

LYNX Audit C mmittee Agenda

Central Florida Regional Transportation Authority

455 N. Garland Ave.

2nd Floor Board Room

Orlando, FL 32801

Board Date: 8/23/2007

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 July 25, 2007 Audit Committee minutes (pgs 2-7)

3. Audit Agenda Items


- A.  Update on the LYNX Operations Center (LOC) (pg 8)
- B.  Update on FlexBus (pg 9)
- C.  FY08/09 Service Adjustment Approach (pg 10-12)

4. Review of Board Package: 8/23/2007

- 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 (pg 13-14)

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: **July 26, 2007**

TIME: **9:30 a.m.**

Members in Attendance:

Seminole County Chair, Carlton Henley, Chair
Orange County Commissioner, Mildred Fernandez
Osceola County Commissioner, Bill Lane
FDOT District 5 Secretary, Noranne Downs
Roger Neiswender, City of Orlando

Absent:

1. Call to Order

Chairman Carlton Henley called the meeting to order at approximately 9:35 a.m.

2. Approval of Minutes

Commissioner Lane moved to approve the minutes of the May 24, 2007 Audit Committee meeting. Commissioner Fernandez seconded the motion. The motion passed unanimously.

Commissioner Lane moved to approve the minutes of the June 28, 2007 Audit Committee meeting. Commissioner Fernandez seconded the motion. The motion passed unanimously.

3. Audit Agenda Items

a. Update on the City of Orlando shelter program

Edward Johnson, Chief of Staff, briefed the Board on the City of Orlando shelter program. The City of Orlando and LYNX are interested in executing an interlocal agreement for shelters.

The City of Orlando would like LYNX to take full responsibility for establishing the shelter program.

The terms of the agreement include:

1. Contract will be exclusive
2. 10-year agreement
3. Escape clause

4. Any net proceeds from shelter advertising will offset bus services in the city of Orlando
5. Must fit within the theme of the city (City Beautiful)
6. Protect customers from the elements

The City of Orlando (the City) will be very involved with this process including site selection, and permitting for the shelters.

The first year of the agreement will result in at least 20 shelters being installed within the project area and 20 additional shelters in the second year. The 20 shelters a year baseline may be increased based on the approach the two agencies agree upon to install and maintain the shelters as well as administer the advertising program.

There are two ways to administer the program. First, LYNX can do it internally, or second, the current contractor could administer the shelter program as it is currently done in unincorporated Orange County. A cost benefit analysis, as well as financial analysis will be conducted to see which methodology is best to administer this program.

If done in-house, LYNX could contract with a manufacturer to build the shelters and another contractor to install the shelters. Advertising sales can cover maintenance costs. If outsourced, the vendor selected would install, maintain and sell advertising and would share the net proceeds with LYNX.

Staff is requesting that the Board authorize staff to continue negotiations with the City to develop an interlocal agreement, as well as authorize staff to execute that agreement after the negotiations have been finalized.

At this time, there are at least three options for administering this program. First, LYNX can award a contract to an advertising agency who will share in the net proceeds of the advertising revenue after covering the depreciation of the shelter and its monthly maintenance. Second, an advertising agency can propose providing LYNX with a guaranteed amount of revenue from the sale of advertising. Third, LYNX can administer the program internally by installing the shelters and selling advertising with its staff similar to the way bus advertising is currently handled. Any revenue derived from the sale of advertising must either be used for the installation of more shelters or defray the costs of transit services within the city limits.

Commissioner Lane commented that bus shelters will increase ridership and would like to get shelters in Osceola County. He asked when this program would be implemented. Mr. Johnson stated that it is staff's hope to have this implemented by the end of this year.

Mr. Neiswender mentioned that this is one of his top priorities. There is one overriding issue and that is people do not have protection from the elements when waiting for a bus. Mr. Neiswender has suggested to the City that at their next meeting, the City of Orlando, under its terms and conditions, opens its territory to LYNX. Then, LYNX must accept the responsibility for determining the appropriate mechanism quickly. If LYNX decides to run this program, there must be a real service delivery program and there must be one individual responsible for delivering the minimum number of negotiated shelters and the minimum net negotiated revenue to the credit of the City of Orlando.

Chairman Henley stated that the problems mentioned are not just in the City of Orlando but throughout the service area. If LYNX takes this project on, there needs to be a person held accountable.

b. Update on staff vacancies and update of compensation plan

Linda Watson, Chief Executive Officer, briefed the Board on staff vacancies and the compensation plan.

Ms. Watson explained that one of the issues within the 18 month Business Plan adopted by the Board last month is dealing with the internal organization (morale). A significant problem for LYNX is vacancies. Chairman Henley previously asked that staff provide a list of vacancies over the past few years.

LYNX was authorized in 2005 to complete a compensation analysis to determine if wages were comparable to the local market. An analysis had not been done in 8 years. When the study was done, 2004 data was used for the analysis. By the time the results of the analysis were implemented, the entities used in the analysis had gone through their own compensation plan updates. Therefore, the data used for LYNX' compensation analysis was three years old.

At the time of implementation, half of the employees involved in the process asked for a re-review of their job descriptions and the wage scales that were recommended for their positions. Also, many people have left the agency for other positions at other public sector agencies for more money and promotions. LYNX has become a good training ground for agencies in our region. When LYNX positions are advertised, qualified candidates are not applying. The agency has been suffering, as a result.

Employees who remain are taking on additional responsibilities. They are doing more work than even their level of ability. Today, LYNX has over \$41 million in new grant money that staff is administering that impact various departments in the agency. There are not enough project managers to take on the additional responsibilities. First and foremost the concern is the morale of the agency; and second, mistakes and errors that could go unnoticed or

unfound as a result of this situation. A huge fear is a further drain on the agency of more people leaving. There is a concern of losing other key people within the organization and the ability to effectively fill the open positions.

The list of positions that have become vacant in the last year and a half has been provided to the Board. A total of 56 administrative positions, or 36% of the administrative workforce, have left the agency. A number of positions have taken over a year to fill and a number of positions remain unfilled today.

Ms. Watson's would like to work with the Board to address this situation for the employees here today and also for the future of agency. There has always been a need and desire to fix the service on the streets for the customer, however, not much time has been spent on the improvement and fixes needed for the internal part of the organization.

Chairman Henley asked Ms. Watson to provide the Board with HRMP's review. Ms. Watson indicated that the information would be provided to the Board. She also explained that the review that HRMP did is not the final product but gives an indication that there is a serious problem that needs to be fixed. Chairman Henley asked how many employees LYNX current has. Ms. Watson responded that there are just under 1,000 employees total and out of that number, 154 are administrative employees. Administrative employees are those not covered by the Union contract.

Commissioner Fernandez asked how long it takes to hire an individual. Commissioner Fernandez explained that at Orange County there may be a good candidate; however, because the process takes a long time, that person accepts another opportunity. Ms. Watson explained that is also a problem at LYNX. There have been so many vacancies and some of the recruiters have left, as well. LYNX has hired an excellent recruiter; however, that individual is so overwhelmed that a temporary employee was hired to assist in the process.

Ms. Watson explained that not all positions are unique to transit; however, those with transportation experience normally take longer to recruit. The industry does not have many qualified people with experience in transportation. The difficulty in finding planners and engineers has been one of the biggest challenges in terms of the service changes.

Commissioner Lane asked if the salary is the main factor in not being able to hire people or is it that they are just not out there. Ms. Watson explained that it is a combination of both. Ms. Watson explained that she has personally conducted exit interviews for some positions and wages comes up over and over again. Also, some employees have asked for a wage increase to avoid leaving; however, that is not fair to the employees still here and there is no money to do that.

Discussion ensued.

Secretary Downs stated that many years ago the Governor asked the State to downsize by 25% over a five year period. Not one person in District 5 lost their jobs. Staff was taxed with getting leaner and more efficient. They took the vacancies, downgraded them and gave them added duties. Secretary Downs urged Ms. Watson to charge the department heads to come up with a plan in 30 days to make the unit more efficient.

Ms. Watson explained that LYNX is very efficient; however, she is very concerned with the functioning of the agency because it is so poorly staffed. She indicated that over the last four years, major reductions in force have occurred. The consultant who performed the review of the original compensation plan has indicated they could review LYNX' plan, provide good numbers and provide different options to fix the problem.

Chairman Henley asked how much it cost to complete the review. Ms. Watson explained that it was \$5,000. To complete the whole plan would cost \$25,000. Chairman Henley asked how LYNX paid for the 2005 study. Ms. Watson explained that it was in the low to mid \$20,000 and was budgeted.

Mr. Neiswender explained that the City of Orlando has been through considerable downsizing three and a half years ago. The Mayor has challenged staff to rethink the fundamental way it does business.

Discussion ensued.

Secretary Downs requested to see the average salaries for all positions.

c. Update on the LYNX Operations Center (LOC)

Bert Francis, Chief Financial Officer, provided an update on the LOC. A Temporary Certificate of Occupancy (TCO) has been issued for Building A, Building A expansion, and Building C1 and C2 D and E. Staff will begin moving into those buildings. There are approximately 21 outstanding issues. Some revolve around life-safety issues which are being addressed. All issues should be completed well before mid-August.

Building B's progress continues to be slow. It is still scheduled for completion in mid- August.

Mr. Francis reported that a budget revision will need to be completed. There are outstanding change orders that are still being negotiated. The three outstanding items are; \$355,000 additional proposed change orders; \$180,000 additional work for EarthTech to complete through December 2007; and, \$40,000 to complete life-safety issues necessary to obtain the Certificate of

Occupancy (CO). The total is \$575,000. Chairman Henley asked how many EarthTech employees will remain and what skill level do they have. Mr. Francis replied that Dave Gordon and his staff will remain for five months to complete the punch list items.

Discussion ensued.

Commissioner Fernandez would like to see how many change orders there have been since the start of the project and how much money does that represent. Also, how many Federal dollars were used for this project and could that money have been used for other things if it did not go to these change orders. Mr. Francis explained that the Federal money was earmarked for the LOC and if it was not used, it could have been used for other things.

Discussion ensued.

d. Update on FlexBus

Bert Francis provided an update on FlexBus. Staff is trying to move the project forward. There are two outstanding issues needed, a Joint Participation Agreement (JPA) with FDOT. The Board approved the draft JPA that last month. A commitment letter from Altamonte Springs is also needed. Mr. Francis anticipates having this letter signed next week to move the project forward. Also, an interlocal agreement with the City of Altamonte Springs is outstanding. There is an existing interlocal agreement for the design phase but it has expired. The interlocal agreement for the construction phase also expires. Staff is asking the Board to approve the essence of the interlocal agreement. The Attorney is working with Federal Transit Administration on some language in the agreement. If there are material changes to the agreement, staff will bring it back to the Board next month; however, if there are not material changes, only minor language changes, staff would like to have the Board approve executing the agreement.

4. Review of Board Package

Ms. Watson reviewed the Board package.

The Audit Committee meeting concluded at approximately 10:40 a.m.

LYNX Board Audit Committee Agenda

Audit Committee Agenda Item #3.A

To: LYNX Board of Directors

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

Presented By: Bert Francis

Phone: 407.841.2279 ext: 6047

Item Name: Update on the LYNX Operations Center (LOC)

Date: 8/23/2007

Staff will provide an update on the LYNX Operations Center (LOC).

LYNX Board Audit Committee Agenda

Audit Committee Agenda Item #3.B

To: LYNX Board of Directors

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

Presented By: Bert Francis

Phone: 407.841.2279 ext: 6047

Item Name: Update on FlexBus

Date: 8/23/2007

Staff will provide an update on the status of the FlexBus project.

LYNX Board Audit Committee Agenda

Audit Committee Agenda Item #3.C

To: LYNX Board of Directors

From: **Lisa Darnall**
CHIEF OPERATING OFFICER
Bert Francis
(Technical Contact)
Darrell Smith
(Technical Contact)
Jennifer Stults
(Technical Contact)
Presented By: Darrell Smith

Phone: 407.841.2279 ext: 6036

Item Name: FY08/09 Service Adjustment Approach

Date: 8/23/2007

BACKGROUND:

As a result of property tax reform, Orange County has reduced their contribution to our operating budget for FY08 by approximately \$2.3 million. As a result, LYNX was initially considering service reductions to fixed route bus service within Orange County for implementation in FY08.

ORIGINAL APPROACH

In Orange County, LYNX staff and consultants reviewed several factors on the existing route structure to develop a list of candidate service adjustments. These factors included:

- Service that operates entirely within Orange County
- Service that is not interlined with other routes.
- Links with the lowest passengers per revenue hour.
- Links that have parallel service to other existing Links
- Service that could be adjusted within the time allocated.

After reviewing all LYNX routes based on the above criteria, a list of six candidate routes was developed for a savings of approximately \$2.3 million annually. However, there were numerous problems with the candidate list, including eliminating service with good ridership.

LYNX Board Audit Committee Agenda

RECOMMENDED APPROACH

While the reduction of service option meets the intent of LYNX' funding partners, there are downsides to this option: These include:

- There are other, lower performing routes that should be considered for elimination or adjustment other than those identified. However, because these routes are interlined with other routes, time constraints do not allow the time required to unbundle them from other routes. Accordingly, any routes that are involved in a complicated interlining were not considered for elimination because there is not enough time to make the changes.
- Currently, LYNX does not have adequate data, the technology required to capture the data or the service planning staff to make the best recommendation for service reductions. The most recent data we have is from the COA, which is now three years old, and it is extremely out-of-date for the purposes of reducing service. Although the data we have is adequate for FTA reporting purposes, it is not near detailed enough for service planning at the route and trip level. The appropriate data would allow LYNX to complete a more detailed analysis and recommend service cuts that would impact the fewest number of customers with the most cost savings.
- The current service and route structure has been in place for over 10 years. The only changes that have been made over this period of time have been the result of bus operator input and/or customer or political pressure. A complete overhaul of the route system would yield a service that best fits the needs of the greatest number of riders most efficiently.
- If we eliminate any of the routes considered in the original approach, it would leave some areas of the community without any service whatsoever. In some areas, transit is the lifeline for residents. However, if we were to undertake a complete route restructuring, we may be able to serve some areas where the service could be justified and only eliminate portions of the service that are unproductive. Other less costly options could include using small vans in a zone where customers are picked up and dropped off at a bus route.
- A system-wide comprehensive approach would yield the most long-term savings, as well as better service. Cutting routes based on the constraints listed here degrades the entire system. Additionally, further cuts may be needed in another year based on the additional property tax reforms. A service reduction done the proper way will yield more cost savings in the long run.

Implementing the preferred option would require a year-long effort. It would include public input very early on in the process to guide LYNX recommendations as to what and how much to cut, and could produce more useful results. This system-wide approach could provide additional efficiencies. Additional data and analysis could provide LYNX with the opportunity to make more detailed service cuts, in effect, restructuring the bus system. This could include items such as changes to headways, cutting unproductive portions of routes, restructuring interlined routes, and the like.

LYNX Board Audit Committee Agenda

An overview of tasks for this effort would include the following:

- Acquire/Upgrade Data Collection Technology and Techniques
- Data Collection
- Divide counties into analysis areas
- Conduct Focus Groups (pre)
- Merge conceptual route design with Focus Group route design
- Conduct Focus Groups (post)
- Finalize conceptual route design for analysis areas
- Public Input
- Implementation

This effort would utilize the following items already within LYNX' FY08 budget request:

- Data collection - 15 additional Automatic Passenger Counter units \$225,000 in FY08 budget (grant funded)
- Focus Groups – part of Market Research Study \$125,000 in FY08 budget (grant funded)
- Geographic Information Systems (GIS) \$36,000 in FY08 budget (grant funded)
- Continue use of Service Planning consultant, in FY 2008 budget

The recommended option benefits all of LYNX' funding partners as well as our customers. Efficiencies will be achieved throughout the entire system. Additionally, by doing a system-wide approach it is possible to realize a cost savings of anywhere between \$2.5 and \$4 million.

The recommended approach listed here is actually the second phase of recommendations that were outlined in the Comprehensive Operations Analysis (COA). The first phase of the COA was to fix the on-time performance problems by adding 19 buses into service, which has been done in the current year. The second phase was to begin the restructuring listed here.

FISCAL IMPACT

By delaying any other service cuts for about a year, LYNX would need to cover the costs of continuing to operate the current service level in FY08. This would require using about \$2.3 million in reserves.

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: 6017

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

Date: 8/23/2007

LYNX Board of Directors 12-month Rolling Calendar of Agenda Items August 2007

September 2007

- Authorization to execute funding agreement with regional funding partners
- Authorization to execute a JPA with FDOT for Commuter Assistance Grant Program
- Annual Board of Directors' selection of officers
- Adoption of FY2008 Annual Operating and Capital Budget

October 2007

- Acceptance of the Chief Executive Officer's (CEO) annual appraisal
- Authorization to retire and sell surplus property
- Authorization to release RFP for artistic painting of buses
- Adoption of Title VI Program
- Authorization to submit annual certifications
- Authorization to purchase fixed route replacement buses

November 2007

No Board Meeting in November

LYNX Board Audit Committee Agenda

December 2007

- 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
- Authorization to award a contract for bus shelter advertising
- Authorization to submit FTA Annual Certifications

January 2008

- Review staff recommendations for FY09 legislative priorities
- Update on Supervisor Union contract negotiations
- Adoption of the FY2008 independent audit
- Authorization to issue an RFP for security guard services

February 2008

- Adoption of FY09 legislative priorities

March 2008

- Authorization to submit IFB for vehicle filters
- Authorization to accept year-end financial audit

April 2008

- Authorization to issue IFB for record storage
- Authorization to submit FDOT Service Development Grant Application

May 2008

- Work Session on Transit Development Plan (TDP)

June 2008

- Preliminary discussion on the development of the FY2009 Operating and Capital Budget
- Authorization to award contract for security guard services
- Adoption of the updated Transit Development Plan (TDP)
- Authorization to execute a Transportation Disadvantaged Trip Grant Agreement
- Authorization to execute a Rural Capital Assistance Grant Agreement

July 2008

- Authorization to dispose of fixed assets

August 2008

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