



Board Date: 9/11/2015  
Meeting Time: 11:00 A.M.

Central Florida Regional Transportation Authority  
455 N. Garland Ave.  
2nd Floor Board Room  
Orlando, FL 32801

As a courtesy to others, please silence all electronic devices during the meeting.


## 1. Call to Order

## 2. Committee Minutes

-  Oversight Committee Minutes Pg 2

## 3. Committee Agenda

### A. Oversight Committee Agenda

-  Overview of FY2015 Amended Operating and Capital Budgets Pg 15

-Attachments 

### B. Oversight Committee Agenda

-  Overview of FY2016 Operating and Capital Budgets Pg 28

-Attachments 

### C. Oversight Committee Agenda

-  Overview of Conversion of the Cigna Health Care Plan from Fully-Insured to Self-Insured Pg 45

## 4. Committee Information Items

### A. Oversight Committee Information

-  Finance and Audit Committee R Pg 48

-Attachments 

### B. Oversight Committee Information

-  Risk Management Committee R Pg 55

-Attachments 

Section 286.0105, Florida Statutes states that if a person decides to appeal any decision made by a board, agency, or commission with respect to any matter considered at a meeting or hearing, he will need a record of the proceedings, and that, for such purposes, he may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.

In accordance with the Americans With Disabilities Act of 1990, persons needing a special accommodation at this meeting because of a disability or physical impairment should contact Benjamin Gonzalez at 455 N. Garland Ave, Orlando, FL 32801 (407) 254-6038, not later than three business days prior to the meeting. If hearing impaired, contact LYNX at (407) 423-0787(TDD).

LYNX OVERSIGHT COMMITTEE  
TRANSCRIPTION OF AUDIO FILE

Date Recorded: 07/23/2015

Time: 10:30 A.M.

Transcribed On: 08/28/2015

Transcribed By: Monica Silverwood, RPR, CET  
Court Reporter and Notary Public

1 PROCEEDINGS  
 2 \* \* \* \* \*  
 3 (Meeting begins at 0:1:15:00 on counter of  
 4 audio.)  
 5 MR. HENLEY: Okay. We have a forum?  
 6 FEMALE SPEAKER: Yes, sir.  
 7 MR. HENLEY: Barely. No one is permitted to  
 8 leave. For the record, Blanche, why don't you  
 9 introduce yourself and then we'll come on around  
 10 until we get them all identified.  
 11 MS. SHERMAN: No problem, sir. My name is  
 12 Blanche Sherman with LYNX, director of finance.  
 13 MS. OSTRODKA: Andrea Ostrodka, LYNX,  
 14 director of planning and development.  
 15 MS. HOMLER: Good morning, Tiffany Homler,  
 16 director of government affairs, LYNX.  
 17 MR. MCULLION: Chris McCullion, city of  
 18 Orlando and chair of the LYNX finance and audit  
 19 committee.  
 20 MR. DEES: Good morning. I'm the new  
 21 guy. My name is David Dees and as of June 1st,  
 22 hopefully after confirmed by the board today, I'll  
 23 be the new --  
 24 MALE SPEAKER: Are you lobbying this?  
 25 MR. DEES: What?

1 MALE SPEAKER: Okay.  
 2 MR. HENLEY: -- if you want to leave early.  
 3 MS. MARRA: Well, I'm Debra Marra (phonetic).  
 4 I'm the board secretary.  
 5 MR. HENLEY: Okay.  
 6 MS. KOROBKOFF: Claudia Korobkoff from the  
 7 City of Orlando.  
 8 MR. HENLEY: Carlton Henley, Seminole County.  
 9 MS. JANER: Viviana Janer, Osceola County  
 10 Commissioner.  
 11 MR. HARRISON: Jim Harrison with Orange  
 12 County.  
 13 MR. CHRISTIANSEN: Pat Christiansen, LYNX  
 14 general counsel.  
 15 MR. HENLEY: Okay. Very good. And if you  
 16 haven't already done so, if you have an electronic  
 17 device on you, I would request it if you would  
 18 silence it. And with that we will officially call  
 19 the meeting to order and request that you check to  
 20 make sure that your microphone is on. And you will  
 21 move into item two and the chair will entertain a  
 22 motion for approval of the minutes of the May 13,  
 23 2015 meeting.  
 24 MS. KOROBKOFF: Move to approve.  
 25 MR. HENLEY: We have a motion. Second. Are

1 MALE SPEAKER: Are you lobbying this?  
 2 MR. DEES: No, sir, I'm just going to go  
 3 ahead and leave the (indiscernible) here, but I was  
 4 brought on as the director of risk manager, safety  
 5 and security.  
 6 MR. HENLEY: Thank you.  
 7 MR. DEES: Yes, sir.  
 8 MR. PETRELLI: John Petrelli, Orange County,  
 9 and chair of risk management committee.  
 10 MR. PENVOSE: Scott Penrose, ATU Local 1749.  
 11 MR. BALDWIN: Charles Baldwin, LYNX  
 12 procurement director.  
 13 MR. WHARTON: Bill Wharton, planning and  
 14 development for Seminole County.  
 15 MS. BLACK: Susan Black, LYNX general  
 16 manager.  
 17 MR. BOOKER: John Booker, department of  
 18 transportation.  
 19 MALE SPEAKER: John --  
 20 MR. HENLEY: You're still with us?  
 21 MALE SPEAKER: Yes, sir. You're in a good  
 22 mood this morning. This is --  
 23 MR. HENLEY: I mean, the other day he's  
 24 telling me he wants to leave early and I told him  
 25 we'll let Charlotte buy out your contract --

1 there any corrections or additions to the minutes?  
 2 Hearing none, those in favor indicate by saying  
 3 aye.  
 4 (Indicating aye.)  
 5 MR. HENLEY: Okay. We'll move to item three,  
 6 oversight agenda and, Blanche, I believe you  
 7 (indiscernible) that.  
 8 MS. SHERMAN: Yes, sir. Good morning.  
 9 FEMALE SPEAKER: Good morning.  
 10 MS. SHERMAN: Members of the committee, I  
 11 just want to give you a brief overview of the  
 12 preliminary FY16 capital budget. It should be in  
 13 your agenda packet. We'll be coming back in  
 14 September with the final capital budget. You  
 15 should have a PowerPoint in the back of the book.  
 16 That's what I want to go over with you. Is  
 17 everybody there? Okay.  
 18 Just to cover some of the key budget  
 19 assumptions for our capital budget, it is -- LYNX,  
 20 it's always their goal to enhance our facilities.  
 21 We also included some construction modifications in  
 22 here for our new project, which is the CNG project  
 23 with Nopetro for our facility. In addition we are  
 24 trying to advance our fare collection technology  
 25 through mobile ticketing, that's factored in the



1 budget as well. The fleet to support our service  
2 remotes for vanpool, fixed route, paratransit and  
3 LYMMO services. We are continuing the LYMMO  
4 expansions, the Lime Line and passenger amenity  
5 program improvements as well for real-time  
6 information, continuation of security and  
7 surveillance enhancements and to advance  
8 communications and technology capabilities.  
9 (Indiscernible) PowerPoint. Overall --  
10 MR. HENLEY: Any questions or comments from  
11 Blanche, you go ahead and interrupt at any time if  
12 you have a question.  
13 MS. SHERMAN: Okay. On the next slide just a  
14 summary of the FY16 preliminary budget compared to  
15 the FY15 amended capital budget, you're showing a  
16 4.8 percent increase, 89.4 going to 93.7 million.  
17 That's about a \$4.3 million increase. On the next  
18 slide I will share some of the details of that with  
19 you.  
20 At the top you see the ARRA projects, our  
21 funding for ARRA actually expires the end of this  
22 year and we transferred that funding to other  
23 projects because it was related to the ticket  
24 vending machine that we're going to try to procure  
25 some paratransit vehicles with that so that we will

1 the overall security budget.  
2 MALE SPEAKER: So you're all at 30 days now?  
3 MS. SHERMAN: Should be.  
4 MALE SPEAKER: We're implementing that  
5 changeover so --  
6 MALE SPEAKER: Okay.  
7 MS. SHERMAN: Within --  
8 MALE SPEAKER: Within the next 60 days we'll  
9 be.  
10 MALE SPEAKER: Okay.  
11 MS. SHERMAN: Okay. Support equipment or --  
12 support equipment about \$2.8 million. Again, this  
13 includes our fare technology for mobile ticketing,  
14 at about 1.5 and a reclass from ARRA of the ticket  
15 vending machine project that we have with SunRail  
16 and that's about \$1.6 million. That's where the  
17 2.8 increase is coming from.  
18 MS. KOROBKOFF: Could you say that one again?  
19 MS. SHERMAN: 1.5 related to mobile  
20 ticketing. And 1.6 related to the fare collection  
21 system that we're working with SunRail or Xerox.  
22 Included in the 1.6 is the cost of the onboard  
23 validators and that's about \$1.4 million.  
24 Depending on which way we go with the project  
25 determines what type of validator we buy, mobile

1 not lose those funds. So that is -- that is just  
2 the funding source that is going away. You will  
3 see a shift later down where that project is going  
4 under technology.  
5 BRT project, we show a decrease there, that  
6 is related to the completion of the Grapefruit Line  
7 and some cost adjustments on the Orange -- Lime  
8 Line. On the Lime Line. Cost adjustments on the  
9 Lime Line.  
10 Facility improvements, this goes back to what  
11 I referred to before in regards to the CNG  
12 improvements at our facility, about \$2.8 million.  
13 You see an increase there for that.  
14 Passenger amenities, again, that increase is  
15 related to just a reclassification of our real-time  
16 information. It was in both budgets going from  
17 passenger amenities to technology and that was  
18 about 3.3 million.  
19 Security equipment, we're looking at a slight  
20 decrease there. We're completing some of the -- we  
21 had a project in our '15 budget related to  
22 enhancing our video storage from 30 to 60 days. I  
23 think we completed the 30 days so we're not really  
24 looking into going to the 60 days or 90 days. So  
25 that's going away. That's causing a decrease in

1 ticketing, (indiscernible) so that's where the 2.8  
2 is coming from.  
3 Again, in the technology, that is the  
4 transfer of the real-time information system, about  
5 \$3.3 million, that was in passenger amenities so  
6 just a slight increase there for that.  
7 Support vehicles we're looking at a \$246,000  
8 decrease. We were looking at investing in a mobile  
9 command unit. It was in contingency.  
10 MR. HENLEY: Why?  
11 MS. SHERMAN: It was -- it was in  
12 contingency. Our new director of operations, she  
13 came on board and it was completed and decided no,  
14 that's not anything that we want to pursue. So  
15 you're looking at a decrease there. Okay.  
16 And for revenue vehicles, we're looking at a  
17 3.1 increase there. We have 25 vehicles that we  
18 plan to replace in FY16 for CNG. We're carrying  
19 over 45 vehicles that -- for '15 which are the 10  
20 articulated buses --  
21 MALE SPEAKER: What -- what type of vehicle?  
22 MS. SHERMAN: CNG.  
23 MALE SPEAKER: Okay.  
24 MS. SHERMAN: CNG, sir. Okay. And we also  
25 have an increase in our paratransit fleet too just



1 so that we can complete the ownership of that  
2 fleet. And that's the purpose of the -- the reason  
3 why the revenue vehicles are going up. Okay. Any  
4 other questions on that slide?  
5 MR. HENLEY: Questions, comments?  
6 MS. SHERMAN: If you want any other details,  
7 I have gone over this presentation with the finance  
8 and audit committee as well. Okay?  
9 The revenue side, we're looking at federal  
10 contributions going up slightly about 5.2 percent  
11 from 82 million to 86 million, state contributions  
12 a slight increase there as well, and local  
13 contributions are basically the same. And the  
14 reserves, which is related to the funding that we  
15 have left over for the Kissimmee and  
16 (indiscernible) we -- that was the -- the matching  
17 requirements came out of our reserves and we're  
18 still trying to determine how we can use those  
19 additional funds that are left over, we're working  
20 with FTA on that.  
21 Okay. On the next slide I have some details  
22 pertaining to the local contributions. City of  
23 Orlando. We have a few dollars left. This is  
24 carry-over funds, by the way, related to the LYMMO  
25 east/west, and the Parromore project about 3.6

1 questions? Okay. Thank you.  
2 MR. HENLEY: Okay. And we'll -- if no  
3 questions for that we'll move to item four, finance  
4 and audit committee reports. And I believe Chris  
5 is -- is up first.  
6 MR. MCCULLION: Yes, sir. Thank you, Mr.  
7 Chairman. If I could take two seconds, I'll move  
8 the chair to the hot seat if you want me to.  
9 We -- the finance and audit committee held  
10 their most recent meeting on July 15th. We  
11 reviewed the capital budget that you all just --  
12 just took a look at. We also reviewed the  
13 recommendation to award a five-year auditing  
14 contract Cherry Bekaert, who has been the existing  
15 auditor. They won the competitive procurement for  
16 the next five-year audit services. The committee  
17 has no concerns with -- with that contract award.  
18 We are continuing to evaluate options for the  
19 2016 LYNX health insurance renewal. You recall  
20 the -- the real question is are we going to  
21 continue with a fully insured plan when we buy an  
22 insurance premium from an insurance company or are  
23 we going to self-insure where we would pay our own  
24 claims and we would avoid essentially the profit  
25 component of what is built in to a fully insured

1 million and we thank you again for your \$2 capital  
2 contributions is helping to support our bus lease  
3 for CNG buses and the articulated buses is matching  
4 the Ladders of Opportunity Grant for those buses as  
5 well, and some passenger amenities local dollars  
6 that we received from Walmart, Pine Hills, Mills  
7 District for shelters. As mentioned -- yeah, any  
8 comments?  
9 Again, I'll be back in September with the  
10 final budget and the final -- a better look at our  
11 carry-over and we'll begin our budget year in  
12 October.  
13 MS. KOROBKOFF: Just -- just a one comment.  
14 On the LYMMO east/west leftover, Blanche, can you  
15 please send me an updated -- I don't recognize this  
16 (indiscernible).  
17 MS. SHERMAN: It's POs that were issued.  
18 MS. KOROBKOFF: I understand that.  
19 MS. SHERMAN: (Indiscernible) okay.  
20 MS. KOROBKOFF: I am in control of what is  
21 (indiscernible) taking care of -- taking off from  
22 the contribution.  
23 MS. SHERMAN: Right. Okay. I will.  
24 MS. KOROBKOFF: Thank you.  
25 MS. SHERMAN: No problem. Any other

1 premium.  
2 We are not yet ready to make a recommendation  
3 on that. The initial quote has come back from the  
4 existing provider at a 31 percent increase.  
5 MS. SHERMAN: 33.  
6 MR. MCCULLION: 33 percent increase, which  
7 exceeds what is built into your '16 -- 2016  
8 operating budget by about 300,000.  
9 MS. SHERMAN: It's (indiscernible).  
10 MR. MCCULLION: Right. So the broker is  
11 continuing to look for quotes and -- and negotiate  
12 with the existing provider, try to get that number  
13 down because we're nearing that point where it's  
14 clearly better to self-insure versus continue with  
15 the fully insured premiums. So depending on what  
16 the final quote ends up being, we -- we'll make a  
17 recommendation to you at the August or September  
18 meeting.  
19 MS. SHERMAN: September meeting -- we will  
20 make a decision at the August finance committee  
21 meeting that the recommendation is (indiscernible).  
22 Of course we'll try to make a decision on what I  
23 incorporate into the budget.  
24 MR. MCCULLION: Whether we go self-insured or  
25 not, we're not really contemplating changing the



1 insurer, it's Cigna right now.  
 2 MS. SHERMAN: Cigna.  
 3 MR. MCCULLION: Which means you could  
 4 actually make that change to self-insure without a  
 5 long -- you don't need 12 months to make this  
 6 change because everybody has existing cards, they  
 7 already have our information. So we could actually  
 8 do that change in a couple of months if we decide  
 9 to make -- to go self-insured.  
 10 MR. HENLEY: Have they provided you with the  
 11 experience factor for this past -- past year --  
 12 MR. MCCULLION: Yes.  
 13 MR. HENLEY: -- and could you share with us  
 14 so you're (indiscernible).  
 15 MR. MCCULLION: Yes, sir. That's --  
 16 that's -- the majority of the time we spent at the  
 17 last meeting was looking at the experience. The  
 18 claims are coming in higher than in the past. The  
 19 2015 numbers are significantly higher than past  
 20 numbers.  
 21 So they're -- it's -- we have a bad year and  
 22 a good year and a bad year and a good year, so  
 23 trying to determine what the average expected  
 24 claims are is what really should determine whether  
 25 you go self-insured or not is what you expect

1 determine if there is things that they can do on  
 2 their end, wellness programs, targeted wellness  
 3 initiatives to help bring those numbers down.  
 4 MR. HENLEY: That's where I was leading up to  
 5 with the questions there.  
 6 MR. MCCULLION: Some of the -- some of the  
 7 ones -- some of the large claims are from  
 8 life-style issues, you know, diabetes and things  
 9 like that, but then some of them are maybe  
 10 unrelated, you know, cancer claims that maybe are  
 11 not related to life-style, things that are just  
 12 expensive medical conditions to treat.  
 13 So, but we hope that by the time we come back  
 14 to you in September, we'll have a -- a great  
 15 recommendation for you. But we've got a lot of  
 16 work to do over the next couple of months.  
 17 MR. HENLEY: John, do we have a wellness  
 18 program underway?  
 19 MR. PETRELLI: Yes, sir. We do.  
 20 MR. HENLEY: Can you describe it, please?  
 21 MR. PETRELLI: We do have the wellness  
 22 program that is currently. I won't -- not able to  
 23 go into detail on that, but what we'll do is we'll  
 24 have our HR director come to the next board meeting  
 25 or get information out to you. Things such as that

1 the -- this is my opinion -- what you expect over  
 2 time your claims to be.  
 3 So if you think there is going to be  
 4 continual higher claims, that's something that you  
 5 definitely have to -- have to plan for and address.  
 6 So your finance team --  
 7 MR. HENLEY: What is the predominant claims,  
 8 for what?  
 9 MR. MCCULLION: Most of them are large dollar  
 10 what you might call a SHOP claim.  
 11 MALE SPEAKER: We have almost 900 people in  
 12 our overall insurance program. 80 percent of those  
 13 costs are driven by less than 70 individuals. And  
 14 so we do have that small cohort of people who have  
 15 very major health issues and that's what's driving  
 16 that.  
 17 MS. SHERMAN: At least 10 percent of that  
 18 increase and that's -- that's one of the reasons,  
 19 John, why we wanted to do a claims audit. That's  
 20 on the board as well.  
 21 MR. MCCULLION: So your broker is continuing  
 22 to look for better prices for you and the claims  
 23 audit, as Blanche just mentioned, will help us get  
 24 a better feel for what's actually driving claims  
 25 experience. That will help your LYNX staff

1 the committee has done or we look to put healthier  
 2 foods in the vending machines. We have incentive  
 3 programs, competitions, others to help move people  
 4 towards being healthier --  
 5 MR. HENLEY: Seminole County (indiscernible.)  
 6 MR. PETRELLI: I'm sorry?  
 7 MR. HENLEY: Seminole County went the  
 8 opposite way. (Indiscernible) the incentives they  
 9 reduce your pay if you don't meet certain  
 10 standards. (Indiscernible) lose your life-style.  
 11 MALE SPEAKER: (Indiscernible) help.  
 12 FEMALE SPEAKER: Chairman, we have a wellness  
 13 committee internally that's been established and we  
 14 are currently looking at options. We went and  
 15 visited with the Seminole County (indiscernible).  
 16 MR. HENLEY: I wasn't necessarily  
 17 recommending it.  
 18 FEMALE SPEAKER: No, we are -- we're looking  
 19 into what our partners are doing as far as wellness  
 20 goes and I think it's a great idea to have the HR  
 21 director come to the next oversight committee and  
 22 give a presentation of what we're looking at.  
 23 MR. HENLEY: You know, if it's a real  
 24 problem, I think we need to be well aware of what  
 25 is -- you know, what we're trying to do to deal





1 with it. And we haven't had a discussion on it  
2 that I recall in quite some time. Thank you.  
3 MR. MCCULLION: The city of Orlando has  
4 brought in a nurse as part of their partnership  
5 with United HealthCare. It's not a nurse that is  
6 treating our employees, but it's a nurse that helps  
7 them understand their medical condition. Helps --  
8 for those that do have a life-style related medical  
9 condition, the nurse helps them understand what  
10 they can do to manage it because what we found in  
11 some cases is that, you know, if someone is sick,  
12 they go to the doctor, the doctor treats them and  
13 they treat them and they treat them but there is  
14 maybe not a lot of communication on -- on the level  
15 that our employees can understand about what it is  
16 that's making you sick and maybe ways that you can  
17 treat it if it doesn't involve going to the doctor  
18 every week and I know that a lot of health  
19 insurance companies are -- are -- have those type  
20 of relationships in place. So --  
21 FEMALE SPEAKER: Just last -- just last month  
22 we brought in the physician that is employed by  
23 Cigna and he gave a presentation to some of our  
24 management and our union representatives. So we're  
25 starting that communication process.

1 Mr. Dees was introduced to us. I had fortunately  
2 had the opportunity to meet him ahead of time and  
3 so was fairly familiar with him.  
4 We then moved into the process where him and  
5 Melanie Harmon. Who is the consultant who had been  
6 employed by LYNX under risk management, went ahead  
7 and kind of did a dual presentation that actually  
8 covered the transition more to Mr. Dees. Melanie  
9 actually had indicated at this point she's actually  
10 transitioning more to the HR side of things from a  
11 consultant standpoint.  
12 The presentation really kind of continued to  
13 focus on their TPA partnership with CorVel. Some  
14 of the challenges that they've been having, trying  
15 to establish some specific claims handling  
16 standards that we provided some guidance on and  
17 then we spent some time discussing their current  
18 risk management insurance system, which is their  
19 software package. They use a system called FoxPro.  
20 It's currently outdated and not supported.  
21 We had some general conversation amongst the  
22 five partners as far as the different systems that  
23 we utilize, provide some guidance as far as where  
24 they could look going forward to go ahead and look  
25 at replacing that system.

1 MR. HENLEY: Okay.  
2 MR. MCCULLION: And the last item that we  
3 looked at was the LYNX unsolicited proposal policy  
4 that the board adopted in 2012. John recently  
5 issued a clarification memo regarding some of the  
6 points that were not -- it's still consistent with  
7 the policy but it's just clarifying certain details  
8 of the policy. Some of them related to the fee  
9 that has to be paid when someone does present LYNX  
10 with an unsolicited proposal and that's -- that's  
11 intended to cover the costs of LYNX staff time and  
12 outside counsel reviewing policies.  
13 So that policy clarification was in our -- in  
14 our view consistent with the board's action in  
15 2012. So no concerns there, although I think  
16 that's on the radar for us to continue to look at  
17 over time. We did not have any recommendations at  
18 the last meeting. And that's all I have.  
19 MR. HENLEY: Okay. Thank you. Any questions  
20 or comments? All right. Hearing none. Then we'll  
21 move on to item B. John, I think you're in charge  
22 of that.  
23 MR. PETRELLI: Hello, Mr. Chairman. Our last  
24 meeting was on June 24th. We really kind of  
25 focused on four different things. First of all,

1 Then lastly we went ahead and we talked about  
2 some of the reporting elements that the committee  
3 was looking for, specifically that we really didn't  
4 want to get mired down in the (indiscernible). We  
5 wanted more of a 30,000 foot type look at things;  
6 overall how the program was doing, not specific  
7 claims unless they were catastrophic in nature.  
8 After that Chris Connelly with Arthur J.  
9 Gallagher, who is the broker for the casualty side  
10 of things, went ahead and provided a presentation.  
11 He indicated that they're still looking at doing 18  
12 and/or 6 month policies. The reason being is that  
13 a lot of the renewal dates with LYNX are 10-1  
14 renewal dates, which just from a casualty  
15 standpoint is a horrible renewal date because  
16 you're right there in the middle of hurricane  
17 season. And so a lot of folks have actually moved  
18 the renewal dates to 4-1 because you take it out of  
19 the fact of, you know, you're in the middle of your  
20 property renewal and you've got a hurricane sitting  
21 off the coast, which is a bad thing.  
22 They indicated they're also in the process of  
23 soliciting both different risk retention levels and  
24 different types of coverage that have been  
25 purchased historically. He is going to bring those



1 quotes back to the committee in mid August. At  
2 that point the committee will review those and  
3 provide a recommendation and we should be able to  
4 provide a recommendation to the committee when we  
5 come back to the September meeting.  
6 And then lastly we briefly covered the  
7 restructure whereby security had been transferred  
8 underneath risk management.  
9 I'll entertain any questions.  
10 MR. HENLEY: Any questions, comments? Okay.  
11 MR. PETRELLI: Thank you.  
12 MR. HENLEY: Hearing none. All right. Thank  
13 you. And I believe the next item is review of the  
14 board packet. Mr. Penrose.  
15 MR. PENVOSE: Mr. Chairman, before I go into  
16 the review of the board packet, I think our counsel  
17 has an item he may want to discuss with board  
18 members.  
19 MR. CHRISTIANSEN: The issue is election of  
20 officers, which is near and dear to some of our  
21 hearts around here. But you may recall that a  
22 while back when we had election of officers, we did  
23 not have a full complement on the committee and so  
24 the current chairman has been graceful enough to  
25 stay in there for a while but I think I would like

1 and a second. Any other discussion? All in favor?  
2 MALE SPEAKER: Aye.  
3 MR. HENLEY: Better speak up or forever  
4 (indiscernible).  
5 FEMALE SPEAKER: I was going to ask if I  
6 could decline (indiscernible).  
7 MR. HENLEY: We got to get some more  
8 (indiscernible) first.  
9 MR. CHRISTIANSEN: You're not leaving us,  
10 Carlton, you're just taking a side seat.  
11 MR. HENLEY: Momentarily.  
12 MR. CHRISTIANSEN: Okay. All right. So  
13 that's effective right now. Commissioner,  
14 congratulations.  
15 FEMALE SPEAKER: I didn't hear any ayes so --  
16 (Indicating aye.)  
17 FEMALE SPEAKER: I don't want to do it that  
18 much anyway then I get -- I didn't feel the love  
19 so --  
20 MR. HENRY: (Indiscernible) slave driver.  
21 Just thought I would let you know.  
22 MS. KOROBKOFF: Have a little love from that  
23 end.  
24 MR. HENLEY: There you go.  
25 FEMALE SPEAKER: Vice chairman.

1 to bring before the board the election of a  
2 chairman for this particular committee.  
3 Insofar as the rules are concerned, it's --  
4 it's not in the rule but it's the understanding  
5 that this committee would be chaired by a member of  
6 the board. So that sort of limits some of what  
7 you're doing. And so, Mr. Chairman, if you  
8 want to open that up for nominations and elections  
9 et cetera.  
10 MR. HENLEY: Well, I will let you conduct  
11 that.  
12 MR. CHRISTIANSEN: I will be glad to do that,  
13 Mr. Chairman, because you probably have a  
14 recommendation.  
15 MR. HENLEY: Is it open for nominations?  
16 MR. CHRISTIANSEN: It is. Yes, sir.  
17 MR. HENLEY: Anyone would like to nominate a  
18 person?  
19 MALE SPEAKER: Other than you?  
20 MR. HENLEY: Yeah. You said that grinning  
21 because you know it's not going to be you. I would  
22 nominate my colleague from Osceola County as the  
23 new chair.  
24 MALE SPEAKER: I would second that.  
25 MR. CHRISTIANSEN: Okay. There is a motion

1 MR. CHRISTIANSEN: Pardon me?  
2 FEMALE SPEAKER: Vice chairman.  
3 MR. CHRISTIANSEN: Oh, yeah. We need to deal  
4 with the vice chair. This is where we can get  
5 Carlton.  
6 MR. HENLEY: Are you going to tell us that  
7 has to be a board member also?  
8 MR. CHRISTIANSEN: No, that does not need to  
9 be a --  
10 MR. HENLEY: I was going to challenge you if  
11 you did.  
12 MR. CHRISTIANSEN: These do not need to be  
13 board members. I think generally speaking it's  
14 never been an issue because in Carlton's case, as  
15 far as I can recall, he's always been here. But  
16 the vice chairman fills in when the chairman is not  
17 here and, again, it doesn't need to be a board  
18 member, but I haven't sensed as much determination  
19 that that needs to be a board member as a case with  
20 the chairman.  
21 And besides, we -- we generally have two  
22 board members at these meetings and the other three  
23 are representative of sort. So -- so we can -- we  
24 can defer that. We can see what happens. We  
25 could -- when the chairman is unable to attend. We



1 can do that on a case-by-case basis or we can go  
 2 ahead and entertain a motion to appoint a vice  
 3 chair.  
 4 MR. HENLEY: If that's open, I would nominate  
 5 someone. Jim would make an outstanding vice  
 6 president.  
 7 MR. HARRISON: I was going to nominate you.  
 8 MR. HENLEY: That's why I asked her first.  
 9 FEMALE SPEAKER: I second that motion.  
 10 MR. HENLEY: I don't have the experience in  
 11 that position.  
 12 MR. HARRISON: You really don't want to do  
 13 it?  
 14 MR. HENLEY: No. I'm trying to get myself  
 15 out of all chairmans and vice chairmans  
 16 (indiscernible).  
 17 MR. CHRISTIANSEN: Just make sure  
 18 Commissioner Janer shows up all the time. But  
 19 she's pretty good.  
 20 MS. JANER: I'm usually here unless I have to  
 21 be at some (indiscernible).  
 22 MR. CHRISTIANSEN: Yeah, you're pretty good.  
 23 So there's been a motion to second for vice  
 24 chairman. Is there any other comments on  
 25 discussions? All in favor say aye.

1 (Indicating aye.)  
 2 MR. CHRISTIANSEN: Congratulations, Jim.  
 3 (Indiscernible overlapping conversation.)  
 4 MR. HENLEY: I will accept second vice chair.  
 5 MR. HARRISON: Perfect.  
 6 MR. HENLEY: If that would make you feel  
 7 better.  
 8 MR. HARRISON: Yes. That would make me feel  
 9 better.  
 10 MR. CHRISTIANSEN: All right. Well, that  
 11 concludes that particular item on the agenda or off  
 12 the agenda, Mr. Chairman. Madam Chairman.  
 13 MR. HENLEY: There you go.  
 14 MS. JANER: Actually, I think we don't have  
 15 any -- we have your -- your -- your -- John Lewis,  
 16 your board report.  
 17 MALE SPEAKER: We have one item that I need  
 18 to change, we will blue sheet on the board agenda.  
 19 It's consent item 5D8, that item has to do with the  
 20 authorization to modify our contract with Balfour  
 21 Beatty for the Parromore BRT LYMMO expansion.  
 22 This item was on the consent agenda but since  
 23 the printing of the agenda we found out that there  
 24 was another change --  
 25 FEMALE SPEAKER: Change order.

1 MALE SPEAKER: Change order, thank you.  
 2 Another change order was brought to our attention  
 3 by the contractor since the printing of the board  
 4 agenda.  
 5 There were two items that were on the  
 6 original that one was transferring part of the cost  
 7 of the project for the portion of the BRT that goes  
 8 underneath the I4 project on Central Avenue. The  
 9 I4 partners will handle that portion of the project  
 10 as they can work through their construction of the  
 11 interstate.  
 12 The second item had to do with change orders  
 13 to do with the cost of permitting the project with  
 14 the city of Orlando. Those two items were in the  
 15 original board agenda.  
 16 The third was the new item which over the  
 17 last week or so we have found that there is a  
 18 depression, hole, sinkhole, something along those  
 19 lines that were -- was found by the contractor and  
 20 we're adding funds to handle the investigation and  
 21 determination of a solution to that. The overall  
 22 cost of the change order is \$488,000 and so we  
 23 would like -- I would like to blue sheet that,  
 24 change that item to item 5D8. Excuse me, from 5D8  
 25 to 5D13.

1 FEMALE SPEAKER: I had a question. Are those  
 2 amounts covered under the contingency or --  
 3 MALE SPEAKER: They will be covered under  
 4 contingency, yes.  
 5 FEMALE SPEAKER: Yes. Thank you.  
 6 MS. SHERMAN: Unless the one would be  
 7 de-obligated. One may be de-obligated.  
 8 MALE SPEAKER: Yes, there is -- as Blanche  
 9 mentioned, there is a potential, if the change  
 10 orders change the scope of the project, then we  
 11 will have to de-obligate that portion of the  
 12 federal fund. I don't think at this point any of  
 13 these fall within that, but there is that  
 14 potential.  
 15 FEMALE SPEAKER: That possibility, okay.  
 16 MS. KOROBKOFF: I just wanted to, on the  
 17 change order three, I understand the need of the --  
 18 of the change order, but I would encourage the team  
 19 to work with the city to see if there is any other  
 20 ways that we can mitigate this when the city can  
 21 help.  
 22 FEMALE SPEAKER: If I may address that. I  
 23 spoke (indiscernible) and the change -- and the  
 24 change order request is based on the initial  
 25 proposal, the initial vote and the entire team, the



1 project team is talking about and looking at  
 2 additional alternatives that may not be as much.  
 3 MS. KOROBKOFF: No -- no impact.  
 4 FEMALE SPEAKER: And absolutely will be  
 5 working (indiscernible).  
 6 MALE SPEAKER: So this is sort of a work  
 7 space scenario in that.  
 8 MS. KOROBKOFF: Thanks.  
 9 MALE SPEAKER: All right. If there are no  
 10 questions, that item will be blue sheeted. Mr.  
 11 Chair -- Madam Chair.  
 12 MS. JANER: Yes. Do we have to entertain a  
 13 motion for that or no, just -- just --  
 14 MR. CHRISTIANSEN: No.  
 15 MS. JANER: We're getting a no. So, okay,  
 16 let's just move on.  
 17 MALE SPEAKER: I also have one item that I  
 18 have included in committee members packet. It is  
 19 an informational sheet. There's been a little bit  
 20 of discussion over the last week or so about the  
 21 thought of privatizing LYNX transit operations.  
 22 What we have here is a comparison of -- of  
 23 LYNX performance measures and measures of  
 24 efficiency as reported in the National Transit  
 25 Database. As you all know, LYNX has participated

1 look at the cost of our operations versus the cost  
 2 of their operations.  
 3 MALE SPEAKER: Boston Privatizes?  
 4 MALE SPEAKER: Yes. Now, most agencies  
 5 privatize because there are state limitations to  
 6 transit agencies, to government agencies having  
 7 union employees related and so that is what drives  
 8 most agencies to enter into those private  
 9 contracts. Cost is generally not the driving  
 10 factor in that.  
 11 MS. JANER: Okay. Any questions for John  
 12 reference privatization?  
 13 MR. HENLEY: Are we expected, John, as a  
 14 board to take any official action at this time or  
 15 simply ignore it?  
 16 MR. PETRELLI: No, this is just an  
 17 information piece. I know Osceola County has taken  
 18 a public stance on the issue and there may be some  
 19 discussion today --  
 20 MR. HARRISON: And I suspect it will come up  
 21 for discussion and just, you know, in board member  
 22 comments and that kind of thing today but I don't  
 23 know if there is any anticipation that there will  
 24 be an action item.  
 25 MR. HENLEY: Well, I'm certain

1 in the last several years in a national performance  
 2 measurement group that compares performance  
 3 measures, tries to establish performance measures  
 4 and compares among peers and so this is a  
 5 comparison of agencies of our size.  
 6 There is also the comparison to Votran, which  
 7 has been mentioned in this discussion, Votran is a  
 8 much smaller agency. So I wanted to make sure the  
 9 board members had a comparison of agencies of like  
 10 size.  
 11 You'll see at the very last column, the  
 12 average across the board, LYNX in general  
 13 outperforms in every category the national average.  
 14 I would like to point out if you look at the  
 15 service area, the average service area for agencies  
 16 of our size is under a thousand miles. We do  
 17 almost three times that amount, yet do so in a much  
 18 more cost effective manner in terms of our  
 19 operating costs.  
 20 Not only do we beat the national average, but  
 21 the other -- there are two agencies highlighted,  
 22 peers of ours, Capital Metro in Texas and Charlotte  
 23 Area Transit System in North Carolina, who do  
 24 currently privatize their transit operations. Both  
 25 are operated by McDonald Transit and then you can

1 (indiscernible). And this isn't the first time  
 2 we've had to deal with it.  
 3 MR. HARRISON: But I'm very impressed seeing  
 4 this, the juxtaposition that John just pointed out  
 5 of the service area versus operating expense per  
 6 passenger mile. That's -- that's impressive.  
 7 You've got a lot of ground to cover.  
 8 MS. JANER: John, could you explain to the  
 9 board kind of what you explained to me when I was  
 10 asking you about the privatization and how they  
 11 actually make money in terms of when there are  
 12 costs savings such as we have had with fuel, et  
 13 cetera, because I just think it's good knowledge  
 14 for to us have going into the board meeting.  
 15 MR. PETRELLI: I will start that, thank you,  
 16 Commissioner. Having been a former employee of one  
 17 of those private agencies, generally, what they --  
 18 groups like Veolia, First Transit, McDonald, Keolis  
 19 and others who are in that realm, they generally  
 20 target smaller agencies, like Votran, who have  
 21 smaller bus operations and it would not be cost  
 22 effective for them to hire a general manager, CEO,  
 23 a finance director, procurement director, all the  
 24 staff that we have here and don't have the  
 25 expertise within the jurisdiction to do that





1 because they've not dealt with federal government,  
2 federal transit administration, USDOT and other  
3 resource agencies. And so they generally contract  
4 that out to a private provider.  
5 Works well in small agencies; but when you  
6 get to the size of LYNX and other agencies as we've  
7 had, unless there is a prohibition as I mentioned  
8 earlier about government agencies having union  
9 representation on that, you generally don't see  
10 those costs savings in that because the areas that  
11 they target, they will come and say, we will  
12 provide the service for your stated budget. We  
13 will not come back and ask you for anything more,  
14 but anything that we save under that remains with  
15 the private provider.  
16 And so areas like we have seen where we enter  
17 into a hedging program, which LYNX has done, next  
18 year we will save over \$2 million because we were  
19 able to lock in 80 -- 75 percent of our fuel costs  
20 at a much lower rate than this year's budgeted  
21 rate. That goes back to the funding partners under  
22 our in -- structure. It lowers your hourly rate  
23 under the funding model.  
24 We changed the pension, we negotiated that  
25 from a defined contribution -- defined benefit to a

1 MR. PETRELLI: That's all I have, Madam  
2 Chair.  
3 MALE SPEAKER: Is this going to be passed out  
4 to the rest of the board?  
5 MR. PETRELLI: Yes.  
6 MALE SPEAKER: Okay. Awesome.  
7 MS. JANER: Okay. Do you have --  
8 MR. HENLEY: So our biggest challenge is  
9 trying to get (indiscernible).  
10 MR. PETRELLI: Yes, sir. Yes, sir. And as  
11 we've mentioned and we've spent more -- and I will  
12 say as a transit -- I've spent more time on health  
13 insurance than anything else that we've had. It is  
14 an ongoing challenge. It is not a challenge  
15 specific to LYNX, transit agencies across the  
16 country.  
17 The nature of what we do is having an impact  
18 on us from a transit standpoint. And we are -- one  
19 of the things that were very illuminating for us,  
20 it's just not the individual's responsibility. I  
21 think individuals take -- certainly have a  
22 responsibility and we're looking at wellness and  
23 other things, but it is also how we do business.  
24 One of the things in our conversations and  
25 Susan mentioned earlier, as we were sitting down,

1 defined contribution rate. We negotiated that with  
2 our union. It was supported by the union, we will  
3 save 25 million plus over the next 20 years on  
4 that. That comes back to the funding partners,  
5 lowers your operating costs, does not go into the  
6 bottom line of -- of a private provider.  
7 As we're moving to CNG, all of the things  
8 that we have -- programs that we have established  
9 over the last several years, those cost savings and  
10 the efficiency derived from that go back to the  
11 funding partners not to the profit margin of  
12 another company. And so I think once you get to  
13 the size of the LYNX and larger agencies where you  
14 have the -- you all have the direct benefit of  
15 those efficiency programs rather than going  
16 somewhere else.  
17 MS. JANER: Hiring an organization. Okay.  
18 Thank you very much. I just wanted everybody to  
19 hear because I thought that was very interesting  
20 because I was wondering how they made a profit  
21 being that this is not really a profitable business  
22 as we all know and so I thought that it would be  
23 beneficial for the rest of the board -- or the rest  
24 of the -- oh, I'm sorry, committee, excuse me, to  
25 listen to that information.

1 our team, and going through the information and  
2 talking to the doctors, just one example of how we  
3 will be looking at our operational standards  
4 differently. So an individual -- and we have a  
5 very high rate, higher than other industries, in  
6 terms of obesity, diabetes and others.  
7 So we have those employees who have to take  
8 certain medications, but finding out that those  
9 medications have a side effect of individuals  
10 having to utilize the rest room more often, more  
11 than normal. But in our operations, our folks are  
12 out over 2500 square miles and sometimes they don't  
13 have immediate access to rest room facilities and  
14 so what they do is they don't take their medication  
15 in the morning, knowing that they're heading out on  
16 the bus. That impacts their health.  
17 And so we are taking a look just as an  
18 example, it will cost us more from an operating  
19 standpoint to have mandatory time for lunch breaks,  
20 but are we -- are we already paying those costs in  
21 increased health premiums and you all know we've  
22 seen double digit increases each of the last five  
23 years and so that's -- we don't have an answer yet,  
24 but there are certainly some things that we can do  
25 from an operating standpoint and our own policies



1 that may have an indirect negative impact on our  
2 health premiums.  
3 So those are some things that we are looking  
4 at. I think there is going to be a concerted  
5 effort. We're working with our partners in labor  
6 on this. We had a joint -- Susan mentioned we had  
7 a joint discussion with Cigna, their medical staff  
8 and our partners at ATU to see how we can jointly  
9 move forward to address this.  
10 MS. JANER: Thank you. Any other --  
11 MR. HENLEY: One other.  
12 MS. JANER: Yeah.  
13 MR. HENLEY: John, would you comment on the  
14 article this morning on the paper, they are one of  
15 the funded partners since (indiscernible) dropped  
16 the ball.  
17 MR. PETRELLI: I don't think it was a funding  
18 partner that's --  
19 MR. HENLEY: Well, from the --  
20 MR. PETRELLI: But we -- as you --  
21 MR. HENLEY: But we've got a lot of new  
22 people and so forth in here. That's the reason why  
23 I wanted them to hear from you regarding that  
24 issue.  
25 MR. PETRELLI: Yes. We have been -- we have

1 But it's not very conducive to that  
2 last-second trip. If I have to call, you know, at  
3 noon for something at 2 o'clock, what happens if  
4 something happens at 1:30 and I need to make an  
5 immediate trip. You can't utilize NeighborLink on  
6 that.  
7 So this technology project that we piloted  
8 last year with those funds would allow you to use  
9 your cell phone or PDA to get real-time access to  
10 that system. I sort of liken it to Uber for  
11 transit. You can look at your phone and say, you  
12 know, I -- I am here, I'm at point A. I need to go  
13 to point B. I need to do it in the next 30  
14 minutes. We will respond with here's the nearest  
15 vehicle and here's how long it will take that  
16 vehicle to pick you up and drop you off.  
17 We're not promising an outcome. What we're  
18 doing is giving you real-time options. Maybe that  
19 vehicle will be there in five minutes and it works  
20 for the passenger. Maybe that vehicle is on the  
21 other side of town and it will take 25 minutes to  
22 go there. Again, not promising an outcome but just  
23 giving you real-time information.  
24 If you accept the trip, you can accept the  
25 trip, schedule it and pay for it utilizing the

1 been -- there's been an ongoing project called  
2 FlexBus that is lit -- we received a grant for  
3 that, worked with FDOT and three, four, local  
4 jurisdictions, Altamonte Springs, Maitland,  
5 Longwood and Casselberry to create a different type  
6 of transit mobility options within those cities.  
7 The original grant was received well over ten  
8 years, this project has had fits and starts and  
9 delays over that time period. It has evolved most  
10 recently into a technology project where we were  
11 trying to find a way to have real time access to  
12 our flex routes, our NeighborLink system.  
13 Right now in order to access NeighborLink,  
14 you have to have a subscription service where you  
15 say pick me up every morning at 8 a.m. and drop me  
16 off at this place. We will allow you to subscribe  
17 to that and we will pick you up month -- every day  
18 or the times that you need it, or you can call our  
19 operations center at least two hours ahead of time.  
20 As you all know our NeighborLink service is  
21 one of our fastest growing. We started off about  
22 five years ago with one route. We're now at 13.  
23 And we have five or six that we're working with the  
24 funding partners in other areas that could come to  
25 fruition over the next couple of years.

1 software. So a very good and important customer  
2 amenity to people who utilize NeighborLink.  
3 We disagreed with those partner cities on the  
4 implementation of that project. Their model, they  
5 wanted to guarantee an outcome. And so you've  
6 heard -- may have heard during that time that they  
7 would like to have -- guarantee a vehicle within  
8 ten minutes or 12 minutes or 20 minutes. The  
9 problem that we have from an operating standpoint  
10 is we don't ever know what the demand is on a daily  
11 basis.  
12 That works in the taxi industry because all  
13 of the risk is on the individual taxi driver. From  
14 our standpoint, whether or not our bus operators  
15 pick up one person or pick up a million people, we  
16 pay them their hours of service. And so, on a busy  
17 day when there is a soccer game or a concert or  
18 something going on, you may need a lot more  
19 vehicles on the street than the next day when there  
20 isn't an event and we don't need, so we don't have  
21 the -- would not have the ability to schedule and  
22 budget that without knowing what the demand was.  
23 And so that's where we split from the partner  
24 cities. The technology works. We were able to  
25 prove that. LYNX is going to deploy in its



1 NeighborLink system. We also have that software  
2 and have the ability to give that to those partner  
3 cities and they can find a private contractor to  
4 operate their version.

5 I strongly disagree that LYNX has dropped the  
6 ball. We approved the technology. We would be  
7 more than willing to operate NeighborLink anywhere  
8 within our operating jurisdiction and we are  
9 currently operating one in Maitland to serve the  
10 SunRail and Maitland center.

11 MALE SPEAKER: So the jurisdictions that the  
12 article listed are -- that's just simply  
13 jurisdictions where you currently offer  
14 NeighborLink services.

15 MR. PETRELLI: Yes. Yes.

16 FEMALE SPEAKER: I have a question. We have  
17 neighbor link in Osceola County but we're not part  
18 of that --

19 MR. PETRELLI: Not part of the FlexBus --

20 FEMALE SPEAKER: Right. FlexBus.

21 MR. PETRELLI: But we do have NeighborLink.

22 FEMALE SPEAKER: Is that something that  
23 software -- something that we would be able to --

24 MR. PETRELLI: Uh-hum. Absolutely. And it  
25 would not be -- it doesn't change anything for our

1 Seminole have the opportunity to utilize the  
2 software however they would like to use it but our  
3 model is NeighborLink.

4 MALE SPEAKER: When does it actually roll out  
5 and become available?

6 MR. PETRELLI: We'll start that late this  
7 fall.

8 MR. HENLEY: And how are you going to market  
9 it, John, do you have a plan yet?

10 MR. PETRELLI: We're working on a marketing  
11 plan now.

12 MR. HENLEY: Okay. Good.

13 MS. JANER: I have one more quick -- does  
14 anybody else have any further questions on the -- I  
15 have one question and kind of putting on a --  
16 another hat that I -- one -- I heard a lot of  
17 comments from people that LYNX buses are leaving  
18 the SunRail stations before they're able to get on.  
19 So they're getting off -- they're getting off the  
20 LYNX and the bus is --

21 MALE SPEAKER: Watching the bus pull away.

22 MS. JANER: Uh-hum. Pulling away. So what  
23 are we doing to mitigate that -- that situation  
24 because obviously this is something that we -- we  
25 need to kind of fine tune, I guess, just in terms

1 customers --

2 FEMALE SPEAKER: Correct.

3 MR. PETRELLI: -- or (indiscernible) it's  
4 just a customer amenity. All of our NeighborLinks  
5 now, as I mentioned, our customers have to call two  
6 hours ahead of time. Now we can get that  
7 last-minute trip. Someone wants to go to lunch,  
8 they don't have to plan that. They can pick up  
9 their cell phone, PDA or their computer and see  
10 where the closest vehicle is. If it fits within  
11 their schedule, they can book the trip and we will  
12 be there.

13 MALE SPEAKER: Is this app -- what is this  
14 called?

15 MR. PETRELLI: We haven't named it yet.

16 MALE SPEAKER: Don't have a name?

17 MR. PETRELLI: No.

18 FEMALE SPEAKER: Flex software for now?

19 MALE SPEAKER: Probably won't use the word  
20 flex.

21 FEMALE SPEAKER: Hhm.

22 MR. PETRELLI: So that's our -- our  
23 utilization. That's our model. We're going to put  
24 it into our current NeighborLinks and offer that to  
25 our passengers, those cities, Altamonte and

1 of scheduling wise to make sure that the people  
2 coming off the train -- if the bus is pulling away,  
3 I mean, obviously, should -- there -- there's like  
4 a little waiting period.

5 MR. PETRELLI: Sure.

6 MS. JANER: Are we doing anything to mitigate  
7 that situation?

8 MR. PETRELLI: Yes, we have had -- we've  
9 heard that over the past -- particularly at the  
10 Sand Lake station.

11 MS. JANER: Yes.

12 MR. PETRELLI: And we have put out a bulletin  
13 and it is the requirement that our bus operators,  
14 when they get to the station, if there is a train  
15 in the station, they must wait until that train  
16 pulls off. I think what we're seeing is the  
17 pressure from -- to meet the other schedules  
18 because those routes are pulling off a regular  
19 fixed route into the station and then continuing on  
20 to try to keep their other passengers, I don't  
21 know, relatively in time.

22 What we're seeing is pressure on the operator  
23 from those people that are in it to continue on.  
24 This is something we are working with, not only  
25 personally sending our supervisors out there to do



1 periodic checks but also educating the rest of our  
 2 passengers that we're not sitting there just taking  
 3 the -- the operator is not taking a break, he or  
 4 she has a responsibility to pick up those people  
 5 off of the train.  
 6 But we've had several documented cases where  
 7 there are people aboard the bus or chastising the  
 8 operator to what are you waiting on, continue on,  
 9 and that operator feels that pressure. We have to  
 10 continue to educate the people on board our  
 11 vehicles but also find a way to make sure that we  
 12 are doing our job in terms of providing mobility  
 13 options to those SunRail folks.  
 14 MS. JANER: And is that bulletin something  
 15 that is relatively new that you just did or this  
 16 has been the understanding since --  
 17 MR. PETRELLI: No. That's -- this has been  
 18 something that's been going on since SunRail  
 19 operations. Yes. In the beginning it was a  
 20 scheduling issue. And we'll double --  
 21 double-check. I think one of the things that we  
 22 are trying to both understand how both modes  
 23 operate.  
 24 As you all know, we change our schedules  
 25 three times a year. The next change is in August.

1 Anybody -- anything at this time because I think  
 2 that was our last item on our agenda? Anybody else  
 3 want to make a comment? Okay. Well, then with  
 4 that we call this meeting adjourned. Thank you.  
 5 (Meeting adjourned at 53:45 on audio  
 6 recording.)  
 7 (53:45 to 54:37 on audio recording  
 8 off-the-record conversation.)  
 9 (54:37 to 1:26:30 on audio recording  
 10 indiscernible off-the-record conversations.)  
 11 (1:26:30 to 1:43:37 on audio recording is  
 12 blank.)  
 13 (Audio ended.)

1 But we were finding out earlier on that SunRail was  
 2 changing schedules to meet their passengers' needs,  
 3 you know, outside of that. And so we change a  
 4 schedule in August based on the August SunRail  
 5 schedule. If SunRail makes a change in September,  
 6 to meet customer needs or October, the next  
 7 opportunity we have is not until December. And so  
 8 we're trying to make sure through our  
 9 communications together that we're mirroring  
 10 schedule changes.  
 11 MS. JANER: Yes. That would make sense if  
 12 you can maybe all do your scheduling at the same  
 13 time. I know that's a lot of coordination, but I'm  
 14 sure that will help the process. But thank you,  
 15 because I would like to have some information to  
 16 take back if that comes up in -- and since I am  
 17 part on the Central Florida Commuter Rail Board as  
 18 well and I know that's been an issue that's been  
 19 raised time and again and I think it's been even in  
 20 the news recently, see what LYNX is doing. So are  
 21 you going to provide ongoing -- another meeting  
 22 with the bus operators, for example, to kind of  
 23 review your policy of -- of waiting?  
 24 MR. PETRELLI: Yes.  
 25 MS. JANER: Okay. Okay. Thank you. Okay.

1 CERTIFICATE OF TRANSCRIPTION  
 2 STATE OF OHIO:  
 3 COUNTY OF GREENE:  
 4 I, Monica Silverwood, RPR, CET, Court Reporter and  
 5 Notary Public, certify that I was authorized to and did  
 6 transcribe the audio that was provided to me and that the  
 7 foregoing Pages 2 through 48, inclusive, are a true and  
 8 complete record of said audio to the best of my ability.  
 9 I further certify that I am not a relative or  
 10 employee of any of the parties, nor am I a relative or  
 11 counsel connected with the parties' attorneys or counsel  
 12 connected with the action, nor am I financially  
 13 interested in the outcome of the action.  
 14 DATED this 28th day of August, 2015.

14 Monica Silverwood  
 15 Monica Silverwood, RPR, CET  
 16 Court Reporter and Notary Public  
 17  
 18  
 19  
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 21  
 22  
 23  
 24  
 25

Oversight Committee Agenda Item #3.A.

To: LYNX Board of Directors

From: **Blanche Sherman**  
 DIRECTOR OF FINANCE  
**Julie Caple**  
 (Technical Contact)  
**Salawu Ajala**  
 (Technical Contact)

Phone: 407.841.2279 ext: 6100

Item Name: Overview of FY2015 Amended Operating and Capital Budgets

Date: 9/11/2015

On March 26, 2015, LYNX staff presented the FY2015 Amended Operating and Capital Budgets in the amount of \$126,576,707 and \$89,429,628, respectively for Board approval. Since approval of the FY2015 Amended Operating and Capital Budgets, LYNX has brought several items to the Board requesting approval and corresponding amendment to the operating and capital budgets.

The table below provides detailed information on the items comprising the operating budget amendment request:

	FY2015 Amended Budget March 2015	Professional Fees - Workers' Compensation	Purchased Transportation - MV	US 192 BRT	Salaries, Wages & Fringe	Reclassifications / Transfers	FY2015 Amended Budget Total September 2015
<b>Revenue</b>							
Fund Balance	\$ 1,665,286		\$ -	\$ -	\$ -	\$ -	\$ 1,665,286
LYNX-Generated Revenue	38,446,206		-	-	-	-	38,446,206
Federal Revenue	15,875,297		196,535	105,000	-	336,537	16,513,369
State Revenue	13,263,175		-	-	-	140,000	13,403,175
Local Revenue	57,326,743	65,000	254,938	-	-	(319,938)	57,326,743
<b>Total Revenue</b>	<b>\$ 126,576,707</b>	<b>\$ 65,000</b>	<b>\$ 451,473</b>	<b>\$ 105,000</b>	<b>\$ -</b>	<b>\$ 156,599</b>	<b>\$ 127,354,779</b>
<b>Expense</b>							
Salaries/Wages/Fringes	\$ 70,796,959		\$ -	\$ -	\$ 25,646	\$ -	\$ 70,822,605
Other Services	11,138,951	65,000	-	105,000	(25,646)	156,599	11,439,904
Fuel	16,108,610		-	-	-	-	16,108,610
Materials & Supplies	7,411,652		-	-	-	-	7,411,652
Utilities	1,439,337		-	-	-	-	1,439,337
Casualty & Liability	1,399,850		-	-	-	-	1,399,850
Taxes & Tags	409,841		-	-	-	-	409,841
Purchased Transportation	16,929,333		451,473	-	-	-	17,380,806
Miscellaneous	676,674		-	-	-	-	676,674
Interest & Leases	265,500		-	-	-	-	265,500
<b>Total Operating Expenses</b>	<b>\$ 126,576,707</b>	<b>\$ 65,000</b>	<b>\$ 451,473</b>	<b>\$ 105,000</b>	<b>\$ -</b>	<b>\$ 156,599</b>	<b>\$ 127,354,779</b>

**The Operating budget amendment includes the following:**

**Professional Fees - Workers' Compensation** – At the March 26, 2015 Board Meeting, the Board approved an amendment to Contract #13-A62 with CorVel Corporation to extend the scope of services for Third Party Administration services to include general liability and to extend the contract term to July 31, 2016. LYNX staff amended the FY2015 Amended Operating Budget by \$65,000 to cover the additional services and contract extension.

**Purchased Transportation** - At the March 26, 2015 Board Meeting, the Board approved an increase of \$451,473 to the MV Transportation Contract #12-C02 for additional fixed capital costs associated with the increase in peak vehicles required to meet service demand and for the repair of 24 Mobile Data Terminals (MDTs) and installation kits. This contract contains service assumptions based on paratransit service demand established in prior years. Actual paratransit service demand has been greater than anticipated for each of the contract years resulting in an increase in contractor vehicles required to meet the service.

**US 192 BRT** - At the July 23, 2015 Board Meeting, the Board approved an increase of \$105,000 in the contract for General Transportation Planning and Consulting Services for additional financial and phasing analysis for the US 192 BRT.

**Salaries, Wages and Fringe** – \$25,646 for State of Florida Financial Services Assessments are being reclassified from Professional Fees – Workers' Compensation to Workers' Compensation Insurance.

**Reclassification/Transfers** – The net impact is \$156,599. This is due to federal funding for the tires and tubes being understated and engines and transmissions being overstated. In addition, expenses for legal, Veterans Transportation and Community Living Initiative, and landscaping are being reclassified.

**The following table reflects adjustments related to the FY2015 Amended Capital Budget as follows:**

Capital Expenditures	FY 2015 Amended			FY 2015 Amended	
	Budget as of March 2015	Real Time Information	Kissimmee Intermodal	Vehicles	Budget as of September 2015
Revenue Vehicles	\$ 49,153,072	\$ -	\$ -	\$ 100,646	\$ 49,253,718
BRT	15,674,570	-	-	-	15,674,570
Facilities	2,922,475	-	(1,192)	-	2,921,283
Passenger Amenities	12,987,746	(3,300,000)	1,192	-	9,688,938
Technology	3,823,241	3,300,000	-	-	7,123,241
Security	1,010,244	-	-	-	1,010,244
Support Equipment	2,054,205	-	-	(100,646)	1,953,559
ARRA	1,804,075	-	-	-	1,804,075
<b>Total</b>	<b>\$ 89,429,628</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 89,429,628</b>



**The Capital budget amendment includes the following:**

- Reclassification of Real Time Information from Passenger Amenities to Technology - \$3,300,000
- Reclassification of Support Vehicles from Support Equipment to Vehicles - \$100,646
- Reclassification of Kissimmee Intermodal Facility Purchase Order balance from Facilities to Passenger Amenities - \$1,192

Based on the Board's previous approval of these items and the reductions and reclassification for accurate budgetary management there is a need to amend the FY2015 Operating and Capital Budgets in the amount of \$778,072 and \$0, respectively. Approval of this amendment will formally amend the FY2015 Amended Operating and Capital Budgets to accurately reflect approved revenues and expenses. The Amended FY2015 Operating and Capital Budgets will be in the amount of \$127,354,779 and \$89,429,628 respectively.

LYNX staff will make a full presentation of the revisions supporting the amendment of the Amended FY2015 Operating and Capital Budgets at the Oversight Committee meeting.

# FY2015 Amended Operating & Capital Budgets

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Presented to the  
LYNX Oversight Committee  
by Blanche W. Sherman, CPA  
Director of Finance  
September 11, 2015

# FY2015 Operating Budget Overview



	<b>FY2015 Amended Budget as of March 2015</b>	<b>FY2015 Amended Budget as of September 2015</b>	<b>% Change</b>
<b>Operating Revenue</b>	\$ 126,576,707	\$ 127,354,779	0.6%
<b>Operating Expenses</b>	126,576,707	127,354,779	0.6%
<b>Operating Income/(Deficit)</b>	\$ -	\$ -	0.0%



# Key Operating Budget Amendment Basis



- Professional Fees – Workers’ Compensation - extension to scope of service and contract
- MV Transportation, Inc. - contract modification for adjustment to productivity goals and increased capital costs
- US 192 BRT - financial and phasing analysis
- Salaries, Wages and Fringe - Workers Compensation Insurance reclassification
- Reclassifications/Transfers for TD funds, tires & tubes lease, engines & transmissions, landscaping and legal fees

# FY2015 Operating Revenue



	<b>FY2015 Amended Budget as of March 2015</b>	<b>FY2015 Amended Budget as of September 2015</b>	<b>% Change</b>
<b>Operating Revenues</b>			
Fund Balance	\$ 1,665,286	\$ 1,665,286	0.0%
Customer Fares	29,530,910	29,530,910	0.0%
Contract Services	6,593,296	6,593,296	0.0%
Advertising on Buses	1,875,000	1,875,000	0.0%
Advertising - Trade	30,000	30,000	0.0%
Interest & Other Income	417,000	417,000	0.0%
Federal Revenue	15,875,297	16,513,369	4.0%
State Revenue	13,263,175	13,403,175	1.1%
Local Revenue	57,326,743	57,326,743	0.0%
<b>Total Revenue</b>	<b>\$126,576,707</b>	<b>\$ 127,354,779</b>	<b>0.6%</b>

# FY2015 Operating Expenses



	<b>FY2015 Amended Budget as of March 2015</b>	<b>FY2015 Amended Budget as of September 2015</b>	<b>% Change</b>
<b>Operating Expenses</b>			
Salaries/Wages/Fringes	\$ 70,796,959	\$ 70,822,605	0.0%
Other Services	11,138,951	11,439,904	2.7%
Fuel	16,108,610	16,108,610	0.0%
Materials & Supplies	7,411,652	7,411,652	0.0%
Utilities	1,439,337	1,439,337	0.0%
Casualty & Liability	1,399,850	1,399,850	0.0%
Taxes & Tags	409,841	409,841	0.0%
Purchased Transportation	16,929,333	17,380,806	2.7%
Miscellaneous	676,674	676,674	0.0%
Interest & Leases	265,500	265,500	0.0%
<b>Total Operating Expenses</b>	<b>\$126,576,707</b>	<b>\$ 127,354,779</b>	<b>0.6%</b>



# Key Capital Budget Amendment Basis

- Reclassification of Real Time Information from Passenger Amenities to Technology
- Reclassification of Service Vehicles from Support Equipment to Vehicles
- Reclassification of Kissimmee Intermodal Purchase Order Balance from Facilities to Passenger Amenities

# FY2015 Capital Budget Overview

	FY2015 Amended Budget as of March 2015	FY2015 Amended Budget as of September 2015	% Change
<b>Capital Contributions</b>	\$ 89,429,628	\$ 89,429,628	0.00%
<b>Capital Expenditures</b>	89,429,628	89,429,628	0.00%
<b>Capital Gains/(Losses)</b>	\$ -	\$ -	N/A



# FY2015 Capital Budget Contributions

	<b>FY2015 Amended Budget as of March 2015</b>	<b>Reclassifications</b>	<b>FY2015 Amended Budget as of September 2015</b>
<b>Capital Contributions</b>			
Federal Contributions	\$ 82,150,813	\$ -	\$ 82,150,813
State Contributions	411,879	-	411,879
Local Contributions	6,666,936	-	6,666,936
Reserves	200,000	-	200,000
<b>Total</b>	<b>\$ 89,429,628</b>	<b>\$ -</b>	<b>\$ 89,429,628</b>

# FY2015 Capital Expenditures



<u>Capital Expenditures</u>	<b>FY2015 Amended Budgets of March 2015</b>	<b>Reclassifications</b>	<b>FY2015 Amended Budget as of September 2015</b>
Revenue Vehicles	\$ 49,153,070	\$ 100,646	\$ 49,253,716
BRT	15,674,570	-	15,674,570
Facilities	2,922,475	(1,192)	2,921,283
Passenger Amenities/Related	12,987,746	(3,298,808)	9,688,938
Technology	3,823,241	3,300,000	7,123,241
Security	1,010,244	-	1,010,244
Support Equipment	2,054,206	(100,646)	1,953,560
ARRA	1,804,076	-	1,804,076
<b>Total</b>	<b>\$ 89,429,628</b>	<b>\$ -</b>	<b>\$ 89,429,628</b>



# Board Action Requested



LYNX staff is asking for approval of the amended FY2015 operating and capital budgets.

	<b>FY2015 Amended Budget as of March 2015</b>	<b>FY2015 Amended Budget as of September 2015</b>	<b>% Change</b>
Operating	\$ 126,576,707	\$ 127,354,779	0.6%
Capital	89,429,628	89,429,628	0.0%
<b>Total</b>	<b>\$ 216,006,335</b>	<b>\$ 216,784,407</b>	<b>0.4%</b>

**Oversight Committee Agenda Item #3.B.**

**To:** LYNX Board of Directors

**From:** **Blanche Sherman**  
DIRECTOR OF FINANCE  
**Julie Caple**  
(Technical Contact)  
**Salawu Ajala**  
(Technical Contact)

**Phone:** 407.841.2279 ext: 6100

**Item Name:** Overview of FY2016 Operating and Capital Budgets

**Date:** 9/11/2015

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The key assumptions used by the LYNX budget team in preparation of the FY2016 Operating Budget were presented at the January 28, 2015 Oversight Committee meeting and the Preliminary Operating Budget was presented at the March 26, 2015 Board meeting. The FY2016 Preliminary Capital Budget assumptions were presented at the July 23, 2015 Oversight Committee meeting. The Preliminary FY2016 Operating Budget totaled \$126,493,478 and the Preliminary Capital Budget totaled \$93,730,654. The FY2016 Operating Budget has been presented to the funding partners.

Since the presentations of the preliminary budgets, LYNX staff continued communications with the funding partners and review of operating and capital needs for FY2016 to provide the best estimate of budgetary needs.

The FY2016 Operating and Capital Budgets are being presented to the Board of Directors for final consideration and approval at the September 11, 2015 Board meeting.

LYNX staff will make a presentation to the Oversight Committee of the FY2016 Proposed Operating and Capital Budgets in the amount of \$127,045,444 and \$94,543,799, respectively.



# FY2016 Proposed Operating & Capital Budgets

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Presented to the  
LYNX Oversight Committee  
by Blanche W. Sherman, CPA  
Director of Finance  
September 11, 2015

# Key Budget Assumptions - Overall

- FY2016 Funding based on LYNX adopted Funding Model
- Maximize current service levels through efficiencies
- Apply additional Flex (NeighborLink) services, where appropriate



# Key Budget Assumptions - Revenue

- Maintain current Preventative Maintenance Funding Level
- Maximize use of Anticipated Advertising Revenue
- Potential Royalties from third party usage of Compressed Natural Gas (CNG)

# Key Budget Assumptions - Expenses

- Continuation of Fuel Hedging Program, as appropriate
- Impacts of conversion to Compressed Natural Gas (CNG)
- Continued application of reductions based on LYNX ownership of paratransit vehicles
- Continuation of Bio-diesel Program, as appropriate
- Evaluate LYNX' current Health Insurance Program for consideration of becoming self insured.
- Osceola County Service Improvements (Link 10 & Link 26)

# Pending Items

- Implementation of Funding Partner approved COA Recommendations
- Impacts of SunRail Phase 2 expansion





# FY2016 Operating Budget Overview

	<u>FY2015 Amended</u>	<u>FY2016 Proposed</u>	<u>% Change</u>
<b>Operating Revenue</b>	\$ 127,354,779	\$ 127,045,444	-0.2%
<b>Operating Expenses</b>	<u>127,354,779</u>	<u>127,045,444</u>	<u>-0.2%</u>
<b>Operating Income/(Deficit)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>N/A</u>

# FY2016 Operating Revenue



	<b>FY2015 Amended Budget</b>	<b>FY2016 Proposed Budget</b>	<b>Dollar Change Amount</b>	<b>% Change</b>
<b>Operating Revenues</b>				
Fund Balance*	\$ 1,665,286	\$ 571,571	\$ (1,093,715)	-66%
Customer Fares	29,530,910	29,451,480	(79,430)	-0.3%
Contract Services	6,593,296	5,398,265	(1,195,031)	-18.1%
Advertising on Buses	1,875,000	2,050,000	175,000	9.3%
Advertising - Trade	30,000	30,000	-	0.0%
Interest & Other Income	417,000	462,853	45,853	11.0%
Federal Revenue	16,513,369	16,087,336	(426,033)	-2.6%
State Revenue	13,403,175	14,103,842	700,667	5.2%
Local Revenue	57,326,743	58,890,097	1,563,354	2.7%
<b>Total Revenue</b>	<b>\$ 127,354,779</b>	<b>\$ 127,045,444</b>	<b>\$ (309,335)</b>	<b>-0.2%</b>

\* Includes carry-over contingency and prepaid funding

# FY2016 Operating Expenses



	<b>FY2015 Amended Budget</b>	<b>FY2016 Proposed Budget</b>	<b>Dollar Change Amount</b>	<b>% Change</b>
<b>Operating Expenses</b>				
Salaries/Wages/Fringes	\$ 70,822,605	\$ 73,270,554	\$ 2,447,949	3.5%
Other Services	11,439,904	10,861,200	(578,704)	-5.1%
Fuel	16,108,610	13,569,071	(2,539,539)	-15.8%
Materials & Supplies	7,411,652	8,284,043	872,391	11.8%
Utilities	1,439,337	1,454,571	15,234	1.1%
Casualty & Liability	1,399,850	1,524,850	125,000	8.9%
Taxes & Tags	409,841	434,605	24,764	6.0%
Purchased Transportation	17,380,806	16,334,771	(1,046,035)	-6.0%
Miscellaneous	676,674	826,779	150,105	22.2%
Interest & Leases	265,500	485,000	219,500	82.7%
<b>Total Operating Expenses</b>	<b>\$ 127,354,779</b>	<b>\$ 127,045,444</b>	<b>\$ (309,335)</b>	<b>-0.2%</b>





# FY2016 Local Revenue by Jurisdiction

	<b>FY2015 Amended Budget</b>	<b>Preliminary Regional Model Need for FY2016</b>	<b>Net Increase (Decrease)</b>	<b>Percentage Increase (Decrease)</b>
<b>Operating Funding</b>				
Orange County	\$ 40,321,585	\$ 39,701,511	\$ (620,074)	-1.5%
Osceola County	5,479,172	6,393,683	914,511	16.7%
Seminole County	6,249,068	6,175,067	(74,001)	-1.2%
City of Orlando	3,895,598	4,046,660	151,062	3.9%
City of Orlando - LYMMO	2,060,215	2,305,411	245,196	11.9%
<b>Subtotal</b>	<b>\$ 58,005,638</b>	<b>\$ 58,622,332</b>	<b>\$ 616,694</b>	<b>1.1%</b>
St. Cloud	\$ 161,999	\$ -	\$ (161,999)	-100.0%
Altamonte Springs	120,900	120,900	-	0.0%
Sanford	93,000	93,000	-	0.0%
Lake County	242,180	259,990	17,810	7.4%
<b>Subtotal</b>	<b>\$ 618,079</b>	<b>\$ 473,890</b>	<b>\$ (144,189)</b>	<b>-23.3%</b>
<b>Subtotal Operating Funding</b>	<b>\$ 58,623,717</b>	<b>\$ 59,096,222</b>	<b>\$ 472,505</b>	<b>0.8%</b>
<b>Capital Contributions</b>				
Orange County	\$ 1,687,947	\$ 1,701,304	\$ 13,357	0.8%
Osceola County	193,753	203,270	9,517	4.9%
Seminole County	216,984	214,016	(2,968)	-1.4%
<b>Subtotal</b>	<b>\$ 2,098,684</b>	<b>\$ 2,118,590</b>	<b>\$ 19,906</b>	<b>0.9%</b>
<b>Total Local Funds</b>	<b>\$ 60,722,401</b>	<b>\$ 61,214,812</b>	<b>\$ 492,411</b>	<b>0.8%</b>

# KEY Capital Budget Assumptions



- Enhance LYNX facilities
- Construction Modification to CNG Bus Facility
- Advanced Fare Collection – Mobile Ticketing
- Fleet to support all service modes
- Continue LYMMO expansion activities
- Passenger Amenities Program improvements
- Continuation of security and surveillance
- Advance communications and technological capabilities

# FY2016 Capital Budget Overview

	FY2015 Amended Budget	FY2016 Proposed Budget	% Change
<b>Capital Contributions</b>	\$ 89,429,628	\$ 94,543,799	5.7%
<b>Capital Expenditures</b>	89,429,628	94,543,799	5.7%
<b>Capital Gains/(Losses)</b>	\$ -	\$ -	N/A





# FY2016 Capital Budget Contributions

<u>Capital Contributions</u>	<u>FY2015 Amended Budget</u>	<u>FY2016 Proposed Budget</u>	<u>% Change</u>
Federal Contributions	\$ 82,150,813	\$ 87,313,091	6.3%
State Contributions	411,879	429,256	4.2%
Local Contributions	6,666,936	6,601,452	-1.0%
Reserves	200,000	200,000	0.0%
<b>Total</b>	<b>\$ 89,429,628</b>	<b>\$ 94,543,799</b>	<b>5.7%</b>

# FY2016 Proposed Capital Budget – Local Contributions



Description	FY2016 Proposed Budget Amount	Source
*LYMMO- East/West	\$ 181,807	City of Orlando
LYMMO- Parramore	3,653,470	City of Orlando, Orlando Utilities Commission, Other Utilities
Capital Bus Lease	1,000,000	Local \$2 Capital
Articulated CNG Buses	1,481,600	Local \$2 Capital
Passenger Amenities	284,575	Wal-Mart/Mills District/Pine Hill
<b>Total</b>	<b>\$ 6,601,452</b>	

**\*This amount has already been paid by the City of Orlando.**

# FY2016 Budget Summary



	<b>FY2015 Amended</b>	<b>FY2016 Proposed</b>	<b>Change</b>
<b>Operating Revenue</b>	\$ 127,354,779	\$ 127,045,444	-0.2%
<b>Operating Expenses</b>	127,354,779	127,045,444	-0.2%
<b>Operating Income/(Deficit)</b>	\$ -	\$ -	N/A
<b>Capital Funding</b>	\$ 89,429,628	\$ 94,543,799	5.7%
<b>Capital Expenditures</b>	89,429,628	94,543,799	5.7%
<b>Capital Income/(Deficit)</b>	\$ -	\$ -	N/A
<b>Total Sources of Funding</b>	\$ 216,784,407	\$ 221,589,243	2.2%
<b>Total Uses of Funding</b>	216,784,407	221,589,243	2.2%
<b>Net Financial Position</b>	\$ -	\$ -	N/A
<b>Staffing Count</b>	1108	1117	9



# Future Items



- Consideration of Public/Private Partnership (P3) (satellite facilities/BRT)
- Continue to review the type of fixed route vehicles used in future operations
- Seek State grant funding opportunities for capital projects

# Operating Budget Calendar



Final Board Action

September 11

Budget Year 15– 16 Commences

October 1

**Oversight Committee Agenda Item #3.C.**

**To:** LYNX Board of Directors

**From:** Susan Black  
GENERAL MANAGER  
Blanche Sherman  
(Technical Contact)  
Donna Tefertiller  
(Technical Contact)

**Phone:** 407.841.2279 ext: 6058

**Item Name:** Overview of Conversion of the Cigna Health Care Plan from Fully-Insured to Self-Insured

**Date:** 9/11/2015

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Staff is requesting the Board of Directors' authorization for the Chief Executive Officer (CEO) or designee to modify the health insurance plan from a fully-insured plan option to a self-insured plan, contract with Cigna for LYNX' employee health insurance beginning January 1, 2016, and take the appropriate steps to implement self-insurance.

LYNX' health insurance expenses have been fluctuating over the past five years, leading to health insurance plan changes, rate increase, and staff review of potential options that could assist with stabilizing cost while providing adequate levels of coverage for staff. The information below briefly recaps the agency's health insurance history over the past five (5) years.

- FY2011 - LYNX participated in the Orange County group medical program.
- FY2012 - LYNX contracted with Florida Blue receiving a 16% decrease in insurance premiums.
- FY2013 - LYNX contracted with Cigna resulting in a 4% increase in insurance premiums.
- FY2014 - LYNX maintained its contract with Cigna for health insurance and received a 16% increase in claims.
- FY2015 - LYNX received an initial proposal during budget development of a 15% increase from Cigna. As budget development continued, additional premium increase projections were received from Cigna of 20% and 28%. Through plan modifications, LYNX was able to maintain premiums within the budgeted 15% initially projected increase.

As monitoring of health insurance trends and development of the FY2016 budget continued LYNX staff worked with their Broker and discussed options with the Finance and Audit Committee including transitioning from a fully-insured plan to a self-insured plan. Initial health insurance projections during FY2016 Preliminary Budget development from Cigna, the current LYNX provider, indicated a 26% increase. A secondary proposal from Cigna included a potential 33.14% increase for the existing plan and rates for self insurance, along with preliminary proposals from 3 additional companies SunLife, AIG, and Voya for self-insurance as shown in the table below.

<b>Healthcare Plan Proposal without H.S.A. Component Summary - July 2015</b>		
<b>Description:</b>	<b>Employer FY2016 Projected Cost of Plan</b>	<b>Difference from FY2016 Preliminary Budget Healthcare Cost</b>
FY2016 Preliminary Budgeted (26.0% Increase) - Fully-insured	\$ 8,508,987	\$ -
Cigna Proposed Policy (33.14% Increase) - Fully-insured	\$ 8,881,356	\$ 372,369
Cigna 12-12 (16.1% Increase) - Self-insured	\$ 7,992,678	\$ (516,310)
Cigna 12-15 (25.0% Increase) - Self-insured	\$ 8,456,835	\$ (52,153)
SunLife 12-12 (16.5% Increase) - Self-insured	\$ 7,995,285	\$ (513,702)
SunLife 12-15 (26.8% Increase) - Self-insured	\$ 8,550,709	\$ 41,722
AIG 12-12 (18.8% Increase) - Self-insured	\$ 8,133,489	\$ (375,498)
AIG 12-15 (31.6% Increase) - Self-insured	\$ 8,801,041	\$ 292,054
Voya 12-12 (18% Increase) - Self-insured	\$ 8,091,767	\$ (417,220)
Voya 12-15 (34% Increase) - Self-insured	\$ 8,926,207	\$ 417,220

Discussions with potential providers continued leading to August 2015 proposals for health insurance coverage being submitted by Cigna, SunLife, and AIG; including an updated proposal for a best and final offer for the current LYNX plan with Cigna that represents an increase in rates of 24.53% over the current FY2015 rates. The LYNX share of the annual plan cost and the difference of the plan cost for each provider compared to the FY2016 Proposed Operating Budget total for healthcare expense are shown in the table below. The health savings account share of the plan will remain constant and therefore is not included in the costs identified in the chart below.

<b>Healthcare Plan Proposal without H.S.A. Component Summary - September 2015</b>		
<b>Description:</b>	<b>Employer Cost of Plan</b>	<b>Difference from FY2016 Proposed Budgeted Healthcare Cost</b>
FY16 Preliminary Budgeted (26.0% Increase) - Fully-insured	\$ 8,540,470	\$ -
Cigna Proposed Policy (24.53% Increase) - Fully-insured	\$ 8,463,438	\$ (77,031)
Cigna 12-12 (5.4% Increase) - Self-insured	\$ 7,460,981	\$ (1,079,489)
Cigna 12-36 (12.3% Increase) - Self-insured	\$ 7,822,558	\$ (717,912)
Cigna 12-36 (17.6% Increase) - Gallagher Projection Self-insured	\$ 8,100,290	\$ (440,180)
SunLife 12-12 (12.8% Increase) - Self-insured	\$ 7,848,759	\$ (691,711)
SunLife 12-15 (23.21% Increase) - Self-insured	\$ 8,394,267	\$ (146,203)
AIG 12-12 (13.9% Increase) - Self-insured	\$ 7,906,401	\$ (634,069)
AIG 12-15 (26.4% Increase) - Self-insured	\$ 8,561,431	\$ 20,961



Based on the offers received, LYNX staff believes that the most viable option for health insurance coverage for FY2016 would be the Gallagher projection for Cigna self-insured 12-36, which represents a decrease over the FY2016 Proposed Operating Budget of \$440,180. LYNX staff believes modifying the health insurance to self-insured will provide long-term financial benefits and would also allow for plan stability over continuing with a fully-insured plan. LYNX staff included \$8,540,470 for healthcare expenses, not including the health savings account, in the FY2016 Proposed Operating Budget.

Transitioning to a self-insured healthcare plan requires LYNX to complete the following:

1. Filing in accordance with Florida Statute 112.08;
2. Setup the banking structure for claims;
3. Complete claim reconciliations;
4. Develop a Health Insurance Portability and Accountability Act (HIPAA) Privacy Policy;
5. Execute an Administrative Only Agreement and Stop Loss Contract; and,
6. Create an administrative plan document to outline the conversion process.

LYNX staff proposes and the Finance and Audit Committee concurs that migrating to the Cigna 12-36 Self-insured Health Plan Option based on the Gallagher projection for the FY2016 budget year is the best option for healthcare coverage.

Josh Rubich, LYNX' Gallagher broker representative is available for any questions. LYNX staff request consideration and a recommendation from the Oversight Committee regarding the conversion to Cigna 12-36 self-insured healthcare plan option.

Upon recommendation, LYNX staff will request final consideration and approval of the conversion to the Cigna self-insured healthcare plan option at the September 11, 2015 Board meeting.

**Oversight Committee Information Item #4.A.**

**To:** LYNX Board of Directors

**From:** Blanche Sherman  
DIRECTOR OF FINANCE  
Julie Caple  
(Technical Contact)

**Phone:** 407.841.2279 ext: 6100

**Item Name:** Finance and Audit Committee Report

**Date:** 9/11/2015

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A meeting of the Finance and Audit Committee was held on September 3, 2015. The Agenda Items covered were:

Overview of FY2015 Amended Operating & Capital Budgets  
Overview of FY2016 Proposed Operating & Capital Budgets  
Overview of Health Insurance Cost Containment Status

Minutes from the previous meeting held on Wednesday, July 15, 2015 are attached.

Future meeting dates have not yet been determined.

**LYNX**  
**Central Florida Regional Transportation Authority**  
**Finance & Audit Committee Meeting Minutes**

**PLACE:** LYNX Central Station  
455 N. Garland Avenue  
Conference Room, 2<sup>nd</sup>. Floor  
Orlando, FL 32801

**DATE:** ~~May 5, 2015~~ July 15, 2015

**TIME:** ~~09:01 AM~~ 10:00 AM

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**Members in Attendance:**

Chairperson Chris McCullion, City of Orlando  
Michael Kurek, Osceola County  
Edward Bass, Seminole County

**LYNX Staff in Attendance:**

John Lewis, Chief Executive Officer  
Blanche Sherman, Director of Finance  
Pat Christiansen, LYNX' General Counsel

**Members Absent:**

Vice Chairperson Ray Walls, Orange County  
Lisa Buscher, FDOT

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**1. Call to Order/Introduction**

Chairperson Chris McCullion called the meeting to order at 10:00 AM.

**2. Approval of Prior Meeting Minutes**

Chris McCullion asked for approval of the prior meeting minutes. **Motion** was made and seconded to approve the Minutes of the May 5, 2015 Finance & Audit Committee. The Motion passed unanimously.

**3. Audit Agenda Items**

✓ **Overview of FY2016 Preliminary Capital Budget**

Chris McCullion called on Blanche Sherman, Director of Finance, to discuss the FY2016 preliminary capital budget.

Ms. Sherman provided a brief overview of the FY2016 preliminary capital budget which is increasing overall by 4.81% over the FY2015 capital budget. The key capital budget assumptions are as follows:

- Enhance LYNX facilities
- Construction modification to CNG bus facility

- Advanced fare collection – mobile ticketing
- Fleet to support all service modes
- Continue LYMMO expansion activities
- Passenger Amenities Program improvements
- Continuation of security and surveillance
- Advance communications and technological capabilities

Ms. Sherman discussed the details of the FY2016 preliminary capital budget listed below:

**FY2016 Preliminary Capital Budget by Category**

	<b>Preliminary FY2016</b>	<b>Amended FY2015</b>	<b>Variance</b>
ARRA Projects	\$ -	\$ 1,804,076	\$ (1,804,076)
BRT Project	14,478,987	15,674,570	(1,195,583)
Facility Improvements	5,722,519	2,922,475	2,800,044
Passenger Amenities	10,219,534	12,987,746	(2,768,212)
Security Equipment	665,044	1,010,244	(345,200)
Support Equipment	4,930,361	2,054,206	2,876,155
Technology	5,655,890	3,823,241	1,832,649
Support Vehicles	791,790	1,038,487	(246,697)
Revenue Vehicles	51,266,529	48,114,583	3,151,946
	<b>\$ 93,730,654</b>	<b>\$ 89,429,628</b>	<b>\$ 4,301,026</b>

Ms. Sherman then discussed the capital budget contributions and local contributions:

**FY2016 Preliminary Capital Budget Contributions**

<b>Capital Contributions</b>	<b>FY2015 Amended</b>	<b>FY2016 Preliminary</b>	<b>% Change</b>
Federal Contributions	\$ 82,150,813	\$ 86,460,205	5.2%
State Contributions	411,879	429,256	4.2%
Local Contributions	6,666,936	6,641,193	-0.4%
Reserves	200,000	200,000	0.0%
<b>Total</b>	<b>\$ 89,429,628</b>	<b>\$ 93,730,654</b>	<b>4.8%</b>



### FY2016 Preliminary Capital Budget – Local Contributions

Description	FY2016 Preliminary Budget Amount	Source
*LYMMO- East/West	\$ 182,047	City of Orlando
LYMMO- Parramore	3,637,206	City of Orlando, Orlando Utilities Commission, Other Utilities
Capital Bus Lease	1,000,000	Local \$2 Capital
Articulated CNG Buses	1,481,600	Local \$2 Capital
Passenger Amenities	340,340	Wal-Mart/Mills District/Pine Hill
<b>Total</b>	<b>\$ 6,641,193</b>	

Ms. Sherman and the Committee members discussed the following topics related to the FY2016 preliminary capital budget:

- Funding sources including seeking federal funds for facility improvements and using federal funds for the CNG facilities
- Discussion of how financing works for the CNG facilities
- Ladders of Opportunity match
- Walmart – Pine Hills superstop
- LYMMO BRT local expansion
- Receipt of a mobile ticketing Unsolicited Proposal

Ms. Sherman mentioned that the FY2016 preliminary capital budget will be presented to the LYNX Oversight Committee in July then the full budget will be presented to the Oversight Committee and the Board in September for adoption.

Mr. John Lewis, Chief Executive Officer, discussed the media item relating to the CNG deal with Nopetro coming out of a budget hearing in Orange County. In the media, comments were made about the comparison of CNG fuel pricing to the current lower market price for diesel fuel and whether the CNG project was a waste of time. Mr. Lewis discussed the fuel hedging LYNX does for budget stability, the short term windfall for LYNX this coming year from locking in a very low fuel price, and the long term savings for LYNX as diesel prices continue to rise and CNG prices remain relatively flat. Ms. Sherman mentioned that hedging will also be used for the CNG fuel.

✓ **Recommendation to Award Contract to Cherry Bekaert LLP for Auditing Services**

Chris McCullion called on Blanche Sherman to present the second agenda item.

Ms. Sherman discussed the Request for Proposal (RFP) process which included review of five (5) proposals by a Source Evaluation Committee (SEC) consisting of Julie Caple, Patti

Bryant, and Lenny Antmann with a recommendation to award a contract to Cherry Bekaert LLP.

The group discussed that the proposal is all inclusive, the proposal amount is less than the prior year, Cherry Bekaert has been auditing LYNX for the past five years, and there is no requirement to change auditors.

The Committee discussed the recommendation to the Oversight Committee. **Motion** was made and seconded to recommend the award of a contract to Cherry Bekaert LLP for auditing services. The Motion passed unanimously.

✓ **Overview of Health Insurance Cost Containment Status**

Chris McCullion called on Blanche Sherman to present the third agenda item. Ms. Sherman introduced Joshua Rubich, Area Vice President with the firm of Arthur J. Gallagher & Co., to present an overview of health insurance cost containment status. Ms. Sherman provided a chart of different scenarios of healthcare plan proposals to Committee members without the H.S.A. component.

Mr. Rubich presented the following healthcare information for LYNX:

- 2014 plan design, premiums, and claims
- 2015 claims experience including a rolling twelve month report through May 2015 and a large claim (claims exceeding \$25,000) summary
- Fully insured and self-insured options including a medical cost comparison of Cigna’s current plan benefits to the 2016 proposed renewal plan benefits and stop loss comparisons for quotes provided by four (4) self-insured carriers including Cigna

The group discussed the competitiveness of the carriers. Ms. Sherman discussed the chart below which was given to Committee members earlier in the presentation showing the employer’s projected plan costs based on proposals from the carriers for self-insured and fully insured plans:

Description:	Employer FY2016 Projected Cost of Plan	Difference from FY2016 Preliminary Budgeted Healthcare Cost
FY2016 Preliminary Budgeted (26.0% Increase) fully insured	\$ 8,508,987	\$ -
Cigna Proposed Policy (33.14% Increase) fully insured	\$ 8,881,356	\$ 372,369
Cigna 12-12 (16.1% Increase) self-insured	\$ 7,992,678	\$ (516,310)
Cigna 12-15 (25.0% Increase) self-insured	\$ 8,456,835	\$ (52,153)
SunLife 12-12 (16.5% Increase) self-insured	\$ 7,995,285	\$ (513,702)
SunLife 12-15 (26.8% Increase) self-insured	\$ 8,550,709	\$ 41,722
AIG 12-12 (18.8% Increase) self-insured	\$ 8,133,489	\$ (375,498)
AIG 12-15 (31.6% Increase) self-insured	\$ 8,801,041	\$ 292,054
Voya 12-12 (18% Increase) self-insured	\$ 8,091,767	\$ (417,220)
Voya 12-15 (34% Increase) self-insured	\$ 8,926,207	\$ 417,220

Mr. Rubich discussed the next steps which include:

- Continuing to monitor claims to see if the 2015 year-to-date experience continues to run better than 2014
- Negotiating with Cigna on fully insured and self-insured proposals and stop loss carriers on self-insured proposals including reviewing different specific deductible and aggregate corridor amounts
- Conducting a risk/reward analysis to determine the self-insured vs. fully insured decision once the best and final numbers are negotiated

Topics discussed by the group during the presentation included:

- Looking at an additional month of claims experience
- Impact of large claims
- Looking at ongoing claimants for catastrophic claims whether acute or getting better
- Fully insured and self- insured options
- How much does the fully insured carrier want to invest in a lower rate?
- Drop dead date for making a decision if want to go to self-funding
- Timing of implementation for the calendar year
- Cigna continuing to provide the network with perhaps a different stop loss provider if go self-insured
- Level to fund based on prior year claims (expected claims)
- Building reserves if a change is made
- Importance of the decision as healthcare is the second highest line item

Mr. McCullion and Mr. Edward Bass complimented Ms. Sherman on the information being provided to the Committee and the good job being done by her and her staff regarding health care cost containment.

Mr. McCullion summarized the information as indicating that there is not a huge benefit going self-insured based on the stop loss coverage analysis and the Cigna claims staying the same or trending better. Mr. Rubich spoke about LYNX not being able to make a determination now that 2015 will trend better than 2014 or that 2014 was a “bad” year. Ms. Sherman spoke about waiting for Cigna’s best and final offer.

Ms. Sherman discussed a request going to the Board in July to expedite a claims audit for August. Ms. Sherman spoke about the objective of the claims audit in negotiating the stop loss coverage, helping to contain costs, and providing a better understanding of the claims to use in making a decision.

An update to the Committee will be provided in August when more information is available.

- ✓ **Review of LYNX’ Unsolicited Proposals (UP) Policy (Admin Rule 4.18) and Clarification Policy Supplemental**

Chris McCullion called on Blanche Sherman to present the last agenda item. Ms. Sherman introduced Pat Christiansen, LYNX' General Counsel, to give some background on the Unsolicited Proposal (UP) Policy.

Mr. Christiansen discussed the adoption of a policy brought about so LYNX would have definitive guidelines to deal with two (2) pending Unsolicited Proposals. This policy was not available when the Compressed Natural Gas (CNG) UP was received last year. The purpose of the policy is to codify what a UP is, how it is dealt with, the kinds of fees to be paid, and how LYNX deals with the cone of silence.

Ms. Sherman stated that she wanted the Committee members to review the policy and letter of clarification for any recommendations or input on the policy as it exists today. Notification of the two UPs (mobile ticketing and Osceola/Seminole facilities) will go to the Board in July.

Ms. Susan Black, General Manager, discussed the policy, the standard operating procedures, the differences between the two UPs, and that the process will take some months to go through. Once LYNX goes through the process with these two UPs then LYNX will know exactly what is needed and recommendations of changes to the Administrative Rule can be brought to the Board.

The group discussed the clarification letter, being able to look at what is working or what is not working during the process, and the fee calculated to deter non serious proposals and sales pitches.

✓ **Other Business**

Chris McCullion asked if there was any other business.

Mr. Christiansen discussed the financing documents received from Nopetro in June which show bond offerings to be issued through a Wisconsin agency involving the Nopetro Jacksonville, Tallahassee, and Orlando facilities. Provisions in the fuel purchase agreement call for LYNX to review and approve the financing. Mr. Christiansen spoke about some of the reasons LYNX may or may not want to approve this type of financing and the need for further review of all the documents. LYNX has engaged a financial advisor to look at the financing.

Mr. Christiansen spoke about wanting to make the Committee members aware of some issues that need to be worked through and mentioned that LYNX has payment and performance bonds as protection. Mr. Christiansen stated that Nopetro is willing to work with LYNX on these issues.

Ms. Sherman commented on talks that will be held over the next two to three weeks to continue the review of the Nopetro financing.

**The meeting was adjourned at 11:45 AM.**

**Oversight Committee Information Item #4.B.**

**To:** LYNX Board of Directors

**From:** David Dees  
DIRECTOR OF RISK MANAGEMENT  
**BRENDA HERNANDEZ**  
(Technical Contact)

**Phone:** 407.841.2279 ext: 6127

**Item Name:** Risk Management Committee Report

**Date:** 9/11/2015

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A meeting of the Risk Management Committee was held on Wednesday, August 19, 2015. The Agenda Items were the overview of the Preferred Governmental Insurance Trust and National Transit Database Reporting Requirements. The approved minutes for the June 24, 2015 Risk Management Committee meeting are attached.

LYNX Board of Directors Risk Management Committee has scheduled future meetings on the following dates:

Wednesday, October 7, 2015  
Wednesday, December 16, 2015



**LYNX**  
**Central Florida Regional Transportation Authority**  
**Monthly Risk Management Committee Meeting Minutes**

**PLACE:** LYNX Central Station  
455 N. Garland Avenue  
Room 215  
Orlando, FL 32801

**DATE:** June 24, 2015

**TIME:** 10:31 a.m.

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**Members in Attendance:**

John Petrelli, Risk Manager, Orange County

Ray Scullian, Risk Manager, City of Orlando

Denise Lipscomb, Financial Services Manager, FDOT

Reginald Davis, Senior Manager for Risk Management, Osceola County

Meloney Lung, Assistant County Manager, Seminole County

**Members not in Attendance:**

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**1. Call to Order**

The Chairman, John Petrelli, called the meeting to order at 10:31 a.m.

**2. Approval of Minutes**

The Chairman asked the Committee if there were any additions or deletions to the April 22, 2015 Minutes as presented.

**3. Agenda Items**

The Chairman asked if there were any comments or questions about previous meeting. Committee had no questions or comments.

Susan Black addressed the committee and introduced David Dees as the new Director of Risk Management, Safety and Security. David Dees will be the official LYNX representative to the Risk Management Committee.

David Dees addressed the committee, gave a brief introduction of himself and the work he has done thus far in the Risk Management team.

Melanie Hernan, LYNX consultant for the Risk Management, Safety and Security, addressed the committee. Melanie presented the committee an update on the current claims process, the challenges

and the future goals. LYNX has the capital funds for an alternate database system, will begin researching alternatives. David Dees detailed the types of claims that the Risk Department deals with and the basic process of how they are handled.

The discussion about the accuracy of Worker's Compensation Claims data included that 23 current and active claims are being handled by LYNX Risk Management Staff and the third part administrator (TPA) was verified to be accurate.

Committee members asked for clarification on the steps the Risk Department takes when an incident happens. Lorna Hall, LYNX employee, addressed the Committee and answered all questions.

Chris Connelly, LYNX broker, addressed the committee. Chris presented the Committee with the insurance overview and recommendation.

The Chairman addressed the next topic in the agenda, Frequency of Litigation Reports. Committee decided to only be made aware of high level settlements. Executive Session will be scheduled next week to present the Committee with any cases that exceed Chief Executive Officer's settlement authority. Committee asked to be notified via email for any cases that go to trial between Committee meetings.

**Meeting adjourned at 11:56 a.m.**