



Anaheim Transportation Network
Board of Directors and General Membership
Meeting Minutes
Wednesday, July 23, 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 Alder, Anaheim Gardenwalk
Todd Ament, Chamber of Commerce
Sergio Bocci, Hilton Anaheim
Fred Brown, Desert Palms Hotel & Suites
Ron Kim, Prospera
Tom Morton, City of Anaheim
Bill O'Connell, Stovall Hotels

ATN Staff Present:

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

ATN Legal Counsel:

Eric Willens, Cummins & White, LLP

Ex-Officio Members:

George Lee, MV Transportation

ATN Members Present:

None

Members of the Public Present:

Tim Beaubien, CP&A
Quaemia Hilton, MV
Linda Johnson, City of Anaheim
Robert Johnson, First Transit
Bill Long, Victory Communications
Alyson Loyd, CP&A
Larry Mason, MV
Normajeane Price, MV
Ishimine Stidhum, MV
Sue Zulke, OCTA



AGENDA

The ATN Board of Directors meeting was called to order at 3:07 pm

WELCOME & INTRODUCTIONS

ADDITIONS/DELETIONS TO THE AGENDA

None

PUBLIC COMMENTS

None

SPECIAL CALENDAR:

1. Presentation of Resolutions to:

Ishimine Stidhum for the Anaheim Resort Transportation Operator for the Month of April 2014;
John Lee for the Anaheim Resort Transportation Operator for the Month of May 2014;
Larry Mason for the Anaheim Resort Transportation Operator for the Month of June 2014;
Normajeon Price for the Anaheim Resort Transportation Operator for the Quarter for January-
March 2014; and
John Lee for the Anaheim Resort Transportation Operator for the Quarter for April-June 2014

CONSENT CALENDAR

Items 2 – 9 on the consent calendar are 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, April 23, 2014, Wednesday May 28, 2014 and Special Meeting held on Friday June 13, 2014
3. Receive and file status report pertaining to the Anaheim Transportation Network operations
ATN Focus Area Reports – April through June 2014
4. Receive and file ART Operating Reports through April through June 2014
5. Receive and file ATN membership report for April through June 2014
6. Receive and file customer service summary April through June 2014
7. Receive and file sales report summary for April through June 2014
8. Receive and file financial reports for March through June / Fiscal Year End 2014
9. Receive and file Independent Auditors Report of Anaheim Transportation Network's (ATN) Financial Statements and Single Audit Report for Fiscal Year ending June 30, 2013.

By motion, Morton/Ament, the ATN Board of Directors approved the consent calendar.



Ayes: Alder, Ament, Bocci, Brown, Kim, Morton, O'Connell

Noes: None

OPERATIONAL REPORT:

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

George Lee of MV Transportation (MV) reported that this will be the last time that MV will provide this update because of ATN's transition to First Transit. Mr. Lee stated that MV is proud to report that it has been six weeks without a preventable accident. Additionally, he expressed, on behalf of the company, their thanks and gratitude to ATN and its Board of Directors for the years that they spent serving the ATN and its community. He said that he personally will be moving on to OCTA.

ACTION CALENDAR:

11. Pursuant to approval of Evaluation Committee's recommendation, in response to RFP 2014-002 for Advertising Sale and Marketing Services, authorize Executive Director to award and execute a three-year, with two one-year options, agreement with Victory Communications for sale of advertising and development and implementation of a Social Media Program for Anaheim Transportation Network (ATN).

In the presentation to Board, ATN staff reported that in February 2014, Anaheim Transportation Network (ATN) began procurement for contracted services for the sale of advertising and development of a Social Media Program for the Anaheim Resort Transportation (ART) system. RFP for Advertising Sales and Social Media campaign was distributed to over 120 firms. Five (5) firms participated in a pre-proposal meeting held by the ATN and two (2) responsive proposals were submitted to the ATN for further review and deliberation.

To ensure full and complete evaluation of the received proposals and to provide prospective contractors with the opportunity to present and describe their strategies for the sale of advertising and development of a comprehensive Social Media campaign, on June 13, 2014, the Evaluation Committee held interviews with the prospective proposers.

Victory Communications, Inc., in partnership with ByteLaunch Inc., was deemed by the Evaluation Committee to be the lowest and best qualified advertising sales and social media consultant and service provider to meet the goals established by the ATN to increase advertising sales to gain exposure through social media markets, and to create a photo/video asset library of creative assets. Victory Communications has been with the ATN for nine (9) years and ATN staff is pleased to continue this mutually beneficial business relationship.



On the ATN staff, Belinda Trani will be responsible for development, implementation and monitoring of social media campaign to ensure consistent delivery of ATN marketing and branding message and to ensure that VCI is on track with meeting goals and objectives, as established and called out in the Scope of Work to continuously grow ATN's Advertising Sales program and to increase ATN's presence in the social media outlets:

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.

Based on the parameters established by the FTA in regard to the compliance with Revenue Contract, VCI will enter into contractual relationship with the advertisers, ATN will continue all administrative functions, including collection of advertising payments and issuance of earned commissions to VCI.

By motion, Brown/Ament, the ATN Board of Directors approved the Evaluation Committee's recommendation, in response to RFP 2014-002 for Advertising Sales and Marketing Services, and authorize the Executive Director to award and execute a three-year, with two one-year options, agreement with Victory Communications for sale of advertising and development and implementation of a Social Media Program for Anaheim Transportation Network.

Ayes: Alder, Ament, Bocci, Brown, Kim, Morton, O'Connell

Noes: None

12. Budget Workshop and approval of ATN Operating Budget for Fiscal Year 2014/15

The Executive Director presented ATN Operating Budget for Fiscal Year (FY) 2014/15. The proposed budget is built taking into consideration several operating changes that occurred at the ATN:



1. Addition of new hospitality establishments to the Anaheim Resort Transportation (ART) services and inclusion of Anaheim Regional Transportation Intermodal Center (ARTIC) to the ART system;
2. Change in contracting services from MV Transportation, Inc. to First Transit, Inc. effective July 30, 2014;
3. Assumption of maintenance services and Liquefied Natural Gas (LNG) bus fleet, including contracted maintenance services to Penske Fleet Services;
4. Addition of LNG fueling infrastructure to the ATN's facility;
5. Refinancing of the ATN real estate and tenant improvement loans into one financial mechanism; and
6. Renegotiation of the Advertising Sales agreement and addition of the Social Media Outreach Program.

The ATN staff has developed and is presenting a balanced budget for FY 2014/15. The proposed budget defines and allocates available resources to provide public transportation services under the umbrella of ART system. The ATN began preparations of the FY 2014/15 Operating Budget in March 2014, taking into considerations operational changes slated for the organization. Six (6) main areas of the upcoming changes for the ATN are outlined above. Each department within the ATN actively participated in the preparation of the budget to develop a fiscally responsible and constrained financial operating plan. Throughout budget development process, ATN staff attempted to use actual data and not rely on the assumptions that could not be substantiated. FY 2014/15 represents a balanced plan of the following revenue resources:

SOURCES OF REVENUE	
Transportation Services Route 20	5,551,647
Assessment Revenues	1,728,000
ART Pass Sales	5,248,887
Grant Revenues	1,139,000
Advertising Revenues	685,200
Transportation Demand Management Programs	339,142
Other Income	331,069
TOTAL REVENUE	15,022,945

FY 2014/15 Operating Budget maintains current level of ART service. Through service efficiencies and streamlining of current ART service routes, ATN staff will integrate new developments planned in The Anaheim Resort®, Platinum Triangle and Downtown Anaheim areas. The proposed expenditure plan is planned through the following ATN departments:



EXPENDITURES	
ART Operations	6,591,589
Fleet & Facilities Maintenance	1,040,400
Fuel	1,742,603
Personnel:	
Administrative Staff	537,404
Operations – Field Operations	591,120
Fleet & Facilities Maintenance	675,480
Fringe Benefits & Taxes	442,160
Professional Services	723,102
Sales & Marketing	180,000
Member Reimbursement Programs	214,200
Technology Services	81,000
Professional Development & Travel	42,200
Insurance	236,218
Finance Fees	195,640
Depreciation	870,000
Taxes	46,696
Grant Funded Programs	448,728
TOTAL EXPENSES	14,658,540
OPERATING RESERVE	232,538

Due to significant operating changes that occurred at the ATN, i.e. assumption of maintenance responsibilities for the fleet of 35 LNG buses, LNG fueling infrastructure, relocation of the ATN facilities, interest payments, etc., FY 2014/15 budget is not compared to actual FY 2013/14 budget. Moving forward, ATN budgets will be presented with the comparison to previous fiscal year.

Staff presented some issues that are beyond ATN’s control in consideration of the budget. These issues are increased depreciation costs, interest cost and insurance obligations. Board members asked if depreciation expenses could be accounted for as a reserves and non-cash expenditure, instead of a budget line-item account. ATN staff was directed to work with its auditing team to determine best practices in consideration of the depreciation expense.

In addition, staff explained that based on FTA guidelines, ATN is required to post flat line depreciation for the term of the assets’ useful life. Recently acquired LNG buses will not be included in the depreciation expense, as these assets have been fully depreciated by OCTA.

Director Kim asked about ATN Budget without Route 20. Staff responded that the ATN budget and route services are developed to ensure that each service can be sustained individually. Route 20



contributes revenue to the ATN's overhead; however, should this service be discontinued, ATN would need to reduce staffing associated with the provision of Route 20 services to ensure financial sustainability. Route 20 assessment is the only revenue source that fluctuates based on the level of service, remaining assessments do not fluctuate and are based on the contractual arrangements between the ATN and business establishments served by the ATN.

Director Ament, inquired if the ATN keeps track of other performance matrix such as number of hours of operation, number of miles travelled, ridership, etc. ATN does keep track of these matrices, as record keeping of operating statistics is required for reporting to FTA as part of the National Transit Database (NTD) process and on a monthly basis provides this information to the Board as part of the Consent Calendar.

Staff reiterated that the presented budget is balanced with this year's focus on the increase of revenues and sales.

By motion, Ament/Brown, the ATN Board of Directors approved the ATN Fiscal Year 2014/15 operating budget.

Ayes: Alder, Ament, Bocci, Brown, Kim, Morton, O'Connell

Noes: None

13. Appoint ATN Board of Directors representative(s) to an Evaluation Sub-Committee to review proposals submitted by banking institutions in response to RFP 2014-007 – Refinance of ATN Facilities. Direct the Evaluation Sub-Committee to develop a recommendation for refinance of ATN Facilities

On August 14, 2014 at 2 pm, the Evaluation Sub-Committee will meet to review the proposals received in response to RFP 2014-007 – Refinance of ATN facilities. The ATN received five (5) proposals from the following financial institutions:

1. Bank of America
2. Chase
3. Citizens Business Bank
4. Wells Fargo & Company
5. US Bank

Tony Bruno, as the ATN Treasurer, will Chair the Refinance Sub-Committee. Additional members of the committee are Fred Brown, Paul Sanford and Todd Ament.



By motion, Brown/Morton, the ATN Board of Directors directed the Evaluation Sub-Committee to develop a recommendation for refinance of ATN Facilities.

Ayes: Alder, Ament, Bocci, Brown, Kim, Morton, O'Connell

Noes: None

STATUS REPORT:

14. Transition of ART Services Agreement to First Transit, Inc. on July 30, 2014.

Approximately 70% of current drivers will transition over to First Transit. Since award of the contract for ART Service in May 2014, First Transit has been preparing for the transition. Recruitment for new drivers has been ongoing. ATN's and First Transit' driver labor force will be comprised of approximately 30% of new drivers. Reasons for the current drivers not to transition over to First Transit include: ability to find a position with MV's divisions located closer to their home, open positions at OCTA divisions and the desire for full time positions.

First Transit's local office is located in Tempe, AZ.

Adjourn ATN Board of Directors Meeting at 4:10 pm



ANAHEIM TRANSPORTATION NETWORK

BOARD OF DIRECTORS

NOTICE OF MEETING CANCELTION

**Wednesday, August 27, 2014
3:00 p.m.**

**Anaheim Convention Center
700 West Katella Avenue
Anaheim, CA 92802**

NOTICE IS HEREBY GIVEN, that the Board of Directors of Anaheim Transportation Network will **NOT** hold its regular Board of Directors meeting on Wednesday, August 27, 2014 at 3:00 p.m.

Next regularly scheduled ATN Board of Directors meeting will be held on Wednesday, September 24, 2014, at the Anaheim Convention Center Mezzanine Conference Room at 3 p.m.

By Order of Paul Sanford, Chairman of the
Board of Directors, August 27, 2014