



**Anaheim Transportation Network
Board of Directors and General Membership
Meeting Minutes
Wednesday, March 26, 2014
3:00 P.M. – 5:00 P.M.**

**Anaheim Convention Center
Mezzanine Conference Room
800 West Katella Avenue, Anaheim, CA 92802**

ATN Board Members in Attendance:

Jerry Adler, Anaheim Gardenwalk
Todd Ament, Anaheim, Chamber of Commerce
Sergio Bocci, Hilton Anaheim
Fred Brown, Desert Palms Hotel & Suites
Jay Burgess, AOCVCB
Cesar Cazares, Anaheim Marriott
Tom Morton, City of Anaheim
Kyndell Paine, Disneyland Resort
Paul Sanford, Anabella Hotel

ATN Staff Present:

Diana Kotler, ATN
Barbara Adams, ATN
DeAndre McCall, ATN
Belinda Trani, ATN

ATN Legal Counsel:

Fred Whitaker, Cummins & White, LLP

Ex-Officio Members:

Robert Johnson, MV Transportation

ATN Members Present:

None

Members of the Public Present:

Sharad Agarwal, First Transit
Jean Chatel, First Transit
Joe Escobedo, MV
Eric Estell, First Transit
Doug Gies, MV
James Hetrick, MV
Linda Johnson, City of Anaheim
Jamaal Lee, MV
Mario Ovalle, MV
Kevin Pham, MV
Todd Priest, CP&A



Jose Silva, MV
Sue Zulke, OCTA

AGENDA

The ATN Board of Directors meeting was Called to Order at 3:00 pm.

WELCOME & INTRODUCTIONS

ADDITIONS/DELETIONS TO THE AGENDA

PUBLIC COMMENTS

Joe Escobedo of MV Transportation requested that the ATN Board of Directors “take a moment of pause and listen to their comments and not award the ART services contract today in order to provide MV Transportation an opportunity to submit a BAFO”. Mr. Escobedo stated that when MV was chosen to proceed and was allowed to submit a BAFO, MV went through several discussions and a series of conference calls with Diana Kotler. They submitted a BAFO marked “Draft” and had been answering questions and providing clarifications as requested by ATN. He said they were not allowed to present a BAFO. Mr. Escobedo also said that it was not unusual to not hear anything for awhile, while allowing the ATN staff to consider their BAFO and “sleep on it”. The next call they received was the bad news and he wondered what had happened to the BAFO. Mr. Escobedo asked, again, to give pause to Item 13 on the Agenda.

Doug Gies of MV Transportation also addressed the ATN Board of Directors. Mr. Gies stated that “at the end of the day, they won’t rehash, the issue with ATN”. He said that MV will continue to work hard for ATN until the end of contract term. Mr. Gies promised that MV will do everything in their power to deliver service. He thanked ATN for the years of services.

Public comments closed at 3:05 p.m.

SPECIAL CALENDAR:

1. Presentation of a Resolution to Jose Silva for the Anaheim Resort Transportation Operator for the Month of February 2014 and Kevin Phan for the Anaheim Resort Transportation Operator for the Quarter (Oct/Dec 2013)

PUBLIC HEARING:

2. Receive, discuss, and place into record any public comments regarding the proposed bus acquisition and adopt Resolution #2014-001 that includes a finding that the acquisition of a new fleet class of transit buses and the potential expansion of the existing fleet class of transit buses of which rear axle weight exceed 20,500 pounds is necessary to address a need to serve new and existing transit markets.



ATN staff presented information in regard to the State of California statutory bus weight limit for transit buses of 20,500 pounds, which was established in 1976. Since that time, numerous federal, state, regional and local mandates have been imposed requiring additional safety features, equipment to accommodate individuals with disabilities, and alternative fuel equipment systems. Each of these features increased the weight of transit buses.

Throughout 2012 legislative session, CTA, OCTA and other transit operators worked closely with a variety of stakeholders, including bus manufacturers, local governments, and state legislative staff to develop a compromise solution. The final version of the bill signed by Gov. Brown:

1. Exempts transit bus fleets acquired prior to January 1, 2013 from weight restrictions;
2. Directs state agencies to take into account weight limits impacts and the ability of bus manufacturers and bus operators to comply with laws limiting the weight of vehicles; and
3. Authorizes procurement and acquisition of transit buses after January 1, 2013, if the governing board adopts a finding at a public hearing that the fleet class expansion or change in fleet class is necessary to address the need to serve the public.

The ATN fleet of buses consists of 76 vehicles, including 35 Liquefied Natural Gas (LNG) buses currently on lease from OCTA.

Current Fleet Class	Number of Buses
32-foot Propane Buses	17
33-foot CNG Buses	21
32-foot Low Floor CNG Buses	3
40-foot LNG Buses (New Fleet Class)	35
TOTAL FLEET SIZE	76

When the ATN formally acquires 35 LNG buses from OCTA and assumes full ownership of this fleet class, unless this resolution is passed, the ATN may find itself out of compliance. In addition, if the ATN is successful with its request for federal Section 5312 funds to procure 40-foot electric buses, this bus class will exceed statutory weight limit as well. To ensure that the ATN is able to make procurement and acquisition decisions based on the ability to operate most appropriate bus class vehicles for accommodation of its transit demographic and community stakeholders, AB 1706 requires that a public hearing be held to obtain public comments.

In addition to making a finding that certain fleet class buses exceed axle weights of 20,500 pounds, transit agencies must find that the operation of the proposed vehicles is needed in order to serve a new or existing market or to meet federal, state, regional and local statutory or regulatory requirements.



In summary, in order to deliver public transit services along ATN's 21 public routes ATN needs its entire fleet of 76 buses. Moreover, ATN must operate alternative fuel buses in order to meet air quality standards as mandated by state transit fleet regulations and local ordinances. Therefore, to comply with AB1706, a public hearing is being held to receive public comments regarding the bus weight limits. After considering public comments, the approval of Resolution #14-001 is needed to approve the acquisition of buses on which the rear axle weights exceeds 20,500 pounds.

Director Morton asked if ATN already has these buses and is currently using them. Executive Director advised Director Morton that the ATN currently leases these buses and will formally assume ownership of this equipment from OCTA in June 2014. These buses are currently operated on city streets by the ATN and OCTA.

Sue Zulke of OCTA, confirmed that transit agencies are working with the legislature to extend the exception and extend until January 2016, as all transit operators in the State of California are faced with this issue. If new legislation is not passed, it would shut down public transit for the entire state. The current legislation also goes against California air quality initiatives.

By Motion, Morton/Ament, moved to receive, discuss, and place into record any public comments regarding the proposed bus acquisition and adopt Resolution #2014-001 that includes a finding that the acquisition of a new fleet class of transit buses and the potential expansion of the existing fleet class of transit buses of which rear axle weight exceed 20,500 pounds is necessary to address a need to serve new and existing transit markets.

Ayes: Adler, Bocci, Brown, Burgess, Cazares, Morton, Paine Sanford
Noes: None

CONSENT CALENDAR

Items 3 – 9 on the consent calendar will be acted on by one roll call vote unless members of the ATN Board of Directors, staff or the public request the item to be discussed and/or removed from the consent calendar for separate action:

3. Receive and approve minutes of the ATN Board of Directors meeting held on Wednesday, January 22, 2014 and Wednesday, February 26, 2014
4. Receive and file status report pertaining to the Anaheim Transportation Network operations ATN Focus Area Reports – January / February 2014
5. Receive and file ART Operating Reports through January / February 2014
6. Receive and file ATN membership report for January / February 2014
7. Receive and file customer service summary for January / February 2014



8. Receive and file sales report summary for January / February 2014
9. Confirm 2014 ATN Board of Directors

Motion to approve the consent calendar Sanford/ Brown

Ayes: Adler, Bocci, Burgess, Cazares, Morton, Paine, Morton, Ament

Noes: None

OPERATIONAL REPORT:

10. ART operational update – monthly report provided by MV Transportation, Inc.

Robert Johnson of MV reported about ART operations for the months of February and March. With the beginning of spring break, which will last approximately 6 weeks, MV is gearing up for peak operations. Additionally, MV retained 20 drivers for training with 17 drivers ready to be released into service.

ACTION CALENDAR:

11. Discuss and provide staff with authorization to commence work with the ATN's current validating farebox and ticketing vendor, GFI GenFare, to develop an electronic and e-ticket solution for ART service_Continued from Board of Directors Meeting on January 22, 2014

At the January 22, 2014, ATN Board of Directors meeting, Board members present requested for ATN and vendor staff to research certain topics and come back to the ATN Board of Directors for discussion, and consideration. The following issues were raised requiring further clarification:

1. Taking into consideration that Walt Disney Company is working on the implementation of a Radio-Frequency Identification (RFID) project for wireless/non-contact use by guests at its Florida destinations, ATN's mobile ticketing system must be able, at a future date, accommodate RFID functionality. ATN staff researched future application and opportunity for interoperability of the proposed GFI GenFare Fare-e device and the proposed RFID program. Both BAR/QR code and RFID systems, upon deployment, will be able to communicate with the GFI GenFare Fare-e device. The proposed, as well as current, GFI GenFare fare validation system is capable of processing RFID cards. Application of RFIDs is used across public transportation systems through the introduction of Smart Card applications. ATN did not pursue Smart Card technologies due to the transient nature of ART patrons' demographic and added costs associated with the issuance and processing of Smart Card technologies.
2. Develop hypothetical scenarios and proposed solutions in case passengers mobile device(s) are disabled and unavailable for boarding of ART buses.



Event though it is ATN's outmost concern to provide all ART passengers and guests with every opportunity to use the service, the Terms and Conditions applicable to hard media would be applicable to the mobile ticketing application. Passengers uploading mobile ticketing will be asked to acknowledge and agree to the ATN fare rules and regulations. Therefore, scenarios such as (1) loss of power/energy to the phone, (2) a group member walks away with the phone, (3) phone damaged during the course of the day, etc., should be treated as lost, damaged and/or stolen magnetic card fare media. Implementation of the proposed mobile ticketing system, under certain circumstances, may allow patrons to have more options than available with the current ticketing system. For example:

1. Lost/ Damaged/Stolen Phone – ATN will have ability to track purchased fare media, validate fare denominations, days of usage, etc., and provide passengers with hard media and/or web link to retrieve remaining value of the ART pass
2. Group member walked away with the phone – ART media purchase transaction can be easily e-mailed between group members

In summary, mobile application would provide for greater accessibility and customer service opportunities than the existing magnetic card technologies.

3. Cost benefit analysis

At present, all ART pass sales generated through certain wholesale transactions and all on-line transactions are processed manually and delivered to the hospitality establishments 2-3 days prior to the guests' arrival. Staff time to process on-line orders is approximately 10-15 minutes per order. On average, three (3) to four (4) hours per day are dedicated to order processing. Weekly reconciliations require additional two (2) hours per week to account for processed transactions, invoice wholesale partners and reconcile/post credit card transactions. To complete delivery process requires an additional five (5) to six (6) hours per week to ensure all ART passes are delivered to the appropriate hospitality establishments. These staff hour allocations do not include staff time dedicated to resolve customer services related issues.

Table below represents annual costs associated with the manual fulfillment and delivery of ART passes.

Task	Staff Position & Fully Burdened Rate	Processing Time per Week/Year	Annual Fulfillment Costs
Processing (Daily)	Customer Services Representative	3.5 Hrs/Day 17.5 Hrs/Week 910 Hrs/Year	\$31,850
Reconciliation	Staff Accountant	2 Hrs/Week 104 Hrs/Year	\$6,448
Delivery	Supervisors, Customer Services Representative, Sales & Marketing	5.5 Hrs/Week 286 Hrs/Year	\$14,300



	Manager		
TOTAL ANNUAL COST			\$52,598
Proposed Capital Investment			\$129,000
Return on Investment			2.4 Years

The total estimated annual expenditures of \$52,598 does not include the costs associated with human error, lost and/or misplaced tickets, hospitality establishments' front desk and customer services responsibilities. Based on the costs that could be accounted for by the ATN, the Return on Investment (ROI), based on the initial capital investment of \$129,000, is 2.4 years.

Director Brown asked if there are advertising opportunities in the future. Staff indicated that most likely these opportunities would exist, but the primary initial objective would be on the system deployment.

The Board of Directors asked to bring the project back to its April meeting allowing approval in a two-phase approach: 1) \$30,000 for development and 2) \$100,000 for hardware deployment.

12. Review and approve release of Request for Proposals (RFP #14-002) for Transit Advertising and Marketing Services

Staff provided an overview to the ATN Board of Directors of RFP #14-002, Transit Advertising & Marketing Service. Transit Advertising & Marketing Services RFP schedule allows for the submission, evaluation and contract award by May 28, 2014. The most qualified service provider would commence services to the ATN commensurate with the beginning of the ATN's Fiscal Year 2014/15 and upon termination of current agreement with Victory Communications on June 30, 2014. RFP 14-002 procurement schedule is provided below.

Tasks	Due Date
Release of RFP 14-002	March 3, 2014
Pre-Proposal Meeting	March 13, 2014 @ 1p.m.
Questions & Clarifications Due	March 18, 2014
Responses to Questions & Clarifications	March 27, 2014
Proposal Submittal Due Date	April 18, 2014
Interviews	April 30, 2014
Recommendation and Award	May 28, 2014
Contract Negotiations & Execution	June 2014
Service Commencement	July 1, 2014



The advertising and marketing services contract will be for a three (3) year term, with two (2) one-year options. Under this agreement, the selected services provider will be responsible for two, distinct, yet, related tasks:

1. Solicit approved advertising materials for placement on the outside and inside of ATN buses;
2. Solicit and place advertisements in ATN collateral materials and other advertising mediums managed and administered by the ATN;
3. Expand advertising opportunities;
4. Contract administration with advertising partners; and
5. Promote the culture, service, and opportunities of the ART system to ATN audience and constituency to improve and enhance ART ticket sales and facilitate awareness of environmental stewardship of the ATN. Creative social media campaign for interpretive messaging on Facebook, Twitter, LinkedIn, Pinterest, etc. and all other applicable social media channels. Develop brand image, develop a library of still and video images. Follow, maintain and develop chatter response messaging.

The evaluation team, consisting of the ATN staff and ATN Executive Committee, will determine responsiveness of the proposals based on the scoring criteria presented in Table1.

TABLE 1

Criteria	Scoring Criteria	Possible Points
Demonstrated Experience of the Firm – Advertising Sales	Experience of the firm in relation to the work to be performed, including demonstrated ability to meet service provision needs.	20 points
Demonstrated Experience of the Firm – Social Media Campaigns	Experience of the firm in relation to the work to be performed, including demonstrated ability to meet service provision needs	10 points
Assigned Project Personnel	Demonstrated experience of key personnel to be assigned to the project. Demonstrated 25 points ability to meet customer service needs and quality assurance	15 points
Proposed Advertising Sales Approach	Proposed list of advertising partners, strength of relationships and unique sales approach. Strength of provided portfolio	25 points
Proposed Social Media Approach	Client list and references. Strength of social media promotional approach ad provided portfolio	10 points
Cost Proposal	Reasonableness of cost and other associated expenses	20 points
TOTAL		100 points



By Motion, Sanford/Adler, the ATN Board of Directors authorized release Request for Proposal (RFP #14-2014) for Transit Advertising and Marketing Services

Ayes: Bocci, Brown, Burgess, Cazares, Morton, Paine, Morton, Ament

Noes: None

At 4:02 p.m. Director Morton left the ATN Board of Directors meeting

- 13.** Discuss and approve Anaheim Resort Transportation (ART) Services Request for Proposals (RFP) Evaluation Committee's recommendation, in response to Request for Qualifications (RFQ) #13-001 and RFP #13-006. Authorize staff to commence contract negotiations with First Transit, Inc. for transition of ART services contract

Staff provided information to the ATN Board of Directors in regard to the process for selection of the ART service contract commensurate with the release of Request for Qualifications (RFQ) #13-001 and RFP #13-006. In February 2013, Anaheim Transportation Network (ATN) issued a Request for Qualifications (RFQ) #13-001 to begin selection process for contracted services for the Anaheim Resort Transportation (ART) system to over 28 transportation services providers. The release of the RFQ was necessary as the existing five-year ART services contract, currently held by MV Transportation Inc. (MV), is set to terminate on July 29, 2014.

An Evaluation Committee comprised of the representative of ATN staff and Board of Directors, City of Anaheim and Orange County Transportation Authority (OCTA) reviewed all proposals submitted in response to the solicitations. Composition of the Evaluation Committee remained the same for the duration of the selection process.

The first phase of the selection process asked prospective proposers to prepare and submit a Qualification Statement (QS) based on the pre-established selection criteria:

1. Company Background and Experience in Provision of Similar Transportation Services;
2. Ability to Attract and Retain Qualified Labor Force;
3. Management Personnel Qualifications;
4. Financial Stability of the Firm; and
5. Technical and Professional Qualifications.

Prior to the receipt of Qualification Statements, a pre-proposal conference was held to enable potential proposers to better understand ATN needs, ART service characteristics, and overall contractor expectations. In response to RFQ #13-001, the ATN received Qualification Statements from seven (7) transportation companies:

1. Bauer's Intelligent Transportation
2. Empire Transportation, Inc.
3. First Transit, Inc.



4. McDonald Transit
5. MV Transportation, Inc.
6. National Express
7. Veolia Transportation

The Evaluation Committee reviewed received Qualification Statements and forwarded a recommendation to the ATN Board of Directors to initiate the second phase of the solicitation process and issue a Request for Proposals (RFP) #13-006 inviting short-listed firms to submit their proposals commensurate with the requirements of the RFP. Short listed firms included:

1. First Transit, Inc.
2. McDonald Transit
3. MV Transportation, Inc.
4. National Express
5. Veolia Transportation

In response to RFP #13-006 for Contracted ART Transportation Services, the ATN received four (4) proposals. Following evaluation of the submitted proposals, top two (2) firms were invited to participate in the interview process.

	Total Awarded Points/Score
MV Transportation	97.71
First Transit, Inc.	89.64

Interviews with First Transit and MV were held on Thursday, January 16, 2014. Proposers' scoring from the RFP process was not carried over and both firms started, again, with a clean slate. Following the interview and based on the Evaluation Committee's deliberations, ATN staff began the final phase of the selection process, Best and Final Offer (BAFO) negotiations, with both transportation firms. Since both finalist were deemed qualified for the provision of ART services, BAFO discussions centered strictly on the submitted financial proposals. Detailed evaluation of the Cost Proposals was conducted by ATN staff. Both firms, MV and First Transit, were provided with guidance for the development of their BAFO Cost Proposals without reference to the other party's bid. Based on the Cost Proposals submitted by MV and First Transit and final reference checks, the Evaluation Committee recommends commencement of contract negotiation for the provision of ART services with First Transit. This recommendation is based on the following facts:



1. **First Transit vs. MV Billing Rates** Over the five-year term of the agreement, ATN is projected to materialize, an estimated \$1.1 million in savings. The Evaluation Committee deems First Transit to be the lowest best qualified proposer
2. **Driver Compensation Structure** First Transit’s proposal is reflective of the Committee’s desire to improve retention and reduce recurring training costs
3. **Driver Fringe Benefits Package** First Transit’s fringe benefits package is structured to enhance employee retention and morale

COST PROPOSAL COMPENSATION COMPARISON CHART

	Hourly Billing Rate Year 1 7/30/14--6/30/15	Hourly Billing Rate Year 2 7/1/15--6/30/16	Hourly Billing Rate Year 3 7/1/16--6/30/17	Hourly Billing Rate Year 4 7/1/17--6/30/18	Hourly Billing Rate Year 5 7/1/18--6/30/19
MV Transportation	\$25.55 (Regular) \$23.73 (Variable)	\$25.67 \$23.88	\$26.07 \$24.24	\$26.41 \$24.55	\$26.81 \$24.92
First Transit, Inc.	\$24.09 (Regular) \$21.14 (Variable)	\$24.68 \$21.80	\$25.21 \$22.35	\$25.96 \$23.03	\$26.75 \$23.74



COST PROPOSAL COMPENSATION COMPARISON CHART_CONTINUED
ESTIMATED CONTACT SAVINGS

	Year 1 7/30/14--6/30/15	Year 2 7/1/15--6/30/16	Year 3 7/1/16--6/30/17	Year 4 7/1/17--6/30/18	Year 5 7/1/18--6/30/19
MV Transportation	\$6,142,906	\$6,685,614	\$7,049,670	\$7,143,328	\$7,251,762
First Transit, Inc.	\$5,764,880	\$6,402,800	\$6,794,200	\$6,996,660	\$7,209,780
Projected Annual Cost Savings	\$378,026	\$282,814	\$255,470	\$146,668	\$41,982
Cumulative Cost Savings					\$1,104,960

In summary, Evaluation Committee went through an extensive and time-consuming selection process in order to ensure that the ATN retains the best qualified and cost effective transportation services contractor. Based on the two-phased RFQ and RFP evaluation approach, interview process and BAFO negotiations, it is the recommendation of the ATN Evaluation Committee to enter into contract negotiations with First Transit, Inc., for the provision of ART service effective Wednesday, July 30, 2014 through June 30, 2019.

On Friday, March 21, 2014, ATN received a “Bid Protest” from WC Pihl of MV Transportation. It is the opinion of counsel that the Bid Protest did not comply with ATN’s Bid Protest Procedures, and that ATN complied with all of its obligations in the RFP process. Counsel will be responding to the letter from WC Pihl. Should this develop further, we will initiate an Executive Session item at a later meeting to discuss Potential Litigation.”

NEXT STEPS:

With the concurrence of the ATN Board of Directors, ATN staff, with guidance and assistance of the ATN legal counsel will commence:

1. Formal contract negotiations with First Transit, Inc. Tentative ATN Board of Directors contract approval date is June 25, 2014, or sooner.
2. In tandem with contract negotiations, ATN staff will begin work with First Transit’s management transition team to:



- i. Recruit and Transition Local Management Team
- ii. Recruit and Transition Driving Personnel
- iii. Commence Migration, Authentication and Training on the Respective Reporting Systems

This work effort will begin immediately following ATN Board of Directors meeting and will be completed by July 29, 2014. Regular progress reports will be provided to the ATN Board of Directors.

By Motion, Ament/Adler, the ATN Board of Directors approved Evaluation Committee's recommendation, in response to Request for Qualifications (RFQ) #13-001 and RFP #13-006, and authorize staff to commence contract negotiations with First Transit, Inc. for transition of ART services contract. Should it be necessary, the ATN Board of Directors appointed an Ad Hoc Protest Evaluation Committee that is different from the Evaluation Committee. The Committee will consist of Jerry Alder, Sergio Bocci and Cesar Cazares.

Ayes: Sanford, Bocci, Brown, Burgess, Cazares, Paine, Sanford

Noes: None

14. Other Business:

- a. Relocation of ATN Administrative Offices
- b. ATN Open House – Thursday, June 12, 2014

4:15 pm CLOSED SESSION:

Conference with real property negotiator Executive Director Diana Kotler, pursuant to Government Code Section 54956.8, concerning potential terms and conditions of acquisition and/or disposition of the property identified below:

Property Location: 321 West Katella Avenue, Anaheim, California 92806
Owner/Negotiating Party: Anaheim Capital Partners LLC; dba Anaheim Retail Partners LLC
ACPL 399 Park Avenue, 6th Floor, New York, NY 10022

Adjourn Closed Session at 4:23 pm – ATN legal counsel, Mr. Whitaker, made a report on ATN Board of Directors reaching approval concerning certain terms and conditions pertaining to property at 321 West Katella Avenue, Anaheim, California 92806, Anaheim Capital Partners LLC; dba Anaheim Retail Partners LLC.

Reconvene ATN Board of Directors Meeting 4:25 p.m. to adjourn ATN Board of Directors Meeting