




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


1. Call to Order

2. Committee Minutes

-  Oversight Committee Minutes of the May 26, 2016 Meeting Pg 3

3. Committee Agenda

A. Oversight Committee Agenda





-  Overview of FY2017 Preliminary Capital Budget Pg 12
- Attachments





B. Oversight Committee Agenda

-  Update on LYNX Reserves Pg 21
- Attachments  


C. Oversight Committee Agenda

-  FY2015 Florida Transportation Commission (FTC) Annual Oversight Report Pg 27
- Attachments   


D. Oversight Committee Agenda

-  FY2016 Federal Transit Administration Triennial Review Report Pg 54
- Attachments 

E. Oversight Committee Agenda

-  Discussion regarding the Authorization to Negotiate and Execute a Purchase Contract with NoPetro to Purchase the Property Adjacent to NoPetro's Compressed Natural Gas (CNG) Facility and the LYNX Maintenance Facility Pg 62

F. Oversight Committee Agenda

-  Discussion on Leasing Space in LYNX Central Station Pg 65

G. Oversight Committee Agenda

-  Update on LYNX Wellness Initiatives Pg 66
- Attachments 

4. Committee Information Items

A. Oversight Committee Information



Finance and Audit Committee Report

Pg 89

-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
Central Florida Regional Transportation Authority
Oversight Committee Meeting Minutes

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

DATE: **May 26, 2016**

TIME: **10:30 AM**

Members in Attendance:

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

Members Absent:

FDOT District 5 Secretary, Noranne Downs

1. Call to Order/Introduction

The Chair, Viviana Janer, called the meeting to order at 10:30 AM.

2. Approval of Prior Meeting Minutes

The Chair asked for approval of the prior meeting minutes.

Motion was made and seconded to approve the Minutes of the April 14, 2016 Oversight Committee. The Motion passed unanimously.

3. Oversight Agenda Items

A. Health Insurance Update

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

Ms. Sherman stated that an update was provided to the Finance & Audit Committee and she would be presenting an overview to this Committee. She also stated that LYNX budgeted 17.6% for FY2016 and 12.62% for FY2017 based on the projections provided by the consultants at Gallagher.

Ms. Sherman then introduced Eric Scott, Area President and Josh Rubich, Area Vice President with the firm of Arthur J. Gallagher & Co., to give an overview on health care and an update on the status of the self-insured plan.

Mr. Scott stated that the presentation showed projections of where the self-insured program would be at the end of FY2016 and the projected increases for FY2017. Mr. Scott then discussed the presentation slides which included the following:

- 2016 Proposal Comparison over 2015 Costs
This analysis summarized the initial Cigna, final Cigna, and Gallagher projection used in the decision to go from fully-insured to self-insured for FY2016. The stop loss deductible of \$250,000 and the 17.6% used for budgeting and planning purposes were also discussed.
- Current 2016 Revenue Vs. Projected 2016 Revenue
Projected revenue for employee contributions was projected based on enrollment at a point in time with the actual enrollment being different due to employees moving from plans with a premium payment to the employee only free option and dropping some dependent coverage resulting in a reduction in the projected revenue.
- 2016 Claims by Month
This analysis showed three months of claims including claims incurred only in 2016 and paid in 2016 (immature) and claims incurred in 2015 or 2016 and paid in 2016 (mature). The deductible effect for the last few months of the year was discussed and inclusion of the Cigna run out (payments of 2015 claims) in the projections.
- 2016 Calendar Year End Projection
This analysis showed calendar year end projections using a run rate based on the first three months of the year for immature and mature claims plus fixed costs offset by LYNX employer and employee contributions with both immature and mature claims resulting in a shortfall.
- 2016 Fiscal Year End Projection
This analysis showed fiscal year end projections using a nine (9) month average resulting in a shortfall of \$1.4 million for mature claims. Topics discussed included that, for this year, the fully insured plan would have been less expensive but that some of the cost changes would be offset by internal administrative fees for Cigna and that LYNX has reserves set aside to cover the shortfall. Taking a long term view was also discussed.
- 2017 Initial Projection
This was the projection given in January based upon blending 30% of claims from two (2) years ago and 70% of claims from one (1) year ago resulting in a projection of an increase in costs of 12.7% in 2017.
- 2017 Revised Projection
This analysis showed the revised projection based on the two additional very high claim months of February and March resulting in an increase in projected costs to 21% for 2017. Clarification was made that the increase was based on today's funding and not 21% on top of calendar year 2016 funding.

Ms. Sherman stated that there were LYNX reserves in the amount of two (2) months of claims available to cover the shortfall in addition to the reserves set aside for going concern. Ms. Sherman also stated that from a budgetary standpoint this is an increase in projected costs of \$800,000 for FY2016 and \$700,000 for FY2017.

The Committee then discussed the LYNX reserves covering the five (5) reserve categories as described by Ms. Sherman below:

Operations	\$14-\$28 million
Contingency (5%)	\$6.4 million
Capital & Debt Service	\$7-\$8 million
Self-insured and Workers Compensation	\$4.8 million
Medical Self-insured Surplus	\$1.6 million
Health Care Claims (covers two (2) months)	\$1.64 million

Mr. Harrison stated that the LYNX Reserve Policy is a range with a minimum, a desired target, and a maximum. Currently, the reserves are running near the maximum of the range and are above the target and the minimum requirements.

Edward Johnson, LYNX' Chief Executive Officer, mentioned the challenge of healthcare costs with skyrocketing utilization and focusing on initiatives to stabilize costs and having the most effective wellness plan. Commissioner Henley requested an update of the wellness plan. Mr. Johnson responded that an update would be presented at the next meeting.

The Committee discussed the following topics:

- Sedentary type of work leading to heart disease and diabetes
- Additional problem of hypertension at LYNX
- Leveraging the Employee Assistance Program (EAP) to deal with stress which causes many health issues
- YMCA diabetes program
- Florida Hospital developing a stand-alone program that includes just their facilities
- Less competition from HMO providers
- Pharmacy costs- eliminating higher priced pharmacies from networks versus ease of accessibility for employees and 24 hour emergency options
- Focusing on wellness including exercise and nutritional programs along with education on diabetes and hypertension
- Expanding the Wellness Center to other LYNX locations and adding equipment

The Chair asked if there were any other questions and thanked the presenters.

B. Use of \$2 Capital Contributions for Compressed Natural Gas (CNG) Facility Improvements

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

Ms. Sherman stated that in January 2015, LYNX entered into a contract with NoPetro to purchase CNG fuel and also contracted for renovations to the LYNX Operations Center (LOC) facility. Since attempts to secure federal funding from the FTA were unsuccessful, Ms. Sherman is requesting the use of the \$2 capital contributions to cover the costs of those improvements.

Commissioner Henley asked about other possible uses for sales proceeds from the South Street sale. Ms. Sherman responded that the funds could be used to close the gap in funding for the Pine Hills SuperStop.

The Committee discussed the \$2 capital contributions which are collected from Orange, Osceola, and Seminole Counties in accordance with the funding model. Ms. Sherman stated that the capital fund account includes \$2.2 million from FY2016 and \$2.5 million from FY2015 and will be used to cover the bus lease which is capped at \$1 million per year.

Ms. Sherman stated that the use of the \$2 capital would eliminate the 40 cent adder resulting in savings of \$300,000 per year over ten (10) years. Ms. Sherman also discussed the pros and cons of using the funds as follows:

Pros

- ✓ Save over \$700,000-\$800,000 in unnecessary financing costs and reduce funding partners' obligations next year and succeeding years
- ✓ Save legal costs and extensive staff time by preventing more financing negotiations and documents
- ✓ Prevent contract controversy over financing options
- ✓ Increase budget control and predictability – annual “true up” uncertainty eliminated
- ✓ Eliminate debt exposure that is not a re-financing or lease

Cons

- ✓ Temporary loss of cash ~6 or 7% reduction in cash balances, but \$2 capital funds are available to support the pay-off

The Committee discussed the impact of depleting the fund on being able to purchase buses. The fund has approximately \$4.4 million and accrues at approximately \$2 million per year with targeted spending of \$1 million per year for the bus lease leaving a \$1 million cushion. Ms. Sherman stated that the \$2 capital would be used this year to pay \$2.6 million for improvements, \$1 million for the bus lease, \$1 million for articulated buses leaving \$700,000-\$800,000 for replacement buses. Ms. Sherman stated that the funds would be replenished from \$2 capital contributions of approximately \$6.6 million over three years.

The Chair asked if there were any other questions or discussion.

Motion was made and seconded to recommend approval of the use the \$2 capital to the Board. The Motion passed unanimously.

4. Committee Information Items

A. Finance and Audit Committee Report

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

Mr. McCullion provided that the Committee met on May 18, 2016. The Committee spent most of the time on two items- the paratransit trip cost and usage drivers and LYNX reserves.

Mr. McCullion stated that staff presented the main usage and cost drivers for paratransit trip increases and addressed concerns about Medicaid trips being shifted over to TD or ADA trips by reviewing the extensive eligibility verification process.

Mr. McCullion stated that LYNX' reserves were discussed in detail providing a better understanding about the current level of reserves being at the maximum and the amount of reserves needed to cover the timing of receipt of federal funding and government shutdowns. He also stated that the Finance and Audit Committee members were not sure of where the level should be and would continue to look at this item.

Commission Janer asked about how many months could be covered out of reserves in the event of a government shutdown. Ms. Sherman responded that 1 ½ months of operating costs was the target with 2 months as the maximum. Commission Janer stated that these reserves would be used up quickly in the case of a government shutdown.

Mr. Harrison discussed the one time use of reserves to mitigate the 9% budget increase to the funding partners for FY2017. He also discussed that two (2) months of reserves for operations seemed conservative in the event of federal funding being stopped.

Mr. Johnson stated that the transportation bill was being monitored through lobbyists at Akerman LLP and reports provided that indicate the bill may not be funded until November. Commissioner Henley requested a copy of the reports be sent to the Board.

B. Risk Committee Report

The Chair recognized David Dees, LYNX' Director of Risk Management, to make the presentation.

Mr. Dees provided that Ray Scully, Risk Manager for the City of Orlando, has accepted the position as the Committee Chair, the Committee has not met since the last update, and the Committee is scheduled to meet on June 15, 2016.

5. Review of Board Package

The Chair recognized Edward Johnson, LYNX' Chief Executive Officer, to provide an overview of items that will come before the Board.

Mr. Johnson stated that he would not be going through all the items but would discuss the highpoints. Comments from Mr. Johnson and other Committee members are included below.

The Consent Agenda Items include:

A. Request for Proposal (RFP)

- i. Authorization to Release a Request for Proposal (RFP) for Advertising Sales
- ii. Authorization to Release a Request for Proposal (RFP) for Operator and Transportation Supervisor Uniforms
- iii. Authorization to Release a Request for Proposal (RFP) for Landscape Maintenance
- iv. Authorization to Release a Request for Proposal (RFP) for a State Road 436 Transit Study

Mr. Johnson commented that this item relates to the partnership between the City of Orlando, Orange County, Seminole County and FDOT for the release of an RFP for the State Road 436 transit enhancement study. The participants want to ensure that the contract is not let before the new fiscal year. This is supported by the project timetable. Commissioner Janer asked if all the funding partners affected by this study were in agreement. Mr. Harrison confirmed the approval of the agreements by Orange County, Orlando, and Seminole County.

- v. Authorization to Release a Request for Proposal (RFP) for Outdoor Digital Displays to Provide Enhanced Passenger Information at LYNX Central Station
- vi. Authorization to Release a Request for Proposal (RFP) for Transportation Marketing and Education Project

Mr. Johnson commented that the partnership between LYNX, MetroPlan and FDOT to release an RFP for transportation and project marketing and education will be a good project to understand how projects are funded, the return on investment, and how future projects are communicated.

- vii. Authorization to Release a Request for Proposal (RFP) for Pressure Washing of LYNX Central Station and Transfer Centers

B. Award Contracts

- i. Authorization to Ratify Contract #16-C13 with Mansfield Oil Company for the Purchase of Dyed Ultra Low Sulfur Diesel Fuel

C. Extension of Contracts

- i. Authorization to Award a Six (6) Month Extension of Contract #10-C21 with MV Transportation, Inc., for NeighborLink Services
- ii. Authorization to Award a Six (6) Month Extension of Contract #12-C02 with MV Transportation, Inc., for Paratransit Services

Mr. Johnson stated that a request is being made to extend both contracts with MV Transportation for NeighborLink and paratransit services. He also discussed looking at the scope of work to combine NeighborLink and paratransit services into one solicitation run out of one facility using similar vehicles and to ensure the use of modern technology, to incorporate other transportation solutions such as UBER and LYFT, and to provide better arrival information to customers. Commissioner Janer stated that there would be an RFP process within this six month extension.

- iii. Authorization to Award an Extension of Contract #13-C13 with Aramark for the Rental and Cleaning of Work Uniforms and Mats
- iv. Authorization to Exercise the First Option Year of Contract #13-C22 with Seaboard Neumann Distributors for Bulk Delivery of 15W-40 Motor Oil
- v. Authorization to Award an Extension of Contract #13-C24 with Gallagher Benefit Services for Health Insurance Brokerage Services

Mr. Johnson stated that Gallagher's costs are staying flat.

- vi. Authorization to Exercise the First Option Year of Contract #13-C25 with Alesig Consulting, LLC for Design, Deployment, and Evaluation of a One-Stop Utility for the Veterans Transportation and Community Living Project
- vii. Authorization to Exercise the First Option Year of Contract #13C-26A with Ben's Paint Supply for Paint and Body Shop Supplies
- viii. Authorization to Exercise the First Option Year of Contract #13-C26B with Accugraphics for Vinyl Products
- ix. Authorization to Exercise the First Option Year of Contract #13-C27 with Haines City Fire Extinguisher Services, Inc. for the Maintenance and Inspections of the Amerex Fire Suppression System
- x. Authorization to Exercise the First Option Year of Contract #14-C03 with Johnson's Wrecker Service, Inc. for Towing Services

D. Miscellaneous

- i. Authorization to Adopt the FY2017 Transportation Disadvantaged Trip Grant

Mr. Johnson stated that the FY2017 TD grant of \$3.7 million from the state is increasing to \$4.2 million which will help offset ADA expenses.

- ii. Authorization to Submit a Grant Application to the Federal Transportation (FTA) for Mobility on Demand (MOD) Sandbox Demonstration Program
- iii. Authorization to Submit a Grant Application to the Federal Transit Administration (FTA) for Rides to Wellness Demonstration Funding Opportunity
- iv. Authorization to Enter into Interlocal Agreements with City of Orlando, Orange County, and Seminole County for the SR 436 Corridor Study

Mr. Johnson stated that the SR 436 study requires agreements with all the funding partners.

- v. Authorization to Execute a Joint Participation Agreement (JPA) with the Florida Department of Transportation (FDOT) for the SR 436 Transit Corridor Study
- vi. Authorization to Submit a Service Development Grant Proposal to the Florida Department of Transportation (FDOT) for a Thermo-Electric Waste Energy Generation Demonstration and the Authority to Execute a Joint Participation Agreement (JPA) Upon Notification of Funding

Mr. Johnson stated that the thermo-electric waste energy generation demonstration project has to do with capturing bus exhaust and converting it into energy to reduce the running of the alternator resulting in a reduction of energy consumption and environmental pollutants. Up to three (3) retired buses will be made available as the local match for this effort.

- vii. Authorization to Submit the FY2017-2026 Transit Development Plan (TDP) Minor Update to the Florida Department of Transportation (FDOT) District 5 for Approval to Meet Block Grant Funding Requirements
- viii. Authorization to Enter into a Late Evening-Weekend Service Agreement with the University of Central Florida (UCF) Office of Student Involvement (OSI)
- ix. Authorization to Amend the FY2016 Amended Operating Budget to Enter into the Charter School Bus Service Agreement with Sunshine High School- Greater Orlando Campus

Mr. Johnson commented on working with Sunshine High School which is a charter organization to purchase transportation services for its students. The total cost of \$175,000 is based upon non-funding partner rates but the school has been in contact with Orange County to come under their contract and is waiting on a response.

The Action Agenda Items include:

- A. Authorization to Approve/Ratify the Settlement Agreement Between LYNX and Balfour Beatty Construction
- B. Authorization to Approve and Ratify an Agreement Between LYNX and the City of Orlando for the Parramore BRT Project
- C. Authorization to Modify Balfour Beatty Construction Contract #14-C26 for the Parramore BRT Project

Mr. Johnson stated that the first three items have to do with the removal of debris within the project area requiring a settlement with Balfour Beatty, executing a contract with the City of Orlando, and amending the agreement with Balfour Beatty for some small change orders.

- D. Authorization to Use \$2 Capital Contributions for Compressed Natural Gas (CNG) Facility Improvements
- E. Authorization to Approve the Settlement Agreement and Waive Collective Bargaining on the Settlement Agreement between Adalberto Ruiz and the Board of Trustees of the ATU 1596 Pension Plan

Mr. Johnson stated that an agreement with Mr. Ruiz had been negotiated. Pat Christiansen, LYNX' General Counsel, stated that approval is only for the waiving of collective bargaining relating to Amendment #1. The Pension Board has approved by a 6-0 vote to settle litigation and provide the benefits to Mr. Ruiz depending on what option he elects. The settlement has been signed by all the parties to the lawsuit. Upon Board approval, the Chief Executive Officer will sign a letter confirming the waiver, send the letter to the attorney for the plan, and then process the payment of benefits to Mr. Ruiz.

F. Authorization to Acquire Actuarial Services in Consideration of Terminating the ATU Local 1596 Pension Plan

Mr. Johnson stated that the cost of actuarial services to consider termination will not exceed \$10,000.

The Chair asked if there were any questions. Hearing none, **the meeting was adjourned at 11:31 AM.**

Oversight Committee Agenda Item #3.A.

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 FY2017 Preliminary Capital Budget

Date: 7/28/2016

BACKGROUND:

At the April 14, 2016 Board meeting, staff presented the FY2016 Amended Capital Budget in the total amount of \$91,734,305. Since then, staff discussed capital priorities for FY2017 and the corresponding funding sources available. The FY2017 Preliminary Capital Budget has been developed for Board review and input.

LYNX staff will present the FY2017 Capital Budget in the amount of \$76,578,005.

The FY2017 Operating and Capital Budgets, will be presented to the Board of Directors for final consideration and approval at the September 22, 2016 Board meeting.

OVERVIEW:

The proposed Capital Budget for FY2017 is \$76,578,005, which is a decrease of \$15,156,300 or approximately 16.5% less than the FY2016 Amended Capital Budget. The decrease in the capital budget from the FY2016 Amended Capital Budget results from a decrease in Paratransit vehicle replacements, Parramore BRT and the completion of construction modifications to the CNG bus facility.

The capital budget is funded from a combination of federal, state and local sources, and includes items such as the planned purchase of replacement buses and vans, bus shelters, and the use of technology to assist in service delivery and improvements. The majority of the capital budget, 94.43% is funded through federal grants, 0.99% is funded through state grants, and the remaining 4.58% through local funds. The local contribution from the funding partners covers the capital bus lease, paratransit vehicles and LYMMO BRT expansion projects. In addition, funding through LYNX negotiated agreements will contribute to passenger shelter costs.

Specifically, this budget includes funds from the following areas:

Federal	\$72,312,064
State	759,433
Local	3,506,508
Total	<u>\$76,578,005</u>

The table below identifies capital expenditures by program:

Capital Program		FY2017 Requests
1)	Vehicles	\$ 47,702,022
2)	Bus Rapid Transit (BRT) Construction	4,089,870
3)	Facilities	2,312,242
4)	Passenger Amenities / Related Enhancements	12,376,722
5)	Technology Improvements	5,103,855
6)	Security Enhancements	793,200
7)	Support Equipment	4,200,094
	Total	<u>\$76,578,005</u>

Notes:

- 1) Vehicles include expansion and replacement vehicles for fixed-route, vanpool, and paratransit services and support vehicles.
- 2) BRT includes the Orange and Lime LYMMO line capital activities, as well as, the FlexBus project.
- 3) Facilities include funds for LCS, LOC, Osceola, and LB McLeod improvements.
- 4) Passenger amenities include shelters, transfer centers, solar power, benches, and trash receptacles.
- 5) Technology includes items to improve communication and information delivery such as network improvements, servers, software upgrades and real time information.
- 6) Security includes equipment to enhance security and surveillance.
- 7) Support equipment includes items such as mobile ticketing, fare payment on board validators, health and wellness equipment, shop tools, furniture, and radios.

FY2017 Overview of Preliminary Capital Budget

**Presented to the
LYNX Oversight Committee**

July 28, 2016

Key Capital Budget Assumptions

- Enhance LYNX facilities
- 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

FY2017 Preliminary Capital Budget



Overview

	FY2016	FY2017	
	Amended	Preliminary	% Change
Capital Contributions	\$ 91,734,305	\$ 76,578,005	-16.52%
Capital Expenditures	91,734,305	76,578,005	-16.52%
Capital Gains/(Losses)	\$ -	\$ -	N/A

FY2017 Preliminary Capital Budget by Category



	Amended FY2016	Preliminary FY2017	Variance
BRT Projects	\$ 13,083,894	\$ 4,089,870	\$ (8,994,024)
Facility Improvements	5,622,656	2,312,242	(3,310,414)
Passenger Amenities	9,777,044	12,376,722	2,599,678
Security Equipment	591,600	793,200	201,600
Support Equipment	4,761,187	4,200,094	(561,093)
Technology	5,542,331	5,103,855	(438,476)
Support Vehicles	641,130	564,003	(77,127)
Revenue Vehicles	51,714,463	47,138,019	(4,576,444)
	\$ 91,734,305	\$ 76,578,005	\$ (15,156,300)

FY2017 Preliminary Capital Budget Contributions



<u>Capital Contributions</u>	<u>FY2017 Proposed Budget</u>	<u>FY2016 Amended Budget</u>	<u>Dollar Amount Change</u>
Federal Contributions	\$ 72,312,064	\$ 84,762,480	\$ (12,450,416)
State Contributions	759,433	429,256	330,177
Local Contributions	3,506,508	6,342,569	(2,836,061)
Reserves	-	200,000	(200,000)
	<u>\$ 76,578,005</u>	<u>\$ 91,734,305</u>	<u>\$ (15,156,300)</u>

FY2017 Preliminary Capital Budget

Local Contributions



Description	FY2017 Preliminary Budget Amount	Source
LYMMO- Parramore	1,046,793	City of Orlando, Orlando Utilities Commission, Other Utilities
Capital Bus Lease	898,151	Local \$2 Capital
Articulated CNG Buses	1,263,967	Local \$2 Capital
Paratransit Vehicles	47,597	Local \$2 Capital
Passenger Amenities	250,000	Orange County
Total	\$ 3,506,508	

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

FY2017 Budget Calendar



Final Board Action

September 22

Budget Year 16 – 17 Commences

October 1

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: Update on LYNX Reserves

Date: 7/28/2016

ACTION REQUESTED:

LYNX staff is requesting the Oversight Committee’s recommendation for approval of the use of LYNX reserves, if necessary, to reduce the local funding requirements for FY2017.

BACKGROUND:

At the May 18, 2016 Finance & Audit Committee Meeting, LYNX staff provided an overview of the status of LYNX reserves. LYNX staff was requested to re-run the funding model to apply a one-time use of reserves for \$2 or \$3 million in order to see the impact on the level of increases to funding partners.

Currently, LYNX reserves are funded above the minimum requirements. Although, LYNX has actually met the target for forty-five (45) days of operating reserves, the overall reserves are not funded to the sixty (60) day maximum requirement.

In summary, the reserves are as follows:

LYNX Reserves	Minimum	Midpoint	Maximum
Operations	\$ 14,000,000	\$ 21,000,000	\$ 28,000,000
Contingency -5%	6,352,272	6,352,272	6,352,272
Capital Bus Lease	1,568,777	1,568,777	1,568,777
Articulated Buses	1,263,966	1,263,966	1,263,966
Replacement Buses	791,694	791,694	791,694
CNG Facility Improvements	2,705,733	2,705,733	2,705,733
Debt Service	797,282	797,282	797,282
Self-Insurance Programs	8,015,971	8,015,971	8,015,971
Fuel Stabilization	1,000,000	1,000,000	1,000,000
Subtotal	\$36,495,695	\$43,495,695	\$50,495,695

LYNX Reserves	Minimum	Midpoint	Maximum
FY2015 \$2 Capital Funding	(2,098,684)	(2,098,684)	(2,098,684)
FY2016 \$2 Capital Funding	(2,118,590)	(2,118,590)	(2,118,590)
FY2017 \$2 Capital Funding	(2,112,896)	(2,112,896)	(2,112,896)
Self-Insurance (Long-term)	(2,676,165)	(2,676,165)	(2,676,165)
FY2014 Settlement Payout Budget	(1,200,000)	(1,200,000)	(1,200,000)
SIB Loan – Federally Funded	(797,282)	(797,282)	(797,282)
Reserve Fund Requirement	\$ 25,492,078	\$ 32,492,078	\$ 39,492,078
Unrestricted – Net Position	(43,190,768)	(43,190,768)	(43,190,768)
Net Pension Asset	6,283,485	6,283,485	6,283,485
(Excess) Shortfall Cash Reserves	\$ (11,415,205)	\$ (4,415,195)	\$ 2,584,795

Prior to FY2014, LYNX’ operating reserves had previously been utilized to support maintaining existing operations on an as needed basis as approved by the LYNX Board of Directors. Such a use of reserves to support existing operations was not sustainable. As a result, over the past few years, LYNX staff have worked diligently to build reserves to meet the requirements of the policy.

Over the past few weeks, LYNX staff have discussed with the LYNX Board Chair’s office opportunities to mitigate such a large increase from FY2016 to FY2017 by making a one-time infusion of reserve funds. It is staff’s recommendation to apply \$1,946,397 to reduce the increase from 9.21% to 6.03% for local funding requirements. Of course, this recommendation will require approval by the full Board of Directors.

LYNX Funding Partner Contribution Information

	FY2016 Contribution	Proportion of Local Contribution	Proportion of Adopted FY2016 General Fund	FY2017 LYNX Proposed Contribution	% Increase	FY2017 Revised Proposed Contribution	% Increase	Change from Proposed
Orange	\$ 41,431,799	71%	5.1%	\$ 44,970,453	8.5%	\$ 43,503,389	5.0%	\$ (1,467,064)
Osceola	6,596,953	11%	2.5%	7,327,909	11.1%	7,088,852	7.5%	(239,057)
Seminole	6,389,083	11%	2.6%	7,365,255	15.3%	7,124,979	11.5%	(240,276)
Orlando	4,046,660	7%	N/A	4,542,603	12.3%	4,542,603	12.3%	-
Total	\$ 58,464,495	100%	N/A	\$ 64,206,220	9.8%	\$ 62,259,823	6.5%	\$ (1,946,397)

LYNX Operating and Contingency Reserve Information

Operating and Contingency Reserves	Minimum	Mid-Point	Maximum	Estimated Reserve Level with Adjustment
General Operations	\$ 14,000,000	\$ 21,000,000	\$ 28,000,000	\$ 26,053,603
Contingency (5% of Budget)	6,352,272	6,352,272	6,352,272	6,352,272
Total	\$ 20,352,272	\$ 27,352,272	\$ 34,352,272	\$ 32,405,875
% of Total Budget	16%	22%	27%	26%

2016 Adopted LYNX Budget \$ 127,045,444

However, as LYNX staff continues to refine the FY2017 Preliminary Operating Budget, we have secured additional cost reductions and funding as follows:

- ✓ Over the past year, LYNX staff has worked diligently with the Federal Transit Administration (FTA) to utilize the proceeds from the sale of LYNX’ South Street Facility to support funding of the CNG improvements. On December 21, 2016, FTA notified LYNX staff that the sale proceeds from the South Street facility could not be used to fund the CNG Improvements. On May 26, 2016, LYNX’ Board approved the use of the available \$2 Capital Funds to cover the cost of the CNG improvements which will eliminate the \$.40 adder included in the fuel cost. It is estimated that the adder elimination would reduce the fuel budget by \$350,000.
- ✓ In addition, we have requested \$500,000 from the Florida Department of Transportation (FDOT) for rural paratransit services. It is anticipated that these funds will be awarded. As such, the additional funding will reduce the local funding requirements for paratransit services by \$500,000 for the above and beyond the three quarter mile radius ADA trips.

Also, if the Committees and the LYNX’ Board of Director’s decide to move forward with the fare adjustment, we will have the opportunity to potentially increase Customer Fares by \$1,014,660 to \$1,514,567, based on FY2016 revenue projections. Our efforts to further refine the FY2017 Preliminary Operating Budget will continue up until the budget is submitted for final adoption.

LYNX staff will provide a brief overview of LYNX’ reserves and the above recommendations for consideration. In addition, please find attached a comparison of LYNX’ Operating and Contingency Reserve requirements to other local government entities and other transit agencies.

Central Florida Regional Transportation Authority
 Operating and Contingency Reserve for Enterprise Funds
 Comparison Matrix - Transit Authorities

	LYNX	Jacksonville Transportation Authority	Hillsborough Area Regional Transit	Miami-Dade Transit Department	Volusia County/ Voltran	Metro Atlanta Rapid Transit Authority	Washington Metro Transit Authority	San Francisco County Transit Authority
Fund Type	Enterprise	Enterprise	Enterprise	Enterprise	Enterprise	Enterprise	Enterprise	Enterprise
Contingency Reserve Level	5% of adopted operating budget	1 year of gasoline tax revenue	2% of budgeted expenditures	none	not stated	10% of budgeted revenue	1% of operating budget	not stated
Operating Reserve Level	15% to 20% of regular operating expenditures with a goal of forty-five to sixty days for shorter cash flow purposes	3 months for operations	90 days	none	not stated	not stated	4% of the total revenue appropriated for operating expenditures per fiscal year	5% to 15%
Minimum/Max Range	Contingency Reserve - not to exceed 5% of total operating budget. Operating Reserve - not to exceed sixty days	3 months/1 year	Contingency Reserve - 10% maximum. Operating Reserve - no maximum, but a minimum of 90 days	none	5% to 10%	not stated	1% - Contingency Reserve and 4% - Operating Reserve	5% to 15%
Purpose	Contingency Reserve -To maintain adequate levels of reserves to mitigate current and future risks such as revenue shortfalls, emergencies, natural disasters, and unanticipated expenditures. Operating Reserve - Short-term cash flow purposes	To remain a fiscally responsible organization by putting aside appropriate levels of financial reserves to account for contingencies. The Transit operations reserve responds to several business risks of JTA's transit operations including labor cost uncertainties, revenue risks and political risk.	Will maintain, at a minimum, a reserve of ninety days of operating expenditures to be used to ensure the maintenance of services to the public during non-routine and unforeseen disaster situations.	N/A	Emergency Reserves for future fiscal years of budgeted current revenue on an annual basis in all tax supporting operating funds. Maintaining adequate reserves to deal with potential emergencies or unforeseen events, such as fuel price increases, unanticipated dips in revenues or natural disasters	Used for ongoing operating expenses only in situations caused by: Acts of God, worsened economic conditions in the Atlantic region and/or terrorism	To ensure that the Authority can adjust to economic downturns, extraordinary cost increases, and other financial emergencies to preserve WMATA's ongoing ability to deliver safe and reliable service to its customers	To fund unforeseen expenditure requirements and to provide an offset to revenue fluctuations. Act as a hedge against an emergency occurring during the budgeted fiscal year.
Approval	LYNX' Board of Directors	Board of Directors	Board of Directors	Board of Commissioners	Board of County Commissioners	Board of Directors	Board of Directors	Board of Commissioners
Dedicated Funding Source	None	Net Sales and Constitutional Gas Tax & Gross Local Option Sales Tax	Ad Valorem	For CIP only, funded via \$.05 Sales Tax	None	50% of 1% Sales and Use Tax	None	Voter-approved \$.05 local sales tax and 25% of \$10 Vehicle Registration Fee
Compliance/Authority	Board of Directors	Formed by the Florida Legislature	By its Charter and its designation as a regional transportation organization established pursuant to Florida Statutes	Dade County Commission Metropolitan Transportation Ordinance	Chapter 129.01(2)(c)1 , Florida Statutes	Formed via a joint public instrumentality of the City of Atlanta & the counties of Fulton, DeKalb, Cobb, Clayton & Gwinnett by action of Georgia's General Assembly	Washington Metropolitan Area Transit Authority Compact	Authority's Administrative Code, the current Proposition K Sales Tax Expenditure Plan, federal and state regulations, and general prudent accounting and financial management practices
Notes/Sources	If the reserve balance falls below the stated policy amount, the Chief Executive Officer or designee shall submit a plan to the Board for expenditure reductions and/or revenue increases.	The Sales Tax (1/2% of taxable Duval Cty sales) is used for multiple purposes (i.e., road construction & mass transit). The Gas Tax is voter approved & sunsets in 5 years.		MDT is a county department. Therefore, all reserves, other than for CIP , are maintained at the county level. MDT's funding for operations comes from the county's General Fund.	Reserve balances ae restricted in nature to the fund in which they reside.	Reserves set aside for operations. Enterprise funds are used to account for specific operating activities. Enterprise funds are financed and operated similar to a private business entity where a fee is levied for the use of the product or service.	The Enterprise Fund is the sole fund. Within this Fund, funds are classified in one of six categories: passenger fares and parking, federal funds, state and local funds, business revenues, other sources and debt.	Has four Enterprise Funds

**Central Florida Regional Transportation Authority
Contingency Reserve for Enterprise Funds
Comparison Matrix - Cities & Counties**

	<i>LYNX</i>	<i>City of Orlando</i>		<i>Orange County</i>	<i>Osceola County</i>	<i>Seminole County</i>	<i>City of Sanford</i>	<i>City of St Cloud</i>	<i>Lake County</i>
Fund Type	Enterprise	Enterprise (Self Supporting)	Enterprise Non-Self Supporting	Enterprise	Enterprise	Enterprise	Enterprise	Enterprise	Enterprise
Contingency Reserve Level	5% of adopted operating budget	10% to 20% of budgeted expenditures	0% to 10% of budgeted expenditures	5% or higher of their respective total revenue budget	minimum of 2 months of the operating budget plus transfers.	not stated	25% of budgeted expenditures	12.5% of prior year's total expenditures	0%
Minimum/Max Range	Not to exceed 5% of total operating budget	10% to 20%	0% to 10%	No less than 7% of projected revenues	see above	5% to 10%	25% of expenditures, no max range stated	12%	0%
Purpose	To maintain adequate levels of reserves to mitigate current and future risks such as revenue shortfalls, emergencies, natural disasters, and unanticipated expenditures	To maintain reserves that are adequate to protect against unforeseen events and significant decrease in demand for services being provided for the Wastewater System, Parking System, Storm water System and Solid Waste Management	To avoid volatility in the annual budgeted subsidy and to address unanticipated renewal and replacement repair for Orlando Venues and Orlando Stadium Operations	To ensure funds are available to provide citizens with services and assistance following a natural disaster such as a hurricane and to provide a safety net for unexpected expenses	Reserves shall be in addition to other reserves including, but not limited to, reserves for contingencies, landfill closure cost debt services, and/or reserves for capital. Any approved, third party agreements must be complied with as well	To ensure funds are available as a protection to taxpayers to mitigate current and future risk (revenue shortfalls and unanticipated expenditures) and to facilitate responses to emergency situations	To maintain reserves that are adequate to ensure that resources are available annually to protect against unforeseen events as related to services, for solid waste collection, storm water management and water and wastewater treatment	To expand the utility system or replace capital equipment in the system.	To protect the County's essential government programs during periods of economic downturn or other unforeseen catastrophic events that may occur.
Approval	LYNX' Board of Directors	City Council	City Council	Board of County Commissioners	Board of Commissioners	Board of County Commissioners	City Commission	City Council	Board of County Commissioners
Compliance/Authority	Board of Directors	not stated	not stated	Chapter 129.01(2)(c)1 , Florida Statues	Chapter 129.01(2)(c)1 , Florida Statues	Chapter 129.01(2)(c)1 , Florida Statues	not stated	Funded in accordance with bond covenants and used in accordance with bond covenants	not stated

	<i>LYNX</i>	<i>City of Orlando</i>		<i>Orange County</i>	<i>Osceola County</i>	<i>Seminole County</i>	<i>City of Sanford</i>	<i>City of St Cloud</i>	<i>Lake County</i>
Notes/Sources	If the reserve balance falls below the stated policy amount, the Chief Executive Officer or designee shall submit a plan to the Board for expenditure reductions and/or revenue increases.	The recommended range represents a reserve of 36 to 72 days of operating expenditures	Fund requires only a minimal reserve & replenishment does not apply		It is the County's policy to maintain an adequate level of unreserved and undesignated funds which may be used at the County's discretion to address emergencies, unanticipated economic downturns, unfunded mandates and one-time capital expenditures.	Refer to Seminole County Administrative Code Section 22	In 2015, the City Commission voted a minimum operating reserve for the General Fund of 25% of expenditures.	The use of the reserve means the operating funds are not used for capital investment. If reserves fall below 12.5%, council and upper management will have to devise a plan to replace the reserves within two fiscal years.	

Oversight Committee Agenda Item #3.C.

To: LYNX Board of Directors

From: Blanche Sherman
DIRECTOR OF FINANCE
LEONARD ANTMANN
(Technical Contact)

Phone: 407.841.2279 ext: 6100

Item Name: FY2015 Florida Transportation Commission (FTC) Annual Oversight Report

Date: 7/28/2016

BACKGROUND:

In 2007, the legislature passed House Bill 985 amending Section 20.23(2) (b) 8, Florida Statutes, to expand the oversight role of the Florida Transportation Commission. In addition to the responsibility for oversight and monitoring of the Florida Department of Transportation, Section 20.23(2) (b) 8, Florida Statutes, requires the Commission to monitor the efficiency, productivity, and management of the authorities created under Chapters 348 and 349, including any authority formed under Chapter 343 which is not monitored under Subsection (3), Florida Statutes. The Commission shall also conduct periodic reviews of each authority's operations and budget, acquisition of property, management of revenue and bond proceeds, and compliance with applicable laws and generally accepted accounting principles.

To that end, the Commission, in concert with the authorities, adopted performance measures and objectives, operating indicators, and governance criteria that allow the Commission to assess the overall responsiveness of each authority in meeting their respective responsibilities to their customers and the public. The Commission prepares an annual report on its findings and progress made by the authorities and submits it to the Governor and legislature.

LYNX staff will review the highlights of the Fiscal Year 2015 Annual Report a copy of which is attached.

LYNX FTC Performance Measures FY2015 – FY2014

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

July 28, 2016

Summary of Performance Measures- FY2015



Table 38
Central Florida Regional Transportation Authority
Summary of Performance Measures
FY 2015¹

<i>Performance Measure</i>	<i>Detail</i>	<i>Objective</i>	<i>Actual Results</i>	<i>Meets Objective</i>
Average Headway	Average time for vehicle to complete its portion of total route miles one time	<30 minutes	26.7	✓
Operating Expense per Revenue Mile	Operating expenses divided by revenue miles	<\$5.30	\$6.51	X
Operating Expense per Revenue Hour	Operating expenses divided by revenue hours	<\$75	\$88.43	X
Operating Revenue per Operating Expense	Revenue generated through operation of the transit authority divided by operating expenses	>30%	44.4%	✓
Operating Expense per Passenger Trip	Operating expenses divided by annual ridership	<\$3	\$3.40	X
Operating Expense per Passenger Mile	Operating expenses divided by passenger miles	<\$0.47	\$0.59	X
Revenue Miles between Safety Incidents	Annual revenue miles divided by safety incidents	>124,513	132,067	✓
Revenue Miles between Failures	Revenue miles divided by revenue vehicle system failures ²	>10,500	12,055	✓
Revenue Miles versus Vehicle Miles	Revenue miles divided by vehicle miles ³	>.90	0.898	X
Customer Service	Average time from complaint to response	14 days	20 days	X
Customer Service	Customer complaints divided by boardings	<1 per 5,000 boardings	0.8	✓
On-time Performance	% trips end to end on time "less than 5 minutes late"	>80%	80.8%	✓

¹Fiscal Year 2015 represents 12 months of data from October 1, 2014 through September 30, 2015.

²A failure is classified as the breakdown of either a major or minor element of the revenue vehicle's mechanical system.

³Total annual vehicle miles include: deadhead miles, vehicle miles from the end of service to the garage, driver training and other miscellaneous miles not considered to be in direct revenue service.

Summary of Performance Measures- FY2014



Table 38
Central Florida Regional Transportation Authority
Summary of Performance Measures
FY 2014¹

<i>Performance Measure</i>	<i>Detail</i>	<i>Objective</i>	<i>Actual Results</i>	<i>Meets Objective</i>
Average Headway	Average time for vehicle to complete its portion of total route miles one time	<30 minutes	27.3	✓
Operating Expense per Revenue Mile	Operating expenses divided by revenue miles	<\$5.30	\$6.67	X
Operating Expense per Revenue Hour	Operating expenses divided by revenue hours	<\$75	\$91.07	X
Operating Revenue per Operating Expense	Revenue generated through operation of the transit authority divided by operating expenses	>30%	42.8%	✓
Operating Expense per Passenger Trip	Operating expenses divided by annual ridership	<\$3	\$3.34	X
Operating Expense per Passenger Mile	Operating expenses divided by passenger miles	<\$0.47	\$0.60	X
Revenue Miles between Safety Incidents	Annual revenue miles divided by safety incidents	>124,513	131,498	✓
Revenue Miles between Failures	Revenue miles divided by revenue vehicle system failures ²	>10,500	8,912	X
Revenue Miles versus Vehicle Miles	Revenue miles divided by vehicle miles ³	>.90	0.902	✓
Customer Service	Average time from complaint to response	14 days	16 days	X
Customer Service	Customer complaints divided by boardings	<1 per 5,000 boardings	0.6	✓
On-time Performance	% trips end to end on time "less than 5 minutes late"	>80%	78.1%	X

¹ Fiscal Year 2014 represents 12 months of data from October 1, 2013 through September 30, 2014.

² A failure is classified as the breakdown of either a major or minor element of the revenue vehicle's mechanical system.

³ Total annual vehicle miles include: deadhead miles, vehicle miles from the end of service to the garage, driver training and other miscellaneous miles not considered to be in direct revenue service.

**Transit Authority Performance Measures
Data Needs**

Transit Authority Name:

CENTRAL FLORIDA REGIONAL TRANSPORTATION AUTHORITY (LYNX)

Official Reporting Period: October 1 through September 30

Income Statement Information*:	2011	2012	2013	2014	2015
Total Operating Revenue	\$ 37,238,587	\$ 36,771,242	\$ 39,143,688	\$ 41,301,500	\$ 42,734,827
Annual Passenger Fare Revenue, including feeder service	\$ 24,660,216	\$ 25,992,945	\$ 27,673,255	\$ 27,304,503	\$ 26,523,751
Annual Operating Budget	\$ 92,622,004	\$ 93,383,208	\$ 97,011,387	\$ 104,677,816	\$ 108,410,098
Total Operating Expense	\$ 86,069,842	\$ 88,727,930	\$ 92,663,107	\$ 96,499,805	\$ 96,340,963
Total Capital Expenditures	\$ 24,222,341	\$ 12,910,079	\$ 30,204,891	\$ 35,357,613	\$ 19,670,180
Capital Expenditures on System Preservation	\$ 17,741,340	\$ 5,935,128	\$ 20,160,862	\$ 18,170,627	\$ 15,231,297
Capital Expenditures on System Expansion	\$ 6,481,001	\$ 6,974,951	\$ 10,044,029	\$ 17,186,986	\$ 4,438,883
Unrestricted Cash Balance (Financial Statement)	\$ 25,402,118	\$ 29,110,185	\$ 22,530,314	\$ 35,228,849	\$ 42,316,042
Operating Information:	2011	2012	2013	2014	2015
Service Area Population	1,837,359	1,878,762	1,913,779	1,960,634	2,003,626
Service Area Population Density	723.9	740.0	754.1	772.5	789.5
Annual Revenue Miles	14,714,555	14,649,104	14,468,719	14,464,800	14,791,484
Annual Vehicle Miles	16,572,925	16,384,778	16,058,513	16,040,104	16,470,661
Annual Revenue Hours	1,029,656	1,046,880	1,052,451	1,059,575	1,089,453
Annual Passenger Trips	26,996,158	28,184,740	28,801,893	28,868,418	28,327,951
Annual Passenger Boardings	26,996,158	28,184,740	28,801,893	28,868,418	28,327,951
Average Weekday Ridership	85,473	92,319	91,587	92,049	88,600
Total Revenue Vehicles	270	273	290	296	308
Vehicles Operated in Peak Service	225	225	232	248	252
Directional Route Miles	1,379.5	1,293.3	1,355.5	1,540.4	1,523.5
Average Age of Fleet in Years	4.4	5.7	5.9	5.9	5.6
Weekday Span of Service (hours)	23.0	23.0	23.0	23.0	23.0
Average Trip Length	5.2	5.4	5.5	5.6	5.7
On-time Performance (<6 min. rail / <5 min. bus)	82%	79.7%	78.4%	78.1%	80.8%
Safety Incidents	135	102	103	110	112
Revenue Vehicle System Failures	1,048	972	1,481	1,623	1,227
Average Time from Customer Complaint to Response (days)	11	10	20	16	20
Customer Complaints	3,732	3,949	2,907	3,266	4,509
Available Intermodal Transfer Points	5	5	6	6	6

* from Statements of Revenues and Expenses

Five Year Trend for Transit Authority Performance Measures and Reportable Indicators

Transit Authority Name: **CENTRAL FLORIDA REGIONAL TRANSPORTATION AUTHORITY (LYNX)**
 Official Reporting Period: October 1 through September 30

Performance Measures						
	Objective	2011	2012	2013	2014	2015
Average Headway (minutes)						
Average time for vehicle to complete its portion of total route miles one time	<30 Minutes	25.7	24.6	25.5	27.3	26.7
Operating Expense Per Revenue Mile						
Operating expense divided by revenue miles	<\$5.30	\$ 5.85	\$ 6.06	\$ 6.40	\$ 6.67	\$ 6.51
Operating Expense Per Revenue Hour						
Operating expense divided by revenue hours	<\$75	\$ 83.59	\$ 84.75	\$ 88.05	\$ 91.07	\$ 88.43
Operating Revenue Per Operating Expense						
Revenue generated through operation of the transit authority divided by operating expense	>30%	43.3%	41.4%	42.2%	42.8%	44.4%
Operating Expense Per Passenger Trip						
Operating expenses divided by annual ridership	<\$3	\$ 3.19	\$ 3.15	\$ 3.22	\$ 3.34	\$ 3.40
Operating Expense Per Passenger Mile						
Operating expenses divided by passenger miles	<\$0.47	\$ 0.61	\$ 0.58	\$ 0.58	\$ 0.60	\$ 0.59
Revenue Miles Between Safety Incidents						
Revenue miles divided by safety incidents	>5% above 2009 (124,513)	108,997	143,619	140,473	131,498	132,067
Revenue Miles Between Failures						
Revenue miles divided by revenue vehicle system failures. A failure is classified as the breakdown of either a major or minor element of the revenue vehicle's mechanical system	>10,500	14,041	15,071	9,770	8,912	12,055
Revenue Miles versus Vehicle Miles						
Revenue miles divided by vehicle miles	>.90	0.89	0.89	0.90	0.90	0.90
Customer Service						
Average time from complaint to response	14 days	11	10	20	16	20
Customer complaints divided by boardings	<1 per 5,000 boardings	0.7	0.7	0.5	0.6	0.8
On-time Performance						
% trips end to end on time < 5 minutes late	>80%	82%	79.7%	78.4%	78.1%	80.8%
Reportable Indicators						
	2011	2012	2013	2014	2015	
Operating Expense Per Capita (Potential Customer)						
Annual operating budget divided by the service area population	\$ 46.84	\$ 47.23	\$ 48.42	\$ 49.22	\$ 48.08	
Farebox Recovery Ratio						
Passenger fares divided by operating expenses	28.7%	29.3%	29.9%	28.3%	27.5%	
Service Area Population						
Approximation of overall market size	1,837,359	1,878,762	1,913,779	1,960,634	2,003,626	
Service Area Population Density						
Persons per square mile based on the service area population and size	723.9	740.0	754.1	772.5	789.5	
Operating Expense						
Spending on operations, including administration, maintenance, and operation of service vehicles	\$ 86,069,842	\$ 88,727,930	\$ 92,663,107	\$ 96,499,805	\$ 96,340,963	
Operating Revenue						
Revenue generated through the operation of the transit authority	\$ 37,238,587	\$ 36,771,242	\$ 39,143,688	\$ 41,301,500	\$ 42,734,827	
Total Annual Revenue Miles						
Vehicle miles operated in active service (available to pick up revenue passengers)	14,714,555	14,649,104	14,468,719	14,464,800	14,791,484	
Total Annual Revenue Hours						
Vehicle hours operated in active service	1,029,656	1,046,880	1,052,451	1,059,575	1,089,453	
Total Revenue Vehicles						
Vehicles available to meet annual maximum service requirements	270	273	290	296	308	
Peak Vehicles						
Vehicles operated to meet annual maximum (peak) service requirements	225	225	232	248	252	

Five Year Trend for Transit Authority Performance Measures and Reportable Indicators

Transit Authority Name: CENTRAL FLORIDA REGIONAL TRANSPORTATION AUTHORITY (LYNX)

Official Reporting Period: October 1 through September 30

Reportable Indicators					
	2011	2012	2013	2014	2015
Ratio of Revenue Vehicles to Peak Vehicles (spare ratio)					
Revenue vehicles, including spares, out-of-service vehicles, and vehicles in/awaiting maintenance, divided by the number of vehicles operated in maximum service	16.7%	17.6%	20.0%	16.2%	18.2%
Annual Passenger Trips					
Passenger boardings on transit vehicles	26,996,158	28,184,740	28,801,893	28,868,418	28,327,951
Average Trip Length					
Average length of passenger trip, generally derived through sampling	5.2	5.4	5.5	5.6	5.7
Annual Passenger Miles					
Passenger trips multiplied by average trip length	140,380,022	152,197,596	158,410,412	161,663,141	162,035,880
Weekday Span of Service (hours)					
Hours of transit service on a representative weekday from first service to last service for all modes	23.0	23.0	23.0	23.0	23.0
Average Fare					
Passenger fare revenues divided by passenger trips	\$ 0.91	\$ 0.92	\$ 0.96	\$ 0.95	\$ 0.94
Passenger Trips Per Revenue Mile					
Passenger trips divided by revenue miles	1.83	1.92	1.99	2.00	1.92
Passenger Trips Per Revenue Hour					
Passenger trips divided by revenue hours	26.2	26.9	27.4	27.2	26.0
Passenger Trips Per Capita					
Passenger trips divided by service area population	14.7	15.0	15.0	14.7	14.1
Average Age of Fleet in Years					
Average age of fleet in years	4.4	5.7	5.9	5.9	5.6
Unrestricted Cash Balance - Financial Indicator					
End of year cash balance from financial statement	\$ 25,402,118	\$ 29,110,185	\$ 22,530,314	\$ 35,228,849	\$ 42,316,042
Weekday Ridership					
Average ridership on weekdays	85,473	92,319	91,587	92,049	88,600
Capital Commitment to System Preservation and System Expansion					
% of capital spent on system preservation	73%	46%	67%	51%	77%
% of capital spent on system expansion	27%	54%	33%	49%	23%
Intermodal Connectivity					
Number of intermodal transfer points available	5	5	6	6	6

Central Florida Regional Transportation Authority (CFRTA/LYNX)



LYNX

Background

The Central Florida Regional Transportation Authority (CFRTA) (doing business as (dba) LYNX) is an agency of the State of Florida, created in 1989 by Chapter 343.61, Florida Statutes. Amended legislation in 1993 enabled CFRTA to assume the former Central Florida Commuter Rail Authority's operations and provided an opportunity for a merger with the Orange-Seminole-Osceola Transportation Authority (OSOTA), commonly known as LYNX. The CFRTA/OSOTA merger became effective in October 1994 after the two agencies ratified the merger through formal action in March 1994. CFRTA chose to continue the use of the LYNX name in its business operations.

CFRTA is authorized to “own, operate, maintain, and manage a public transportation system in the area of Seminole, Orange, and Osceola Counties.” CFRTA is empowered to formulate the manner in which the public transportation system and facilities are developed through construction, purchase, lease or another type of acquisition in addition to development of policies necessary for the operation and promotion of the public transportation system and adoption of rules necessary to govern operation of the public transportation system and facilities.

CFRTA is authorized to issue revenue bonds through the Division of Bond Finance of the State Board of Administration. In addition, the 2010 Legislature amended Section 343.64 (2)(q), Florida Statutes, that allows CFRTA to borrow up to

Highlights

- LYNX met or exceeded 6 of the 12 fixed route objectives established for performance measures. The six measures not met were Operating Expense per Revenue Mile, Operating Expense per Revenue Hour, Operating Expense per Passenger Trip, Operating Expense per Passenger Mile, Revenue Miles versus Vehicle Miles, and Customer Service Complaint Response Time.
- FY 2015 operating expenses decreased \$0.2 million, or 0.2 percent, while operating revenues increased \$1.4 million, or 3.5 percent, over FY 2014.
- Phase 1 (32.5 miles) of the SunRail commuter rail system opened for service on May 1, 2014. LYNX is providing fixed route feeder bus service and complementary paratransit service to the 12 SunRail stations.
- LYNX entered into an Interlocal Agreement with the Department to use the Smart Card System as a method of cashless fare collection on the LYNX fixed route services and paratransit services, SunRail, and for patron transfer between transportation systems for seamless interoperability.
- John Lewis resigned his position as Chief Executive Officer (CEO) of LYNX, effective August 31, 2015. Susan Black, who served as General Manager, was named as Interim CEO until the Board conducted a national search and selected Edward L. Johnson as their new CEO, effective May 9, 2016 (FY 2016).
- LYNX entered into a Fuel Purchase Agreement for compressed natural gas (CNG) fuel, training for LYNX employees on CNG fueling and maintenance procedures, and royalty payments on all third party sales made at the CNG fueling station. LYNX ordered 35 CNG buses and anticipates purchasing a total of 150 CNG buses over five years. The CNG station opened in April 2016 (FY 2016).

Transportation Authority Monitoring and Oversight

\$10 million in any calendar year to refinance all or part of the costs or obligations of the authority, including, but not limited to, obligations of the authority as a lessee under a lease.

CFRTA is an Independent Special District of the State of Florida and subject to the provisions of Chapter 189, Florida Statutes (Uniform Special District Accountability Act) and other applicable Florida Statutes.

The governing body of LYNX, consists of five voting members. The chairs of the county commissions of Orange, Osceola, and Seminole Counties, or another member of the commission designated by the county chair, each serves on the board for the full extent of his or her term. The mayor of the City of Orlando, or a member of the Orlando City Council designated by the mayor, serves on the board for the full extent of his or her term. The District Five Secretary of the Florida Department of Transportation (Department), or his or her designee, also serves on the Board as a voting member. A vacancy during a term must be filled in the same manner as the original appointment and only for the balance of the unexpired term.

Table 37
Central Florida Regional Transportation Authority
Current Board Members

<i>Name</i>	<i>Appointment</i>	<i>Position</i>
Teresa Jacobs	Orange County Mayor	Chair
Viviana Janer	Osceola County Commissioner	Vice-Chair
Noranne Downs, P.E.	District Five Secretary	Secretary
Buddy Dyer	Mayor of Orlando	Board Member
Carlton Henley	Seminole County Commissioner	Board Member

The board of directors (Board) generally meets on a bi-monthly basis to conduct Authority business. Responsibility for managing day-to-day operations rests with the Chief Executive Officer (CEO). John Lewis resigned his position as LYNX CEO, effective August 31, 2015. Susan Black, who serves as LYNX General Manager, was named by the Board

as Interim CEO until a permanent CEO could be selected. After conducting a national search, the Board negotiated a contract with Edward L. Johnson to be the new LYNX CEO, effective May 9, 2016 (FY 2016). Mr. Johnson has more than 20 years experience in the transportation industry including 13 prior years with LYNX. During his previous tenure at LYNX, he served as the Interim CEO, Chief Administrative Officer, Chief of Staff, and the Manager of Operations and Development.

LYNX provides transportation services to the general public in the Orlando metropolitan area and throughout Orange, Osceola, and Seminole Counties in the form of fixed route bus service, bus rapid transit, paratransit service, NeighborLink (Flex) service and carpools/vanpools. In FY 2015, LYNX also provided fixed route service on one route in Lake County and fixed route service on two routes in Polk County. LYNX operates within a service area of 2,500 square miles that is home to approximately 2.0 million residents. The FY 2015 annual operating budget totaled approximately \$127.4 million, a decrease of 1.2 percent from the previous year. Approximately 28.3 million passenger trips were provided for LYNX fixed route services in FY 2015.

LYNX receives significant financial support from its funding partners. For FY 2015 operating funding, the Orange County Commission approved \$40.9 million for LYNX (an 8.2 percent increase from FY 2014), the Seminole County Commission approved \$6.4 million for LYNX (a 4.9 percent increase from FY 2014), and the Osceola County Commission approved \$5.5 million in funding for LYNX (a 1.9 percent increase from FY 2014).

Over the past few fiscal years, LYNX, through the effective leadership of its Governing Board, has continued to enhance public transportation in Central Florida. In FY 2015, LYNX finalized contract

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negotiations with Nopetro for the Compressed Natural Gas (CNG) bus maintenance facility retrofit. Nopetro designed, built, operates and maintains a fast-fill CNG fueling station on land owned by Nopetro adjacent to the LYNX facility on John Young Parkway. LYNX also completed the SR 50/University of Central Florida (UCF) Connector Alternative Analysis Study which focused on identifying the issues, opportunities, and recommended improvements related to transportation in the SR 50 Corridor with a focus on transit. A locally preferred alternative for Bus Rapid Transit (BRT) that operates within general traffic lanes was approved.

Also in FY 2015, LYNX and the City of Orlando extended the LYMMO Orange Line to serve the North Corridor which includes stops along Rosalind Avenue, Marks Street and Orange Avenue to connect several new multi-housing and commercial developments located just north of Colonial Drive (SR 50). In September 2015, the LYNX Board also authorized the conversion of the Cigna Health Insurance Plan from a fully-insured to a self-insured plan for employee health insurance beginning January 1, 2016. LYNX staff believes that modifying the insurance to self-insurance will provide long-term financial benefits and would also allow for plan stability over continuing with a fully-insured plan.

LYNX continued to provide several human service agencies with operating funding from the Federal Transit Administration Job Access and Reverse Commute and New Freedom grants to pay for fifty percent of new or expanded transportation service or service for job access. Agencies receiving funding under these programs included the Opportunity Center, ITN Orlando, Osceola Mental Health, Osceola Council on Aging, Primrose Center and Meals on Wheels.



LYNX Downtown LYMMO Service.

On August 9, 2012, the Board ratified the Transit Development Plan (TDP) major update, containing capital and service improvements necessary to meet projected demands for public transportation throughout Central Florida from FY 2013 through FY 2022. In November 2014, LYNX completed its update to the TDP for the period from FY 2015 through FY 2024. This serves as a progress report of the major TDP update and identifies FY 2014 achievements and updates future year plans and services. The TDP's are currently posted on the Authority's website www.golynx.com.

SunRail

By law, CFRTA must develop and adopt a plan for the development of the Central Florida Commuter Rail that includes CFRTA's plan for the development of public and private revenue sources, funding of capital and operating costs, the service to be provided, and the extent to which counties within the area of operation of the Authority are to be served. An Interlocal Governance Agreement establishing the creation of the Central Florida Commuter Rail Commission (CFCRC) was approved and recorded in July 2007. The CFCRC consists of a five-member governing board: Chairman Buddy Dyer, Mayor of the City of Orlando, Vice Chairman Carlton Henley, Seminole

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County Commissioner, Secretary Viviana Janer, Osceola County Commissioner, Teresa Jacobs, Mayor of Orange County, and Pat Patterson, Vice Chairman of the Volusia County Council. Pursuant to an Interlocal Operating Agreement, the duties of the governing board are in an advisory capacity to the Department for the first seven years of system operation and will include assisting the Department with policy direction as the Department moves forward with planning, design, construction, and implementation of the system. After the first seven years of operation, the Department will turn the system over to the governing board. Detailed information about the CFCRC and CFCRC's commuter rail transit project SunRail, including meeting minutes, current status, and contractual documents can be found on the following website: www.corporate.sunrail.com.

SunRail is a 61.5 mile commuter rail system that will extend from the DeLand station in Volusia County to the Poinciana station in Osceola County. Phase 1, a 32.5-mile segment from the DeBary station in Volusia County to the Sand Lake station in Orange County, opened for service on May 1, 2014, and features 12 stations. Phase 2 will extend further north from DeBary to Deland in Volusia County and south from Sand Lake Road to Poinciana in Osceola County. The 29-mile Phase 2 project will feature 5 stations and is expected to be up and running by late 2017. SunRail currently runs 36 train trips per day, Monday through Friday excluding holidays, on 30 minute intervals during the morning and evening peak hours, and less frequently during the mid-day.

LYNX will be responsible for the provision of fixed route feeder bus service and complementary paratransit service to SunRail stations, while the Department will assist in funding additional fleet buses as well as providing an incremental operating subsidy for the first seven years of

service. LYNX has worked closely with the Department and Votran to develop a SunRail Fare Policy, Equipment, and Implementation Plan to assist with the seamless operation and implementation of the SunRail project. LYNX has collaborated with the Department on the SunRail Feeder Plan, which generally outlines how certain existing routes will change to serve SunRail stations within the LYNX service area, how schedules will likely change, how operating costs will be affected, and how many additional buses will be necessary to meet the needs as outlined in the Plan. In order to avoid duplicative procurement efforts and to assure consistency and interoperability between LYNX and SunRail systems, a joint solicitation between LYNX and the Department was released for the purchase of Fare Collection System Equipment.



SunRail Station Adjacent to LYNX Central Station.

In November 2012, the CFRTA Board authorized an agreement with Rida Development Corporation for the joint use and/or development of a 60 foot strip of CFRTA land located adjacent to the LYNX Central Station (LCS) in Orlando and to the east side of the new SunRail station at the LCS. The LCS will be incorporated into the design and construction of Rida's proposed multiuse Transit Oriented Development (TOD) project that will occupy an entire city block. In addition to the

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connectivity to public transportation, the development will include a mix of residential, retail, office, hotel and meeting space, and will include green space and a pedestrian breezeway for easy access for SunRail and LYNX patrons.

In April 2014, the CFRTA Board approved to enter into an Interlocal Agreement with the Department to use the Smart Card System as a method of cashless fare collection on the LYNX fixed route services and paratransit services; the Department's SunRail commuter rail service; and for patron transfer among both transportation systems. The Department is responsible for operation of the central system and the clearinghouse that will recognize revenue when a fare is presented to a fare device and transmit the necessary data in order to properly deposit revenue to the appropriate Department or LYNX bank accounts. However, each party is responsible for the provision of fare card customer service, including managing card sales, customer inquiries, account management, refunds, and other services that may be provided to their customers. The Board also approved to enter into a Joint Participation Agreement with the Department for feeder bus service that will provide access to SunRail stations.

Compressed Natural Gas (CNG)

In November 2014, the CFRTA Board finalized negotiations on the CNG Unsolicited Proposal from Nopetro. Under the 20 year Fuel Purchase Agreement, Nopetro will design, build, operate and maintain a fast-fill CNG fueling station on land owned by Nopetro adjacent to the LYNX facility on John Young Parkway; train LYNX employees on CNG fueling and CNG bus maintenance procedures; and provide LYNX with royalty payments on all third party sales made at the station. LYNX ordered 35 CNG buses and anticipates purchasing a total of 150 CNG buses

over the first five year period pursuant to the terms of the agreement. Currently, LYNX has received, and placed into revenue service, all of the 35 CNG buses that were ordered. While a CNG bus is more expensive than a normal diesel bus, it also runs much cleaner and has substantially reduced fuel costs. LYNX indicated that the price of CNG is consistently lower than diesel by approximately \$1.50 per diesel gallon equivalent. For the first 15 years of the agreement, LYNX is obligated to purchase from Nopetro annually a minimum volume of CNG fuel, which equates to what the initial 35 CNG buses are estimated to use in the calendar year. Pricing for the CNG fuel is based on the New York Exchange commodity price, a volume based compression fee (indexed to CPI) to compensate Nopetro for all of its costs and expenses, and an employee adder charge for Nopetro employees who man the fueling station and fill up the LYNX buses. A separate construction contract was entered into for renovations to the LYNX facilities at John Young Parkway so that CNG buses can be maintained and serviced there. The facility, which is the nation's largest public-private partnership (P3) CNG fueling facility, opened in April 2016 (FY 2016),

Unless otherwise indicated, all statistics and performance measures in the following section of this document refer only to LYNX fixed route service and do not include LYNX paratransit services, NeighborLink (Flex) services or commuter services.

Performance Measures

Pursuant to the Florida Transportation Commission's (Commission) expanded role in providing oversight to specified Authorities, the Commission conducts periodic reviews of each Authority's operations and budget, acquisition of property, management of revenue and bond

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proceeds, and compliance with applicable laws and Generally Accepted Accounting Principles (GAAP). Consequently, the Commission, in concert with the Authorities, developed performance measures and management objectives that establish best practices across the industry to improve the overall delivery of services to the traveling and freight moving communities that are critical to the overall economic well-being and

quality of life in Florida. FY 2015 results, as reported by LYNX, are provided in Table 38. Results for the last five fiscal years are included in Appendix A.

LYNX was an active participant in the development of performance measures and in establishing objectives to measure its performance. Every attempt was made to ensure that the objectives

Table 38
Central Florida Regional Transportation Authority
Summary of Performance Measures
FY 2015¹

<i>Performance Measure</i>	<i>Detail</i>	<i>Objective</i>	<i>Actual Results</i>	<i>Meets Objective</i>
Average Headway	Average time for vehicle to complete its portion of total route miles one time	<30 minutes	26.7	✓
Operating Expense per Revenue Mile	Operating expenses divided by revenue miles	<\$5.30	\$6.51	X
Operating Expense per Revenue Hour	Operating expenses divided by revenue hours	<\$75	\$88.43	X
Operating Revenue per Operating Expense	Revenue generated through operation of the transit authority divided by operating expenses	>30%	44.4%	✓
Operating Expense per Passenger Trip	Operating expenses divided by annual ridership	<\$3	\$3.40	X
Operating Expense per Passenger Mile	Operating expenses divided by passenger miles	<\$0.47	\$0.59	X
Revenue Miles between Safety Incidents	Annual revenue miles divided by safety incidents	>124,513	132,067	✓
Revenue Miles between Failures	Revenue miles divided by revenue vehicle system failures ²	>10,500	12,055	✓
Revenue Miles versus Vehicle Miles	Revenue miles divided by vehicle miles ³	>.90	0.898	X
Customer Service	Average time from complaint to response	14 days	20 days	X
Customer Service	Customer complaints divided by boardings	<1 per 5,000 boardings	0.8	✓
On-time Performance	% trips end to end on time "less than 5 minutes late"	>80%	80.8%	✓

¹ Fiscal Year 2015 represents 12 months of data from October 1, 2014 through September 30, 2015.

² A failure is classified as the breakdown of either a major or minor element of the revenue vehicle's mechanical system.

³ Total annual vehicle miles include: deadhead miles, vehicle miles from the end of service to the garage, driver training and other miscellaneous miles not considered to be in direct revenue service.

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that were selected would be a true measure of each of the Authority's effectiveness and efficiency in each of the applicable areas. LYNX performance data used for this report represent information collected during FY 2015, which spans from October 1, 2014 through September 30, 2015 (LYNX reports on a federal fiscal year). LYNX was successful in achieving 6 of the 12 objectives for performance.

Each measure is discussed in terms of achievement of the objective, prevailing trends, and future corrective action.

Average Headway

In FY 2015, LYNX achieved the performance measure objective for average headway of less than 30 minutes with actual results of 26.7 minutes. This was a decrease of 0.6 minutes, or 2.2 percent, versus FY 2014. Operating 10 to 15 minute headways on major corridors with small vehicles circulating through neighborhoods and feeding into workforce routes is a long-term goal.

As a customer convenience, in addition to fixed route service, LYNX operates Flex services called NeighborLink in a number of defined areas within the LYNX service area. NeighborLink provides scheduled service between fixed points not on LYNX fixed-route and designated points on LYNX fixed-route. NeighborLink also provides curbside service to any address within a defined service area. Passengers who want to use the NeighborLink service to go anywhere within the NeighborLink service area can call to make a reservation at least two hours ahead of their requested pick up time.

Operating Expense per Revenue Mile

The relationship between operating expenses and revenue miles provides a measure of the cost efficiency related to the provision of service. LYNX

operating cost per revenue mile of \$6.51 was higher than the objective of \$5.30 by \$1.21 (22.8 percent) but decreased from the \$6.67 reported in FY 2014. FY 2015 operating expenses decreased 0.2 percent while revenue miles increased 2.3 percent from FY 2014. The decrease in operating expenses is primarily attributed to a decline in fuel prices.

LYNX fell short of this performance objective and three other expense related objectives (operating expense per revenue hour, per passenger trip, and per passenger mile). LYNX incurred a \$2.0 million increase in wages and benefits primarily due to contractual increases. Additionally, purchased transportation services costs increased \$0.3 million due to a contracted express route in support of the Sunrail start-up. Conversely, LYNX fuel costs decreased by \$1.9 million primarily due to lower fuel prices. Professional services and casualty and liability insurance costs also decreased \$0.4 million and \$0.2 million, respectively. LYNX identified the following activities to reduce operating costs moving forward:

- Restructuring service to eliminate low productivity service
- Increasing recruitment efforts for bus operators and mechanics to reduce overtime costs
- Run-cutting (rescheduling operators' shifts) for improved efficiency and reducing overtime
- Continually reviewing fuel prices and utilizing "hedging" options to curb price volatility

Other measures to assist with operating cost reductions include the fuel hedging program, CNG buses and the successful negotiation of union contracts. Beginning in July 2011, LYNX entered into several fuel hedging contracts with a counterparty to cover a significant portion of

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planned fuel purchases for current and future FY's. The objective is to smooth out the fluctuation in fuel prices and to limit the extent to which the price paid for fuel could increase during the FY. As of September 30, 2014, the maturity dates of the open contracts are September 2015. As previously noted, LYNX ordered and placed into service 35 CNG buses and anticipates purchasing a total of 150 CNG buses over the first five year period of the CNG contract. LYNX indicated that the price of CNG is consistently lower than diesel by approximately \$1.50 per diesel gallon equivalent.

Operating Expense per Revenue Hour

The relationship between operating expenses and revenue hours provides a measure of the cost efficiency of the service provided relative to the time expended in the provision of the service. LYNX operating cost per revenue hour of \$88.43 exceeded the objective of less than \$75.00 per hour by \$13.43 (17.9 percent). FY 2015 operating expenses decreased 0.2 percent while revenue hours increased 2.8 percent. Improvement was noted from the \$91.07 reported in FY 2014.

Operating Revenue per Operating Expense

The relationship between operating revenue and operating expense provides a measure of the effectiveness of the use of revenue. Unlike the two previous objectives, where the goal was to achieve a lower cost per revenue mile or revenue hour, the goal for this objective is to be higher than the objective because the higher the revenue per unit of expense, the more efficient the operation is. With operating revenue being 44.4 percent of operating expense, LYNX surpassed the objective (greater than 30 percent) by 48.0 percent. Compared to FY 2014, FY 2015 operating revenues increased 3.5 percent while operating expenses decreased 0.2 percent.

Operating Expense per Passenger Trip

The relationship between operating expenses and passenger trips provides a measure of the cost efficiency to transport passengers. The lower the cost per passenger trip, the more cost efficient the operation is. The LYNX operating cost per passenger trip of \$3.40 was higher than the objective of less than \$3.00 by \$0.40 (13.3 percent). This compares to \$3.34 reported for FY 2014. FY 2015 operating expenses decreased 0.2 percent over FY 2014, while ridership (passenger trips) decreased 1.9 percent, thereby negatively impacting FY 2015 results.

Operating Expense per Passenger Mile

The relationship between operating expenses and passenger miles also provides a measure of the general cost efficiency of the service provided. LYNX operating cost per passenger mile of \$0.59 exceeded the objective of less than \$0.47 by \$0.12, and was slightly lower than the \$0.60 reported for FY 2014. Passenger miles increased 0.2 percent in FY 2015, while operating expenses decreased 0.2 percent.

LYNX indicated that improvement in performance related to this objective would be difficult due to the operating costs associated with the long distance of non-revenue travel that is required to maintain system connectivity for a widely dispersed passenger base within a service area of 2,500 square miles. Nonetheless, efforts on the part of LYNX to eliminate inefficient services throughout the service area by reducing inefficient interlining between routes, placing additional buses along routes that were deficient in meeting their on-time performance and focusing on primary corridors should positively impact this area of performance moving forward. In December 2010, LYNX took a major step with respect to meeting this objective by opening a satellite operating facility in the southern portion of its service area in

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the City of Kissimmee. This facility reduces the amount of non-revenue travel associated with operations in Osceola County. LYNX is also pursuing a similar opportunity in the northern portion of its service area in Seminole County.

Revenue Miles between Safety Incidents

The span of revenue miles between incidents is a measure of safe customer service. Significant revenue miles between safety incidents results in infrequent exposure of customers to safety hazards. LYNX achieved the greater than 124,513 revenue miles between safety incidents objective with 132,067 revenue miles between safety incidents reported in FY 2015 (6.1 percent above the target). In FY 2015, revenue miles increased 2.3 percent, while safety incidents increased 1.8 percent (from 110 in FY 2014 to 112 in FY 2015).

LYNX policies require a criminal record and driving record background check for any prospective employee who will operate LYNX vehicles (buses and paratransit vehicles). Driving records are checked annually for all current employees. All safety sensitive employees are subjected to mandatory random drug testing under Federal law. Safety sensitive employees involved in a collision with injuries are tested for drugs and alcohol. In



LYNX Articulated Bus.

addition, safety training is provided during each new hire orientation. In May 2012, the CFRTA Board authorized the implementation of Revised Substance Abuse Program Policies for Non-Safety Sensitive Positions as well as For Safety Sensitive Positions.

Revenue Miles between Revenue Vehicle System Failures

The span of revenue miles between revenue vehicle system failures (defined as the breakdown of either a major or minor element of the revenue vehicle's mechanical system) is a measure of maintenance effectiveness in keeping the fleet in good condition. A significant number of revenue miles between revenue vehicle system failures can serve to reinforce customer confidence in on-time bus performance. LYNX achieved the performance measure objective of greater than 10,500 revenue miles between revenue vehicle system failures with 12,055 revenue miles between failures reported in FY 2015. This compares to 9,770 and 8,912 revenue miles between failures reported in FY 2013 and FY 2014, respectively. Revenue vehicle system failures increased 52.4 percent in FY 2013 (from 972 in FY 2012 to 1,481 in FY 2013) and totaled 1,623 and 1,227 in FY 2014 and FY 2015, respectively.

LYNX management indicated that the significant increase in revenue vehicle system failures in FY 2013 and FY 2014 is primarily attributed to fuel contamination with microbes that caused an increase in road calls due to fuel filters plugged. LYNX attributed the 24.4 percent decrease in revenue vehicle system failures in FY 2015 to improved maintenance reporting and preventative maintenance programs.

Revenue Miles versus Vehicle Miles

The relationship between revenue miles and vehicle miles provides a measure of the

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effectiveness of fleet assignment given that vehicle miles include non-revenue miles, such as deadhead miles (from operations facility to start of a route and vehicle miles from the end of the route to the operations facility). LYNX just missed meeting the performance measure objective of greater than 0.900 with 0.898 for FY 2015. This compares to the 0.902 reported for FY 2014.

LYNX continues to explore ways to improve fixed-route services in order to better serve its customers. LYNX plans to improve service during the upcoming fiscal year through continued evaluation of route performance, service modifications and implementing alternative vehicle sizes resulting from the route evaluation. LYNX will also continue to determine the applicability of Flex services to allow greater community penetration of public transit, while at the same time, making corridor routes more efficient by eliminating their deviation into neighborhoods.

Customer Service – Average Time from Complaint to Response

LYNX did not achieve the performance measure objective of timely response to customer complaints within 14 days of receipt of the complaint with actual response time of 20 days in FY 2015. This compares to 16 days reported in FY 2014. Customer complaints increased 38.1 percent in FY 2015, from 3,266 in FY 2014 to 4,509 in FY 2015. The increase in average time for response to customer complaints is due to system issues in the customer complaint tracking system. Once the system issues were corrected, the average days to response dropped below 10 days.

Customer Service – Number of Complaints per Boarding

LYNX achieved the performance objective of less than one complaint per 5,000 boardings with 0.8 complaints.

On-time Performance

LYNX reported 80.8 percent on-time performance, meeting the on-time performance objective of greater than 80 percent of trips end-to-end on-time. On-time is defined as less than five minutes late arriving at a fixed route schedule time point. This compares to 78.1 percent on-time performance reported in FY 2014.

LYNX implemented steps to increase its on-time performance throughout the service area by adjusting the scheduled times of existing routes to better reflect the actual route running times documented for the route by its AVL system. The agency also implemented the use of pull-out bus relief for poorly-performing routes instead of car relief to insure a route starts on-time. LYNX has also initiated a program of bus stop consolidation starting with its highest ridership routes to reduce the number of stops a bus has to make along its route.

Operating Indicators

The Commission, in concert with the authorities, developed indicators that provide meaningful operational and financial data that supplement performance measures in evaluating and monitoring organizational performance. The Commission did not establish objectives or goals for these indicators, as various authorities have unique characteristics. FY 2015 operating indicators, as reported by LYNX are provided in Table 39. In order to observe current trends, operating indicators for FY 2013 and FY 2014 are also provided. Results for the last five fiscal years are included in Appendix A.

FY 2015 operating expenses decreased \$0.2 million, or 0.2 percent, while operating revenues increased \$1.4 million, or 3.5 percent, over FY

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Table 39
Central Florida Regional Transportation Authority
Summary of Operating Indicators
FY 2013 through FY 2015

Operating Indicator	Detail	Actual 13 Results	Actual 14 Results	Actual 15 Results
Operating Expense per Capita (Potential Customer)	Annual operating budget divided by service area population	\$48.42	\$49.22	\$48.08
Farebox Recovery Ratio	Ratio of passenger fares ¹ to total operating expenses	29.9%	28.3%	27.5%
Service Area Population	Approximation of overall market size	1,913,779	1,960,634	2,003,626
Service Area Population Density	Persons per square mile based on service area population and size	754.1	772.5	789.5
Operating Expense	Spending on operations, including administration, maintenance, and operation of service vehicles	\$92,663,107	\$96,499,805	\$96,340,963
Operating Revenue ²	Revenue generated through operations of transit authority	\$39,143,688	\$41,301,500	\$42,734,827
Total Annual Revenue Miles	Miles vehicles operated in active service ³	14,468,719	14,464,800	14,791,484
Total Annual Revenue Hours	Hours vehicles operated in active service	1,052,451	1,059,575	1,089,453
Total Revenue Vehicles ⁴	Vehicles available to meet annual maximum service requirement	290	296	308
Peak Vehicles	Vehicles operated to meet annual maximum (peak) service requirements	232	248	252
Ratio of Revenue Vehicles to Peak Vehicles ⁵ (spare ratio)	Revenue vehicles, including spares, out-of-service vehicles, and vehicles in/awaiting maintenance, divided by the number of vehicles operated in maximum service	20.0%	16.2%	18.2%
Annual Passenger Trips ⁶	Passenger boardings on transit vehicles	28,801,893	28,868,418	28,327,951
Average Trip Length	Average length of passenger trip, generally derived through sampling	5.5	5.6	5.7
Annual Passenger Miles	Passenger trips multiplied by average trip length (in miles)	158,410,412	161,663,141	162,035,880
Weekday Span of Service (hours)	Hours of transit service on a representative weekday from first service to last service for all modes	23.0	23.0	23.0
Average Fare	Passenger fare revenues divided by passenger trips	\$0.96	\$0.95	\$0.94
Passenger Trips per Revenue Mile	Passenger trips divided by revenue miles	1.99	2.00	1.92
Passenger Trips per Revenue Hour	Passenger trips divided by revenue hours	27.4	27.2	26.0
Passenger Trips per Capita	Passenger trips divided by service area population	15.0	14.7	14.1
Average Age of Fleet	Age of fleet (in years) average	5.9	5.9	5.6
Unrestricted Cash Balance	End of year cash balance from financial statement	\$22,530,314	\$35,228,849	\$42,316,042
Weekday Ridership	Average ridership on weekdays	91,587	92,049	88,600
Capital Commitment to System Preservation	% of capital spent on system preservation	67.0%	51.0%	77.0%
Capital Commitment to System Expansion	% of capital spent on system expansion	33.0%	49.0%	23.0%
Intermodal Connectivity	Intermodal transfer points available	6	6	6

¹ Passenger fares are revenues generated annually from carrying passengers in regularly scheduled service, including payment from jurisdictions for feeder bus service.

² Operating revenue includes passenger fares, special transit fares, school bus service revenues, freight tariffs, charter service revenues, auxiliary transportation revenues, subsidy from other sectors of operations, and non-transportation revenues.

³ Active service refers to vehicle availability to pick up revenue passengers.

⁴ Total revenue vehicles include spares, out-of-service vehicles, and vehicles in or awaiting maintenance, but exclude vehicles awaiting sale and emergency contingency vehicles.

⁵ Vehicles awaiting sale and emergency contingency vehicles are not included as revenue vehicles in this calculation.

⁶ A passenger trip is counted each time a passenger boards a transit vehicle.

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2014. LYNX logged 0.5 million, or 1.9 percent, fewer passenger trips and the average trip length increased by 0.1 miles to 5.7 miles in FY 2015. As a result, passenger miles increased by 0.4 million to 162.0 million (an increase of 0.2 percent). FY 2015 revenue miles and revenue hours increased 2.3 percent and 2.8 percent, respectively, from FY 2014. The farebox recovery ratio decreased from 28.3 percent in FY 2014 to 27.5 percent in FY 2015 and the average fare slightly decreased from \$0.95 in FY 2014 to \$0.94 in FY 2015. Average weekday ridership decreased 3.7 percent (from 92,048 in FY 2014 to 88,600 in FY 2015). LYNX attributed this decrease in ridership to a decline in fuel prices in FY 2015.

Passenger trips decreased 1.9 percent and the average trip length increased by 0.1 miles, resulting in a 0.2 percent increase in passenger miles in FY 2015.

FY 2015 revenue miles and revenue hours increased 2.3 percent and 2.8 percent, respectively.

FY 2015 average weekday ridership decreased 3.7 percent as compared to FY 2014. This decrease is attributed to a decline in fuel prices in FY 2015.

The average age of the fleet decreased from 5.9 years to 5.6 years and the operating spare ratio increased from 16.2 percent to 18.2 percent allowing the Authority flexibility in terms of providing expanded service in the future. The unrestricted cash balance increased \$7.1 million (from \$35.2 to \$42.3 million) and LYNX committed 77 percent of capital investment to system preservation and 23 percent to system expansion. Investments in system expansion include funding for rolling stock, bus rapid transit, passenger amenities, technology, security, facilities, support equipment and ARRA projects.

Intermodal Connections

LYNX currently provides intermodal connections that include connections to airports, circulator bus systems, park and ride lots, and the new SunRail Commuter Rail system. The LYNX Central Station SunRail Station is an Intermodal Connection which is served by 32 LYNX fixed routes and one LYNX Bus Rapid Transit route. The Church Street SunRail Station is an Intermodal Connection served by one LYNX Bus Rapid Transit route. The Kissimmee Intermodal Station is an Intermodal Connection with AMTRAK and the Greyhound bus line which is served by nine LYNX fixed routes and one LYNX NeighborLink route.

Airport Connections

Five LYNX fixed routes provide direct service to Orlando International Airport. In Osceola County, one route runs adjacent to the Kissimmee Municipal Airport. In Seminole County, one route runs adjacent to the Orlando Sanford International Airport.

Circulator Connections

The University of Central Florida (UCF) Superstop is located centrally on campus and serves as a transfer point between six LYNX fixed routes and the UCF-provided circulators serving the campus, surrounding apartments and businesses.

The Walt Disney World Resort complex has the Disney Springs Transfer Center and the Transportation and Ticket Center. These locations serve as transfer points for nine LYNX fixed routes to the Disney World Transportation Circulator system.

Park & Ride Connections

LYNX provides service to three Park & Ride locations: the Econolockhatchee Park & Ride Lot on SR 50 in Orange County, the Chuluota Park &

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Ride Lot on SR 50 in Orange County, and the Kissimmee/St. Cloud Turnpike Park & Ride Lot at US 192 and Shady Lane in Osceola County.

Governance

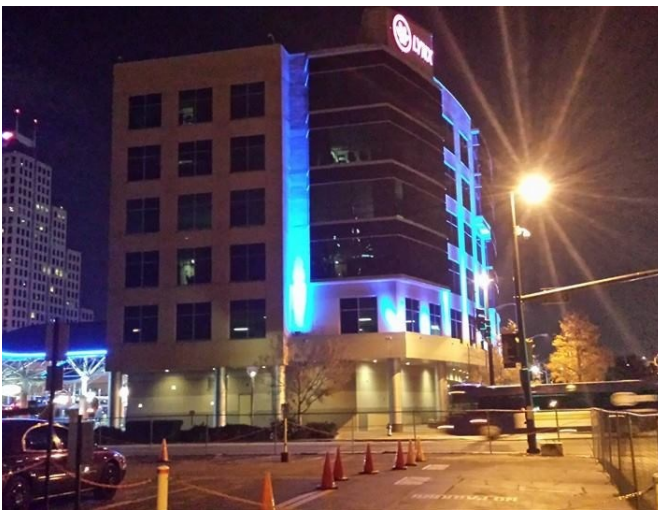
In addition to establishing performance measures and operating indicators for transportation authorities, the Commission developed “governance” criteria for assessing each authority’s adherence to statutes, policies and procedures. To that end, the Commission monitored compliance in the areas of ethics, conflicts of interest, audits, public records, open meetings, procurement, consultant contracts and compliance with bond covenants.

Ethics and Conflict of Interest

On January 22, 2009, the LYNX Board amended and modified Administrative Rule 5, Code of Ethics, to establish additional rules and policies pertaining to the conduct of all officers, managers, employees, or agents of the Authority and Members of the Board pursuant to Part III, Chapter 343, Florida Statutes. The Authority elected to apply certain provisions of the State Code of

Ethics, Part III of Chapter 112, Florida Statutes. “The declared policy of this law is to prohibit any Member, Officer or Employee from having any interest in, or engaging in, any obligation “which is in substantial conflict with the proper discharge of his duties in the public interest” § 112.311, Florida Statutes (2005). All Members, Officers and Employees of the Authority shall familiarize themselves with and comply with all applicable provisions of Part III of Chapter 112, Florida Statutes.” Administrative Rule 5 details provisions related to the use of official position to secure special privileges or exemptions, disclosure of confidential information, transacting business in an official capacity, and personal investments. In order to comply with financial disclosure and gift reporting requirements, Administrative Rule 5 requires that “the Authority shall maintain current lists of reporting individuals as required by State law, and provides additional requirements to assure ethical conduct of Members, Officers and Employees of the Authority, and shall be, wherever possible, construed as supplemental to Part III of Chapter 112, Florida Statutes.” Administrative Rule 5 incorporates the use of Form 8B, Memorandum of Voting Conflict for County, Municipal, and Other Local Public Officers. In the event any Member of the Board is presented with a voting conflict of interest under Section 112.3143, Florida Statutes, that person must abstain from voting on such a matter (but may participate in the discussion of such a matter) by first disclosing said conflict. In addition, said Member must complete and file with the Secretary of the Board the Form 8B before making any attempt to influence the decision.

LYNX reported no ethics or conflict of interest violations during the past year and no Memorandum of Voting Conflict (Form 8B) were provided.



LYNX Central Station at Night.

Transportation Authority Monitoring and Oversight

Audit

The CFRTA Board amended its Bylaws in September 2014 by re-designating the Audit and Oversight Committee as the Oversight Committee and established the Finance and Audit Committee and the Risk Management Committee. The Finance and Audit Committee is responsible for recommending to the Oversight Committee and Authority staff financial policies, goals and budgets that support the mission, values and strategic goals of the Authority, and for overseeing the annual audit of CFRTA's financial statements. CFRTA Board members, or their designated representatives, comprise the Oversight Committee membership which reviews matters prior to making recommendations to the CFRTA Board for official action. Detailed minutes of the Committee and the Board meetings are posted on the LYNX website www.golynx.com along with a schedule of future meetings.

An annual independent audit of the Central Florida Regional Transportation Authority's financial statements for the fiscal year ended September 30, 2015 was performed. The Independent Auditor's Report (dated March 17, 2016) indicated that the financial statements were prepared in conformity with GAAP and received an unmodified opinion. The Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards did not identify any deficiencies in internal control that were considered material weaknesses, and the results of audit tests did not disclose instances of noncompliance required to be reported under Government Auditing Standards. The Independent Auditor's Report on Compliance for Each Major Program and State Financial Assistance Project and on Internal Control Over Compliance Required by OMB Circular A-133 and Chapter 10.550, Rules



LYNX Operations Center.

of the Auditor General indicated no issues related to compliance, internal control, findings or questioned costs required to be reported under applicable standards. The Independent Auditor's Management Letter did not have any findings or recommendations for improvement.

Public Records and Open Meetings

On August 24, 2006, LYNX issued Administrative Rule 9 Public Records, pursuant to Article 1, Section 24, Florida Constitution and Chapter 119, Florida Statutes that applies to all officers, managers, employees or agents of the Authority and members of the Board. The Rule defines public records and outlines provisions related to public access, format of public records, information concerning the public records office, public record requests, including fees and charges, and public record exemptions.

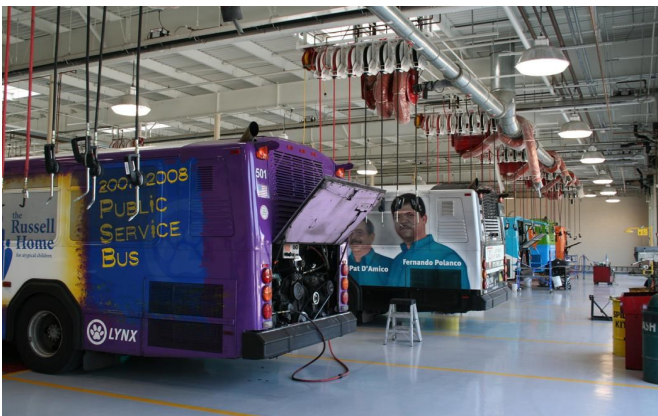
On January 19, 2006, LYNX established Administrative Rule 2, Board Governance (Bylaws). On July 28, 2010 and September 25, 2014, the Board amended and restated the Bylaws. The Bylaws delineate the rules that govern the affairs and conduct of the business of LYNX including the authority and composition of the Board, meetings of the Board, as well as the roles and

Central Florida Regional Transportation Authority (CFRTA/LYNX)

responsibilities of Board officers and members. Meetings of the Board are administered in accordance with Robert's Rules of Order. Notice of and public access to all meetings must be given in the manner required by applicable law as well as by LYNX Bylaws. Public notices are posted at the LYNX main administration building and are published on the LYNX website. An agenda must be prepared prior to each meeting. LYNX is also subject to the provisions of Section 189.015, Florida Statutes and Chapter 286, Florida Statutes, for open meetings.

LYNX implemented a Public Participation Program Policy, effective September 2008, which applies to all officers, employees, and agents of LYNX. "It shall be the policy of LYNX to proactively inform and involve the Central Florida public in the planning and implementation of new services, routing adjustments, passenger fare adjustments, new facility construction, and planning activities in accordance with Federal and State Regulations."

The Commission reviewed agendas and notices of public meetings available on the LYNX website, and public meeting notices published in the Orlando Sentinel newspaper. Based on this limited review, it appears that LYNX is operating within procedure and statute.



LYNX Operations Maintenance Center.

Procurement

On May 22, 2014, the LYNX Board amended and restated Administrative Rule 4, Procurement and Contract Administration, which "applies to the process by which the Authority contracts for labor, services, goods, and materials for its business, both in the normal and ordinary course of business and in emergency situations. It establishes the process and procedure to be followed by the Authority, the Governing Board, and Authority Staff in regard to said matters."

Administrative Rule 4 delineates contracting Authority for eight distinct types of contracts, including major contracts, options for major contracts, minor contracts, bus advertising contracts, emergency purchases, fuel purchases, short-term bus service agreements, and financially exigent agreements. Board approval is required for all major contracts over \$150 thousand, and the governing board does have the authority when it approves the contract to delegate authority. If the Board does not specifically authorize staff to exercise options for major contracts, options must go before the Board for approval. Minor contracts are defined as contracts with a value of \$150 thousand or less that are approved in the budget. Minor contracts may be approved by the CEO or delegated by the CEO to the Chief Financial Officer (CFO) and/or the General Manager (GM) (value of \$150 thousand or less), any Senior Officer including the Director of Procurement (value of \$50 thousand or less), the Procurement/Contracts Manager (value of \$25 thousand or less), Contract Administrator/Buyer (value of \$5 thousand or less), or to other LYNX employees (purchases of \$3 thousand or less) and must be noticed to the Board as an information item at the next scheduled meeting, if the contract exceeds \$25 thousand.

Transportation Authority Monitoring and Oversight

Bus advertising contracts are defined as Level 1, Level 2, and Level 3. Level 1 contracts may be approved by the CEO, GM and the CFO and include contracts that do not exceed \$180 thousand in the aggregate, where the term does not exceed 12 months. If the Level 1 contract is less than \$150 thousand, the CEO can further delegate authority to approve the contract pursuant to the rules governing minor contracts. Level 2 consists of those contracts that exceed \$180 thousand but are less than \$300 thousand or have a term greater than 12 months. The CEO may approve Level 2 contracts provided that the contracts receive prior approval of the Authority's General Counsel; however, the CEO may not delegate approval authority for Level 2 contracts. Level 3 contracts include all bus advertising contracts that fall outside of Levels 1 and 2. Level 3 contracts must be approved by the Board, reviewed by the General Counsel, and approval authority may not be delegated. In addition, if the bus advertising contract involves a bus trade, which refers to a transaction involving a bus advertising contract where LYNX provides third party advertising in exchange for payment in kind, the bus trade must be approved by the CEO. A summary of new advertising contracts is required to be provided as information items to the Board at its next meeting.

Contracts involving emergency purchases must be reported to the Board at its next scheduled meeting as a discussion item. The CEO may approve an emergency purchase of \$150 thousand or less without approval of the Board and may delegate approval authority to any senior officer. If the amount exceeds \$150 thousand, the CEO shall attempt to contact the Chairman or Vice Chairman for approval and oversight. If the Chairman and Vice Chairman are unavailable, and the situation necessitates immediate action, the CEO will have authority to approve and execute the contract. The CEO may not delegate approval authority for amounts in excess of \$150 thousand.

Authority for approval is also provided to the Chairman of the Board, or in his absence, the Vice Chairman of the Board. In the absence of the CEO, approval authority may be granted to any senior officer by the Chairman or Vice Chairman.

Board approval is required for contracts with vendors to supply fuel to the Authority. The selection of vendors is by the competitive bid process and different vendors can be selected for different types of fuels to be purchased. For example, fuel contracts are either based upon the Oil Price Information Service (OPIS) pricing, U.S. Gulf Coast Platts Index, or spot market pricing. Board approval of the fuel contracts and their execution does not constitute any obligation by LYNX to purchase fuel but allows LYNX to purchase fuel, if it chooses, in accordance with the terms therein. If the Board approved contract utilizes OPIS or spot market pricing, the CEO, other Senior Officer, or the Director of Procurement is authorized to purchase fuel under the contract provided the fuel is for the present use of the Authority (used within seven days). If the Board approved fuel contract utilizes future contracts, the CEO is authorized to purchase fuel under the contract provided that the price for the fuel is within the Board approved budget for fuel purchases for that particular year. The governing board would generally establish guidelines for fuel purchases every two years.

The CEO may approve short-term bus service agreements, if the dollar value of the agreement does not exceed \$500 thousand, and may delegate approval authority, but must report the agreement to the Board at its next scheduled meeting. The CEO may also approve financially exigent agreements if the agreement or renewal is less than \$150 thousand. The CEO may delegate approval authority for financially exigent agreements and must report the agreement to the governing board at its next scheduled meeting.

Central Florida Regional Transportation Authority (CFRTA/LYNX)

Administrative Rule 4 also mandates that the procurement of certain consultant or professional services shall be conducted in accordance with provisions of law, including Florida Statutes 287.055, or any successor provision thereof (the “Consultants Competitive Negotiations Act”) or to 40 U.S.C. 541, where applicable. In addition, Administrative Rule 6, Dispute Resolution, requires that the Authority notify the FTA of any protests related to procurements involving federal funds and keep the FTA informed of the status of any such protests.

Disadvantaged Business Enterprise Policy

LYNX has established a Disadvantaged Business Enterprise (DBE) program in accordance with regulations of the U.S. Department of Transportation (USDOT), 49 CFR Part 26. As a recipient of federal financial assistance from

USDOT and as a condition of receiving this assistance, LYNX has signed an assurance that it will comply with 49 CFR Part 26. It is the policy of LYNX to ensure DBEs, as defined in Part 26, have an equal opportunity to receive and participate in USDOT-assisted contracts.

Consultant Contract Reporting

LYNX provided a list of all “General Consulting” contracts and those sub contracts that exceeded \$25 thousand in FY 2015. As indicated in Table 40, 15 sub consultants were used by the general consulting firms for a total cost of \$10.2 million in FY 2015.

Compliance with Bond Covenants

LYNX has no outstanding revenue bonds issued at this time. LYNX does have one outstanding State Infrastructure Bank (SIB) Loan Agreement with the Department.

Table 40
Central Florida Regional Transportation Authority
Summary of General Consultant Sub Consultant Activity
FY 2015

<i>Consulting Contract</i>	<i>Description</i>	<i>Sub Consultants >\$25k</i>
AECOM Technical Services, Inc.	Construction Management, Engineering and Inspection	
AED Florida LLC	Electrical, Mechanical (Heating/AC) Engineering Design	\$106
Buchheit Associates	Electrical, Mechanical (Heating/AC) Engineering Design	\$100
SWS Environmental SE	Electrical, Mechanical (Heating/AC) Engineering Design	\$388
WBQ Design & Engineering	Electrical, Mechanical (Heating/AC) Engineering Design	\$37
Balfour Beatty	Construction Management, Engineering and Inspection	
JCB Construction, Inc.	General Construction Services - Pavement	\$3,891
ValleyCrest Landscape Development	Landscape and Hardscape	\$2,416
The New Florida Industrial Electric	Signalization & Electrical	\$1,762
Central Florida Underground, Inc.	Utilities	\$810
HDR Engineering, Inc.	TSP Timing Design	\$93
Anderson and Associates, P.A.	DBE Consultant and Community Outreach	\$27
L&S Diversified, LLC	Survey and Asbuilts	\$47
Cardno, Inc.	ISRP Implementation & Health, Safety	\$289
Twin City Welding	Shelter Installation	\$32
PCL Construction Services, Inc.	Construction Management, Engineering and Inspection	
Spencer Fabrications	Passenger Amenities	\$36
Clever Devices LTD	Real Time Passenger Information & On Board	\$192
Total Sub Consultants >\$25k		\$10,226

Transportation Authority Monitoring and Oversight

Loans Payable

On June 9, 2004, the Authority entered into a State Infrastructure Bank (SIB) Loan Agreement, allowing draws of up to \$7.6 million for the construction of the new Operating Base Facility. This loan matures in 2016, was non-interest bearing until October 1, 2007, and bears an interest rate of two percent, thereafter. LYNX committed its FTA 5307 grant funds as the source to fund the payment obligations of the loans, pursuant to the SIB Loan Agreement. Loans payable activity for fiscal year ended September 30, 2015 is as follows:

Table 41
Central Florida Regional Transportation Authority
Loans Payable
September 30, 2015

Loan				Amounts
	Beginning Balance	Payments	Ending Balance	Due Within One Year
SIB	\$ 2,392,156	\$ 781,649	\$ 1,610,507	\$ 797,282
Total	\$ 2,392,156	\$ 781,649	\$ 1,610,507	\$ 797,282

Website Compliance

The 2014 Legislature passed, and Governor Scott signed into law, Senate Bill 1632 that significantly amended Chapter 189, Florida Statutes (Uniform Special District Accountability Act). A new Section 189.069, Florida Statutes, requires special districts to maintain an official internet website by October 1, 2015 (FY 2016). The website must contain information including contact information and the term and appointing authority for each member of the governing body, public purpose, fiscal year, the district’s charter and statutes under which it operates, service area and services provided, fees and charges imposed and collected, adopted code of ethics, budget, and complete audit report. LYNX management indicated that it conducted a review of its website to ensure compliance with the new statutory requirements.

Summary

LYNX is a full service public transportation authority operating within a 2,500 square mile service area in the Orlando metropolitan area and throughout Orange, Seminole, and Osceola Counties. LYNX continues to expand its service parameters and relies on fare revenues, federal and state grants, and financial support from its local partners to fund operations, including fixed route bus service, bus rapid transit, paratransit service, flex service and carpools/vanpools.

LYNX actively participated in and cooperated with the Commission’s review, and the Commission relied heavily on documentation and clarifications provided by LYNX management.

LYNX met or exceeded 6 of the 12 fixed route objectives established for performance measures. The six fixed route measures that were not met include: operating expense per revenue mile, operating expense per revenue hour, operating expense per passenger trip, operating expense per passenger mile, revenue miles versus vehicle miles, and customer service complaint response time. Four of the six objectives not met include operating expense components.

LYNX provides significant public transit service to the community it serves and does so with a great deal of consistency over a variety of operating parameters. FY 2015 operating expenses decreased \$0.2 million, or 0.2 percent, while operating revenues increased \$1.4 million, or 3.5 percent, over FY 2014. LYNX logged 0.5 million, or 1.9 percent, fewer passenger trips and the average trip length increased by 0.1 miles to 5.7 miles in FY 2015. As a result, passenger miles increased by 0.4 million to 162.0 million (an increase of 0.2 percent). FY 2015 revenue miles

Central Florida Regional Transportation Authority (CFRTA/LYNX)

and revenue hours increased 2.3 percent and 2.8 percent, respectively, from FY 2014. The farebox recovery ratio decreased from 28.3 percent in FY 2014 to 27.5 percent in FY 2015 and the average fare slightly decreased from \$0.95 in FY 2014 to \$0.94 in FY 2015. Average weekday ridership decreased 3.7 percent (from 92,048 in FY 2014 to 88,600 in FY 2015). LYNX attributed this decrease in ridership to a decline in fuel prices in FY 2015. The average age of the fleet decreased from 5.9 years to 5.6 years and the operating spare ratio increased from 16.2 percent to 18.2 percent allowing the Authority flexibility in terms of providing expanded service in the future.

In the area of governance, John Lewis resigned his position as Chief Executive Officer (CEO) of LYNX, effective August 31, 2015. Susan Black, who serves as General Manager for LYNX, was named by the Board as Interim CEO until a permanent CEO could be selected. After conducting a national search, the Board negotiated a contract with Edward L. Johnson to be the new LYNX CEO, effective May 9, 2016 (FY 2016). Mr. Johnson has more than 20 years in the transportation industry including 13 prior years with LYNX.

The FY 2015 Independent Auditor's Report expressed an unmodified opinion on CFRTA's financial statements. No issues related to compliance, internal control, findings or questioned costs were reported by the auditors. In the Independent Auditor's Management Letter, the auditors did not have any findings or recommendations for improvement.

Phase 1 of the SunRail commuter rail system opened for service on May 1, 2014. This 32.5-mile segment runs from the DeBary station in Volusia County to the Sand Lake station in Orange County, and features 12 stations. LYNX entered into a Joint

Participation Agreement with the Department for feeder bus service that will provide access to SunRail stations. LYNX also entered into an Interlocal Agreement with the Department to use the Smart Card System as a method of cashless fare collection on the LYNX fixed route services and paratransit services, SunRail, and for patron transfer between transportation systems for seamless interoperability.

In November 2014, the CFRTA Board finalized negotiations on the Compressed Natural Gas (CNG) Unsolicited Proposal from Nopetro and entered into a Fuel Purchase Agreement whereby Nopetro will design, build, operate and maintain a fast-fill CNG fueling station on land owned by Nopetro adjacent to the LYNX facility on John Young Parkway; train LYNX employees on CNG fueling and CNG bus maintenance procedures; and provide LYNX with royalty payments on all third party sales made at the station. While a CNG bus is more expensive than a normal diesel bus, it also runs much cleaner and has substantially reduced fuel costs. LYNX indicated that the price of CNG is consistently lower than diesel by approximately \$1.50 per diesel gallon equivalent. LYNX ordered 35 CNG buses and anticipates purchasing a total of 150 CNG buses over the first five year period of the contract. A separate construction contract was entered into for renovations to the LYNX facilities so that CNG buses can be maintained and serviced there. The facility, which is the nation's largest public-private partnership (P3) CNG fueling facility, opened in April 2016 (FY 2016). Currently, LYNX has received, and placed into revenue service, all of the 35 CNG buses that were ordered.

Based on the Commission's review of LYNX policies and procedures, Florida Statutes, financial statements, and other documentation provided by LYNX, there were no instances noted of

Transportation Authority Monitoring and Oversight

noncompliance with applicable laws or regulations in the areas of ethics, conflicts of interest, public records, open meetings, bond compliance and other governance criteria established by the Commission.

The Commission encourages LYNX to develop and establish a course of action focused on improving

performance to achieve objectives. In addition, the Commission acknowledges with appreciation the cooperation and assistance on the part of LYNX in providing the resources necessary to complete this review.

Oversight Committee Agenda Item #3.D.

To: LYNX Board of Directors

From: Andrea Ostrodka
DIRECTOR OF PLAN & DEVELOP
Belinda Balleras
(Technical Contact)

Phone: 407.841.2279 ext: 6019

Item Name: FY2016 Federal Transit Administration Triennial Review Report

Date: 7/28/2016

Background:

The United States Code, Chapter 53 of Title 49 (49 US.C. 5307(f)(2)) requires that “At least once every three years, the Federal Transit Administration (FTA) shall review and evaluate completely the performance of a grantee in carrying out its program, specifically referring to compliance with statutory and administrative requirements. Although not an audit, the Triennial review is the FTA’s assessment of LYNX’s compliance with federal requirements, as determined by examination of sampled grant management and program implementation practices.

The LYNX Triennial Review involved a review of compliance in 17 areas. The review concentrated on procedures and practices employed during the past three years; however, coverage was extended to earlier periods as needed to assess the policies in place and the management of grants. The LYNX 2016 Triennial Review covered the period from Sept. 2013 thru March 2016.

Process:

The Triennial Review process included the following:

Part 1: Pre-site visit

- 1) Grantee Information Request (GIR) was received by LYNX on Oct. 8, 2015 and the LYNX GIR Completed Review Package was submitted to FTA reviewers on Dec. 11, 2015.
- 2) FTA’s pre-review assessment and review scoping meeting was conducted within the FTA regional office on January 13, 2016. A grantee information request and review package was sent to LYNX advising us of the site visit and indicating information that would be needed and issues that would be discussed.

Part 2: FTA Triennial Review Site Visit

The LYNX site visit occurred on March 7-9, 2016. The onsite portion of the review began with an entrance conference and the remaining time was spent on reviews of administrative and statutory requirements and sample documents. Of the 17 compliance areas of the triennial

review, 6 areas were cleared (in compliance) prior to the site visit: Legal, Half Fare, Security, Public Comment on Fare Increases and Service Reductions, Planning/Program of Projects and School Bus.

The following LYNX facilities were toured to provide an overview of activities related to FTA-funded projects:

LYNX Central Station: 455 N. Garland Avenue, Orlando, FL 32801

LYNX Operations Center: 2500 LYNX Lane, Orlando, FL 32804

Paratransit Operations Facility: 4950 L. B. McLeod Road, Orlando, FL 32811.

The reviewers examined a sample of maintenance records for FTA-funded vehicles, facilities, and equipment.

Metrics:

The metrics used to evaluate whether a grantee is meeting the requirements for each of the areas reviewed are:

Not Deficient: An area is considered not deficient if, during the review, no findings were noted with the grantee's implementation of the requirements.

Deficient: An area is considered deficient if any of the requirements within the area reviewed were not met.

Not Applicable: An area can be deemed not applicable if, after an initial assessment, the grantee does not conduct activities for which the requirements of the respective area would be applicable.

Results of the Triennial Review:

Upon completion of the review, FTA and the reviewers provided a summary of preliminary findings to LYNX at an exit conference, summarized as follows:

- Of the 17 compliance areas of the triennial review, 6 areas were cleared (in compliance) prior to the site visit: Legal, Half Fare, Security, Public Comment on Fare Increases and Service Reductions, Planning/Program of Projects and School Bus.
- Of the 11 areas reviewed during the site visit, no deficiencies were found in 7 areas: Financial Management and Capacity, Technical Capacity, Title VI, Disadvantaged Business Enterprise, Satisfactory Continuing Control, Charter Bus, and Equal Employment Opportunity.
- Deficiencies were found in four areas: Maintenance, Americans with Disabilities Act (ADA), Procurement, and Drug-Free Workplace/Drug and Alcohol Program.

The attached presentation summarizes the findings from the FTA FY 2016 Triennial Review Final Report dated May 11, 2016.

As of the July 28, 2016 Board meeting, LYNX Safety, Security and Risk Management submitted the required corrective action documentation by the July 10th FTA deadline. The remaining corrective action items will be submitted in a timely manner by the August 9, 2016 deadline. The ADA items have been cleared as of **XXX**.

FISCAL IMPACT:

There is no fiscal impact to LYNX. Staff assures the Board that the necessary corrective action procedures will be implemented and reviewed by respective departments to bring the areas of Maintenance, ADA, Procurement and Drug Free Workplace and Drug and Alcohol Program in compliance with the FTA's statutory and administrative requirements.

LYNX FY16 FTA TRIENNIAL REVIEW

FTA FINAL REPORT

FTA Triennial Purpose and Need



- One of several FTA oversight reviews
- FTA's assessment of LYNX's compliance with federal requirements.
- 17 Review Areas
 - 249 Composite Questions plus supporting Documents
- Part 1: Pre-site Visit
 - Grantee Information Request - October 8th, 2015
 - Review Package submitted to Reviewers – December 11th, 2015
- Part 2: Site Visit
 - March 7, 8, 9, 2016
- Six review areas cleared prior to site visit.
 - Legal - Planning/Program of Projects
 - Half Fare - School Bus
 - Security
 - Public Comment on Fare Increases and Service Reductions

FY 16 Triennial Review Findings



Areas in Compliance:

- Financial Management & Capacity
- Technical Capacity
- Title VI
- Disadvantaged Business Enterprise
- Legal
- Satisfactory Continuing Control
- Planning/Program of Project
- Public Comment of Fare Increases...
- Half Fare
- Charter Bus
- School Bus – Not applicable
- Security
- Equal Employment Opportunity

Areas with Deficiencies:

- Facilities Maintenance
- Americans with Disabilities Act (ADA)
- Procurement
- Drug Free Workplace / Drug and Alcohol Program

Deficiencies and Corrective Action Plan



- Facilities Maintenance

Deficiency	Corrective Action	Response Date
Facility/ Equipment maintenance program lacking or inadequate	Facility/Equipment Maintenance Program <ul style="list-style-type: none"> Identify mission critical and safety items System periodic inspection and preventive maintenance 	8/9/2016

- ADA

Deficiency	Corrective Action	Response Date
Improper complementary paratransit eligibility determination process	Submit revised procedures <ul style="list-style-type: none"> Written explanation to denied paratransit applicants 	6/10/2016 Submitted March 2016
Insufficient no-show policy	Submit revised no-show policy	6/10/2016 Submitted 3/2016

Deficiencies and Corrective Action Plan



- Procurement

Deficiency	Corrective Action	Response Date
No verification excluded parties are not participating; lacking independent cost estimate (ICE); lacking required cost/price analysis; responsibility determination deficiencies	Submit procurement procedure <ul style="list-style-type: none"> • 2 CFR 200 • FTA C4220.1F “Third Party Contracting” • Master Agreement • Checklists 	8/9/2016

- Drug and Alcohol Program

Deficiency	Corrective Action	Response Date
FTA drug & alcohol testing program not applied to all sensitive positions	Submit evidence <ul style="list-style-type: none"> • Contractor has developed & implemented D&A testing program 	7/10/2016
Random testing below required level	Submit procedure to ensure required level is met in future	7/10/2016
Improper post-accident determination	Submit a process for making proper post-accident determination including a procedure to document decision-making process and a training schedule for supervisors	8/9/2016

Oversight Committee Agenda Item #3.E.

To: LYNX Board of Directors

From: Edward Johnson
CHIEF EXECUTIVE OFFICER
Blanche Sherman
(Technical Contact)
CRAIG CHARRETTE
(Technical Contact)

Phone: 407.841.2279 ext: 6017

Item Name: Discussion regarding the Authorization to Negotiate and Execute a Purchase Contract with NoPetro to Purchase the Property Adjacent to NoPetro's Compressed Natural Gas (CNG) Facility and the LYNX Maintenance Facility

Date: 7/28/2016

ACTION REQUESTED:

Staff is requesting the Oversight Committee recommendation for Board of Directors' authorization for the Chief Executive Officer (CEO) or designee to begin negotiations with and enter into a contract with NoPetro-Orlando, LLC (or its appropriate affiliate) ("**NoPetro**"), of the Compressed Natural Gas (CNG) Unsolicited Proposal, to purchase approximately six (6) acres of vacant land which is adjacent to both NoPetro's CNG Fueling Facility and the LYNX Maintenance Facility. Said authorization would further authorize the CEO or designee to enter into a Purchase Agreement (or similar document) to acquire said property on behalf of LYNX in an amount not-to-exceed of \$1,300,000, along with customary and reasonable costs associated with any such purchase. In addition, LYNX staff is requesting to amend the FY2016 Amended Capital Budget accordingly in the amount of \$1,300,000, contingent upon securing federal funding to support the land acquisition.

With respect to the authorization requested above for the negotiation by the CEO and the subsequent entering into and executing of the Purchase Agreement, to the extent there are any material changes from those set forth in the respective Land Purchase Agreement, staff will return and discuss with the Chairman of the LYNX Board for final approval of any such material changes.

BACKGROUND:

On January 27, 2015, LYNX enter into a (i) CNG Vehicle Fuel Purchase Agreement with NoPetro to purchase CNG fuel, and (ii) a Construction Contract with NoPetro dated February 6, 2015 regarding modification to LYNX' Bus Depot and Maintenance Facility.

NoPetro was contracted to provide the following services for LYNX:

- 1) Under the Fuel Purchase Agreement, to, among other matters,:
 - a. Design, finance, build, operate and maintain a fast-fill CNG fueling station adjacent to the LYNX facility on John Young Parkway;
 - b. Train LYNX' employees on CNG fueling and CNG bus maintenance procedures; and
 - c. Provide LYNX with royalty payments on all third party sales made at the station.
- 2) Under the Construction Agreement to undertake the necessary improvements to LYNX's John Young facility in order to make LYNX' maintenance facility CNG compliant.

The foundation of NoPetro's proposal to provide the above services was the purchase by NoPetro of a 13.5 acre tract of land immediately adjacent to the LYNX Bus Depot and Maintenance Facility, and to be used by NoPetro for the construction of NoPetro's CNG Fueling Station. LYNX began fueling from NoPetro's CNG Fueling Station in February 2016. Also, the facility modifications were substantially completed in May 2016.

The 13.5 acre tract of land has been subdivided into separate plats, lots 1 and 2 with approximately 3 acres apportioned for a shared stormwater pond. Under Section 12.3 of the Fuel Purchase Agreement, in the event NoPetro receives a bona fide offer to purchase or lease from a third party a portion of the land (premises) that is not required for the construction, operation and maintenance of the fueling station (which is Lot 2), LYNX has the "right of first refusal" to purchase or lease such property.

NoPetro has advised LYNX recently that it expects to receive a bona fide purchase offer from a national company that wants to buy the available land to build a new commercial/industrial facility to be used for storage purposes. NoPetro has advised LYNX that the purchase price is \$1.3 million. While LYNX has not yet received from NoPetro a copy of the purchase agreement, NoPetro is negotiating the purchase agreement and advises that a contract would include the customary terms and conditions, including the purchase price and:

- 30 day due diligence period, then closing
- typical commercial property land transaction rights and obligations of buyer and seller

The acreage of the parcel that is available for sale is 6.045 acres and it is adjoining the CNG Fueling Station as well as the LYNX Maintenance Facility. Separately, LYNX was considering approaching NoPetro for the purchase of that excess land for anticipated uses by LYNX including the need for additional space to park buses, employee cars, as well as move the paratransit facility. LYNX staff would like to begin negotiations with NoPetro to purchase this property for a future site for LYNX' Paratransit Operations and ancillary parking.

LYNX is currently under a facility lease located on at 4950 L.B. McLeod Road, Orlando, Florida. The lease has an initial term of five (5) years commencing on October 2, 2014, with a one five (5) year option. Also, the lease includes an option to cancel the lease during the initial term, with a ninety (90) written notice, but no earlier than September 30, 2016.

Prior to securing the lease, LYNX staff prepared a lease versus buy analysis to determine the capital outlay associated with both options. At the time, the present value for leasing for ten (10) year period and buying a facility with an existing structure was, \$4.2 and \$10.8 million, respectively. The lease payment under the LB McLeod facility is \$\$252,000 on an annual basis, which is federally funded.

LYNX staff will continue to evaluate the future use of the site for Paratransit services, current and excess capacity needs for bus expansion, with the intent of gaining economies of scale because of the location. LYNX' staff is working with FTA to identify and secure the funding to purchase the land.

As LYNX has not yet been presented by NoPetro with a copy of the submitted purchase contract, LYNX has not yet had an opportunity to review the terms, but it is anticipated that NoPetro will present the contract to LYNX under the right of first refusal by which LYNX would then have to purchase the property under those terms. In a preliminary meeting, LYNX has discussed possible modifications to the contract. NoPetro has already obtained a Phase I Environmental Report and is completing a Phase II Environmental Report. The property was previously platted by LYNX, and it would be a platted Lot 2 that would be the subject of this transaction.

FISCAL IMPACT:

Upon approval and securing of the federal funding, LYNX staff will amend the FY2016 Amended Capital Budget accordingly in the amount of \$1,300,000 to purchase the land, along with customary and reasonable costs associated with any such purchase.

Oversight Committee Agenda Item #3.F.

To: LYNX Board of Directors

From: Edward Johnson
CHIEF EXECUTIVE OFFICER
Edward Johnson
(Technical Contact)

Phone: 407.841.2279 ext: 6017

Item Name: Discussion on Leasing Space in LYNX Central Station

Date: 7/28/2016

Edward Johnson, LYNX' Chief Executive Officer, will lead the members in discussion of leasing space in LYNX Central Station.

Oversight Committee Agenda Item #3.G.

To: LYNX Board of Directors

From: Donna Tefertiller
DIRECTOR OF HUMAN RESOURCES
Cindy Crump
(Technical Contact)

Phone: 407.841.2279 ext: 6119

Item Name: Update on LYNX Wellness Initiatives

Date: 7/28/2016

Ms. Cindy Crump, LYNX Wellness Coordinator, will provide a presentation related to LYNX wellness. The presentation will cover Risk Levels, Goals for 2016, information related to the Wellness Committee, recent improvements and usage for the Wellness Center, participation in the Humana Vitality program, participation in the health initiatives and on property Health Coaching, recent programs, and goals for 2017.



LYNX WELLNESS

Prepared by: Cindy Crump

LYNX Wellness



Of LYNX's entire Cigna covered medical population, 52.3% or 758 individuals have a chronic condition.

This accounts for roughly 86% (\$9,330,174) of the total medical claim cost of \$10,849,039

Chronic	Base	Current	Base	Current	% of total costs
Hypertension	397	395	\$1,153	\$1,192	8.96%
Metab/Immune Disorder	218	210	\$363	\$363	1.45%
Obesity	134	178	\$311	\$519	1.76%
Diabetes	178	173	\$3,127	\$2,834	9.33%
Asthma	69	61	\$1,069	\$1,411	1.64%



LYNX Wellness- BMI



BMI:

BODY MASS INDEX	2015	2016	2015 %	2016%	NORM*
Below Recommended	4	2	1%	0%	1%
Recommended	65	57	13%	12%	28%
Overweight	150	163	30%	35%	35%
Obese	230	202	46%	43%	30%
Extreme Obesity	48	48	10%	10%	6%

n=497

n=472

BMI: Cohort Group

BODY MASS INDEX	2015	2016	2015 %	2016%	NORM*
Below Recommended	3	1	1%	0%	1%
Recommended	39	46	12%	14%	28%
Overweight	108	112	33%	34%	35%
Obese	147	142	45%	44%	30%
Extreme Obesity	29	25	9%	8%	6%

Cohort population: 326

*Norm: Based on 2014 Cigna National Average



LYNX Wellness- Blood Pressure



Blood Pressure:

BLOOD PRESSURE	2015	2016	2015%	2016%	NORM
Normal (< than 120mgHG/80mgHG)	111	114	22%	24%	34%
Prehypertension (120-139mmHG/80-89mmHG)	301	284	59%	60%	49%
Hypertension (140mmHG or greater/ 90mmHG or greater)	99	75	19%	16%	16%

n= 511 n=473

Blood Pressure: Cohort Group

BLOOD PRESSURE	2015	2016	2015%	2016%	NORM*
Normal (< than 120mgHG/80mgHG)	84	93	25%	28%	34%
Prehypertension (120-139mmHG/80-89mmHG)	192	196	57%	58%	49%
Hypertension (140mmHG or greater/ 90mmHG or greater)	62	49	18%	14%	16%

Cohort Population 336



LYNX WELLNESS- HDL Cholesterol



HDL Cholesterol:

HDL CHOLESTEROL	2015	2016	2015 %	2016%	NORM
Out of range high	0	0	0%	0%	0%
Desirable (high)	282	243	56%	52%	62%
Undesirable (low)	218	221	44%	48%	38%
Out of range low	0	0	0%	0%	0%

n=500 n=464

	Women	Men
High	>=50mg/dL	>=40mg/dL
Low	< 50mg/dL	<40mg/dL

HDL Cholesterol: Cohort Group

HDL CHOLESTEROL	2015	2016	2015%	2016%	NORM
Out of range high	0	0	0%	0%	0%
Desirable (high)	189	181	57%	55%	62%
Undesirable (low)	140	148	43%	45%	38%
Out of range low	0	0	0%	0%	0%

Cohort Population: 329

*Norm: Based on 2014 Cigna National Average



LYNX Wellness- Glucose



Fasting Glucose:

FASTING GLUCOSE	2015	2016	2015%	2016%	NORM*
Out of range low	0	0	0%	0%	0%
Normal (less than 100md/dL)	198	206	76%	72%	77%
Pre-Diabetes (100-125 mg/dL)	45	52	17%	18%	18%
Abnormal (126 mg/dL or greater)	16	29	6%	10%	5%
Out of range high	0	0	0%	0%	0%

n=259 n=287

Fasting Glucose- Cohort:

FASTING GLUCOSE	2015	2016	2015 %	2016%	NORM*
Out of range low	0	0	0%	0%	0%
Normal (less than 100md/dL)	112	105	78%	73%	77%
Pre-Diabetes (100-125 mg/dL)	25	24	17%	17%	18%
Abnormal (126 mg/dL or greater)	7	15	5%	10%	5%
Out of range high	0	0	0%	0%	0%

Cohort Population 144



*Norm: Based on 2014 Cigna National Average

LYNX Wellness- Glucose



Non-Fasting Glucose:

NON- FASTING GLUCOSE	2015	2016	2015 %	2016%	NORM*
Out of range low	0	0	0%	0%	0%
Normal (less than 140 md/dL)	202	134	82%	73%	87%
Abnormal (140 mg/dL or greater)	45	50	18%	27%	13%
Out of range high	0	0	0%	0%	0%

n=247 n=184

Non- Fasting Glucose- Cohort:

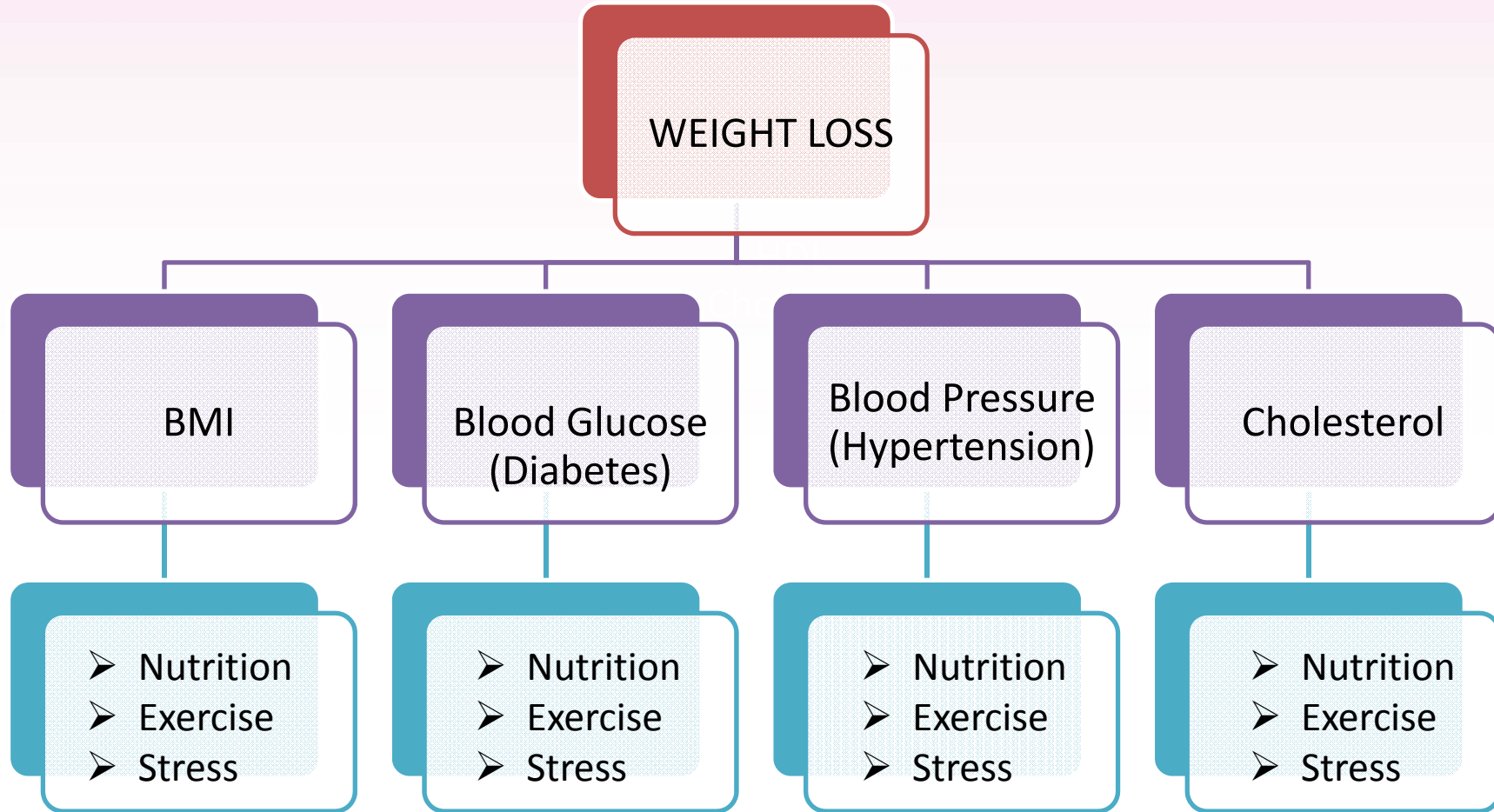
NON- FASTING GLUCOSE	2015	2016	2015 %	2016%	NORM*
Out of range low	0	0	0%	0%	0%
Normal (less than 140 md/dL)	64	53	86%	72%	87%
Abnormal (140 mg/dL or greater)	10	21	14%	28%	13%
Out of range high	0	0	0%	0%	0%

Cohort Population: 74

*Norm: Based on 2014 Cigna National Average



LYNX Wellness 2016 Goals



Wellness Committee Vision and Mission



Our Vision:

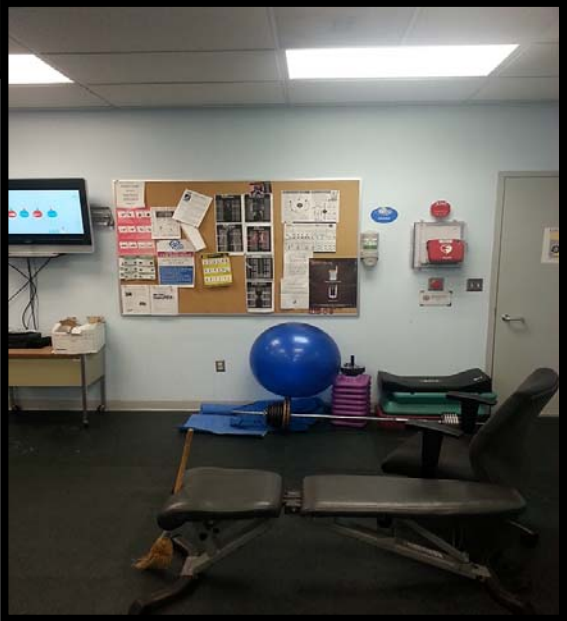
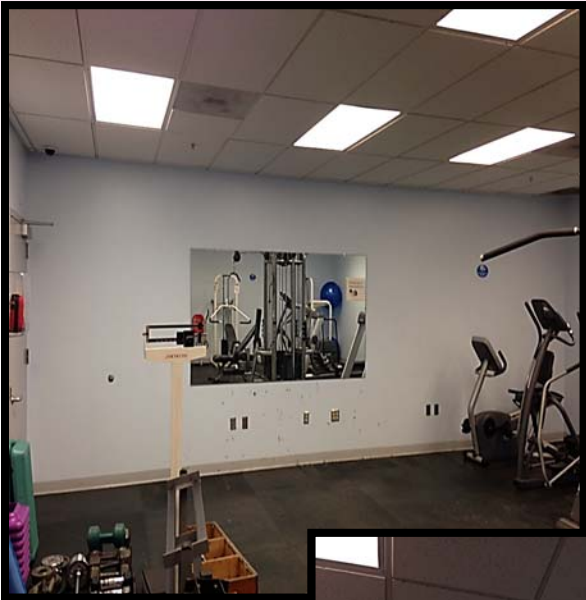
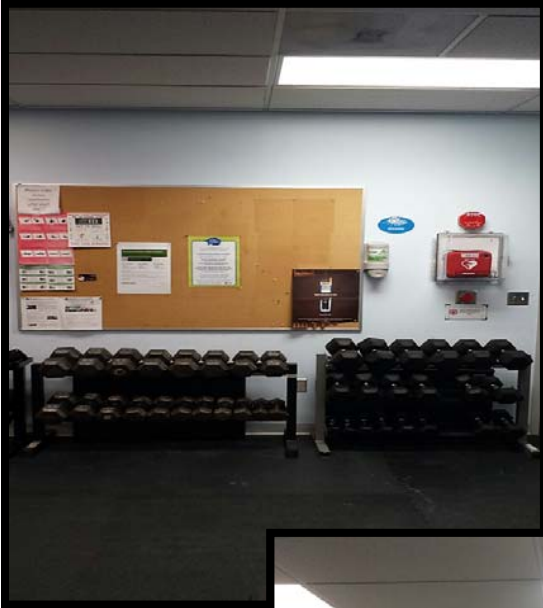
“For LYNX to be recognized as one of America’s healthiest companies by cultivating a wellness culture that promotes and achieves employee and organizational wellness goals.”

Our Mission:

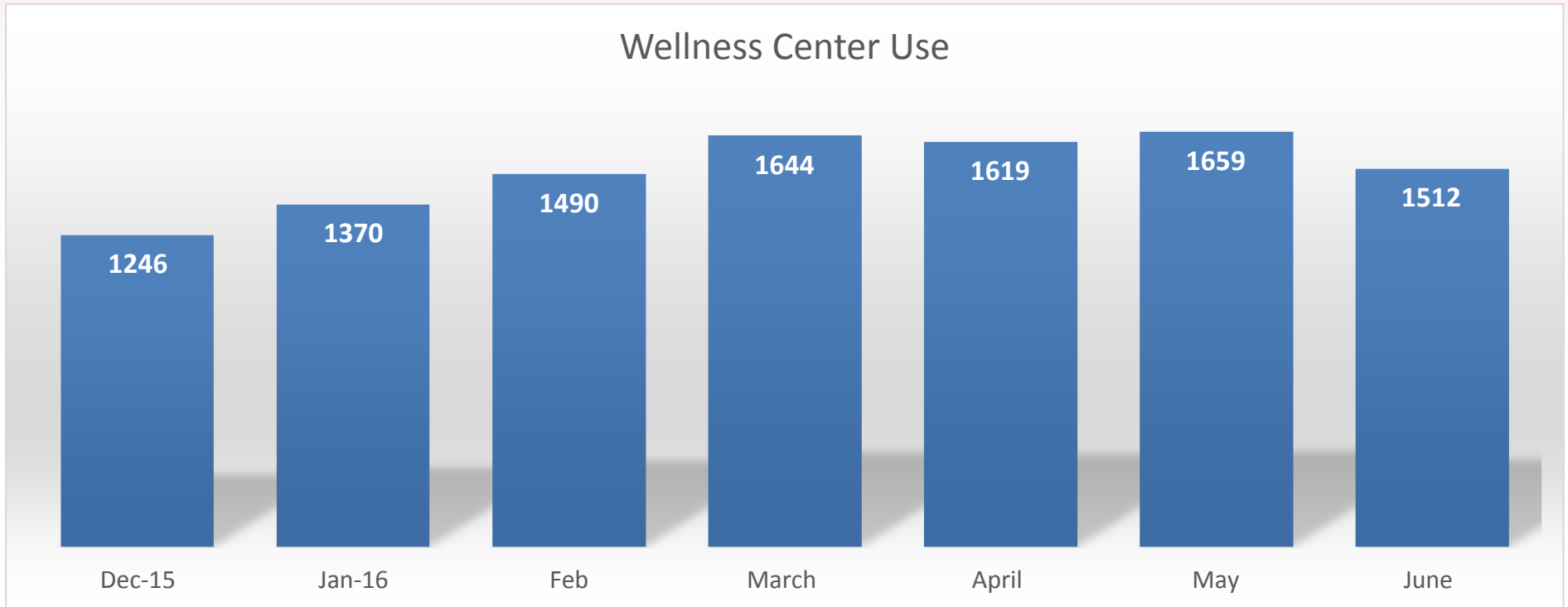
“To be the leaders who plan, promote, and continually implement wellness with LYNX employees.”



Wellness Center Improvement



Wellness Center Use



Humana Vitality



Month	Eligible Employees	Participation%	Engagement %	Health Assessments	Vitality Check
January	928	28.56%	0%	258	1
February	937	25.43%	0.11%	318	2
March	946	53.59%	9.09%	500	462
April	962	54.57%	10.40%	516	464
May	966	54.97%	10.87%	522	466



Vitality Check



Health Assessment

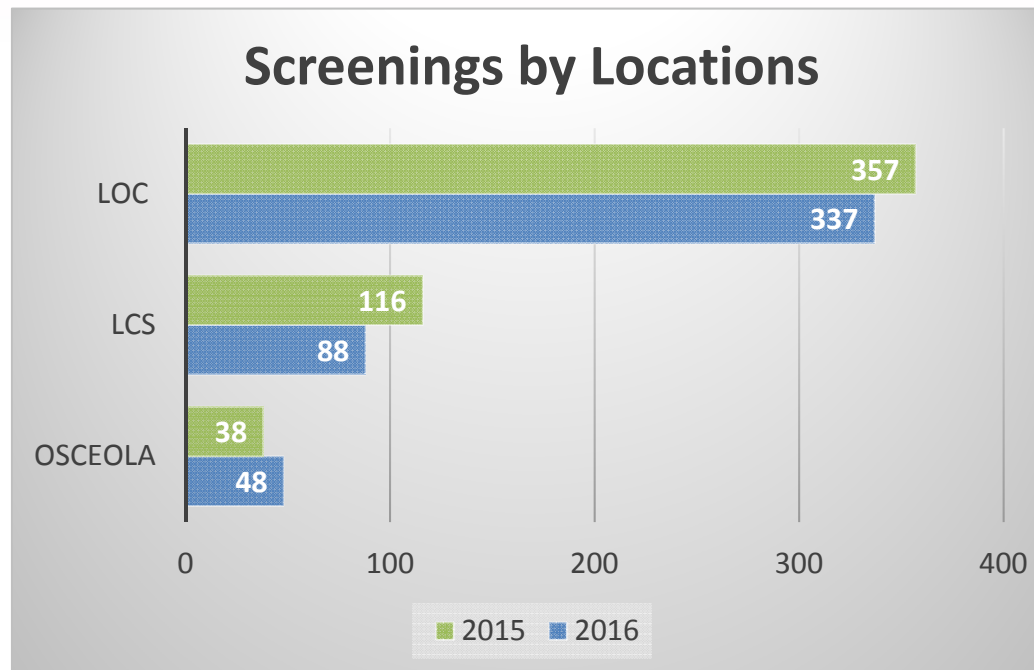


Physical Activity Events

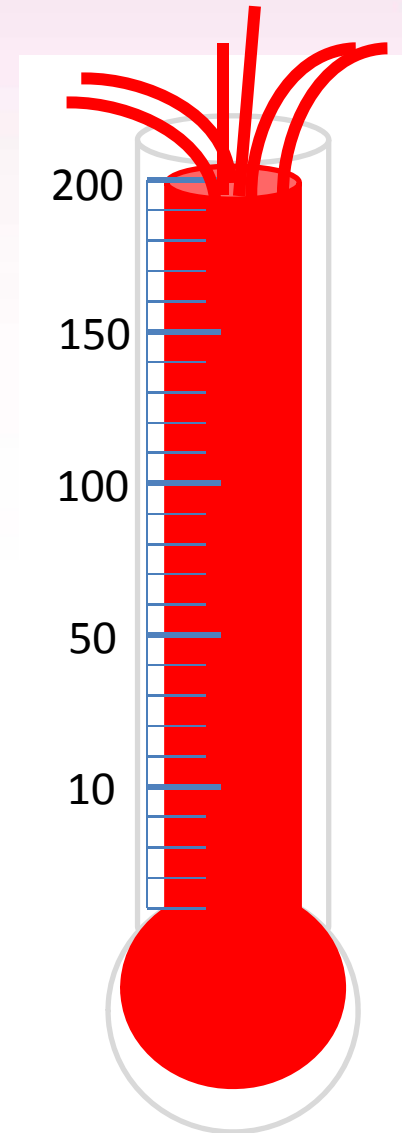
Blue Status- 435
 Bronze Status- 426
Silver Status- 95
 Gold- 2
 Platinum- 8



LYNX HEALTH FAIR AND SCREENINGS

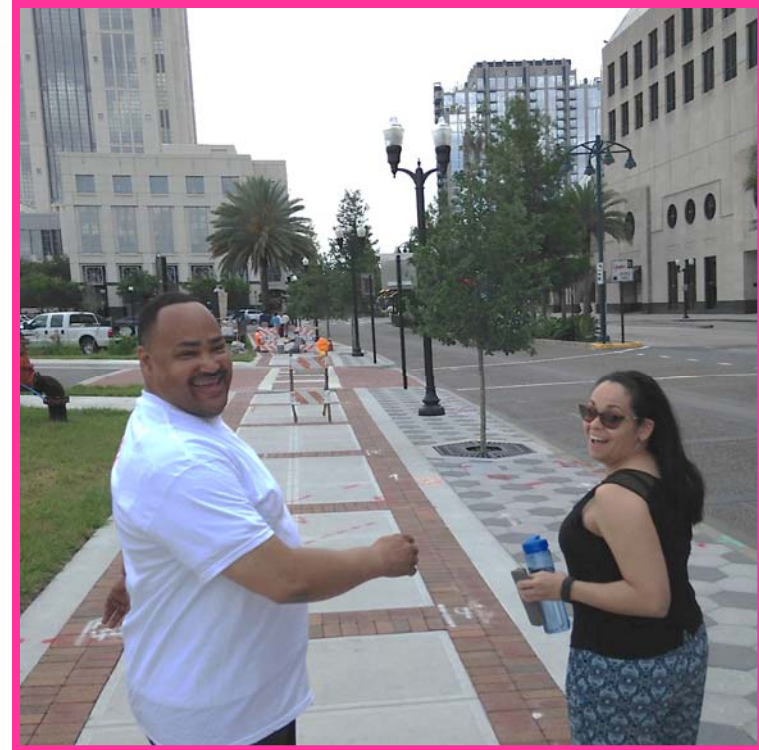
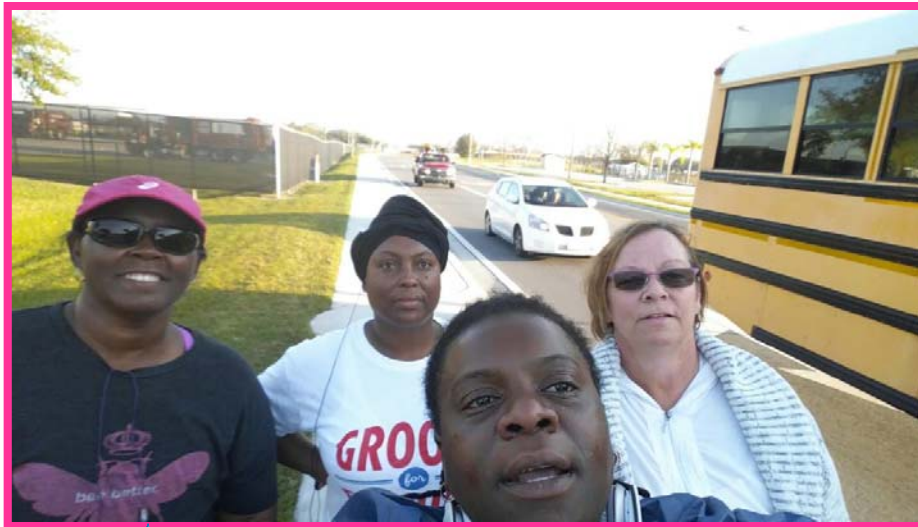
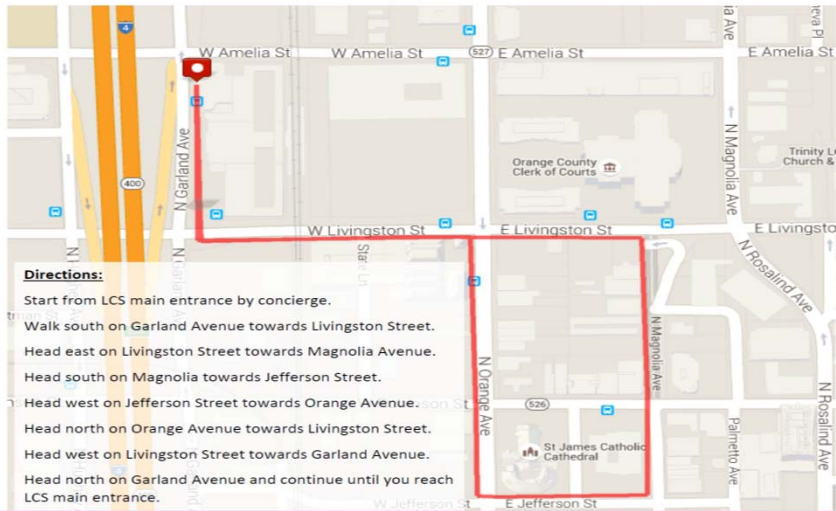


Health Coaching



WELLNESS WALK

LCS - MILE WALK - 1.11 MILES



LYNX Corporate 5k and Group Classes



LYNX Step Challenge



★ ——— LYNX ——— ★

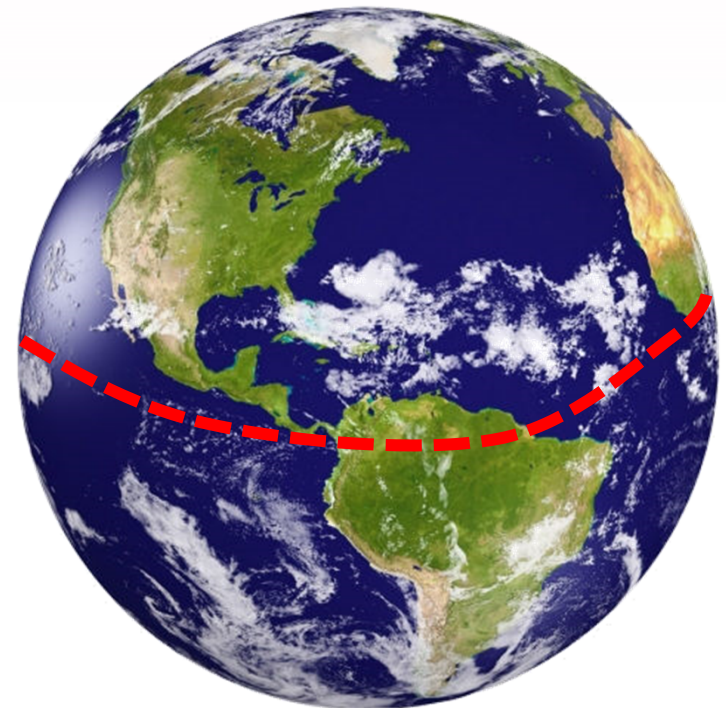
STEP CHALLENGE

Join our 8 week step challenge beginning May 2 and walk your way to better health.

Weekly challenges will allow you to compete against your co-workers and win prizes!

Together, we have taken 98,363,080 steps which equals about 49,181 miles.

That's enough to walk around the earth 2.1 times!



Participation



EVENT	PARTICIPATION	%
Biometric Screenings	473	44%
Health Assessment	522	49%
Step Challenge	238	22%
Health Coaching	295	27%
Wellness Center	290	27%
Humana Vitality	95	10%
Lunch n Learn	65	6%
Corporate 5k	50	4.7%
Exercise Programs	21	2%
Softball Game	20	1.87%

2017 Wellness Initiatives



Provide monthly workshops on nutrition for weight loss, diabetes, etc. - 3rd quarter, 2016

Nutrition Workshops

Monthly stress management workshops- 3rd quarter, 2016

Stress Management Workshops

Health Coaching Courses

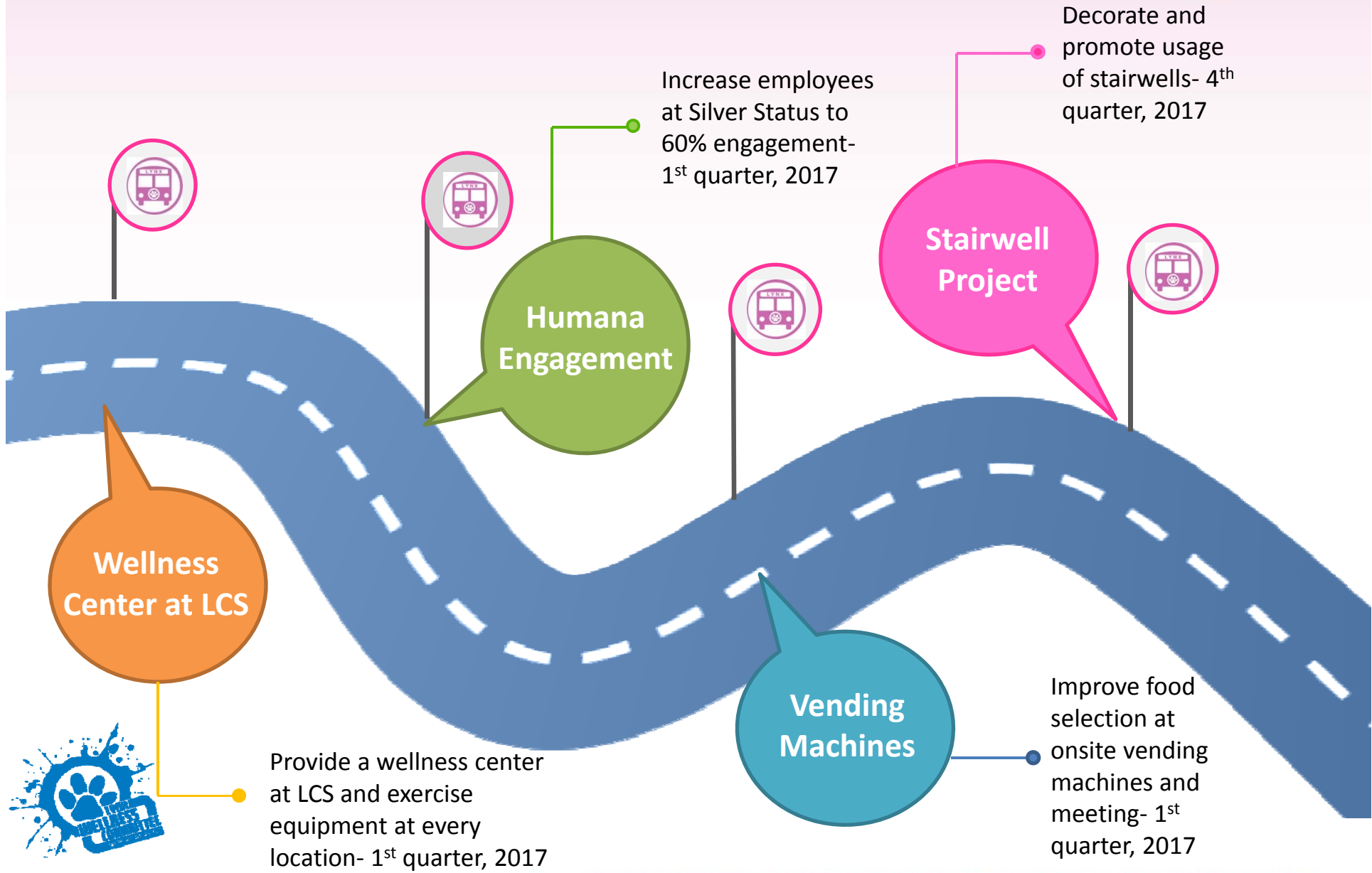
Host ongoing weekly courses to set and implement wellness goals- 3rd quarter, 2016

Fitness Classes

Host weekly fitness classes appropriate for all fitness levels at LCS- 3rd quarter 2016



2017 Wellness Initiatives



WELCOA Award





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: 7/28/2016

A meeting of the Finance and Audit Committee was held on July 20, 2016. The Agenda Items covered were:

- Overview of the FY2017 Preliminary Capital Budget
- Update on Comprehensive Fare Review
- Discussion of Use of LYNX Reserves
- FY2016 Federal Transit Administration Triennial Review Report
- FY2015 Florida Transportation Commission (FTC) Annual Oversight Report
- Discussion regarding the Authorization to Negotiate and Execute a Purchase Contract with NoPetro to Purchase the Property Adjacent to NoPetro's Compressed Natural Gas (CNG) Facility and the LYNX Maintenance Facility

Minutes from the previous meeting held on Wednesday, May 18, 2016 are attached.

Future tentative meeting dates for 2016 are as follows:

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: May 18, 2016

TIME: 09:00 AM

Members in Attendance:

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

LYNX Staff in Attendance:

Edward Johnson, Chief Executive Officer
Blanche Sherman, Director of Finance
Pat Christensen, LYNX' General Counsel

Members Absent:

1. Call to Order/Introduction

Chairperson Chris McCullion called the meeting to order at 09:00 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 March 16, 2016 Finance & Audit Committee. The Motion passed unanimously.

3. Audit Agenda Items

✓ **Health Care Update**

Chris McCullion called on Blanche Sherman, Director of Finance, to provide an update on health care. Ms. Sherman stated that the Board asked in April to come back in May to give an overview and update on health care and that LYNX budgeted 17.6% based on the projections provided by the consultants at Gallagher.

Ms. Sherman then introduced Eric Scott, Area President and David Parker, Actuary with the firm of Arthur J. Gallagher & Co., to give an overview on health care and an update on the status of the self-insured plan.

Mr. Scott mentioned that the history of moving to a self-insured program was included in the narrative provided by Ms. Sherman. Mr. Scott then discussed the presentation slides which included the following:

- 2016 Proposal Comparison over 2015 Costs
This analysis summarized the initial Cigna, final Cigna, and Gallagher projection used in the decision to go from fully-insured to self-insured for FY2016. The stop loss deductible of \$250,000 and the use of 17.6% for budgeting and planning purposes were also discussed.
- Current 2016 Revenue Vs. Projected 2016 Revenue
Challenges discussed included participants' deciding on their own to go back to enrollment in the less expensive or "free" plans and with less dependent coverage resulting in an increase in projected employer costs from 82% to 85% through March 2016 with no plan design changes and a shortfall of \$350,000. Ultimately, the employees' individual decisions were based on money (premiums).
- 2016 Claims by Month
This analysis showed three months of claims including claims incurred only in 2016 and paid in 2016 (immature) and claims incurred in 2015 or 2016 and paid in 2016 (mature). The deductible effect for the last few months of the year was discussed and inclusion of the Cigna run out (payments of 2015 claims) in the projections. Also discussed were the months of February and March being challenging months for claims.
- 2016 Calendar Year End Projection
This analysis showed calendar year end projections using a run rate based on the first three months of the year for immature and mature claims plus fixed costs offset by LYNX employer and employee contributions with both immature and mature claims resulting in a shortfall.
- 2016 Fiscal Year End Projection
This analysis showed fiscal year end projections using a nine (9) month average resulting in a shortfall of approximately \$1 million for mature claims. Topics discussed included cash flow through the end of the fiscal year, the fund balance which is currently \$1.6 million, and having two months in reserves that can be used for any shortfall for FY2016.
- 2017 Initial Projection
This was the projection given in January based upon the past 24 months of claim data resulting in a projection of an increase in costs of 12.7% in 2017.
- 2017 Revised Projection
This analysis showed the revised projection based on two additional months of claims from 2016 resulting in an increase in projected costs to 21.4% for 2017. The analysis used a blended weighting of two years of data factoring in a claims trend number which included the two high months of February and March and the premium difference that LYNX did not get from employees migrating to less expensive plans.

Ray Walls commented that the increase was not unlike the numbers Orange County is seeing for their self-insured plan with some really good years at the beginning but now seeing 15-18% increases every year for the last two or three years. Mr. Walls also stated that Orange County no longer has any 100% employer paid plans.

Ms. Sherman mentioned that there are some conceptual changes in plan designs that have not been discussed with Mr. Johnson. Mr. Scott discussed the impact of the collective bargaining agreements in considering plan design changes and premium contributions.

Edward Johnson, Chief Executive Officer, commented on needing to know what to do to push the costs in the right direction and looking at what is driving the health care utilization understanding if it is employees or their dependents. Mr. Johnson mentioned the transit environment being prone to diabetes, heart disease, high cholesterol which puts a lot of strain on a health care plan and what is being seen around the country is the Federal government paying more attention to the safety of passengers and equipment and putting on stronger regulations for safety sensitive positions like vehicle operators and mechanics. Mr. Johnson spoke about keeping targeting what is driving LYNX cost, what problems LYNX employees are experiencing, and keeping employees healthy.

A group discussion followed which included these topics:

- MARTA plan is self-insured but the plan is totally different and based on the early seventies
- Employee costs in comparison to peers to determine if a plan is expensive or not
- Looking at a reasonable level of employer contribution on an employee per month cost to gauge with surrounding employers and other partners in LYNX' own region
- Vehicle operators have a sedentary life style with different dynamics that impact health including a lot of hypertension requiring rest room breaks which is a challenge for the bus operators
- Health insurance as part of the compensation package
- Plan direction perspective and what can be done with enhancements that do not need to be bargained- carrot versus stick, pushing people gently then more firmly through incentives
- Analogy of risky drivers paying more for insurance which does not happen in health insurance plans for riskier employees
- Various programs/incentives were mentioned including:
 - YMCA diabetes program- relatively small expense
 - Health risk assessment and other incentives that could be tied to health savings account (HSA)
 - Pharmacy program- CVS and Walgreens are the most expensive and the most convenient versus using Publix and Walmart which could have the impact of a 15% savings
 - Mail-in prescriptions having a positive impact on the budget
 - Mental health programs- stigma associated with participating / a significant amount of activities among claims is being driven by stress

- Free standing Employee Assistance Program (EAP) - want to enhance/manage mental health usage
- Diabetes program plan utilization has not gone up over the years but costs of this and other programs is higher - hard to get people into these programs and keep them in the programs (Orange County)
- Florida Hospital program which costs multiples more than other hospitals
- Having a dozen employees making up the bulk of the costs with illnesses like cancer which are not preventable
- Bringing health related activities on-site to get more participation which could slow down some of the later health problems
- Tying a tobacco use incentive and wellness component to the HSA with tightening of the band each year has had a big impact on the budget (Seminole County)
- Hiring of a wellness coordinator (LYNX)

Ms. Sherman stated that they would be updating the Oversight Committee and receiving direction from the Chief Executive Officer and continuing to look at the cost drivers.

Mr. McCullion and Mr. Scott discussed if there were any shock (large) claims that drove the increase (none but would be pulled out because of the stop/loss coverage), what was the aggregate stop loss (125% of expected claims capped at \$2.5 million) and that both 2017 projections were based on a mature number. Mr. McCullion stated that the bottom line was an increase of 20-21% and asked about implementation of any plan changes. Ms. Sherman responded that any plan changes would be introduced in October for implementation in January 2017.

Information was requested by Edward Bass and Ray Walls concerning the plan design and the split between the contributions for the Union and administrative employees. Ms. Sherman stated that she would have Mr. Scott send out the design plan and information on the split to the Committee members.

Mr. Scott spoke about continuing to change the plan was just shifting costs and changing the discussion to a wellness culture over time was what was needed not just because of the money but to feel better.

Mr. Walls and Mr. McCullion spoke about looking at plan design changes and increases in premiums to be able to say we have looked at everything when coming back to the funding partners.

Mr. McCullion asked if there were any questions. Mr. McCullion commented on the helpfulness of this discussion. Mr. Johnson stated that this discussion will help point LYNX in the right direction for labor negotiations.

✓ Overview of Paratransit Trip Increase

Chris McCullion called on Blanche Sherman to present the overview of the paratransit trip increase. Ms. Sherman stated that during the April meeting the Committee asked for an explanation of why Americans with Disabilities (ADA) trips are increasing. Ms. Sherman commented that the main reasons for ADA trip increases are increases in employment and school activities and for Transportation Disadvantaged (TD), increases in dialysis treatment, work, and school purposes. Ms. Sherman then introduced Tangee Mobley, Director of Transportation and Maintenance, and Tim May, Manager of Paratransit, to provide an overview of paratransit trends and trips and an explanation of how the program works.

Prior to going over the presentation, Ms. Mobley commented briefly on the helpfulness and impact of the Wellness Coordinator who is making the programs more social, building relationships and making them more interesting.

Ms. Mobley spoke about LYNX no longer providing Medicaid trips since March 2015 and no longer having access to the Medicaid database. Ms. Mobley mentioned that the decrease in fixed route ridership does not parallel the ADA and TD ridership which has been increasing.

Ms. Mobley commented on steps taken during the process of Medicaid being eliminated to stop Medicaid dumping (former Medicaid customers circumventing the system and continuing to use LYNX paratransit service for Medicaid compensable trips) which included the use of technology from LYNX' old database to determine a Medicaid customer and to check duplication of SSN and telephone numbers, referral of callers that request Medicaid trips only to the program, posting the information in all paratransit vehicles, and placing a recording on the phone system.

Mr. Walls and Mr. McCullion asked for a better understanding of what paratransit is other than required trips to medical care appointments.

Ms. Mobley provided a description of paratransit trips as follows:

ADA trips- automatically qualifies quadriplegics, paraplegics, the blind, those 80 years of age, those with cognitive issues or physical disabilities that make them unable to make it to a bus stop for travel anywhere they need to go and for any reason with no prioritization of the trips (Federally mandated program)

TD trips- very similar to ADA plus has an income cap if below the poverty level of \$16,000 with trips being prioritized (State subsidized program)

Mr. May provided a description of TD trips being prioritized as follows:

- Life sustaining- i.e. dialysis, chemotherapy, hyperbaric treatments
- Regular doctor/medical visits
- Nutritional

- School and employment
- Personal and recreational

Mr. May commented that the TD funding is distributed daily and LYNX has not been in a position to have to cap any trips and has been able to provide any requested trips to anywhere they want to go. If that were to happen, then the trips would be prioritized as discussed.

Mr. Johnson provided an overview of the program describing the how and why. To receive Federal dollars, transit agencies are required to provide paratransit complementary services to people who are not able to access a fixed route stop within $\frac{3}{4}$ of a mile. LYNX provides ADA services over the entire service area expanding LYNX' exposure beyond the Federal requirements and the state of Florida then allows for TD programs to provide more access to people that need transportation taking into consideration the rider's physical ability to get to a fixed route site.

Mr. McCullion asked about the different levels of qualification.

Mr. Johnson spoke about the riders being sent through a program to determine if they are able to navigate through the fixed route system as most people would prefer door to door service than having to walk to a stop and this is not a taxi cab service.

Mr. Walls and Mr. Johnson spoke about LYNX going beyond the Federal ADA requirements and the designation for LYNX to be the Community Transportation Coordinator (CTC) for TD services in order to receive State funds.

Mr. Johnson commented on why LYNX wants to do this rather than MetroPlan as it gives LYNX more ridership and shared trips. Mr. Johnson also mentioned that riders would still come to LYNX as the recognized brand even if LYNX did not have the CTC designation. Ms. Sherman commented on the cost effectiveness of having more people on these trips.

Mr. May then discussed customer calls, the application process and the requirement of a medical verification. Staff reviews all applications and verifies medical information. If there are still questions, the applicant is put through a functional assessment for walking, counting change, and other cognitive tests. A recommendation is made and an eligible staff member makes a determination based on the assessment.

Mr. May spoke about the different types of ADA eligibility including the following:

- Unconditional- anywhere within the system for any purpose
- Conditional- i.e. out in the sun, no curb cuts or sidewalk with a wheelchair
- Transitional- i.e. cast on leg, temporary until condition improves

Mr. May stated that there are ten (10) people on LYNX staff and a private contractor who provides the service on the street. Eligibility is managed by LYNX employees.

Ms. Mobley spoke about ridership trends being up 5% for ADA and 13.5% for TD based on the 2014 ridership numbers.

Ms. Mobley then discussed ADA and TD ridership drivers. The main drivers for ADA ridership are increases over the past two years in employment trips with major employers in the area having incentives to hire the disabled and school trips to colleges, universities and career centers. The main driver for TD ridership are dialysis centers which have increased 15% over the past 18 months due to an aging population and new dialysis centers opening bringing the total to 28 centers.

Mr. Johnson spoke about reaching out to the Department of Health for projections looking forward, having meetings with local hospitals to better understand their needs, and understanding decisions of community based health care facilities.

Mr. Walls asked about verification of income. Mr. May responded that low income was a qualifier for TD and that income was self-reported on the application. Mr. May also mentioned that LYNX is not allowed to ask for pay stubs.

Mr. Johnson and Mr. May discussed the money received from the State which is approximately \$1000 per weekday and averages \$33 per trip. Mr. May also stated that discounts of 50% are offered on fixed route passes.

Ms. Mobley spoke about an increase of 14% in actual trips and discussed a summary of the service as a whole with an aging population driving the need for services. Ms. Mobley also presented current cost containment efforts which include:

- NeighborLink services
- No more than one percent (1%) of the total contractor invoice may be taxi charges
- Reduced fare program for the elderly and disabled
- Complementary fixed route/NeighborLink/SunRail travel training
- Enforced conditional ADA eligibility
- Ensuring former Medicaid clients are not trip dumping
- Customers are referred to an actual physical assessment to determine their capabilities to access the fixed route system
- LYNX requires recertification every 2 years compared to other agencies with 3-5 years recertification requirements

Ms. Mobley then presented future cost containment efforts which include:

- Additional NeighborLink routes
- Explore Uber or Lyft partnering options
- Reduce the ADA service area to federally mandated requirements
- Discontinue LYNX' role as the CTC and provide federally mandated ADA trips only

Mr. Johnson commented that this program is not the easiest to manage but these are the most vulnerable people within our community and this is the right thing to do. Mr. Johnson spoke about meeting Federal funds requirements and improving their quality of life but also making

sure LYNX is not delivering service to people who are not eligible to participate. Mr. Johnson spoke about focusing on transforming LYNX from just being the transit system to being mobility managers with blended, not separate, call centers and operating as one system in a well-coordinated environment.

Mr. McCullion commented on this information being very helpful and thanked staff for their time. He then asked if there were any questions.

Ms. Santiago commented about local coordination on the issue of ride dumping for other transit agencies and the issues they are having. Mr. May responded that LYNX no longer have database access to the Medicaid database and verification takes longer but his staff is in contact daily with the representatives of Medicaid and have established a good relationship with Medicaid staff so getting information is less of a problem. Ms. Santiago commented on getting all the other transit agencies to do the same thing.

✓ **Update on LYNX Reserves**

Chris McCullion called on Blanche Sherman to present an update on LYNX reserves. Ms. Sherman stated that update being provided is consistent with the reserve policy.

Ms. Sherman then discussed the following table which summarizes the LYNX reserves:

LYNX Reserves	Minimum	Maximum
Operations	\$ 14,000,000	\$ 28,000,000
Contingency -5%	6,352,272	6,352,272
Capital Bus Lease	1,568,777	1,568,777
Articulated Buses	1,263,966	1,263,966
Replacement Buses	791,694	791,694
CNG Facility Improvements	2,705,733	2,705,733
Debt Service	797,282	797,282
Self-Insurance Programs	8,015,971	8,015,971
Fuel Stabilization	1,000,000	1,000,000
Subtotal	\$36,495,695	\$50,495,695
FY2015 \$2 Capital Funding	(2,098,684)	(2,098,684)
FY2016 \$2 Capital Funding	(2,118,590)	(2,118,590)
FY2017 \$2 Capital Funding	(2,112,896)	(2,112,896)
Self-Insurance (Long-term)	(2,676,165)	(2,676,165)
FY2016 Settlement Payout Budget	(1,200,000)	(1,200,000)
SIB Loan – Federally Funded	(797,282)	(797,282)
Reserve Fund Requirement	\$ 25,492,078	\$ 39,492,078
Unrestricted – Net Position	(43,190,768)	(43,190,768)
Net Pension Asset	6,283,485	6,283,485
(Excess) Shortfall Cash Reserves	\$ (11,415,205)	\$ 2,584,795

The total impact is **\$36,495,695 minimum and \$50,495,695 maximum**, of which approximately **\$43,190,768** in unrestricted net assets.

Ms. Sherman briefly discussed some of the items as follows:

The reserves for Operations are showing a reduction consistent with cash outlays.

The Capital Bus Lease is for the CNG buses and there are articulated buses coming in October secured through a new discretionary grant (Ladders of Opportunity) which requires a 15 % match. Anything left over from the \$2 capital is used for replacement buses.

The CNG facility improvement reserve is due to not getting concurrence from the FTA on using the South Street sales funds. A recommendation to use \$2 capital funds will be presented in more detail later.

Debt Service refers to the last payment of the SIB loan.

Self-Insurance programs reserves include the required surplus for going concern purpose and a two month reserve for medical claims which may be higher than expected based on recent projections. Mr. Bass asked if this includes the IBNR (Incurred but Not Reported). Ms. Sherman responded that the IBNR was included.

Ms. Sherman then discussed how the reserves are funded and the reserve balances as follows:

Capital reserves are funded through \$2 capital and the long term self-insured projections are taken out. The funding in the FY2016 budget that is already funded on the self-insured is backed out, as well, to eliminate double counting. The SIB loan is federally funded.

Reserve balances are between the minimum and maximum at \$11 million over the minimum excluding the net pension asset and \$2.6 million short of the maximum. The reserve are almost fully funded which is the plan. The net position is as of FY2015 spending with the contingency based on the FY2016 current budget.

Ms. Sherman mentioned that there could be additional monies to fully fund the maximum reserve level if things continue as they are for FY2016.

A group discussion followed which covered the following topics:

- Determining the level of reserves for the agency- what is necessary
- Concern over the large increase to the funding partners proposed for FY2017 funding
- With the agency funded close to the maximum, what the target level of reserves should be when the funding partners are struggling to fund the obligations
- In accordance with the Reserve Policy, the target is to start at the minimum and be comfortable at the maximum
- Best practices for reserves at different organizations
- Target set as a percentage of budget (7-8%) (Orange County has no official reserve policy)

- Comments were received from the funding partners at the time the Reserve Policy was adopted and a comparison matrix was developed
- Maximum reserves are set to cover the operating budget for two months
- Range of 15-25% and tend to hover closer to the maximum, right now are closer to the minimum (City of Orlando)
- Needs of the funding partners for a smaller funding increase with room to smooth that out without LYNX being put in a position of being close to the minimum reserves

The group then discussed the next steps which included:

- Re-running the funding model applying a one-time use of reserves (\$2-\$3 million) for smoothing to see the impact on the level of increases to funding partners
- Briefing the full Board in the next couple of weeks that Congress is in the process of passing funding resolutions for the next fiscal year which is not going smoothly and there may be a shutdown in October requiring reserves to be used for operations
- Committee members going back to explain the high level of LYNX reserves to funding partners
- Looking at what if scenarios for smoothing in order to reduce increases to funding partners

Ms. Sherman mentioned that there was a tendency in the past to use reserves which led to the establishment of a Reserve Policy to build reserves to meet operating needs.

Additional comments from the group included:

- ✓ Helping the group understand the different operating needs between the funding partners and LYNX
 - ✓ Having a six (6) month reserve at MARTA which has a lot of debt service and reliance on sales tax
 - ✓ Doing multi-year forecasting
 - ✓ Reduced ridership which increases funding needs will be an issue for next year
 - ✓ Dealing with higher increases for funding partners now or later
 - ✓ No dedicated funding for LYNX
 - ✓ Continuing to review the budget and look for possible expenditure reductions
 - ✓ Looking at the equity between subsidies and fares through a fare equity study
 - ✓ Although there are savings on fuel, decreased revenue in fares shifts costs to the funding partners
 - ✓ Farebox recovery and looking at a fare equivalency to compare 2009 fares to today
 - ✓ LYNX costs going up faster than CPI
- ✓ **Use of \$2 Capital Contributions for Compressed Natural Gas (CNG) Facility Improvements**

Chris McCullion called on Blanche Sherman to discuss the use of \$2 capital contributions for the CNG facility improvements. Ms. Sherman commented on this as being a new item and

that she will be providing more information on the financing. Ms. Sherman then introduced Walt Bussells, Chief Financial Officer, with NoPetro.

Mr. Bussells commented that NoPetro supports this and stated that this provides immediate cost savings. Mr. Bussells then discussed the capital improvements funding through typical funding sources where NoPetro would fund the improvements and then be reimbursed by LYNX. This was discussed last December when the FTA prevented the use of cash in the bank to pay for the investment.

Mr. Bussells discussed completing the final punch list next week with HDR. NoPetro has lined up typical funding for private capital funding with the best terms being 5.5% plus 375 basis points. NoPetro is obligated to begin billing \$25,000 per month starting in two weeks to recover the cost of capital and will do so based on the contract but would like to be out of the financing. There would be a savings of \$800,000-\$900,000 just in the cost of capital should the use of \$2 capital be approved.

Ms. Sherman and Mr. Bussells commented on the complexity and expense of negotiating a tri-party agreement for the bank financing that any lender. The use of \$2 capital contributions avoids the cost and time of negotiating a tri-party agreement.

Ms. Sherman spoke about the potential mortgage on LYNX property that is not allowed, but may be required to secure the financing. Mr. Bussells commented that the contract was for a period of twenty (20) years during which time there would be mortgage interest.

Mr. McCullion stated that the debt rate plus 375 basis points was firm at this point and was reasonable funding. Mr. McCullion commented on considering the following in determining if makes sense to use the \$2 capital:

- 1) Cost of capital to borrow from NoPetro and pay the adder
- 2) Opportunity cost of \$2 capital
- 3) Benefit of keeping the money in the bank and investing it at 50-100 basis points versus saving 6.5%

Ms. Sherman commented on the need to eliminate the debt exposure associated with the capital improvements, that is not a refinancing or lease as per LYNX' Charter, which does not allow LYNX to incur debt.

Mr. McCullion mentioned a comment from Commissioner Henley made at the Oversight Committee meeting that the \$2 capital was not necessarily a guaranteed revenue stream by the funding partners. Ms. Sherman stated that even though LYNX has formally adopted the funding model that includes the \$2 capital, LYNX is working on a one-time master agreement that indicates that this is the methodology. Ms. Sherman commented that LYNX went back on the funding model in 2007 then, with the economy down, LYNX went off the model and was using reserves and shifting from federal to capital to operating dollars.

Mr. McCullion stated that this was a one-time use and that the Oversight Committee is okay with the concept. Mr. Walls commented that it makes sense for the one time use as long as LYNX is not giving up anything critical. Ms. Sherman commented that the reduction of the adder will be considered at in the 2016 and 2017 budget. Mr. McCullion stated that 6-7% reduction in cash balances was manageable.

Mr. McCullion asked if there were other questions from the Committee members. Mr. McCullion then asked for a motion to approve the requested action which is to use the \$2 capital to pay off the facility improvements.

Motion was made and seconded to approve the requested action to use the \$2 capital. The Motion passed unanimously.

Mr. Bussells briefly discussed third party sales and royalties which are building. NoPetro is already doing 10,000 gallons to third parties and about to sign a national contract to fuel a fleet of eighteen wheelers.

✓ **Other Business**

Chris McCullion asked if there was anything else. Ms. Sherman mentioned that the draft financial statements were included for the Committee's review.

The meeting was adjourned at 11:07 AM.