



ANAHEIM TOURISM IMPROVEMENT DISTRICT (ATID) TRANSPORTATION COMMITTEE FUNDING REQUEST

COVID-19 RECOVERY PLAN FUNDING REQUEST

\$950,000

REQUEST:

The Anaheim Transportation Network (ATN) is requesting an allocation of \$950,000 from the Anaheim Tourism Improvement District (ATID) Transportation Committee. With the continued closures of The Anaheim Resort® and its destinations due to the COVID-19 pandemic and subsequent declarations by Governor of California, the allocation would provide bridge funding to the ATN through Fiscal Year 2020/2021 to cover budgetary shortfall and allow preparations for the re-opening.

BACKGROUND:

At the special meeting of the ATN Board of Directors, following actions taken by the Governor of California to protect the health and well-being of all Californians, the ATN Board of Directors authorized ATN staff to request up to \$3.0 Million from ATID. The requested funding would primarily be used to offset revenues generated through hotel assessments. Hotel assessment revenues accounted for \$2.6 Million for the ATN budget. ATN ceased collection of hotel assessments in March 2020, as a direct result California Safer-at-Home Orders.

On July 6, 2020, ATID Transportation Committee appropriated \$850,000 to ATN to help bridge revenue shortfall due to the loss of hotel assessment revenue. At that time, the anticipation was that The Anaheim Resort® would resume operations and collection of fares on October 1, 2020, with the resumption of hotel assessments on December 1, 2020. Since opening of The Anaheim Resort did not occur, as planned, consistent with ATN allocation request, this funding was used to bridge our operating needs and included: 1) direct and contracted personnel costs (\$341,695); 2) minimum level of Anaheim Resort Transportation (ART) services (\$481,305); and 3) transition to cashless/touchless ticketing and boarding operations (\$27,000).

On November 17, 2020, ATN's Board of Directors approved a revised budget based on the most recent Safer-at-Home Order. This third version of the Fiscal Year 2020/2021 (FY21) budget assumes no hotel assessment and no ART farebox revenues for the entire FY21, through June 30, 2021. These additional \$950,000 in ATID funding would be used for:

1. 40 percent for direct and contracted personnel (\$380,000)
2. 56 percent for essential ART services (\$532,000)



3. Four percent for transition to post-Covid operations such as mobile ticketing, marketing, and communications (\$38,000)

To address the ongoing funding challenges, ATN has made significant operational changes to ART and Free Rides Around the Neighborhood (FRAN) services. ATN staffing levels have been reduced by 77%; out of forty-nine (49) full-time employees working for the ATN pre-COVID-19, eleven (11) employees remain, all working a reduced and/or furloughed schedule. Contract drivers have been reduced by 91%.

Taking into consideration austere implications of the economic reality for tourism, convention, and business travel industries, even with the potential additional funding allocated through CARES Act II taken into account, ATN anticipates significant funding shortfalls as our destination and economy continue to rebuild to the new operating normal.

The ATN Recovery Plan also takes into account future financial realities which have not been included in the ATN Fiscal Year 2020/2021 operating budget, but will be incorporated into Fiscal Year 2021/2022:

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. The final amount of coverage will not be known until pandemic is over and all claims have been processed. ATN anticipates, if approved, less than \$100,000 in revenue.
2. **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. Both loans were used as required by law, to cover personnel costs. ATN is not eligible for SBA funds under CARES Act II.
3. **CARES Act – Transit Relief Package** ATN received \$2.34 Million in CARES Act 1 funding, through OCTA. Due to OCTA's local formula methodology, ATN receive \$600,000 less than anticipated. Through CARES Act II ATN anticipates receipt of approximately \$1.2 Million. These funds will be accrued to Fiscal Year 2021/2022 Operating Budget to offset anticipated operating deficit.



At its May 5, 2020 meeting, ATN's Board of Directors authorized staff to seek up to \$3.0 Million in assistance from ATID. With the approval of the requested \$950,000; total, year-to-date, ATID allocation would be \$1.8 Million. In summary, these ATID funds will be used in lieu of hotels assessment collections in an effort to allow Anaheim hospitality community to re-build its industry and our destination to the pre-Covid occupancy levels.