

LYNX Audit C mmittee Agenda

Central Florida Regional Transportation Authority

455 N. Garland Ave.

2nd Floor Board Room

Orlando, FL 32801

Board Date: 2/28/2008

Time: 9:30 AM



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

1. Call to Order

2. Approval of Minutes

-  Minutes from the January 24, 2008 Audit Committee meeting (pg 2)

3. Audit Agenda Items



- A.  Bus Advertising Program Update (pg 6)
- *Presentation* 

4. Review of Board Package: 2/28/2008

- A. Review and discussion of Consent Agenda Items
- B. Review and discussion of Action Agenda Items

5. Information Items

(For Review Purposes Only - No action required)

- I.  LYNX Board of Directors' 12-month Rolling Calendar of Agenda Items (pg 14)
- II.  Medicaid Non-Emergency Transportation Services Update (pg 16)

LYNX
Central Florida Regional Transportation Authority
Audit Committee Meeting Minutes

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

DATE: January 24, 2008

TIME: 9:39 a.m.

Members in Attendance:

Absent:

Seminole County Commissioner, Carlton Henley, Chair
Osceola County Commissioner, Bill Lane, Vice Chair
FDOT District 5 Secretary, Noranne Downs
Orange County, Carla Bell Johnson, Growth Management
City of Orlando, Roger Neiswender, Director of Transportation

1. Call to Order

The Chairman, Commissioner Carlton Henley, called the meeting to order at 9:39 a.m.

2. Approval of Minutes

Motion was made and seconded to approve the Minutes of the December 6, 2007 Audit Committee meeting. The motion passed unanimously.

3. Audit Agenda Items

A. Presentation on First Amendment Limitations on Solicitation on LYNX Facilities

The Chairman recognized Pat Christiansen, LYNX General Counsel, for presentation of Agenda Items A and D.

At the December 6, 2007, Audit Committee meeting, the need for LYNX to adopt policies in the areas of (i) advertising by third parties on LYNX buses and other LYNX property, and (ii) solicitation by third parties on LYNX property including the LCS was presented. Memos were submitted to the Board at the last meeting addressing the manner in which the Courts had ruled on these matters. Mr. Christiansen presented to the Committee a proposed rule that would address the guidelines for permitting third parties to solicit on LYNX facilities. It was mentioned that the rule would be brought back before the board for adoption at the next meeting.

D. Review of Amendment to Administrative Rule #4, Bus Advertising Contracts

Mr. Christiansen also addressed this particular matter and submitted to the Committee a proposed rule that would regulate advertising by third parties on LYNX buses as well as advertising on other LYNX facilities. This rule would also be brought before the Board at the next meeting.

B. Update on State Lobbying Services Contract Award

The Chairman recognized Pat Christiansen, LYNX General Counsel, to provide the update.

LYNX released an RFP for State Lobbying Services and the responses received were evaluated by the Source Evaluation Committee (SEC). The SEC recommended engaging two lobbying firms, i.e., JEJ & Associates and Gray Robinson for the budgeted amount of \$95,000. At its meeting of December 6, 2007, the Board adopted a motion authorizing the utilization of two firms, directives as to characterization of a lead lobbyist, directed staff to negotiate the contracts, and after the award, make a report to the Board.

During the contract negotiations, staff encountered difficulties in resolving issues that arose based on the Board's directives. Based on the unresolved issues, staff is requesting the Audit Committee recommend to the Board that they take the following actions:

- 1) Rescind its action on this matter taken at its meeting December 6, 2007;
- 2) Authorize staff to continue to negotiate with and reach contracts with JEJ & Associates and Gray Robinson within the budgeted \$95,000 without the "lead lobbyist" designation;
- 3) Establish a three member committee comprised of Chairman Henley, Harry Barley, and Linda Watson to review said contracts with one or more of said firms as well as to approve the terms of any such contracts, all within the budgeted \$95,000 amount.

At the conclusion of the General Counsel's presentation, Committee discussion ensued regarding the contract terms, division of budgeted funds between the lobbying firms, and the empowerment of the three-member SEC.

C. Update on the construction of the LYNX Operations Center (LOC) and settlement with Collage

The Chairman recognized Bert Francis, Chief Financial Officer, to provide the update.

At the December 6, 2007 Board of Directors meeting, authorization was given to the LOC Sub-Committee to negotiate a Settlement Agreement with Collage Design & Construction for an amount not to exceed \$1.9M. Mr. Francis noted negotiations were successful and a Settlement Agreement had been entered into for an amount of \$1,337,375.

The Settlement Agreement contains the following provisions: partial release of Contract retainage, provision to continue holding existing retainage until completion of punch list items, a date of February 29, 2008 to complete punch list items, additional monies to be held in retainage until all Releases of Lien are received, a date of April 15, 2008 to receive all Releases of Lien.

As a result of the Settlement Agreement, a request will be made to amend the LOC Budget for a net adjustment of \$1,079,851. Additionally, a request will be made to amend the Contract with EarthTech Architect and Engineers for construction management services through the project completion.

Mr. Francis introduced Dave Gordon, EarthTech Architect and Engineers, to address the warranties on the facility as outlined in the Contract. Mr. Gordon provided the following warranty information which includes, but is not limited to:

1. A one (1) year full service parts and labor warranty on the entire facility
2. Twenty (20) year warranty on the roof
3. Certain mechanical items which would carry a two (2) or three (3) year warranty on parts
4. Manufacturer warranties

The Contractor is compiling a book of all warranties. The Contractor will be responsible to receive warranty repair calls, contact the corresponding sub-contractor, and track the completion of the repair.

4. Review of Board Package

The Chairman recognized Ms. Watson, Chief Executive Officer, to provide an overview of items that will come before the Board.

Consent Agenda:

1. Staff will request authorization to release an RFP for Security Services. The new contract is expected to increase both the hours of coverage and the level of service at a cost increase of the prior contract.
2. Staff will request authorization to release an RFP for Legal Services. The contract will cover general legal services and cover a three (3) year period with two one (1) year options.
3. Staff will request authorization to purchase twenty (20) vanpool vehicles. This purchase will include six (6) for replacement of retired vehicles and fourteen (14) expansion vehicles.
4. Staff will request authorization to Submit Grant Application to the Federal Transit Administration for funds apportioned to the Orlando Urbanized Area. The Orlando Urbanized Area is defined as that area which is encompassed by the MetroPlan Orlando. LYNX is the only transit system in this urbanized area that is eligible for these funds.

5. Staff will request authorization to release Invitation For Bid (IFB) regarding Pressure Cleaning Services. In accordance with the Facilities Maintenance Division, the cleaning services will provide for the LYNX Central Station and the Superstops as outlined in the request. The IFB will solicit bids for a three (3) year contract term with two option years.
6. Staff will request authorization to appoint Deborah Henderson as Assistant Secretary to the LYNX Board of Directors. Ms. Henderson is the CEO's new Executive Assistant. As the Assistant Secretary to the Board, she will perform the necessary functions of the Board and the LYNX agency.
7. Staff will request authorization to amend Contract #99-005C1 with EarthTech Architect and Engineers for construction management services for the LYNX Operations Center (LOC). The amendment will continue the contract to the project completion.

Action Agenda:

1. Staff will request authorization to amend the LYNX Operations Center (LOC) project budget to reflect the Settlement Agreement with the contractor, Collage Design & Construction Group, Inc. which Mr. Francis reported on earlier.
2. Staff will be adding an Agenda Item to request authorization to rescind the action taken by the Board of Directors at the December, 2007 Board meeting. And to additionally, seek authorization to establish a three-member committee to approve a final contract within the budgeted \$95,000 which Mr. Christiansen reported on earlier.

Meeting adjourned at 10:20 a.m.

Audit Committee Agenda Item #3.A

To: LYNX Board of Directors

From: **Peggy Gies**
CHIEF MARKETING OFFICER
Jeffrey Kaley
(Technical Contact)
Courtney Miller
(Technical Contact)

Presented By: Jeff Kaley, Mgr. of Adv. Sales, LYNX

Phone: 407.841.2279 ext: 6020

Item Name: Bus Advertising Program Update

Date: 2/28/2008

Since the bus advertising program was brought back in house in 2004, the revenue has increased by over 300%. The program strategy was to act as a marketing arm of LYNX to the Central Florida advertising and marketing community.

Listed in Administrative Rule #4, it states that there shall be no political, alcohol, tobacco, gambling, sexually or adult-oriented advertising of any nature whatsoever. At this time we are requesting a re-evaluation of some of the restrictions on the current advertising policy, which may make the advertising program more current with market trends and therefore give the agency new opportunities to expand its market share.

With these changes, the LYNX advertising program can continue to develop and grow over the next several years.



LYNX Bus Advertising Update

Presented by:
Jeff Kaley

Manager of Advertising Sales

LYNX Bus Advertising Update

- Since bringing the program back in house in 2004, the revenue has increased by over 300%

- 2007 \$1,924,000
- 2006 \$1,381,000
- 2005 \$1,194,000
- 2004 \$961,000



- We continue to create new opportunities to provide additional revenue streams

Bus Advertising Update continued

- “New Technologies” of lighted King panels and promotional opportunities. Currently working with WWE for Wrestlemania, WDW and others to share in revenue and 3rd party promotions
- LYNX continues to work with companies to advertise on the Access LYNX vehicles, currently have an agreement with Albertsons to promote the pass sales on part of the fleet and have several other fleet wide deals in the proposal state.

What's Next?

- Administrative Rule 4 states that the Authority shall not take certain types of advertising based upon their moral or controversial matters
- By lifting some of these restrictions, there becomes a significant pool of advertising dollars available that we are not currently able to receive
- These include the Florida Lottery, Bright Futures scholarships, the Busch Theme parks just to name a few

Who's doing this?

- Other agencies have taken State Lottery programs. (Louisville, Kentucky and Richmond, Virginia are a couple)
- In both markets the Lottery is the number one advertiser.
- In Louisville, KY the Kentucky state lottery spends a minimum of \$24,000 per month on transit alone. It has spent as much as \$350,000 per year

What could this bring to the LYNX Bus Advertising program?

- In Orlando alone, the Florida Lottery spends estimated \$4 million dollars a year, with over half of that going to outdoor.
- The Busch entertainment theme parks and Anheuser Busch products spend an estimated \$7 million dollars per year in outdoor alone locally in Orlando.
- At least once a month the our program gets a call inquiring about these types of advertising availability.

Conclusion

- Consider adjusting or revising Administrative Rule #4 restrictions allowing more potential advertising revenue opportunity.

Audit Committee Information Item #.I

To: LYNX Board of Directors

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

Phone: 407.841.2279 ext: 6017

Item Name: LYNX Board of Directors' 12-month Rolling Calendar of Agenda Items

Date: 2/28/2008

In an effort to provide the LYNX Board of Directors with advanced notice of items that require Board action, staff will provide a 12-month rolling calendar listing critical items that will be on future Audit Committee and Board of Director agendas. The purpose of this document is to make the best forecast; however, periodically staff may be required to adjust the dates by which items will be presented to the Board of Directors.

LYNX Board of Directors 12-month Rolling Calendar of Agenda Items February 2008 (No Board Meeting in November)

March 2008

- Authorization to accept 2007 year-end financial audit
- Authorization to issue an RFP for printing and encoding fare media

April 2008

- Preliminary approval of the annual operating and capital budget for submission to the funding partners
- Authorization to submit FDOT Service Development Grant Applications
- Authorization to award a contract for legal services
- Authorization to award a contract for lubricants

May 2008

- Authorization to award contract for background checks
- Work Session on Transit Development Plan (TDP) Minor Update for FY09-16
- Authorization to exercise option year for occupational health services

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June 2008

- Authorization to dispose of fixed assets
- Adoption of TDP Minor Update for FY09-16

July 2008

- Authorization to execute 6-month option for gasoline contract
- Authorization to execute 6-month option for diesel fuel contract

August 2008

- Authorization to provide coin telephone services at LYNX operating and administrative facilities
- Adoption of the annual operating and capital budget
- Authorization to execute the 1st one-year option for the consultant team program for urban design, transportation planning, technical studies and geographical information systems under Contract #05-003
- Approval of LYNX' DBE goal

September 2008

- Authorization to accept the FY2009 Operating and Capital Budget
- Authorization to execute local funding agreements
- Annual Board of Directors' selection of officers

October 2008

- Acceptance of the Chief Executive Officer (CEO) annual appraisal
- Authorization to execute the 1st one-year option of the consultant team program contract for architecture and engineering under Contract #05-002

November 2008

No Board of Directors' meeting in November

December 2008

- Authorization to submit annual appropriations grant to FTA
- Authorization to submit grant applications to the FDOT for rural transportation services
- Authorization to execute agreement with the CTD for non-emergency Medicaid transportation

January 2008

- Review staff recommendations for FY09 legislative priorities

February 2008

- Adoption of FY09 legislative priorities

Audit Committee Information Item #.II

To: LYNX Board of Directors

From: Lisa Darnall
CHIEF OPERATING OFFICER
William Hearndon
(Technical Contact)

Phone: 407.841.2279 ext: 6036

Item Name: Medicaid Non-Emergency Transportation Services Update

Date: 2/28/2008

UPDATE

LYNX was recently notified that the Agency for Health Care Administration (AHCA) is disallowing HMOs the ability to provide transportation services to their enrollees (with a few exceptions that do not apply to LYNX' service area). All Medicaid eligible residents requiring Medicaid sponsored transportation services will once again be provided through the coordinated system, effective March 1, 2008. At the same time, LYNX' capitated funding through Medicaid will be restored.

BACKGROUND

In the State of Florida's 2005 fiscal year (July 1, 2004, through June 30, 2005), the Agency for Health Care Administration (AHCA) contracted with the Florida Commission for the Transportation Disadvantaged to administer AHCA's Medicaid Non-Emergency Transportation (NET) program. LYNX contracted with the Florida Commission for the Transportation Disadvantaged (CTD) to provide Medicaid NET services at a capitated monthly allocation of \$493,683 (\$5,924,196 annually) beginning in January 2005. During the State's 2006 fiscal year, statewide Medicaid NET funding was reduced resulting in the monthly allocation to LYNX being reduced to \$455,472 (\$5,465,664 annually).

There have been five amendments since 2006 as follows:

Amendment #1: During the State's 2006 fiscal year, statewide Medicaid NET funding was reduced resulting in the monthly allocation to LYNX being reduced to \$448,165 (\$5,377,980) annually.

Amendment #2: During the State's 2007 fiscal year, additional funding was added to the statewide Medicaid NET allocation, resulting in LYNX receiving an increase in our monthly allocation to \$500,948 (\$6,011,364 annually).

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Amendment #3: For 2008 fiscal year, AHCA elected to enter into a six month contract amendment/extension with the CTD. Amendment #3 extended the current agreement by six months and maintained the monthly allocation at the same level as FY2007 (\$500,948 monthly) for the months of July and August 2007.

Amendment #4: Additional Medicaid Health Maintenance Organizations (HMOs) began providing transportation services to their enrollees on September 1, 2007. AHCA reduced allocations to Medicaid Non-Emergency Transportation providers by the amount provided to the HMOs (estimated at \$2.91 per member, per month) through the term of the current agreement (December 31, 2007). This resulted in a reduction in monthly allocations to LYNX of \$69,821, from \$500,948 monthly to \$431,127 monthly.

Amendment #5: AHCA reconciled the number of enrollees of HMO's who provide transportation services and reduced the statewide Non-Emergency Transportation allocation by \$8.7 million, reducing LYNX' allocation to \$267,227 monthly. Amendment #5 accounts for this reduction and extends the terms of the contract by six months (January 2008 to June 2008).

As a result of the recent decision to restore funding effective March 1, 2008, please reference the chart below for a history of funding levels.

Date Range	Monthly Allocations	Comments
January 2005 to October 2005	\$493,683	Inception of capitated allocation
November 2005 to June 2006	\$448,165	9.22% reduction from previous allocation due to HMOs providing services
July 2006 to August 2007	\$500,948	11.78% increase over previous allocation due to Prescribed Pediatric Extended Care (PPEC) services and additional Medicaid compensable services
September 2007 to December 2007	\$431,127	13.94% reduction from previous allocations due to HMOs providing services
January 2008 to February 2008	\$267,227	38.02% reduction from previous allocations
March 2008 to June 2008	Est. \$500,938	Increase expected due to HMOs being disallowed to provide transportation services

Staff is expecting to bring Contract Amendment #6 with the Florida Commission for the Transportation Disadvantaged to provide Medicaid non-emergency transportation services to the Board for approval in March 2008. This amendment would adjust the monthly allocation as described above.