



**Anaheim Transportation Network
Board of Directors and General Membership
Meeting Minutes
Wednesday, October 28, 2015
3:00 P.M. – 5:00 P.M.
Anaheim Regional Transportation Intermodal Center
2nd Floor Conference Room
2626 East Katella Avenue, Anaheim, CA 92806**

ATN Board Members in Attendance:

Tom Morton, City of Anaheim
Fred Brown, Desert Palms Hotel & Suites
Jeffrey Runsten, Hilton Anaheim
Bharat Patel, Castle Inn & Suites
Grant Dawdy, Disneyland Resort
Ron Kim, Prospera Hotels
Jay Burress, Visit Anaheim
Jerry Alder, GardenWalk
Paul Sanford, Anabella Hotel

ATN Staff Present:

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

ATN Legal Counsel:

Fred Whitaker, Cummins & White, LLP

Ex-Officio Members:

Felicia Adams, First Transit
Jan Strickland, First Transit
Kyle Vanoy, First Transit

Members of the Public Present:

James Holtz, BYD Coach and Bus
Laura Muna-Lana, Arellando Associates
Rick Baligalcupo, OCTA



The ATN Board of Directors meeting was called to order at 3:06 pm

WELCOME & INTRODUCTIONS

No Welcome or Introductions

ADDITIONS/DELETIONS TO THE AGENDA

No additions/deletions to the Agenda

PUBLIC COMMENTS

None

SPECIAL CALENDAR:

1. Presentation of a Resolution to:

a. Kyle Vanoy – Operator for the Month of October 2015

Diana Kotler presented to the Board the Operator of the Month- Kyle Vanoy who has been with the company since October of 2014.

- Mr. Vanoy has exceptional attendance
- No Customer Complaints
- No accidents
- Awarded a Lead driver position
- Awarded backup supervisor after performing exceptionally as a lead driver
- Recently applied for a full time supervision position
- Always conducts himself as a professional operator

Lately Kyle has been very devoted to advancing in transportation and is applying all efforts. Outside of work, Kyle loves to read science fiction books and camping trips when time permits.

CONSENT CALENDAR:

2. Receive and approve minutes of the ATN Board of Directors held on Wednesday, August 26, 2015
3. Receive and file status report pertaining to the Anaheim Transportation Network operations -- ATN Focus Area Reports – September 2015
4. Receive and file ART Operating Reports:
 - a. Maintenance: Mileage & Road Call Reports for September 2015
 - b. Safety & Training: Safety & Security Report for September 2015
 - c. Contract Payment Adjustments: Liquidated Damages Report for August & September 2015
 - d. Key Indicators Reports will be presented in the December Meeting



5. Receive and file ATN membership report for September 2015
6. Receive and close financial reports for the period of August 2015 and electronic payments for September 2015
7. Receive and file customer service summary for September 2015
8. Receive and file sales report summary for September 2015

Consent calendar items approved by Motion Brown/Morton.

Ayes: Morton, Brown, Runsten, Patel, Dawdy, Burress, Kim, Alder, Sanford
Noes: None

OPERATIONAL REPORT:

9. ART operational update – monthly report provided by First Transit, Inc.
Jan Strickland – General Manager

Jan Strickland, General Manager for First Transit's Anaheim Division, summarized how the first meeting for union negotiations was held on 9/30/2015. The next meeting will be in December 2015. Also, she highlighted how a Safety Pep Rally will be taking place this Friday which will include: BBQ food, Halloween deserts, and safety classes/games. Lastly, on November 14th, 15th, and 16th Greyhound will be assisting First Transit on filling shifts.

Information Report – No Action Required.

ACTION CALENDAR:

10. Authorize Executive Director to release two Requests for Proposals (RFP):
 - a. RFP 2015-004 Bus Wrap Services; and
 - b. RFP 2015-007 Group Health Care Insurance Benefits Programs

The Anaheim Transportation Network (ATN) is preparing the release of two Requests for Proposals (RFP) for services to the ATN. RFP documents were enclosed as part of the staff report as Attachments 1 and 2. The content and purpose for each RFP document is provided below.

1. RFP 2015-004 Bus Wrap Services



Diana Kotler explained that procurement for bus wrap services occurs every two years to select the best-qualified service provider for wrap of Anaheim Resort Transportation (ART) buses. Currently, bus wrap services are provided by Titan Advertising. ATN's agreement with Titan Advertising is set to expire on January 31, 2016.

The ATN has an option to exercise a one-year extension. At this time, staff recommendation is to proceed with procurement in lieu of one-year extension. This recommendation is provided as a result of several concerns with the current vendor. These concerns are primarily with scheduling and timelines issues, lack of local installer contacts, as well as some quality-related issues.

Bus wrap services are provided to the ATN on as-needed basis, based on the advertisers needs to change their messaging and partners desire to promote local events and attractions. On an annual basis, the ATN spends approximately \$93,000. This fiscal year, due to the re-wrap of entire fleet of Toy Story buses, the annual spent on bus wraps is estimated at \$285,000. The total cost of bus wrap is passed-through to the advertiser and/or partner. The cost of bus wrap creative, production and installation is a straight and direct pass-through and is included, as such, in all agreements. If the bus wrap is included in the advertising agreement, no commission is paid on the costs associated with the bus wrap.

Through RFP 2015-004 is soliciting firm cost proposals for bus wrap services for the period commencing February through January 2018 with the right to exercise a one-year agreement extension option.

To ensure receipt of responsive proposals, proposers are invited to make an on-site visit to inspect styles of buses operated in the ART buses. Templates for each bus type in the ART fleet mix are also provided in the RFP:

1. Eight (8) Kodiak 32-foot El Dorado buses
2. Nine (9) Starcraft 32-foot El Dorado buses
3. Thirty five (35) 40-foot NABI buses
4. Twenty One (21) Glaval Entourage buses

Proposals are due to the ATN by 4 pm on December 11, 2015.

Director Morton inquired if the ATN is able to gain revenue from the bus wrap production? Staff responded that the ATN institute a re-charge on the wrap production and installation, but is not our practice in the past. If this action would be the desire of the ATN Board, we would restructure our advertisement agreements to reflect the Board's desire.



The RFP will be distributed to a list of 25, or more, companies. Typically, 6-7 companies respond to the RFP.

Jay Burress inquired if there is an opportunity to brand ART service better to create more identity for ART. Belinda Trani responded by stating that that ATN staff had a discussion about this matter as we do want to look going down that route, but we also need to make sure that our new advertisers would buy into it.

By Motion, Brown/Patel, the ATN Board of Directors authorized release of Request for Proposals for Bus Wrap Services.

Ayes: Morton, Sanford, Brown, Runsten, Patel, Dawdy, Burress, Kim, Alder
Noes: None

2. RFP 2015-007 Group Health Care Insurance Benefits Programs

Diana Kotler explained how since its inception, ATN has provided a comprehensive group health care insurance benefits for its full-time employees. Employees may choose to cover their spouses and dependents through this coverage and pay for this coverage through payroll deductions.

Provision of group health care coverage is outlined in the ATN's Employee Handbook (benefits section of the ATN's Employee Handbook is provided as an Attachment 3). The latest version of ATN's Employee Handbook was approved by the Board of Directors back in September 2013. Annual review and updates are conducted in consultation with legal counsel and ATN's payroll processing vendor, ADP.

ATN contracts with Kaiser Permanente, directly, for its Small Business Insurance Coverage program. Annual cost for the provision of group health care coverage for ATN full-time employees is \$180,000. Through this RFP process, ATN desires to take into consideration current group health care coverage, as well as look for potential alternative options and changes to the coverage. Provision of options to the employee should also be available.

Currently, out 41 full-time employees eligible to receive health coverage, 22 employees choose to subscribe:

Employee (EE) only	22 employees
Employee and Spouse (EE + Spouse)	1 employees
Employee and Family (EE + Family)	5 employees



The RFP requests proposals for a minimum of twenty-four (24) months. The ATN, in its sole discretion, may choose to renew annually for an additional three (3) one-year terms, for a maximum of five (5) years, with the coverage going into effect on April 1, 2016. Proposals will be evaluated and the successful carrier(s) will be determined and announced at the ATN Board of Directors meeting in January 2016.

The scope of services includes at minimum includes:

1. Full compliance with the provision of the Affordable Care Act
2. Insurance coverage for employees, spouses of employees, employees and their children, and family coverage based on employee selection/designation.
3. Coverage to maximize group savings to the ATN and insured on medical and pharmacy services with broad provider options
4. Breakdown of deductibles per individually insured by calendar year, per family by calendar year, per hospital admission, to include the use of PPO hospitals and non-PPO hospitals, per emergency room visit, and all other preexisting condition requirements and costs. With a clear statement of what procedures will not be covered and what procedures will be covered and their resulting deductibles. Any other deductibles or special clauses, constraints or requirements must be clearly stated
5. Customer service in answering questions about coverage, assisting with securing coverage, and completion of paperwork required by the ATN Director of Human Resources, employees and their insured dependents
6. Laboratory services, chiropractic services and wellness benefits
7. Maximum out of pocket cost per calendar year
8. Pharmacy prescription program that maximizes the use of discounts for both generic and brand named drugs
9. Pregnancy coverage
10. Specifics on COBRA and a Conversion of Benefits for separating employees

Both RFPs, for Bus Wrap Services and Group Health Care Coverage, were prepared to comply with the federal procurement guidelines.

Chairman Sanford inquired about the amount of increase in coverage from the previous year? Diana Kotler responded by indicating that the increase was around 5%. Chairman Sanford recommended to look at the proposed length on the agreement with an ability to exercise 1 year options to allow ATN to negotiate rate structure. Legal counsel responded that such an approach would be possible for the ATN.



Vice Chair Brown moved the motion to authorize the Executive Director to release RFP for health care service with ability to exercise four (4) 1-year option. By Motion, Brown/Sanford, the ATN Board of Directors authorized release of Request for Proposals for Health Care Services.

Ayes: Morton, Sanford, Brown, Runsten, Patel, Dawdy, Burress, Kim, Alder
Noes: None

11. Discuss and authorize Executive Director to proceed with the restructure and acquisition of forty (40) Liquefied Natural Gas (LNG) from Orange County Transportation Authority. Direct staff to update ATN Fleet Plan accordingly

Informational Item – No Action Required

Diana Kotler reported that in November 2014, the Anaheim Transportation Network (ATN) Board of Directors approved ATN's Fleet Plan for the Anaheim Resort Transportation (ART) system (Attachment 1). The Fleet Plan provided an overview of the fleet condition and establishes a benchmark for future capital fleet investment needs.

As outlined in the Fleet Plan, ATN operates a fleet of 73 alternative fuel buses. The fleet is comprised of 35 Liquefied Natural Gas buses, 21 Compressed Natural Gas buses and 17 Liquefied Propane Gas buses. Based on the existing demand for service, ATN operates its services at full capacity, with spare ratio of ten (10) percent, or seven (7) buses. Eight (8) buses, which were acquired in 2006, have been in operation beyond its useful life of seven (7) years and should be retired by the end of 2016.

In addition to the fleet condition, the ATN needs to take into consideration that numerous developments in The Anaheim Resort® will begin to come on-line in 2016. With the addition of 1,061 new hotel rooms to the ART service territory, not including 603 room-development slated for completion in spring 2016 in the City of Garden Grove, demand for ART service will continue to increase. The anticipated increased for service, does not include further needs for service associated with the expansion of the Anaheim Convention Center and Disneyland® Resort. (Attachment 2).

As the ATN plans for service needs associated with these developments and works on the strategies to be outlined and recommended by the **ART 2035 Capacity Building Study**, impacts of future transportation projects such as Anaheim Rapid Connection and Harbor Corridor Study spearheaded by the City of Anaheim and Orange County Transportation Authority (OCTA), respectively, will place additional demands on the ART system.



Diana Kotler pointed out how this will be a two-phased approach. Phase 1 is discussed and presented in Agenda Item #12 with the second phase is presented for Board's consideration in Agenda Item #13. If approved, ATN will be able to add nine (9) buses to its fleet and classify eight (8) buses as contingency. The ATN fleet would increase to 82 buses.

Diana Kotler reported that since 2009, ATN has been leasing 35 Liquefied Natural Gas (LNG) buses from OCTA. In 2014, ATN assumed maintenance of the LNG fleet from OCTA. Presently, the entire fleet of 73 ART buses is maintained by the ATN.

ATN pays OCTA \$1,033.57 per bus per month (\$36,175 per month) for the lease of the LNG buses. In addition to the lease fee, ATN pays OCTA \$3,743 per month in administrative/oversight fees to OCTA, a total of \$39,918 per month.

When the Cooperative Agreement between ATN and OCTA was amended in 2014, the fair market values of the LNG buses varied from \$36,000 to \$39,000 per bus, for a total value of \$1,221,316. This cooperative agreement is set to expire on November 30, 2015. Upon termination, ATN has an option to exercise a one-year extension or buy-out LNG buses at a fair market value (Attachment 3).

In addition to the LNG bus fleet lease Cooperative Agreement, ATN has a Cooperative Agreement with OCTA for the receipt of Federal Transit Administration (FTA) Section 5307 and 5339 funds. As a designated recipient, OCTA receives FTA funds and forwards these funds to ATN on an annual basis based on the data submitted by the ATN through National Transit Database (NTD) and Congress' appropriation of transportation funds through an annual apportionment formula. ATN's portion of the FTA funds increased from \$295,000 in 2007 to the projected \$767,065 in 2015 (Attachment 4).

In 2013, California transit agencies and cities that operate and maintain transit systems were involved in litigation associated with the changes enacted by the State of California to the Public Employee's Pension Reform Act of 2013 (PEPRA). Litigation provided a temporary reprieve and federal funds were released to the transit agencies.

Even though PEPRA reform does not apply to the ATN, it applies to OCTA. With the reprieve is no longer available, federal funds, once again, are being withheld by the federal government. OCTA informed ATN staff that no federal funds for FY 2015 can be released to the ATN until legal issues between the State of California and US Departments of Labor and Transportation are resolved. Resolution of these legal issues is anticipated by spring 2016.

Taking into consideration a potentially lengthy delay in the receipt of federal funds and upcoming LNG bus lease agreement termination on November 30, 2015, a buy-out option for the LNG bus



fleet has been discussed by the respective agencies. The terms of the buy-out option are as follows:

1. ATN's federal apportionment for 2015 is estimated at \$767,065. Upon consideration of OCTA's administrative/compliance fees of \$50,000 and costs associated with Complementary Paratransit Transportation ADA services of \$93,000, approximately \$624,065 is due to the ATN;
2. The fair market value of the LNG buses leased by ATN has decreased by 50 percent (Kelly Blue Book for transit buses). Based on the age and current mileage, the fair market value of the buses is between \$15,800 and \$21,100, for a total fleet buy-out value of \$664,500 (Attachment 5).
3. OCTA is in the process of receiving new Compressed Natural Gas (CNG) buses to replace its LNG fleet and has a spare ratio over the allowable 20 percent. The buy-out would include 35 LNG buses currently on lease from OCTA, plus additional five (5) LNG buses at a fair market value of \$14,300 per bus.
4. Since the ATN will not receive federal funds until legal issues are resolved, OCTA is willing to transfer title of 40 LNG buses to the ATN, in lieu of the federal funds due to the ATN.
5. ATN would resume receipt of federal funds in Fiscal Year 2016.
6. The ATN would need to compensate OCTA for the difference between federal apportionment and fair market value of the buses, which is estimated at \$40,435. The payout amount represents one (1) month of regular lease payments.
7. No future payments and/or administrative fees would be due to OCTA in association with the LNG fleet.

Should the ATN Board of Directors agree to the presented business terms, an amendment to the current Cooperative Agreement would be prepared for consideration by the OCTA Transit Committee on December 10, 2015, with full OCTA Board of Directors approval in early January 2016.

Executive Director advised the ATN Board of Directors that no formal action is required at this time, but a concurrence to proceed into further discussions with OCTA. Pending discussions with OCTA, the Board would be able to review and approve an amendment to the Cooperative Agreement at its December 2, 2015, meeting, with the bus delivery anticipated in late January 2016. The ATN Board of Directors concurred with the Executive Director to continue negotiations with OCTA in order to proceed with the contract negotiation to assume full ownership of the existing 35-LNG bus fleet and addition of five LNG buses as part of this transaction.

12. Authorize Executive Director, in consultation with ATN legal counsel, to:



- a. Execute purchase agreement with Build Your Dream (BYD) for four (4) Zero Emission Buses (ZEB);
- b. Execute finance agreement for the purchase of four (4) BYD buses for a total amount of \$1,990,000 (\$497,500/bus); Board chose Wells Fargo since it was the low cost bidder
- c. Amend ATN Fiscal Year 2015/16 Operating Budget; and
- d. Direct staff to update ATN Fleet Plan accordingly

DISCUSSION:

Diana Kotler reviewed past deliberations for acquisition of four (4) Build Your Dream (BYD) K-9 Zero Emission Buses (ZEB). At its September ATN Board of Directors meeting, ATN Board approved Sole Source justification for the purchase of BYD buses and directed staff to issue a Request for Proposals (RFP) to solicit capital-financing proposals for the purchase of the equipment. In addition, the Board requested additional financial analysis to assist the Board with its consideration of the bus purchase.

As discussed in the staff report for Agenda Item #11, near-term and long-term economic developments in The Anaheim Resort® will put a strain on Anaheim Transportation Network's (ATN) fleet. With the current fleet of 73 buses, ATN operates on a 10% spare ratio and faces retirement of eight (8) buses due to excessive vehicle life and increasing maintenance costs.

I. Financing Option:

At the direction of the ATN Board of Directors, ATN released RFP #15-008 to solicit proposals from financial institutions to finance the purchase of four BYD ZEB 40-foot K9 buses. RFP was released on October 15 with proposals due to the ATN on Friday, October 23 (Attachment 1). An invitation was sent to 21 financial institutions. ATN received two proposals: 1) Bank of America and 2) Wells Fargo & Company. A summary of received proposals is provided in Table 1. In addition, to the received proposals from financial institutions, manufacturer financing is available to the ATN.



TABLE 1 – FINANCING OPTIONS

Institution	Term	Interest Rate	Residual Value/Bus	Purchase Price	Est. Monthly Payment Amount/Bus	Final Cost/Bus	Total Project Cost	Total Cost of Financing
BYD	7	6.0%	\$100,000	\$497,500	\$5,807	\$587,780	\$2,351,119	\$361,003 ¹
BYD	12	6.0%	\$0.00	\$497,500	\$3,879	\$658,577	\$2,796,480	\$644,307
Bank of America	7	4.09%	\$0.00	\$497,500	\$6,915	\$580,888	\$2,323,551	\$333,551
Wells Fargo & Company	7	3.65%	\$0.00	\$497,500	\$6,787	\$570,135	\$2,280,540	\$290,540

Even though a twelve-year option present the lowest monthly payment term, based on the total cost of financing of \$644,307 vs. \$290,540 with Wells Fargo & Company, a more cost effective alternative would be to proceed with a seven-year financing. Therefore, based on the received financing proposals, staff recommendation would be to proceed with Wells Fargo & Company to finance the purchase of four (4) BYD K-9 ZEB buses. Should Wells Fargo & Company decline financing of ATN’s assets, ATN staff should pursue financing through Bank of America. The ATN Board of Directors agreed with staff recommendation to proceed with financing negotiations through Wells Fargo Company.

II. Budget Amendment:

As directed by the ATN Board of Directors at its August meeting, in addition to financing considerations, ATN Fiscal Year 2015/16 Operating Budget requires an amendment to incorporate additional capital acquisition, financing costs, as well as adjustments to the projected revenues to cover new expenditures. At its September meeting, ATN Board of Directors requested staff to prepare a Cash Flow Analysis to ensure ATN has necessary financial capacity to sustain its new debt obligation.

In preparation of the Fiscal Year 2015/16 Operating Budget amendment and Cash Flow projections the following assumptions were used:

1. Anticipated increase in Toy Story Line service by 33.36 Revenue Hours per day, 198 days per year 6,605 annual hours of service at contracted billing rates and current operating costs;
2. Addition of service to the City of Garden Grove to accommodate 603-room development starting in March 2016;

¹ Residual payment of \$400,000 would be due at the end of the financing term



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3. Additional core ART service in The Anaheim Resort® for 1,061 new hotel rooms in 2016 at the current assessment structure; and
4. Reduction of lease obligation for LNG bus fleet to OCTA (pending approval of Agenda Item #11).

In the proposed budget amendment, appropriate ATN revenue and expense accounts have been amended to reflect applicable changes. Total amended annual revenue for FY 2015/16 is projected at \$16,610,650. Total amended expenditures are budgeted at \$15,606,926 for FY 2015/16. A summary of the proposed budget amendment was presented to the ATN Board of Directors.

TABLE 2 – PROPOSED BUDGET AMENDMENT²

	FY16 Approved Budget	FY16 Proposed Budget Amendment	Total Budget Amendment
Revenue			
4010 · Assessment (Current)	\$ 2,047,000	\$ 2,047,000	
4010 · Assessment (New -- Anaheim Resort)		\$ 91,670	
4010 · Assessment (New -- City of Garden Grove)		\$ 28,944	
4011 · Assessment - Route 20 Hrs (Current Budget)	\$ 4,875,000	\$ 4,875,000	
4011 · Assessment - Route 20 Hours (Add'l 6,605 Hrs)		\$ 287,081	
4012 · Assessment - Route 20 Fuel (LNG)	\$ 548,000	\$ 548,000	
4012 · Assessment - Route 20 Fuel (ZEB)		\$ 26,400	
4020 · Retail Assessment	\$ 152,000	\$ 152,000	
4040 · Ticket Sales (Current)	\$ 4,766,000	\$ 4,766,000	
4040 · Ticket Sales (New -- Anaheim Resort)		\$ 270,555	
4040 · Ticket Sales (New -- Garden Grove)		\$ 120,000	
Total Assessment & ART Pass Revenue	\$ 12,388,000	\$ 13,212,650	
Approved Other Revenue Sources	\$ 3,398,000	\$ 3,398,000	
Total Amended Revenue	\$ 15,786,000	\$ 16,610,650	\$ 824,650
Expense			
6010 · Salaries and Wages		\$ 100,000	
6030 · Fringe Benefits & Burden		\$ 10,000	
7000 · Purchased Transportation (Add'l Hours of Service TS)		\$ 164,122	
7000 · Purchased Transportation (Add'l Hours of Service ART)		\$ 180,164	
7020 · Participation Usage Credit		\$ 10,000	
7240 · Fuel Supplies (Add'l Hrs of Service)		\$ 13,200	
7820 · Fleet Maintenance (Add'l Hrs of Service)		\$ 102,857	
7890 · Bus Leasing (Revised Admin Fees)		\$ 23,360	
8530 · Interest expense (ZEB)		\$ 47,571	
Total Additional Projected Expenses		\$ 651,275	
Total Approved Expense	\$ 14,955,521	\$ 14,955,651	
Total Amended Expenses		\$ 15,606,926	
Excess Revenue	\$ 830,479	\$ 1,003,724	\$ 173,245
Debt Obligation			
LNG Bus Lease	\$ 434,100	\$ 256,050	
ZEB Bus Purchase		\$ 190,036	
1354 S Anaheim Property Loan (Principal)	\$ 57,620	\$ 57,620	
Total Debt Obligation	\$ 491,720	\$ 503,706	
Capital Improvement Plan (FY 2015/16)			
APC	\$ 96,800	\$ -	
Zonar	\$ 55,000	\$ 27,300	
A/C Recovery Machine	\$ 6,500	\$ 6,500	
Total Capital Expense	\$ 158,300	\$ 33,800	
Net Budget	\$ 180,459	\$ 466,218	

² Prorated commensurate with applicable opening dates



In addition to the financial analysis provided at the previous Board of Directors meeting, staff conducted a Return on Investment (ROI) analysis taking into consideration three operating scenarios:

1. Toy Story operations for projected additional 6,650 revenue vehicle hours of service;
2. Toy Story operations for projected additional 6,650 revenue vehicle hours of service and new hotel development assessments; and
3. Toy Story operations for projected additional 6,650 revenue vehicle hours of service, new hotel development assessments and additional ART ticket sales projections

Four further factors need to be considered in review of the ROI analysis: 1) revenue and associated expenses through FY 2019 can be quantified, as the ATN has operating agreements with Disneyland® Resort and First Transit; 2) Beyond FY 2019, an escalator factor of 3% per year was used to develop financial assumptions. Adjustments to both, revenue and expenses, in association of transportation initiatives by the City of Anaheim and OCTA are unknown at this time; and therefore have not been incorporated; 3) Projections through the term of the financing loan in FY 2022 also use the escalation factor of 3%; 4) Projections from FY 2023 through FY 2027 represent the remaining useful life of the buses.

The ROI analysis indicates a positive return under Scenario #3, which includes all future sources of revenue available to the ATN. Under scenarios #1 and #2, acquisition of ZEB buses does not generate sufficient revenue to cover projected expenditures. ROI analysis is presented in Table 3 on the following page.

From an immediate Cash Flow perspective, the ATN has the financial capacity to assume this additional debt obligation due to termination of lease agreement with OCTA for a buy-out of 35 LNG buses.

Should the ATN Board of Directors approve this acquisition, buses would be available for delivery to the ATN the first week of December 2015. Financing would be completed by that timeline as well.



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TABLE 3 – RETURN ON INVESTMENT

		Toy Story (6,650 RVH), Hotel Assessments and ART Ticket Sales	Toy Story (6,650 RVH) and Hotel Assessments Only	Toy Story Assessment Only (6,650 RVH)
Gain				
	2016	\$ 824,650	\$ 434,095	\$ 287,081
	2017	\$ 974,208	\$ 583,653	\$ 295,693
	2018	\$ 993,692	\$ 601,163	\$ 304,564
	2019	\$ 1,013,566	\$ 619,198	\$ 313,701
	2020	\$ 1,033,838	\$ 637,774	\$ 323,112
	2021	\$ 1,054,514	\$ 656,907	\$ 332,805
	2022	\$ 1,075,605	\$ 676,614	\$ 342,789
	2023	\$ 1,097,117	\$ 696,913	\$ 353,073
	2024	\$ 1,119,059	\$ 717,820	\$ 363,665
	2025	\$ 1,141,440	\$ 739,355	\$ 374,575
	2026	\$ 1,164,269	\$ 761,535	\$ 385,812
	2027	\$ 1,187,554	\$ 784,381	\$ 397,387
		\$ 12,679,513	\$ 7,909,407	\$ 4,074,255
Cost				
	2016	\$ 817,951	\$ 595,093	\$ 414,929
	2017	\$ 982,073	\$ 705,093	\$ 427,377
	2018	\$ 1,001,714	\$ 726,246	\$ 440,199
	2019	\$ 1,021,748	\$ 748,034	\$ 453,405
	2020	\$ 1,042,183	\$ 770,475	\$ 467,007
	2021	\$ 1,063,027	\$ 793,589	\$ 481,017
	2022	\$ 1,084,287	\$ 817,397	\$ 495,447
	2023	\$ 603,703	\$ 570,343	\$ 344,286
	2024	\$ 621,814	\$ 587,453	\$ 354,615
	2025	\$ 640,469	\$ 605,077	\$ 365,253
	2026	\$ 659,683	\$ 623,229	\$ 376,211
	2027	\$ 679,473	\$ 641,926	\$ 387,497
		\$ 10,218,125	\$ 8,183,956	\$ 5,007,242
Return on Investment		24.09%	-3.35%	-18.63%



TABLE 5 – CASH FLOW PROJECTIONS

Cash Flow Projections	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY2027	
Peak Operating Scenario	\$ 6,699	\$ (7,864)	\$ (8,022)	\$ (8,182)	\$ (8,346)	\$ (8,513)	\$ (8,683)	\$ 493,414	\$ 497,245	\$ 500,972	\$ 504,586	\$ 508,081	\$ 2,461,388
Projected Operating Scenario	\$ (270,999)	\$ (121,440)	\$ (125,083)	\$ (128,836)	\$ (132,701)	\$ (136,682)	\$ (140,782)	\$ 126,569	\$ 130,367	\$ 134,277	\$ 138,306	\$ 142,455	\$ (384,549)
Worst Case Operating Scenario	\$ (127,849)	\$ (131,684)	\$ (135,635)	\$ (139,704)	\$ (143,895)	\$ (148,212)	\$ (152,658)	\$ 8,787	\$ 9,050	\$ 9,322	\$ 9,602	\$ 9,890	\$ (932,987)

Director Tom Morton departed from the Board Meeting at 3:58 pm

Chairman Paul Sanford inquired what happens if we don't proceed with the acquisition of four additional buses? Executive Director, Diana Kotler, replied that the ATN would find itself in a predicament not be able to meet demand for service since we are, currently, operating at peak capacity and without need spare bus ratio.

Vice Chair Brown inquired if the 12-year battery guarantee cover 100% efficiency? James Holtz with BYD Motors replied that BUD guarantees 70% battery capacity by year 12 of the bus life. At a 100%, capacity is, BYD bus range is between 150-170 miles, and according to ART routes, ATN does 100 miles per day.

Vice Chair Brown moved a motion to:

1. Authorize Executive Director to proceed with a purchase agreement negotiations with BYD Motors for execution of a purchase agreement for four (4) Build Your Dream (BYD) ZEB buses for a total amount not to exceed of \$1,990,000 (\$497,500/bus);
2. Amend ATN Fiscal Year 2015/16 Operating Budget in accordance with the discussion and presentation by staff at the October 28, 2015, ATN Board of Directors meeting;
3. Direct staff to update ATN Fleet Plan accordingly; and
4. Proceed with the negotiation with Wells Fargo Company for financing of the four (4) BYD ZEB bus order. Should financing with Wells Fargo Company not proceed in accordance with their proposal, ATN staff has the authority to negotiation and execute financing agreement with Bank of America.

The motion by Vice Chair Brown was seconded by Director Burress. The motion passed unanimously.

Ayes: Brown, Runsten, Sanford, Patel, Dawdy, Burress, Kim, Alder
 Noes: None



13. ART 2035 – Capacity Building Study Stakeholder Outreach Plan Update

Informational Item – No Action Required

Diana Kotler informed the ATN Board of Directors about the upcoming task associated with the **ART 2035 Imagine Possibilities** study efforts. Consulting team and ATN staff are in the process of moving forward with the next steps of the study effort, which is public outreach. Staff distributed a list of individuals and organizations to be invited for a conversation about ATN and its ART services. Ms. Kotler introduced Laura Muna-Landa with Arellano Associates to provide an update about stakeholder outreach plans. Ms. Muna-Landa provided an overview of the approved Public on September 29, 2015,

Diana Kotler indicated that ATN outreach efforts would continue through the end of 2015 with a series of focus group meetings, one-on-one interviews, and questionnaires. Topics of discussion will vary from customer service needs, future development plans, convention planning, to technology integration. A list of the interviewees is provided as an attachment. As a reference, ART 2035 Public Outreach Plan and Fact Sheet are also provided. Diana Kotler will provide project updates and workshops will be provided at future Board of Directors meetings.

Adjourn ATN Board of Directors Meeting at 4:40 pm.

CLOSED SESSION: 1 ITEM

Conference with Legal Counsel – Anticipated Litigation.

Significant exposure to litigation pursuant to Government Code Section 54956.9(b):
Contract Administrator Diana Kotler (1 matter)

Reconvene ATN Board of Directors meeting at 5:07 pm. Legal Counsel made a report that the ATN Board of Directors, by motion Brown/Burress, authorized Executive Director and ATN legal counsel to proceed with settlement negotiations with Penske Truck Leasing, Inc.

Adjourn ATN Board of Directors Meeting 5:10 pm.

Next regular ATN Board of Directors meeting will take place at the Anaheim Regional Transportation Intermodal Center (ARTIC) 2nd Floor Conference Room 2626 East Katella Avenue, Anaheim, on Wednesday, December 2, 2015