



**Anaheim Transportation Network
Board of Directors and General Membership
Meeting Minutes
Wednesday, August 26, 2015
3:00 P.M. – 5:00 P.M.
Anaheim Regional Transportation Intermodal Center
2nd Floor Conference Room
2626 East Katella Avenue, Anaheim, CA 92806**

ATN Board Members in Attendance:

Paul Sanford, The Anabella Hotel
Mindy Abel, Visit Anaheim
Tom Morton, City of Anaheim
Bill O'Connell, Stovall's Hotels
Fred Brown, Desert Palms Hotel & Suites
Jeffrey Runsten, Hilton Anaheim
Bharat Patel, Castle Inn & Suites
Grant Dawdy, Disneyland Resort
Ron Kim, Prospera Hotels

ATN Staff Present:

Diana Kotler, ATN
DeAndre McCall, ATN
Cristina Montoya, ATN

ATN Legal Counsel:

Eric Willens, Cummins & White, LLP

Ex-Officio Members:

Felicia Adams, First Transit
Jan Strickland, First Transit
Jonathan Cedeña, First Transit
John Lee, First Transit
Cecil Mortis, First Transit

Members of the Public Present:

James Holtz, BYD Coach and Bus
Todd Priest, Curt Pringle & Associates
Sue Zuhlke, OCTA
Steve Wilks, IBI Group
Linda Johnson, City of Anaheim



The ATN Board of Directors meeting was called to order at 3:05 pm.

WELCOME & INTRODUCTIONS

Director Kotler introduced a new member to Board of Directors, Jeffrey Runsten, and the new Hotel Manager at the Hilton Anaheim. She welcomed him to the Board and to the area of Anaheim.

ADDITIONS/DELETIONS TO THE AGENDA

No additions / deletions to the Agenda.

PUBLIC COMMENTS

No public comments.

SPECIAL CALENDAR:

1. Presentation of a Resolution to the Operators of the month and quarter for the Anaheim Resort Transportation system. Executive Director Kotler shared with the ATN Board of Directors the reasons why the four operators of the summer were chosen. The individuals awarded today are exceptional with our guests, and therefore are chosen to train new and incoming personnel. Because they safety as their first, and foremost concern, the atmosphere of safety is passed throughout the organizations. Operators selected for the awards were: John Lee- Operator for the Month of June 2015, Cecil Mortis - Operator for the Month of July 2015, and Alba Villa Franco Solorzano- Operator for the Month of the quarter.

CONSENT CALENDAR ITEMS 2-8

2. Received and approved minutes of the ATN Board of Directors held on Wednesday, August 26, 2015
3. Received and filed status report pertaining to the Anaheim Transportation Network operations ATN Focus Area Reports – June & July 2015
4. Received and filed ART Operating Reports through June & July 2015
5. Received and filed ATN membership report for June & July 2015
6. Received and closed financial reports for the period of June 2015 and electronic payment for July 2015.
7. Received and filed customer service summary for June & July 2015
8. Received and filed sales report summary for June & July 2015

Consent calendar approved by motion, Morton/Abel with correction to the item #2 ATN Board of Directors Minutes.



Ayes: Morton, Abel, Patel, Dawdy, Brown, O’Connell, Runsten, Sanford, Kim
Noes: None

OPERATIONAL REPORT:

9. ART operational update – monthly report provided by First Transit, Inc.

Executive Director Kotler announced the new General Manager for First Transit, Jan Strickland. Ms. Strickland came to ATN from another First Transit property. ATN has seen some improvements since Ms. Strickland has been on board, and ATN hopes that these improvements will continue.

Ms. Strickland reported that with First Transit’s corporate assistance, she is continuing to learn about expectations at ART. Bus operators’ training resumed to retain new drivers and safety meetings will be scheduled monthly. With the approach of several major events and holiday schedule, First Transit is working diligently to make sure all schedules are properly covered.

ACTION CALENDAR:

AGENDA ITEM #10

Director Kotler explained that in 2006, the ATN received approval from Federal Transit Administration (FTA) for the receipt of federal Section 5307 funds. The ATN submitted its first annual report to the FTA National Transit Database (NTD) program in October 2007. This report required auditing of ATN financial records to ensure compliance with the NTD reporting standards and adoption of a Record Retention Policy.

The primary purpose of the Record Retention Policy is to ensure that various rules, regulations and policies protect the integrity of records in any and all formats. In addition, the Policy establishes guidelines for the availability of records to the public. Even though, as a California nonprofit public benefit corporation, ATN is not subject to Public Record Act’s definition of a “local agency” (Govt. Code § 6252(a)), the ATN voluntarily accommodated numerous Public Records Requests from members of the public and media.

The ATN Board of Directors approved a retention schedule for each category of ATN records in accordance with the applicable state, federal, as well as specific grant requirements. At this time, the 2007 Record Retention Policy needs to be augmented to include retention of electronic records and communications. In addition, the ATN shifted its documentation storage from a local server to Microsoft 365 cloud-based services in 2014. This cloud-based document storage solution did not exist in 2007.



The primary change in the Record Retention Policy addresses electronic communications storage. The Policy further clarifies that the ATN's e-mail system is intended to function as a convenient and efficient method of communicating transitory information and is not designed to store and maintain ATN records. As such, ATN employees must preserve e-mail messages that constitute ATN records in a separate hard file system or cloud-based electronic format.

The enclosed Record Retention and Destruction Policy establishes a specific schedule for the protection and maintenance of all ATN's records, as well as a process for destruction of records no longer needed including all hard, electronic, web-based, and text files.

Director Kotler continued to inform the Board how the updated Record Retention Policy tightens employee responsibilities with electronic mail communications and not a storage of pertinent data and files. With the ATN ability to store pertinent files and data in the Microsoft 365 cloud-based system.

By Motion (Brown/Morton), ATN Board of Directors approved ATN Record Retention Policy.

Ayes: Morton, Abel, Patel, Dawdy, Brown, O'Connell, Runsten, Sanford, Kim
Noes: None

AGENDA ITEM #11

In December 2008, Anaheim Transportation Network (ATN) entered into an agreement with Orange County Transportation Authority (OCTA) for lease and maintenance of 35 Liquefied Natural Gas (LNG) buses to provide transportation services for Anaheim Resort Transportation (ART) Route 20 – Toy Story. Route 20 service commenced in March 2009 with a five-year lease and maintenance agreement with OCTA.

ATN was notified in October 2013 that OCTA desired for ATN to take over all fleet maintenance responsibilities. At that time, ATN amended its agreement with OCTA, which terminated fleet services duties and transitioned from the lease of the 35 LNG buses to the purchase of this equipment.

To ensure ability to maintain the fleet of 35 LNG buses, ATN release a Request for Proposals (RFP) on January 22, 2014. ATN received two proposals from qualified maintenance services providers, Penske Truck Leasing, Inc. (Penske) and Vonic Fleet Services, Inc. Based on the evaluation of the submitted proposals, on May 26, 2014, ATN Board of Directors awarded a three-year, with two one-year options, agreement to Penske. Agreement with Penske went into effect on July 7, 2014.



As required by the Federal Transit Administration (FTA), in December 2014, ATN went through a triennial sub-recipient monitoring audit. The auditors identified five (5) corrective actions, with one finding requiring an amendment to the Penske agreement to incorporate certain federal language provisions. These provisions address contractor's responsibilities related to air and water quality standards, civil rights for employment practices, access to records and disadvantaged business enterprise compliance. In order to address this audit finding, ATN's legal counsel, Cummins & White, LLC, developed and presented to Penske an amendment to the agreement.

Despite various attempts to reconcile matters dealing with the addition of these federal language requirements, Penske refused to execute the amendment. Staff and legal efforts included numerous meetings, communications with the auditing team, conference calls with OCTA, and numerous discussions among respective legal counsels. As a result, ATN Board of Directors at its June 24, 2015, meeting authorized staff and legal counsel to proceed with termination of the agreement. The ATN's agreement with Penske was terminate effective July 31, 2015.

At the direction of the ATN Board of Director, the enclosed RFP was developed for solicitation of fleet maintenance services.

The enclosed RFP #2015-006 requests for interested parties to submit proposals to provide a turn-key maintenance program including, but not limited to, technical staff; fully-equipped maintenance facilities; access to discounted components and parts; and on-call road assistance. The RFP clearly outlines compliance requirements with federal and state standards.

Upon approval of the ATN Board of Directors, the RFP #2015-006 solicitation schedule will be as follows:

Event	Date
Release of the RFP	August 31, 2015
Pre-Proposal Meeting	September 21, 2015
Deadline for Submission of Questions	September 25, 2015
Clarifications & Answers Posted	October 2, 2015
Proposals Due	October 23, 2015



Evaluation Completed	November 13, 2015
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The original staff report recommendation approved for the RFP released in 2014, suggested award of an agreement for fleet maintenance services in an interim basis. The provisional nature for fleet maintenance services was suggested to allow ATN to complete its relocation to the new facilities and to allow ATN staff and Board of Directors additional time to determine a long-term strategy to fully internalize its fleet maintenance operations.

As part of the evaluation of the proposals to be received in response to RFP #2015-006, it is staff recommendation to consider evaluation of proposals for fleet maintenance services in concert with the long-term requirements of the ATN. These needs should be evaluated in a comprehensive manner taking into consideration the ATN's current and future facilities, anticipated demand for service, financial and liability aspects, as well as future fleet composition. Consistency of service delivery should be the primary objective.

The ATN Board of Directors was informed that staff and legal counsel have been discussing our pending issues with Penske. In June, the Board directed staff and legal counsel to terminate contractual relationship with Penske because of Penske's unwillingness to execute amendment to the agreement incorporating pertinent federal language clauses.

The enclosed RFP document for maintenance services was reviewed by ATN's legal counsel to ensure compliance with all applicable regulatory clauses. At this time, ATN staff is requesting approval of the release of the RFP document.

Director Kotler informed the ATN Board of Directors that the primary concern with the RFP, at this time, will be in solicitation of the document to obtain proposals from qualified maintenance service providers.

Director Morton inquired about current maintenance of the subject LNG vehicles? Director Kotler replied that at this time, ATN staff assumed maintenance responsibilities. Appropriate personnel was hired by the ATN to maintain additional buses. Recruitment process is ongoing to fill one remaining opening for a mechanic.

Director Morton clarified if this RFP is for maintenance of 35 LNG buses or the entire ATN fleet. Director Kotler clarified that the RFP is for LNG buses only. The original RFP for maintenance services was not intended for the entire fleet, primarily as a cost saving measure. Meantime, ATN will have some cost saving with the internal maintenance operations. These savings are a result of a foregone vendor profit.



Director Sanford inquired if additional liability can be insured in order for the ATN to keep fleet maintenance in house? And if, yes, how much money would the ATN be saving?

Director Kotler answered that the ATN meets all the standards for maintenance preventative program. All inspections (federal and CHP) have been passed with no findings.

Director Sanford commented that the world is becoming too compliance oriented, do you feel that the vehicles are safe? Is the guest quality being affected? The reason why ART exists is because we want guests to have an emulated experience like the one at Disney. If we need to spend extra money in order to maintain exception guest service quality, that's what will have to be done. Sanford mentioned that we should evaluate opportunities with maintenance options for our vehicles.

With a motion by Sanford/Able the ATN Board of Directors authorized ATN staff to release RFP for maintenance services contingent upon thorough evaluation of received proposal for final determination of future decision for direct vs. contracted maintenance operations.

Ayes: Morton, Abel, Patel, Dawdy, Brown, O'Connell, Runsten, Sanford, Kim
Noes: None

BOARD WORKSHOP:

Agenda Item #12

DISCUSSION:

At is June 2015 Board of Directors meeting, opportunities related to the Zero Emission Bus (ZEB) strategy were discussed. As part of this Board Workshop, ATN staff was directed to further investigate and evaluate options for the deployment of ZEB technologies for the Anaheim Resort Transportation (ART) fleet.

The ATN's involvement in with Long Beach Transit (LBT) Company, procurement of zero emission buses, presented an option to consider a ZEB purchase, through a long-term lease, with an option to buy, four (4) Build Your Dream (BYD) K9 Model 40-foot buses at a forty seven percent (47%) discount. Buses available for purchase by the ATN were displayed at trade shows and operated in limited demonstrations and have less than 10,000 miles. The discounted price for the available BYD buses is \$497,500 per bus. The full cost for the same bus is \$934,818. A twelve-year or a seven-year lease, with an option to buy, could be structured to allow for this purchase. The purchase price includes a 12-year bus and battery warranty.



At the June Board of Directors Workshop, a purchase alternative through ten available (10) LBT options was presented; however, upon further consideration, a sole source option could be more advantageous to the ATN as two upcoming grant-funding opportunities will be available this fall:

1. LoNo Federal Transit Administration (FTA) Call for Projects will be available in September/October timeframe. ATN will be submitting a funding proposal for ten (10) ZEB buses;
2. Later in the fall 2015, California Air Resources Board (CARB) will be releasing a call for projects for its ZEB program. ATN will be submitting a funding proposal for ten (10) ZEB buses

With the upcoming funding available, it would in the best interest of the ATN to reserve available purchase options through the LBT's procurement and consider acquisition of the available BYD demonstration buses through a sole-source option.

The ATN Procurement Policy allows for sole-source purchasing alternatives. This particular sole-source justification would be made based on price and technology:

1. Availability of the buses at a 47% discount;
2. No additional infrastructure requirements; and
3. No limitations with installation of infrastructure on private property and subject to subsequent removal pending future development.

In addition to the procurement options, Board requested further consideration and evaluation of the financial implications. To cover associated capital costs, ATN could proceed with increase of service on its Toy Story Line. Per discussion with Disneyland® Resort transportation team, additional need for service exists for immediate deployment. Historic ridership and financial information is presented in Table 1 and Exhibits 1-2.

Anaheim Resort Transportation

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**TABLE 1 – FY 2015 OPERATING INFORMATION
TOY STORY LINE**

	Total Operating Costs	Total Passenger Revenue	Total Revenue Hours	Operating Revenue Hour of Service	Operating Cost Per Hour of Service	Toy Story Line Ridership
June	\$ 426,075	\$ 479,220	10,840	\$ 45.12	\$ 40.97	544,054
May	\$ 352,643	\$ 429,789	10,546	\$ 44.88	\$ 41.20	569,851
April	\$ 387,278	\$ 457,097	8,645	\$ 45.51	\$ 40.88	446,445
March	\$ 426,075	\$ 479,240	8,858	\$ 48.13	\$ 43.95	501,414
February	\$ 334,040	\$ 428,749	7,753	\$ 42.97	\$ 39.04	394,470
January	\$ 396,209	\$ 449,738	8,623	\$ 45.95	\$ 40.82	484,339
December	\$ 421,349	\$ 577,025	11,352	\$ 45.21	\$ 33.41	673,606
November	\$ 323,843	\$ 446,699	7,693	\$ 42.03	\$ 37.82	528,583
October	\$ 370,474	\$ 483,030	9,107	\$ 40.85	\$ 37.07	557,739
September	\$ 291,468	\$ 434,037	7,368	\$ 39.45	\$ 35.70	448,389
August	\$ 425,046	\$ 473,803	9,507	\$ 44.89	\$ 40.49	544,149
July	\$ 369,194	\$ 439,439	8,931	\$ 46.57	\$ 43.27	503,803
Total	\$ 4,864,034	\$ 5,237,526	109,222			6,196,842
Avg. Daily	\$ 13,326.12	\$ 14,349.39	299.24	\$ 44.30	\$ 39.55	16,978

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Exhibit 1: FY 2015 Operating Information Information- Per Toy Story Line

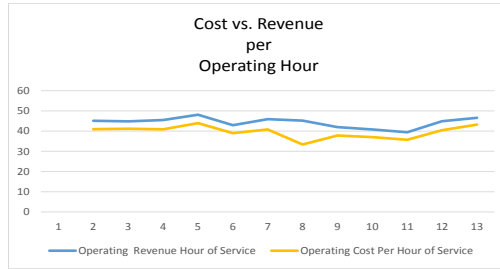
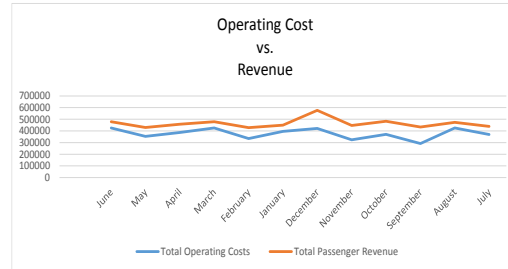


Exhibit 2: FY 2015 Operating Operating Hour Toy Story Line



On average, 299.24 hours of revenue service are provided, daily, by ART on the Toy Story Line. Total available daily revenue service on Toy Story line are 332.60 hours. On a daily basis, ART does not provide 33.36 hours (or 12,177.20 annual hours of service) due to fleet unavailability.

Taking into consideration foregone revenue service hours, the ATN’s potential for additional annual revenue potential ranges from \$162,171 to \$523,132; with marginal revenue (contribution to the excess revenue) range of \$8,576 to \$27,665. Further evaluation of the additional capital lease costs, to the rate of return based on the additional revenue hours of service; indicate that even though marginal excess revenue rate for ZEB fleet of bus services decreases from the current rate of 8.62% to 5.29%, there is no projected negative financial impact on the organization. These cost-benefit evaluations do not include reduced cost of maintenance, parts, and lubricants.

Exhibit 3 – Foregone Hours of Service and Revenue

	Daily Hours of Service	Estimated Annual Hours of Services	Marginal Revenue
Provided Hours of Service	299.24		
Available Hours of Service	332.60		
Foregone Hours of Service	33.36	12,177	
Current Billing Rate		\$ 42.96	\$ 3.41
Current Operating Cost		\$ 39.55	8.62%
Revised Operating Cost		\$ 40.80	\$ 2.16
<i>(with add'l capital lease cost)</i>			5.29%
Add'l Revenue (Every Day)		\$ 523,133	\$ 27,665
Add'l Revenue (Peak days = 198)		\$ 282,492	\$ 14,939
Add'l Revenue (Weekends & Holidays only = 114)		\$ 162,171	\$ 8,576



Exhibit 4 – ZEB Capital Lease Obligation

ZEB Capital Lease Obligation			
Lease Cost per Bus	\$	4,855	
LNG Fuel Cost per Bus	\$	(3,461)	
Electricity Fuel Cost per Bus	\$	1,200	
Net Monthly Cost Per Bus		\$	2,594
		Gross Cost	Net Cost
Monthly ZEB Fleet Cost	\$	19,420	\$ 10,376
Annual ZEB Fleet Cost	\$	233,040	\$ 124,512

In conclusion, based on the conservative revenue generation and cost projections, no negative financial implications are foreseen for the ATN. Taking into consideration net capital lease of ZEB buses, increase in revenue hours on 114 day per year, or on weekends and holidays, would be necessary. Taking into consideration the worst cases scenario of the gross lease cost of ZEB buses, increase in revenue hours would be required during peak operating time, or approximately 198 day per year.

Upon completion of evaluation of the cost-benefit analysis, should the ATN Board of Directors make a determination to proceed further, the next step in the process would be lease negotiations BYD. The agreement between BYD and ATN could be considered at the September 23, 2015, ATN Board of Directors meeting, with ZEB deployment slated for 2015 Holiday Season.

Director Kotler reminded the Board that sole source options were discussed with legal counsel and that ATN would not require additional infrastructure. Board asked ATN to look at the financial implications, and it's not a decision that should be easily taken by this board.

Director Kotler highlighted how ATN forgoes 33 hours of service a day because ATN does not have enough buses available. If we had more buses being part of our fleet, they would probably all be on the road because the demand exists.

Director Kotler was asked if First Transit would be able to meet recruitment needs for additional levels of services. Director Kotler replied that ATN staff has confidence that First Transit will continue to meet its contractual obligation and taking into consideration recent changes in management and leadership, First Transit is making a corporate effort to make sure we have sufficient drivers available.

Director Morton inquired if these buses would be is an addition to and not a replacement of ATN's current fleet?



Director Kotler: These buses will be in an addition to current operation

Director Morton left ATN Board of Directors meeting at 4:03 PM

ATN Board of Directors advised staff to bring this matter as an action item to the next Board of Directors meeting, including appropriate budgetary adjustments that would be required, considering that Fiscal Year 2015/16 budget was approved without the additional hours of service and lease obligations proposed by this opportunity.

Agenda Item #13

Director Kotler introduced Steve Wilks with the IBI Group. Mr. Wilks is the Project Manager and is leading the Integrated Transportation & Capacity Study. IBI was retained in June 2015.

Steve Wilks: We are developing this vision to guide these services for the next 10-15 years. We are looking at the existing operation. Looking at needs and opportunities, developing a sustainable financial plan, alternate governance scenarios, and operations/service delivery. A multifaceted engagement plan that targets key stakeholders has been developed and is enclosed with the staff report. Full presentation is provided for the record.

DISCUSSION:

In May 2015, ATN selected IBI Group to commence Integrated Transportation & Capacity Building Study. The study is funded by a planning grant from Caltrans and funding contribution from the Anaheim Tourism Improvement District.

The primary purpose of the study is develop a vision and implementation strategy for transportation operations and provide a gateway for future transportation improvements. As future transportation initiatives, such as Anaheim Rapid Connection (ARC), come to fruition, the ATN needs to plan for these transportation enhancements and to determine operating methodologies for the Anaheim Resort Transportation (ART) services.

The outcomes of the study will enable the ATN Board of Directors to deliberate and establish a policy direction to ensure long-term operations, financial sustainability and level of service for ART, as well as the most appropriate institutional structure for the ATN. The goals of the Integrated Transportation and Capacity Building Plan are:

1. Plan and evaluate ART operating parameters to integrate transportation services with the development of ARC;



2. Research, assess, and if necessary, recommend ATN’s institutional structure most suitable for future operations. Evaluate governance options to ensure ATN has capacity and legal facility to provide necessary transportation services, in concert with transportation initiatives planned for Anaheim; and
3. Develop a sustainable long-term financial operations plan for ATN and its transportation services. Evaluate current financial participation structure in The Anaheim Resort® and present financial alternatives for financing of future transportation operations. In addition, evaluate financial participation levels and options for other areas of the city, with similar mitigation requirements, and recommend an integrated financial investment plan for all City of Anaheim Specific Plan areas.

This study effort will be stakeholder driven to formulate a vision for ideal transportation operations in the existing and proposed service areas and determine future transit needs and formulate alternatives for transportation services such as:

UNCONSTRAINED TRANSIT SYSTEM OPERATIONS:

If the ATN and the City of Anaheim were to assume that no transit services were available in the Study area, what would the optimal transit system operations look like, taking into consideration only geography of the study area, demand and need for service, and future development and population growth projections.

CONSTRAINED TRANSIT SYSTEM OPERATIONS:

With the understanding of existing political, financial, governance and operational constraints, as identified by the study, develop operating models for consideration and deliberation of the stakeholders. Outline Pros and Cons for each model identifying financial, governance and operational considerations and recommendations. Develop a Preferred Alternative outlining political, financial, governance and operational recommendations and action items.

ATN staff and members of the consulting teams, including IBI Group, Arellano Associates, Curt Pringle & Associates and Cummins & White LLC held several meetings to set direction for the Study. ATN Board of Directors will be provided with regular updates and will be asked to provide policy direction and input at the pivotal points of the Study.

Director Kotler highlighted how the goal was to close this study by May, but the deadline is June.

Director O’Connell asked about the status of Anaheim Rapid Connection (ARC) projected and mentioning that it is his understanding that ARC was going to be operated by OCTA. Therefore, Director O’Connell wondered what ramifications would be applicable to ART operations and



asked consultant and ART staff to pay close attention to the overall development of ARC as it related to the future and future operations of ART.

Steve Wilks responded that that was the point of this study, was knowing that information. Director Kotler informed the Board that the first public outreach event is scheduled for Tuesday, September 29, 2015 at ARTIC and invitations will be going out shortly and will include the entire ATN Board of Directors.

CLOSED SESSION: 1 ITEM

Conference with Legal Counsel – Anticipated Litigation.
Significant exposure to litigation pursuant to Government Code Section 54956.9(b):
Contract Administrator Diana Kotler (1 matter)

The ATN Board of Directors meeting reconvened at 4:43 pm. Legal counsel made a report.

ATN Board of Directors Meeting adjourned at 4:45 PM.