



Anaheim Transportation Network
Board of Directors Meeting Minutes
Wednesday, October 26, 2016
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:

Jeffrey Runsten, Hilton Anaheim
Bharat Patel, Castle Inn & Suites
Jerry Alder, GardenWalk
Dan Lee, City of Anaheim
Merit Tully, The Honda Center
Mark Ochoa, The Anaheim Marriott
Bill O’Connell, Stovall’s Properties
Fred Brown, Desert Palms Hotel & Suites
Jay Burress, Visit Anaheim
Keith Moses, Prospera Hotels

ATN Staff Present:

Diana Kotler, ATN
Lita Aguilar, ATN
DeAndre McCall, ATN
Belinda Trani, ATN
Cristina Montoya, ATN

ATN Legal Counsel:

Fred Whitaker, Cummins & White, LLP
Todd Priest, C&W

Members of the Public Present:

Sue Zuhke, OCTA
Linda Johnson, City of Anaheim
Felicia Adams, First Transit
Jan Strickland, First Transit
Anna Hernandez, Transdev
Katrina Heineking, Transdev

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



Executive Director welcomed ATN Board members and members of the public to the September ATN Board of Directors meeting. A farewell to a member of the ATN Team, Cristina Montoya. Executive Director Diana Kotler wished Ms. Montoya appreciation for work at the ATN and best wishes on behalf of the Board.

Executive Director reported that there are no addition and/or deletions to the ATN Board of Directors agenda. Fred Brown arrived to the meeting at 3:07 pm.

SPECIAL CALENDAR:

1. Presentation of Resolutions to:

Dana Carlson Operator of the Month of September

CONSENT CALENDAR:

Items 2-8 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:

- 2.** Receive and approve minutes of the ATN Board of Directors meeting held on Wednesday, September 28, 2016
- 3.** Receive and file status report pertaining to the Anaheim Transportation Network operations -- ATN Focus Area Reports – September 2016
- 4.** Receive and file ART Operating Reports:
 - a. Maintenance: Mileage & Road Call Reports for September 2016
 - b. Safety & Training: Safety & Security Report for September 2016
 - c. Contract Payment Adjustments: Contract Penalties Report for August 2016
- 5.** Receive and file ATN membership report for September 2016
- 6.** Receive and File August 2016 financial statements, and approve credit card payment for the period of October 2016
- 7.** Receive and file customer service summary for September 2016
- 8.** Receive and file sales report summary for September 2016

END OF CONSENT CALENDAR



By motion, Brown/Patel, Consent Calendar items 2-8 were passed by a single motion.

Ayes: Alder, O’Connell, Runsten, Lee, Ochoa, Moses, Tully
 Noes: None
 Abstain: None

OPERATIONAL REPORT:

- 9. ART Operational Update – Monthly report provided by First Transit, Inc.
Jan Strickland, General Manager

Jan Strickland, the General Manager of First Transit thanked the ATN Board of Directors and ATN staff for opportunity to be the services providers for ART public transit services and being part of the ART team.

ACTION CALENDAR:

- 10. Approve ATN By-Law Ad Hoc Committee’s recommendation for amendments to the ATN By-Laws. Authorize ATN General Membership vote at the next General Membership meeting on Wednesday, December 7, 2016

Director Kotler informed the Board that the ATN By-Laws Review Ad Hoc Sub-Committee, comprised of the ATN Executive Committee and ATN legal counsel, reviewed and discussed proposed ATN By-Law amendments. The proposed BY-Law amendments were administrative in nature and did not constitute any material changes to the purpose and/or core of the document. Proposed amendments to the ATN By-Laws were as follows:

1. ARTICLE I (Page 3)	Amend and Add definitions to identify all eligible ATN membership categories
2. ARTICLE III, Section 3.a (Page 4)	Amend and Add membership categories to the definition of Voting Members
3. ARTICLE IV, Section 4.1.b (Page 5)	Amend Retail Establishment with Retail Facility
4. ARTICLE IV, Section 4.1.d (Page 5)	Add “Commercial Office: Annual dues rates for Commercial Offices shall be calculated on a per square foot basis”
5. ARTICLE IV, Section 4.1.e (Page 6)	Add “Institutional Use: Annual dues rates for Institutional Uses shall be calculated on a per square foot basis”
6. ARTICLE IV, Section 4.1.f (Page 6)	Add “Manufacturing Facility: Annual dues rates for Manufacturing Facilities shall be calculated on a per square foot basis”



7. ARTICLE IV, Section 4.1.g (Page 6)	Add <i>“Restaurant: Annual dues rates for Restaurants shall be calculated on a per square foot basis”</i>
8. ARTICLE V, Section 5.1.a (Page 7)	Add <i>“Any Event Center located with The Platinum Triangle or The Anaheim Resort of the City of Anaheim and hosts more than 1 million visitors annually shall be granted a seat on the Board”</i>
9. ARTICLE V, Section 5.11 (Page 10)	Amend <i>California Corporate Code Section 7237 with Section <u>5238</u></i>
10. ARTICLE IX, Section 9.2.a (Page 14)	Amend <i>“... all as provided in Sections 8330, 8331, and 8332 of the <u>Corporations Code of the State of California</u>”</i>

The process for the adoption of the ATN B-Law amendments includes the vote of the ATN membership. A vote of the general membership vote would occur at the next ATN General Membership meeting on Wednesday, December 7, 2016. A majority vote of general members in attendance would be needed to pass recommended By-Laws amendments. The ATN Board of Directors will ratify the vote of general membership at its first meeting in 2017.

By motion, O’Connell/Brown, the ATN Board of Directors approved ATN By-Law Ad Hoc Committee’s recommendation for amendments to the ATN By-Laws and authorized ATN General Membership vote on Wednesday, December 7, 2016

Ayes: Alder, Patel, Runsten, Lee, Ochoa, Moses, Tully
 Noes: None
 Abstain: None

11. Approve Resolution No. 2016–02 accepting ATN RFP #2016-010 Evaluation Committee recommendation to award Anaheim Resort Transportation (ART) Services agreement to TransDev Services, Inc.; and approve Resolution No. 2016–03 authorizing contract negotiations with TransDev Services, Inc. Authorize ATN Executive Director, with input from ATN legal counsel, to execute a three-year, with two one-year options, agreement between ATN and TransDev Services, Inc.

Director Kotler reminded the Board that on July 10, 2016, Anaheim Transportation Network (ATN) received correspondence from First Transit, ART transportation services provider and contractor requesting to renegotiate contracted rates for the provision of Anaheim Resort Transportation (ART) services. In a subsequent correspondence, dated July 27, 2016, First Transit initiated a 120-day mutual termination clause pursuant to the agreement. The final day of First Transit’s provision of ART service is November 30, 2016.



To ensure no interruption in the provision of ART service and in response to the above described events, ATN Board of Directors convened a special meeting of the ATN Board on August 19, 2016, and authorized staff to issue a Request for Proposals (RFP) #2016-010 to begin the selection process for a new transportation provider.

ATN staff forwarded RFP document to 28 prospective firms and advertised RFP on ATN’s website. A pre-proposal conference was held on August 25, 2016. Six prospective firms and a representative of Teamsters Local 952 were in attendance.

In response to the RFO #2016-010, ATN receive proposals from four firms:

1. MV Transportation
2. First Transit
3. Keolis Transit Services, LLC
4. TransDev Services, Inc.

An Evaluation Committee comprised of a representative from ATN staff, ATN Board of Directors, City of Anaheim, technical consultant and Orange County Transportation Authority (OCTA) reviewed all proposals submitted in response to the solicitation.

Fully cognizant of the importance of a thorough competitive selection process, as it relates to the quality of ART services and fiscal strength of the ATN, the contractor selection process was conducted in a two-phase approach. The first phase of the selection process included review of the proposals based on the Evaluation Criteria outlined in the RFP. Based on the final proposal evaluation scores (TABLE 1), two firms were invited to proceed into the second, interview, phase of the process. These firms were -- Keolis Transit Services, LLC and TransDev Transit Services, Inc.

Table 1 – Scoring Summary

	Total Possible Points	MV	First Transit	Keolis	TransDev
Relevant Experience	20	14.89	10.78	16.67	17.22
Management & Ops. Plan	24	15.33	13.44	15.00	21.00
Ability to Hire & Retain Personnel	24	15.00	13.22	17.11	21.00
Cost Proposal	24	14.33	17.09	21.44	21.47
MOD Applications	5	4.28	4.00	3.28	3.67
DBE	3	2.06	2.83	2.61	2.17
TOTAL	100	65.89	61.37	76.11	86.52



Director Kotler reported that the final phase of the selection process included interviews with the short-listed firms, which included TransDev and Keolis. Both short-listed firms were asked to prepare and bring to the interview their respective Best and Final Offers (BAFO).

For the submission of the respective BAFO proposals, ATN provided short-listed firms with the economic terms and condition of the Collective Bargaining Agreement (CBA) signed by First Transit and Teamsters Local 952 on September 21, 2016. Both proposers were required to contact ATN labor attorney, with Cummins & White, LLC. to discuss the terms of the CBA. Interviews with TransDev and Keolis were held on Monday, October 17, 2016. BAFO evaluations were completed on the same day. The final scores are presented in TABLE 2 and TABLE 3 below.

Table 2 – Interview Scoring Summary

	Total Possible Points	Keolis	TransDev
Relevant Experience	25	19.38	22.13
Cost Proposal, Operator Compensation Structure	25	24.70	25.00
Staffing Plan addresses event driven environment	25	19.13	21.50
Q&A Discussion	25	17.25	22.25
TOTAL	100	80.45	90.88

Table 3 – Combined Total Score Summary

Total Possible Points	Keolis	TransDev
100	78.28	88.70

In addition to the proposal evaluation and extensive interview discussions, the Evaluation Committee considered both firms’ proposed operations plans, coach operators’ compensation structure, fringe benefits package, as well as the companies’ ability to recruit and retain qualified personnel, and proposed local management team. Table 4 represents hourly cost and BAFO analysis, for the entire term of the agreement. The agreement is set to commence on Thursday, December 1, 2016, for a three-year term with two one-year options.

In addition to the original BAFO request, ATN asked prospective proposers to submit a Cost Proposal based on a reduced number of Revenue Vehicle Hours (RVH). This request was necessitated in case hours for Route 20 - Toy Story operations could be reduced upon opening of the Eastern Gateway project.

TABLE 4-A – BAFO Cost Analysis – Original Revenue Vehicle Hours (RVH)



Anaheim Resort Transportation

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	Year 1 12/1/16 -12/31/17	Year 2 1/1/2017- 12/31/2018	Year 3 1/1/2018 - 12/31/2019	Option Year 1 1/1/2019 – 12/31/2020	Option Year 2 1/1/2020 – 12/31/2021
TransDev	\$28.73 (Regular) \$26.11 (Variable)	\$29.93 \$27.01	\$31.02 \$27.96	\$32.63 \$29.47	\$33.58 \$30.26
Keolis	\$31.07 (Regular) \$24.63 (Variable)	\$30.99 \$24.43	\$31.08 \$24.44	\$31.15 \$24.85	\$32.02 \$25.60

TABLE 4-B – BAFO Cost Analysis – Revised Revenue Vehicle Hours (RVH)

	Year 1 12/1/16 -12/31/17	Year 2 1/1/2017- 12/31/2018	Year 3 1/1/2018 - 12/31/2019	Option Year 1 1/1/2019 – 12/31/2020	Option Year 2 1/1/2020 – 12/31/2021
TransDev	\$28.73 (Regular) \$26.11 (Variable)	\$29.93 \$27.01	\$33.68 \$27.96	\$35.36 \$29.47	\$36.40 \$30.26
Keolis	\$31.07 (Regular) \$24.63 (Variable)	\$30.99 \$24.43	\$34.24 \$25.28	\$33.80 \$25.33	\$34.64 \$25.98

Further analysis, to include the entire term of the agreement, under both original and revised RVH is provided in Table 5.

**Table 5-A -- Cost Proposal Compensation Comparison
Estimated Contact Savings Original RVH**

	Year 1 12/1/16 - 12/31/17	Year 2 1/1/2017- 12/31/2018	Year 3 1/1/2018 - 12/31/2019	Option Year 1 1/1/2019 – 12/31/2020	Option Year 2 1/1/2020 – 12/31/2021	Total Contract Cost
TransDev	\$8,044,400	\$7,763,600	\$8,065,200	\$8,483,800	\$8,730,800	\$41,087,800
Keolis	\$8,699,600	\$8,057,400	\$8,080,800	\$8,099,000	\$8,325,200	\$41,262,000
Cumulative	Cost Savings					\$174,200

**Table 5-B -- Cost Proposal Compensation Comparison Chart
Estimated Contact Savings Revised RVH**

	Year 1 12/1/16 - 12/31/17	Year 2 1/1/2017- 12/31/2018	Year 3 1/1/2018 - 12/31/2019	Option Year 1 1/1/2019 – 12/31/2020	Option Year 2 1/1/2020 – 12/31/2021	Total Contract Cost
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TransDev	\$8,044,400	\$7,763,600	\$6,062,400	\$6,364,800	\$6,552,000	\$34,787,200
Keolis	\$8,699,600	\$8,057,400	\$6,163,200	\$6,084,000	\$6,235,200	\$35,239,400
Cumulative	Cost Savings					\$452,200

In summary, the Evaluation Committee went through an extensive selection process in order to ensure that the ATN retains the best qualified and cost effective transportation service provider. Based on the two-phased RFP #2016-010 evaluation approach, interview process and BAFO submissions, the Evaluation Committee recommended award of the agreement to TransDev Services Inc.

By motion, Brown/Alder, approved Resolution No. 2016–02 accepting ATN RFP #2016-010 Evaluation Committee recommendation to award Anaheim Resort Transportation (ART) Services agreement to TransDev Services, Inc.; and approved Resolution No. 2016–03 authorizing contract negotiations with TransDev Services, Inc., and authorize ATN Executive Director, with input from ATN legal counsel, to execute a three-year, with two one-year options, agreement between ATN and TransDev Services, Inc.

Ayes: Alder, Patel, Runsten, Lee, Ochoa, Moses, Tully
 Noes: None
 Abstain: O’Connell

12. Set a Public Hearing date for Wednesday, December 7, 2016, to:

- a. Increase ART adult passenger fares by ten (10) percent effective January 9, 2017;
- b. Suspend ART Tier Incentive Program effective March 1, 2017; and
- c. Adjust ART assessment rates from \$.48 per room day to \$.52 per room per day effective March 1, 2017, and up to eight (8) percent thereafter based on the ATN Board of Directors approval of the annual budget

Authorize Executive Director to submit a funding request to the Anaheim Tourism Improvement District (ATID) Transportation Committee

Executive Director, Diana Kotler, advised the ATN Board of Directors that due to the issues discussed in Agenda Item # 11, ATN should expect increases in operating costs. Based on the financial analysis, the ATN should anticipate a marginal funding shortfall of \$922,300 for 2017; \$427,837 for FY 2018; \$509,364 for FY 2019; 701,289 for FY 2020; and \$714,814 for FY 2021. To raise sufficient revenue to overcome this funding shortfall, ATN needs to consider several programmatic changes. This programmatic changes address four potential areas available to the



ATN in order to raise necessary revenue to sustain a balanced budget. Options available to the ATN are:

1. Increase in ART fares
2. Suspension of ART Tier Incentive Program
3. Increase of ART Assessment Fees
4. Funding request from Anaheim Tourism Improvement District (ATID) Transportation Committee

In order to proceed the ATN has several options for consideration

Option #1: ATN Board, unilaterally, is able to raise ART fares and Assessment Fees

To increase ART fares and Assessment Fees A public hearing is required to authorize these changes. No changes to the agreement would be necessary. A 30-day notice to the member-properties is required. Changes to the fares and/or assessments would be effective 60 days after the Public Hearing

Option #2: Suspend ART Tier incentive program

Amendment to the agreement would be required. Timing for the amendment of all agreements would proceed on the same schedule as the increase in fares and assessment rates

Option #3: Request funding from ATID Transportation Committee

Submit a formal request to the ATID Transportation Committee. Next meeting of the ATID Transportation Committee is planned for the first quarter of 2017

1. Increase of ART fares

The first strategy to generate additional revenue would to increase ART adult passenger fares. ATN staff is not recommending fare increases to the one-way cash fares, ART child and reduced fare passes. The recommendation to limit fare increase to the adult passes only is based on the following factors:

1. Soft ridership market is anticipated for 2017 and 2018. Increases in fares may cause decrease in ridership beyond anticipated new revenue level



2. ART typically established its fares based on the local parking rates and the cost of two (2) adult and two (2) child ART passes; where the cost of ART passes for the family of four (4) should not exceed the cost of parking. Based on the proposed new ART rates, the cost of riding ART for a family of four (4) would be \$15.00

3. To overcome future budgetary shortfall, ATN Board may need to consider increases to ART fares in 2019, to coincide with completion of development projects in The Anaheim Resort¹, and Disneyland Resort

The proposed new ART fare structure is presented in Table 1. The last ART fare increase was approved by the ATN Board of Directors in October 2012. The increase included all fare categories and is summarized in Table 2.

TABLE 1 – PROPOSED TEN PERCENT ART FARE INCREASE

Increase ART Passenger Fares		Current Fare	10% Increase
1-day		\$5.00	\$5.50
3-day		\$12.00	\$14.00
5-day		\$20.00	\$23.00
	Current # of Passes Sold	Current Revenue	10% Fare Increase*
1-day	513,787	\$2,568,935	\$2,755,183
3-day	86,907	\$1,042,884	\$1,186,281
5-day	45,461	\$909,220	\$1,019,463
		\$4,521,039	\$4,960,926
			\$439,887

* = decrease in ridership 2.50%



TABLE 2 -- PREVIOUS FARE INCREASES

Year	1-day Adult Pass	3-day Adult Pass	5-day Adult Pass	Child 1-day Pass	Child 3-day Pass	Child 5-day Pass	Reduced 1-day Pass	Reduced 3-day Pass	Reduced 3-day Pass
2002	\$2.00	\$5.00	\$8.00						
2003	\$3.00	\$8.00	\$10.00						
2005	\$4.00	\$10.00	\$16.00						
2008				\$1.00	\$2.00	\$4.00	\$2.00	\$5.00	\$8.00
2012	\$5.00	\$12.00	\$20.00	\$2.00	\$3.00	\$5.00	\$2.00	\$5.00	\$8.00
2017	\$5.50	\$14.00	\$23.00	\$2.00	\$3.00	\$5.00	\$2.00	\$5.00	\$8.00

In order to proceed with the recommended fare increase, ATN will need to conduct a public workshop, hold a public hearing and develop Title VI/Equity Analysis report. The earliest the proposed fare increase could be implemented on February 1, 2017. With the proposed fare increase, would increase its ART passes sales to 4,960,926, or approximately \$439,887.

2. SUSPEND ART TIER INCENTIVE PROGRAM

Executive Director, Kotler advised the Board that to suspend ART Tier Incentive Program, ATN would need to issue an amendment to its current ART Services Agreement, as suspension of this program cannot be done through a public hearing and/or Board action. Should the ATN Board of Directors authorize amendment to the current agreements between the ATN and its member properties, the change could be effective February 1, 2017. Executive Director, Kotler outlined financial ramifications of proceeding with or without suspension of the ART Tier Incentive Program:

1. ATN currently has two incentive programs for the participating lodging establishments. The Tier Incentive Program was established in 2005 to reduce assessment rates based on the sale of ART passes. The current Tier incentive program is based on achieved ART sales goals. If the property reaches its individual sales goal, assessment rate can be reduced by as much as 10 percent. Each fiscal year, ATN budgets to return to its member properties \$222,000. For Fiscal Year 2015/16, ATN returned \$54,6140.86.
2. The second incentive program – Hotel Benchmarks – was established in 2012. Under this program, member properties purchase ART passes at a 10% discount and once pre-established sales benchmarks are achieved, discount on ART passes increases to



20%. Member properties with Ticket Vending Machines, receive a monthly credit on their assessment invoice. .

3. To adjust ART assessment rates from \$.48/room/day to \$.52/room/day effective March 1, 2017, and up to eight (8) percent thereafter based on the ATN Board of Directors approval of the annual budget

Executive Director, Kotler informed the Board that, ATN public transportation service touches more than 9 million passengers every year. Given the tremendous growth in ridership, as well as the development that has either taken place and/or is the planning phase, for both the Anaheim Resort District and the Platinum Triangle, ATN's costs have significantly increased over its 15 years in operations. However, assessment rates to the participating properties remained unchanged during this entire time period.

ATN was able to sustain assessment rates at the initial level, as established in 2002, by securing additional sources of revenue to manage increasing operating costs through regional and federal grant opportunities, alternative fuel tax credits, and enhanced revenues through advertising opportunities. In addition, cost containment efforts such as internalization of dispatch, field supervision, maintenance functions and restructuring of its fleet financing were undertaken to maintain assessment rates at its initially established levels.

However, changes in the contractual relations between the ATN and its transportation service provider and unionization of contractor's labor force, required ATN to look further at its financial structure.¹

A phased approach to the increase in ART assessment rates is proposed and the ultimate amount of the proposed increase will depend on two factors:

- i. Direction of the ATN Board to suspend Tier Incentive Program and open all current ART Operating Agreements:

Should ATN Board direct staff to issue an amendment to all participating properties, the assessment rate for all ART members would increase from the current rate of \$.48/room/day to \$.52/room/day.

- ii. Direction of the ATN Board **not** to suspend Tier Incentive Program and to proceed with increase of ART assessments only:

¹ Collective Bargain Agreement (CBA) with the Teamsters Local 952 was approved on September 21, 2016, and will likely to be required on all future driver service contracts.



*Should ATN Board direct staff **not** to issue an amendment to all participating properties, the assessment rate for all ART members would increase from the current rate of \$.48/room/day to \$.55/room/day.*

4. AUTHORIZE EXECUTIVE DIRECTOR TO SUBMIT A FUNDING REQUEST TO THE ATID TRANSPORTATION COMMITTEE

On September 14, 2010, the Anaheim City Council established the Anaheim Tourism Improvement District (ATID) as a means of providing the necessary resources to enhance tourism activity and increase hotel room stays. The ATID established an assessment of two (2) percent of the room rent for all hotel facilities located within the ATID boundaries (Anaheim Resort and the Platinum Triangle). ATID generates approximately \$4 million annually.

This assessment is not a tax for the general benefit of the City; rather it is an assessment for activities that provide benefits directly to those hotels within the ATID. The ATID Management Plan which was established under Anaheim City Ordinance 6174 Section 2.14.050 states:

The ATID serves as a funding mechanism for some or all of the following types of special improvements or activities to market, promote, and support the City's tourism and convention industry including Transportation expenses such as Anaheim Transportation Network for Assessed Facilities.

The proposed funding request to ATID would include:

1. Approval of a five (5) year funding agreement in support of ATN's ART service
2. Funding request would not exceed 20% of ATID's annual revenue, to support ATN operational and capital needs
3. ATN to prepare a five (5) year allocation plan for funding related to ATN's request
4. Submit ATN's funding request in the first quarter of 2017

In addition to ART services supported by assessment fees and ART fares, ATN operates several contracted services. Implications on each of these contracted services are as follows:



1. Route 20 – Toy Story
Request to ATID is estimated based on the total revenue hours for ART services. If approved, ATID request would cover additional costs associated with operation of Route 20

2. ARTIC Sports Complex Line
Request to ATID is estimated based on the total revenue hours for ART services. If approved, ATID request would cover additional costs associated with operation of Routes 14 & 15

3. Costa Mesa Line
Funding of operations for the Costa Mesa Line is transitioning from Visit Costa Mesa to the City of Costa Mesa through Measure M Project V agreement. Sufficient operational funds were approved under this grant application and funding increases projected for FY 2018/19 will cover future increases in the operating costs

4. Buena Park and Santa Ana Lines
Both of these ART services are funded through advertising agreements with the business establishments along these Lines. Advertising agreements are effective through February 28, 2017, and will be renegotiated effective March 1, 2017, to reflect the new operating reality

Pending action(s) taken by the ATN Board of Directors, ATN Operating Budget for Fiscal Year 2016/17 will be amended accordingly.

Director Tully inquired if it was staff's position that ATN would experience a decrease in ridership without the incentive program? Director Kotler stated that staff agrees with that assumption since ATN relies on its partners for the sale of ART passes and without an incentive to sell the product, we should anticipate a decrease in pass sales.

ATN Director Jay Burress arrived at 4:09 PM.

Director Alder inquired if GardenWalk should be anticipating a renegotiation of the agreement between the ATN and GardenWalk. Executive Director Kotler replied that staff did not build into its financial model a necessity to increase GardenWalk's payment structure. With approval of all recommended staff options, including ATID funding request, there would be no need to renegotiate our agreement. Funding request from ATID would fund the incremental cost.



Director Alder, representing Anaheim GardenWalk, stated that based on his past experience, he believes that incentive programs work. Director Alder provided examples of programs he managed in the past that led to higher sales due to the availability of incentives.

Representing the City of Anaheim, Linda Johnson, informed the ATN Board that ATID meeting will take place at the end of January or sometime in February 2017. Directors Brown and Burrell encouraged the City of Anaheim to expedite its efforts to schedule the meeting of the ATID Transportation Committee.

Director Jeffrey Runsten suggested to pass on the entire increase to the passenger instead of the increase of assessment rates since for the property of Hilton Anaheim size it will be approximately \$19,000 and it could have an undue impact on other operational responsibilities of the property.

Director Ochoa inquired what is the total ART ridership of children and if ATN should consider increase of child fares. Executive Director Kotler indicated that there are several factors why staff does not recommend a fare increase across the board. These reasons are projected soft ridership and sales in 2017 and 2018 and uncertainty over the levels of services in 2019 and beyond. Given these uncertainties, ATN may need to increase fares in those later years, and it is staff's recommendation that ATN wait for increases in these fare categories until that time.

Director Jeffrey Runsten further inquired in the ATN has \$120,000 to decrease from its budget in order to have a lower rate of increase of the assessments rates. Executive Director Kotler replied at 93% of ATN's costs are operational in nature, with 50% of its entire budget going to cover contract transportation services, with the rest of the funding allocated to fuel, maintenance and long-term obligations. For the past 15 years ATN was able to achieve its ability to retain assessment rates at the rate of \$.48/room/day through cost reductions. To add to this budgetary consideration, ATN does not have funding for its Capital Improvement Program.

Director Brown reconfirmed with legal counsel Fred Whitaker the ramifications of the proposed staff recommendation to retain the incentive program and to increase assessment rates to \$.55/day/room. Fred Whitaker affirmed staff's recommendation of the above and confirmed that the proposed rate increase on ART fares and assessment rates would not require an amendment to the existing agreements since ATN Board has a unilateral authority to increase rates and assessment fees. A public hearing would be required, but no agreements would need to be renegotiated.

Motion #1: By motion, Brown/Alder, ATN Board of Directors authorized staff to set a Public Hearing date for Wednesday, December 7, 2016, to consider increase ART adult passenger fares by ten (10) percent effective February 1, 2017



Ayes: Alder, Patel, Runsten, Lee, Ochoa, Moses, Tully, Burress

Noes: None

Abstain: None

Motion #2: By motion, Brown/O’Connell, ATN Board authorized staff to set a Public Hearing date for Wednesday, December 7, 2016, to adjust ART assessment rates from \$.48 per room day to \$.55 per room per day effective March 1, 2017

Ayes: Alder, Patel, Lee, Ochoa, Moses, Tully, Burress

Noes: Jeffrey Runsten

Abstain: None

Motion #3: By Motion, Brown/O’Connell, grant Executive Director authority to submit a funding request to the Anaheim Tourism Improvement District (ATID) Transportation Committee

Ayes: Alder, Patel, Runsten, Lee, Ochoa, Moses, Tully, Burress

Noes: None

Opposed: None

- 13.** Approve staff recommendation to award a sole source emergency agreement to National Tours for November 2016 in the amount not to exceed \$85,000

Director Kotler informed the Board that as the Anaheim Transportation Network (ATN) prepared for the transition of Anaheim Resort Transportation (ART) operating agreement from First Transit to TransDev Transit Services, Inc., precautionary measures should be considered to ensure that ART service continues without interruptions. These measures are recommended based on the ongoing shortage of qualified Coach Operators necessary for the provision of ATN service.

For the past several months, shortage in qualified Coach Operators presented operational difficulties for the ATN. With the upcoming transition between contractors, ATN staff is concerned that shortage of personnel may be further amplified. In addition, taking into consideration several events occurring during the month of November, such as Disney’s Avengers Hero Half Marathon weekend November 10-13, 2016, and Thanksgiving Holiday week, ART services may be negatively impacted.

To proactively address potential personnel shortage, ATN proposed to enter into an emergency sole source agreement with National Tours for the provision of qualified driving



personnel. National Tours Coach Operators will be used on as-needed basis to fill schedule shortages that First Transit cannot fulfill as part of their agreement with the ATN.

First Transit will reimburse ATN for all costs associated with the provision of additional personnel. Current agreement between ATN and First Transit authorizes ATN to seek reimbursement for these services. Estimated cost for these services should not exceed \$85,000 and will be deducted from the final First Transit invoice to the ATN. Other applicable penalties and/or liquidated damages will be also assessed in accordance with the current operating agreement between ATN and First Transit.

The anticipated cost for services to be rendered by National Tours is based on an assumption, that ATN will need to fill, on average, ten (10) eight-hour shift openings every day during the month of November at a cost of \$42.51 per revenue hour.

National Tours' local offices are based in Irvine, California. National Tours specializes in the provision of driving personnel for special events such as NASCAR, university special sporting events, presidential conventions, and other large promotional and high visibility events. National Tours has over 2,000 qualified operators available for service in Southern California area.

To ensure ATN complies with its Procurement Policy, Sole Source Justification and Independent Cost estimate have been prepared.

By motion, Brown/O'Connell, approved staff recommendation to award a sole source emergency agreement to National Tours for November 2016 in the amount not to exceed \$85,000

Ayes: Alder, Patel, Runsten, Lee, Ochoa, Moses, Tully, Burress

Noes: None

Opposed: None

ATN Board of Directors Meeting Adjourned at 4:43 PM