

LYNX Board Audit Committee Agenda

Central Florida Regional Transportation Authority

455 N. Garland Ave.

2nd Floor Board Room

Orlando, FL 32801

Board Date: 4/26/2007

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

-  Approval of the March 29, 2007 Audit Committee Minutes (pgs 2-8)

3. Audit Agenda Items


- A.  Update on Flex Bus (pg 9)
- B.  Update on the LOC - LYNX Operations Center (pg 10)
- C.  Fiscal Year 2007-2008 Budget Development Assumptions (pgs 11-17)
- Presentation 
- D.  Paratransit Mobile Data Terminal Presentation (pg 18)
- E.  Shelter Update (pg 19)
- F.  Service Development Grant Choices (pgs 20-23)

4. Review of Board Package: 4/26/2007

- 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 (pgs 24-25)

LYNX
Central Florida Regional Transportation Authority
Audit Committee Meeting

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

DATE: March 29, 2007

TIME: 9:30 a.m.

Audit Committee Members in Attendance:	Not in Attendance:
Seminole County Chair, Carlton Henley	City of Orlando, Mayor Buddy Dyer
FDOT District 5, John Zielinski	FDOT District 5, Noranne Downs
Osceola County Commissioner, Bill Lane	
City of Orlando Representative, Roger Neiswender	
Orange County Commissioner, Mildred Fernandez	

1. Call to Order

The meeting was called to order at 9:40 a.m.

2. Approval of Minutes

Commissioner Lane moved to approve the minutes of the February 22, 2007 Audit Committee meeting. Commissioner Fernandez seconded the motion. The motion passed unanimously.

3. Audit Agenda Items

A. Presentation on the annual financial audit and Comprehensive Annual Financial Report (CAFR) for fiscal year ending September 30, 2006

Bert Francis, Chief Financial Officer (CFO), introduced Allicia Train, Sr. Manager with Cherry, Bakeart, & Holland, LLP. Ms. Train reported that they had a “clean” unqualified opinion this year. There were no reportable conditions or material weaknesses disclosed. There were no material instances of noncompliance. There were no single audit findings.

Some highlight from the 2006 Financial Audit are:

- \$1,745,855 increase in unrestricted net assets
- There was a draw down on the remaining SIB loan to finance construction and a new SIB loan
- Capital contributions of \$28.9 million to fund capital purchases and construction
- Customer fare revenue increased by 10%
- \$1 million revenue increase resulted from interest income and sale of capital assets

- \$16.5 million in additions to construction, including the new operations base

Ms. Train reported that the big difference in the balance sheet is in the property which goes along with the construction additions. The operating revenues are very comparable to the previous year. There was only a small increase in non-operating revenues and operating expenses from 2005.

Chairman Henley commented that the advertising income was up significantly over 2004-2005 but the ratio was about the same.

Ms. Train pointed out that auditor's responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements of the Authority are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, not absolute assurance and because the auditors did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected.

Ms. Train reported that as part of the audit the internal control of the Authority was considered and those considerations were just for the purpose of determining audit procedures and were not to provide any assurance on the internal controls.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, the auditors performed tests of the Authority's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of the tests was not to provide an opinion on compliance with those provisions.

There were several new accounting standards that came into affect this year. The only affect those changes had was on the statistical section of the CAFR. These were just presentation differences. The Authority will be required to implement GASB Statement Number 45 "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions, no later than fiscal year 2008. This standard will require actuarial calculations of post-employment benefits, recording of liabilities to the extent annual contributions are not funded and related disclosures.

Ms. Train reported on the Summary of Audit Differences. She explained that none of the adjustments proposed, whether recorded or unrecorded by the Authority, either individually or in the aggregate, indicate matters that could have a significant effect on the Authority's financial reporting process.

B. Update on Flex Bus

Bert Francis, CFO, gave an update on the Flex Bus program. Mr. Francis reported that last month FDOT made it clear that they would have no further project management ownership or responsibility of the project. FDOT distributed, at the February Board Meeting, a timeline of the Flex Bus program along with some maps. FDOT made statements about the status of the project at that meeting.

Mr. Francis explained that LYNX wants to move this project forward. At the advice of Chairman Henley, staff met with Altamonte Springs and have subsequently met with FDOT to discuss how to proceed. An action plan has been developed and is outlined in the Audit Committee Report, Page 14.

Staff is asking for direction on the successor of the project manager role. FDOT does not prefer to be the project manager going forward. LYNX is also reluctant to take on the role although Altamonte Springs would like to have LYNX take over that role.

To continue to facilitate this project an interlocal agreement will have to be developed. Funding is the key issue holding this project back. Altamonte Springs, FTA and LYNX all have money into this program. Altamonte Springs is much further along on the right-of-way acquisition than was stated. They are still on target. Much of this was not to be completed until FY08.

Chairman Henley asked if the TOPS funding is being pulled because it is no longer eligible or because FDOT no longer wants to support the program.

Mr. Zielenski, FDOT, explained that the funds under the program were available only for a limited time. That time has run out, throughout the State, not just for this project.

Chairman Henley asked where the funds are going if not for this project and others throughout the State. Mr. Zielenski explained that those funds were folded into the strategic intermodal system program, statewide in Tallahassee. There was approximately \$100M a year for that program for a certain number of years. Those projects were of an intermodal nature under that program, such as the Flex Bus.

Chairman Henley asked if the decision to fold it into the strategic intermodal system program is a result of the \$100M that has been pulled out by the legislature from the transportation budget.

Mr. Zielenski said that was not the case. It was rolled into the intermodal project throughout Florida. He mentioned that FDOT has asked Tallahassee if

there was anything else that could be done with those funds and they indicated that there is not.

Chairman Henley stated that it's time to meet with the legislative delegation to get this money.

Mr. Neiswender indicated that when they passed SB360 they set a timetable for the expiration of TOPS and they took all that money and put it under FDOT. Part of that money became allocated into new programs; the rest of the money was allocated into existing programs.

Discussion ensued.

Mr. Francis asked the Audit Committee to review the project budget on Page 16. Staff will report back to the Board in May with a more definitive plan. Again, Mr. Francis mentioned that funding will be the key.

Commissioner Fernandez asked if LYNX would be able to be the project manager and what are the qualifications to be the project manager for this project. She also stated that Tallahassee is looking for only one thing and that is property tax reform.

Mr. Francis indicated that there are pros and cons to being the project managers. The biggest obstacle is the funding. LYNX does not want to get into a position where it is in competition with itself for federal dollars. He also mentioned that this project is in direct support of Commuter Rail. It would be a good project to increase ridership for Commuter Rail.

Chairman Henley asked what the timeline is for getting the decision made. Mr. Francis explained that the JPA expires May 1 and staff only has until May 15 to submit final invoices for Transystems.

Jennifer Stults, Deputy Director of Planning, stated that Altamonte Springs has indicated that the construction phase is something they would be willing to help out with. Their people have done road building in the past and this is something LYNX does not do. They have people under contract to do this type of work. Transystems is the current consultant but she is not clear on what their role would be going forward. Transystems has done all the design work for the roadway and the ITS components, as well as the modeling for the ridership.

Chairman Henley asked that staff convene another meeting with the interested parties with the sole purpose to come up with a way that this project can be managed. He would like a list of pros and cons and who is responsible for what by the next Board meeting.

Mr. Neiswender asked if the request is to define who will be the project manager for Phase 3 or to take it over at the end of Phase 2. Mr. Francis explained that the new project manager would come in at the beginning of Phase 3. Mr. Neiswender would like to see the final design phase completed so the new project manager can come in at the beginning of Phase 3.

Mr. Francis will set up another meeting between FDOT and Altamonte Springs and will make sure Chairman Henley is invited.

C. Update on the LYNX Operations Center

Bert Francis, CFO, gave an update on the LOC construction and timeline. The architect of record will be sending 18 copies of revised plans to submit to the City for Building A. The downside is the project continues to slip, slightly. The entire project should be complete by May 23. Building A and Building A expansion may be complete by the end of April. There is significant progress that is being made now. Building B continues to lag slightly. There is an issue with Building C with the City of Orlando but should be resolved shortly.

Each of the Buildings, as well as the site work, has its own Certificate of Occupancy (CO) so it may be possible to move into one building before the other.

Commissioner Fernandez asked if LYNX will be on target with the contingency monies. Mr. Francis indicated that they are holding them as tightly as they can. Commissioners Fernandez' main concern is what is going on in Tallahassee with property taxes. Orange County is being very careful since they do not know if they will be able to fund everything they did last year. There will be cuts to the budget.

Discussion ensued.

D. Update on the Procurement Plan

Bert Francis, CFO, gave an update on the procurement plan. At the September 2006 Board Meeting, staff prepared and presented an update to the FTA Procurement System Review. The update outlined an action plan to resolve those findings. This is the final update on the status of those outstanding issues. Staff has reviewed the recommendations of the FTA and has implemented several changes and revisions to the Policies and Procedures Manual as well as revisions to Administrative Rule #4.

E. Update on Advertising Sales

Jeff Kaley, Manager of Advertising Sales, gave a presentation on the bus advertising sales program. Transit advertising is a form of "out of home media". It is designed to reach those young, mobile, busy persons not always watching, listening or reading other forms of media.

LYNX offers multiple options: full painted buses, half painted buses, king panel displays, tail panel displays and interior cards.

The objective three years ago was to be a leader in the transit advertising world. The focus is on the customers' needs and developing unique promotional programs.

The resources created in 2006 include the exclusive promotional partner with The Walt Disney Company promoting "Mickey's Very Merry Christmas Party". LYNX is the only advertising/promotional partner in Orlando for the Tampa Bay Devil Rays.

The contract retention rate is 62%, based on the market average of 42-45%.

The two largest advertisers are KB Homes and Orlando Regional Healthcare with five buses each.

There were 23 new clients in 2006. The total revenue generated was almost \$1.3 million. The LYNX advertising program out-performed the 2006 projected budget.

A recent study by several transit authorities throughout Florida uncovered that LYNX ranked 2nd among all in advertising revenue. Miami/Dade exceeded LYNX by under \$200,000; however, they are a larger media market and have more inventory to sell.

Each year two additional advertising partners share their advertising revenue: Signal Outdoor and Transit Television Network (TTN). TTN continues to provide LYNX with promotional time to inform LYNX passengers of upcoming changes and information.

Commissioner Fernandez asked how LYNX targets new customers and if there is a target for the amount of income to be brought in. Mr. Kaley explained that new customers are targeted daily. Mr. Kaley saw three years ago the value of this program and where LYNX should be in five years. Mr. Kaley explained that in Central Florida the target audience is not only Central Floridians but people from all over the country; therefore, the advertising does not have to be local.

Ms. Watson, CEO, mentioned that LYNX Board members can help promote the advertising as well. Much of it is through networking and contacts.

4. Review of Board Package

Ms. Watson, CEO, mentioned that Consent Agenda Item A.ii. Authorization to award printing contract to Pride Enterprises for the printing of individual schedules and

LYNX schedule books, has been pulled. She explained that Pride has always provided low rates but they misunderstood the invitation to bid and their price is much higher. Rather than awarding them another contract for three years staff will go out to bid for this. In meeting with Commissioner Fernandez, she indicated that Orange County has a very large printing department with equipment they have invested in over the years and may be able to provide a price that is very competitive.

Ms. Watson reviewed the Consent Agenda Items with the Board.

Ms. Watson reviewed the Action Agenda Items and Work Session Items with the Board.

The Audit Committee meeting concluded at approximately 10:30 a.m.

Commissioner Fernandez thanked staff for putting the Maintenance Audit Recommendation Cost in the Information Items. Commissioner Fernandez would like to have this placed in a discussion item before the budget is prepared.

LYNX Board Audit Committee Agenda

Audit Committee Agenda Item #3.A

To: LYNX Board of Directors

From: **Bert Francis**
CHIEF FINANCIAL OFFICER
Jennifer Stults
(Technical Contact)
Doug Jamison
(Technical Contact)
Belinda Balleras
(Technical Contact)
Presented By: Bert Francis

Phone: 407.841.2279 ext: 3047

Item Name: Update on Flex Bus

Date: 4/26/2007

Staff will provide an update on the Flex Bus project as a follow up to last month's meeting.

LYNX Board Audit Committee Agenda

Audit Committee Agenda Item #3.B

To: LYNX Board of Directors

From: Bert Francis
CHIEF FINANCIAL OFFICER
Rick Wilson
(Technical Contact)
Blanche Sherman
(Technical Contact)

Presented By: Bert Francis

Phone: 407.841.2279 ext: 3047

Item Name: Update on the LOC - LYNX Operations Center

Date: 4/26/2007

Staff, as well as EarthTech, continue to work on critical issues as well as work towards a project deadline. Bert Francis will provide an update on the LOC construction as well as a revised timeline.

LYNX Board Audit Committee Agenda

Audit Committee Agenda Item #3.C

To: LYNX Board of Directors

From: **Bert Francis**
CHIEF FINANCIAL OFFICER
Susan Sackett
(Technical Contact)
Blanche Sherman
(Technical Contact)

Presented By: Bert Francis

Phone: 407.841.2279 ext: 3047

Item Name: Fiscal Year 2007-2008 Budget Development Assumptions

Date: 4/26/2007

The key assumptions that LYNX' budget team will use in the preparation of the FY 07-08 budget development process will be presented. This item gives the Audit Committee an opportunity to provide direction and feedback to management at the beginning of the budget development process.

FY08 Budget Development Assumptions

Presented by Albert J. Francis II, CPA
To the LYNX Audit Committee
April 26, 2007



Key Budget Assumptions

- Continue Two Year Budget Development Process (FY 2007 – 2008 and FY 2008 – 2009)
- Determine Level of Service
- Basis of funding will be done on the Regional Model
- Budget could be impacted by property tax reform
- Consideration of impact of Fare Increase
- Maintain current level of Federal Preventive Maintenance Funding for Operating Budget



Key Budget Assumptions

- Base Budget – No New Positions
(unless economically justifiable)
 - Implement COA
 - Maintenance Audit
 - Increased Security
 - 10-20% Reduction
- Fuel is budgeted at \$2.3223 per gallon
- Union Contracts
- Impact of new operations center
- Build Organizational Reserves



Federal Preventive Maintenance Funding



Federal Preventive Maintenance as a Percentage of the Operating Budget



Budget Calendar

Key Budget Assumptions Presentation to Audit Committee

April 26th

Present to LYNX Board

June 28th

Funding Request Letters Submitted to Funding Partners Proposed Budget

June

Proposed Budget/Funding Requests Presented to Osceola & Orange Counties

July

Proposed Budget/Funding Request Presented to Seminole County

August

Final Board Action

September 27th

Budget Year 08 - 09 Commences

October 1st



LYNX Board Audit Committee Agenda

Audit Committee Agenda Item #3.D

To: LYNX Board of Directors

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

Phone: 407.841.2279 ext: 3036

Item Name: Paratransit Mobile Data Terminal Presentation

Date: 4/26/2007

LYNX and MV Transportation staff will discuss the Paratransit Mobile Data Terminals (MDTs). Discussion will include the installation process, driver and dispatcher perception of the MDTs, efficiencies realized since the installation, and possible future uses of the MDTs to improve customer service and customer satisfaction.

LYNX Board Audit Committee Agenda

Audit Committee Agenda Item #3.E

To: LYNX Board of Directors

From: **Lisa Darnall**
CHIEF OPERATING OFFICER
Jennifer Stults
(Technical Contact)
Doug Jamison
(Technical Contact)
Sherry Zielonka
(Technical Contact)

Phone: 407.841.2279 ext: 3036

Item Name: Shelter Update

Date: 4/26/2007

Staff will present a PowerPoint overview of the LYNX shelter program. The presentation will cover the history that led to the current shelter design, the current inventory of shelters that LYNX offers, regulations that affect where LYNX can and cannot install shelters, contracts LYNX holds related to shelter installations, other area shelter programs, and the status of LYNX shelter installations to date. The Audit Committee members will have a better understanding of the overall program and some of the issues that restrict LYNX from installing shelters at some bus stops within our service area.

LYNX Board Audit Committee Agenda

Audit Committee Agenda Item #3.F

To: LYNX Board of Directors

From: **Lisa Darnall**
CHIEF OPERATING OFFICER
Jennifer Stults
(Technical Contact)
Darrell Smith
(Technical Contact)
Sherry Zielonka
(Technical Contact)

Phone: 407.841.2279 ext: 3036

Item Name: Service Development Grant Choices

Date: 4/26/2007

LYNX has had success over the past two years with the Florida Department of Transportation's Service Development Grant Program, which provides seed funding for new or expanded services and technologies. This program provides 50% state funding of the net operations and maintenance cost for two years. There is a 50% local match required for the two years, with an understanding that the local portion would increase to 100% after the start-up period, should the project be successful. Typically, FDOT is looking for a Board resolution from the local agency providing the match, indicating a future willingness to fund the project.

The Lake County services implemented in December 2006 – Clermont Express and Link 55 extension – were both the result of Service Development Grants funded in LYNX's 2005 request. April's new "Trailblazer" service, operating from the University of Central Florida Superstop to Waterford Lakes, was also a result of the 2005 funding cycle. The upcoming headway improvements to Link 30 in August were funded through the 2006 request.

The Florida Department of Transportation (FDOT) recently solicited applications for the next grant funding cycle, and held a workshop to discuss expectations for this year's applications. FDOT indicated it would look favorably upon Commuter Rail-related services.

2007 Service Development Grant Overview

APPLICATIONS DUE 6/5/07

- 5 pages max without attachments
- Must be in currently adopted Transit Development Plan (TDP)
- Must be ready to implement

LYNX Board Audit Committee Agenda

- Need to include – Board & MPO resolutions, letters of support, ridership survey info

Funds available 7/1/08

- Must begin implementation by 5/09
- For new/expanded service or technology projects
- 50% Operations & Maintenance state funds for first two years; 50% local/private match (100% after two years)

Preliminary list for 2007 applications for FDOT FY09

All projects listed below are included in LYNX's 15-year Comprehensive Operations Analysis, with the exception of the Winter Garden Village at Fowler Groves, for which LYNX received private funding as part of the development order, and the Maitland Circulator. None of the projects, however, are included in the current program of Commuter Rail-related bus services to be funded by FDOT to avoid duplication. The projects are separated by whether or not they appear in the currently adopted LYNX Transit Development Plan for Fiscal Years 2007 – 2011, as that is one of FDOT's requirements for this grant. Projects that do not appear in the currently adopted TDP were included for information as they had previously been discussed or considered at the staff level.

In currently adopted Transit Development Plan:

Technology project

- Marketing and Consumer Information - Regional Intelligent Transportation Systems Travel Center (qualifies at 100% state funding; not funded in 2006 request)

Service projects

- Disney 3-D services (not funded in 2006 request) – 4 new routes to:
 - Link 3D-6, Silver Star to Epcot/Pop Century
 - Link 3D-7, Florida Mall, Orlando Premium Outlets, and Downtown Disney
 - Link 3D-8, South S.R. 436 to Downtown Disney and Gaylord Palms
 - Link 3D-9, Buenaventura Lakes to Downtown Disney and All Star Resorts
- Greenwood Lakes, Lake Mary Boulevard, Seminole Centre, International Parkway, Seminole Town Center
- S.R. 434 Crosstown, Oviedo Market Place Mall, West Town Corners Mall, and Rosemont SuperStop.
- Celebration/Gaylord Palms via Eastlawn Drive, U.S. 192, International Drive, Gaylord Way
- S.R. 535/Lake Buena Vista, Kissimmee, Disney

Not in currently adopted Transit Development Plan:

- Maitland circulator
- Mt. Dora – Apopka – Downtown Orlando (Mt. Dora/Lake Co. local match/land for Superstop) – Part of Lake County transit study
- UCF – Downtown Orlando Express (not funded in 2005 request, no stadium O&M funds)
- Winter Garden Village at Fowler Groves
- Winter Park downtown circulator

Related Transportation Regional Incentive Program (TRIP)

Vehicles related to the new services and service expansions resulting from the 2005 and 2006 Service Development Grant requests were obtained through the new TRIP funding program, in which the Florida Department of Transportation provided 50% capital matching grants. LYNX matched those funds with a State Infrastructure Bank (SIB) Loan.

LYNX was awarded state funds for 16 vehicles in the 2005 request, which will begin arriving in April. LYNX was awarded an additional 12 vehicles for the 2006 request, with the caveat that they be used for Commuter Rail related services. These 28 vehicles would effectively exhaust LYNX's available credit under the current SIB loan.

While LYNX continues to pursue legislative changes to enable the use of XU funds to match TRIP funds, under current interpretation, the agency would need to apply for an additional SIB loan or pursue other capital matching funds allowed under the TRIP program in order to request additional bus or paratransit vehicles in the current request cycle.

Additionally, the Florida Department of Transportation has moved up the TRIP deadline from September 1 to July 1 this year. FDOT will again be awarding two years worth of funds, and beginning next year, will go to one-year award cycles to stay within the Five Year Work Program dates. LYNX could re-apply for the vehicles it did not receive funding for last year, plus any new identified needs.

Action Requested

Staff is not requesting any action at this time; however, Audit Committee feedback on the viability of the Service Development Grant projects discussed above, including whether local funding might be available, would be helpful.

Board action would be requested at the May meeting for authorization to submit Service Development Grant applications. (Meantime, individual agency Boards may be approached to approve resolutions for local funding commitments for these projects.)

LYNX Board Audit Committee Agenda

Board action would be requested at the May or June meeting for authorization to submit a Transportation Regional Incentive Program (TRIP) application for vehicles. There may be a companion item for authorization to submit for a State Infrastructure Bank loan as well.

LYNX Board Audit Committee Agenda

Audit Committee Information Item #.I

To: LYNX Board of Directors

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

Phone: 407.841.2279 ext: 3017

Item Name: LYNX Board of Directors' 12-month rolling calendar of agenda items

Date: 4/26/2007

April 2007

May 2007

- Authorization to award a contract for commuter vans using State of Florida Contract
- Work session on Transit Development Plan (TDP) Major Update for FY08-12
- Authorization to award a contract for the construction of Osceola Square Mall Super-stop
- Authorization to award a contract for Employee Investment Plan Provider
- Authorization to award a contract for banking services

June 2007

- Authorization to execute Transportation Disadvantaged Trip Grant Agreement
- Authorization to execute Rural Capital Assistance Grant Agreement
- Authorization to dispose of fixed assets
- Adoption of TDP Major Update for FY08-12
- Authorization to purchase Gillig Buses
- Authorization to award contract for LCS concessionaire build-out/bathroom renovations

July 2007

- Authorization to award contract for general printing services

August 2007

- Approval of LYNX' DBE goal
- Authorization to submit TRIP fund applications to FDOT

September 2007

LYNX Board Audit Committee Agenda

- Authorization to execute funding agreement with regional funding partners
- Authorization to execute a JPA with FDOT for Commuter Assistance Grant Program
- Adoption of the FY Operating and Capital Grant Budget
- Authorization to execute local funding agreements
- Annual Board of Directors' selection of officers
- Adoption of Title VI Program

October 2007

- Acceptance of the Chief Executive Officer (CEO) annual appraisal
- Authorization to retire and sell surplus property
- Authorization to release RFP for artistic painting of buses

November 2007

- Authorization to submit annual certifications

December 2007

- Authorization to purchase fixed route buses
- Authorization to submit annual appropriations grant to FTA
- Authorization to submit grant applications to 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