

LYNX Board Audit Committee Agenda

Central Florida Regional Transportation Authority

455 N. Garland Ave.

2nd Floor Board Room

Orlando, FL 32801

Board Date: 9/28/2006

Time: 10:30 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 24, 2006 Audit Committee minutes (pgs 2-8)


3. Audit Agenda Items

- A.  Update on the LYNX Operations Center and the Bennett Trucking temporary operations base lease agreement (pg 9)
- B.  Procurement policies and procedures update (pgs 10-17)
 - Attachment  
- C.  Overview of LYNX FY2007 Capital Budget (pgs 18-25)
 - Presentation 
 - Attachment 

4. Review of Board Package: 9/28/2006

5. Information Items

(For Review Purposes Only - No action required)

- I.  Update on the status of paratransit contract negotiations with MV Transportation (pg 26)

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: **August 24, 2006**

TIME: **10:30 a.m.**

Audit Committee Members in Attendance:

Seminole County Chair, Carlton Henley, Vice Chair
Interim FDOT District 5 Secretary, Kevin Thibault
Osceola County Commissioner, Bill Lane
Orange County Commissioner, Homer Hartage
City of Orlando Representative, Charles Ramdatt

Not in Attendance:

City of Orlando, Mayor Buddy Dyer

Guest:

Orange County Commissioner, Mildred Fernandez

1. Call to Order

The meeting was called to order at 10:40 a.m.

2. Approval of Minutes

Mr. Kevin Thibault moved to approve the minutes of the July 27, 2006 Audit Committee meeting. Commissioner Bill Lane seconded the motion. The motion passed unanimously.

3. Audit Agenda Items

A. Status report on the development of FY2007 and FY2008 budgets

Bert Francis, Chief Financial Officer, reported that the LYNX FY07 Operating Budget has been presented and approved by all of the local funding partners. He presented a chart which depicted the percent increase for each municipality. Orange County had a 39% increase, the City of Orlando had a 6% increase; however, in the chart it is listed as 5% because it does not include LYMMO. Seminole County increased by 24%, Osceola County by 12%. The reason all these are not the same percentages is because the existing model is used. This is based on the amount of service hours. There are current discussions under way between Kissimmee and Osceola County on the exact amount that Kissimmee will contribute.

The total for FY07 climbs to \$54 million versus \$41 million from FY06. This is a 30% increase, overall. This includes the capital and the operating budgets.

The increase in funding will be used to fund several key impact items i.e., on-time performance/new service, fixed-route fuel expense, paratransit, union contracts/wages,

annual lease capital (21 buses), new LYNX Operations Center, and group health insurance.

Customer fares are up 8%, the contract services revenue has increased to \$8 million, the advertising on the buses and the trade advertising, combined, is up approximately \$360,000 over FY06 which is significant. Other income is up approximately \$275,000 over FY06, which is indicative of better cash balances.

Total revenue projection for FY07 is approximately \$107 million.

On-time performance will improve beginning in April, 2007. LYNX received state service development grants to cover 50% of the operating costs of these services. New service will be implemented in Clermont/Lake County beginning December 2006, Alafaya Trail/UCF in April 2007, and Colonial Drive/Link 30 beginning July 2007.

Total operating expenses is approximately \$107,152,773.

Mr. Francis went through each operating expense with the Board.

Chairman Henley introduced Commissioner Mildred Fernandez and Commissioner Bill Lane.

Both Commissioner Fernandez and Commissioner Lane stated they are looking forward to serving on the Board and to contributing to the success of LYNX.

Discussion ensued.

It is now possible to start implementing the 15-year plan. In year one, the increases will help solidify the base. Service will be added in Clermont/Lake County (11,959 annual hours beginning in December).

Ms. Watson asked Mr. Francis to explain to the new Board members that there are FDOT grants for half of the service in Clermont/Lake County.

Mr. Francis explained that LYNX has service development grants from Florida Department of Transportation (FDOT) to start facilitating the service in Clermont/Lake County. The grants are only for two years on the Clermont/Lake County which is 50% of the cost for the first two years. The on-time performance level is paid for by the funding partners and will begin in April. This should be able to boost on-time performance from the current 74% to the mid 90%. This should take place in the April time-frame. There is also a service development grant for the additional service on Alafaya Trail/UCF (10,506 annual hours beginning in April).

Ms. Watson mentioned that there will be a commitment from the business community on the Alafaya Trail/UCF route, of approximately \$100,000. This is the first time ever in LYNX history. A developer from Avalon Park, Beat Kahli, and Florida Hospital have

verbally committed this money to LYNX and contracts, interlocal agreements are being developed now.

Mr. Francis explained that staff has applied for a service development grant for Colonial Drive and if it granted and is 50/50, the earliest the route could begin is July 2007.

Ms. Watson mentioned that Colonial drive is one of the busiest workforce routes LYNX currently has.

Mr. Francis will come back to the Board in September and present the capital portion of the budget which will show the replacement bus schedule for the next few years as well explain how the leasing of the buses will be accomplished and the maintenance of the service.

Review of the proposed Administrative Rule #9 – Public Records

Ms. Leigh Ann Murvin, Legal Counsel with Akerman and Senterfitt provided the Audit Committee at the July meeting an overview of the proposed Board of Directors rule for public records. At the meeting, the Committee recommended several changes to the Rule that would ensure its effectiveness. Ms. Murvin reviewed with the Committee the changes that have been made and requests the Audit Committee recommend adoption of the Rule by LYNX' Board of Directors.

Commissioner Fernandez asked if the final document shows the actual amount that will be charged for duplication of the requests. Chairman Henley explained that the amount charged will be posted but is not in the actual document so that the document does not have to be changed and brought to the Board every time the costs change due to inflation.

Mr. Henley will recommend to the Board that the Rule be adopted as presented.

Update on the Princeton Operations Base

Bert Francis, Chief Financial Officer, gave a brief update on the progress of the LYNX Operations Center (LOC). There have been some delays and LYNX continues to work with the contractors on schedules; however, things are progressing slower than anticipated.

Ms. Watson asked Mr. Francis to explain the LOC project to the new Board members.

Mr. Francis explained the LOC project to the new Board members. This was presented to the Audit Committee during the July meeting.

Commissioner Hartage asked if there is work going on right now. Mr. Francis indicated that yes, there is work going on daily. There are many electrical people there; however, the mechanical people are not there in force and this is a concern.

Commissioner Hartage requested a meeting in his office to get a thorough update on the state of the LOC project within the next week.

Lisa Darnall, Chief Operating Officer, gave a brief background on the Princeton Operations Base. She explained that LYNX entered into a lease agreement with Dr. Phillips, Inc. in October 1995 for 6.48 acres of commercial property located at 1925 Princeton Street to maintain and dispatch fixed route buses. The term of the agreement was for ten years and an extension for an additional six years had been executed (the extension expires September 30, 2006). Staff has been discussing options with Dr. Phillips, Inc. since December 2005 to extend the lease, however, was unable to secure an extension that would coincide with the completion of the LOC later this fall.

Immediately following notification that an extension for the Princeton Facility would not be granted, steps were taken to secure a temporary site. Approximately fifteen sites were visited to locate the most suitable property. Following the review and consultation with LYNX' consultants, Earth Tech, staff determined that the Bennett Truck Equipment, Inc. (Bennett) site proved to be the best property available. The only drawback for this site was that there was not sufficient space to accommodate employee parking for approximately 288 employees. However, adjacent to the Bennett facility a vacant lot was available for lease.

The 1.23 acre site is located adjacent to the Bennett property at 3650 Old Winter Garden Road in Orlando and would be sufficient for staff parking needs. The term of the lease agreement is for a period of nine months effective September 15, 2006 and terminating June 15, 2007. It is LYNX' intention to only occupy the facility for six months and the agreement reflects the ability to terminate the lease upon written notice to the owner at that time; however, if there are unforeseen construction delays at the LOC, staff would be able to stay at the facility for nine months.

The cost for the Bennett site is not to exceed \$194,520 at a rate of \$21,280 per month for nine months and a one-time leasing brokerage fee of \$3,000. Again the intent is to only occupy this facility for six months for a total cost of \$130,680.

The cost for the 1.23 acre site on Old Winter Garden Road is not to exceed \$7,200 at a rate of \$800 per month for nine months.

Mr. Pat Christiansen, Legal Counsel, Akerman and Senterfitt, explained that the LOC project was to be completed the early part of 2006. The lease with Dr. Phillips originally expired in September of 2005. LYNX negotiated an extension of one year with Dr. Phillips until September of 2006 with the right, by paying a fee, to cancel early if the LOC was completed earlier. Mr. Christiansen explained that Dr. Phillips has a tenant to occupy the Princeton facility the end of September when the lease is due.

Chairman Henley asked Ms. Darnall to explain how this would be funded. Ms. Darnall explained that \$550,000 was budgeted to move out of the Princeton facility and to move into the new LOC.

Commissioner Lane asked when LYNX would be moving into the LOC. Ms. Darnall explained that it would be the end of November before personnel could move in.

LYNX Supporting School Transportation Providers

Darryl Smith, Consultant with Runways Transportation Company, provided the Audit Committee with an update on the LYNX Supporting School Transportation Providers study commissioned by METROPLAN Orlando. Mr. Smith explained that the FTA has stringent regulations on how transit systems that receive federal funding are restricted in the role they can play in providing school transportation. Restrictions are primarily in two areas; vehicles used must be open to all and stops used must be open to all. These restrictions are in place in order to prevent public transportation from competing with the private sector and to ensure general public access to all public transportation services.

Mr. Smith explained that transit can operate modified trips to transport school students if trips are published as part of a “regular” transit schedule and are part of a regular route. Trips must be open to the general public. Buses may not be specially marked, such as “school bus”, “school special”, or “student. The school name can only be used on the bus designation sign if the school is at the end of the line.

If LYNX were to provide school bus service, it could not use any federally-funded equipment or facilities. There would be no economies of scale by having shared facilities.

LYNX carried 151,577 student passenger trips in October 2005. That is 7.44% of its total ridership. 35 high schools, 51 middle schools and 14 charter schools (grades 6-12) in the tri-county Central Florida region were studied for a total of 100 schools. The sum of categories is 108 due to multiple LYNX routes at some schools. 35 of these schools have LYNX service within ¼ mile; however LYNX buses are not within 30 minutes of the bell times. 23 of these schools are more than ¼ mile away from LYNX but are within 1 mile. 23 schools are more than 1 mile away from LYNX and 10 had insufficient data.

LYNX can carry more students if the service were to improve to run every 30 minutes on routes serving more than one school, by deviating trips on existing routes to stop within ¼ mile of middle, high and charter schools. LYNX can also create new routes to middle, high and charter schools outside the LYNX system. LYNX would also need to improve access between stops and school entrances, as well as expand the education and outreach programs.

If LYNX improves service to run every 30 minutes on routes serving more than one school, student ridership could increase by 1,674 per school day, annual operating costs will increase by nearly \$3 million annually, capital requirement for 48 new LYNX buses is \$16.86 million. These are additional service benefits for everyone, not just students.

Chairman Henley asked if the schools were asked, would they be willing to adjust their start times. Mr. Smith responded that the schools were not favorable to changing school start-times.

Commissioner Lane asked if there was going to be more discussion on this topic because he has a number of concerns and questions on this program.

Commissioner Fernandez said one possibility would be to use this as a pilot program. Commissioner Fernandez asked what the return on the investment with this endeavor is. Mr. Smith explained that a study would have to be done on what the potential market is versus the cost.

Chairman Henley stated that this is a very important study, not so much for right now but for the future.

Commissioner Hartage encouraged the Board members to stop by the LYNX terminal at 7:30 a.m. any morning. When he did this he was shocked at the number of students catching the bus to go to school.

Ms. Watson explained that the higher the ridership, the more LYNX is able to attract more Federal funds.

4. Review of Board Package

Ms. Watson reviewed the Board packet with the Audit Committee. She explained the following changes:

- Consent Item K. “Authorization for the Chief Executive Officer (CEO) or designee to retire and sell surplus items as listed at the public action” will be removed from the Consent Agenda and will be presented under the action agenda in its revised form.
- The Following items will be added under Action Agenda:
 - 7. B. Authorization to enter into a nine-month lease agreement with Bennett Truck Equipment, Inc. to serve as a temporary operations and maintenance facility during the completion of the new LYNX Operations Center (LOC)
 - 7. C. Authorization to enter into a nine-month lease agreement with Lonnie H. Lacy for commercial vacant land to serve as an employee parking lot supporting the temporary operations and maintenance facility located at the Bennett Truck Equipment, Inc. facility during the completion of the new LYNX Operations Center (LOC)
 - 7. D. Authorization to retire and dispose of surplus items at the Princeton Street Facility through the most effective means possible

Chairman Henley asked that Item D be pulled from the Consent Agenda and brought back to the Board in September for more explanation. Commissioner Hartage concurred. Chairman Henley asked staff to provide the comments from the FTA. The Board will then have the information needed to make a more informed decision.

Chairman Henley asked that staff prepare a presentation for the Audit Committee in September to go over the peer review, the FTA audit, and any other materials that would help to make a more informed decision.

The Audit Committee meeting ended at approximately 12:00 p.m.

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Audit Committee Agenda Item #3.A

To: LYNX Board of Directors

From: Bert Francis
CHIEF FINANCIAL OFFICER
Lisa Darnall
(Technical Contact)

Phone: 407.841.2279 ext: 3047

Item Name: Update on the LYNX Operations Center and the Bennett Trucking temporary operations base lease agreement

Date: 9/28/2006

Staff will provide an update on the status of the LYNX Operations Center (LOC) construction. Additionally, staff will provide an overview of the occupation of the Bennett Trucking Facility that LYNX will lease until the move to the LOC.

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Audit Committee Agenda Item #3.B

To: LYNX Board of Directors

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

Phone: 407.841.2279 ext: 3047

Item Name: Procurement policies and procedures update

Date: 9/28/2006

At the August 2006 board meeting, staff requested the board issue an RFP for professional services to develop LYNX procurement policies and procedures. During discussion it was agreed that the staff would take another look at an alternative course of action for this item.

BACKGROUND:

In March 2006, LYNX engaged an American Public Transportation Association (APTA) Peer Review Panel at the request of CEO, Linda Watson to assist us with an assessment of the processes currently used in the contracts procurement area. The observations and recommendations provided by the Peer Review were offered as an industry resource to be considered by LYNX in identifying their strengths and challenges, allowing the agency to develop alternative methods and implement best practices found within the industry.

Attached are the most significant recommendations made by the five member APTA panel. (See attachment A)

During the week of July 10, 2006, the Federal Transit Administration (FTA) conducted an on-site Procurement System Review (PSR) of LYNX. The objective was threefold: to encourage and facilitate improved procurement operations; to foster use of the industry's best practices; and to assess LYNX' compliance with federal procurement requirements, specifically with regard to FTA Circular 4220.1E, as well as other applicable statutory and administrative requirements.

This review was performed in accordance with FTA procedures and included a risk assessment phase and a contract review phase. Business Management Research Associates, Inc. (BMRA), on behalf of the FTA, conducted interviews, performed inspections, and prepared findings regarding LYNX' compliance with applicable requirements.

Many of the findings of the APTA Peer Review were similar to those of the Federal Transit Administration Procurement System Review (PSR)

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On August 21, 2006 LYNX staff received a draft copy of the PSR report from the FTA for review and comment. Of the 56 elements that were reviewed, LYNX was found deficient in 16, and 1 element was considered not applicable. (See attachment B)

On September 5, 2006, LYNX staff responded to the draft copy of the PSR with proposed corrective actions and a schedule for accomplishing those actions. We are awaiting the final report from FTA.

Subsequently, staff has reviewed the recommendations of the FTA and has had several internal meetings to discuss these and other procurement related issues. As a result, staff offers the following facts and recommended course of action:

1. Delegation of Signature Authority: Based on the draft PSR, LYNX has already taken steps to resolve some of the deficiencies noted. Although not a “deficiency” one strong recommendation of the PSR centered around the delegation of signature authority. In the August board meeting, Action Item #7.A, the board approved establishing an internal policy for executing purchase orders and contracts less than \$10,000. This item, as well as other recommendations, will be incorporated into a proposed revision to Administrative Rule #4 to be presented to the LYNX Board in October of 2006.
2. Training: The PSR recognized the inexperience of the current LYNX procurement staff. Although a few of the staff have been with LYNX for some time, the majority of the staff are new, not only to LYNX, but to the Federal Procurement Process. It was recommended, and we agree, that training is necessary to bring the new staff members up to speed. We will be sending staff to the appropriate training seminars such as the National Transit Institute (NTI) course for FTA grantees titled “Cost and Price Analysis and Contract Negotiations”. It is a four-day course offered “free of charge” to FTA grantees. Additionally, we will be utilizing Joe Sperty to provide in-house training for other departmental LYNX staff on how to effectively procure items and services and cooperative efforts required within the procurement staff.
3. Policies and Procedures: Many of the items noted in the PSR center around expanding, revising, standardizing or modifying our Policies and Procedures Manual. We are very fortunate to currently have temporarily on staff, Mr. Joe Sperty. Joe is presently engaged as LYNX’ Manager of Procurement and Contracts through October. Our former Procurement Manager, Mr. Patrick Grimisom, is expected to return from military leave in mid-October and resume his position as Manager of Procurement and Contracts. At that time, staff recommends we continue to engage Mr. Sperty as an Independent Contractor to prepare the necessary changes to the existing Policies and Procedures manual. Mr. Sperty is well versed in FTA procurement rules as he has been the principle researcher and writer for the FTA Best Practices Procurement Manual (BPPM) during the last 10 years. Additionally, he has served on a number of Procurement System Review teams for FTA, working on Procurement System Reviews for a number of the larger grantee agencies such as South East Pennsylvania Transit Authority (SEPTA) and Chicago Transit Authority (CTA). His knowledge of the FTA procurement regulations and the existing LYNX procurement procedures will enable him to complete the revisions to our procurement manual with a minimum of effort and expense when compared to someone coming in who is unfamiliar with the Federal procurement rules for grantees and the LYNX system. Further, Mr. Sperty’s ready access to

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Procurement Managers at transit agencies throughout the US, who are members of the BPPM Task Force will enable quick access to the policies and procedures of those agencies and thus will facilitate drafting new procedures for LYNX. Mr. Sperty has already begun correcting several of the issues by revising existing policies and procedures, standardizing the contact files and establishing a checklist of items that must be in the files as well as working with our attorneys to ensure correct causes and laws are included in the appropriate contracts. We anticipate Mr. Sperty can complete the necessary revisions by the end of the calendar year.

4. Additional Resources: Since the September Board meeting, LYNX has filled the third vacant Contract Administrator position. This new employee, who will be starting on Monday, September 25, has a strong background including a law degree and we believe he will be instrumental in rewriting procedures and policies under Mr. Sperty's guidance. We believe he can integrate FTA procurement guidelines with Florida statutes, help us standardize contract terms and conditions and interface with LYNX general counsel. Also since the last Board meeting, LYNX has on loan, an Earth Tech employee who has been active and effective in assisting procurement staff on various assignments, including writing specifications. He will be able to continue assisting with various issues in the revisions being made over the next several months.
5. Objectives: Following are the goals we expect to achieve by the end of the calendar year.
 - 1) Delegation of signature authority to Contract Administrators and Procurement Manager. (Completed)
 - 2) Revision of Administrative Rule #4. (Expected completion date October 26, 2006)
 - 3) Additional training of procurement staff. (Ongoing through 2007)
 - 4) Full staffing of the procurement department. (By October 31, 2006)
 - 5) Increased experience level of existing procurement staff. (Ongoing)
 - 6) Revision to Policies and Procedures Manual. (By December 31, 2006)
 - 7) Completion and implementation of observations from PSR review. (By December 31, 2006)

Once the above actions are completed, we will evaluate our computer hardware and software applications. We currently have some issues related to the processing of procurement items but first need to establish our internal control requirements in order to ascertain the need for any software modifications. The procurement staff will work with the IT staff to insure compliance with any new or revised requirements.

At this stage, if the procurement system is still not functioning at a desired level of performance, LYNX will then consider engaging another outside consultant to perform an operational review of the entire system.

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CONCLUSION: Staff believes that we will have the capabilities in house to complete the vast majority of the recommendations being made as a result of the PSR and Peer Review, with the return of the former Contracts and Procurement manager Patrick Grimison, the filling of all Contractor Administrator positions, the assistance of Joe Sperty, and the continued development of our procurement staff. The complete implementation will take time but we believe the time out weighs the cost of an additional procurement consultant other than the efforts of Mr. Sperty at this time. Staff will continue to monitor progress made on the steps outlined above. We anticipate the cost of Mr. Sperty's efforts will not exceed \$25,000.

Summary of Procurement System Review and LYNX Proposed Corrective Actions

No.	PSA Element or Deficiency	LYNX Proposed Corrective Action	Scheduled Completion Date
1	Grantee shall maintain a written code of standards of conduct governing the performance of their employees engaged in contract administration.	We will revise our standards to include all categories of personnel identified in 4220.1E as well as the acceptance of gifts, gratuities, favors or anything of monetary value.	12/31/06
2	Grantee shall maintain a contract administration system that ensures that contractors perform in accordance with the terms and conditions of their contracts.	We will expand our Policies and Procedures Manual to fully explain the various contract administration duties and provide training to our staff on contract administration.	03/31/07
3	Grantee shall have written standardized protest procedures to handle and resolve disputes related to procurement.	We will standardize our protest procedures, identify when FTA will become involved, and eliminate the requirement that protestors deposit funds with LYNX with their protests.	12/31/06
6	Grantee shall use their own procedures that reflect applicable state and local laws provided the procurements conform to federal law.	We will revise our procurement policies and procedures to address all of the requirements of FTA 4220.1E and the FTA Master Agreement, including those topical areas identified in the PSR Guide-pp. 66-74.	03/31/07
7	Grantees must perform a cost or price analysis in connection with every procurement action.	We will modify our procurement procedures to require an independent cost estimate before receiving bids or proposals and before initiating contract modifications.	12/31/06
18	Grantee shall make awards only to responsible contractors and document the determination for such award.	We will revise our policies and procedures manual as to how to make and document a determination of responsibility.	12/31/06
19	All contracts shall provide provisions to define a sound and complete agreement.	We will revise our policies and procedures manual to require that contracts reflect the complete agreement and include all modifications and revisions to scope and value, etc.	12/31/06
23	If small purchase procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources.	We will ensure that our procedures clearly require that all purchase order files reflect price quotes received or contain a sole source justification.	12/31/06
27	Grantee should expand its policies and procedures manual to document the selection of a successful bidder	We will revise our policies and procedures manual to discuss the importance of evaluating the low bid to ensure it is fair	12/31/06

No.	PSA Element or Deficiency	LYNX Proposed Corrective Action	Scheduled Completion Date
	principally on the basis of price.	and reasonable, and determine that the contractor will indeed be able to perform for the price quoted.	
37	Contract awards will be made to a responsible firm whose proposal is most advantageous to the grantee's program with price and other factors considered, and documented as such.	We will revise our procurement procedures to require that all evaluations of competitive proposals discuss the strengths and weaknesses of the proposers and the selection decision rationale. We will also provide training to staff regarding this documentation.	12/31/06
40	If grantee chooses to use options, quantities or periods contained in the bid or offer must be evaluated to determine contract award.	We will ensure that our procedures reflect the requirement that options be evaluated at the time of award in order to qualify as competitive actions later when they are exercised.	12/31/06
41	Grantees must perform a cost or price analysis in connection with every procurement action, including contract modifications.	The procurement staff requires training in the area of conducting cost and price analysis. We will ensure they attend the NTI Cost & Price Analysis course.	During 2007 as course is offered by NTI.
42	Grantee shall maintain records detailing the history of each procurement to include: the rationale for the method of procurement; selection of contract type, reasons for contractor selection or rejection and the basis for the contract type.	We will ensure that our file documentation procedures require a record of the history of the procurement including reasons for selection and basis of price.	12/31/06
43	The grantee may include options in contracts, but must ensure that the exercise of the option is in accordance with the terms and conditions and after the grantee has determined that the option price is better than market or is more advantageous at the time the option is exercised.	We will revise our procurement manual to require a determination of the reasonableness of option prices before they are exercised.	12/31/06
50	Prior to considering the use of a piggybacking buy, the grantee should consult and complete the "Best Practices Procurement Manual", Piggybacking Worksheet to ensure that FTA requirements are met.	We will require that the BPPM <i>Piggybacking Worksheet</i> be completed before using the piggybacking method, and ensure all contracts contain the federal clauses.	12/31/06
56	Grantees are responsible for evaluating all statutory and	We will train our staff in-house as to the federal clauses required by type of contract	Revise Provisions

No.	PSA Element or Deficiency	LYNX Proposed Corrective Action	Scheduled Completion Date
	regulatory requirements contained in the FTA Master Agreement for relevance and applicability to each procurement.	and we will segregate these clauses in our general provisions to ensure that only the proper clauses are included in contracts.	11/30/06; Training 12/31/06
	When including liquidated damages in its contracts, the grantee should include documentation in the file to support the daily rate.	We will revise our procurement procedures to require that liquidated damages be documented in the contract file as to how the amounts were computed based upon estimates of actual damages anticipated.	12/31/06

APTA Peer Review March 2006

At Linda Watson's request, APTA performed a peer review of LYNX's procurement operations. Following are the most significant recommendations that were made by the five-member APTA panel of procurement professionals. A number of these recommendations were similar to those of the FTA Procurement System Review (PSR).

- Fill vacant positions quickly and add one additional buyer position – the office is understaffed.
- Train the (new) procurement staff re the upgraded LYNX IT systems.
- Reduce legal review (and thus the time to award contracts) by standardizing contract terms and conditions.
- Delegate higher dollar contract signing authority from the Board to the CEO (and lower levels).
- Eliminate Board involvement in approving solicitations for budgeted items and routine items. Replace with a monthly information notice to the Board that these solicitations have been issued.
- Establish contracts that can use electronic ordering and P Cards for greater efficiency – reduce procurement staff time so they can concentrate on more difficult procurements.
- Conduct competitive sealed proposal procurements more conscientiously with respect to scoring and documenting the SEC findings. There is a tendency to simply rank the proposers with inadequate file documentation.
- Clarify the contract administration roles and responsibilities of procurement personnel versus those of user departments.
- Organize contract files with an established file content checklist.
- Implement an annual procurement planning process so that expiring contracts can be identified early in the year and new procurements can be initiated in a timely manner.
- Develop greater cooperation between procurement and user departments so that procurement will be customer focused; i.e., more helpful to users in getting things done in accordance with regulations.
- Make greater use of state contracts, local purchasing cooperatives, and P Cards in order to reduce staff time and become more efficient.

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Audit Committee Agenda Item #3.C

To: LYNX Board of Directors

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

Phone: 407.841.2279 ext: 3047

Item Name: Overview of LYNX FY2007 Capital Budget

Date: 9/28/2006

The proposed Capital Budget for FY06 is \$28,774,433, which is a \$2,786,295 decrease or 9% from the previous year. This is primarily due to the substantial completion of the LYNX Operations Center, which is a decrease of \$10,950,075 or 87%.

The capital improvement budget is funded from federal, state and local sources, and includes items such as the planned purchase of replacement buses and vans, the LYNX Operations Center at Princeton, bus shelters and the use of technology to assist in service improvements. Specifically, this budget includes funds from the following areas:

• Federal	\$15,782,463
• State Infrastructure Bank Loan	\$ 2,640,625
• State	\$ 4,700,625
• Local	<u>\$ 5,650,720</u>
Total Sources	<u>\$28,774,433</u>

These funds are to be used for the following types of expenditures:

• LYNX Operations Center at Princeton (carry-over funds)	\$ 1,605,000
• Transit Buses (replacement and new)	\$18,232,208
• Support Equipment/Engines & Transmissions	\$ 1,650,398
• Bus Shelters (includes Orange County Legacy Funds)	\$ 2,231,943
• Paratransit MDTs/CAD-AVL (carry-over funds)	\$ 300,000
• Fareboxes	\$ 275,620
• Fixed Route CAD/AVL/Real Time Signage	\$ 3,500,000
• Fixed-Route IVR (local match required)	\$ 210,000
• Paratransit Trip Planner (local match required)	\$ 210,000

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• Commuter Vans (8 vans pending)	\$ 524,264
• Facility Repairs	\$ <u>35,000</u>
Total Uses	<u>\$28,774,433</u>

In regard to the State Funding (FDOT) for the CAD/AVL project, we have been granted an extension until March 1, 2008 to expend the funds allocated towards this project. Orange County is providing \$828,459 in local matching funds in FY2007 for the Fixed Route CAD/AVL system. Osceola and Seminole Counties have provided \$100,000 each in prior years to support the Paratransit CAD/AVL system. We are currently evaluating the costs of the Fixed Route CAD/AVL system and will need to secure the remaining local funds to support the completion of the project.

Please see attached schedules for more details pertaining to the FY2007 Capital Budget.

**LYNX
FY 2007 CAPITAL BUDGET SUMMARY**

Project Category	Request	Project Carryover	Total	Federal							
				Federal Formula 5307	Discretionary 5309	Other Federal	Total Federal	State	Local	SIB Loan	
Revenue Vehicles											
Transit Buses	\$18,232,208	\$0	\$18,232,208	\$5,955,365	\$1,590,719	\$4,441,017	\$11,987,101	\$2,640,625	\$963,857	(a)	\$2,640,625
Commuter Vans	\$524,264	\$0	\$524,264	\$524,264	\$0	\$0	\$524,264	\$0	\$0		\$0
Fareboxes	\$275,620	\$0	\$275,620	\$275,620	\$0	\$0	\$275,620	\$0	\$0		\$0
Engines and Transmission	\$500,000	\$0	\$500,000	\$500,000	\$0	\$0	\$500,000	\$0	\$0		\$0
LYNX Operations Center	\$0	\$1,605,000	\$1,605,000	\$0	\$0	\$0	\$0	\$0	\$1,605,000		\$0
Facilities Improvements	\$35,000	\$0	\$35,000	\$35,000	\$0	\$0	\$35,000	\$0	\$0		\$0
Passenger Amenities/Transit Enhancements	\$1,681,943	\$550,000	\$2,231,943	\$170,000	\$0	\$1,040,080	\$1,210,080	\$0	\$1,021,863	(b)	\$0
ITS											
Paratransit MDTs / CAD / AVL	\$0	\$300,000	\$300,000	\$100,000	\$0	\$0	\$100,000	\$100,000	\$100,000		\$0
Fixed Route CAD/ AVL / Real Time Signage	\$3,500,000	\$0	\$3,500,000	\$0	\$0	\$0	\$0	\$1,750,000	\$1,750,000	(c)	\$0
Fixed Route IVR	\$210,000	\$0	\$210,000	\$0	\$0	\$0	\$0	\$105,000	\$105,000	(a)	\$0
Paratransit Trip Planner	\$210,000	\$0	\$210,000	\$0	\$0	\$0	\$0	\$105,000	\$105,000	(a)	\$0
Support Equipment											
MIS / Communications	\$502,113	\$0	\$502,113	\$502,113	\$0	\$0	\$502,113	\$0	\$0		\$0
Vehicles	\$115,000	\$0	\$115,000	\$115,000	\$0	\$0	\$115,000	\$0	\$0		\$0
Shop tools & equipment	\$433,285	\$0	\$433,285	\$433,285	\$0	\$0	\$433,285	\$0	\$0		\$0
Misc. Equipment	\$100,000	\$0	\$100,000	\$100,000	\$0	\$0	\$100,000	\$0	\$0		\$0
Total	\$26,319,433	\$2,455,000	\$28,774,433	\$8,710,647	\$1,590,719	\$5,481,097	\$15,782,463	\$4,700,625	\$5,650,720		\$2,640,625

(a) Osceola (\$181,506) and Seminole (\$163,893) Counties FY2007 \$2 Capital Funding

(b) Orange County's Legacy Funds

(c) Orange County's FY2007 \$2 Capital Funding \$828,459. The remainder \$828,458 will fund the FY2007 lease payment of Transit Buses for On-Time Performance in (a)

LYNX



Bert Francis
Chief Financial
Officer



Audit Committee
FY2007 CAPITAL
BUDGET

accountability

integrity

innovation

teamwork



September 28, 2006

community

excellence

 **LYNX**



TOTAL CAPITAL EXPENDITURES

LYNX Operations Center at Princeton	\$	1,605,000
Transit Buses	\$	18,232,208
Support Equipment/Engines & Transmissions	\$	1,650,398
Bus Shelters	\$	2,231,943
Paratransit MDTs/CAD-AVL	\$	300,000
Fareboxes	\$	275,620
Fixed Route CAD/AVL/Real Time Signage	\$	3,500,000
Fixed-Route IVR	\$	210,000
Paratransit Trip Planner	\$	210,000
Commuter Vans	\$	524,264
Facility Repairs	\$	<u>35,000</u>
Total Uses	\$	<u>28,774,433</u>



FUNDING SOURCES

Federal	\$ 15,782,463
SIB Loan	\$ 2,640,625
State	\$ 4,700,625
Local	<u>\$ 5,650,720</u>
Total Sources	<u>\$ 28,774,433</u>



Project Category	Federal	State	Local	SIB Loan
Revenue Vehicles				
Transit Buses	\$11,987,101	\$2,640,625	\$ 963,857	\$2,640,625
Commuter Vans	524,264	-	-	-
Fareboxes	275,620	-	-	-
Engines and Transmission	500,000	-	-	-
LYNX Operations Center	-	-	1,605,000	-
Facilities Improvements	35,000	-	-	-
Passenger Amenities/Transit Enh	1,210,080	-	1,021,863	-
ITS				
Paratransit MDTs / CAD / AVL	100,000	100,000	100,000	-
Fixed Route CAD/ AVL	-	1,750,000	1,750,000	-
Fixed Route IVR	-	105,000	105,000	-
Paratransit Trip Planner	-	105,000	105,000	-
Support Equipment				
MIS / Communications	502,113	-	-	-
Vehicles	115,000	-	-	-
Shop tools & equipment	433,285	-	-	-
Misc. Equipment	100,000	-	-	-
Total	\$15,782,463	\$4,700,625	\$5,650,720	\$2,640,625

LYNX



Questions

- accountability*
- integrity*
- innovation*
- teamwork*
- community*
- excellence*

LYNX Board Audit Committee Agenda

Audit Committee Information Item #.I

To: LYNX Board of Directors

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

Phone: 407.841.2279 ext: 3036

Item Name: Update on the status of paratransit contract negotiations with MV Transportation

Date: 9/28/2006

LYNX staff met with members of MV Transportation's senior staff in August to discuss final negotiation items for MV's new contract with LYNX, which will become effective October 1, 2006, and last for three years with two additional one year options.

LYNX brought to the table the four items we had previously briefed the Board on when we requested authorization to contract with MV. Those four items and the results of the discussions were:

- 1. Interactive Voice Response (IVR)** – The IVR allows the customer to obtain information without having to speak to a Customer Service Representative. LYNX and MV staff agreed that this option would greatly increase customer service to ACCESS LYNX customers by reducing their call hold time, increase MV's efficiencies and thereby reduce expenses to LYNX in terms of service hours. MV's proposal was to offer this option at an additional cost of \$80,000 annually. LYNX will not exercise this option. However, LYNX budgeted \$210,000 in FY2007 for a Paratransit Trip Planner, which allows for an IVR.
- 2. Web Based Reservations Option** – MV offered this option at an additional cost of \$50,000 annually. LYNX will not exercise this option. However, LYNX will provide access to a web-based system through the Paratransit Trip Planner.
- 3. Semi-Monthly Payments** – MV offered to provide an annual discount totaling \$100,000, if LYNX continues to provide semi-monthly payments, rather than monthly. This discount will be shown as a line item on MV's final monthly invoice. LYNX staff agreed.
- 4. Stretcher Service Reimbursement** – MV requested that stretcher trips be reimbursed on a per-trip reimbursement, rather than an hourly reimbursement, to assist with the reimbursement of costs to their DBE subcontractor who will be providing the stretcher

LYNX Board Audit Committee Agenda

trips. The average hourly productivity of stretcher service provision is one trip per hour. LYNX agreed to set the per-trip reimbursement of stretcher trips equal to one variable hour of service. This option has no fiscal impact to LYNX.

The items that MV Transportation brought to the table were primarily semantic in nature or requesting clarification of policy; none of which had a fiscal impact on LYNX.

At the time of this Audit Committee writing, LYNX counsel is working with MV counsel to finalize the contract with negotiated items. The contract will be executed prior to September 30, 2006, for operations under the new contract to begin on October 1, 2006. There are no foreseen delays to the contract execution.