




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


1. Call to Order


2. Committee Minutes

-  Minutes of the January 28, 2016 Oversight Committee Meeting Pg 3

3. Committee Agenda

A. Oversight Committee Agenda

-  Presentation on the Annual Financial Audit and Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ending September 30, 2015 Pg 12

-Attachments 



B. Oversight Committee Agenda

-  Overview of the FY2016 Amended Operating and Capital Budgets Pg 24

-Attachments



C. Oversight Committee Agenda

-  FY2017 Preliminary Operating Budget Discussion Pg 38

-Attachments



D. Oversight Committee Agenda

-  Comprehensive Fare Review and Equity Analysis Pg 52

4. Committee Information Items

A. Oversight Committee Information

-  Finance and Audit Committee Report Pg 55

-Attachments



B. Oversight Committee Information

-  Risk Management Committee Report Pg 60

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
Central Florida Regional Transportation Authority
Oversight Committee Meeting Minutes

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

DATE: **January 28, 2016**

TIME: **10:30 a.m.**

Members in Attendance:

Osceola County Commissioner, Viviana Janer, Chair
Orange County, Assistant County Administrator, Jim Harrison, Vice Chairman
Seminole County Commissioner, Carlton Henley
FDOT District 5 Secretary, Noranne Downs
City of Orlando, Transportation Project Manager, Claudia Korobkoff

Members Absent:

1. Call to Order

The Vice Chair, Jim Harrison, called the meeting to order at 10:30 a.m.

2. Approval of Minutes

The Vice Chair asked the Committee if there were any additions or deletions to the November 12, 2015 Minutes as presented.

Motion was made and seconded to approve the Minutes of the November 12, 2015 Oversight Committee meeting. The motion passed unanimously.

3. Oversight Agenda Items

A. FY2017 Proposed Budget Development Assumptions

The Chair recognized Blanche Sherman, LYNX' Director of Finance, to make the presentation.

Ms. Sherman noted that a presentation was made to LYNX' Finance and Oversight Committee.

Ms. Sherman provided the FY2017 Budget Development Assumptions.

- Key Budget Assumptions – Overall
 - FY2017 Funding based on the adopted LYNX Funding Model
 - Maximize current fixed route service levels through leveraging efficiencies as generally directed by funding partners throughout the year
 - Identify and implement appropriate transit solutions beyond fixed route service, such as Flex (NeighborLink) services

- Key Budget Assumptions - Revenue
 - Maintain current Preventative Maintenance funding level, as approved by LYNX' Board via adoption of the funding model
 - Maximize use of anticipated Advertising Revenue
 - Anticipated annualized increase in Royalties from third party usage of Compressed Natural Gas (CNG)

- Key Budget Assumptions - Expenses
 - Salary increases consistent with Funding Partners
 - Anticipated impact of a new Union Contract
 - Continuation of Fuel Hedging Programs, as appropriate
 - Annualized impact of conversion to Compressed Natural Gas (CNG)
 - Impacts of converting to Self-Insured Health Insurance Program
 - Continued application of costs reductions based on LYNX ownership of Paratransit vehicles
 - Continuation of Bio-diesel Program, as appropriate
 - Anticipated cost savings from implementing a Mobile Ticketing System

- Pending Items
 - April 2016 SunRail Phase 1 – Proposed Service Changes
 - Anticipated I-4 Construction Mitigation Funding
 - Implementation of Funding Partner approved COA recommendations
 - Impacts of SunRail phase 2 (South & North) expansion
 - Consideration of a Fare increase FY2017, if deemed appropriate

- Future Items
 - Maintain planned stability and financial benefits of converting to a self-insured Health Insurance Program
 - Continue to review the type of fixed route vehicles used in future operations
 - Ongoing efforts to secure funding for service expansion, satellite facilities and BRT to support service demands
 - Continue to seek State grant funding opportunities for capital projects

➤ Budget Calendar	
Key Budget Assumptions Presentation to Audit Committee	January 19
Preliminary Operating Budget Presentation	March 24
Funding Request Letters Submitted to Funding Partners	May
Budget Presentation Osceola & Orange Counties	June / July
Budget Presentation Seminole County	August
Final Board Action	September 22
Budget Year 16-17 Commences	October 1

Without objection, the Committee’s recommendation to the Board will be to approve the FY2017 Proposed Budget Development Assumptions.

B. NoPetro Financing Update

The Chair recognized Blanche Sherman, LYNX’ Director of Finance, to make the presentation.

Ms. Sherman stated that Pat Christiansen, LYNX’ General Counsel, will provide an overview of the proposal from NoPetro to amend the Fuel Purchase Agreement (FPA).

Mr. Christiansen noted that in January 2015, LYNX entered into two contracts with NoPetro. One was related to the purchase of fuel for the Compressed Natural Gas (CNG) station and the other contract was with a NoPetro affiliate to make modification to the LYNX Operation Center.

During the January 7, 2016, Finance & Audit Committee meeting, LYNX’ General Counsel Patrick Christiansen, gave a brief overview of the proposal from NoPetro to LYNX to amend the Fuel Purchase Agreement to allow for a contractual arrangement between NoPetro and Peoples Gas System, a Division of Tampa Electric Company (“TECO”).

In late November, 2015, NoPetro approached LYNX requesting LYNX to sign a particular agreement that NoPetro was pursuing with TECO. Basically, NoPetro was going to enter into an agreement with TECO where TECO would provide (through a purchase/sale arrangement) all the equipment needed to complete the CNG Station. This particular agreement provided that TECO would own the equipment and that NoPetro would make annual payments to TECO. NoPetro could, after the fifth year, purchase the equipment, along with a payment of penalty amounts. The initial agreement that TECO wanted LYNX to sign would subordinate the FPA to the TECO arrangement. Under those preliminary documents, if TECO was not paid its annual fee, it could remove the CNG equipment. Significant discussions ensued among the various parties and TECO subsequently agreed to a variety of matters including the following: (i) in the event NoPetro defaulted under the FPA, TECO would be obligated to come in and provide the Fuel to LYNX and operate the Station, (ii) if there was not sufficient monies remaining after paying operating costs to pay the amounts owed to TECO under its agreement, TECO would bear that loss and not remove the equipment, (iii) TECO would bear the risk of maintenance and repair of the equipment, and (iv) LYNX would

retain its right to take over operation of the Station (but TECO would only let LYNX have a right to purchase the equipment at the end of the five-year period).

LYNX staff recommends an appropriate amendment to the FPA to provide for this arrangement subject to suitable agreements with TECO being reached.

The Chair recognized Chris McCullion, LYNX' Oversight & Audit Committee Chairman.

Mr. McCullion stated that at the January 7, 2016 meeting, the Finance & Audit Committee, the Committee recommended approving the amendment to the Fuel Purchase Agreement.

Mr. Christiansen stated that staff is requesting the Oversight Committee to recommend to the Board of Directors approval of the amendment to the Fuel Purchase Agreement.

Without objection, the Committee's recommendation to the Board will be to approve the amendment to the Fuel Purchase Agreement.

4. Committee Information Items

A. Finance and Audit Committee Report

The Chairman recognized Chris McCullion, Chairman of the Finance and Audit Committee, to make the presentation.

Mr. McCullion provided that the Committee met on January 7th and 19th. The Committee discussed the NoPetro arrangements at both meetings.

At the January 7th meeting, the Committee and LYNX staff discussed LYNX' budget process. The focus of the meeting was for LYNX' funding partners to gather and share ideas. The discussion included ways to bring in the operating departments more into the budget discussion to develop a wider understanding the importance of the budget assumptions and finding ways to ensure the departments know when their opportunity is to provide input. A budget can be handed down or built from the ground up and the desire is for the LYNX budget process to be more collaborative.

Mr. Harrison stated that he received positive reports from the Orange County team that the discussion Mr. McCullion described was very productive.

B. Risk Management Committee Report

The Chairman recognized Reginald Davis, Chairman of the Risk Management Committee, to make the presentation.

Mr. Davis provided that he is the newly elected Chairman. He noted that the Committee met on December 16, 2015, and several key items were discussed. The Committee discussed subrogation of claims. LYNX is responsible for property

damage. Damage can be caused by LYNX or in some cases the victim. Currently, CorVel is the third party administrator that assists in loss recovery. One of the success from this is as of October 1st, there were 79 claims that were assigned to CorVel and of those, approximately \$51,000 has been recovered from individuals that were at fault.

Another topic discussed was staff's preparation of dashboard reports. These reports are highly utilized in the decision making process. The reports highlight where the risks are, what is causing the majority of those risks, and then put forth effective tools and techniques in order to prevent them. Staff determined that 50% of the claims are passenger based where passengers are actually injured on the bus. Staff has been identifying ways to determine where the accidents are occurring and working with other LYNX teams to find ways to reduce the percentage.

The Committee discussed the staff emergency system. The members agreed that the organizations depend on law enforcement to provide direction on evacuation and/or type of employee notification is appropriate. LYNX Risk staff and Information Technology department is working diligently to ensure LYNX has an employee notification system.

Workers' Compensation issues and costs were discussed. LYNX appears to have a good record over the past 15 years. The Committee looked at the matter of additional insurance in order to prevent a loss that would impact LYNX budget. Considering LYNX history, the Committee recommended the agency remain self-insured due to the cost of coverage. The Committee also recommend that staff consider going back to the insurance broker to discuss if there is another multiple line insurance package that would provide a better discount.

The Chair recognized Secretary Noranne Downs.

Secretary Downs asked Mr. Dees to provide an overview of LYNX' policy and procedure for employee notification. Mr. Dees noted that on September 30th a suspicious package was observed. While staff was determined to be safe, it was also determined that the communication to staff was lacking.

Since September 30th, LYNX installed a telephone system that can notify 120 telephones within LYNX Central Station, LYNX Operation and Maintenance Centers. This provides immediate notification to staff.

Pat Christiansen, LYNX' General Counsel, requested to be recognized for an additional item overview.

The Chair recognized Mr. Christiansen.

Mr. Christiansen noted a recent development related to LYNX bus and facility videos. He stated that LYNX had a large number of Public Records Requests made over-time by WKMG TV Channel 6. The requests were numerous and extensive. A lawsuit was filed by Channel 6

against LYNX which the Judge determined at the trial court level that LYNX had not properly complied with those requests. As you may know, on Appeal, the 5th DCA reversed the trial court's decision. What was interesting under the Statutes which not only exempt but contain a confidentiality requirements, imposed confidentiality on LYNX.

After the suit, LYNX began dealing with law enforcement with respect to videos under certain circumstances. LYNX began entering into some agreements and arrangements with law enforcement; however, as a consequence there is a change pending the legislative session that would allow the turnover of that information to law enforcement.

Another aspect of the current legislative session deals with legal fees associated with Public Records Requests. The conversation in the legislature is to allow the judge to determine whether or not legal fees are awarded or not.

The Chair thanked Mr. Christiansen for the update.

5. Review of Board Package

The Chairman recognized Susan Black, Interim-Chief Executive Officer, to provide an overview of items that will come before the Board.

Ms. Black stated that staff is recommending an Executive Session to discuss labor contract negotiation matters.

The Consent Agenda items include:

A. Request for Proposal (RFP)

- i. Authorization to Release a Request for Proposal (RFP) for a Third Party Administrator for Workers' Compensation, Tort and Public Liability and Claims Subrogation
- ii. Authorization to Release a Request for Proposal (RFP) for a Major Update to the Transit Development Plan (TDP)

B. Invitation for Bid (IFB)

- i. Authorization to Issue an Invitation for Bid (IFB) for LYNX Orlando Trail Construction

C. Miscellaneous

- i. Authorization to Enter into an Agreement with Orlando Utilities Commission (OUC) for Construction and Placement of a Functional Solar Sculpture at LYNX Central Station
- ii. Authorization to Increase the "Not to Exceed" Amount of Contract #14-C18 with HDR Engineering, Inc., #14-C17 with RS&H, Inc., #14-C16 with Parson Brickerhoff, and #14-C15 with VHB, Inc., in the Aggregate Amount of \$406,733 for General Transportation Planning & Consulting Services for FY2016

The Chair asked for a clarification on Item C.ii. She noted that within the breakdown, the projects include a BRT Business Plan, multimodal analysis, and a SunRail integration plan. The Chair asked staff what do the plans entail and when is the expectation for start date. She asked specifically, with the BRT Business Plan, what is the Plan. She stated that Osceola has a BRT currently be planned for which Osceola is paying for.

Ms Black asked LYNX' Director of Planning and Development to provide the clarification.

Ms. Ostrodka, Director of Planning and Development, provided that the BRT Business Plan is a plan to look at all of the BRT's that LYNX has applied for including US 192, St. Rd. 50, LYMMO and potential St. Rd. 436. The planning is for a common vision for that mode of service.

The Chair requested that US 192 be removed as Osceola is prepared to begin development.

The Chair asked Ms. Ostrodka for details surrounding the SunRail integration plan.

Ms. Ostrodka stated that SunRail started services in April 2014, and LYNX has been working with SunRail staff on integrating the feeder service. There are significant changes proposed for April 2016, and LYNX staff continues to look at that in the most cost and service effective way to provide the connections at the SunRail station. Also, how any analysis that would be required to support any questions the Board has related to LYNX providing connecting service to SunRail.

The Chair asked when the integration study is going to take place.

Ms. Ostrodka responded that a portion of the analysis in Spring 2016. Then upon further direction from the Board, further analysis would be conducted.

The Chair recognized Jim Harrison for a question.

Mr. Harrison stated that the Consent item is appropriate in that combines a not-to-exceed amount on the Contracts. The Chair noted some questions and Orange County may have some questions related to the implementation of those plans and contracts. Moving forward, will staff be available to clarify the intents are and what will be done with the contracts.

The Chair recognized Commissioner Carlton Henley.

Commissioner Henley asked staff what was included in the budget for this item.

Blanche Sherman, LYNX' Director of Finance, provided that the Planning Department budget is being realigned to accommodate these projects. She stated that staff is staying within the budget limits and that it is Federally funded.

Susan Black, LYNX' Interim CEO, further provided that one of the challenges that the Planning contracts have experienced over the last 1 ½ years is, when the original contracts were let, the Planning department submitted the list of projects and the potential cost into the budget, subsequently, other priorities from other departments within LYNX that needed to be addressed by the contract consultants and some of the budget of the Planning department was used by other departments. This is why that staff is requesting an adjustment for the planning projects to move forward.

Ms. Black took up the balance of the Consent Agenda items:

- iii. Authorization for LYNX Insurance Broker to Negotiate and Bind Coverage and Premium for One Year Renewal of the Property Insurance Program and Premises Environmental Liability Insurance Program
- iv. Authorization to Modify Contract #11-C18 with Diamond Investigations and Security, Inc. for Mandated Fringe Benefit Impact
- v. Authorization to Issue a Purchase Order in the Amount of \$271,920 to Tribridge for LYNX' Mobile Fare Payment System Program Support

The Committee asked when the actual procurement will be available.

Ms. Sherman noted that the advertisement is in process with the procurement available no later than February.

Ms. Black added that the advertisement is national with the plan to ask the private sector to bring either additional proposals and be prepared in run a pilot.

Ms. Black continued with Consent Agenda items:

- vi. Authorization to Transfer One (1) Retired Revenue Vehicle & Forty-nine (49) Radios to the Lakeland Area Mass Transit System
- vii. Authorization to Amend the City of Kissimmee Lease Agreement for the Osceola Satellite Facility (OSF)
- viii. Authorization to Modify Contract #BDV 03 with Amendment #2 by the Florida Department of Transportation (FDOT) for the Road Ranger Assistance Program
- ix. Adoption of Resolution #16-001 to Reappoint Donna Tefertiller to the Board of Trustees for the Amalgamated Transit Union (ATU) Local 1596 Pension Plan (Defined Benefit Plan)

The Action Items include:

- A. Authorization to Finalize Negotiations on NoPetro Financing
- B. Authorization To Adopt Resolution #16-002 Directing Staff to Develop Transit Integration Framework; and Encouraging Engagement of appropriate Local Community Partners to Include Evaluation and Recommendations for Governance Structure

The Chair recognized Jim Harrison.

Mr. Harrison noted that he had extensive conversation with Ms. Black related to the Resolution. The words of the Resolution reflect the Board's direction in November 2015. The purpose of the Resolution was to demonstrate solidarity and moving forward the plan that Secretary Downs will be presenting at the Board meeting is a good plan to move forward. He stated that he was not comfortable to recommend something other than that plan.

The Chair asked if there is a current need for the Resolution. The Chair noted the matter could be postpone the item.

The Chair asked the Committees recommendation.

The Committee with the abstention of Secretary Downs will recommend to the Board of Director's to postpone adoption of Resolution #16-002.

Ms. Black continued with the balance of the Agenda items.

The Work Session Items include:

- A. SunRail Update
- B. Chief Executive Officer Search Update
- C. Risk Management Safety and Security Presentation

The meeting adjourned at 11:36 a.m.

Oversight Committee Agenda Item #3.A.

To: LYNX Board of Directors

From: Blanche Sherman
DIRECTOR OF FINANCE
Nancy Navarro
(Technical Contact)

Phone: 407.841.2279 ext: 6100

Item Name: Presentation on the Annual Financial Audit and Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ending September 30, 2015

Date: 4/14/2016

In accordance with Chapter 218.39, Florida Statutes, LYNX is required to have an annual financial audit performed by an independent certified public accountant.

The Single Audit Act Amendments of 1996 require state or local governments that receive at least \$500,000 in Federal financial assistance in a year to have an independent audit conducted for that year in accordance with the Office of Management and Budget (OMB) Circular A-133. The State of Florida recently enacted similar legislation, the Florida single Audit Act, related to audits of State financial assistance. Pursuant to these Acts, LYNX' independent certified public accountants, Cherry, Bekaert, L.L.P., have conducted the audit for the fiscal year ended September 30, 2015.

The auditors have issued an unmodified "clean" opinion on both financial and compliance audits. The auditor's Management Letter Comments and Management's responses will be included as a separate document accompanying the annual financial report. The results of operations and the annual audit were explained in detail at the Finance & Audit Committee meeting.

Mr. Ronald Conrad, Partner with the firm of Cherry, Bakeart, L.L.P. will present results of the annual financial audit and Comprehensive Annual Financial Report (CAFR) for the fiscal year ending September 30, 2015.

LYNX FINANCIAL STATEMENT AUDIT RESULTS

April 14, 2016
Year Ending September 30, 2015



Scope of Services for LYNX

- We at Cherry Bekaert LLP very much appreciate the opportunity to serve as independent auditor for LYNX. The services we were engaged to provide were designed to:
 - Express an opinion on the Authority’s financial statements
 - Be in accordance with auditing standards generally accepted in the United States and generally accepted governmental auditing standards as set forth in *Government Auditing Standards*
 - Issue reports on internal control over financial reporting and compliance with certain provisions of laws, regulations, contracts, and grants and other matters
 - Issue a report on compliance with requirements applicable to each major federal awards program and state financial assistance project and internal control over compliance in accordance with Office of Management and Budget (OMB) Circular A-133 and Chapter 10.550, *Rules of the Florida Auditor General*

Scope of Services for LYNX (continued)

- Prepare a schedule of findings and questioned costs pursuant to OMB Circular A-133 and Chapter 10.550, *Rules of the Florida Auditor General*
- Issue a management letter that provides our recommendations regarding opportunities for improvement to internal controls, based on observations made during the course of our audit
- Issue an agreed upon procedures report regarding National Transit Database information submitted to the Federal Transit Authority
- Issue an examination report that provides an opinion on the Authority's compliance with investment policies

Required Communications

- Certain communications related to audit results are provided in a separate letter to the Board of Directors. This letter provides the following:
 - An overview of our responsibility under applicable standards
 - Adoption of new accounting standards for pensions
 - Planned scope and timing of the audit and notification that certain representations were received from management
 - There were no significant difficulties in dealing with management, there were no disagreements with management, and we are not aware of any management consultations with other accountants with respect to auditing and accounting matters
 - There are certain financial statement amounts subject to management judgment and estimates
 - Certain reclassifications within allocations of net position and the statements of cash flows were provided. There were no other audit adjustments.

Summary of Audit Results

- Unmodified (“clean”) opinion of the financial statements
- Unmodified (“clean”) opinions on major federal and state awards programs
- The Schedule of Findings and Questioned Costs summarizes our audit results (no findings noted)
- Issuance of reports on internal control over financial reporting and compliance matters, including Single Audit (no findings included)

Summary of Audit Results (continued)

- Issuance of a Management Letter, including information required by the State of Florida Auditor General.
- Issuance of agreed upon procedures report on National Transit Database information (clean report).
- Issuance of an examination report on compliance with investment policies (clean opinion).

Financial Highlights:

Financial Position

	<i>(In Millions)</i>	
	2015	2014
Current and other assets		
Capital assets	\$ 69.5	\$ 55.2
Total assets	<u>147.1</u>	<u>151.6</u>
	<u>216.6</u>	<u>206.8</u>
Deferred outflow	4.1	0.8
Current liabilities	25.4	18.9
Long-term liabilities	8.1	10.3
Total liabilities	<u>33.5</u>	<u>29.2</u>
Deferred inflow	1.3	-
Net position	<u>185.9</u>	<u>178.4</u>
Unrestricted net position	<u>\$ 43.2</u>	<u>\$ 29.2</u>

Financial Highlights: Changes in Net Position

	<i>(In Millions)</i>	
	2015	2014
Operating revenue	\$ 48.8	\$ 51.6
Nonoperating revenue	72.4	70.7
Total revenue	<u>121.2</u>	<u>122.3</u>
Depreciation	<u>26.2</u>	<u>23.5</u>
Operating expenses	<u>114.2</u>	<u>120.5</u>
Loss before capital contributions	<u>(19.2)</u>	<u>(21.7)</u>
Capital contributions	19.7	35.3
Change in Accounting Principle	<u>7.0</u>	<u>-</u>
Change in net position	<u>\$ 7.5</u>	<u>\$ 13.6</u>

March 17, 2016

To the Board of Directors of
Central Florida Regional Transportation Authority:

We have audited the financial statements of Central Florida Regional Transportation Authority d/b/a LYNX (the "Authority") for the year ended September 30, 2015, and have issued our report thereon dated March 17, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 24, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. The Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, of which the effect of the accounting changes are reported in Note 6. An emphasis of matter paragraph is included in our auditor's report concerning the adoption of these Statements. No other accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2015. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Management's estimate of depreciation is based on estimated useful lives of associated capital assets. Management's estimates of the liabilities for self-insurance unpaid claims, net pension asset and net other postemployment benefits obligation are based on actuarial calculations. We evaluated the key factors and assumptions used to develop these estimates to determine their reasonableness in relation to the respective financial statements to which they related for the year ended September 30, 2015, taken as a whole. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Certain reclassifications were made to the allocation of net position between restricted and net investment in capital assets and within the statements of cash flows, for which an emphasis of matter paragraph related to fiscal 2014 is included in our auditor's report. There were no other corrected or uncorrected misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 17, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We applied certain limited procedures to the management's discussion and analysis (MD&A) and the Schedule of Funding Progress for both the Union Pension Plan and Other Post Employment Benefits (OPEB), which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary schedule of revenues and expenses – budget vs. actual (budgetary basis) and the schedules of expenditures of federal awards, local financial assistance, and state financial assistance, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section and statistical section, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for use by the Board of Directors and management of Central Florida Regional Transportation Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Cherry Bekaert LLP

Cherry Bekaert LLP

Oversight Committee Agenda Item #3.B.

To: LYNX Board of Directors

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

Phone: 407.841.2279 ext: 6100

Item Name: Overview of the FY2016 Amended Operating and Capital Budgets

Date: 4/14/2016

On September 11, 2015, LYNX staff presented the FY2016 Operating and Capital Budgets in the amount of \$127,045,444 and \$94,543,799, respectively for Board approval. Since approval of the FY2016 Adopted Operating and Capital Budgets, LYNX has brought several items to the Board requesting approval and corresponding amendment to the operating and capital budgets. On March 16, 2016, the LYNX Finance & Audit Committee made a recommendation for the approval of the FY2016 Amended Operating and Capital Budgets.

The Operating Budget amendment includes the following:

Professional Fees – At the November 12, 2015 Board Meeting, the Board approved funding for a Transportation Marketing and Education project to expand efforts in educating targeted audiences about transportation funding, local transportation projects and available technology to improve transit experiences. LYNX staff amended the FY2016 Adopted Operating Budget by \$101,528 for this effort as follows:

Funding Source	Adopted FY2016 Budget	Amendment	Amended FY2016 Budget
FDOT	\$ 32,500	\$ 59,528	\$ 92,028
Metroplan	-	42,000	42,000
Local	32,500	-	32,500
Total	\$ 65,000	\$ 101,528	\$ 166,528

Purchased Transportation – At the November 12, 2015 Board Meeting, the Board approved funding for second year pilot services of the Maitland SunRail NeighborLink. LYNX staff

amended the FY2016 Adopted Operating Budget by \$62,621 to cover the operational expenses associated with the maintenance of service for Maitland Center NeighborLink 652.

Purchased Transportation - At the November 12, 2015 Board Meeting, the Board approved Section 5310 funding for the Urbanized Orlando and Kissimmee Section 5310 selected sub-recipient agency expenses that will support the travel needs of the elderly and individuals in the LYNX service area. LYNX staff amended the FY2016 Adopted Operating Budget from \$122,500 to \$184,880, resulting in an increase in the amount of \$62,380 as follows:

Adopted Budget Allocation:		Amended Budget Allocation:	
5310 Sub-Recipient Funding	Amount	5310 Sub-Recipient Funding	Amount
Bright Starts	\$ 42,000	The Opportunity Center	\$ 16,560
Park Place	26,000	Meals on Wheels	38,068
Other sub-recipients	54,500	Osceola Mental Health	56,560
	-	Primrose Center	44,840
	-	ITN Orlando	20,700
	-		8,152
Total	\$ 122,500	Total	\$ 184,880

Purchased Transportation - An additional amendment of \$35,000 to the Adopted FY2016 Operating is being requested at the March 26, 2016 Board meeting for 5317 sub-recipient funds awarded to the Opportunity Center. This amendment will increase the sub-recipient awards to The Opportunity Center from \$16,560 to \$51,560, bringing the total sub-recipient awards to \$219,880 for FY2016.

The Capital Budget amendment includes the following:

Change order for the 2015 CNG Bus procurement/build – At the November 12, 2015 Board Meeting, LYNX Board of Directors approved LYNX staff to move forward with issuing a Change Order in the amount of \$36,330 to Gillig, LLC for the 2015 CNG Bus procurement/build. LYNX staff included \$25,950 in the FY2016 Adopted Capital Budget. An additional \$10,038 is being added to the FY2016 Adopted Capital Budget through this amendment with funding from \$2 local capital funds.

LYNX Osceola Satellite Facility (OSF) leasehold improvements increase – At the January 28, 2016 Board Meeting, the Board approved LYNX staff to move forward with increasing the one-time capital cost for leasehold improvements for the LYNX Osceola Satellite Facility from \$24,000 to \$32,065. An additional \$8,065 is being added to the FY2016 Capital Budget through this amendment.

OSF Leashold Improvements Projection:

Cabling	\$	6,187.00
System Rack		1,766.00
Switches/Hardware		10,223.00
Renovations		10,974.00
Sub Total		29,150.00
10% Contingency		2,915.00
Total	\$	32,065.00

Carryover Adjustments – This budget amendment includes carryover adjustments for reductions of (\$2,827,597) in the amounts brought forward into the FY2016 Adopted Capital Budget based on true-up of expenditures through September 30, 2015.

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 FY2016 Operating and Capital Budgets in the amount of \$261,529 and (\$2,809,494), respectively. Approval of this amendment will formally amend the FY2016 Operating and Capital Budgets to accurately reflect approved revenues and expenses. The amended FY2016 Operating and Capital Budgets will be in the amount of \$127,306,973 and \$91,734,305, respectively.

LYNX staff will make a full presentation of the revisions supporting the amendment of the FY2016 Operating and Capital Budgets at the Oversight Committee meeting.

FY2016 Amended Operating & Capital Budgets

Presented to the
LYNX Oversight Committee
by Blanche W. Sherman, CPA
Director of Finance
April 14, 2016

FY2016 Operating Budget Overview



	FY2016 Adopted Budget	FY2016 Amended Budget	% Change
Operating Revenue	\$ 127,045,444	\$ 127,306,973	0.2%
Operating Expenses	127,045,444	127,306,973	0.2%
Operating Income/(Deficit)	\$ -	\$ -	0.0%

Key Operating Budget Amendment Basis

- Transportation Marketing and Education project to expand efforts in educating targeted audiences about transportation funding, local transportation projects and available technology to improve transit experiences \$101,528

Funding Source	Adopted FY2016 Budget	Amendment	Amended FY2016 Budget
FDOT	\$ 32,500	\$ 59,528	\$ 92,028
Metroplan	-	42,000	42,000
Local	32,500	-	32,500
Total	\$ 65,000	\$ 101,528	\$ 166,528

- Second year pilot services of the Maitland SunRail NeighborLink \$62,621

Key Operating Budget Amendment Basis

- Section 5310 funding increase from \$122,500 to \$184,880 for the Urbanized Orlando and Kissimmee selected sub-recipient agency expenses \$62,380

5310 Sub-Recipient Funding	Amount
The Opportunity Center	\$ 16,560
Meals on Wheels	38,068
Osceola Mental Health	56,560
Primrose Center	44,840
ITN Orlando	20,700
	8,152
Total	<u><u>\$184,880</u></u>

- Additional amendment for 5317 sub-recipient funds awarded to The Opportunity Center \$35,000

FY2016 Operating Revenue



	FY2016 Adopted Budget	FY2016 Amended Budget	Dollar Change Amount	% Change
Operating Revenues				
Fund Balance	\$ 571,571	\$ 571,571	\$ -	0%
Customer Fares	29,451,480	29,456,134	4,654	0.0%
Contract Services	5,398,265	5,398,265	-	0.0%
Advertising on Buses	2,050,000	2,050,000	-	0.0%
Advertising - Trade	30,000	30,000	-	0.0%
Interest & Other Income	462,853	462,853	-	0.0%
Federal Revenue	16,087,336	16,226,716	139,380	0.9%
State Revenue	14,103,842	14,192,353	88,511	0.6%
Local Revenue	58,890,097	58,919,081	28,984	0.0%
Total Revenue	\$127,045,444	\$ 127,306,973	\$ 261,529	0.2%

FY2016 Operating Expenses



	FY2016 Adopted Budget	FY2016 Amended Budget	Dollar Change Amount	% Change
Operating Expenses				
Salaries/Wages/Fringes	\$ 73,270,554	\$ 73,270,554	\$ -	0.0%
Other Services	10,861,200	10,962,728	101,528	0.9%
Fuel	13,569,071	13,569,071	-	0.0%
Materials & Supplies	8,284,043	8,284,043	-	0.0%
Utilities	1,454,571	1,454,571	-	0.0%
Casualty & Liability	1,524,850	1,524,850	-	0.0%
Taxes & Tags	434,605	434,605	-	0.0%
Purchased Transportation	16,334,771	16,494,772	160,001	1.0%
Miscellaneous	826,779	826,779	-	0.0%
Interest & Leases	485,000	485,000	-	0.0%
Total Operating Expenses	\$ 127,045,444	\$ 127,306,973	\$ 261,529	0.2%

Key Capital Budget Amendment Reclassifications

- LYNX Osceola Satellite Facility (OSF) leasehold improvements \$8,065
- 2015 CNG Bus procurement/build change order \$10,038
- Carryover Adjustments for reductions in the amounts brought forward into the FY2016 Capital Budget based on the true up of expenditures through September 30, 2015 (\$2,827,597)

FY2016



Capital Budget Overview

	FY2016 Adopted Budget	FY2016 Amended Budget	% Change
Capital Contributions	\$ 94,543,799	\$ 91,734,305	-3.0%
Capital Expenditures	94,543,799	91,734,305	-3.0%
Capital Gains/(Losses)	\$ -	\$ -	N/A

FY2016 Capital Budget Contributions



Capital Contributions	FY2016 Adopted Budget	Revisions	FY2016 Amended Budget
Federal Contributions	87,313,091	(2,550,611)	84,762,480
State Contributions	429,256	-	429,256
Local Contributions	6,601,452	(258,883)	6,342,569
Reserves	200,000	-	200,000
Total	\$ 94,543,799	\$ (2,809,494)	\$ 91,734,305

FY2016 Capital Expenditures



Capital Expenditures	FY2016 Adopted Budget	Revisions	FY2016 Amended Budget
Revenue Vehicles	\$ 53,604,430	\$ (1,248,837)	\$ 52,355,593
BRT	14,070,635	\$ (986,741)	13,083,894
Facilities	5,776,330	\$ (153,674)	5,622,656
Passenger Amenities	10,064,773	\$ (287,729)	9,777,044
Technology	5,578,366	\$ (36,035)	5,542,331
Security	603,995	\$ (12,395)	591,600
Support Equipment	4,845,270	\$ (84,083)	4,761,187
Total	\$ 94,543,799	\$ (2,809,494)	\$ 91,734,305

Conclusion



The FY2016 Amended Operating and Capital Budgets will be presented to the Board of Directors for final consideration and approval at the April 14, 2016 Board Meeting.

	FY2016 Adopted Budget	FY2016 Amended Budget	% Change
Operating	\$ 127,045,444	\$ 127,306,973	0.2%
Capital	94,543,799	91,734,305	-3.0%
Total	\$ 221,589,243	\$ 219,041,278	-1.1%

Oversight Committee Agenda Item #3.C.

To: LYNX Board of Directors

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

Phone: 407.841.2279 ext: 6100

Item Name: FY2017 Preliminary Operating Budget Discussion

Date: 4/14/2016

LYNX staff is in the process of developing the FY2017 Operating and Capital Budgets. The key assumptions that LYNX' budget team will use in preparation of these budgets was presented at the January 19, 2016 Finance & Audit Committee meeting and January 28, 2016 Oversight Committee meeting. At the time, LYNX staff also presented the budget calendar for the FY2017 budget.

This item gives the Oversight Committee an opportunity to provide direction and feedback to management at the beginning of the budget development process. On March 16, 2016, LYNX staff presented the FY2017 Preliminary Operating Budget to the Finance & Audit Committee for discussion and received recommendation to move forward.

On April 14, 2016, LYNX staff will present the FY2017 Preliminary Operating Budget to the LYNX Oversight Committee and Board for further direction.

FY2017 Preliminary Operating Budget

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

April 14, 2016

Key Budget Assumptions - Overall



- FY2017 Funding based on the adopted LYNX Funding Model
- Maximize current fixed route service levels through leveraging efficiencies as generally directed by funding partners throughout the year
- Identify and implement appropriate transit solutions beyond fixed route service, such as Flex (NeighborLink) services

Key Budget Assumptions - Revenue



- Maintain current Preventative Maintenance funding Level, as approved by LYNX' Board via adoption of the funding model
- Maximize use of Anticipated Advertising Revenue
- Anticipated annualized increase in Royalties from third party usage of Compressed Natural Gas (CNG)

Key Budget Assumptions - Expenses



- Consideration of salary increases consistent with Funding Partners
- Anticipated impact of a new Union contract
- Continuation of Fuel Hedging Program, as appropriate
- Annualized impact of conversion to Compressed Natural Gas (CNG)

Key Budget Assumptions - Expenses



- Impacts of converting to Self-Insured Health Insurance Program
- Continued application of costs reductions based on LYNX ownership of Paratransit vehicles
- Continuation of Bio-diesel Program, as appropriate

Pending Items



- Anticipated I-4 Construction Mitigation Funding
- Implementation of Funding Partner approved COA Recommendations
- Impacts of SunRail Phase 2 (South & North) expansion
- Consideration of a Fare increase in FY2017, is warranted



FY2017 Operating Budget Overview

	FY2016 Amended	FY2017 Preliminary	% Change
Operating Revenue	\$ 127,306,973	\$ 129,927,962	2.1%
Operating Expenses	127,306,973	129,927,962	2.1%
Operating Income/(Deficit)	\$ -	\$ -	N/A

FY2017 Operating Revenue



	FY2017 Preliminary Budget	FY2016 Amended Budget	Dollar Change Amount	% Change
Operating Revenues				
Fund Balance*	\$ 268,638	\$ 571,571	\$ (302,933)	-53.0%
Customer Fares	26,148,826	29,456,134	(3,307,308)	-11.2%
Contract Services	5,567,075	5,398,265	168,810	3.1%
Advertising on Buses	2,332,134	2,050,000	282,134	13.8%
Advertising - Trade	30,000	30,000	-	0.0%
Interest & Other Income	681,206	462,853	218,353	47.2%
Federal Revenue	16,598,651	16,226,716	371,935	2.3%
State Revenue	13,529,285	14,192,353	(663,068)	-4.7%
Local Revenue	64,772,147	58,919,081	5,853,066	9.9%
Total Revenue	\$ 129,927,962	\$ 127,306,973	\$ 2,620,989	2.1%



FY2017 Operating Expenses

	FY2017 Preliminary Budget	FY2016 Amended Budget	Dollar Change Amount	% Change
Operating Expenses				
Salaries/Wages/Fringes	\$ 76,108,171	\$ 73,270,554	\$ 2,837,617	3.9%
Other Services	12,981,111	10,962,728	2,018,383	18.4%
Fuel	9,679,958	13,569,071	(3,889,113)	-28.7%
Materials & Supplies	7,973,395	8,284,043	(310,648)	-3.7%
Utilities	1,475,080	1,454,571	20,509	1.4%
Casualty & Liability	1,583,631	1,524,850	58,781	3.9%
Taxes & Tags	436,843	434,605	2,238	0.5%
Purchased Transportation	18,251,224	16,494,772	1,756,452	10.6%
Miscellaneous	854,476	826,779	27,697	3.3%
Interest & Leases	584,073	485,000	99,073	20.4%
Total Operating Expenses	\$ 129,927,962	\$ 127,306,973	\$ 2,620,989	2.1%

FY2016 Local Revenue by Jurisdiction



LYNX FY2017 Preliminary Local Funding				
	Amended Local Funding FY2016	Preliminary Regional Model Need for FY2017	Dollar Change	Percentage Change
Orange County	\$ 39,730,495 *	\$ 43,272,293	\$ 3,541,798	8.91%
Osceola County	6,393,683 *	7,128,995	735,312	11.50%
Seminole County	6,175,067	7,149,433	974,366	15.78%
City of Orlando	4,046,660 *	4,542,603	495,943	12.26%
City of Orlando - LYMMO	2,305,411	2,200,910	(104,501)	-4.53%
Subtotal	<u>\$ 58,651,316</u>	<u>\$ 64,294,234</u>	<u>\$ 5,642,918</u>	9.62%
St. Cloud	\$ -	\$ -	\$ -	0.00%
Altamonte Springs	120,900	120,900	-	0.00%
Sanford	93,000	93,000	-	0.00%
Lake County	259,990	264,013	4,023	1.55%
Subtotal	<u>\$ 473,890</u>	<u>\$ 477,913</u>	<u>\$ 4,023</u>	0.85%
Capital Contributions:				
Orange County	\$ 1,701,304	\$ 1,698,160	\$ (3,144)	-0.18%
Osceola County	203,270	198,914	(4,356)	-2.14%
Seminole County	214,016	215,822	1,806	0.84%
Subtotal	<u>\$ 2,118,590</u>	<u>\$ 2,112,896</u>	<u>\$ (5,694)</u>	-0.27%
Total Local Funds	<u>\$ 61,243,796</u>	<u>\$ 66,885,043</u>	<u>\$ 5,641,247</u>	9.21%

**Includes prepaid funding from Osceola County, City of Orlando, and Orange County for new Service Development routes.*

Future Items



- Maintain planned stability and financial benefits of converting to a self-insured Health Insurance Program
- Continue to review the type of fixed route vehicles used in future operations
- Ongoing efforts to secure funding for service expansion, satellite facilities and BRT to support service demands
- Continue to seek State grant funding opportunities for capital projects

Operating Budget Calendar



FY2017 Key Budget Assumptions Presented to Finance & Audit Committee	January 19
FY2017 Key Budget Assumptions Presented to Oversight Committee & Board of Directors	January 28
FY2017 Preliminary Operating Budget Presentation- Finance & Audit Committee	March 16
FY2017 Preliminary Operating Budget Presentation- Oversight Committee & Board of Directors	April 14
Funding Request Letters Submitted to Funding Partners	May
Budget Presentation Osceola & Orange Counties	June/July
Budget Presentation Seminole County	August
Final Board Action	September 22
Budget Year 16 – 17 Commences	October 1

LYNX staff will be seeking direction from the Oversight Committee and Board regarding the Preliminary FY2017 Operating Budget. After Board direction, the preliminary budget will be submitted to the funding partners for their consideration.

Oversight Committee Agenda Item #3.D.

To: LYNX Board of Directors

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

Phone: 407.841.2279 ext: 6100

Item Name: Comprehensive Fare Review and Equity Analysis

Date: 4/14/2016

BACKGROUND:

LYNX' last fare increase was completed in January 2009 raising the base fare from \$1.75 to \$2.00, with the last modification to the fare policy to reduce fare options approved by the Board on December 4, 2013. Since both of these actions, LYNX has maintained ridership and fare revenue at rates that did not produce budgetary concerns. Recently, LYNX' ridership has experienced a decline resulting in declining fare revenues. LYNX has experienced ridership declines in the past due to lower oil prices, uptick in the economic environment, and other factors. It is important for LYNX to be aware of potential impacts of these factors to make recommendations for fare policy and structure revisions to offset potential budgetary impacts. In addition, LYNX is federally required to conduct certain activities to assess impacts of fare modifications on protected groups and ensure inclusive public participation when considering fare changes. In accordance with LYNX' approved Title VI Program the following two reviews must be conducted for any proposed fare policy or fare structure changes:

The Disproportionate Burden Policy applies to adverse effects on low-income populations as a result of service changes, fare changes, and all fare changes that will change as a result of a capital project. Any time there is a difference in impacts between low-income and non-low-income populations of plus or minus ten percent, such differences in adverse impacts are disproportionate. For example, if the low-income population makes up 30 percent of the overall population, but would bear 45 percent of the impacts, there may be a disproportionate impact since the low-income group bears 15 percent more than its expected share.

The Disparate Impact Policy states that at any time there is a difference in impacts between minority and non-minority populations of plus or minus ten percent, such differences in adverse impacts are disparate. For example, if the minority population makes up 30 percent of the overall population, but would bear 45 percent of the impacts, there may be a disparate impact

since the minority group bears 15 percent more than its expected share. The Disparate Impact Policy will be applied uniformly to all modes of service operated by LYNX.

In addition to the Title VI related analyses, as part of this comprehensive fare review, elasticity will be developed to determine customer price sensitivity to fare changes. Developing a fare elasticity will allow LYNX to determine at what pricing points the negative impact to ridership is so great that the change in price is not warranted. Determining the elasticity will take into account both internal and external factors, such as: ridership patterns, service level changes, change in gas prices, weather patterns, changes in the economy, and wage rates, among other characteristics that could impact usage. Cross-elasticity will also be calculated to determine fare media preferences, which will assist with evaluating pass options and discount levels. During elasticity development, impacts of new modal options may be evaluated as identified below.

LYNX continues to review the diversification of services and coordinate with SunRail on fare policy and technology. Evaluating impacts of pricing options and levels will assist in providing financial goals and fare information for current modes (fixed-route, express, limited stop, NeighborLink, LYMMO, and paratransit) and future growth. The comprehensive fare review will also assess fare policy and structure related impacts of new modal options, including how ridesharing services like Uber, LYFT, and the City of Orlando's zip car program may impact ridership and thereby fare revenue.

The comprehensive fare review will also consider fare revenue policies and structures of peer agencies (urbanized areas with similar sized populations and operating characteristics) and Florida transit agencies to analyze other fare practices and levels.

Also, the evaluation will consider corresponding impacts of any fixed-route fare changes on the paratransit services offered by AccessLYNX. The Americans with Disabilities Act (ADA) fare cannot exceed twice the amount of the fixed-route fare during peak-hour service. The minimum requirement for ADA complementary paratransit service is origins and destinations within $\frac{3}{4}$ -mile of a fixed-route. The Transportation Disadvantaged (TD) fares will also be reviewed as part of this comprehensive fare review. Any proposed changes to the TD fare policy or structure requires the approval of the TD Local Coordinating Board.

The final component of the comprehensive fare review will be incorporating public feedback. Seeking public feedback may take place through meetings, surveys, electronic communications, or other public outreach techniques to be detailed in the scope of services for this effort. The goal is to collect input from existing and potential riders on a fare structure and pricing options that would be attractive to riders.

The results of this work effort will be brought to the Finance & Audit Committee and the Oversight Committee including any projected impacts to fare revenue resulting from the analysis. On March 16, 2016, the Finance & Audit Committee recommended approval to move forward with a comprehensive review of LYNX fare policy and structure revisions along with the related fare equity analysis.

LYNX Board Agenda

FISCAL IMPACT:

LYNX' staff has \$50,000 in the FY2016 Operating Budget to support the work related to the comprehensive fare review and equity analysis.

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: 4/14/2016

A meeting of the Finance and Audit Committee was held on March 16, 2016. The Agenda Items covered were:

- Overview of FY2015 Annual Audit Results
- Overview of the FY2016 Amended Operating and Capital Budgets
- Overview of the FY2017 Preliminary Operating Budget
- Comprehensive Fare Review and Equity Analysis
- Use of \$2 Capital Contributions for Compressed Natural Gas (CNG) Facility Improvements

Minutes from the previous meeting held on Tuesday, January 19, 2016 are attached.

Future tentative meeting dates for 2016 are as follows:

Wednesday, May 18
Wednesday, July 20
Wednesday, September 14
Wednesday, November 2

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

PLACE: LYNX Central Station
455 N. Garland Avenue
Open Space, 2nd. Floor
Orlando, FL 32801

DATE: January 19, 2016
TIME: 9:01 AM

Members in Attendance:

Chairperson Chris McCullion, City of Orlando
Vice Chairperson Ray Walls, Orange County
Edward Bass, Seminole County
Michael Kurek, Osceola County
Lisa Buscher, FDOT

LYNX Staff in Attendance:

Susan Black, Interim Chief Executive Officer
Blanche Sherman, Director of Finance
Pat Christiansen, LYNX' General Counsel

Members Absent:

1. Call to Order/Introduction

Chairperson Chris McCullion called the meeting to order at 9:01 AM. Mr. McCullion called for approval of the November 4, 2015 meeting minutes. **Motion** was made and seconded to approve the Minutes of the November 4, 2015 Finance & Audit Committee. The Motion passed unanimously.

Mr. McCullion then asked for approval of the January 7, 2016 meeting minutes. **Motion** was made and seconded to approve the Minutes of the January 7, 2016 Finance & Audit Committee. The Motion passed unanimously.

2. Audit Agenda Items

✓ **FY2017 Budget Development Assumptions**

Chris McCullion called on Blanche Sherman, Director of Finance, to present the first agenda item. Ms. Sherman discussed the following items from the FY2017 Budget Development Assumptions presentation:

Key Budget Assumptions – Overall

- FY2017 funding based on the adopted LYNX Funding Model
- Maximize current fixed route service levels through leveraging efficiencies as generally directed by funding partners throughout the year

- Identify and implement appropriate transit solutions beyond fixed route service, such as Flex (NeighborLink) services

Key Budget Assumptions – Revenue

- Maintain current Preventative Maintenance funding level, as approved by LYNX' Board via adoption of the funding model
- Maximize use of anticipated advertising revenue
- Anticipated annualized increase in royalties from third party usage of Compressed Natural Gas (CNG)

Key Budget Assumptions – Expenses

- Salary increases consistent with Funding Partners
- Anticipated impact of a new Union contract
- Continuation of fuel hedging program, as appropriate
- Annualized impact of conversion to Compressed Natural Gas (CNG)
- Impacts of converting to self-insured health insurance program
- Continued application of cost reductions based on LYNX ownership of Paratransit vehicles
- Continuation of bio-diesel program, as appropriate
- Anticipated cost savings from implementing a Mobile Ticketing System

Pending Items

- April 2016 SunRail Phase 1 – proposed service changes
- Anticipated I-4 construction mitigation funding
- Implementation of Funding Partner approved COA recommendations
- Impacts of SunRail Phase 2 – south & north expansion
- Consideration of a fare increase in FY2017, if deemed appropriate

Future Items

- Maintain planned stability and financial benefits of converting to a self-insured health insurance program
- Continue to review the type of fixed route vehicles used in future operations
- Ongoing efforts to secure funding for service expansion, satellite facilities and BRT to support service demands
- Continue to seek State grant funding opportunities for capital projects

The group discussed the following topics during the presentation:

Fuel Hedging:

- Waiting to hedge for CNG and watching the market but are getting cost savings sharing 50/50 in a 27.5 cent rebate
- Hedging being done with Merrill Lynch, not using a hedging consultant
- Use of hedging guidelines with an objective to stabilize the budget
- Approximately 75-80% of the total annual expenditure is hedged out one year at a time which provides flexibility at this high level of hedging

Self-Insured Health Care Program:

- Projecting expenses based on negotiated costs and administrative costs that have now been determined
- No information is available after three weeks
- Reports being set up to provide information on the self-insured cost impact
- Anticipating light expenses the first year due to the rollover

Paratransit Cost:

- Medicaid no longer being provided which reduces some local funding requirements
- Contract ending this year
- Request for Proposal (RFP) being released and proposals coming back by the end of February
- Medicaid picked up by another contractor determined by the state
- Mandated under Federal funding to provide ADA services- an unfunded mandate

Mobile Ticket Advertising:

- Project is progressing with the advertisement being finalized as per the Unsolicited Proposal policy
- Update timeline upon completion
- Plan to have something implemented by end of December 2016
- Have 8-9 companies that do this – advertisement will be sent directly to them
- Revenue can be either a cost sharing or a percentage similar to the ticket vending machines with FDOT under SunRail which is like a transaction fee

Service Changes:

- LYNX Government Affairs Officer working diligently on getting I-4 Mitigation funding of approximately \$4.0 million with the state
- Lively discussion in Appropriations in Tallahassee on mitigation funding- contingent of people looking to FDOT

Fare Box Recovery:

- Running 90% compared to budget
- LYNX has historically had one of the highest recovery rates in Florida
- Fare box recovery was at 32% in 2012

Fare Increase:

- Having a fare increase as a standard
- Every third year were going to have a fare increase to keep equity gap from getting larger
- No fare increase since January 2009 due to various things including SunRail and the political climate
- Fares have stayed flat since 2009 but ridership has been increasing over the years with ridership peaking off now
- Ridership is also related to gas prices being lower (more people driving)

Ms. Sherman then briefly discussed the budget calendar beginning with the presentation of FY2017 Key Budget Assumptions to the Finance & Audit Committee on January 19 and ending with final Board action on September 22.

Susan Black, Interim Chief Executive Officer, spoke about following up from the meeting which was held during the first week in January. Ms. Black discussed still gathering information about the internal budget process and how to proceed for this budget cycle and for years in the future.

Mr. McCullion spoke about checking off a couple of items for this budget cycle but not expecting much change for this year. He also spoke about LYNX starting the line of communication and continuing to take the internal process to the next level.

Mr. McCullion asked for a motion to move forward with the FY2017 Budget Development Assumptions as presented. **Motion** was made and seconded to recommend moving forward with the FY2017 Budget Development Assumptions as presented. The Motion passed unanimously.

✓ **Update on Fuel Purchase Agreement Amendment relating to the NoPetro/TECO Financing**

Chris McCullion called on Ms. Sherman to discuss the NoPetro agreements. Ms. Sherman called on Mr. Pat Christiansen, LYNX' General Counsel, to provide a brief overview.

Mr. Christiansen spoke about drafting an amendment to the Fuel Purchase Agreement since the last meeting which was sent to NoPetro and getting comments back from NoPetro over the weekend which he does not see as any particular challenge. Mr. Christiansen also spoke to TECO's General Counsel on the tri-party agreement. The target is to have the issues resolved by the time the Oversight Committee meets on January 28 and to be able to go to the Board with the amendment, if not in final form, in conceptual form.

Mr. McCullion and Mr. Christiansen spoke about TECO, through the tri-party agreement, continuing all of the obligations and responsibilities in the event of a default by NoPetro which will provide additional protections to LYNX.

Ms. Sherman commented on wanting the Committee members to see the First Amendment which will allow LYNX to sign the tri-party agreement. Mr. Christiansen spoke about having this complicated structure involving ground leases and easements resolved this week.

Ms. Sherman mentioned that no action was required on this item as a recommendation was made at the last meeting. Mr. McCullion stated that there was no action on this item, informational only.

Chris McCullion asked if there were any questions or any other business. There being none, **the meeting was adjourned at 9:25 AM.**

Oversight Committee Information Item #4.B.

To: LYNX Risk Management Committee

From: David Dees
DIRECTOR OF RISK MANAGEMENT
Shannon White
(Technical Contact)

Phone: 407.841.2279 ext: 6127

Item Name: Risk Management Committee Report

Date: 4/14/2016

A meeting of the LYNX Risk management Committee was called on February 3, 2016. In the absence of a quorum, no formal approval of the December 16, 2015 minutes occurred nor recommendations made.

A work session was held in place of a formal committee meeting. The following topics were discussed:

- Introduction of new Risk Management Safety & Security Officer – Kent Smith
- Staff Presentation – Esther Mitchell, Claims Processing Administrator
- Development of RFP for Third-Party Administrator for General Liability, Auto Liability, Workers' Compensation and Subrogation for existing contract expiring July 31, 2016.
- Development of RFP for Uniformed, Armed and Unarmed Security Services for LYNX Properties for existing contract expiring September 30, 2016.
- Search for new records management system to replace current outdated program.
- Driver's License Status and Monitoring program – still under review.
- Corvel has been given 135 subrogation claims to review.

The next Risk Management Committee Meeting will take place on April 13, 2016 at 10:00am.