



DATE: JUNE 25, 2025
TO: ATN BOARD OF DIRECTORS
FROM: DIANA KOTLER, CHIEF EXECUTIVE OFFICER
RE: AGENDA ITEM 13

RECOMMENDATION:

- a. By Resolution No 2025-002 direct staff to proceed with fiscal year 2025/2026 ATN operating budget and Capital Improvement Program selecting from one of three discussed options:
 1. Status Quo FY2025/2026 Operating Budget
 2. Constrained FY2025/2026 Operating Budget Options
 3. 90-day Spending Authority
- b. By Motions, receive, file and ratify correspondence dated June 11, 2025, to Anaheim Tourism Improvement District (ATID) Transportation Committee request for operating funding allocation
- c. By Motions, authorize Chief Executive Officer to execute Purchase Orders and professional services agreements necessary for ongoing operations and business continuity

DISCUSSION:

Anaheim Transportation Network (ATN) continues to work to rebound from the challenges posed by the pandemic, striving to regain its former revenue generation and ridership levels. During Fiscal Year 2025 (FY25), ATN's leadership team exerted a vast amount of energy on moving the organization forward which brings us to where we are today. Federal government Covid-19 Aid packages have been expended and ATN, like most transit agencies throughout California and nationally, must find ways to rebuild revenues and control its rising labor costs. Managing these two pillars is the foundation upon which the agency will survive the upcoming years.

As we confront ongoing challenges of stagnant revenues and rising day-to-day operational costs, ATN continues to challenge the often-unrealistic expectation that a transit agency can simply identify new "revenue sources" to resolve its economic difficulties. Entering Fiscal Year 2026 (FY26), ATN remains committed to the monumental task of maintaining the highest possible level of operations while enhancing the quality of services provided to its constituency.

The proposed Fiscal Year 2026 budget maintains service levels from the previous fiscal year and incorporates anticipated labor cost increases. It reflects ATN's continued commitment to delivering value to the community and recognizes the contributions of employees and contractors who support daily transit operations.

At the same time, the organization is mindful of increasing labor market pressures and has approached this budget with caution—prioritizing fiscal restraint and conservative expenditures. Since FY20, labor costs have increased by 62 percent, contributing to agency-wide salary compaction. As a result, ATN anticipates a



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structural deficit and will rely on local funding sources, including the Anaheim Tourism Improvement District (ATID) Transportation Component and State Transit Assistance (STA), to sustain ongoing operations.

ATN remains committed to enhancing service delivery while building a sustainable future, focused on continuous optimization and delivering effective solutions for our customers.

In preparation for the transition to fund-based financial reporting system, ATN prepared FY26 Budget Transmittal based on operating costs per department and per program. Detailed financial reports by departmental levels are presented in the budget transmittal. This staff report provides information on programmatic basis.

TABLE 1 - NIGHT OWL PROGRAM

	<i>FY26 Proposed</i>
<i>Sources of Funds</i>	
Night Owl 3 rd Shift Employee Services	\$158,000
<i>Uses of Funds</i>	
Night Owl 3 rd Shift Employee Services	\$158,000
Excess Revenue/Deficit	--

TABLE 2 FRAN

	<i>FY26 Proposed</i>
<i>Sources of Funds</i>	
City of Anaheim Retail Transp. Assessment-CtrCity FRAN	\$73,000
<i>Uses of Funds</i>	
Night Owl 3 rd Shift Employee Services	\$70,000
Excess Revenue/Deficit	\$3,000

TABLE 3 RAIL FEEDERS SERVICES

	<i>FY26 Proposed</i>
<i>Sources of Funds</i>	
City of Anaheim Canyon Service (project S)	\$73,000
Anaheim Canyon Services Metrolink (Fare Agreement)	<u>\$27,414</u>
Total Sources of Funds	\$178,781
<i>Uses of Funds</i>	
Route 17_ Anaheim Canyon Express	\$176,106
Excess Revenue/Deficit	\$2,675



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TABLE 4 EVE SNA SERVICE

	<i>FY26 Proposed</i>
Sources of Funds	
EVE Ticket Sales	\$333,120
Uses of Funds	
Night Owl 3 rd Shift Employee Services	\$350,379
Excess Revenue/Deficit	(\$17,259)

TABLE 5 SENIOR MOBILITY SERVICE

	<i>FY26 Proposed</i>
Sources of Funds	
Senior Mobility Program (PCA Agreement)	\$101,413
Uses of Funds	
Night Owl 3 rd Shift Employee Services	\$86,862
Excess Revenue/Deficit	\$14,551

TABLE 6 DLR SERVICE

	<i>FY26 Proposed</i>
Sources of Funds	
DLR Service_Route 20 Toy Story	\$8,932,659
Uses of Funds	
DLR Service_Route 20 Toy Story	\$8,774,163
Excess Revenue/Deficit	\$158,496
DLR Contribution to ATN Administrative Costs	\$799,264 (9.11%)
DLR Contribution to ATN Administrative Cost Including Excess Revenue	\$957,760 (10.92%)

TABLE 7 ART SERVICE

	<i>FY26 Proposed</i>
Sources of Funds	
Total Core ART Revenue w/ATID	\$11,052,502
Total Core ART Revenue w/o ATID	\$9,339,603
Revenue from Other Programs	\$161,463
Total Uses of Funds	\$12,349,503
Excess Revenue/Deficit w/ATID	(\$1,135,538)
Excess Revenue/Deficit w/o ATID	(\$2,848,437)





As directed by the ATN Executive Committee and Finance Committee, ATN is presenting three (3) budget alternatives for their consideration:

Option 1: Approve 2025/2026 Budget with ATID investment of \$2,848,437

Preliminary Impacts: Maintain current level of service and staffing, including all cost saving measures instituted last fiscal year and increase hotel assessment by five percent (5%).

Option 2: Approve 2025/2026 Budget without ATID investment (“Constrained Budget”)

Preliminary Impacts: Core ART service reduction by thirty percent (30%) including elimination of 43 union positions, reduction of twelve (12) non-union positions, and an increase of hotel assessment by a minimum of twenty percent (20%). Will likely cause numerous voluntary hotel properties to walk away, thus further reducing assessment revenue, as well as farebox revenue due to excessive wait times.

Option 3: Approve a temporary 90-day “Spending Authority” that authorizes ATN to operate beyond June 30, 2025, until Option 1 or Option 2 can be agreed upon.

Preliminary Impacts: Allows ATN to commence public hearing processes, as required by federal law, to begin service and personnel reductions outlined in Option 2, should Option 1 not be approved. Cost and service reductions that can be made without a public hearing would have been made to preserve cash flow in the interim period without ATID funding.

Option 4: Through the conversations with the City of Anaheim the ATN was asked to investigate an alternative for service reductions equivalent to twenty-four (24%) percent and increase hotel assessment by five percent (5%). Approve 2025/2026 Budget with ATID investment of \$1,042,692

Preliminary Impacts: Core ART service reduction by twenty-four percent (24%) through elimination of thirty-eight (38) union positions, reduction of twelve (12) non-union positions, and an increase of hotel assessment of five percent (5%). ATN would still need to plan for voluntary hotel properties walking away from service and farebox revenue reductions due to excessive wait times. A mid-year budgetary adjustment will be required.



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Given that the proposed FY26 Operating Budget is based on the assumptions for the receipt of ATID Transportation Component funds, should ATID funds not be appropriated to the ATN, a constrained fiscal plan would need to be adopted by the ATN Board of Directors.

For the FY26 Constrained Budget (Option 2), \$2,848,437 in cost reductions and revenue adjustments would need to be initiated in order to maintain a balanced budget:

1. Thirty percent service reductions from planned 105,345 hours of service budgeted at \$5,676,086 to 73,742 service hours budgeted at 3,973,219. Total reduction in Core ART service of 31,603 hours of service or \$1,702,867 and twenty-nine percent (43 FTE) reduction in Operator positions
 - *Title VI Equity Analysis required for service reductions of over 25 percent*
 - *Issue Warn Notices Teamsters Local 952*
2. Twenty-four percent (11.7 FTE) or ATN staffing reduction
 - *Withhold cost of living adjustment*
 - *Proceed with salary compaction compensation adjustment*
3. Twenty percent hotel assessment rate increase instead of the contractually allowed five percent from \$.60 per room per day to \$.72 per room per day or \$580,000 annually
 - *Schedule a series of public hearings to authorize hotel assessment rate increase*

Total proposed budgetary cost reductions and revenue increase equate to \$3,150,424 or \$301,987 above the projected structural deficit as the following operational ramifications should be assumed:

- *Voluntary hospitality establishments may terminate the Core ART service agreements*
- *ATN Board should assume significant fare revenue reductions as a result of thirty percent service reductions*
- *ATN Board should assume an increase in purchased transportation costs with the reduction of operating revenue hours. This increase will have an impact on all other ATN operated public transit services*

Should the ATN Board adopt Constrained Operating FY26 budget, ATN will need a temporary spending authority through September 30, 2025, to allow for necessary public participation documentation:



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For the FY26 Constrained Budget (Option 4), ATN needs to plan \$2,677,531 in cost reductions and hotel assessment revenue adjustment of a contractually allowable amount of five percent (5%) to maintain a balanced budget:

4. Twenty four percent service reductions from planned 105,345 hours of service budgeted at \$5,676,086 to 80,062 service hours budgeted at 3,734,826. Total reduction in Core ART service of 25,283 hours of service or \$1,362,326 and twenty-five percent (38 FTE) reduction in Operator positions
 - *Title VI Equity Analysis not required*
 - *Issue Warn Notices Teamsters Local 952*
5. Twenty-four percent (11.7 FTE) or ATN staffing reduction
 - *Withhold cost of living adjustment*
 - *Proceed with salary compaction compensation adjustment*
6. Five percent hotel assessment rate increase instead of the contractually allowed five percent from \$.60 per room per day to \$.63 per room per day or \$142,375 annually
 - *Public hearings not necessary*
 - *ATN Board should assume an increase in purchased transportation costs with the reduction of operating revenue hours. This increase will have an impact on all other ATN operated public transit services*

The projected budgetary implications are presented in Table 1. The goal Fiscal Year 2025/2026 is to return ATN operations to the previously experienced financial stability in its service delivery.

Cognizant of the fact that ATN's funding structure is limited to locally generated assessment fees, fare revenues, and capital grants, several factors in the previous fiscal year had challenging impacts on the organization. A sixty-two percent (62%) increase in labor costs for Operators and the upcoming Collective Bargaining Agreement (CBA) negotiations for represented employees with the projected increase in labor rates and retirement contributions, increase in pension contribution rate, increase in medical premiums, increase in workers' compensation expenses, and service hours that have been provided without an identified funding source, budgetary pressures will continue and will require ongoing public support from Anaheim Tourism Improvement District (ATID) and State Transit Assistance funding sources.

The majority of ATN's expenses (86.7%) are attributed to paying the agency's Operators, maintenance technicians, front line customer service support and utility workers. ATN anticipates that the new CBA will include a starting operator



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wage of \$26.00 per hour, resulting in a compaction of wages for ATN hourly personnel.

This year's work program will also concentrate on the organizational structure of ATN. Discussions with the City of Anaheim and local constituent interests will take place to shape the future of public transportation in Anaheim as we prepare to host 2028 Olympic events at Anaheim venues, discuss ANNA east-west transportation services, open major destinations at OCVIBE and prepare for *DisneylandForward* initiatives.

ATN secured \$2.6 million toward local service planning initiatives. A full list of planning and service-related grants funding for FY 24/25 is presented in *Table 1 – Planning and Operating Grants FY 24/25*.

Table 8 – Planning and Operating Grants FY 2025/2026

Grant	Amount
TIRCP ANNA Alternative Funding Delivery Strategy	\$ 613,000
TIRCP ANNA TNC Study	\$ 100,000
MSRC City of Orange FRAN 2.0	\$ 391,000
MOU City of Orange FRAN 2.0	\$ 100,000
FTA Areas of Persistent Poverty	\$ 305,100
FY23 LoNo Workforce Development	\$ 250,000
TIRCP_Legal Advisor_ANNA Service	\$ 250,000
FY23 LoNo_CTE BEB Vehicle Procurement	\$ 247,000
FY 23 LoNo_Claudina Infrastructure Installation	\$ 250,000
Total Planning & Operating Grants	\$2,506,100

ATN FY26 budget transmittal also represented a five-year Capital Improvement Program (CIP) which is a planning roadmap from FY26 through Fiscal Year30. ATN updates its CIP document annually.

The proposed CIP program represents a \$33,902,200 Million investment. With the completion of ATN's new zero emission bus charging facility in April 2024, ATN completed delivery of the initial capital improvement program initiatives associated with *#ElectrifyAnaheim* obligations and plans to begin the next generation of capital improvement projects:

1. Completion of facility construction and relocation of ATN bus fleet
2. Relocation of Operations team, including all Bus Operators, to ARTIC
3. Initiation of new and replacement rolling stock procurement processes
4. Improvements to the ATN's maintenance facility located at 1354 South Anaheim Boulevard



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5. Infrastructure projects for ANNA service through alternative delivery strategies

ATN will continue to actively pursue formulaic and capital grant opportunities. Should ATN receive any new grant funds, no further actions will be required of the Board of Directors to amend ATN's CIP program. Separate action will be necessary to accept the awarded funds.



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TABLE 1

	FY 24/25 Projected	FY 25/26 Proposed_Unconstrained Increase	5%	FY 25/26 Proposed_Constrained 20% + 30%	FY 25/26 Proposed_Constrain ed Variance	FY 25/26 Proposed_Constrained	5% + 24%
Sources of Revenue							
City of Anaheim Transit Assessment	\$ 2,847,492	\$ 2,989,867		\$ 3,416,990	20.00%	\$ 2,989,867	5.00%
City of Anaheim Transit Assessment_DLR	\$ 7,852,044	\$ 8,932,659		\$ 8,932,659	13.76%	\$ 8,932,659	13.76%
City of Anaheim Ret.Trans.Assessment__Center City FRAN	\$ 50,000	\$ 73,000		\$ 73,000	0.00%	\$ 73,000	0.00%
City of Anaheim Ret.Trans.Assessment__Resort	\$ 270,419	\$ 283,940		\$ 324,503	20.00%	\$ 283,940	5.00%
Total Assessment Revenue	\$ 11,019,955	\$ 12,279,465		\$ 12,747,152	5.66%	\$ 12,279,465	11.43%
Total R-100 Farebox/Passenger Revenue	\$ 4,373,688	\$ 4,503,307		\$ 4,503,307	2.96%	\$ 4,503,307	
Other Cooperative Revenue Agreements	\$ 2,050,223	\$ 2,324,803		\$ 2,324,803	13.39%	\$ 2,324,803	13%
Cooperative Revenue Agreements_ATID	\$ 1,550,000	\$ 1,712,899		\$ -	-100.00%	\$ -	-100%
Cooperative Revenue Agreements_ATID In Lieu of STA	\$ -	\$ 1,183,118		\$ -	0.00%	\$ -	0%
Total R-200 Fund Cooperative Agreements	\$ 3,600,223	\$ 5,220,820		\$ 2,324,803	-35.43%	\$ 2,324,803	\$ (1,275,420)
R-301 Interest Revenue	\$ 8,000	\$ 8,000		\$ 8,000	0.00%	\$ 8,000	0%
R-302 Miscellaneous Revenue	\$ 1,000	\$ 1,000		\$ 1,000	0.00%	\$ 1,000	0%
Total Fund 300_Other Revenue	\$ 9,000	\$ 9,000		\$ 9,000			
Total Sources of Revenue	\$ 19,002,866	\$ 20,829,474		\$ 19,584,262		\$ 19,107,575	
Total Revenue with ATID in lieu of STA		\$ 22,012,592					
USES OF FUNDS BY DEPARTMENT							
Administration	\$ 2,396,607	\$ 2,673,442		\$ 1,905,885	\$ (767,557)	\$ 2,173,442	\$ (767,557)
Finance	\$ 1,169,393	\$ 1,074,679		\$ 1,074,679	\$ (94,715)	\$ 1,074,679	\$ (94,715)
Operations	\$ 11,917,207	\$ 13,926,684		\$ 12,223,817	\$ (1,702,867)	\$ 12,564,358	\$ (1,362,326)
Maintenance	\$ 2,992,762	\$ 3,548,154		\$ 3,548,154	\$ 555,392	\$ 3,548,154	\$ 555,392
Customer Engagement & Brand Awareness	\$ 867,557	\$ 789,633		\$ 669,633	\$ (197,924)	\$ 789,633	\$ (197,924)
TOTAL USES OF FUNDS	\$ 19,343,526	\$ 22,012,592		\$ 19,422,168	\$ (2,207,671)	\$ 20,150,266	\$ (1,867,130)
Excess/Deficit w/Partial ATID allocation	\$ (340,660)	\$ (1,183,118)		\$ 162,094		\$ (1,042,691)	

RESOLUTION 2025-002

RESOLUTION OF THE BOARD OF DIRECTORS OF THE ANAHEIM TRANSPORTATION NETWORK APPROVING AN OPERATING AND CAPITAL BUDGETS FOR FISCAL YEAR 2025-2026

WHEREAS, the Chief Executive Officer with ATN staff have prepared and presented to the Board of Directors three proposed options for the operating budget for fiscal year 2025/2026:

Option 1 - Status Quo FY2025/2026 Operating Budget for \$22.01 Million
Option 2 - Constrained FY2025/2026 Operating Budget for \$19.17 Million
Option 3 - 90-day Spending Authority of up to \$5.50 Million

WHEREAS, the Chief Executive Officer with ATN staff have prepared and presented to the Board of Directors a proposed five-year capital improvement program in the amount of \$33.9 million through fiscal year 2029/2030;

WHEREAS, Anaheim Transportation Network (ATN) conducted three public workshops before the Board of Directors on May 9, 2025, May 28, 2025, and on June 25, 2025;

WHEREAS, the proposed budget was revised to reflect each and all of the amendments, changes, and modifications which the Board of Directors discussed and made at its publicly notice Board meeting and hearing on June 25, 2025, including changes to correct any non-substantive errors or omissions.

NOW, THEREFORE BE IT RESOLVED, by the ATN Board of Directors of as follows:

1. ATN budget transmittal for the fiscal year July 1, 2025, through June 30, 2026, is hereby approved, a copy of which is on file with the ATN Managing Director, and attached hereto as Exhibit A;
2. ATN budget transmittal for the fiscal year July 1, 2025, through June 30, 2026, includes carry-over funds from the remaining grant award agreements from the previous Fiscal Year;
3. The capital improvement program for fiscal year July 1, 2024, through June 30, 2030, is hereby approved, a copy of which is on file with the ATN Managing Director, and attached hereto as Exhibit B;
4. ATN Operating Budget authorizes ATN to increase annual public transit assessment rate by five (5) percent, from \$0.60 per room per day to \$0.63 per room per day, as authorized by the Operating Agreement Consumer effective July 1, 2025;
5. ATN Board of Directors authorizes ATN to conduct public hearings to determine increase to annual public transit assessment and service reductions if Option 2 or Option 3 or variations there of were approved;
6. Chief Executive Officer to provide regular financial reports an Ad Hoc Finance Committee,

7. Chief Executive Officer to transmit to the Anaheim Tourism Improvement District (ATID) Transportation committee ATN Budget Transmittal, and ratifies the prior transmittal of the fund request from ATID for the fiscal year 2025/2026;
8. Chief Executive Officer to transmit to the City of Anaheim ATN Budget Transmittal as outlined in the Franchise Ordinance No.6464 ;
9. Chief Executive Officer to transition ATN financial system to Fund Accounting system financial reorganization practices effective Fiscal Year 2025/2026;
10. Authorize ATN staff to renew permanent Master and Open Purchase Orders and professional service agreements, necessary for ongoing operations and business continuity, as applicable;
11. Authorize ATN staff to renew operating service agreements, as applicable; and
12. Authorize staff to proceed with necessary procurement processes as necessitated by planning, operating and capital grant agreements.

NOW, THEREFORE, BE IT RESOLVED that undersigned certifies the passage and approval of this resolution, and it shall thereupon be in full force and effect.

ADOPTED, SIGNED and APPROVED by the ATN Board of Directors

Matthew Hicks
Interim Chairperson

Diana Kotler
CEO

I, Diana Kotler, CEO of the Anaheim Transportation Network, DO HEREBY CERTIFY that the foregoing Resolution Number 2025-002 was duly adopted by the Board of Directors at a regular meeting of said Board on the 25th day of June 2025, and that it was so adopted by the following vote:

AYES:

NOES:

ABSENT:

Diana Kotler
CEO

EXHIBIT A – 2025/2026 OPERATING BUDGET AS APPROVED

EXHIBIT B – 2025-2026 CAPITAL IMPROVEMENT PROGRAM AS APPROVED



**Fiscal Year
2025–2026**

Budget Transmittal

**Operating Budget &
Capital Improvement Program**

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Statement from the CEO

Anaheim Transportation Network (ATN) continues to work to rebound from the challenges posed by the pandemic, striving to regain its former revenue generation and ridership levels. During Fiscal Year 2025 (FY25), ATN's leadership team exerted a vast amount of energy on moving the organization forward which brings us to where we are today. Federal government Covid-19 Aid packages have been expended and ATN, like most transit agencies throughout California and nationally, must find ways to rebuild revenues and control its rising labor costs. Managing these two pillars is the foundation upon which the agency will survive the upcoming years.

As we confront ongoing challenges of stagnant revenues and rising day-to-day operational costs, ATN continues to challenge the often-unrealistic expectation that a transit agency can simply identify new "revenue sources" to resolve its economic difficulties. Entering Fiscal Year 2026 (FY26), ATN remains committed to the monumental task of maintaining the highest possible level of operations while enhancing the quality of services provided to its constituency.



As the organization prepares and presents its operating and capital budgets for the next several years, the theme of our fiscal program for FY26 is "*Efficiency through Organizational Optimization.*"

ATN's FY26 fiscal plan must investigate five organizational challenges: Public Transit Service Delivery, Transit Asset Management, Customer Experience, Information Technology, and Internal Business Functions.

Organizational optimization is vital for ATN's budget planning activities because it provides the agency with new perspectives to evaluate its functions and gauge its identity to determine future strategies. In these changing political environments, characterized by uncertainty of federal policy and local priorities, ATN must be flexible and adaptable to manage the FY26 budget and set a path for another 20 years.

Subsequently, ATN must identify ways to keep up in this shifting business world by preparing for public transit service delivery. ATN, as an organization, will manage how to operate in financially constrained environment, focusing on the organizational priorities to address corporate challenges and attain strategic advantages.

The effectiveness of any optimization strategy is a multifaceted and continuous process of evaluation, adaptation, measurement, and improvement across all functions. Recognizing the diversity and complexity within our organization is key to developing tailored approaches that can lead to sustained improvements and competitive advantage.

Consequently, ATN's FY26 budget endeavors will elevate each department's operations to their pinnacle and instigate continuous improvement initiatives across the agency by synchronizing departmental initiatives with organizational priorities.

I am confident that this budget and our optimization focus will positively serve ATN in the Fiscal Year 2026 and into the future. A sincere thank you to the ATN Executive and Finance committees and the ATN leadership team who were instrumental in creating the FY26 budget process.

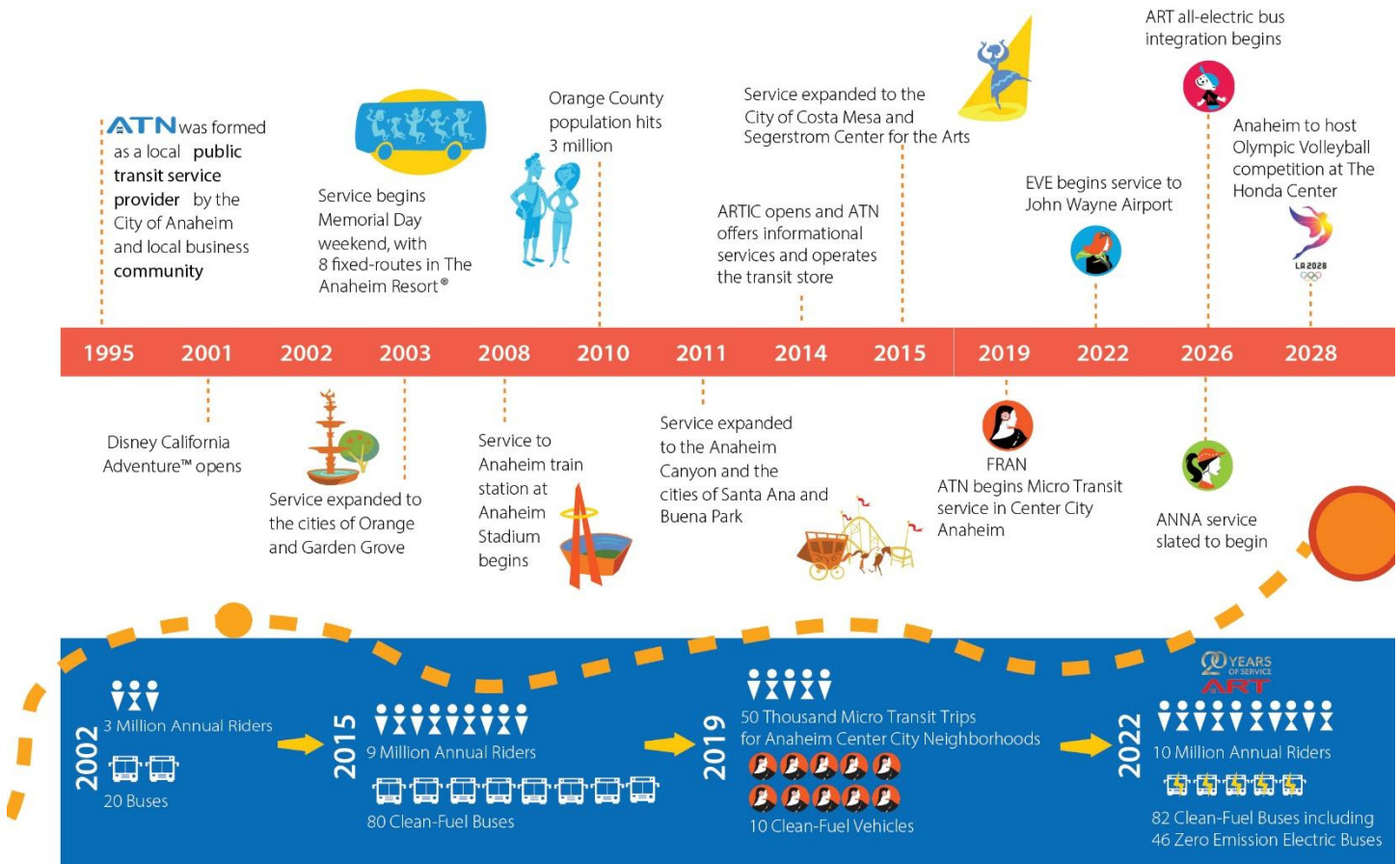
A handwritten signature in blue ink, appearing to read "D. Kotler", is positioned above the printed name and title.

Diana Kotler
Chief Executive Officer

Agency Overview

ATN History, Background, and Vision

Created in 1995, Anaheim Transportation Network (ATN) provides a variety of municipal public transportation services in the City of Anaheim. In its role to preserve integrity of mitigation monitoring measures associated with the Anaheim Resort®, Disneyland® Resort, Hotel Circle and Platinum Triangle™ Specific plans, ATN works to mitigate traffic congestion and air quality impacts related to current and future developments. ATN fulfills these obligations through the purchase and operation of zero-emission technologies to meet the transportation needs of Anaheim's commercial, recreational, employment, and residential areas.



ATN operates under the guidance of the City of Anaheim's franchise requirements, as outlined in the City Charter. On May 21, 2019, the Anaheim City Council approved Ordinance No. 6464, signifying the importance of public transportation and mobility services for Anaheim residents, visitors, and the business community.

Established through the City of Anaheim's environmental mitigation process and in partnership with the entertainment, retail, and hospitality industries, ATN created an institutional framework to finance and operate municipal public transit and mobility services. This structure ensures convenient access to destinations and venues throughout Anaheim and neighboring communities. Over the past 22 years, Anaheim Regional Transportation (ART) ATN's public transit system—has evolved to meet growing transportation demand driven by tourism, residential development, and employment growth.

ATN provides public transportation services to and from local employment centers, transportation hubs, theme parks, sports venues, shopping destinations, performing arts centers, the local airport, and throughout

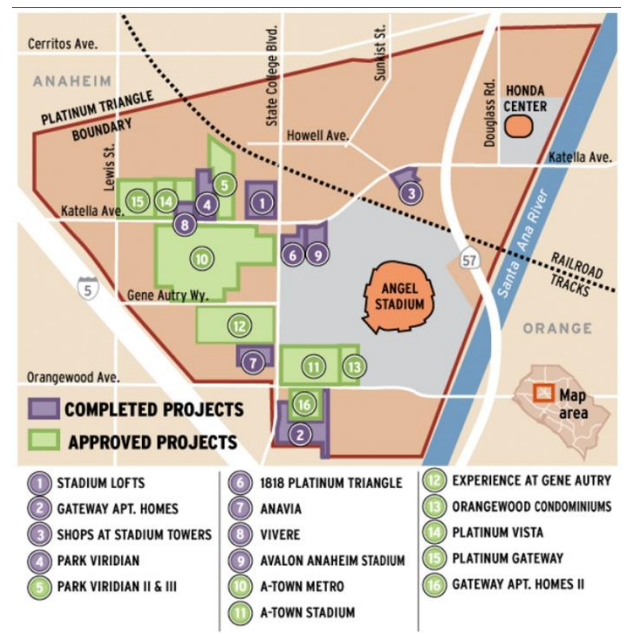
ATN Key Figures:

- ATN Members: 127
- Mitigated Properties: 94
- Non-Mitigated Properties: 33
- ART Assessment Payees: 43

residential communities. Operating under the authority of Ordinance No. 6464, ATN operates fixed-route, deviated fixed-route, on-demand, and e-hail services. Ridership is steadily returning to the pre-pandemic levels, exceeding nine million annual boardings.

Since launching ART in 2002 with eight routes and 20 buses, ATN has grown to serve more than 9.7 million passengers annually. ATN remains committed to delivering reliable and efficient

transportation solutions while continuously enhancing service offerings to meet the needs of a growing and dynamic region. With ongoing growth in employment, residential development, and economic activity throughout the region, ATN is at the forefront of connecting the traveling public through more convenient and frequent routes, faster and seamless service, and technology that elevates public transit experience.



Some of the most significant and expansive developments in the region are occurring within the City of Anaheim. With substantial private investments planned in The Platinum Triangle™ and The Anaheim Resort®, expanding ATN's family of services is essential to meeting the increasing mobility demands of a rapidly expanding region and evolving community. World-class entertainment venues, more than 3,000 new residential units, and a surge in new homes, retail, dining, and office developments are creating expanded opportunities—and responsibilities—for additional and enhanced public transit services provided by ATN.



In 2024, ATN opened *The Charge*, a state-of-the-art facility supporting the operation and maintenance of its battery-electric fleet. As one of only three such facilities in the nation—and the first of its kind in Orange County and the State of California—*The Charge* supports public transit services for residents, businesses, and passengers throughout Anaheim, neighboring communities, and regional employment centers.

As public needs and expectations evolve in the 21st century, ATN is committed to enhancing customer

experience through technology and real-time service information. By proactively adopting innovative technologies that prioritize convenience and comfort, ATN aims to stay ahead of demand and better anticipate customer needs.

In the upcoming fiscal year, ATN will define the next phase of its public transit service delivery —positioning Anaheim to meet growing demand and welcome the world during the Summer Olympic and Paralympic Games.



Products & Services

ATN operates a comprehensive public transit system supported by over 200 employees, delivering a broad range of mobility services throughout Anaheim. These services include:

- **Anaheim Regional Transportation (ART).** Fixed route service operating 46 zero-emission battery electric buses and 21 compressed natural gas (CNG) buses.
- **Everyone Ventures Everywhere (EVE).** Demand-responsive service connecting The Anaheim Resort® to Orange County's John Wayne Airport, utilizing three-battery electric 9-passenger vans.
- **Free Rides Around the Neighborhood (FRAN).** On-demand, e-hail microtransit service using ten battery-electric low-speed vehicles, serving neighborhood and downtown areas.
- **Senior Wheels:** Senior mobility service for Anaheim's senior population, operated with three cutaway vehicles.
- **Convention Services:** Special transit support for large-scale events at the Anaheim Convention Center, including NAMM, DECA, Natural Products, and others.
- **Rail Feeder Services:** Fixed-route connections between Anaheim's ARTIC and Canyon Metrolink rail stations, supporting regional rail integration



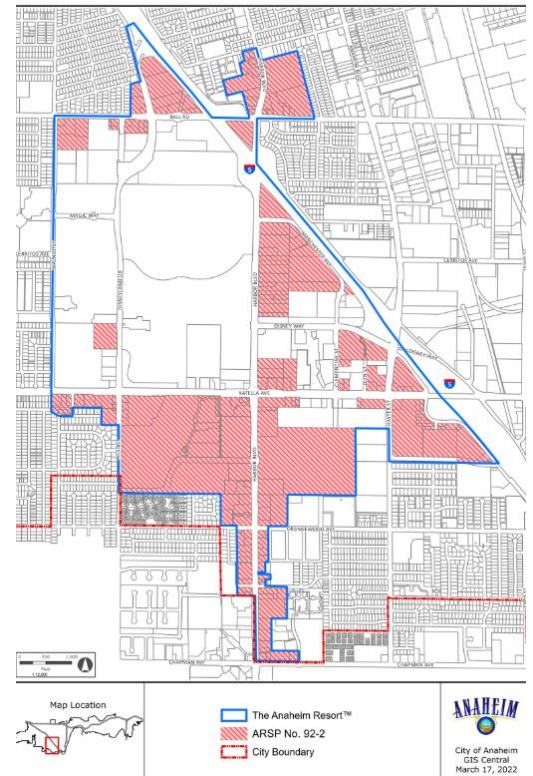
California Environmental Quality Act (CEQA) and Specific Plan Mitigation Monitoring Program (MMP) Development Requirements

- ATN was established to uphold CEQA mitigation monitoring measures associated with the Anaheim Resort®, Disneyland® Resort, Hotel Circle and Platinum Triangle™ Specific Plans
- ATN strives to mitigate traffic congestion and improve air quality impacts related to current and future developments
- ATN operates under the City of Anaheim Charter and in accordance with franchise Ordinance No. 6464

Service Area

- ATN serves approximately 9.2 million boarding customers annually
- Public routes connect through ARTIC to Los Angeles and San Diego counties, and to Riverside County via commuter rail at The Canyon Metrolink station
- ATN continues to honor its fare exchange agreement with the Orange County Transportation Authority (OCTA), ensuring seamless connectivity throughout Orange County
- Senior Mobility Service is available for Anaheim residents aged 65 and over

Anaheim Resort Specific Plan 92-2



Community Partnership

Community Events

A ATN's dedication to connecting communities is reflected in its commitment to community engagement and public participation. The following are highlights of ATN's outreach activities:

Halloween Parade – Since 1923, long before “trick-or-treating” became a national tradition, Anaheim residents have gathered for the “All Hallow’s Eve” parade and carnival. ATN’s FRAN, dressed as “FRAN-kenstein”, is a beloved participant in this Anaheim tradition.



Children’s Festival – In partnership with the Anaheim Museo and Cultural Center, ATN participates in The Anaheim Children’s Festival, providing opportunities for families and people of all ages to explore and create art together.

High Ground Youth and Family Services – For over a decade, ATN has partnered with Higher Ground to support underserved communities and strengthen families across Orange County.

Direct Outreach

ATN’s Customer Engagement and Brand Development Department actively supports community education and awareness through:

- Informational collateral materials
- Educational programs tailored for the hospitality community
- Outreach to local small business establishments

Communication Channels

To keep the public informed and promote ridership, ATN utilizes a variety of communication platforms. ATN maintains a customer service center at ARTIC, partners with local organizations and Visit Anaheim, publishes a biweekly newsletter, and participates in public forums and community events.

Through targeted advertising and social media outreach, ATN enhances brand awareness and public visibility across the region. Current social media platforms include Instagram, Facebook, Threads, LinkedIn, and TikTok.

Local Training Consortiums and Community Organizations

California Transit Training Consortium (CTTC)

CTTC is a non-profit organization composed of California community colleges, transit agencies and universities that collaborate to deliver training courses to transit workers across the region.

The Consortium provides programs that help transit agencies meet current and future technical and mechanical workforce needs.

ZEBRA – Zero Emission Bus Resource Alliance

ZEBRA is a professional association for transit agencies in the U.S. and Canada focused on sharing best practices and lessons learned in the deployment of zero-emission buses (ZEBs). Since 2015, ATN has participated as a member, contributing to and benefiting from peer-to-peer knowledge exchange on emerging zero-emission technologies.

California Travel Association (CalTravel)

As member of the Board of Directors, ATN supports CalTravel's mission to advance California's travel industry through advocacy, collaboration, and education. The Association advocates for policies at the state level that directly and indirectly impact tourism, helping to sustain a thriving visitor economy.

Visit Anaheim Workforce Development Initiative

As a founding member of the Visit Anaheim Workforce Development program, ATN collaborates to support future workforce opportunities in tourism, hospitality, and transportation. The initiative educates students on the diverse career paths within these industries by connecting them with local business leaders from hotels, event venues, and transportation companies.



Orange County Sports Commission

As a Board of Directors member, ATN helps promote local venues such as the Honda Center, Angel Stadium of Anaheim, and the Anaheim Convention Center by supporting communications and outreach efforts.



Zero Emission Bus Fleet by Summer 2028 Olympic Games Our Commitment

ATN's commitment to delivering zero-emission public transit services by the 2028 Summer Olympic and Paralympic Games has never wavered.

The ATN Board of Directors adopted the agency's Zero-Emission Bus (*ZEB*) Policy in January 2018. Following this, ATN staff submitted its transition plan to the California Air Resources Board (*CARB*) and began fleet deployment with 46 battery-electric buses.

In March 2025, the ATN Board unanimously approved the continuation of this policy, authorizing a purchase agreement with RIDE for 15 new 40-foot battery-electric buses, eight zero-emission vans, and a future order of ten 60-foot battery electric buses. Upon acceptance, ATN will be the only agency in Orange County, California operating a 100 percent zero-emission fleet.



The Charge

To support its zero-emission fleet operations, ATN opened The Charge—a dedicated maintenance and charging facility—in 2024.

These efforts are spearheaded to support Anaheim's CEQA and MMP commitments to sustainability and community well-being.



SYSTEM MAP



ATN Board of Directors



Matt Hicks, Vice Chairperson



Fred Brown, Treasurer



Karalee Darnell, Secretary



Phil Aldax



Andrew Alicea



Luis Campillo



Carlos Castellanos



Christina Dawson



Jennifer Jeanblanc



Ronald Kim



Sarah Monks



William O'Connell III



Bharat Patel



Timothy Ransom

ATN Leadership Team



Diana Kotler
CEO



Araceli Casteneda
Managing Director



Ken Jarocki,
Operations



David Ortega
Maintenance



Sue Edwards
*Customer Engagement
and Brand Awareness*

ATN Vision, Mission, Goals, and Values

ATN's Leadership Team continues to guide the transformation of the agency. It is essential that every team member understands and applies the structural principles established to support and fulfill the agency's mission. By working together, our team will continue to position ATN as a world-class public transportation organization.

Mission Statement

To enhance public transportation options by delivering reliable and efficient transportation solutions.

Commitment

We are committed to providing our customers with the highest level of business integrity, exceptional customer service, a can-do spirit that fosters innovation, clear and transparent communication, and strong private-public partnerships.

Vision Statement

To provide a seamless, accessible, and inclusive public transportation system that supports the diverse needs of the local community, while reflecting the character and values of those we serve.

Goals

Mobility – Deliver transportation solutions and services to improve the movement of people

Customer-Centric Service – Enhance the customer experience by providing reliable, efficient, and convenient transportation options that connect people to local destinations

Financial Responsibility – Ensure long-term financial health through responsible financial management and accountability

Environmental Stewardship – Embrace responsible measures designed to promote and implement environmental practices for sustainability

Organizational Excellence – Continuously improve business practices to maintain a high-performing and efficient organization

Integrity – We fulfill our commitments with honesty, fairness, and transparency, while maintaining high ethical standards and treating everyone fairly and respectfully

Customer Service – We prioritize exceptional, customer-centric service that treats our customers with care, consideration, and respect as valued guests

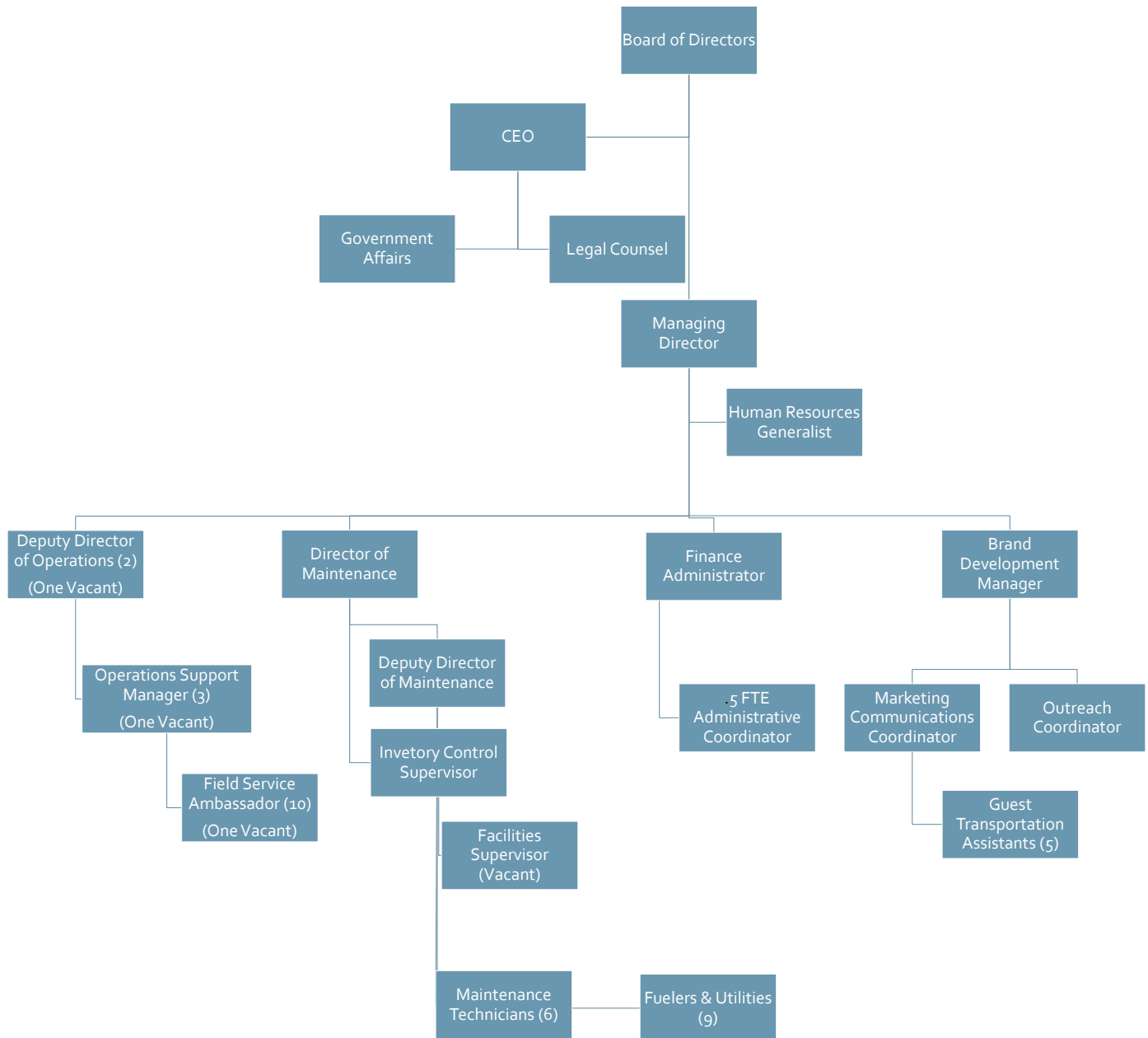
Can Do Spirit – We approach challenges with innovation, strategy, and dedication; finding solutions and overcoming obstacles with a positive and proactive attitude

Communication – We prioritize consistent and user-friendly information delivery, utilizing an open and easy-to-understand approach

Collaboration – We work together as a team, fostering a culture of mutual respect, shared purpose, and collective success



ATN Organizational Chart



FY26 Budgeted Positions Summary

The table below provides a summary of budgeted positions for Fiscal Year 2025/2026 (FY26), organized by functional area:

Transit Service Delivery	FY25	FY26 Proposed Unconstrained Budget	FY26 Proposed Constrained Budget
Daily Transit Service Delivery	15 FTE	14	12
Daily Transit Service Delivery	5 PTE	137	96
Transit Service Planning			
Senior Mobility Program			
Operator Training & Safety	122		
Maintenance Services			
Safety & Security	21	22	18
Rolling Stock Maintenance	5	5	5
Facilities & Infrastructure			
Parts & Warehouse			
Customer Engagement & Brand Awareness *			
Customer Relations	3	2.7 FTE	1 FTE
Community Outreach	1	5 PTE	2 PTE
Communications		1	
Administration			
Finance and Budget			
Legal Counsel			
Government Relations		3	2
Organizational Development and Administration	4	7	6
Contracts and Procurement			
Information Technology			
Total Agency Staffing		46.7 FTE <i>150 FTE</i>	35 FTE <i>107 FTE</i>

FY26 Staffing Notes: (Unconstrained Scenario)

* Guest Transportation Assistant (GTA) hours have been reallocated to Customer Service & Brand Awareness

*Positions shown in blue represent contracted staff

*A five percent cost-of-living adjustment (COLA) is incorporated into the FY26 personnel budget

FY26 Staffing Notes: (Constrained Scenario)

* Reduce ATN labor force by 24 percent (11.7 FTE)

* Reduce Purchased Transportation labor force by twenty-nine percent (43 FTE)

* No cost-of-living adjustment (COLA)

ADMINISTRATION

The Administration Department oversees all aspects of ATN's operations. The CEO leads the planning, development, and implementation of ATN's policies, goals and strategic objectives. In collaboration with the Board of Directors, the CEO ensures sound policy direction and provides financial oversight for all ATN activities. The CEO coordinates with external stakeholders, government affairs, and all public relations & communication matters related to ATN.

The Managing Director is responsible for Organizational Development and Human Resources, overseeing recruitment, hiring, employee development, and workplace advancement. This role also manages employee benefits, labor relations, risk management, safety, environmental compliance, and agency-wide training.

Under the CEO's direction, the Managing Director also leads the agency's Information Technology operations, including data storage, cybersecurity, hardware, software, and network infrastructure. Maintaining the integrity and security of corporate data through information security and access management is essential to ensure compliance with regulatory standards.

FINANCE

The Finance Department is responsible for administering and reporting ATN's financial resources, including budgeting, financial compliance, farebox revenue, payroll, and warehousing. The department also prepares financial reports, oversees external audits, and ensures transparent reporting of the agency's financial position.

CUSTOMER ENGAGEMENT AND BRAND AWARENESS

The Customer Engagement and Brand Awareness Department is responsible for building and maintaining strong relationships between ATN and its stakeholders. Key functions include customer service, marketing, communications, and sales support. The department also manages ATN's digital platforms, including website content and functionality, develops marketing collateral, and advances the agency's overall marketing strategy through community outreach and social media efforts aimed at increasing brand visibility and public engagement.

MAINTENANCE AND INFRASTRUCTURE

The Fleet and Facilities Maintenance Department is responsible for the agency's assets across four functional areas: fleet maintenance, infrastructure, quality assurance, and vehicle acquisition. The department ensures that all revenue and non-revenue vehicles comply with state and federal regulatory standards. It is also responsible for maintaining ATN's facilities and vehicles in like-new condition, with a strong emphasis on environmental sustainability.

To support performance and accountability, the department monitors and reports on key operational metrics, including vehicle mileage, utility usage, parts quality validation, and overall departmental performance.

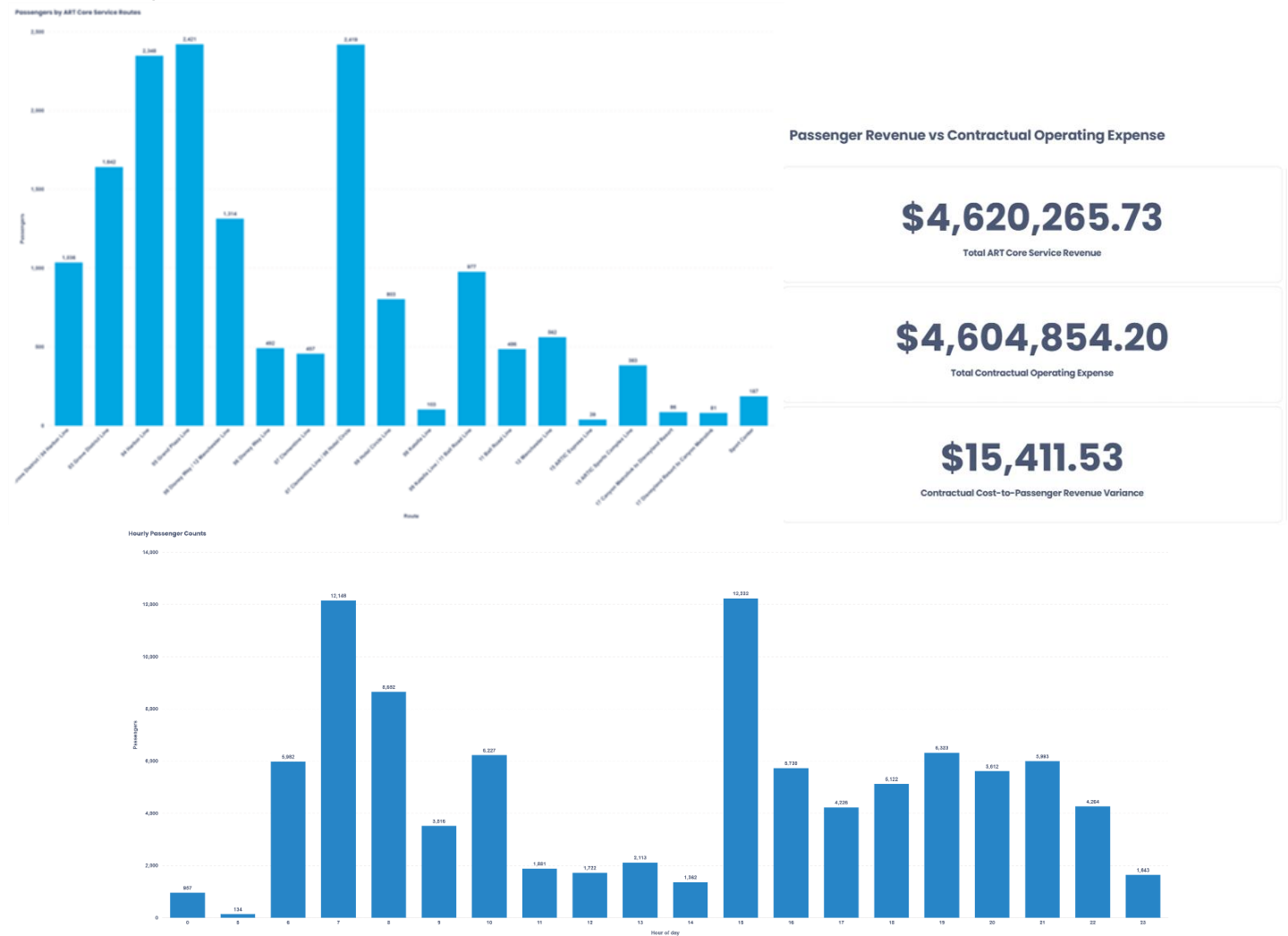
TRANSIT SERVICE DELIVERY

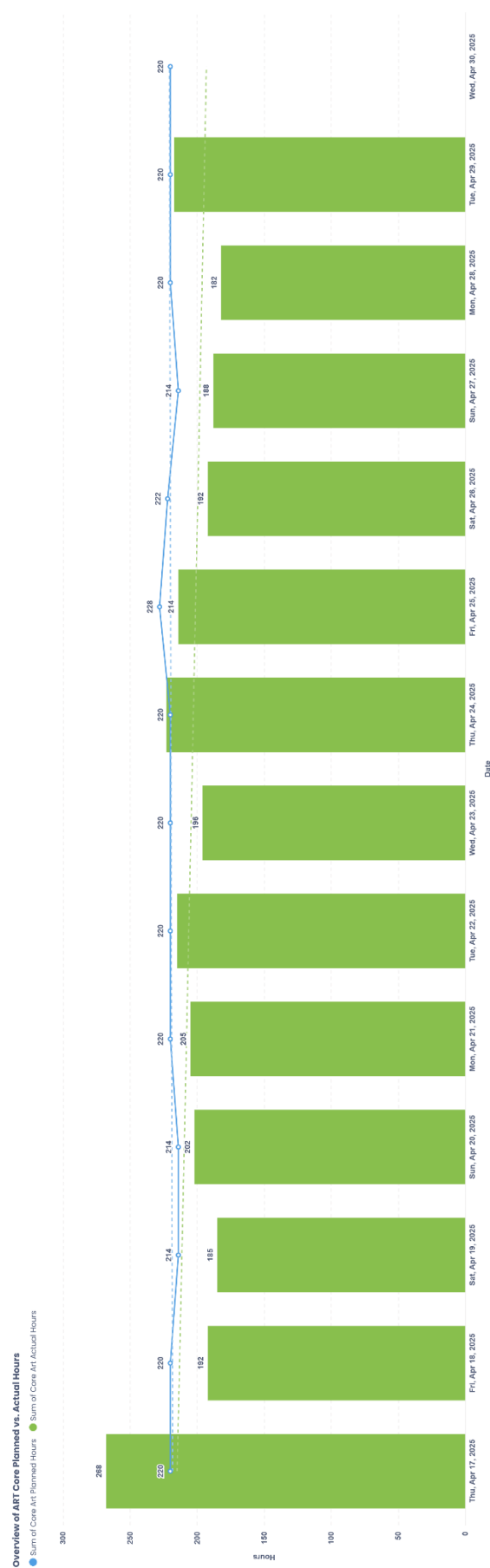
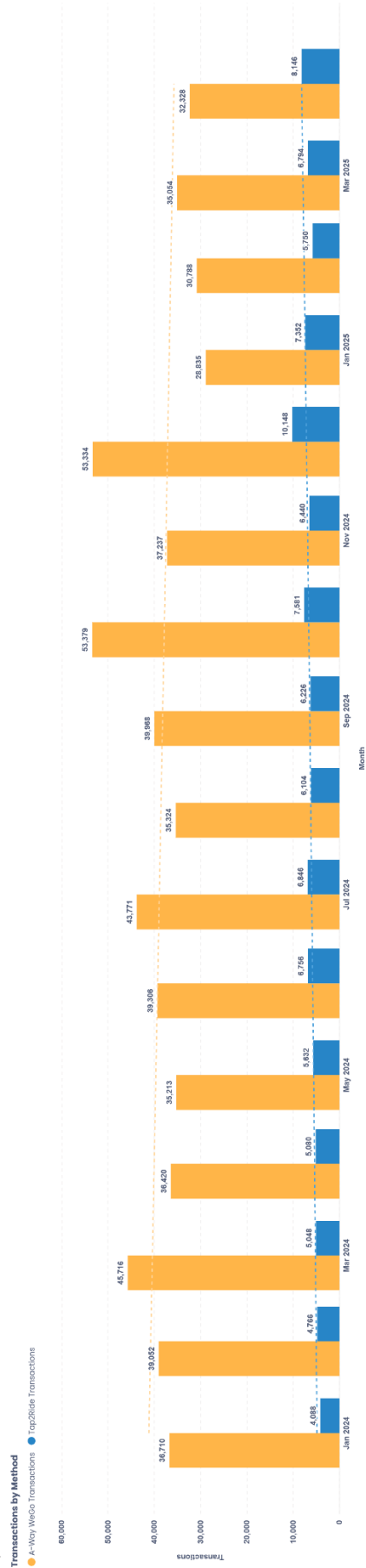
The Transit Service Delivery Department is responsible for planning, monitoring, and managing the delivery of ATN’s diverse transportation services, while also overseeing transit system security. This includes the reliable operation of ART fixed-route services, the FRAN microtransit program, on-demand EVE airport service, Senior Mobility programs, and special event transportation. The department ensures day-to-day service performance, route efficiency, schedule coordination, and customer safety across the entire ATN network.

KEY PERFORMANCE INDICATORS (KPIs)

ATN’s Key Performance Indicators (KPIs) are used to track and evaluate the agency’s performance across core operational areas. These metrics are aligned with ATN’s strategic priorities, with specific goals established annually. Performance is reviewed on a regular basis, and results are shared internally to support informed decision-making. Trends are monitored to identify areas for improvement and ensure continued progress toward agency objectives.

The following are examples of ATN’s current KPIs:





OPERATING BUDGET DEVELOPMENT PROCESS

ATN's fiscal year operating budget, which spans from July 1 through June 30, is a combination of known and projected expenses and forecasted revenue. The annual budget enables the agency to advance its strategic priorities through staff's commitment to stewardship, informed decision-making, and fiscal responsibility.

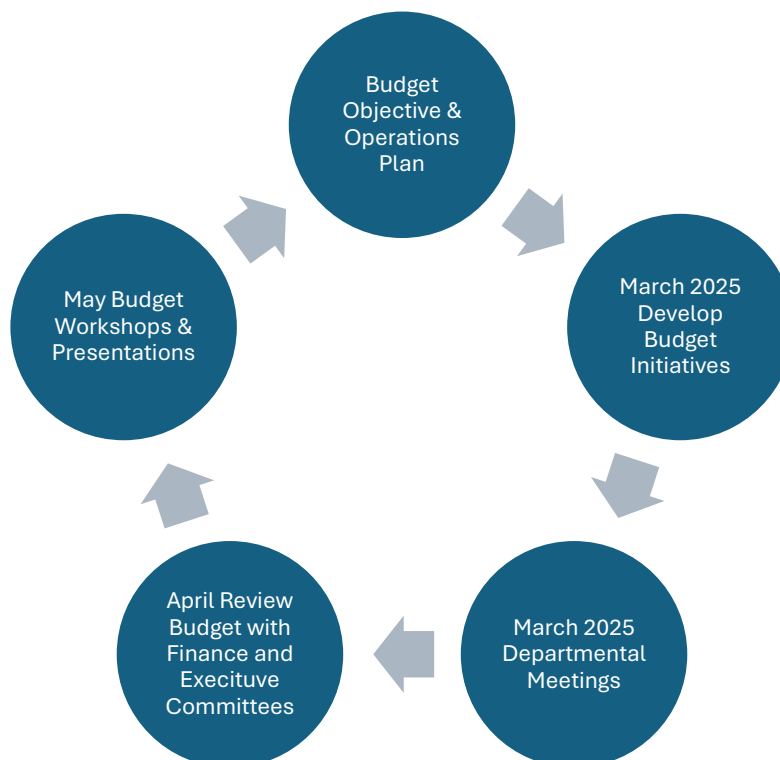
The operating budget development process is a cross-departmental, collaborative process led by ATN's Administrative and Finance teams. This process includes identifying objectives, culminating a financial and operational plan designed to achieve ATN's mission.

ATN's Finance team prepares financial projections in April to develop a comprehensive financial plan that meets the established objectives. A draft is presented to the Board of Directors' Executive and Finance Ad Hoc committees for review and feedback.

During the month of May, ATN holds two Board of Directors budget workshops to present and discuss budget plans-- prior to the full Board of Directors meeting for approval and adoption in June. ATN Board of Directors meetings are open to the public and are welcome to provide comments on the budget and the monthly financial statements throughout the year.

The Board-approved budget is effective July 1, and the CEO directs and manages the budget throughout the fiscal year. ATN staff reviews the agency's financial health on a weekly and monthly basis.

ATN's contracted Chief Financial Officer (*CFO*) presents financial reports at regular Finance Committee and Board of Directors meetings.



FINANCIAL POLICIES

ATN will introduce a new financial structure for FY26. The new financial structure will consist of a single enterprise fund in which the agency provides public transportation services.

ATN's budget will consist of two components: operating and capital. The operating budget is the agency's financial plan and anticipated expenditures needed to fulfill its objectives in the upcoming year. The capital budget identifies projects and the required funding for the Agency's fixed assets and long-term investments. ATN's budget is prepared on the accrual basis of accounting, where revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

It is ATN's policy to adopt a balanced budget. Agency operations are financed by fare revenue, local assessment and public revenues received from state and city programs, and miscellaneous revenue, such as income from advertising and alternative fuel credits. The operating public funds received each year are based on a formula comprised primarily of fares and revenue miles.

Government grants are received for operating assistance and capital asset acquisitions. Operating assistance grants are included in revenues of the year in which the grant is applicable, and the related reimbursable expenditure is incurred.

Each year, Congress passes legislation which, when signed by the President, appropriates funds to the Department of Transportation and related agencies. After legislation is enacted, the Federal Transit Administration (*FTA*) publishes a Notice in the Federal Register that provides an overview of the apportionments and allocations based on these funds for the various FTA programs, as well as statements of policy and guidance on public transit administration.

FTA's public transportation assistance program authorization is provided by Federal Transit Law and Chapter 53 of Title 49, U.S. Code. The most recent authorization, the Bipartisan Infrastructure Law, was signed on November 15, 2021. The legislation reauthorized surface transportation programs for FY22 through FY 2026. The agency is eligible to receive funds based on a formula allocation and discretionary grants for transit projects.

PROCUREMENT POLICY

ATN's procurement policy is designed to ensure full and open competition, providing equal access to all qualified vendors and suppliers. Through its solicitation procedures, ATN ensures that public funds are used responsibly and efficiently to meet the agency's operational needs.

ATN staff has the authority to procure goods and services for up to \$50,000. Procurements exceeding this threshold require approval from the ATN Board of Directors.

FINANCIAL PLANNING

ATN's long-term financial planning aligns the agency's financial capacity with its strategic priorities to ensure continued delivery of essential public transportation services. These strategies are focused on cost reduction, operational efficiency, and long-term sustainability.

Financial forecasts project revenues and expenditures based on assumptions about economic conditions and future spending. Key factors include:

- Service levels
- Operating revenue
- Public revenue sources
- Wages and collective bargaining agreements
- Benefit costs and trends
- Fuel types and price trends
- Capital investment expenses
- Vendor contracts
- Risk management and mitigation
- Economic indicators, including sales tax and Consumer Price Index



LONG-TERM DEBT

ATN has long-term debt on its real estate assets at 1354 South Anaheim Boulevard and a land note on 1227 South Claudina Street, both in Anaheim. All other capital assets are funded through operational revenues and capital acquisitions. ATN's policy is to continue meeting future capital needs on a pay-as-you-go basis through formula and discretionary grant programs.

BUDGET ENVIRONMENT

ATN is presenting a balanced budget for the Fiscal Year 2026. This budget maintains service levels from the previous fiscal year and incorporates anticipated labor cost increases. It reflects ATN's continued commitment to delivering value to the community and recognizes the contributions of employees and contractors who support daily transit operations.

At the same time, the organization is mindful of increasing labor market pressures and has approached this budget with caution—prioritizing fiscal restraint and conservative expenditures. Since FY20, labor costs have increased by 62 percent, contributing to agency-wide salary compaction. As a result, ATN anticipates a structural deficit and will rely on local funding sources, including the Anaheim Tourism Improvement District (ATID) Transportation Component and State Transit Assistance (STA), to sustain ongoing operations.

ATN remains committed to enhancing service delivery while building a sustainable future, focused on continuous optimization and delivering effective solutions for our customers.

Contingency Planning Disclaimer – Constrained Budget

Given that the proposed FY26 Operating Budget is based on the assumptions for the receipt of ATID Transportation Component funds. Should ATID funds not be appropriated to the ATN, a constrained fiscal plan would need to be adopted by the ATN Board of Directors.

For the FY26 Constrained Budget, \$2,848,437 in reductions and revenue adjustments would need to be initiated in order to maintain a balanced budget:

Thirty percent service reductions from planned 105,345 hours of service budgeted at \$5,676,086 to 73,742 service hours budgeted at 3,973,219. Total reduction in Core

1. ART service of 31,603 hours of service or \$1,702,867 and twenty-nine percent (*43 FTE*) reduction in Operator positions
 - a. Title VI Equity Analysis required for service reductions of over 25 percent
 - b. Issue Warn Notices Teamsters Local 952
2. Twenty-four percent (*11.7 FTE*) or \$867,557 ATN staffing reduction
 - a. Withhold cost of living adjustment
 - b. Proceed with salary compaction compensation adjustment
3. Twenty percent hotel assessment rate increase instead of the contractually allowed five percent from \$.60 per room per day to \$.72 per room per day or \$580,000 annually
 - a. Schedule a series of public hearings to authorize hotel assessment rate increase

Total proposed budgetary cost reductions and revenue increase equate to \$3,150,424 or \$301,987 above the projected structural deficit as the following operational ramifications should be assumed:

- Voluntary hospitality establishments may terminate the Core ART service agreements
- ATN Board should assume significant fare revenue reductions as a result of thirty percent service reductions
- ATN Board should assume an increase in purchased transportation costs with the reduction of operating revenue hours. This increase will have an impact on all other ATN operated public transit services

Moving Forward Through Organizational Optimization

In FY25, ATN initiated an internal organizational to assess its structure, systems, and staff capacity. This effort was designed to align ATN's operations with its strategic growth objectives and ensure long-term sustainability.

As part of this process, ATN will adopt a new approach to problem-solving: Design Thinking. Design Thinking is a methodology that emphasizes empathy, creativity, and iterative testing to effectively address complex challenges. Integrating Design Thinking into ATN's organizational culture will support a shift toward more agile, human-centered solutions that improve internal collaboration, service delivery, and resource optimization.

Informed by employee feedback and system-wide observations, this new approach builds on ATN's strong foundation while addressing the need for clearer processes, enhanced communication, and cross-departmental alignment. The adoption of Design Thinking represents a key step in ATN's broader effort to scale its operations, develop its workforce, and manage costs more effectively in FY26 and beyond.

LABOR UNION AGREEMENTS

ATN contracts its Purchased Transportation services through a third-party vendor, Parking Company of America (*PCA*). In 2020, PCA entered into a five-year Collective Bargaining Agreement (*CBA*) with Teamsters Local 952, which is set to expire on December 31, 2025. Negotiations for a successor agreement have begun, with a projected labor rate increase in the starting wage to \$26 per hour. Additional considerations include premium pay for weekend and evening shifts, as well as hiring rates commensurate with experience and years of Commercial Driving License (*CDL*) experience. As wages continue to rise, ATN anticipates challenges related to wage compaction across its directly employed workforce. With labor accounting for approximately 86.8 percent of ATN's total costs, the FY26 budget reflects ongoing labor-related cost pressures.

ATN plans to maintain its contractual relationship with PCA through the duration specified in the procurement document. Budgetary assumptions for the FY26 transmittal and through the term of the contractual relationship are reflected in the presented financial assumptions.

NEED FOR PUBLIC FUNDING

For the first time since its inception in 2003, ATN has requested funding support from ATID Transportation Fund. Continued support from ATID will be necessary for the foreseeable future.

State Transit Assistance Funding

In anticipation of rising labor costs, ATN began working in 2021, under the leadership of Senator Tom Umberg, with its state legislative delegation to secure eligibility for State Transit Assistance (*STA*) funding. Senator Umberg introduced SB 1196 to make the City of Anaheim eligible, which led to a non-legislative agreement among attorneys representing the City of Anaheim, ATN, and OCTA. In November 2024, the State Controller's Office (*SCO*) approved Anaheim to receive STA funds. Although ATN anticipated STA funds for FY26, the funding request must now be resubmitted for FY27, resulting in a projected funding shortfall of \$1.2 million.

ENTERPRISE FINANCE REPORTING SYSTEM AND ENTERPRISE ASSET MANAGEMENT

In FY26, ATN will transition to an enterprise financial fund reporting system. To support this transition and stabilize funding resources, all financial functions will be outsourced.

Transitioning to Intuit Enterprise Suite Financial Reporting System will enable ATN to implement best practices and deliver an integrated, enterprise-wide approach to improve workflow processes, business efficiency, mobile accessibility, and the use of business intelligence tools for more effective financial reporting and decision-making.

BUDGET FOUNDATIONS

The FY26 budget is built upon the following foundational pillars:

- **No Fare Increase**
 - ATN will not consider passenger fare increases as a source of revenue for this fiscal year.
- **Contractually Allowed Assessment Increase**
 - ATN will consider a five percent assessment increase as a source of revenue for FY26.
- **Contingency Planning Disclaimer – Constrained Budget**
 - Hotel assessment increase by twenty percent
- **Deliver Planned Services**
 - ATN will provide 100% of its planned service levels.
- **Contingency Planning Disclaimer – Constrained Budget**
 - ATN will provide 70% of planned Core ART service levels and reduce Operator staffing levels by twenty-nine percent
 - ATN plans to maintain its contractual relationship with PCA for the duration specified in the procurement document. Budgetary assumptions in the FY26 transmittal and through the contract term are reflected in the financial assumptions.
- **Ongoing Discussions with the City of Anaheim**
 - Amid rising inflationary pressures, locally and nationally, ATN recognizes the need for long-term, reliable funding sources to support continued operations.
- **Acquire No Debt**
 - ATN remains committed to its long-standing practice of operating without acquiring debt.
 - The FY26 budget reflects ATN's focus on organizational optimization, fiscal accountability, and long-term sustainability.



BUDGET OBJECTIVES

Following a series of workshops with the Board of Directors and the ATN leadership team, the agency's focus for the coming year is aligned with both the budget foundations and ATN's five strategic priorities for FY26:

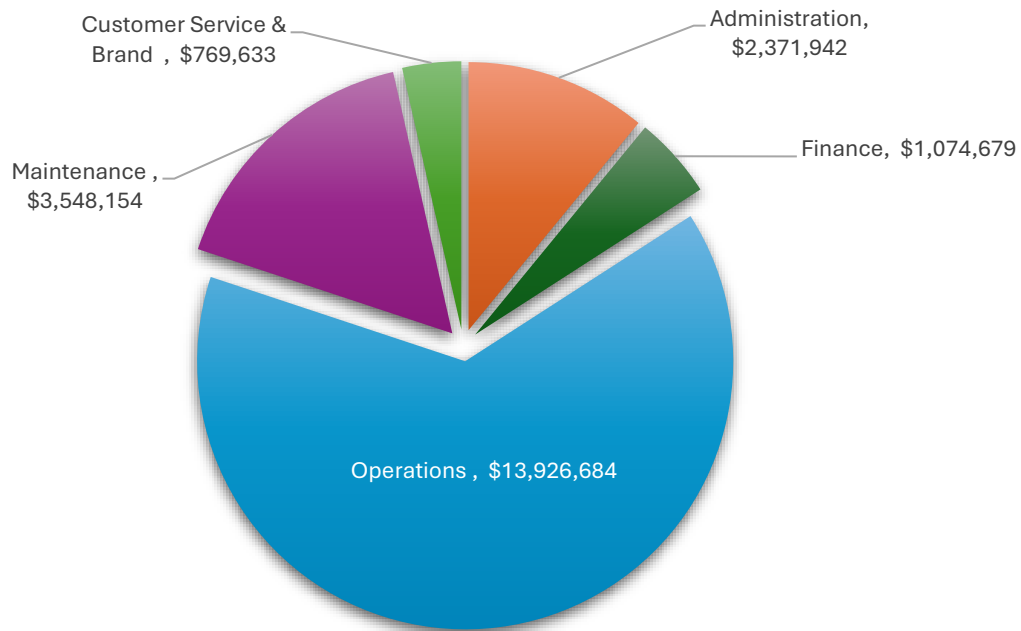
Strategic Priorities	Budget Objectives
Safety and Service Quality	Enhance safety and security Deliver 100% of planned service Ensure fleet availability and reliability
Financial Accountability	Generate revenue Secure public funding Optimize use of resources
Employee Engagement	Invest in and retain current employees Attain top talent Enhance the overall employee experience
Customer Experience	Delivery on customer expectations Create exceptional rider experiences
Community Focus	Strengthen connections and communications Build brand awareness



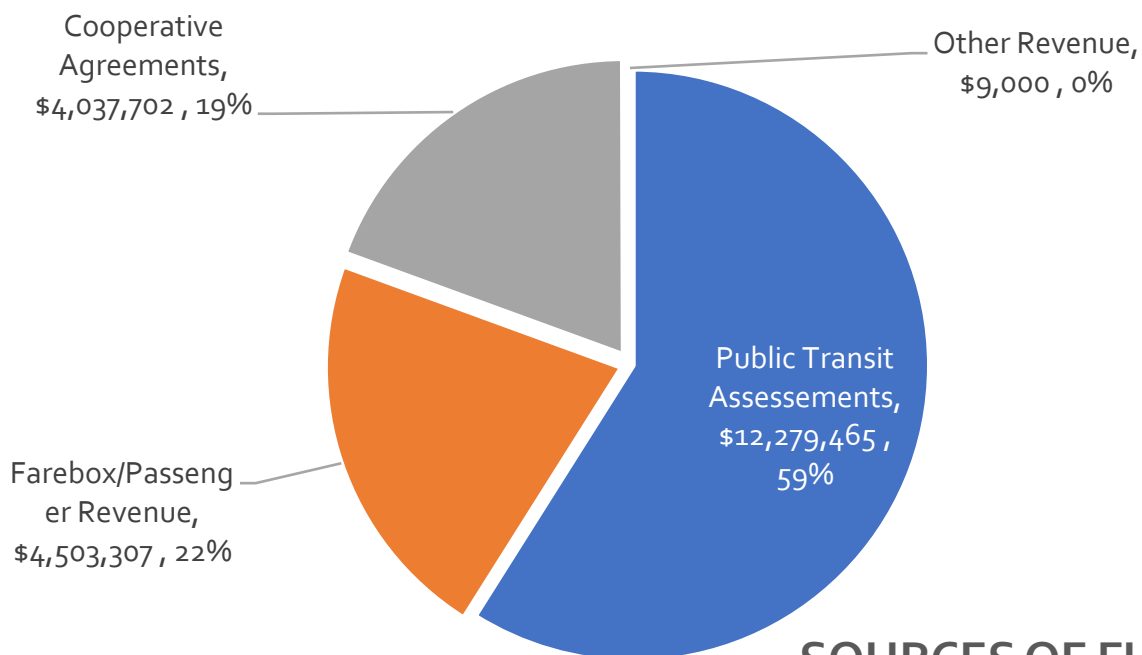
OPERATING BUDGET OVERVIEW

– UNCONSTRAINED BUDGETARY SCENARIO

ATN is presenting a balanced budget, with operating expenses equal to operating revenues.



USES OF FUNDS



SOURCES OF FUNDS

Sources of Funds

Unconstrained Budgetary Scenario

	FY 24/25 Adopted	FY 24/25 Projected	FY 25/26 Proposed	FY25/26 Proposed Variance	FY25/26 Variance %
Sources of Revenue					
R-000 Transit Assessment Revenue					
R-001 City of Anaheim Transit Assessm					
R-002 City of Anaheim Transit Assessment	\$ 2,847,491	\$ 2,847,492	\$ 2,989,867	\$ 142,375	5.00%
R-003 City of Anaheim Transit Assessment_DLR	\$ 8,154,897	\$ 7,852,044	\$ 8,932,659	\$ 1,080,614	13.76%
Total City of Anaheim Ret.Trans.Assessment__Resort		\$ 320,419	\$ 356,940	\$ 36,521	11.40%
Total Fund R-000_City of Anaheim Transit Assessment	\$ 11,329,346	\$ 11,019,955	\$ 12,279,465	\$ 1,259,510	11.43%
R-100 Farebox/Passenger Revenue			\$6.00 ART Fare 3% ridership increase		
R-101 Adult Tickets	\$ 4,114,074	\$ 3,238,928	\$ 3,336,096	\$ 97,168	3.00%
R-102 Pre-Sales	\$ 300,000	\$ 233,854	\$ 240,870	\$ 7,016	3.00%
R-103 Child Tickets	\$ 284,823	\$ 215,626	\$ 222,095	\$ 6,469	3.00%
R-104 EVE Ticket Sales	\$ 219,430	\$ 323,417	\$ 333,120	\$ 9,703	3.00%
R-105 Group Sales	\$ 264,247	\$ 309,098	\$ 318,371	\$ 9,273	3.00%
R-106 Reduced Tickets	\$ -	\$ 52,765	\$ 52,756		
R-107 ANNA Service (Begins early 2027)	\$ -		\$ -		
R-108 ANNA BRT Service Alt Source of Revenue	\$ -		\$ -		
R-109 LA 28 Service	\$ -		\$ -		
Total R-100 Farebox/Passenger Revenue	\$ 5,182,574	\$ 4,373,688	\$ 4,503,307	\$ 129,628	2.96%
Total Fund 100_Assessment & Farebox Revenue	\$ 16,511,920	\$ 15,393,643	\$ 16,782,772	\$ 1,389,138	9.02%
R-200 Cooperative Revenue Agreements					
R-201 OCTA (LOSSAN/Amtrak) Rail Feeder Service	\$ 17,000	\$ 22,666	\$ 23,346	\$ 680	3.00%
R-202 City of Anaheim Canyon Service (Proj S)	\$ 140,000	\$ 146,958	\$ 151,367	\$ 4,409	3.00%
R-203 Anaheim Canyon Service Metrolink (OCTA Fare Agreement)	\$ 17,000	\$ 26,616	\$ 27,414	\$ 798	3.00%
R-204 Senior Mobility Program (PCA Agreement)	\$ 12,000	\$ 98,459	\$ 101,413	\$ 2,954	3.00%
R-205 Night Owl_3rd Shift Employees Service (Correa Approp)	\$ -	\$ -	\$ 158,000	\$ 158,000	
R-206 Advertising Agreements	\$ 360,000	\$ 277,654	\$ 300,000	\$ 22,346	8.05%
R-207 FRAN Center City Contribution	\$ 280,000	\$ 50,000	\$ -	\$ (50,000)	-100.00%
R-208 ATID Allocation (CoA)	\$ 1,515,500	\$ 1,550,000	\$ 1,712,899	\$ 162,899	10.51%
R-210 Sec. 5307 (OCTA)	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ -	0.00%
R-211 STA Apportionment (CoA)	\$ -	\$ -	\$ -	\$ -	
R-212 ATN Membership Revenue	\$ 64,000	\$ 107,870	\$ 113,264	\$ 5,394	5.00%
R-213 Low Carbon Fuel Standard	\$ 350,000	\$ 220,000	\$ 350,000	\$ 130,000	59.09%
Total R-200 Fund Cooperative Agreements	\$ 3,855,500	\$ 3,600,223	\$ 4,037,702	\$ 437,479	12.15%
4701 OCTA & Metrolink Rail Feeder Service					
R-300 Other Revenue					
R-301 Interest Revenue	\$ 1,000	\$ 8,000	\$ 8,000	\$ -	0.00%
R-302 Miscellaneous Revenue	\$ 1,000	\$ 1,000	\$ 1,000	\$ -	0.00%
Total Fund 300_Other Revenue	\$ 2,000	\$ 9,000	\$ 9,000	\$ -	0.00%
Total Sources of Revenue	\$ 20,369,420	\$ 19,002,866	\$ 20,829,474	\$ 1,826,617	9.61%

FARE REVENUE

In FY25, ATN's passenger fare revenue remained flat. During the same year, ATN established wholesale agreements with the Walt Disney Travel Company (*WDTC*) and Expedia. These wholesale agreements are in addition to the sales program with Get Away Today Vacations.

ATN is an entirely cash-free transit system. All passenger fares are collected through either the mobile application (*app*), A-Way WeGo, or the Tap2Ride open payment system. For FY26, ATN plans to align pricing across both platforms to establish parity between Tap2Ride and the A-Way WeGo mobile app.

The bar graph below illustrates a two-year trend in ATN's fare revenue. As shown, mobile app sales (*yellow*) account for the majority of total passenger fare revenue. ATN anticipates that aligning fare pricing across platforms could generate additional revenue in FY26.

ATN Service Performance and Ridership Overview

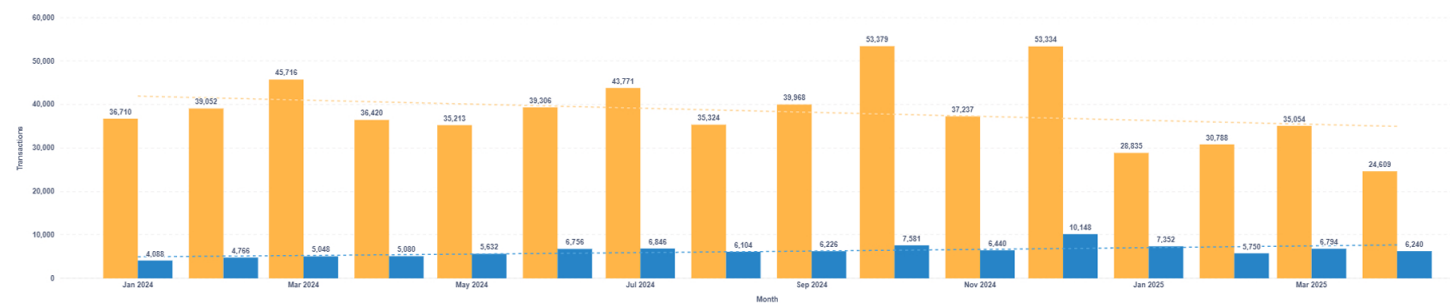
Date Filter

Previous 24 Months

Passenger Transactions

Transactions by Method

A-Way WeGo Transactions Tap2Ride Transactions



Passenger Revenue vs Contractual Operating Expense

\$4,620,265.73

Total ART Core Service Revenue

\$4,604,854.20

Total Contractual Operating Expense

\$15,411.53

Contractual Cost-to-Passenger Revenue Variance

PUBLIC TRANSIT ASSESSMENT REVENUE

The majority of ATN's daily operations are funded through local assessments and passenger revenues. These revenues are generated via operating assessment agreements, mitigation monitoring and direct passenger revenues.

In FY24 and FY25, ATN received allocations from the Anaheim Tourism Improvement District (ATID) Transportation Fund to help balance its operating budget shortfall. ATN continues to work with community stakeholders and the City of Anaheim to secure ongoing ATID funding support. As stated in the ATID Management Plan, ATN is eligible to be the recipient of ATID funds based on the following predefined categories:

1. Planning, design, construction, and operation of transit improvements, including "ARC", the intercity dedicated mass transit system linking the regional rail station to the various Assessed Facilities and collector points throughout the City of Anaheim
2. Transportation expenses such as Anaheim Transportation Network (ATN) for Assessed Facilities;
3. Alternative transportation methods for Assessed Facilities;
4. Pedestrian walkways and related improvements;
5. Other programs or activities which facilitate transportation to and within the Anaheim Resort Area

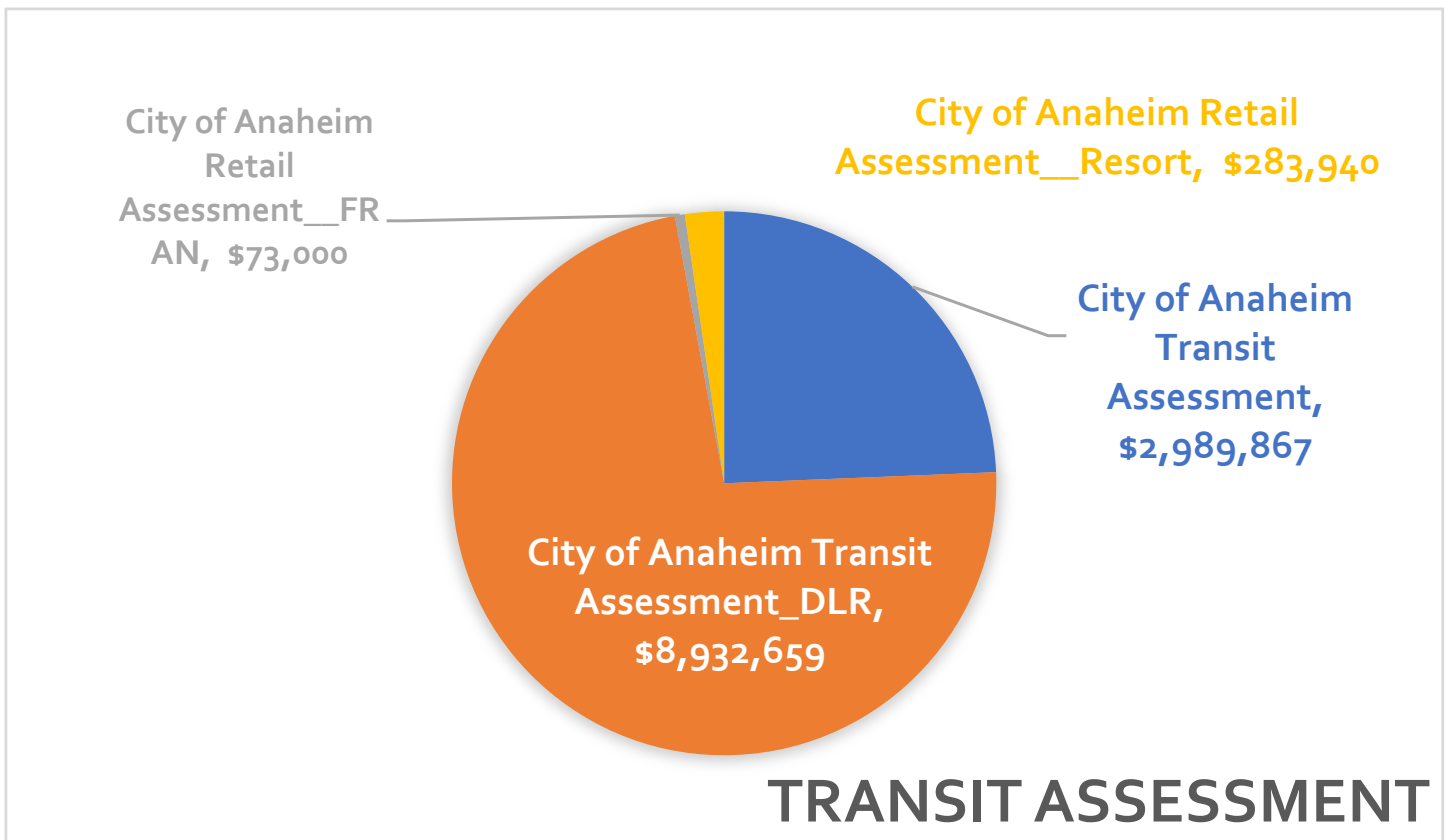
In addition to ATID funding, ATN collects the following assessments from properties located in the Anaheim Resort, Platinum Triangle, and Hotel Circle areas:

Hospitality Assessment – A per occupied room per day charge for public transportation operations. The current charge is \$.60 per occupied room per day. FY26 proposes a contractually allowable increase of up to five percent to \$.63 per occupied room per day. This includes both mitigated and non-mitigated properties located in the Anaheim Resort, Platinum Triangle, and Hotel Circle areas.

FRAN Assessment – A per square foot assessment for commercial properties located in the Center City Anaheim area. FY26 budget proposes a contractually allowable increase of up to five percent.

Disneyland® Resort Assessment – A contractual agreement between ATN and the Disneyland® Resort for public transit operations in the Anaheim Resort. The agreement was renewed in 2022 for a period of five years with three one-year option years.

Retail Assessment – A per square foot assessment for commercial properties located in the Center City Anaheim area. The FY26 budget proposes a contractually allowable increase of up to five percent.



COOPERATIVE REVENUE AGREEMENTS

ATN receives federal Section 5307 operating and Section 5339 capital funds through a cooperative funding agreement with the Orange County Transportation Authority (*OCTA*), the region's designated transportation planning entity. These funds are distributed through a Formula Allocation Procedure (*FAP*), which is based on vehicle service miles and passenger revenue data. Funding levels are estimated and allocated for the upcoming fiscal year.

In November 2024, working in coordination with the City of Anaheim, ATN obtained eligibility to receive State Transit Assistance (*STA*) funding. Although the FY26 budget does not include STA funds, future fiscal years are projected to incorporate STA allocations for operating support. ATN also maintains a pass-through funding agreement with the City of Anaheim to support services such as Rail Feeder services for the Canyon Commuter Rail Station and the Senior Mobility Program. Additionally, a cooperative agreement with OCTA and the LOSSAN Corridor provides ATN with fare revenue at a rate of \$2.00 per trip for services operating through the Anaheim Regional Intermodal Transportation Center (*ARTIC*).

In FY26, ATN plans to launch a Night Owl Service to address the transportation needs of third-shift employees in the Anaheim Resort area. This service is funded through the Federal Appropriations Community Project Funding (*CPF*) initiative with the support of Congressman Lou Correa.

ATN is working with the community partners and the City of Anaheim discussing a permanent allocation of ATID funds to support ongoing public transit services in Anaheim.

As a sub-recipient of federal transit funds through its cooperative agreement with OCTA, ATN's FY26 budget assumes continued Section 5307 operating support. Funding under Section 5307 is allocated annually as part of the federal formula program and is based on data submitted in ATN's annual National Transit Database (NTD) report.

Low Carbon Fuel Credits (LCFS) Program

The Low Carbon Fuel Credits (LCFS) program is a California Cap-and-Trade initiative to encourage the deployment of zero-emission and photovoltaic technologies. Through this program, ATN can sell credits on the open market through an approved brokerage firm. Revenue projections from LCFS credits are based on current and anticipated market conditions.

Advertising Revenue

ATN maintains advertising agreements across its owned and operated assets. Efforts continue to rebuild this revenue stream to pre-pandemic levels; however, recovery has been slower than anticipated.

ATN anticipates a structural operating deficit over the next four fiscal years. This fiscal challenge is primarily driven by rising labor costs, uncertainty surrounding future assessment revenue, and assumptions regarding continued ATID Transportation Fund support requests, as approved by the ATN Board of Directors with the adoption of FY25 ATN fiscal plan. Further discussions with the City of Anaheim regarding the receipt of State Transit Assistance (STA) funds may help offset and/or soften the impacts of these projected current and future fiscal challenges.

Fiscal Year 2026 – 2030 Operating Budget Forecast

	FY 24/25 Adopted	FY 24/25 Projected	FY 25/26 Proposed
Total Sources of Revenue	\$ 20,369,420	\$ 19,002,866	\$ 20,829,474
USES OF FUNDS BY DEPARTMENT			
Administration	12.15%	\$ 2,396,607	\$ 2,673,442
Finance	4.88%	\$ 1,169,393	\$ 1,074,679
Operations	63.27%	\$ 11,917,207	\$ 13,926,684
Maintenance	16.12%	\$ 2,992,762	\$ 3,548,154
Customer Engagement & Brand Awareness	3.59%	\$ 697,014	\$ 789,633
TOTAL USES OF FUNDS	\$ 20,162,404	\$ 19,172,983	\$ 22,012,592
Excess/Deficit	\$ 207,016	\$ (170,117)	\$ (1,183,118)

	FY 25/26 Proposed	FY 27 Projected OCVIBE Begins to Open	FY 28 Projected OCVIBE Open & LA28 Purchased Transp. Agreement RFP + New CBA	FY29 OCVIBE Fully Open	FY30 (Last Yr of DLR Agreement)
Total Sources of Revenue	\$ 20,829,474	\$ 23,642,006	\$ 26,070,581	\$ 27,807,036	\$ 29,916,325
TOTAL USES OF FUNDS	\$ 22,012,592	\$ 23,993,738	\$ 28,038,610	\$ 28,678,139	\$ 29,825,926
Excess/Deficit	\$ (1,183,118)	\$ (351,731)	\$ (1,968,029)	\$ (871,103)	\$ 90,399

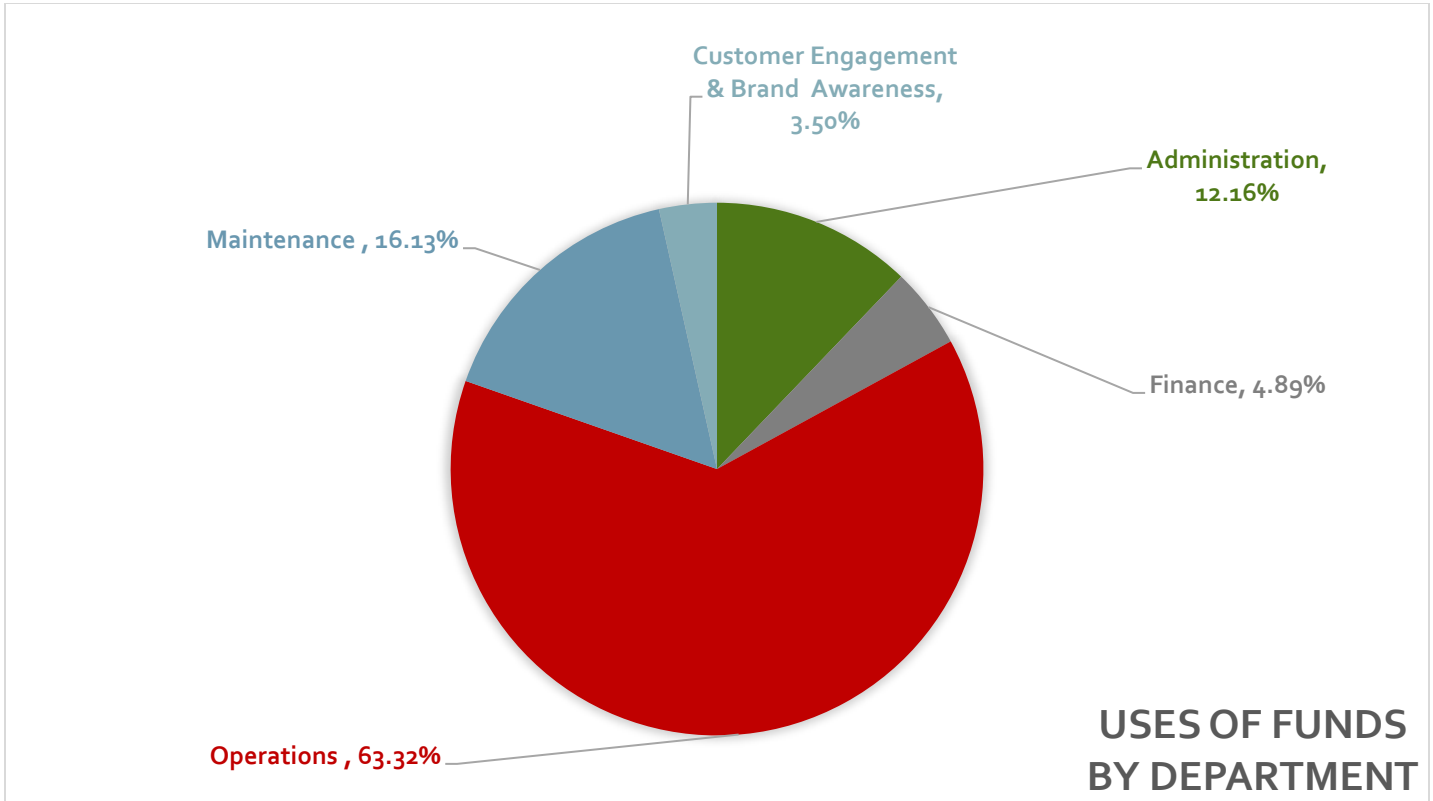
Uses of Funds

Unconstrained Budgetary Scenario

ATN's operational functions are carried out by the following departments:

1. Operations and Planning
2. Fleet and Facilities Maintenance
3. Finance
4. Customer Engagement and Brand Awareness
5. Administration

The following sections provide a breakdown of operating expense budgets by department.



USES OF FUNDS BY DEPARMENT						
Administration	12.16%	\$	2,396,607	\$	2,673,442	\$ 276,835 11.55%
Finance	4.89%	\$	1,169,393	\$	1,074,679	\$ (94,715) -8.10%
Operations	63.32%	\$	11,917,207	\$	13,926,684	\$ 2,009,478 16.86%
Maintenance	16.13%	\$	2,992,762	\$	3,548,154	\$ 555,392 18.56%
Customer Engagement & Brand Awareness	3.50%	\$	697,014	\$	769,633	\$ 72,619 10.42%
TOTAL USES OF FUNDS		\$	20,162,404	\$	19,172,983	\$ 21,992,592 2,819,609 14.71%

Operations & Planning Department

Uses of Funds	FY 25 Projected	FY 26 Proposed
Salaries and Wages		
1001 Grounds-Up Operator Training Salaries	\$ 45,000	\$ 45,000
1005 Operations - ATN_Salaries	\$ 480,744	\$ 475,039
1006 Operations - DLR Alloc_Salaries	\$ 480,744	\$ 475,039
1007 Employee - Operations_Fringe	\$ 95,616	\$ 104,583
1008 Training_ATN_Salaries	\$ 4,950	\$ 4,950
1008 Operations - ATN_PRL Taxes	\$ 42,277	\$ 41,775
1009 Operations - DLR Alloc_PRL Taxes	\$ 42,979	\$ 42,468
Retirement Contribution	\$ 36,421	\$ 21,853
4006 Employee Benefit	\$ 500	\$ 500
4007 Employee Appreciation	\$ 8,000	\$ 6,000
4008 Advertising for Employment	\$ 4,000	\$ 1,000
Total Other Personnel Costs	\$ 12,500	\$ 7,500
Total 6000 Personnel Expenses	\$ 1,253,731	\$ 1,225,706
Purchased Transportation		
1009.1 DLR_Rt 20	\$ 4,890,149	\$ 5,821,842
1008.1Core ART	\$ 4,717,327	\$ 5,676,086
1010 Route 17 - ACM	\$ 100,000	\$ 157,669
1011 Driver Training	\$ 4,000	\$ 8,294
1012 Contract Expense - LDs	\$ (43,000)	\$ (65,000)
1014 FRAN CtrCity	\$ 260,000	\$ 70,000
1015 Eve On Demand	\$ 200,000	\$ 315,338
1016 Night Owl_Correa Approp	\$ -	\$ 158,000
1017 LA28 Service	\$ -	\$ -
1018 ANNA Core BRT & MicroTransit Service	\$ -	\$ -
TOTAL PURCHASED TRANSPORTATION	\$ 10,128,476	\$ 12,142,229
1025 Uniforms	\$ 60,000	\$ 48,750
1025 NTD Data Management (CAD_AVL & App)	\$ 345,000	\$ 360,000
1026 Auto Expense-Gas/Mileage/Parkng	\$ 8,000	\$ 8,000
1027 ARTIC_Dispatch Rent	\$ 92,000	\$ 92,000
4010 ADA Compl. Transp. Access Service	\$ 30,000	\$ 50,000
TOTAL OTHER EXPENSES	\$ 535,000	\$ 558,750
Administrative Overhead		\$ 1,951,967
Total Operations_Fund_Before OH	\$ 11,917,207	\$ 13,926,684
Total Operations_Fund_With OH	\$ 11,917,207	\$ 15,878,651

FY26 Operations

15 ATN FTE Positions
4 Management & 11 Field Operations Positions

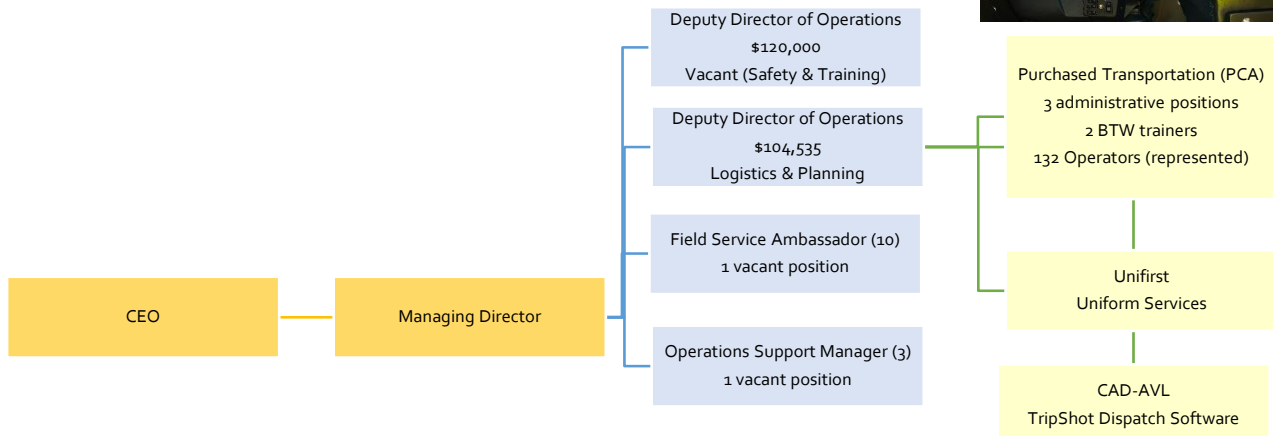
137 PCA FTE Positions

4 Outsourced Agreements:

Purchased Transportation (PCA)
CAD-AVL/Dispatch (TripShot)
Uniforms (Unifirst)

FY26 Service Assumptions

- Fill the Deputy Director of Operations vacancy
- Starting Operator Wage set at \$26.00 per hour
- \$250,000 increase in fringe benefit premiums for operators
- 10% increase in ATN fringe benefit costs
- \$200,000 increase in liability insurance premiums
- Maintain Disneyland Resort service level at 108,000 annual Revenue Service Hours
- Maintain Anaheim Resort (core ART) Service level at 117,052,000 annual Revenue Service Hours



Fleet and Facilities Maintenance Department

Uses of Funds	FY25 Projected	FY 26 Proposed
Salaries and Wages		
3003 Maintenance - ATN_Salaries	\$ 642,257	\$ 723,633
3004 Maintenance - DLR Alloc_Salaries	\$ 642,257	\$ 723,633
3004 Maintenance - SMP Alloc_Salaries	\$ -	\$ 57,784
3005 Employee Insurance - Maintenance_Fringe	\$ 127,424	\$ 138,465
3006 Maintenance - ATN_PRL_Taxes	\$ 50,931	\$ 57,384
3007 Maintenance - DLR Alloc_PRL_Taxes	\$ 50,931	\$ 57,384
Retirement Contribution	\$ 15,000	\$ 15,000
TOTAL MAINT. PAYROLL	\$ 1,528,799	\$ 1,773,282
3008 Maint Supplies_Fleet	\$ 49,500	\$ 49,500
1025 Uniforms	\$ 15,000	\$ 18,000
3011 Repairs - Bus Accidents	\$ (43,466)	\$ (43,466)
3012 Tire Lease and Maintenance	\$ 159,500	\$ 159,500
3014 CNG Bus Maintenance	\$ 112,200	\$ 120,000
3015 Electric Fleet Maintenance	\$ 258,683	\$ 250,000
3016 Fleet Support Vehicles Maintenance	\$ 6,600	\$ 6,600
3017 Fran Maintenance	\$ 3,300	\$ 3,300
3018 SMP Fleet Maintenance	\$ 11,180	\$ 11,180
3019 EVE Electric Vans	\$ 5,500	\$ 5,500
3020 Rolling Washing Services	\$ 69,147	\$ 68,000
3021 Lubricants	\$ 15,890	\$ 20,000
3022 Batteries	\$ 17,860	\$ 17,860
3023 Auto Lease	\$ 35,486	\$ 32,260
1020 Electrical/Fuel	\$ 426,652	\$ 400,000
1021 Electric Charge Mgmt Systems	\$ 250,000	\$ 180,000
1023 Unleaded	\$ 1,000	\$ 1,000
1024 CNG	\$ 120,000	\$ 120,000
TOTAL FLEET MAINTENANCE	\$ 1,514,031	\$ 1,419,234
3009 Janitorial Supplies_Facilities	\$ 55,000	\$ 55,000
3010 Repairs and Maint-Facilities	\$ 70,000	\$ 65,000
Dues & Subscription_Camera Security System		\$ 2,000
Pest Control-Facilities		\$ 1,800
3024 Repairs_Misc	\$ 11,017	\$ 11,017
3024 Utilities_Water_Facilities	\$ 8,800	\$ 8,800
3025 Fire Alarm Monitoring_Facilities	\$ 8,877	\$ 8,877
3026 Utilities_Gas_Facilities	\$ 1,845	\$ 1,845
3027 Security System_Facilities	\$ 44,000	\$ 40,000
3028 Utilities_Electrical_Facilities	\$ 50,600	\$ 48,000
3029 Utilities_Other_Facilities	\$ 11,000	\$ 11,000
3030 Sewer and Hazardous Waste_Facilities	\$ 3,300	\$ 3,300
Storm Water Permit		\$ 8,000
Building Repairs	\$ 35,000	\$ 35,000
Landscaping	\$ 6,000	\$ 6,000
Professional Services (on call)		\$ 50,000
TOTAL FACILITIES MAINTENANCE	\$ 305,438	\$ 355,638
Administrative Overhead		\$ 483,261
Maintenance Services_Fund 3000_Before OH	\$ 3,348,268	\$ 3,548,154
Total Maintenance Services	\$ 3,348,268	\$ 4,031,415

FY26 Maintenance-Fleet

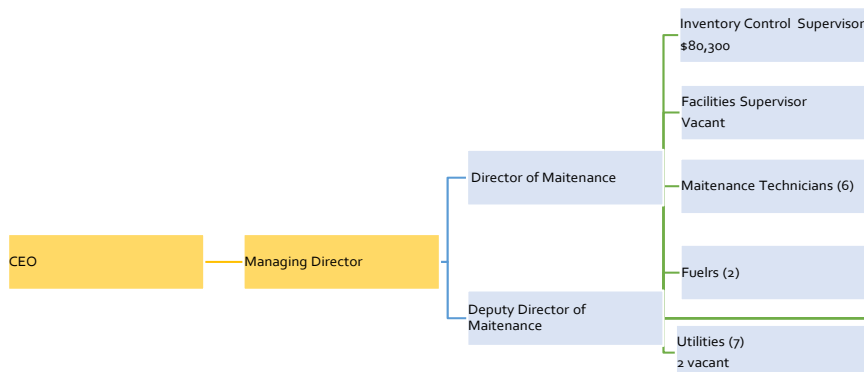
22 ATN FTE Positions
 2 Management
 2 Supervisory (1 vacant)
 2 Safety & Security (1 vacant)
 6 Maintenance Technicians (includign 2 appredices)
 2 Fuelrs
 7 Utilities (2 vacant)

5 Outsourced Agreements:

Tire Lease
 Claudina PPA (Battery, Solar, CaaS)
 Body Shop (Major Repairs)
 Various Part & Service Suppliers
 Fleet Wash

FY 26 Service Assumptions

- Budget assumes wage compaction implications
- Increase in ATN fringe benefits by 10%
- Continue to decrease use of CNG fleet and fuel
- Separate fleet and facilities maintenance services
- Add Facilities Supervisor position
- Include professional Owner's Representative service for technical and contractual facility issues



Finance Department

Uses of Funds	FY 25 Projected	FY 26 Proposed
6010 Salaries and Wages		
5001 Finance	\$ 151,271	\$ 114,585
5002 Employee - Finance_Fringe	\$ 1,361	\$ 1,498
5003 Finance_PRL Taxes	\$ 12,011	\$ 12,611
TOTAL FINANCE PAYROLL	\$ 164,643	\$ 128,694
5004 Accounting, Audit & Tax	\$ 50,000	\$ 65,000
5005 Other_Internal Audit (HR & FIN)	\$ 110,000	\$ -
Professional Services (Outsourcing Fin Dept)	\$ -	\$ 108,000
Professional Services (Interim CFO)	\$ 36,000	\$ 25,000
Dues & Subscriptions		
Intuit Enterprise Business Solutions	\$ -	\$ 9,000
5006 Credit Card Fees	\$ 3,500	\$ 3,675
5007 Bank Fees/Penalties	\$ 5,220	\$ 5,481
5008 Interest Expense 1354	\$ 81,200	\$ 81,200
5009 Interest Expense Buses	\$ 25,000	\$ 5,000
5010 Interest Expense + Principal Claudina	\$ 232,000	\$ 232,000
5011 Merchant Fees	\$ 32,000	\$ 33,600
E-Ticketing Expense	\$ 429,830	\$ 378,029
Total Uses of Funds_Fund 5000_Other	\$ 1,004,750	\$ 945,985
Administrative Overhead		\$ 146,372
Total Uses of Funds_Fund 5000_Before OH	\$ 1,169,393	\$ 1,074,679
TOTAL Finance Fund 5000		\$ 1,221,051

FY 26 Finance

1.5 FTE Positions

3 Outsourced Agreements:

Auditing Services
Interim CFO
Outsourced Fin. Department

FY 26 Service Assumptions

- Outsource financial functions
- Interim CFO position funded through September 2025
- New financial auditors begin July 1, 2025



Customer Engagement and Brand Awareness Departments

Uses of Funds	FY25_Projected	FY25/26 Proposed
2001 Brand_Salaries	\$ 240,469	\$ 437,311
2002 Brand - Marketing_Fringe	\$ 26,452	\$ 27,774
2003 Brand_PRL Taxes	\$ 19,093	\$ 20,048
	\$ 286,014	\$ 485,133
2004 Website Develop/Maint Exp	\$ 25,000	\$ 25,000
2005 Signage	\$ 5,000	\$ 5,500
2006 General Marketing	\$ 50,000	\$ 55,000
2007 Bus Wraps - Advertising	\$ 5,000	\$ 5,000
2008 Bus Wraps - ATN	\$ 5,000	\$ 10,000
2009 Sales Missions - Fees & Reg	\$ 10,000	\$ 15,000
2010 Social Media_Social Media Ad Buys	\$ 30,000	\$ 90,000
Uniforms		\$ 3,000
2010 On-Call Consultation_Marketing Plan	\$ 200,000	\$ 30,000
2013 Graphic Design_Marketing Strategy	\$ 36,000	\$ 46,000
Total Customer Services & Brand_Before OH	\$ 652,014	\$ 769,633

FY 26 Customer Engagement & Brand

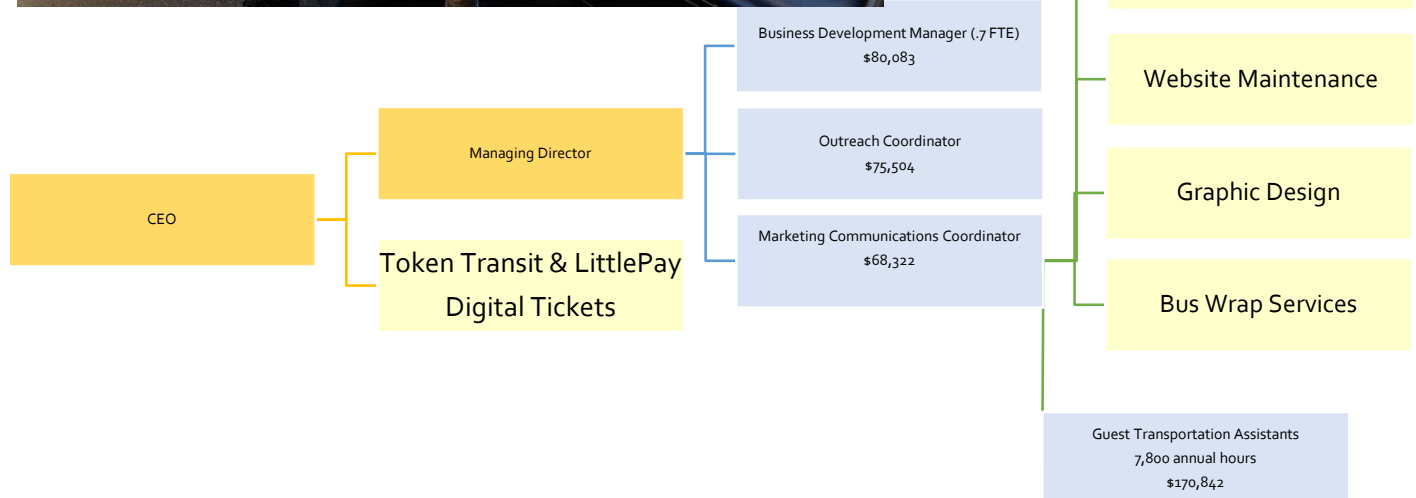
2.7 FTE Positions
7800 hrs of PTE

6 Outsourced Agreements:

Printing Services
Website Maintenance
Graphic Design
Bus Wrap Services
Digital Ticketing - Token Transit

FY 26 Service Assumptions

- Transition Guest Transportation Assistant hours to Customer Service and Brand Awareness
- Include IPW, Get Away Today and WDTC agent training and sales missions
- Include social media buys
- No renewal of the full-service marketing agency agreement
- Continue to look at digital ticketing purchase options



Administration Department

Uses of Funds	FY 25 Projected	FY 26 Proposed
Salaries and Wages		
4001 Administration	\$ 463,457	\$ 486,630
4002 Payroll Adjustments from Other	\$ (122,694)	\$ (122,694)
4003 Employer Retirement Contribution (3%)	\$ 13,904	\$ 14,599
4004 Employee- Admin_Fringe	\$ 20,920	\$ 23,012
4005 Administration_Payroll_Taxes	\$ 37,749	\$ 38,638
4006 Employee Benefit	\$ 500	\$ 500
TOTAL ADMINISTRATION PAYROLL	\$ 413,836	\$ 440,685
4008 Recruitment & Retention (Employment)	\$ 4,000	\$ 4,200
4009 Employer Pass	\$ 1,000	\$ 1,000
4011 County Property Taxes	\$ 120,000	\$ 136,000
4012 Business License Fees and Permits (1354 & 1227)	\$ 1,000	\$ 1,000
4013 Postage and Delivery	\$ 3,180	\$ 3,200
4014 Office Supplies	\$ 11,800	\$ 12,000
4015 Printing (general)	\$ 959	\$ 1,000
4016 Board and Committee Expenses	\$ 1,000	\$ 1,000
4018 Charitable Giving	\$ 500	\$ 750
4019 Public Affairs/Community Engagement	\$ 235,000	\$ 258,000
4020 Legal Counsel	\$ 180,000	\$ 190,000
4021 Information Technology (IT)	\$ 40,000	\$ 50,400
4022 Grant Administration	\$ 120,000	\$ 120,000
4023 ADP Service	\$ 5,000	\$ 5,250
4024 Copy Machine Maintenance	\$ 18,000	\$ 18,000
4031 Conferences and Assn Events	\$ 20,000	\$ 13,700
4026 Transportation and Lodging	\$ 18,000	\$ 12,400
4027 Meals - Travel	\$ 5,000	\$ 1,650
4017 Dues & Subscription	\$ 55,000	\$ 41,300
4030 Prof Development & Training	\$ 12,000	\$ 8,000
4028 Microsoft 365	\$ 50,000	\$ 55,000
4029 Purchases and Licences	\$ 56,000	\$ 58,800
4032 Communications_Office phone/Internet	\$ 80,000	\$ 70,000
4033 Communications_Cell phones & Cell Lines	\$ 65,000	\$ 69,550
LCFS Commissions		\$ 35,000
4034 Miscellaneous Expense	\$ 2,000	\$ 2,200
4035 Drug and Alcohol Program	\$ 40,000	\$ 40,000
4036 Insurance_Crime	\$ 3,000	\$ 3,300
4037 Insurance_General Liability	\$ 232,000	\$ 255,200
4038 Insurance_Property	\$ 30,000	\$ 33,000
4039 Insurance_Workers Compensation	\$ 248,332	\$ 281,857
4040 Future ATN Reserve Fund	\$ 150,000	\$ 150,000
Claim Settlement	\$ 175,000	\$ 300,000
	\$ 2,396,607	\$ 2,673,442

FY 26 Administration

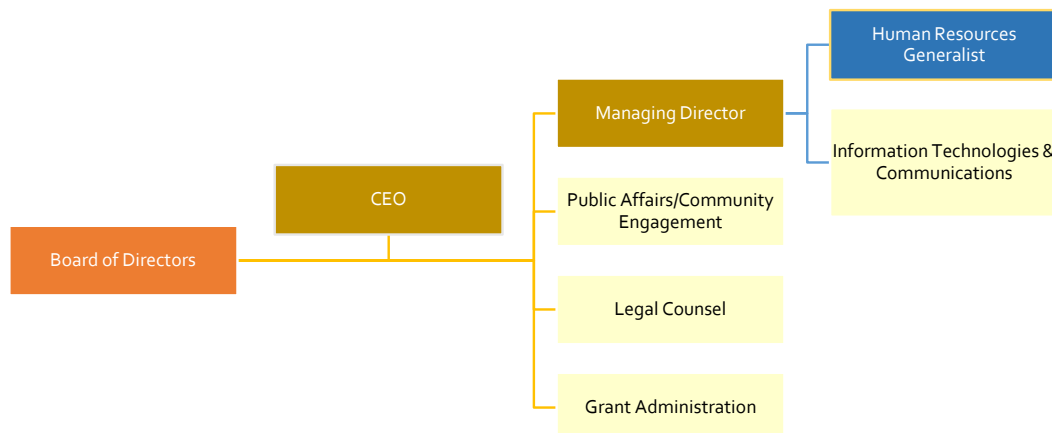
3 FTE Positions

3 Outsourced Agreements:

Public Affairs/Community Engagement
Legal Counsel
Grant Administration
Information Technology

FY 26 Service Assumptions

- Increase in ATN fringe benefits by 10%
- Property taxes included The Charge facility
- Continue work on strategic ATN priorities and communications across local, state and federal platforms
- Advise, Public Relations and community engagement
- Retain grant writing and administration program
- Travel budget reduced by 69%. Attend key industry functions and professional development training workshops
- ATN reserve fund budgeted at \$150,000
- Increase in legal fees to facilitate future institutional structure needs



Budget by Program

Unconstrained Budgetary Scenario

Budget by Program – Unconstrained Scenario

Core ART

System of interchangeable public routes operating to provide transit services for employees, residents, and visitors of The Anaheim Resort®, The Platinum Triangle™, and surrounding cities of Garden Grove and Orange. With the operating schedule from 6:30AM to 12:30AM daily, core ART serves over 70 hospitality establishments, theme parks, sporting venues, Center City Anaheim, and other business establishments in the City of Anaheim. Service operates on a 20-minute headway schedule.

Disneyland® Resort Services

Public transit service connecting parking facilities and major destinations in The Anaheim Resort®. Continuous operation to support peripheral parking facilities, Anaheim Convention Center attendees, and other destination venues, service operates from 7:00AM to 2:00AM daily.

FRAN

Free Rides Around the Neighborhood (*FRAN*) is a MicroTransit service for Center City Anaheim. The service provides residential connectivity to the business core of Center City Anaheim. FRAN service is available Friday through Sunday.

EVE

Everyone Venture Everywhere (*EVE*) is an on-demand service to connect The Anaheim Resort® and Orange County's John Wayne Airport. Service availability starts at 5:30AM through 11:00PM daily.

Rail Feeder

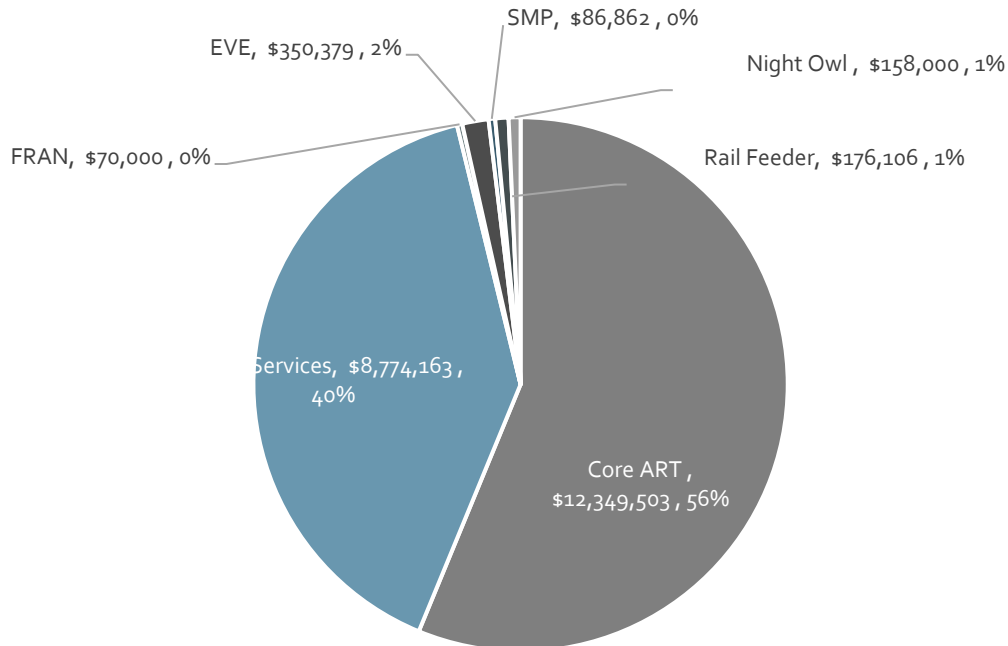
ATN provides connectivity to Anaheim commuter and intercity rail stations. ATN operates direct service along Katella Avenue to Anaheim Regional Transportation Intermodal Center (*ARTIC*) and Canyon Metrolink commuter rail station. Rail feeder is a scheduled service and operates Monday through Friday, excluding major holidays.

SMP

Senior Mobility Service (*SMP*) supports the City of Anaheim's efforts to improve mobility options for Anaheim residents aged 60+. SMP is administered by the City of Anaheim, and ATN, through PCA, provides operating personnel, with maintenance and fueling services. SMP is an on-demand reservations-based service.

Night Owl

Night Owl is a new service addition to the family of ATN services. On-demand and/or reservation-based service is slated to start in January 2026 to support employees of local business establishments working third shifts. The service is envisioned to operate daily from 10:00PM until 6:00AM. ATN received capital and initial operation funds to start the Night Owl service.



Budget by Program

CAPITAL IMPROVEMENT PROGRAM

The Capital Improvement Program (*CIP*) serves as a long-term planning and budgeting tool, ensuring capital funding needs are identified in advance for the purchase, replacement, or enhancement of agency assets.

Capital funding supports the maintenance, improvement, and enhancement of ATN's fleet, equipment, facilities, and supporting infrastructure. Capital projects are defined as expenditures or projects with an estimated useful life of one year or more and a minimum total cost of \$10,000.

CAPITAL PROJECT IMPACTS ON THE OPERATING BUDGET

The long-term CIP will improve ATN's operational effectiveness over time. Each project includes an estimated operating budget impact to account for the full life-cycle cost. ATN evaluates ongoing and future operating, maintenance, and replacement costs when determining which capital projects to pursue and include in the budget.

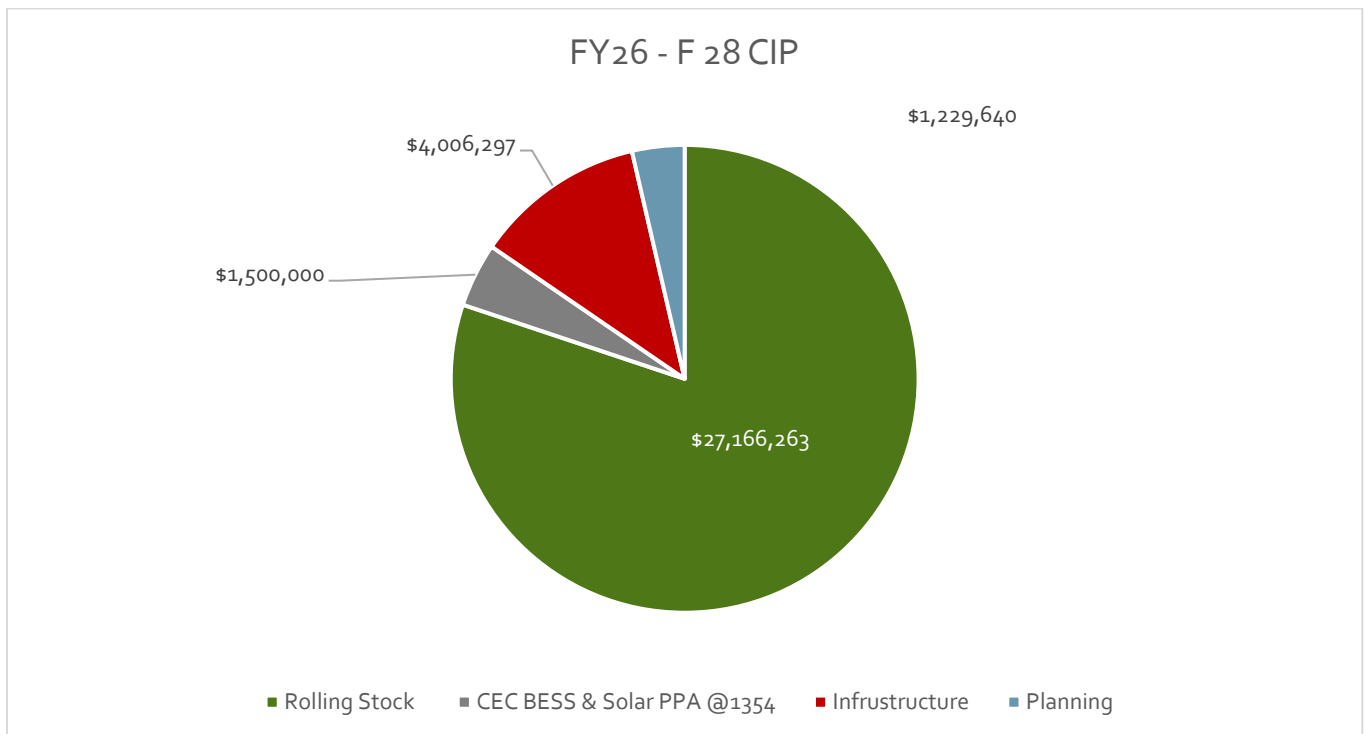


Capital Projects and Operating Impacts (FY26 – FY28)

Capital investments for FY26 through FY28 focus on ATN's core service infrastructure and planned growth related to future mitigated developments. Priority areas include:

1. Rolling Stock
2. Facilities – The Charge, ARTIC, and 1354 S. Anaheim Blvd
3. ANNA Bus Rapid Transit (BRT) Service

Project Description	Estimated Cost
Rolling Stock	
15 Replacement 40-ft Battery Electric Buses	\$ 10,029,480
10 New 60-ft Battery Electric Buses	\$ 6,489,850
Infrastructure Improvements	\$ 4,006,297
Planning Activities	\$ 1,229,640
Capital Funding Sources	
FTA Low or No Emission Vehicle Program (LoNo)	\$ 5,626,800
Volkswagen (VW) Settlement	\$ 1,296,000
Carl Moyer Program	\$ 274,133
Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP)	\$ 3,450,000
California Energy Commission (CEC) BESS & Solar PPA @1354	\$ 1,500,000
Total FY26-FY27 CIP Program	\$ 33,902,200



STATE OF GOOD REPAIR/TRANSIT ASSET MANAGEMENT

The Bipartisan Infrastructure Law continues support for the FTA's Transit Asset Management (*TAM*) program. The TAM program requires transit agencies to implement strategic, data-driven approaches to monitor, maintain, and replace capital assets. Under the TAM rule (*49 CFR Part 625*), agencies must develop a compliant TAM Plan, establish performance targets for capital assets, prepare data and narrative reports on performance measures, and coordinate efforts with regional planning partners.

TAM is a business model that prioritizes funding based on the condition of transit assets to ensure the nation's transit systems remain in a State of Good Repair (*SGR*).

SGR is defined as the condition in which a capital asset is able to operate at its full level of performance. This means the asset:

- Can perform its designed function
- Does not pose a known unacceptable safety risk
- Met and recovered its life cycle investment

Each transit agency must designate an Accountable Executive to oversee TAM compliance. As a Tier II provider (*fewer than 100 vehicles across all fixed-route modes*), ATN actively monitors asset conditions, reviews performance targets, and leverages decision support tools to make cost-effective, informed investment decisions.

CAPITAL STRATEGIC PRIORITIES

All proposed capital projects are prioritized and ranked based on the following categories:

ESSENTIAL

Projects that cannot be reasonably delayed without risking harmful or undesirable consequences.

These projects:

- Are required to deliver core services to customers
- Address conditions that pose health or safety risks
- Alleviate emergency service disruptions or deficiencies
- Prevent irreparable damage to a critical customer facility
- Fulfill legal and/or regulatory obligations

PRIORITY

Projects that address clearly demonstrated needs or strategic objectives.

These projects:

- Rehabilitate or replace outdated facilities
- Reduce future operating and maintenance costs
- Increase operational efficiency
- Preserve assets in like-new condition

VALUE ADDED

Projects that offer clear benefits but can be deferred without negatively affecting essential services.

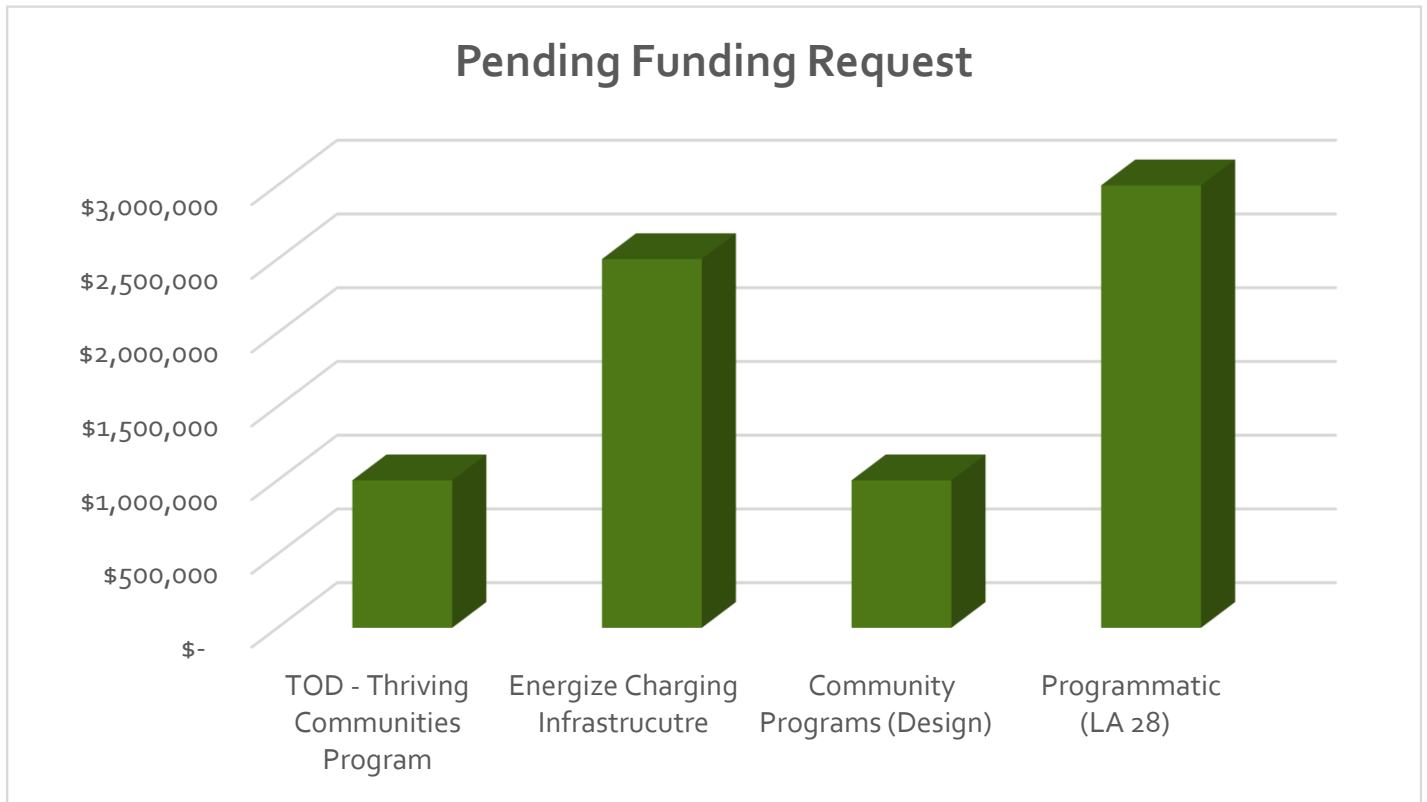
These projects:

- Provide new or expanded service levels
- Promote intergovernmental collaboration
- Reduce energy usage and environmental impact
- Enhance organizational culture or public perception

PENDING FUNDING REQUESTS

Pending funding requests align with ATN's strategic objectives and aim to protect and enhance agency assets. They also ensure compliance with mitigation monitoring requirements under applicable Specific Plans and fulfill California Environmental Quality Act (*CEQA*) commitments made by the City of Anaheim and affected developments.

Pending Funding Requests	
TOD - Thriving Communities Program	\$1,000,000
Energize Charging Infrastructure	\$2,500,000
Congressional Appropriation Requests	
Community Programs (Design)	\$1,000,000
Programmatic (LA 28)	\$3,000,000
Total Pending Funding Requests	\$7,500,000



Planning Grants

In addition to CIP funding, ATN received planning grants to support the agency's preparation for future and infrastructure needs. The table below outlines awarded planning grant funding and associated planning initiatives underway at ATN.

FY 2026/2027 Planning Grant Funds

TIRCP ANNA Alternative Funding Delivery Strategy	\$	613,000
TIRCP ANNA TNC Study	\$	100,000
MSRC City of Orange FRAN 2.0	\$	391,000
MOU City of Orange FRAN 2.0	\$	100,000
FTA Areas of Persistent Poverty	\$	305,100
FY23 LoNo Workforce Development	\$	250,000
TIRCP_Legal Advisor_ANNA Service	\$	250,000
FY23 LoNo_CTE BEB Vehicle Procurement	\$	247,000
FY 23 LoNo_Claudina Infrustructure Installation	\$	250,000
Total Planning & Operating Grants	\$	2,506,100

Summary

As ATN develops its financial plan for the upcoming fiscal year through FY30, the agency anticipates ongoing challenges in securing operational funding. To address these issues and work toward restoring pre-pandemic financial stability, ATN will maintain active engagement with the City of Anaheim and member properties. These discussions will focus on evaluating ATN's institutional framework and identifying sustainable funding and operational strategies to ensure long-term stability.



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ANAHEIM TOURISM IMPROVEMENT DISTRICT (ATID) TRANSPORTATION COMMITTEE FUNDING REQUEST

<i>FUNDING REQUEST</i>	<i>\$2,700,00</i>
------------------------	-------------------

Request:

ATN is requesting a one-time allocation of \$2,700,000 from the Anaheim Tourism Improvement District (ATID) Transportation Fund to address the FY 23/24 operational shortfall. ATN suggests the following conditions be approved for release of the allocation:

- ATN to establish a separate Fund for the allocation to provide accountability and oversight;
- ATN to establish a Finance Committee, which will provide the ATID Transportation Committee with a monthly report of the allocation, as well an update on ATN's financial position;
- ATN will provide substantiating documentation as requested that funds are solely for accrued expenses in FY 23/24.
- Funds will be used only solely for operational expenses within ATID's boundaries.
- Funds be fully appropriated by the ATID on June 10, 2024, but may be paid to ATN in installments and in full no later than August 25, 2024, to satisfy accrual accounting and FTA audit standards for revenue recognition.

ATN's Adopted FY23/24 was \$17,233,132. Current economic conditions and substantial labor costs increases, combined with slower than anticipated post-Covid passenger volume and other factors have resulted in a budget shortfall of \$2,698,640, or approximately 15% in FY23/24. Budgetary corrective actions are being implemented, enhanced revenue streams have been approved by the ATN Board of Directors, and other safeguards have been initiated.

Background:

The Anaheim Transportation Network (ATN) is a federally recognized public transit agency created by the City of Anaheim as a mutual benefit non-profit agency to assist in the administration of the City's mitigation requirements. While ATN has been recognized by the federal government, the State of California has not yet provided that recognition, therefore ATN does not receive State Transit Assistance (STA) funding like other public transit agencies to cover operational expenses. ATN provides public transit service to approximately \$9 million passengers annually.

ATN's primary source of operational revenue is assessments paid by hotel establishments and other businesses mandated by the City of Anaheim to support local public transit system. ATN assets, primarily buses, maintenance and charging facilities have been acquired through capital state and federal grant programs.





Private Investment/Business Assessment Fees

In FY23/24 the private investment generated \$2,711,897 million in revenue to operate ATN. Hotels are required to pay a per room, per night assessment fee of \$.57, other businesses pay either a flat rate or per square foot fee.

Adjustment Made: *The ATN Board of Directors is slated to approve a 5.0% increase in assessment fees, including COLA increases. This increase will generate an additional \$145,595 in FY 24/25.*

CORE ELEMENTS FOR ATN'S FY23/24 BUDGETARY SHORTFALL:

Operating Labor Costs

The majority of ATN's expenses (76.7%) are attributed to paying the agency's Operators. FY23/24 is the first full year ATN has partnered with Teamsters Local 952 for its Operators. ATN has benefited from the partnership but given current economic conditions, ATN has also experienced a 30% increase in wages and associated employment costs. Increases in labor costs added significantly to our operating costs, \$1,394,286 more than budgeted. In addition, based on the weak labor market, ATN also needed to initiative an in-house grounds-up driver training and licensing program at a cost of \$317,845 in FY 23/24. ATN has achieved required Operator employment levels and with the improved conditions discontinued this program.

Corrective Actions:

1. *ATN has deployed new service monitoring program and reduced service levels during mid-afternoon non-peak times. In FY23/24 was required to initiate a driver bid program where drivers with seniority can bid on their preferred work assignments.*
2. ***Adjustment Made:*** *New bid is scheduled for implementation in July 2024. Future bids will be done every six months and commensurate with peak operation needs.*

Workers Compensation Insurance

Like other non-profit employers, ATN is required to maintain adequate Workers Compensation insurance coverage. ATN's premium was increased by 200% this year, creating a line-item budget gap of \$317,845.

Adjustment Made: *ATN's premiums will return to anticipated level with the elimination of ATN's in-house driver and licensing program.*

Tickets Sales

ATN is still recovering from the COVID-19 pandemic. ATN received federal transit recovery funding for a brief period, but public transit ridership has failed to return to pre-pandemic levels. This translates into being required to maintain current service levels with fewer tickets being sold. The decline in ART Tickets Sale revenue, based on current actuals for FY 23/24 is projected to be \$544,016.



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Adjustment Made: ATN has re-initiated a pre-arrival program with travel wholesalers that was successful per-Covid. In FY24/25 ATN expects to double the sale of ART tickets through pre-arrival channels to approximately \$300,000. In addition, and in-lieu of cash, Tap2Ride open payment system was introduced in November 2023. In FY 24/25 ATN anticipates generating an additional \$180,000 in ticket sales revenue.

Advertising Sales Revenue

Pre-pandemic, ATN would typically generate \$850,000 annually in advertising revenue. While ATN anticipated a slow return in advertising sales in FY23/24 as the post-Covid economy continues to recover, including convention and visitor attendance, this funding source under-performed budgeted projections at around \$360,000 in revenue.

Adjustment Made: ATN does not anticipate and did not budget for return of advertising sales. For FY24/25 ATN budgeted \$360,000, as a realistic estimate.

FRAN - Free Rides Around The Neighborhood

In 2019 ATN began providing Free Riders Around the Neighborhood (FRAN) MicroTransit service in-and-around Center City Anaheim. FRAN was developed to meet the City's mitigation requirements placed on qualifying land-use approvals using grant funds secured by ATN to meet initial capital and operating costs. Currently ATN receives less than \$28,000 annually from mandated participation for providing the City with this mitigation requirement, outside of COVID-19 relief funding. FRAN expenses for 2023/2024 are approximately \$280,000.

Adjustment Made: ATN is working with City of Anaheim staff on long- and short-term funding solutions. This includes, but is not limited to parking meter fees, cost of parking waivers on new development projects, and other opportunities.

CONCLUSION:

ATN is committed to working with the City of Anaheim, our stakeholders, and passengers to ensure the City of Anaheim Specific Plan Mitigation Monitoring Program requirements and transit needs continue to be met, as they have been met for the past 22 years. In addition to adjustments listed above, ATN will be implementing the following actions to strengthen agency's fiscal position and ensure public transit options for residents, employees, and visitors in the Anaheim region:

1. ATN is eligible to receive a certain portion of State Transit Assistance (STA) funds annually (estimated at \$1.2 million in 2023). The City of Anaheim must approve pass-thorough funding Agreements, in coordination with OCTA and ATN. Draft Agreements have been provided to the City by ATN and action is anticipated shortly;
2. ATN will be conducting a study to evaluate current assessment structure;
3. ATN will be procuring the services of an outside financial advisor to provide recommendations on ATN's accounting systems, revenue and cost saving opportunities, best financial reorganization practices, etc.;





4. ATN will be conducting an organizational study, establish a Fund Accounting Reporting System;
5. ATN is establishing a Finance Committee;
6. ATN is exploring options to retain an outside advertising and marketing agency to assist in generating advertising revenue and to strengthen ATN promotional marketing reach; and
7. ATN is continuing to explore additional public transportation revenue options, as available.



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FY 2026 Budget Workshop



Agency Overview



Foundational Purpose of ATN



- Established by the City of Anaheim as a legally required mitigation measure to support economic growth in the Anaheim Resort® and Platinum Triangle™ areas



- Mandated under CEQA and through the Mitigation Monitoring Program (MMP) for large-scale development projects



- Aims to mitigate traffic congestion and improve air quality impacts associated with both current and future development



- Operations are governed by the City of Anaheim Charter and Ordinance No. 6464, defining service standards and franchise authority

Milestones in Transportation Mitigation Participation

1996 – Initial Commitment to Transportation Mitigation

“...when established by the City the property owner/developer shall participate in the Transportation Network (TMA) to be created for the Anaheim Resort and Angel Stadium Business Center and coordinated with the I-5 Traffic Management Plan”

2002 – Introduction of Clean Fuel & Shuttle Programs

“...the property owner/developer shall join and financially participate in the clean fuel shuttle program, if established, use clean fuel vehicles, as practical and to the extent feasible by the City Engineer and participate in the Anaheim Transportation Network”

Present – Formalized & Enforceable Participation

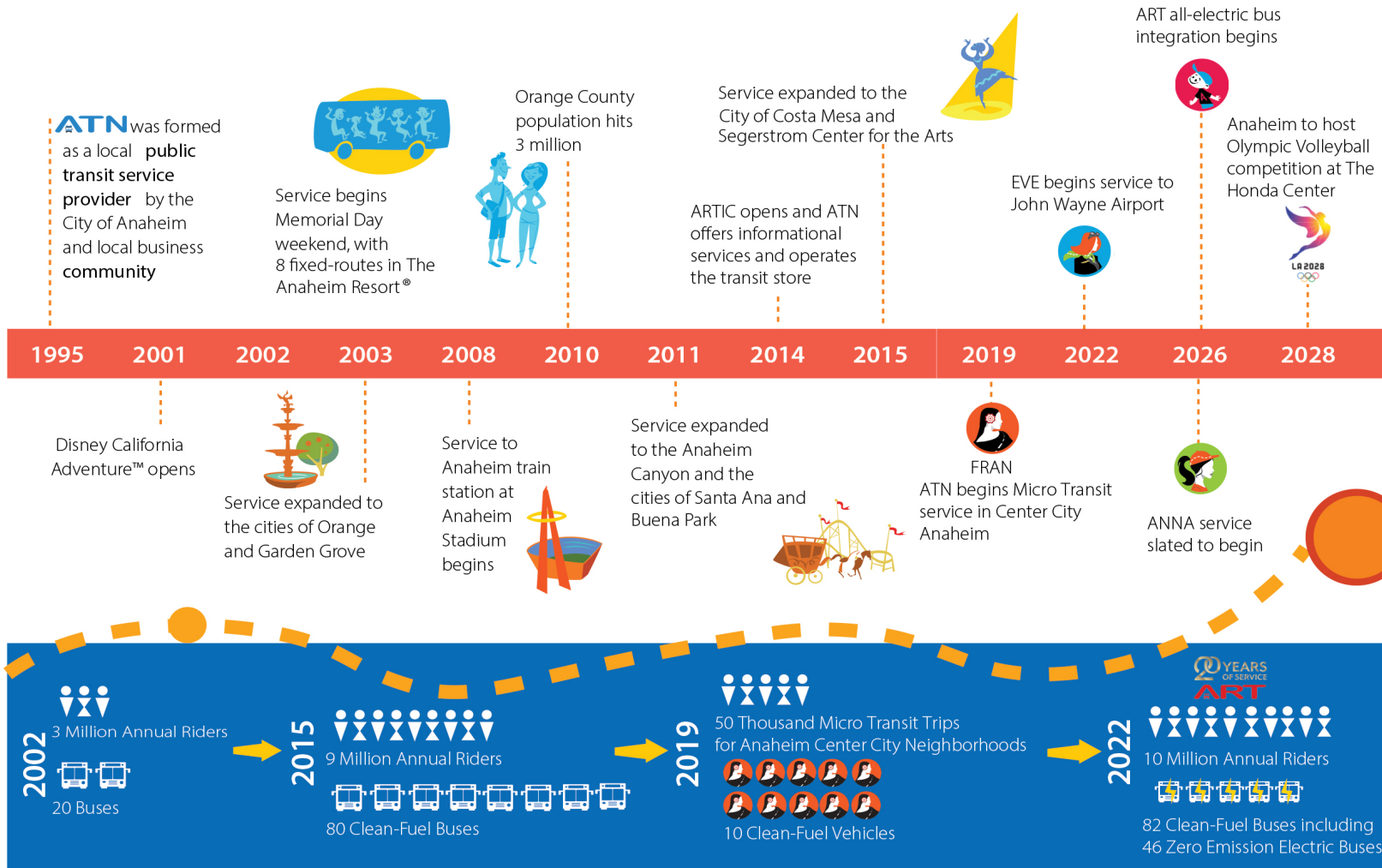
“...the property owner/developer shall join and financially participate in the clean fuel shuttle program such as Anaheim Resort Transit system and shall participate in the Anaheim Transportation Network in conjunction with the ongoing operation of the project. The property shall also record a covenant on the property that requires participation in these programs ongoing during project operations. The form of the covenant shall be approved by the City Attorney’s Office prior to recordation”

ATN Key Figures:

- ATN Members: 127
- Mitigated Properties: 94
- Non-Mitigated Properties: 33
- ART Assessment Payees: 43

ATN Timeline Highlights (1995-2028)

This timeline illustrates ATN's evolution from its founding in 1995 to its anticipated role in the 2028 Olympic Games, highlighting key service milestones, expansions, and ridership growth.



Key Milestones:

- **2002:** Launch of ART service with 20 buses
- **2015:** Surpassed 8 million annual riders; 80 clean-fuel buses in service
- **2019:** Introduced FRAN microtransit, completing 50K local trips
- **2022:** Operating 82 clean-fuel buses, including 46 zero-emission vehicles
- **2028:** Anaheim to host Olympic Volleyball events, with ATN supporting regional mobility

Programs & Services Overview

- **ART (Anaheim Regional Transportation):** Fixed-route service with 46 electric and 21 CNG buses
- **EVE (Everyone Ventures Everywhere):** On-demand service between The Anaheim Resort® and John Wayne Airport using 3 electric vans.
- **FRAN (Free Rides Around the Neighborhood):** E-hail microtransit in downtown and neighborhood zones with 10 low-speed electric vehicles
- **Senior Wheels:** Mobility service for residents 65+ using 3 cutaway vehicles.
- **Convention Services:** Event transit support at the Anaheim Convention Center (NAMM, DECA, Natural Products, etc.).
- **Rail Feeder:** Fixed-route connections between ARTIC and Canyon Metrolink stations

ATN Impact:

- 9 million annual passengers
- Public routes connecting key Anaheim destinations
- 76 vehicles, including 59 zero emission
- 180+ jobs supported directly, and through contracts



Zero Emission Bus Fleet by Summer 2028 Olympic Games

- Adopted Zero-Emission Bus (ZEB) Policy in 2018
- Submitted transition plan to the California Air Resources Board (CARB)
- In March 2025, Board of Directors unanimously approved the purchase of 15 new 40-foot battery- electric buses
- ATN will be the only agency in Orange County with 100% zero-emission fleet

The Charge Facility

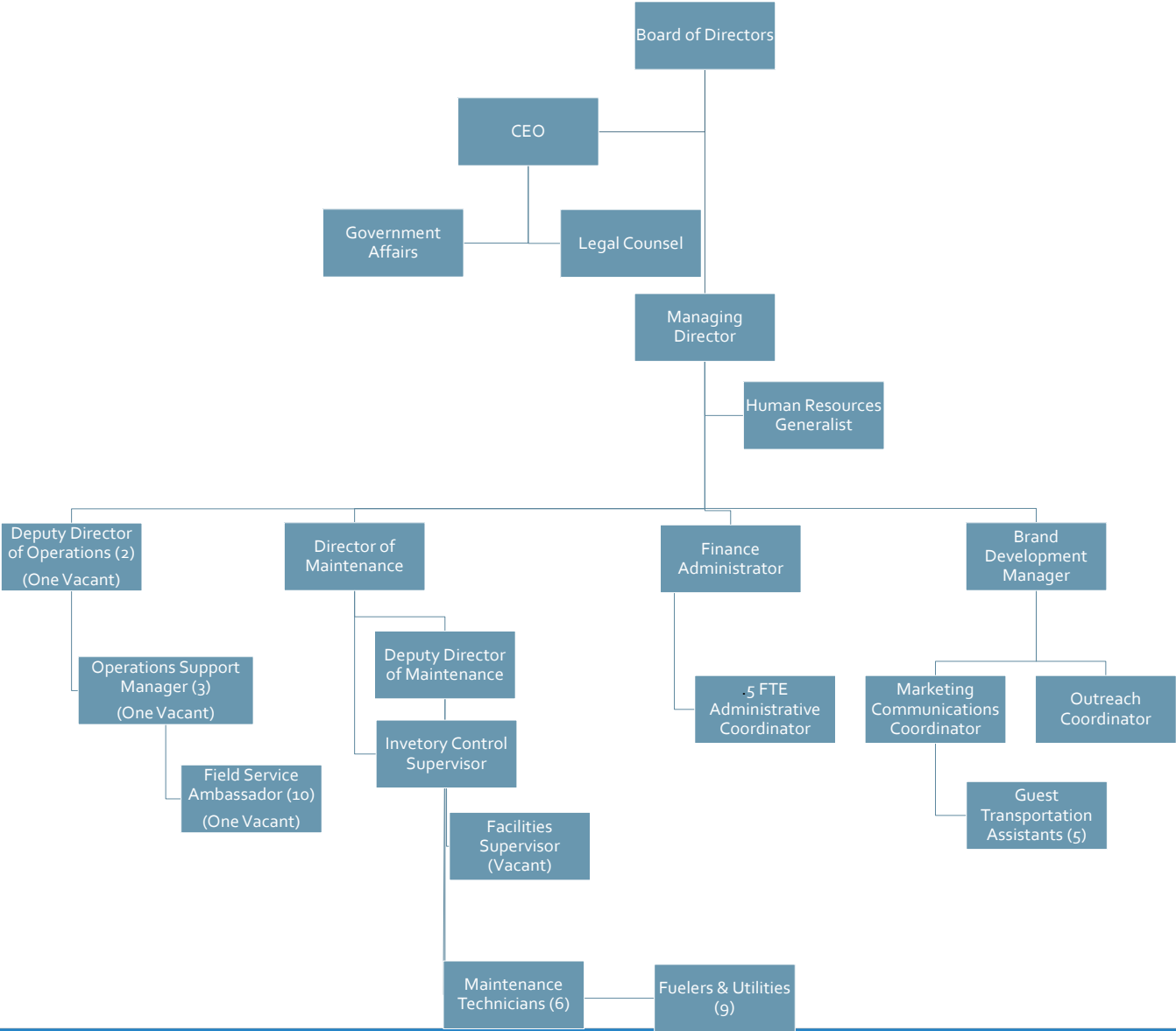
- Opened in 2024 to support electric fleet operations
- One of only three such facilities in the U.S
- Supports CEQA and MMP goals for sustainability and community well-being



Organizational Structure



Organizational Chart



FY26 Budgeted Positions Summary

Transit Service Delivery	FY25	FY26 Proposed Unconstrained Budget	FY26 Proposed Constrained Budget
Daily Transit Service Delivery Daily Transit Service Delivery Transit Service Planning Senior Mobility Program Operator Training & Safety	15 FTE 5 PTE 122	14 137	12 96
Maintenance Services			
Safety & Security Rolling Stock Maintenance Facilities & Infrastructure Parts & Warehouse	21 5	22 5	18 5
Customer Engagement & Brand Awareness *			
Customer Relations Community Outreach Communications	3 1	2.7 FTE 5 PTE 1	1 FTE 2 PTE
Administration			
Finance and Budget Legal Counsel Government Relations Organizational Development and Administration Contracts and Procurement Information Technology	4	3 7	2 6
Total Agency Staffing		46.7 FTE 150 FTE	35 FTE 107 FTE

Summary of budgeted positions,
organized by functional area

Considerations:

- Guest Transportation Assistant (GTA) hours have been reallocated to Customer Service & Brand Awareness
- Positions shown in blue represent contracted staff
- 5% COLA is incorporated into the FY26 personnel budget
- Reassignment of Guest Transportation Assistants (GTAs) from Operations to Customer Engagement

Budget Overview



Operating Budget Development Process

- ATN's fiscal year runs July 1 – June 30 and includes both known and projected expenses and revenues
- The budget supports ATN's strategic priorities through responsible planning and decision-making

Development Process

- Led by Administrative and Finance teams through a collaborative, cross-departmental effort
- Begins in April with financial projections and alignment to agency goals
- A draft is reviewed by the Board's Executive and Finance Ad Hoc Committees

Operating Budget Development Process

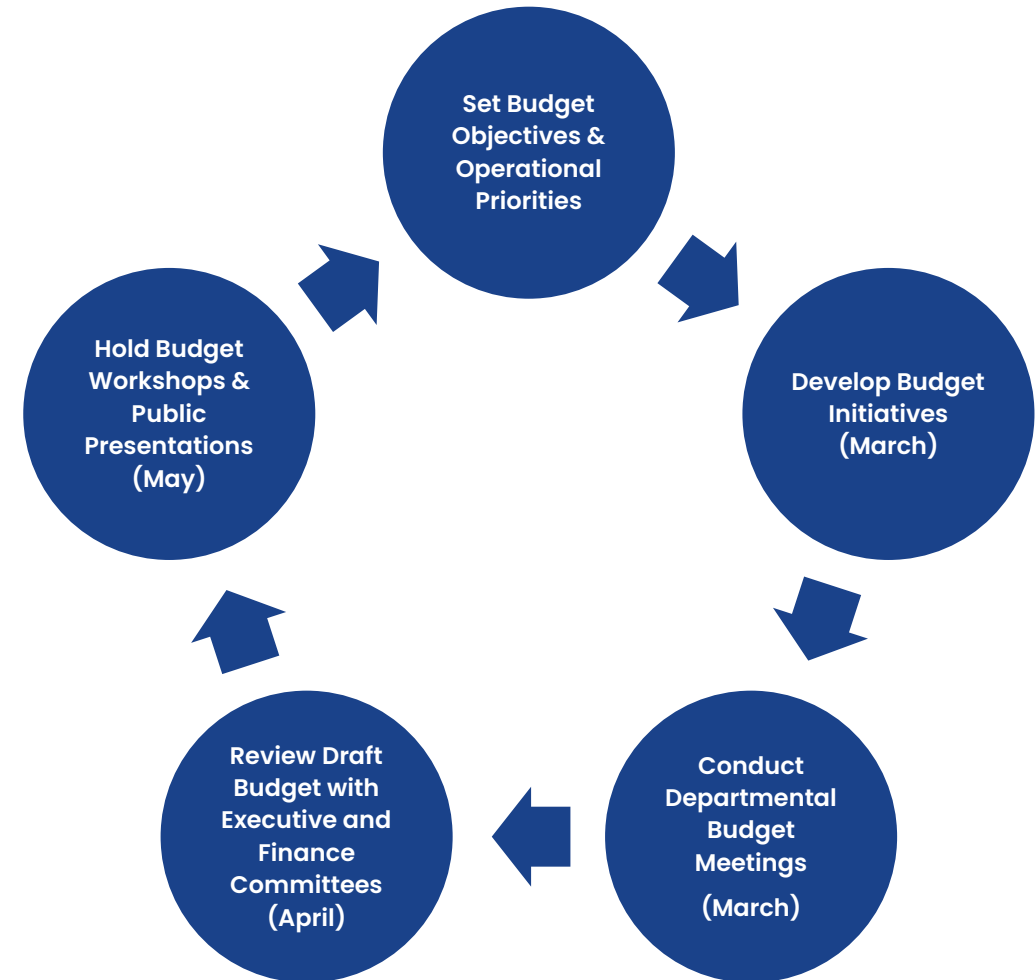
Fiscal Year: July 1 – June 30

Approval & Oversight

- **May:** Two public budget workshops will be held to discuss the proposed budget and receive public input
- **June 25:** Board slated to adopt a balanced budget effective July 1
- **July 1:** Budget goes into effect, managed by the CEO

Funding Sources:

- Government grants for operating assistance and capital purchases
- Grants are recognized in the fiscal year they apply, and the related expenses are incurred and reimbursable



Operating Budget Development Process

Financial Summary

- **Federal Transit Administration (FTA):** Issues annual apportionments for transit programs via Federal Register notice
- **Procurement Authority:** ATN staff may procure goods and services up to \$50,000; amounts above require ATN Board of Directors' approval
- **Long-Term Liabilities:** Includes real estate debt at 1354 South Anaheim Blvd. and a land note at 1227 South Claudina St
- **Labor Market Impact:** Labor costs have increased by 62%, since FY2020, reflecting continued market pressures
- **Outlook:** A structural deficit is projected. ATN will rely on local funding, such as the Anaheim Tourism Improvement District (ATID) Transportation Component and State Transit Assistance (STA), to sustain operations

Operating Budget Development Process

Labor Union Agreement

- ATN contracts its transportation services through PCA, operating under a labor agreement with Teamsters Local 952 through December 31, 2025
- Negotiations are underway for a successor agreement

Wages & Compensation:

- Projected starting wage increase to \$26/hour for Operators

Additional provisions being considered:

- Premium pay for weekend and evening shifts
- Adjusted starting rates based on years of Commercial Driving License (CDL) experience

Budget Impact:

- Projected increases may lead to wage compaction with ATN's direct employees
- Labor accounts 86.8% of ATN's total costs
- FY26 budget reflects continued labor cost pressures

Operating Budget Development Process

Need For Public Funding & System Enhancements

ATID Funding

- Ongoing ATID funding will be essential to sustain operations into the foreseeable future

State Transit Assistance (STA) Funding

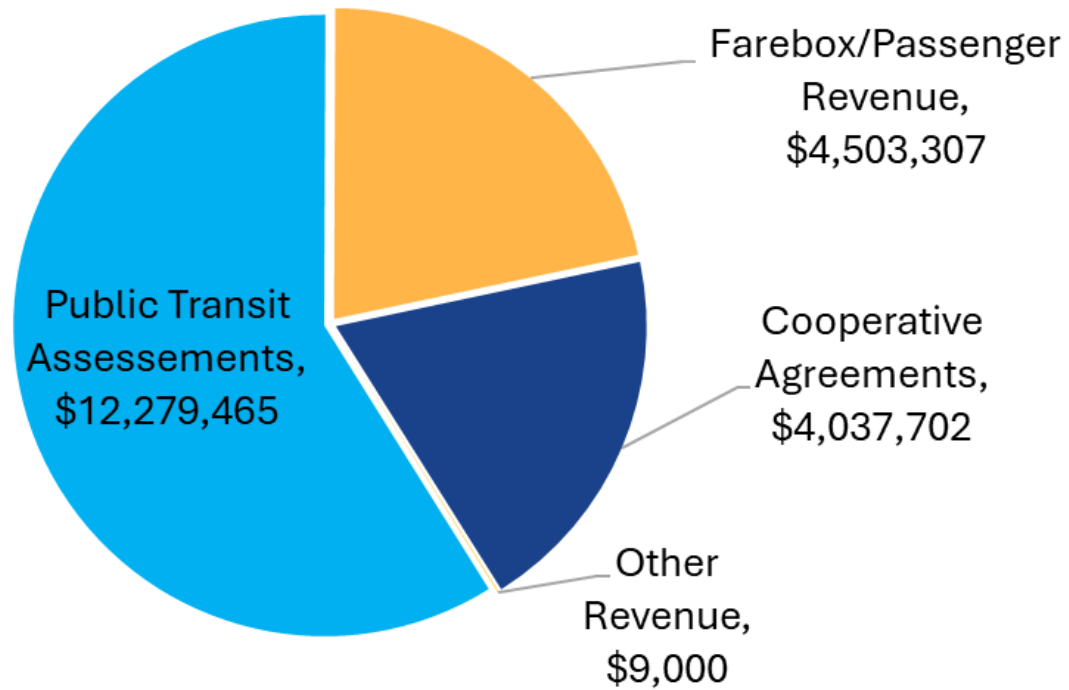
- In 2021, ATN began pursuing STA eligibility in anticipation of rising labor costs.
- In November 2024, the State Controller's Office approved Anaheim for STA funding
- While STA funds were planned for FY26, the request must now be resubmitted for FY27, creating a projected shortfall of \$1.2–\$1.5 million

Enterprise System Enhancements

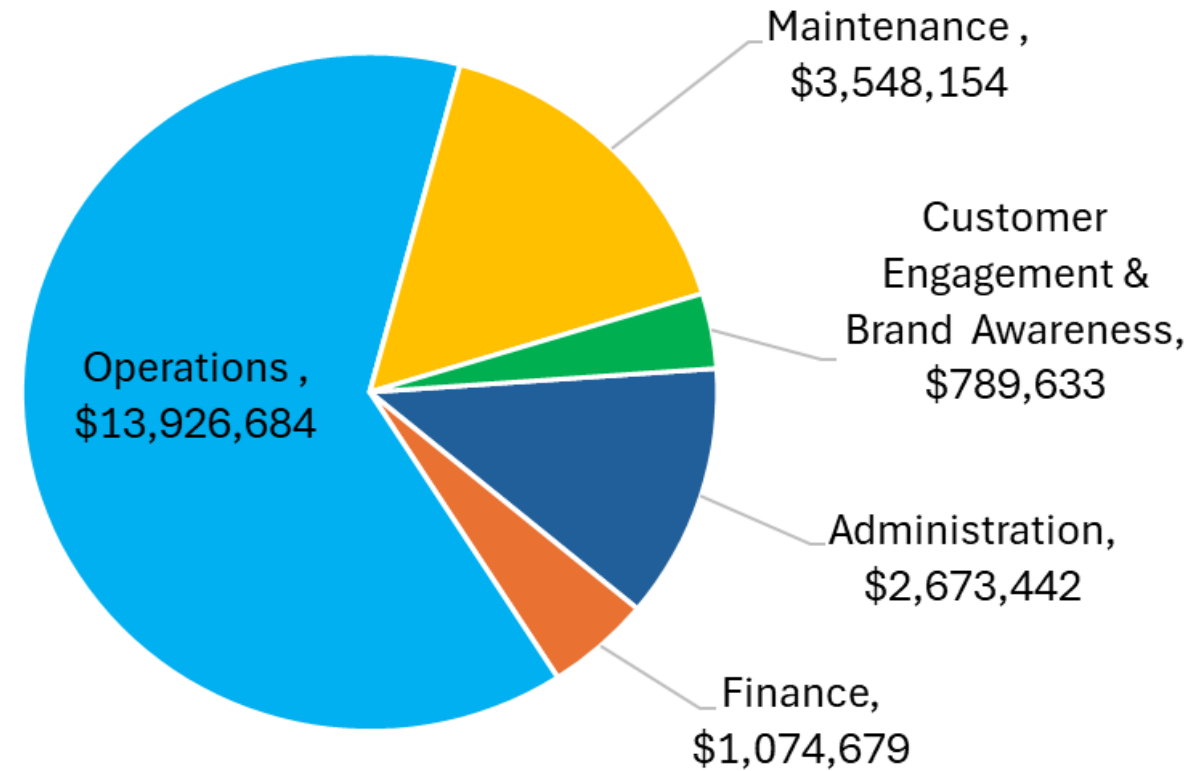
- In FY26, ATN will implement a new enterprise financial reporting and asset management system to improve oversight and operational efficiency

Budget Overview – Unconstrained Scenario

Sources of Funds



Uses of Funds

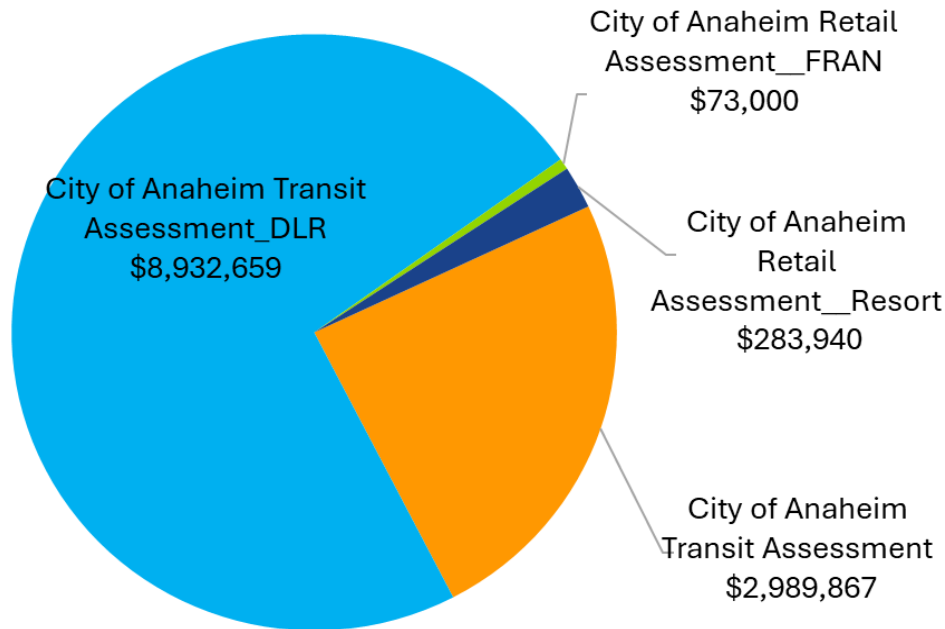


Assessment Revenue

ATID Funding Status

- ATN received ATID funding allocations in FY24 and FY25
- ATN is working with community stakeholders and the City of Anaheim to secure ongoing allocation
- ATN is eligible to receive ATID funds in support of public transit operations

TRANSIT ASSESSMENT



Hospitality Assessment

- \$0.60 per occupied room per day (FY26 proposes increase to \$0.63)
- Applies to both mitigated and non-mitigated properties in the Anaheim Resort, Platinum Triangle, and Hotel Circle areas

FRAN Assessment

- Per square foot assessment for commercial properties in Center City Anaheim
- FY26 proposes up to a 5% increase

Retail Assessment

- Per square foot assessment for retail properties in the Anaheim Resort, Platinum Triangle, and Hotel Circle areas
- FY26 proposes up to a 5% increase

Disneyland® Resort Assessment

- Based on a contractual agreement for public transit services in the Anaheim Resort
- Agreement renewed in 2022 for five years, with three one-year extension options

Fare Revenue

- FY25 fare revenue held steady, with most sales through the A-Way WeGo mobile app
- New wholesale agreements launched with WDTA and Expedia, alongside Get Away Today
- ATN remains a cash-free system, using Tap2Ride and the mobile app for fare collection
- FY26 goal: Align pricing across platforms to improve revenue and user experience
- Mobile app continues to generate the majority of fare revenue

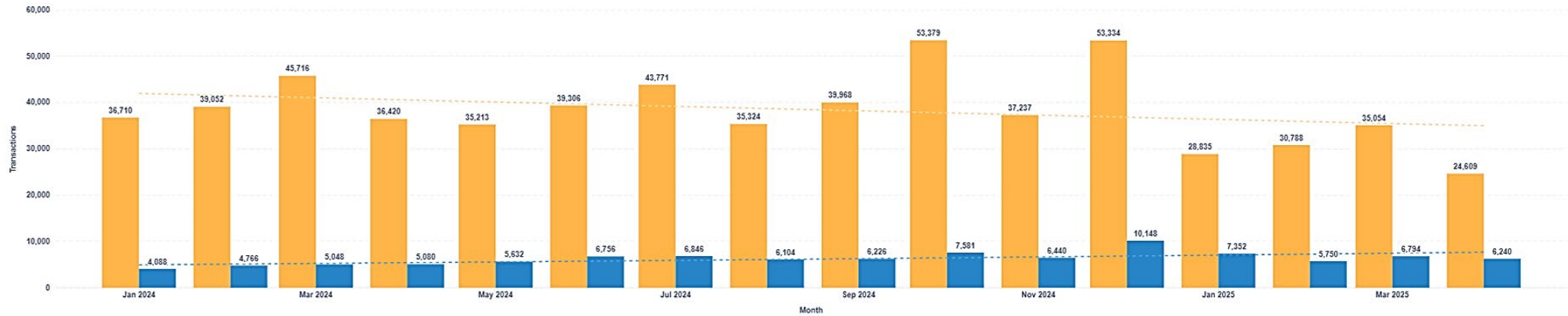
ATN Service Performance and Ridership Overview

Date Filter
Previous 24 Months

Passenger Transactions

Transactions by Method

A-Way WeGo Transactions Tap2Ride Transactions



Passenger Revenue vs Contractual Operating Expense

\$4,620,265.73

Total ART Core Service Revenue

\$4,604,854.20

Total Contractual Operating Expense

\$15,411.53

Contractual Cost-to-Passenger Revenue Variance

Cooperative Revenue Agreements

Funding Sources:

- **Federal Funds:** Section 5307 (operations) & Section 5339 (capital) through OCTA
- **State Transit Assistance (STA):** Expected in future fiscal years but not included in FY26
- **ATID Funds:** Permanent allocation to support ongoing Anaheim transit services

Transit Services:

- Rail Feeder Services for Canyon Commuter Rail Station & Senior Mobility Program
- **OCTA/LOSSAN Agreement:** \$2.00 per trip fare revenue through ARTIC
- **Night Owl Service (FY26):** Supporting third-shift workers in Anaheim Resort, funded through Federal Appropriations & Congressman Lou Correa
- **Low Carbon Fuel Standard (LCFS) Credits:** California Cap & Trade initiative promoting zero-emission technology—ATN can sell credits
- **Advertising Agreements:** Recovery continues after prolonged rebuilding efforts.

Fiscal Challenges Beyond FY26

	FY 24/25 Adopted	FY 24/25 Projected	FY 25/26 Proposed	FY 27 Projected OCVIBE Begins to Open	FY 28 Projected OCVIBE Open & LA28 Purchased Transp. Agreement RFP + New CBA	FY29 OCVIBE Fully Open	FY30 (Last Yr of DLR Agreement)
Total Sources of Revenue	\$20,369,420	\$19,002,866	\$ 20,829,474	\$ 23,642,006	\$ 26,070,581	\$27,807,036	\$ 29,916,325
Uses of Funds By Department							
Administration	12.15%	\$ 2,396,607	\$ 2,673,442	\$ 2,924,889	\$ 3,137,923	\$ 3,417,624	\$ 3,547,283
Finance	4.88%	\$ 1,169,393	\$ 1,074,679	\$ 1,192,090	\$ 1,421,215	\$ 1,420,410	\$ 1,472,204
Operations	63.27%	\$11,917,207	\$ 13,926,684	\$ 15,138,038	\$ 18,592,574	\$18,701,877	\$ 19,436,281
Maintenance	16.12%	\$ 2,992,762	\$ 3,548,154	\$ 3,790,680	\$ 3,882,159	\$ 4,072,645	\$ 4,239,231
Customer Engagement & Brand Awareness	3.59%	\$ 697,014	\$ 789,633	\$ 948,040	\$ 1,004,739	\$ 1,065,583	\$ 1,130,927
Total Uses of Funds	\$20,162,404	\$19,172,983	\$ 22,012,592	\$ 23,993,738	\$ 28,038,610	\$28,678,139	\$ 29,825,926
Excess/Deficit	207,016	(170,117)	(1,183,118)	(351,731)	(1,968,029)	(871,103)	90,399

	FY 24/25 Adopted	FY 24/25 Projected	FY 25/26 Proposed
Total Sources of Revenue	\$ 20,369,420	\$ 19,002,866	\$ 20,829,474
USES OF FUNDS BY DEPARMENT			
Administration	12.15%	\$ 2,396,607	\$ 2,673,442
Finance	4.88%	\$ 1,169,393	\$ 1,074,679
Operations	63.27%	\$ 11,917,207	\$ 13,926,684
Maintenance	16.12%	\$ 2,992,762	\$ 3,548,154
Customer Engagement & Brand Awareness	3.59%	\$ 697,014	\$ 789,633
TOTAL USES OF FUNDS	\$ 20,162,404	\$ 19,172,983	\$ 22,012,592
Excess/Deficit	\$ 207,016	\$ (170,117)	\$ (1,183,118)

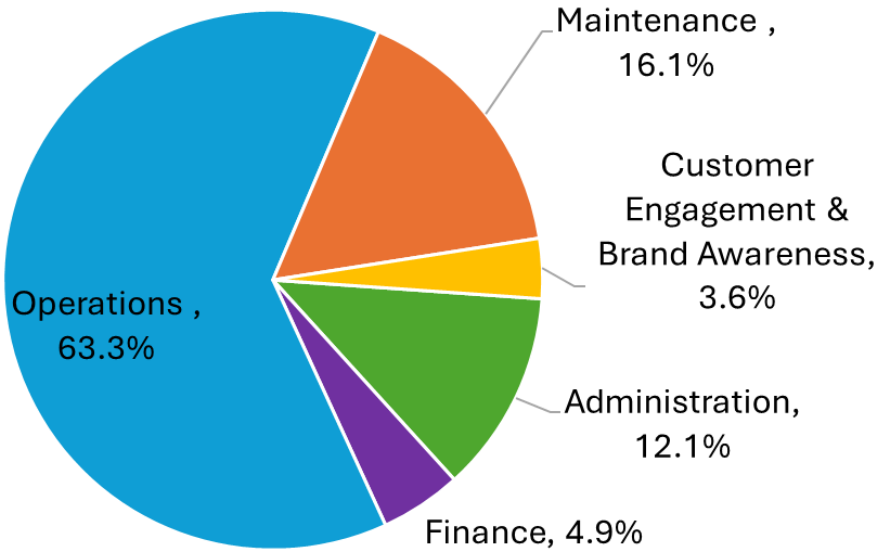
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Total Sources of Revenue	\$ 20,829,474	\$ 23,642,006	\$ 26,070,581	\$ 27,807,036	\$ 29,916,325
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Excess/Deficit	\$ (1,183,118)	\$ (351,731)	\$ (1,968,029)	\$ (871,103)	\$ 90,399

Uses of Funds



Uses of Funds

	FY 24/25 Adopted	FY 24/25 Projected	FY 25/26 Proposed	FY25/26 Proposed Variance	FY25/26 Variance %
Uses of Funds By Department					
Administration	12.1%	\$ 2,396,607	\$ 2,673,442	\$ 276,835	11.6%
Finance	4.9%	\$ 1,169,393	\$ 1,074,679	\$ (94,715)	-8.1%
Operations	63.3%	\$ 11,917,207	\$ 13,926,684	\$ 2,009,478	16.9%
Maintenance	16.1%	\$ 2,992,762	\$ 3,548,154	\$ 555,392	18.6%
Customer Engagement & Brand Awareness	3.6%	\$ 697,014	\$ 789,633	\$ 92,619	13.3%
Total Uses of Funds	\$ 20,162,404	\$ 19,172,983	\$ 22,012,592	\$ 2,839,609	14.8%



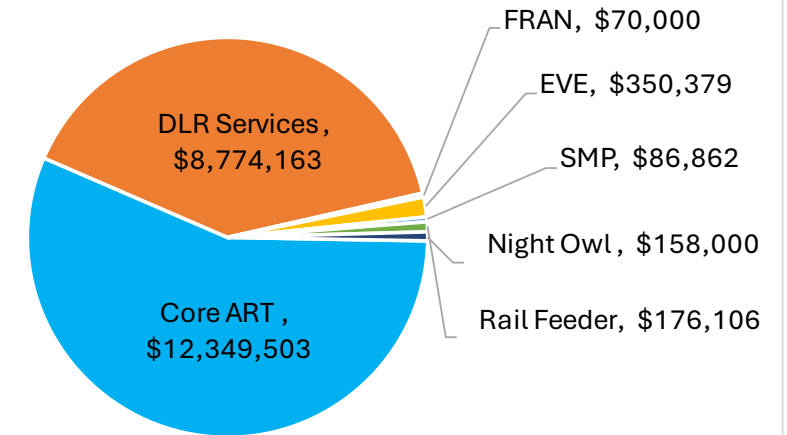
Budget by Program



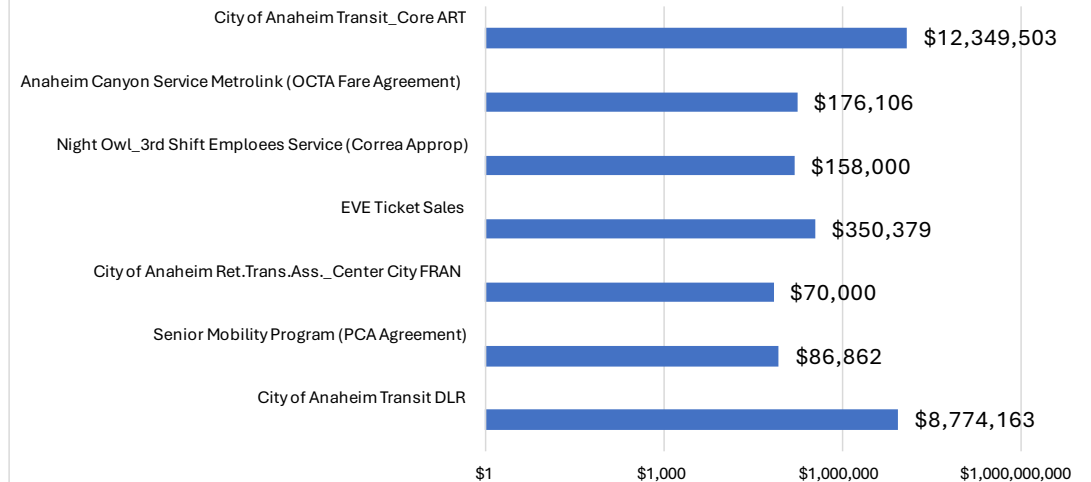
Uses of Funds – By Program

- Core ART – Anaheim Regional Transportation
- Disneyland® Resort Service
- FRAN – Free Rides Around the Neighborhood
- EVE – Everyone Ventures Everywhere
- Rail Feeder
- SMP – Senior Mobility Program
- Night Owl

Budget by Program



Uses of Funds



Uses of Funds – By Program

FRAN – Free Rides Around the Neighborhood

- FRAN is a MicroTransit service for Center City Anaheim. The service provides residential connectivity to the business core of Center City Anaheim
- FRAN service is available Friday through Sunday

FRAN SERVICE	
Sources of Funds	FY 26 Proposed
R-004 City of Anaheim Ret.Trans.Ass._Center City FRAN	\$ 73,000
Uses of Funds	
1014 FRAN CtrCity	\$ 70,000
Access Revenue/Deficit	\$ 3,000



Uses of Funds – By Program

EVE – Everyone Ventures Everywhere

- EVE is an on-demand service to connect The Anaheim Resort® and Orange County’s John Wayne Airport
- Service availability starts at 5:30AM through 11:00PM daily

EVE SNA SERVICE	
Sources of Funds	FY 26 Proposed
R-104 EVE Ticket Sales	\$ 333,120
Uses of Funds	
1015 Eve On Demand	\$ 350,379
Excess Revenue/Deficit	\$ (17,259)



Uses of Funds – By Program

Rail Feeder

- ATN provides connectivity to Anaheim commuter and intercity rail stations
- ATN operates direct service along Katella Avenue to Anaheim Regional Transportation Intermodal Center (ARTIC) and Canyon Metrolink commuter rail station
- Rail feeder is a scheduled service and operates Monday through Friday, excluding major holidays

CANYON RAIL FEEDER	
Sources of Funds	FY 26 Proposed
R-202 City of Anaheim Canyon Service (Proj S)	\$ 151,367
R-203 Anaheim Canyon Service Metrolink (OCTA Fare Agreement)	\$ 27,414
Total Sources of Revenue	\$ 178,781
Uses of Funds	
1010 Route 17 - ACM	\$ 176,106
Excess Revenue/Deficit	\$ 2,675



Uses of Funds – By Program

Senior Mobility Program (SMP)

- SMP supports the City of Anaheim’s efforts to improve mobility options for Anaheim residents aged 60+
- Administered by the City of Anaheim, and ATN, through PCA, provides operating personnel, with maintenance and fueling services
- SMP is an on-demand reservations-based service

SENIOR MOBILITY PROGRAM	
Sources of Funds	FY 26 Proposed
R-204 Senior Mobility Program (PCA Agreement)	\$ 101,413
Uses of Funds	
R-204 Senior Mobility Program (PCA Agreement)	\$ 86,862
Excess Revenue/Deficit	\$ 14,551



Uses of Funds – By Program

Disneyland® Resort Service

- Public transit service connecting parking facilities and major destinations in The Anaheim Resort®
- Continuous operation to support peripheral parking facilities, Anaheim Convention Center attendees, and other destination venues, service operates from 7:00AM to 2:00AM daily.

DLR TOY STORY ROUTE 20		
Sources of Funds	FY 26 Proposed	
R-003 City of Anaheim Transit Assessment_DLR	\$	8,932,659
Uses of Funds	\$	8,774,163
Excess Revenue/Deficit	\$	158,496
DLR Contribution to ATN Administrative OH	\$	799,264 9.11%
DLR Contribution to ATN Administrative OH w/ Excess Revenue	\$	957,760 10.92%



Uses of Funds – By Program

Night Owl Service

- On-demand and/or reservation-based service to support employees of local business establishments working third shifts
- The service is envisioned to operate daily from 10:00PM until 6:00AM
- ATN received capital and initial operation funds to start the Night Owl service
- Slated to start in January 2026

Night Owl Program	
Sources of Funds	FY 26 Proposed
R-205 Night Owl_3rd Shift Employees Service (Correa Approp)	\$ 158,000
Uses of Funds	
R-205 Night Owl_3rd Shift Employees Service (Correa Approp)	\$ 158,000
Access Revenue/Deficit	\$ -

Uses of Funds – By Program

Core ART Service

- System of interchangeable public routes operating to provide transit services for employees, residents, and visitors of The Anaheim Resort®, The Platinum Triangle™, and surrounding cities of Garden Grove and Orange.
- Serves over 70 hospitality establishments, theme parks, sporting venues, Center City Anaheim, and other business establishments in the City of Anaheim.
- Operating from 6:30AM to 12:30AM daily with a 20-minute headway

CORE ART SERVICE	
Sources of Funds	FY 26 Proposed
Total Core ART Revenue w/ATID	\$ 11,052,502
Total Core ART Revenue w/o ATID	\$ 9,339,603
Revenue from Other Programs	\$ 161,463
Total Uses of Funds	\$ 12,349,503
Excess/(Deficit) w/ ATID	\$ (1,135,538)
Excess/(Deficit) w/o ATID	\$ (2,848,437)



Capital Improvement & Planning Programs



Planning Program

The Capital Improvement Program (CIP) serves as a long-term planning and budgeting tool, ensuring capital funding needs are identified in advance for the purchase, replacement, or enhancement of agency assets

Capital Projects and Operating Impacts (FY26 – FY28)

Capital investments for FY26 through FY28 focus on ATN's core service infrastructure and planned growth related to future mitigated developments. Priority areas include:

1. Rolling Stock
2. Facilities – The Charge, ARTIC, and 1354 S. Anaheim Blvd
3. ANNA Bus Rapid Transit (BRT) Service (East-West Connection Service)

CAPITAL STRATEGIC PRIORITIES

ESSENTIAL

Projects that cannot be reasonably delayed without risking harmful or undesirable consequences.

- Are required to deliver core services to customers
- Address conditions that pose health or safety risks
- Alleviate emergency service disruptions or deficiencies
- Prevent irreparable damage to a critical customer facility
- Fulfill legal and/or regulatory obligations

PRIORITY

Projects that address clearly demonstrated needs or strategic objectives. These projects:

- Rehabilitate or replace outdated facilities
- Reduce future operating and maintenance costs
- Increase operational efficiency
- Preserve assets in like-new condition

VALUE ADDED

Projects that offer clear benefits but can be deferred without negatively affecting essential services

CAPITAL STRATEGIC PRIORITIES

PENDING FUNDING REQUESTS

Pending funding requests align with ATN’s strategic objectives and aim to protect and enhance agency assets. They also ensure compliance with mitigation monitoring requirements under applicable Specific Plans and fulfill California Environmental Quality Act (CEQA) commitments made by the City of Anaheim and affected developments.

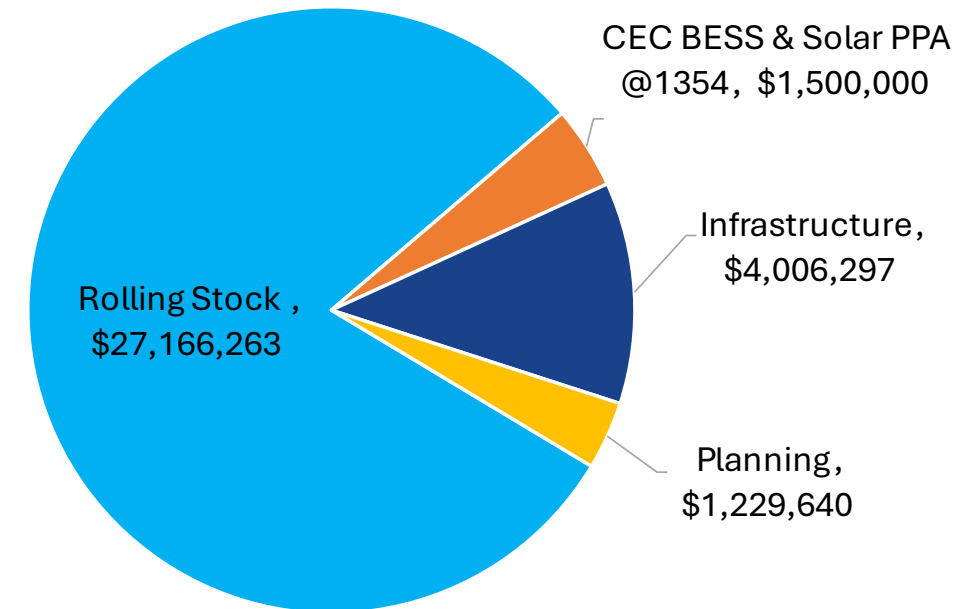
Pending Funding Requests	
TOD - Thriving Communities Program	\$1,000,000
Energize Charging Infrastructure	\$2,500,000
Congressional Appropriation Requests	
Community Programs (Design)	\$1,000,000
Programmatic (LA 28)	\$3,000,000
Total Pending Funding Requests	\$7,500,000

CAPITAL STRATEGIC PRIORITIES

The Capital Improvement Program (CIP) serves as a long-term planning and budgeting tool, ensuring capital funding needs are identified in advance for the purchase, replacement, or enhancement of agency assets

Capital Improvement Program: FY26 - FY28

Project Description	Estimated Cost
Rolling Stock	
15 Replacement 40-ft Battery Electric Buses	\$ 10,029,480
10 New 60-ft Battery Electric Buses	\$ 6,489,850
Infrastructure Improvements	\$ 4,006,297
Planning Activities	\$ 1,229,640
Capital Funding Sources	
FTA Low or No Emission Vehicle Program (LoNo)	\$ 5,626,800
Volkswagen (VW) Settlement	\$ 1,296,000
Carl Moyer Program	\$ 274,133
Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP)	\$ 3,450,000
California Energy Commission (CEC) BESS & Solar PPA @1354	\$ 1,500,000
Total FY26-FY27 CIP Program	\$ 33,902,200



Capital Improvement Program

- ATN has received planning grants to support future service expansion, infrastructure needs and alignment with long-term strategic goals

FY 2026/2027 Planning Grant Funds

Grant	Amount
TIRCP ANNA Alternative Funding Delivery Strategy	\$ 613,000
TIRCP ANNA TNC Study	\$ 100,000
MSRC City of Orange FRAN 2.0	\$ 391,000
MOU City of Orange FRAN 2.0	\$ 100,000
FTA Areas of Persistent Poverty	\$ 305,100
FY23 LoNo Workforce Development	\$ 250,000
TIRCP_Legal Advisor_ANNA Service	\$ 250,000
FY23 LoNo_CTE BEB Vehicle Procurement	\$ 247,000
FY 23 LoNo_Claudina Infrastructure Installation	\$ 250,000
Total Planning & Operating Grants	\$2,506,100

Thank You

We welcome your questions and discussion.

Next Meeting of the ATN Board of Directors

- **Date:** Wednesday, June 25, 2025
- **Time:** 2:00 PM
- **Location:** City Hall – 5th Floor Conference Room
- **Address:** 200 S Anaheim Blvd, Anaheim, CA 92805

