinance shall be deemed to be effective once adopted by two-thirds vote of the electors voting, the new term and related tax and fiscal provisions of this ordinance shall not be in effect until April 1, 2029, except as modified below in the case of new bond issuance. To the extent that the District may desire prior to April 1, 2029 to issue bonds secured by future revenues from the extension of the tax provisions adopted herein, the provisions of this ordinance shall be operative at said earlier date for application to said revenues and bonds, allocations of any funds derived from said bonds, development of guidelines for use of said bond revenues, administration of the Expenditure Plan adopted hereunder. A summary of the Ordinance shall be posted within 15 days after its passage in a prominent location at the District Office with the names of the Directors voting for and against same.

SECTION 21. TERMINATION DATE.

The authority to levy the tax imposed by this ordinance shall expire on April 1, 2059.

PASSED AND ADOPTED by the Board of Directors of the Sonoma-Marine Area Rail Transit District on November 6, 2019 by the following vote:

DIRECTORS:

AYES: Arnold, Connolly, Fudge, Garbarino, Hillmer, Lucan, Naujokas, Pahre, Phillips, Rabbitt, Rogers and Zane

NOES:

ABSENT:

ABSTAIN:

s/ Gary Phillips, Chair Board of Directors
Sonoma-Marine Area Rail Transit District

s/ Leticia Rosas-Mendoza, Clerk of the Board of Directors
Sonoma-Marine Area Rail Transit District

SONOMA-MARINE AREA RAIL TRANSIT DISTRICT

2020 EXPENDITURE PLAN

I. Executive Summary

The Sonoma-Marine Area Rail Transit District (SMART) proposes an extension (without increasing the ¼ of one cent retail sales tax rate) in order to pay for the operation, maintenance and expansion of a passenger train system and ancillary bicycle/pedestrian pathway.

SMART requires the extension to provide not only revenues for the on-going operation and maintenance of the existing train and pathway system and to provide matching funds to obtain state and federal transportation grants for the capital construction of the remaining capital projects identified below.

Over the past 10 years SMART's ¼ of one cent (Measure Q) tax revenue has allowed the District to leverage its funds along with regional, state and federal funds to both build and operate a new commuter rail transit system that extends from Larkspur in Marin to Airport Blvd in Sonoma and is a convenient/efficient alternative to sitting in traffic on Hwy 101. In addition to the currently built system, the Windsor extension project is fully funded and is scheduled to open at the end of 2021. For every dollar in sales tax the District has received, SMART has brought an additional dollar of investment to the region.

This measure proposes an extension (without increasing the rate) to the existing ¼ of one cent retail sales tax measure that will provide for and increase the existing level of service, operation and future expansion of both the passenger and freight rail train system and ancillary bicycle/ pedestrian pathways in Sonoma and Marin Counties. The passage of this measure will allow SMART to continue to leverage and compete for Federal, State, Regional, Local and Private Funds for passenger/freight services and pathway connecting SMART stations for years to come. The extension of time will also allow SMART to refinance its existing debt, lower its annual payments and put more sales tax revenue toward annual operations.

Extending the existing sales tax measure will continue to further community-wide goals of relieving traffic, fighting global warming, reducing greenhouse gas emissions, increasing economic opportunities and increasing transportation options. Extension of the existing sales tax measure will help achieve these goals in Marin and Sonoma Counties through convenient rail connections to ferry, bus and regional transit services across the Northbay and connections to the national railroad system via



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Highway 37 and 121, by providing passenger train service, a bicycle/pedestrian pathway linking the stations, all funds supporting these environmentally responsible transportation alternatives in Marin and Sonoma Counties.

Local Control of Revenues and Citizen Accountability is Paramount.

The measure provides for accountability, protects the public's investment and includes safe guards to ensure that our transportation priorities will be protected. Local officials who are closest to where the revenues are collected and understand their community's needs will make decisions with input from the public and a citizen's oversight committee. Consistent with State law, all sales tax revenues collected by passage of this measure will remain under the control of appointed local officials serving as the Sonoma Marin Area Rail Transit District Board of Directors. This measure would raise \$40 million a year.

The proceeds of the tax would be focused on four main expenditure principles designed to ensure the District can continue the progress, success and operation of the rail transportation and pathway system: (1) Provide for ongoing operation, maintenance and financing of the current system, including reducing annual debt service (2) Enhance safety and security programs (3) Leverage other sources of revenue for capital projects and operational enhancements (4) Continually evaluate and determine the priorities of the District as they arise by the Board of Directors

II. SMART District Role and Purpose

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 in that legislation for the purpose of providing a unified and comprehensive structure for the ownership and governance of a passenger and freight rail system within Sonoma and Marin Counties and provide passenger and freight train service along the existing publicly-owned railroad right-of-way.

SMART is managed by a General Manager, who is appointed by and reports to the SMART Board of Directors. SMART owns the railroad corridor currently extending from Healdsburg in Sonoma County to Corte Madera in Marin County and from Novato eastward towards Napa and American Canyon. This right-of-way is a significant public asset that is now used to provide passenger and freight train service and pathways linking the train stations. At this time, proposed State Legislation would adjust SMART's ownership of the railroad right-of-way to the County line between Sonoma and Mendocino.

III. Expenditure Plan Background

Since the approval of the retail sales tax measure in 2008, SMART has built an entirely new transit alternative to sitting in traffic on Highway 101. Marin and Sonoma voters showed their desire to have this system in the most important way possible—by agreeing (nearly 70% of the vote) to help pay for it. Similar to the tax revenues used to support roads and bridges, every commuter rail system relies on taxpayer support to provide its service to the public.

With continued tax support, SMART will continue to leverage its current local ¼ of one cent funds to capture additional funding that would otherwise not be available to the region. SMART has successfully received additional grant funding for rail cars, expansion of the rail system, stations, upgrades to railroad safety systems and additional pathway extensions. As envisioned in the previous measure Q expenditure plan, SMART leveraged the retail sales tax in the amount of \$289 million and received over \$323 million in competitive grant funds for building and operating the system-- more than doubling the sales tax income. This has resulted in over \$600 million of direct investment in the transportation infrastructure of the two Counties which SMART now seeks to maintain and preserve.

In working to provide the best transportation alternative to commuters in the North Bay, SMART opened with service that is safe, reliable and has carried over 1.5 million passengers, 5,600 passengers in wheelchairs and

146,000 bicycles to date. While extension of the current ¼ of one cent sales tax was always planned and necessary for continued operations and preservation of the capital investment, the updated 2020 expenditure plan now focuses on four categories listed below to ensure the District can continue the progress and success of the SMART transit system.

The anticipated extension would not change the ¼ of one cent rate but would extend the sales tax past its current expiration date allowing the District the time needed to restructure its debt and provide consistent annual funding for operations. Preliminary estimates show that annual debt service could be reduced from \$18 million to \$6 million annually thereby providing annual revenue savings of \$12 million. This debt restructuring will secure the current rail and pathway operations for the future; it would also provide the revenue needed to operate future rail extensions to Healdsburg and Cloverdale and future pathway expansion when outside grant or other funding becomes available to complete construction. In the coming years, SMART will continue its very successful efforts to seek out federal, state, regional, local and private funds to extend beyond the current system.

The SMART Board publicly adopts an annual budget documenting all revenues and expenditures. SMART has recently updated its Strategic Plan, under the direction of the SMART Board of Directors. The Strategic Plan provides annual revenue and future cost assumptions for project implementation, operations and maintenance. SMART also prepares a Short-Range Transit Plan documenting service and funding assumptions over a 10-year period.

IV. Expenditure Plan Principles

(1) Provide for Ongoing Operation, Maintenance and Financing of the current system:

This includes funding for operational services, annual maintenance and repair, future upgrades to current systems, replacement cycles, and investment in newer technology and restructuring of the construction debt service.

i. Operations and Services:

SMART provides safe, reliable weekday and weekend/holiday train service between Marin and Sonoma County. Current service consists of:

- On weekdays SMART currently provides for 34 daily trips between Marin and Sonoma County.
- Upon opening the Larkspur station project extension SMART will expand service to 36 daily trips.
- On weekend and holidays SMART provides for 10 trips and upon completion of the Larkspur station project SMART will adjust these trips to connect with San Francisco-bound ferry

ii. Maintenance expenditures for infrastructure which currently includes:

- 48 miles of commuter rail with stations
- 4 park and ride lots
- 25 miles of pathways
- 68 public crossing
- 27 bridges
- 2 tunnels
- Rail Operation Center and maintenance facilities
- Telecommunications, Fiber optics, WiFi

iii. Refinance existing debt service:

To fund the construction of the rail and pathway project, SMART utilized revenue bonds that advanced \$180 million toward construction. SMART can now utilize additional years of sales tax revenue to refinance the payments on that debt to free up \$12 million in revenue annually by reducing debt payments from \$18 million to \$6 million.



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- iv. Replacement cycle for SMART's clean and efficient Rail Cars: SMART currently uses 18 modern railcars in its delivery of transit services that are powered by clean, efficient on-board engines. Future funding to keep those cars in good repair is needed.

(2) Prioritize safety, education and community outreach programs:

SMART's operation maintains the highest safety standards, meeting all required federal rules and regulations. Priority for expenditures related to safety includes but is not limited to:

i. Safety, education, suicide prevention and community outreach programs:

Passenger safety and general public safety is SMART's foremost priority. SMART will continue outreach and safety efforts making sure the public is aware of our new passenger train service after an absence of more 60 years. To date, SMART has:

- Launched a new SMART rider-focused website, that has had over 700,000 users
- Conducted and attended over 450 events or presentations, informing passengers, pedestrians, bicyclists, and motorists
- Completed 179 presentations at 97 schools, reaching 38,281 students in Marin and Sonoma counties
- Created a new dedicated safety website, BeTrackSMART.org, to educate the public on rail safety

SMART will continue its community outreach efforts that have included monthly public Board meetings, public hearings, special ad hoc meetings and hundreds of presentations to community, business and special issue groups. SMART's social media and digital program will continue, including channels on Facebook, Twitter and Instagram reaching over 15,000 people.

ii. Implementation of safety enhancements for crossings.

While the SMART system meets or exceeds all State and Federal safety requirements, SMART continually evaluates whether there is anything within SMART's ability and means that could improve the safety of the system. Recently, as a result of several incidents of distracted pedestrians and bicyclists colliding with the train, the SMART Board authorized the use of capital reserves for additional safety enhancements at 30 crossings. Additionally, SMART is researching technology at grade crossings to detect and deter trespassing or other safety problems on the right of way. Cameras with specialized analytics could be deployed where SMART experiences a high volume of trespassers or other traffic, increasing our ability to react to unsafe behavior. SMART will continue to study these and other safety improvements into the future.

(3) Capital Projects and Rolling Stock:

The passage of a sales tax extension without increasing the rate enables SMART the ability to fund the operational expenses of Windsor, Healdsburg and Cloverdale extensions-- currently estimated to be \$600,000, \$1.5M and \$3.2M respectively. Although current financial projections do not provide any additional funds dedicated for these capital projects, SMART will continue to work to find state, federal and private funding to address and invest in both its existing infrastructure as well as seek to leverage funding to complete current projects underway and all future projects. Those projects include:

Rail: The current capital cost estimate for rail extensions and capacity expansion (vehicles/rail yard) is \$364 million based on current construction estimates. Actual cost may be lower or higher based on the economic climate at the time of construction.

This cost is comprised of the following elements:

- Windsor to Healdsburg (Track, Station, Bridges and Systems) - \$125 million
- SMART Rail Vehicle Expansion - \$44 million
- SMART Rail Yard Capacity Expansion - \$25 million
- Healdsburg to Cloverdale (Track, Station, Bridges and Systems) - \$170 million

Pathway: In order to close the existing gaps between the Larkspur and Windsor Stations in the built or funded pathway segments, the cost estimate for delivering those segments is \$35-40 million based on current construction estimates. Construction to close existing gaps in SMART pathway connections includes the following:

- Larkspur to Downtown San Rafael Station
- Civic Center to Downtown Novato Stations
- Downtown Novato to San Marin Stations
- Petaluma to Cotati Stations
- Santa Rosa North to Sonoma County Airport Stations

Additionally, the cost of pathway segments connecting Windsor to Healdsburg and Cloverdale is estimated to be \$38 million.

Improved Level of Service: In addition to system extensions, SMART will also look to improve the frequency of service. This would require:

- Purchasing additional train sets
- Double tracking where feasible
- Enhanced connections to local transit, regional and national transit systems including airports and national railroad.

For all of these capital priorities, SMART would continue its successful efforts to date that brought a new dollar to the region for every dollar of local sales tax received. The current investment would be leveraged to seek new resources for our priorities. Significant grant and other outside revenues will be available in the coming years that could advance SMART's future capital expansion efforts. Notably, within California, the voter-affirmed Senate Bill 1 has infused significant resources into improving transportation networks throughout the State. These funds were affirmed by the voters and are being made available to transportation needs.

The following is a list of statewide resources for which SMART is able to compete to construct SMART's capital expansion program. The list is not exhaustive but illustrates the opportunities available with over \$1.2 billion in new revenues every year moving forward:

- Transit and Intercity Rail Capital Program - \$300 million annually
- Solutions for Congested Corridors - \$250 million annually
- State Transportation Improvement Program – Interregional Share - \$27.5 million annually
- State Transportation Improvement Program – Regional Share - \$82.5 million annually
- Trade Corridor Enhancement Program - \$300 million annually
- Local Partnership Program - \$200 million annually
- Active Transportation Program - \$100 million annually
- Regional Measure 3 (bridge toll funds)

Federal resources are also available, with reauthorization of Federal transportation legislation, currently 2015's Fixing America's Surface Transportation (FAST) Act on the horizon for 2020. Federal funding priorities include rural projects, particularly those that improve broadband connections. SMART's extensions North will satisfy both of those priority concerns. SMART has a history of successfully accessing funds programmed at the discretion of Federal decision-makers, with nearly \$41 million in federally-controlled funds authorized for SMART rail projects to date.



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(4) Programmed Flexibility:

The Board of Directors may review and approve amendments to this expenditure plan to provide for the use of additional Federal, State, Regional, local or private funds, to account for unexpected revenues and to accommodate any unforeseen circumstances. Since 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.

V. Implementation Guidelines

In addition to principles for the use of funds, the Board also commits to the following guidelines as a matter of policy for sales tax administration and transparency:

1. A Citizens Oversight Committee, as established by the SMART Board, will continue to provide input and review on the Strategic Plan and subsequent updates. The committee is composed of citizens from the SMART District, appointed by the Board for a specific term.
2. The duration of the measure will be for an additional 30 years and SMART shall continue to undergo an annual independent financial audit.
3. SMART has prepared a Strategic Plan which identifies planned investments in capital implementation, operations and maintenance for the extension and duration of the tax. The Strategic Plan should be updated every five years.
4. SMART is authorized to re-issue or restructure 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. SMART's sales tax will continue to be administered by the California Department of Tax and Fee Administration.
6. When seeking capital grants pursuing rail and pathway, SMART's objective is to concurrently build rail and pathway when feasible.
7. During annual budget reviews, based on revenue status at that time, the Board of Directors will provide direction to staff for upcoming priorities; including; operation of existing system, safety and security, rail and pathway capital projects.
8. For cities that train service was planned and currently not provided (Windsor, Healdsburg and Cloverdale), following that passage of the March 2020 Sales Tax Extension, \$1 million dollars will be allocated for pilot programs, such as partnerships with public and private transportation providers to serve these SMART stations or provide for additional ridership incentives. These specific pilot programs are subject to SMART's Board of Directors approval.