

# LYNX Audit C mmittee Agenda

Central Florida Regional Transportation Authority

455 N. Garland Ave.

2nd Floor Board Room

Orlando, FL 32801

Board Date: 9/27/2007

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 August 23, 2007 Audit Committee minutes. (pgs 2-6)

## 3. Audit Agenda Items



- A.  LYNX Operations Center Project Update (pg 7)
- B.  Update on Federal Grant - New Freedom Program (NFP) and Job Access and Reverse Commute (JARC) and Elderly and Disabled Transportation Program (pgs 8-9)


## 4. Review of Board Package: 9/27/2007

- 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 10-11)
- II.  Notice of Upcoming Annual Financial Audit (pgs 12-14)

- Attachment 

**LYNX**  
**Central Florida Regional Transportation Authority**  
**Audit Committee Meeting**

**PLACE:** LYNX Central Station  
455 N. Garland Avenue  
Board Room, 2<sup>nd</sup> Floor  
Orlando, FL 32801

**DATE:** August 23, 2007

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

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**Members in Attendance:**

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

**Absent:**

Orange County Commissioner, Mildred Fernandez

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**1. Call to Order**

Chairman Carlton Henley called the meeting to order at approximately 9:40 a.m.

**2. Approval of Minutes**

Commissioner Lane moved to approve the minutes of the July 26, 2007 Audit Committee meeting. Mr. Neiswender seconded the motion. The motion passed unanimously.

**3. Audit Agenda Items**

**a. Update on the LYNX Operations Center (LOC)**

Bert Francis, Chief Financial Officer, provided an update on the LOC. Mr. Francis stated that there continues to be good news on the LOC. Staff is still waiting for the City to approve some electrical drawings. Building B is still lagging behind. All inspections are complete; however, there are some life/safety issues that are still a problem.

Discussion ensued.

**b. Update on FlexBus**

Bert Francis, Chief Financial Officer, provided an update on the FlexBus program. Mr. Francis reported that staff had a meeting with FDOT recently. LYNX is up-to-date on all issues. The City of Altamonte Springs is currently in possession of the Interlocal Agreement. LYNX staff has tried repeatedly to contact the City of Altamonte Springs for their comments on the Interlocal Agreement.

Chairman Henley stated that he will go to their offices to find out the status.

Ms. Downs urged staff to push this project along quickly because of potential budget cuts. FDOT cannot guarantee that the money for this project will be available after the budgets have been finalized.

**c. FY08/09 Service Adjustment Approach**

Darrell Smith, Runways Incorporated, provided an overview of the FY08/09 service adjustment approach. Mr. Smith explained that LYNX is faced with the fallout from property tax reform and the reduction in local revenues. Orange County requested that LYNX reduce its budget this year. Staff went through an exercise to look at all routes for possible cuts. Staff came up with a list of six routes that could be eliminated from the system. Other alternatives were also reviewed but the reduction in six routes could be done in the shortest amount of time to save the estimated \$2.3 million.

The first two routes are carrying less than ten passengers per hour. Staff also looked at routes that carry between 400 and 500 passengers a day which amounts to approximately 20 to 25 passengers per hour. Many customers will be affected if these routes are cut.

Staff then discussed better alternatives. The overall passenger flows were researched and it was determined that there are opportunities for improvement.

Staff feels there is \$2.5 to \$4 million in savings if the entire route structure is reviewed and considered for adjustment. Staff will determine if all routes have to be run every 30 minutes, all day long, or if there are periods in the day that they can be scaled back. Perhaps the bus does not have to go the entire route all day, everyday. Perhaps it can run portions of the route in mid-day. Also, based on today's land development, there are opportunities to run more efficiently with a more direct route.

This will require a major effort over the next year. Much more data needs to be acquired.

There will be a series of focus groups. The region will be divided into several areas. There will be both riders and non-riders involved to discuss what areas they are trying to get to and how they are getting there today. Employees and bus operators will also be involved.

Staff will be seeking an additional 15 passenger counter units for the buses. In addition to conducting the focus groups, staff will conduct some overall market research. The Comprehensive Operations Analysis done three years ago is now out of date.

Chairman Henley stated that this is long overdue. The need is definitely there. The timing, from a financial standpoint, is not good. It will cost more, later, if it is not done now. Chairman Henley asked what the consultant cost will be.

Ms. Watson explained that there are two vacant positions in planning and the savings from those two salaries will pay for the consultant's services.

Commissioner Lane asked if there will be an overlay map for comparison of what the routes are now versus what it may look like later. Mr. Smith explained that there will be a series of overlay maps. One will show where people are actually getting on and off the bus without having the route network on it and another will show where the proposed routes will be, in comparison. Commissioner Lane wants to make sure that people will be informed of changes in a timely manner.

Chairman Henley explained that although routes will be changed or eliminated, more areas may be serviced.

Mr. Neiswender applauds staff for looking at all the routes for efficiency. However, he is concerned with cutting six routes. Mr. Neiswender explained that if there is indeed \$2.3 million worth of cuts because Orange County is requesting a budget reduction, he wants to make sure that those cuts impact the Orange County service area.

Mr. Neiswender stated that Orange County has a 9<sup>th</sup> cent gas tax that is going unused that generates approximately \$5.7 million a year. There are some interim revenue opportunities in the form of the 9<sup>th</sup> cent gas tax and other local gas taxes that go unutilized.

Chairman Henley asked how much interconnect there is in these six routes with the city of Orlando. Mr. Smith explained that there is considerable interconnect with these routes. Chairman Henley stated that the City of Orlando and Orange County need to work together on this problem.

Discussion ensued.

Ms. Watson explained that what is being proposed here today is a process that LYNX was going to go through regardless of the cuts in budget. This is phase two of implementing the recommendations from the Comprehensive Operations Analysis (COA). Phase one was to add buses to get the current service on time. Phase two is to restructure and change the whole system. The system has been operating the exact same way for over ten years.

Ms. Watson also explained that when changes such as this are made, the buses are not going to go by people's homes that are used to getting picked up right

outside their home. This is why there are extensive public hearings in this process, along with focus groups.

Ms. Watson mentioned that in the future, the customers will become very vocal because they will have to walk several blocks to catch their bus.

Ms. Downs feels that an in-house person should be recruited to manage this process. Ms. Watson explained that staff has advertised and interviewed applicants for over a year. Planning and engineering are the two areas at the top of the list in terms of finding and filling vacancies.

Ms. Downs recommended taking an existing staff person that has the potential to perform these tasks and have the consultant train that individual. Ms. Watson explained that two project managers that can do some fairly easy scheduling are retiring this next year. There is no one else on staff qualified. Two staff members have been promoted from customer service into project managers in planning and they are being sent to classes to learn but they do not have any planning background. This is a very complex process and, for the foreseeable future, there is no in-house talent.

Mr. Smith explained that the shortage of service planning people in transit is a nationwide problem. True service planners are all at the retirement age.

Discussion ensued.

Chairman Henley asked if the light rail stops will be factored into the study. Mr. Smith indicated that they would.

Ms. Downs explained that the initial TRIP application was for twelve buses and there are four more needed. Mr. Francis stated that staff is redoing the application. Ms. Downs and her staff are ready to say that is a very good TRIP project but LYNX must ask for it.

Chairman Henley asked Ms. Watson to notify Mayor Crotty that Orange County's representative on the Board has been absent for the last two meetings.

#### **4. Review of Board Package**

Before Ms. Watson reviewed the Board package, she mentioned that LYNX has recently learned that Governor Crist is going to be using money from the transportation trust fund to balance their budget for things other than transportation. LYNX has prepared a letter from this Board to send to Governor Crist. Ms. Watson asked if the Board members could sign the letter before the end of the Board meeting.

Ms. Watson mentioned that the money purchase plan recommendation and approval was placed under the Consent Agenda and it should be in the Action Agenda.

Ms. Watson also mentioned that there was a full day of mediation on the Dr. Phillips leased property and there is information that needs to be shared with the Board and a decision needs to be made, therefore, an executive session has been added to the agenda. Chairman Henley recommended conducting the executive session immediately following the Audit Committee meeting.

Chairman Henley asked if there are any items on the Board agenda that needs discussion. Mr. Neiswender requested information on Consent Item D5. He explained that the City of Orlando has been working with FDOT and others to have an Urban Trail through downtown. Mr. Neiswender would like it reflected in the legal documents that part of that property will be used for the Urban Trail.

Ms. Watson explained that FDOT has two separate funding sources for landscaping and although a dollar amount has not been discussed, staff is under the impression that it would be adequate for complying with city codes for surface parking. A significant amount of that property already has concrete paving.

The Audit Committee meeting concluded at 10:15 a.m. Chairman Henley directed Board members to go directly into Executive Session.

# 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:** LYNX Operations Center Project Update

**Date:** 9/27/2007

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

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# LYNX Board Audit Committee Agenda

## Audit Committee Agenda Item #3.B

**To:** LYNX Board of Directors

**From:** Lisa Darnall  
CHIEF OPERATING OFFICER  
Jennifer Stults  
(Technical Contact)  
Sue Masselink  
(Technical Contact)

**Presented By:** Sue Masselink

**Phone:** 407.841.2279 ext: 6036

**Item Name:** Update on Federal Grant - New Freedom Program (NFP) and Job Access and Reverse Commute (JARC) and Elderly and Disabled Transportation Program

**Date:** 9/27/2007

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Two Federal Transit Administration (FTA) formula allocated programs were enacted in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU):

- Job Access and Reverse Commute (JARC) Program provides funding for employment and employment related transportation for low-income individuals.
- New Freedom Program (NFP) seeks to reduce barriers to transportation services and expand transportation options available to people with disabilities beyond the requirements of the Americans with Disabilities Act of 1990.

Beginning in fiscal year 2007, projects to be funded under both programs must be derived from a locally developed Coordinated Public Transit-Human Services Transportation Plan (CHSTP). The purpose of this Plan is to identify the transportation needs of the elderly, persons with disabilities, and individuals with lower incomes; provide strategies for meeting these needs; and prioritize activities to be funded under JARC and NF Programs. LYNX, as the designated recipient for these programs, has held a number of Stakeholder meetings to develop the Plan. The draft Plan was revised after the last Stakeholder meeting on August 16, 2007. Stakeholders will adopt the Plan upon the final review and comment period. The Community Connector Plan, which will serve as LYNX' CHSTP, and the Project Management Plan, which documents LYNX' policies and procedures for administering the program, will be presented (as an information item) to the LYNX Board of Directors at the October Board meeting. The



## LYNX Board Audit Committee Agenda

Stakeholders are the responsible entity for adopting both the Community Connector Plan and the Project Management Plan.

The designated recipients of funds under both programs are required to conduct a competitive selection process that is separate from, but coordinated with, the planning process. The competition allocates funding to the designated recipient and/or any subrecipients to implement JARC and NF Projects. In response to concerns about possible conflicts of interest, Federal guidance allows the designated recipient to establish alternative arrangements to administer and conduct the competitive process. Because LYNX intends to apply for funding under both the JARC and NFP programs, METROPLAN ORLANDO, as an impartial entity, will be leading the competitive selection process to help ensure fair and equitable distribution of funds. LYNX will not participate in the project evaluation and selection efforts.

In early October, LYNX and METROPLAN ORLANDO will work together to issue a solicitation notice for the competitive project selection process. Project proposals will be accepted through the month of October. The competitive selection team will evaluate proposals in early November, and project recommendations will be submitted to the LYNX Board of Directors in December.

# LYNX Board Audit Committee Agenda

## Audit Committee Information Item #.5I

**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:** 9/27/2007

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

#### 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
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## May 2008

- Work Session on Transit Development Plan (TDP)
- Authorization to submit FDOT Service Development Grant Application

## 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
- Approve Transportation Regional Incentive Program Grant

## July 2008

- Authorization to dispose of fixed assets

## August 2008

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

## Audit Committee Information Item #.II

**To:** LYNX Board of Directors

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

**Phone:** 407.841.2279 ext: 6047

**Item Name:** Notice of Upcoming Annual Financial Audit

**Date:** 9/27/2007

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The audit firm of Cherry, Bekaert & Holland, L.L.P. (CBH) will be performing the annual audit of LYNX financial records beginning December 10, 2007. The attached correspondence is required communication to the LYNX Audit Committee from CBH regarding formal notification of the upcoming audit.



June 14, 2007

Members of the Audit Committee:

We will audit the financial statements of LYNX and perform agreed upon procedures for the National Transit Database report, as outlined by the Federal Transit Administration, as of and for the year ended September 30, 2007. Our audit will be performed pursuant to provisions specified in the Contract 05-043 for Auditing Services (the "Contract"), dated August 25, 2005. This letter sets forth the nature and scope of the procedures that Cherry, Bekaert & Holland, L.L.P. will perform relative to compliance with laws and regulations and internal control over financial reporting in connection with our audit of the financial statements of the Central Florida Regional Transportation Authority ("LYNX") as of and for the year ending September 30, 2007.

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. The objective also includes reporting on LYNX':

1. Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
2. Internal control related to major programs and an opinion on whether LYNX complied with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

The reports on internal control and compliance will each include a statement that the report is intended for the information of the audit committee, management, specific legislative or regulatory bodies, federal awarding agencies, and if applicable, pass-through entities.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133 and Florida Single Audit Act, and will include tests of your accounting records, a determination of major programs in accordance with OMB Circular A-133 and Florida Single Audit Act, and other procedures we consider necessary to enable us to express such an opinion and to render the required reports.

OMB Circular A-133 and the Florida Single Audit Act require that we also plan and perform the audit to obtain reasonable assurance about whether the audited has complied with applicable laws and regulations and the provisions of contracts and agreements applicable to major programs. Our procedures will consist of the applicable procedures described in the OMB's compliance supplement. The purpose of these procedures will be to express an opinion on LYNX' compliance with requirements applicable to major programs in our report on compliance issued pursuant to OMB Circular A-133 and Florida Single Audit Act. Additionally, as required by OMB Circular A-133 and Florida Single Audit Act, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan.

At the conclusion of the engagement, it is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the designated federal clearinghouse and, if appropriate, to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditor's reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

Our procedures relative to compliance with laws and regulations and internal control over financial reporting are limited to those discussed herein. We would be happy to discuss our procedures with you further at your request.

Very truly yours,

**CHERRY, BEKAERT & HOLLAND, L.L.P.**

*Cherry, Bekaert & Holland, L.L.P.*