



ANAHEIM TOURISM IMPROVEMENT DISTRICT (ATID)
TRANSPORTATION COMMITTEE FUNDING REQUEST

COVID-19 RECOVERY PLAN FUNDING REQUEST

\$850,000

REQUEST:

The Anaheim Transportation Network (ATN) is requesting an allocation of \$850,000 from ATID. Due to the COVID-19 pandemic, and subsequent declarations by California Governor Gavin Newsom, ATN has been required to cease most transit operations. The shutdown in services has had a dramatic impact on ATN's revenue projections, including farebox recovery and ATN member assessments. As ATN prepares to re-establish service and routes, it is anticipated the demand for service will be limited, therefore generating limited revenue. This request represents the anticipated 2020/2021 budget shortfall in farebox recovery for the first six (6) months of ATN's fleet re-deployment.

BACKGROUND:

The Anaheim Transportation Network (ATN) has been following guidance issued by Governor Gavin Newsom dating back to March 4, 2020, when he declared a State of Emergency to prepare and deal with a broader spread of COVID-19. On March 19, 2020, the Governor issued a Stay-at-Home order to protect the health and well-being of all Californians and slow the spread of the COVID-19.

Due to the federal and state government designation of public transportation as essential service, ATN continues to serve the public with transit service. ATN also continues to play a vital role within the City of Anaheim Emergency Operations Center (EOC) and Family YMCA by providing deliveries of essential goods, food, and resources to the Anaheim community.

With guidance and concurrence of the ATN Board of Directors, ATN made significant operational changes to the Anaheim Resort Transportation (ART) system and suspended "FRAN" (Free Rides Around (the) Neighborhood) service. ATN staffing levels have been reduced, accordingly, and out of forty-nine (49) full time employees working for the ATN pre-COVID-19, eleven (11) employees remain, working a reduced schedule.

Taking into consideration austere implications of the economic reality for tourism, convention bookings, and business travel industry, the ATN Board of Directors at it April 8, 2020, meeting directed staff to:

1. Temporarily suspended monthly ART Assessment Fees for April and May 2020; and



2. Provided ATN members with an additional 30 days, after Governor Newsom lifts Executive Order 33-20, to submit assessment and membership payments for March 2020 and annual membership dues; and
3. Provided ATN members, who have already paid their assessments, a credit for future months' assessments; and
4. Submitted a funding request to OCTA to seek all appropriate federal relief funds as authorized by the federal CARES Act; and

FINANCIAL UPDATE

To support on-going operations and remaining staff, ATN applied for all available financial relief opportunities:

1. ***Business Interruption Insurance*** \$500,000 insurance limit. Final ATN coverage will be prorated based on total amount of claims submitted to the insurance pool. Based on the preliminary discussions, ATN claim was accepted. The final amount of coverage will not be known for several months.
2. ***FEMA Emergency Relief Funds*** FEMA application accepted. Reimbursement requests for delivery of food, essential supplies, resources, and transportation for essential personnel submitted. FRAN (Food Runs Around the Neighborhood) food delivery service to Center City populations impacted by COVID-19 started on May 21, 2020 as a reimbursable expense through FEMA.
3. ***SBA Loan/Grant Funds*** ATN received two SBA loans: 1) Economic Injury Disaster Loan (EIDL) for \$150,000 and 2) Paycheck Protection Program (PPP) for \$518,000
4. ***CARES Act – Transit Relief Package*** ATN is requesting approval to amend its existing funding agreement with OCTA to receive ATN's share of \$25 billion transit relief package approved by FTA on April 2, 2020. Preliminary apportionment calculations indicate that, at minimum, ATN should receive \$2.34 Million in



Anaheim Transportation Network



federal relief funds. These funds would sustain current ATN liquidity and debt obligation until re-opening¹.

1. Staggered and demand-responsive approach to re-introduce ART service
2. Reluctancy of patrons to use public transit and necessary steps to rebuild ART ridership
3. Re-structuring of ticketing (mobile & contactless ticketing) and transit planning
4. In-route sanitation of vehicles
5. Increased overnight cleaning protocols for ART fleet
6. Consideration of phased introduction of ART fare
7. Packaging strategies and introductory fares with third party wholesalers and on-line booking engines

A summary of financial projections for re-opening of ART, to pre-COVID-19 levels, is presented in Table 1. Financial projections are in line with CalTravel projections that indicate return to 50 percent occupancy levels by month six of the recovery process.

With these assumptions, it is safe to assume that ATN services will operate at a deficit for the first six month after re-opening. In addition to the operating costs, we must take into consideration re-opening and on-boarding, costs, which include:

1. Re-certification and required classroom and behind-the-wheel training of all safety-sensitive/CDL positions for all contractor staff - Operators, Dispatchers, and Field Personnel;
2. Re-certification and required classroom and behind-the-wheel training of all safety-sensitive/CDL positions for all ATN staff - Dispatchers, Field Personnel and Maintenance Staff (mechanics and fuelers); and
3. Communication and Marketing -- Social Media, collateral materials, safety, and cleanliness messaging.

At its May 5, 2020 meeting, ATN's Board of Directors authorized staff to seek up to \$3 million in assistance from ATID. The requested funding would assist Anaheim hospitality community with re-opening efforts, while The Anaheim Resort® establishments have an opportunity to re-build to pre-Covid occupancy levels and return to full transportation assessment structure.

¹ For financial and cash-flow projections ATN assumed resumption of service on August 1, 2020

