

LYNX Board Audit Committee Agenda

Central Florida Regional Transportation Authority

Board Date: 8/25/2005

455 N. Garland Ave.



Time: 10:30 AM

2nd Floor Board Room



Orlando, FL 32801

1. Call to Order

2. Approval of Minutes









-  Approval of June 23, 2005 Audit Committee Minutes (pg. 2-4)
-  Approval of July 28, 2005 Audit Committee Minutes (pg. 5-7)

3. Audit Agenda Items

- A.  LYNX Transportation Regional Incentive Program (TRIP) Funding and Capital Improvement Program (pg. 8-8)
- B.  LYNX Financial Position (pg. 9-10)

4. Review of Board Package: 8/25/2005

Information Items (For Review Purposes Only - No action required)

- C.  FY2004 Management Letter Comment - Status Update (pg. 11-22)
- Attachment 
- D.  WAGES Program Update (pg. 23-25)
- E.  Follow up questions to Dialysis Customer Analysis (from July 28, 2005, Audit Committee Information Item). (pg. 26-44)
- Attachment    

LYNX
Central Florida Regional Transportation Authority
Monthly Board Audit Committee Meeting

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

DATE: **June 23, 2005**

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

Audit Committee Members in Attendance:

Commissioner Atlee Mercer, Osceola County, LYNX Chair
Chairman Carlton Henley, Seminole County, LYNX V. Chair
George Gilhooley, FDOT
Fred Winterkamp, Orange County
Roger Neiswender, City of Orlando

Not in Attendance:

Mayor Buddy Dyer
Mayor Richard Crotty

Senior Staff and Legal Counsel in Attendance:

Albert Bustamante, General Counsel, Akerman Senterfitt
Linda Watson, CEO
Edward Johnson, Chief of Staff
Peggy Gies, Chief Marketing Officer
J. Marsh McLawhorn, Chief Government Affairs Officer
Sylvia Mendez, Chief Administrative Officer
Lisa Darnall, Interim Chief Operating Officer
Janice Keifer, Interim Director, Finance
Tracy Bridges, Government Affairs Assistant, Minute Recorder

1. Call to Order

Chairman Mercer called the meeting to order at 10:35 a.m.

2. Approval of Minutes

Motion: Vice Chair Henley moved to approve the minutes of the March 24, 2005, and May 26, 2005, Audit Committee Meetings, District Secretary Gilhooley seconded, and the motion passed unanimously.

3. Audit Agenda Items

A. Monthly Update – FY 2004 Management Letter Comments Follow-up – Blanche Sherman, Manager of Finance, provided an update on the progress of software implementation. Commissioner Mercer noted that these monthly updates are to help track key dates and are a reminder to the Board to monitor these items as well as a reminder to staff to be working on them.

4. Review of Board Package

Commissioner Mercer turned the meeting over to Ms. Watson to go through the remainder of the agenda. Ms. Watson began with a discussion of the Pension Plan.

Audit Information Item

Follow-up Information to Amalgamated Transit Union Local 1596 Pension Plan Quarterly Update

Ms. Nadine Schaal of Akerman Senterfitt gave a summary of the Collective Bargaining Unit's pension plan. A discussion ensued regarding some apparent inconsistencies between the Pension Plan Document and the Collective Bargaining Agreement and the impact they may have on the agency. The Committee shared concerns about their lack of oversight on fund distributions. Ms. Schaal confirmed that LYNX Board Members are eligible to be appointees on the Board of Union Trustees and noted that LYNX cannot go back to court to modify the Settlement Agreement unless the parties to the original lawsuit agree to it.

The Committee also addressed apparent inconsistencies in the disability provision of the pension plan. Chairman Mercer requested a letter be drafted and sent to the Pension Board of Trustees asking for clarifying language. Staff confirmed that there is an offset between the amount paid from Social Security and the pension plan.

Resolution Authorizing the Seventh Amendment to the Money Purchase Plan to comply with IRS Notice 2005-5 Relating to the Distribution Procedures for Small Accounts

Ms. Nadine Schaal reported that this amendment is being driven per a change in statute, requiring that employers put small pension distributions into an IRA if the employee fails to notify the employer of their preferred distribution option. Due to LYNX' administration vesting schedule this should not be an issue, but per statute the language must be adopted into the plan by December 31, 2005.

Cost Allocation Study Results

Alan Wulkan, Parsons Brinkerhoff, and Sharon Greene gave an update on the LYNX Cost Allocation Study. The study includes two phases: 1) developing an equitable cost allocation methodology among the funding partners and 2) proposing a dedicated transit-funding source for LYNX. After meeting with key community leaders and an Ad Hoc Committee of funding partners as well as reviewing allocation variables utilized by comparable transit systems, the study identified one, two and three - variable scenarios for consideration. It will now be up to the funding partners to come to an agreement on which methodology to adopt.

Phase two of the study is currently underway and should be completed in September or October. A final set of recommendations and a presentation to the Board will be made at that time.

Preliminary FY 2006 Proposed Operating & Capital Budgets

Linda Watson made a presentation on the proposed FY2006 budget. Ms. Watson highlighted key items that will impact the budget next fiscal year including: Commuter Rail, the ACCESS LYNX contract, the Union contract, diesel fuel and health care. Ms. Watson also noted that staff is looking at outsourcing as a means of cost savings for the agency.

The Committee asked for a report on the number of dialysis patients utilizing ACCESS LYNX, where they are located, where they receive dialysis, and if there are any other service-level alternatives available.

Meeting adjourned at 12:30 p.m.

LYNX
Central Florida Regional Transportation Authority
Monthly Board Audit Committee Meeting

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

DATE: **July 28, 2005**

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

Audit Committee Members in Attendance:

Carlton Henley, Vice Chair
George Gilhooley, FDOT
Jeff Arms, City of Orlando
Fred Winterkamp, Orange County

Not in attendance

Commissioner Atlee Mercer, Chair
Mayor Buddy Dyer, City of Orlando
Mayor Richard Crotty, Orange County

Legal Counsel and Staff:

Albert Bustamante, Legal Counsel
Linda Watson, Chief Executive Officer
Edward Johnson, Chief of Staff
Carol Frahn, Executive Assistant, Minute Recorder

1. Vice Chair, Carlton Henley, called the meeting to order at 10:35 a.m.

2. Approval of Minutes

Due to a lack of quorum, Vice Chairman Henley advised the minutes of the June meeting should be brought back to the August Committee meeting for approval.

3. Audit Agenda Items

A. Internal Audit Manual Charter – Robert Grossi, Internal Auditor, presented an overview of the audit function and explained the mission and scope of the Charter. He reported on the purpose of internal auditing, which is to ensure the safeguarding of company assets, ensure efficiency, effectiveness, compliance, and the importance of valid and reliable data. He noted that upcoming audits would encompass 1) Accounts Payable, 2) Road Ranger Program, 3) Risk Management for paratransit, and 4) Customer Service. He advised that audit results and periodic updates would be furnished to the Board.

The Committee commented that they are looking for facts and recommendations on how to improve and would like a schedule and timeline of results.

B. Center for Transit Leadership Overview – Edward Johnson, Chief of Staff, provided a an overview of the Eno Training for Transit Leadership in Washington, DC that he

attended in July for eight days. He described elements of the program, which entailed developing leadership styles, strategic planning, decision making, what public transit means to the community, developing the culture of the organization, and searching for individual leadership styles.

The Committee questioned what type of staff development plans were in place to cover the next sixteen months. Ms. Watson advised plans were in place, including the “People First Training,” which involves a series of training programs provided in-house.

Ms. Watson asked Lisa Darnall, Interim Chief Operating Officer, to provide an overview relating to the Dialysis Customer Analysis survey that was provided as an Information Item. Ms. Darnall reiterated that since the ADA service is mandated, LYNX could not change the customers’ dialysis center destination request.

The Committee suggested that discussion take place with all the dialysis centers to identify their association to other centers as it effects their company, then present the findings to the Board.

4. Review of 8/25/05 Board Package

Consent Agenda A. – Blanche Sherman explained that the Ernst & Young contract was terminated by Ernst & Young due to substantial increases in their work related to the Sarbanes-Oxley Act of 2002, and that a ratification of the CEO’s authorization was needed to issue another RFP for the service. She noted a Board member would serve on the Source Evaluation Committee.

Action Agenda B. – Ms. Linda Watson explained that if the LYMMO service is privatized, it could involve providing more service delivery, maintenance of vehicles, provision of vehicles and passenger amenity maintenance. Discussion took place regarding term of the contract, leasing of LYNX equipment and the selection process. Staff advised that the award would be based on criteria that LYNX establishes.

Work Session C. – Mr. Fred Winterkamp, Orange County, offered his thoughts on modifying the business plan by adding information on bus fleet management, aging of the fleet and challenges confronting LYNX. He suggested that funding partners who have similar programs already in place could provide help with some components of the plan. He also suggested adding approximate budget numbers next to an item, providing a scale by which to evaluate.

Mr. Gilhooley, FDOT, clarified his support of the WAGES program, commenting that the program was entered into as a joint project agreement in 2000 with LYNX and had been extended for 4 years with the intent to implement a vanpool program. He advised that in June 2004, \$392,000 had been spent on the program: \$145,000 on internal salaries, \$134,000 to purchase vans, \$63,000 on a marketing program and \$50,000 for subsidies to help with monthly leases of the vans. It was determined that due to cost and the effectiveness of the program it wasn’t cost-effective to continue. He suggested for the program to be reestablished

in the future, a comprehensive proposal should be put together, and a determination made on the overall results of efficiency and return on dollars.

The Committee suggested adding a board report on WAGES to the Board agenda in the future.

Meeting adjourned at 11:40 a.m.

LYNX Board Audit Committee Agenda

Audit Committee Agenda Item #3.A

To: LYNX Board Of Directors

From: Linda Watson
EXECUTIVE DIRECTOR
Belinda Balleras
(Technical Contact)

Phone: 407.841.2279 ext: 3017

Item Name: LYNX Transportation Regional Incentive Program (TRIP) Funding and Capital Improvement Program

Date: 8/25/2005

Belinda Balleras, Manager of Grants, and Linda Watson, CEO, will discuss LYNX' TRIP funding and capital improvement program.

LYNX Board Audit Committee Agenda

Audit Committee Agenda Item #3.B

To: LYNX Board Of Directors

From: Sylvia Mendez
CHIEF ADMINISTRATIVE OFFICER
Blanche Sherman
(Technical Contact)

Phone: 407.841.2279 ext: 3129

Item Name: LYNX' Financial Position

Date: 8/25/2005

LYNX' Operating Statement indicates total revenue earned year-to-date in the amount of \$62,280,646 and total expenses incurred year-to-date in the amount of \$62,073,939 resulting in an operating profit in the amount of \$206,707 for the nine months ending June 30, 2005. The Fixed Route Services resulted in an operating profit in the amount of \$323,055 for the nine months of operations. ACCESS LYNX' operations resulted in an operating loss in the amount \$(116,348) for the nine months of the fiscal year.

The positive results relate to lower than anticipated cost for LYNX' Fixed Route Services due to *cyclical* trends. In addition, significant expenses related to utilities, media, and various professional services were processed this month resulting in an abnormal impact on the bottom-line. Also, we have recognized a loss on the transfer of the Pine Street Terminal to the City of Orlando in the amount of \$197,281 this month. We are working with the City of Orlando in an effort to have this amount waived by FTA, which will in turn eliminate the loss. Overall, certain expenses will begin to smooth out as the year progresses and LYNX staff have been directed to curtail expenses on discretionary items for the remainder of the fiscal year.

In regard to the ACCESS LYNX program, eligible Medicaid trips are being transferred to the Transportation Disadvantage (TD) program in order to maximize the use of available funding. In addition, trips are stabilizing and continue to decrease due to the recent fare increase and changes in the Medicaid program policy and procedures. However, LYNX staff continues to closely monitoring this program to ensure compliance related to service performance and contract administration is meeting expected objectives.

Although, the implemented changes in the ACCESS LYNX program and other factors are reducing the anticipated deficit. Please note, we are experiencing dramatic increases in our fuel costs this year. As a result, we are projecting an \$800,000 - \$1,000,000 shortfall in our operating budget. Therefore, we have applied the use of the remaining FY2004 Local Medicaid funds in the amount \$600,000 to offset the impact of significant increases in fuel prices.

LYNX Board Audit Committee Agenda

LYNX staff will be presenting at the Audit Committee meeting an updated financial projection with the application of the Local Medicaid funds, curtailed expenses, and anticipated accruals and adjustments made during the fiscal year end closing process.

LYNX Board Audit Committee Agenda

Audit Committee Information Item #.C

To: LYNX Board Of Directors

From: Sylvia Mendez
CHIEF ADMINISTRATIVE OFFICER
Blanche Sherman
(Technical Contact)

Phone: 407.841.2279 ext: 3129

Item Name: FY2004 Management Letter Comments - Follow-up Information

Date: 8/25/2005

Please find attached a summary of the Auditor's Recommendations, Management's Response, and a status update with a timeline for completion. Overall, staff is in the process of implementing most of the Auditor's recommendations with plans for completion over the next year.

The following provides a status update of each recommendation:

Great Plains and FASuite Software Implementation:

This implementation is progressing well. The Purchasing and Workplace Module implementation are completed. The Vendor Classification and Inventory Module (FASuite) is scheduled for completion in months September and October of this year. The FASuite Fleet Maintenance Module will go live in October of this year.

The Finance, Grants, and IT staff are reviewing the Microsoft Grants and Analytical Accounting Modules to determine appropriate use to meet our needs. The full implementation of the Projects, Grants, and Encumbrance modules are on schedule for January – April 2006 completion.

Accumulate Purchase Requirements:

The Procurement Division is working with Material Control and Maintenance and other departments to implement this requirement. The Procurement staff has started the process of establishing Supply Contracts for maintenance, inventory and other items. The following Invitation for Bid's (IFB's) are being pursued over the next two months:

- ✓ Transmissions
- ✓ Engines
- ✓ Lubrications and Greases
- ✓ Bearings and Seals

LYNX Board Audit Committee Agenda

- ✓ Printing Services
- ✓ IT Supplies

The Procurement staff is expecting most of the above contracts to be in place by the beginning of the new fiscal year.

DBE Reports:

The recommendations for DBE reports will be completed by September 2005. However, the DBE Officer is working with IT and has started to use Great Plains for deriving the DBE reporting information.

NTD Procedures, Sign-off, and Sampling:

The Planning, Business Relations, and Paratransit Operations staff members have implemented the recommendations pertaining to documentation of procedures, proper sign-off, and appropriate sampling. The Paratransit Operations staff will complete the documentation of their procedures in November 2005.

Inventory of Fixed Assets:

The physical inventory count is completed and the Finance staff is reconciling the findings to LYNX's financial records. The results of the physical count with recommended items for disposal will be presented to the LYNX Board in September 2005. The process for drafting procedures and implementing the use of custodians is scheduled for completion over the next few months, August and November 2005.

Medicaid Receivables:

The Medicaid invoicing issue was resolved and billings are current through the month of July 2005.

Procurement Policy Update:

The Procurement staff has revised LYNX Administrative Rule 4 as needed. This information has been forwarded Akerman & Senterfitt for review and consolidation with all LYNX Administrative Rules. The Rule will be presented to the LYNX Board in September 2005 as a consolidated package.

**LYNX
Fiscal Year 2004
Management Letter Comment
Audit Committee
Follow-up Process**

Auditor Recommendations	Responsible Department/Division	Status	Timeline for Completion/Comment
<p>Great Plains Dynamics Software Implementation:</p> <p>Fully Implement Great Plains Modules previously purchased:</p> <p>Purchasing Module WorkPlace Module Vendor Classification Inventory Module (CTMMS) Projects Module Grants Module Encumbrance Module</p>	<p>Information Technology, Finance, Grants, & Procurement</p>	<p>Implemented FY2004 Implemented FY2004 Underway, DBE Underway Underway Underway Underway</p>	<p>Completed - FY2004 Completed - May 2005 Estimated Completion Date - September 2005 Estimated Completion Date - September - October 2005 Estimated Completion Date - January - April 2006 Estimated Completion Date - January - April 2006 Estimated Completion Date - January - April 2006</p>

LYNX
Fiscal Year 2004
Management Letter Comment
Audit Committee
Follow-up Process

Accumulate Purchase Requirements: Aggregate projections of future inventory and maintenance purchases.	Procurement	Underway	Estimated Completion Date - 50% by October 1, 2005 and 100% by October 1, 2006.
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**LYNX
Fiscal Year 2004
Management Letter Comment
Audit Committee
Follow-up Process**

DBE Reports:			
<p>The DBE Officer should work with the Information Systems department to utilize reports and other features within the Great Plains software in order to prepare the needed reports.</p>	Procurement	Underway	Estimated Completion Date - September 2005.
<p>The Authority should either request invoices to support and track payments made to DBE's or perform periodic audits of the reports in order to verify the certifications are accurately prepared.</p>	Procurement	Completed	The DBE Officer is now requesting invoices from all vendors.

**LYNX
Fiscal Year 2004
Management Letter Comment
Audit Committee
Follow-up Process**

<p>Documents Used to Prepare NTD Reports Should be Signed Off:</p> <p>The Authority personnel that reviews the information should sign-off to evidence that review.</p>	<p>Service Planning, Business Relations and Access LYNX.</p>	<p>Completed</p>	<p>Sign-offs will be performed by the appropriate staff, the Associate Service Planner, Manager of Service Planning and Scheduling, Transportation Supervisor, Business Relations Manager, Manager of Paratransit Operations.</p>
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**LYNX
Fiscal Year 2004
Management Letter Comment
Audit Committee
Follow-up Process**

**Procedures for Reporting and
Maintaining NTD Data Should Be
Written:**

The Authority should formally document the procedures in place.

Service Planning, Business Relations and Access LYNX.

Completed - Planning & Business Relations

Estimated Completion Date - Planning and Business Relations - May 2005 and Paratransit - November 2005.

**LYNX
Fiscal Year 2004
Management Letter Comment
Audit Committee
Follow-up Process**

<p>Sampled Fixed Route Blocks Did Not Meet FTA Requirements:</p> <p>The Authority should implement a process to ensure that the samples are in compliance with FTA requirements.</p>	<p>Planning</p>	<p>Completed</p> <p>Ongoing</p> <p>April 22, 2005 review completed</p>	<p>As of March 20, 2005 - APC samples increased by 25% to ensure ample samples are collected to exceed the FTA requirements.</p> <p>Quarterly reviews of the collected data are performed by Strategic and Service Planning staff to ensure accuracy and completeness, as well as to verify source data.</p> <p>Quarterly reviews are scheduled for April 22, 2005, August 31, 2005, and November 3, 2005. In addition, Planning will conduct an audit of the APC systems data.</p>
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**LYNX
Fiscal Year 2004
Management Letter Comment
Audit Committee
Follow-up Process**

Sampled Vanpool Methodology :

The Authority should either follow FTA 2710.2A or obtain approval from the FTA for any deviations.

Business Relations

Completed

Since February 2005, data is being collected according to the FTA Circular 2710.2A.

**LYNX
Fiscal Year 2004
Management Letter Comment
Audit Committee
Follow-up Process**

Inventory of Fixed Assets :

The Authority should consider redirecting resources to this task during the annual physical inventory or hire temporary counters to perform this task.

Finance and Administration

Underway

The current inventory count is completed. Utilization of LYNX Custodians - November 2005.

**LYNX
Fiscal Year 2004
Management Letter Comment
Audit Committee
Follow-up Process**

<p>Medicaid Receivables :</p> <p>The Authority should begin the process of developing or purchasing a program that is in compliance with these requirements.</p>	<p>Paratransit Operations</p>	<p>Completed</p>	<p>Electronic invoicing issues have been resolved. The Paratransit Operation's staff has developed a policy to outline the funding source invoice procedures.</p>
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**LYNX
Fiscal Year 2004
Management Letter Comment
Audit Committee
Follow-up Process**

<p>Procurement Policy Needs to be Updated:</p> <p>The Authority should revise the procurement policies to ensure that both federal and state requirements are properly referenced. Additionally, the Authority should review the federal and state requirements on an annual basis and update the policy.</p>	<p>Procurement</p>	<p>Underway</p>	<p>Estimated Completion Date - September 2005 with an annual review incorporated in the process.</p>
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LYNX Board Audit Committee Agenda

Audit Committee Information Item #.D

To: LYNX Board Of Directors

From: Peggy Gies
INTERIM DIR OF GOVT AFFAIRS
Belinda Wilson
(Technical Contact)

Phone: 407.841.2279 ext: 3020

Item Name: WAGES Program Update

Date: 8/25/2005

BACKGROUND:

LYNX received the WAGES Commuter Assistance Grant on June 1, 2000. The agency did not implement the grant funding initially because it was restricted to providing vanpools to welfare clients transitioning to new jobs. There were not enough people in this category with similar trip patterns that could be grouped in vanpools. This has been a problem across the country with federal funds targeted for these programs. After much work and frustration, LYNX determined that there was a need among the low-income population for subsidized bus passes. Accordingly, in October 2002, a revised JPA for this grant was executed between LYNX and FDOT that allowed subsidies to welfare transition and low income citizens who were employed or participating in job access training programs. FDOT agreed with LYNX that the goal of the program would be individual self-sufficiency and not long-term assistance.

In December 2002, a Project Manager was hired to create, develop and implement the WAGES Program. Partnerships were formed and subsidies were distributed to eligible individuals beginning February 2003. The four-time grant extension LYNX received was based on FDOT's policy of renewing certain grants every six months and not due to a lack of activity.

The WAGES program funds were used to leverage similar projects. LYNX received discretionary/competitive funding through the Federal JARC program (\$198,134) in March 2004 used to fund fixed route services. We were awarded this funding largely due to the coordination between LYNX and the regional stakeholders, which was facilitated by WAGES. Also, LYNX was recently allocated a \$25,000 grant from the City of Kissimmee's Community Development Block Grant to provide a WAGES program for their residents.

LYNX prepared multi-year budgets every fiscal year that was approved by FDOT. Therefore, grant funds were managed to maximize benefits to low-income and welfare transition individuals.

LYNX Board Audit Committee Agenda

LYNX was lauded verbally and via emails by the Florida Department of Transportation for an outstanding program with such vibrant support from community partners. In fact, LYNX was the only transit agency in the state to create a successful program. We created partnerships with Workforce Central Florida, Orange County Health & Family Services, City of Orlando, Orlando & Sanford Housing Authorities and forty-eight (48) other agencies within Orange, Seminole, Lake and Osceola counties.

LYNX currently has kept eight WAGES vanpools in service providing over 2,000 welfare transition/low income individuals transportation to employment and/or job training.

FINANCIAL SUMMARY:

The following information will reflect expenditures and activities from December 2003 to June 2005 (FY03- FY05):

1. **Original JPA amount:** \$777,910
2. **Program Management:** 152,246.69
 - Includes salaries and wages for Project Manager, Program Assistant and temporary services. All positions were approved by FDOT
3. **Vehicle Acquisition:** \$132,765
 - Purchased five 10-passenger vans to transport WAGES eligible clients
 - Four (4) of the five (5) vans purchased were placed in service within first year
 - Total of eight (8) vanpools in service
 - Total Vanpool Passengers Served: 7,157
4. **Marketing/Education:** \$40,463.88
 - Includes printing of client applications, brochures, promotional items, bus cards, and postage expense for mail to clients.
5. **Vanpool Subsidies:** \$ 61,922.29
 - Includes subsidized 7 and 30-day bus passes and vanpool vouchers
 - LYNX only subsidized half of the monthly lease cost for six months and individuals/agencies paid the difference totaling approximately \$49,920
6. **Bus Pass Kiosks:** \$21,725.00
 - Includes one kiosk unit placed in a community center and an on-line software program to allow eligible clients to apply for subsidies, community agencies to confirm their eligibility and LYNX to track number of bus passes distributed per agency.
7. **Insurance:** \$878.85
 - Expense incurred per FDOT's instructions to procure a separate insurance policy for WAGES vans titled to FDOT.

Total Expenses: \$410,001.71

FUTURE ENDEAVORS:

LYNX had planned to use the remaining funds of \$367,908.29 in the following ways:

LYNX Board Audit Committee Agenda

- Leverage WAGES dollars to receive additional federal JARC program funds and local jurisdictions Community Development Block/Community Service Block Grant funds
- Subsidize new WAGES vanpools and serve a minimum of 5,000 additional welfare and/or low income citizens with bus passes
- Add twenty-two (22) new agency partners to provide bus passes to their employed low-income/welfare clients

LYNX Board Audit Committee Agenda

Audit Committee Information Item #.E

To: LYNX Board Of Directors

From: **Ellisa Darnall**
Interim Chief Operating Officer
William Hearndon
(Technical Contact)

Phone: 407.841.2279 ext: 3036

Item Name: Follow up questions to Dialysis Customer Analysis (from July 28, 2005, Audit Committee Information Item).

Date: 8/25/2005

Additional Dialysis Customer Questions posed by the LYNX Board of Directors at the July 2005 Board Meeting:

How many dialysis customers travel past the closest facility by jurisdiction? 281 total; 211 Orange Count, 34 Osceola County, 36 Seminole County. (city jurisdiction information shown in attached chart)

Provide maps showing current and optimal trips by dialysis network? Attached.

Documentation and maps from the June 2005 Audit Committee meeting have been attached for further review and comparison.

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Dialysis Customer Questions posed by the LYNX Board of Directors at the June 2005 Board Meeting:

How many dialysis customers do we transport? 548 total; 249 Medicaid, 217 TD, and 82 ADA.

How many customers travel beyond the closest facility? 281 total; 152 Medicaid, 77 TD, and 52 ADA.

LYNX Board Audit Committee Agenda

What is the associated cost of providing services to dialysis customers? Each dialysis customer travels twice a day, three days per week. At an average one-way trip cost of \$27, the program spends approximately \$8,424 per dialysis customer per year. This equates to approximately \$4.6 Million per year spent to provide services to dialysis customers; one-third of the total paratransit budget.

What is the associated cost of providing services beyond the closest facility? There is an estimated expense to MV Transportation of approximately \$341,000 (approximately 11,000 hours of service) to provide services beyond the closest facility. In addition, there is an estimated expense to MV of approximately \$775,000 (approximately 25,000 hours of service) to provide dedicated services to dialysis facilities (originally estimated at \$465,000 by MV).

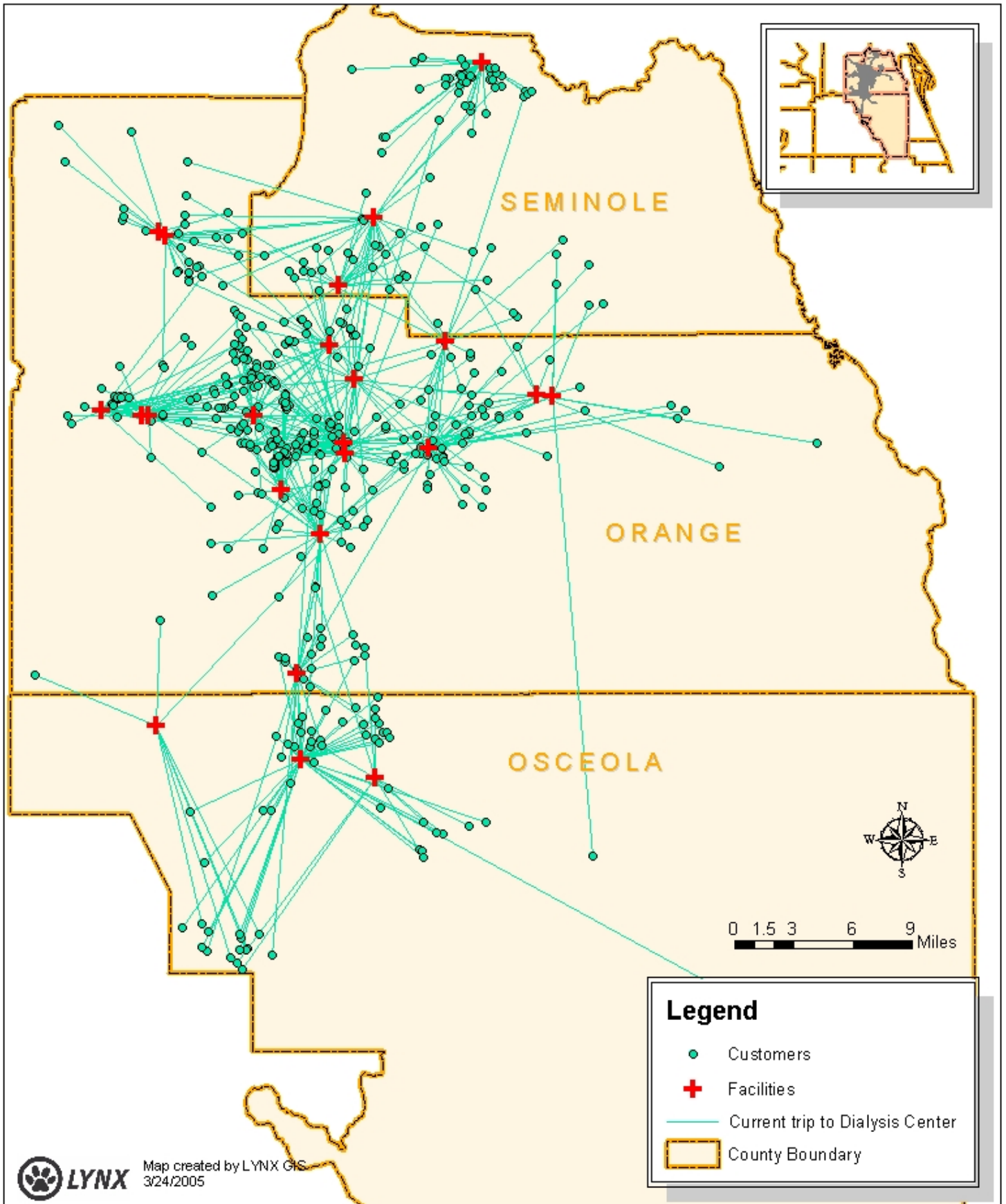
In which jurisdictions do they reside? 372 Orange County, 105 Seminole County, and 71 Osceola County. Reference attached chart for municipality breakdowns.

Where do they travel to for dialysis services? There are 15 dialysis facilities in Orange County, 3 in Osceola County, and 3 in Seminole County.

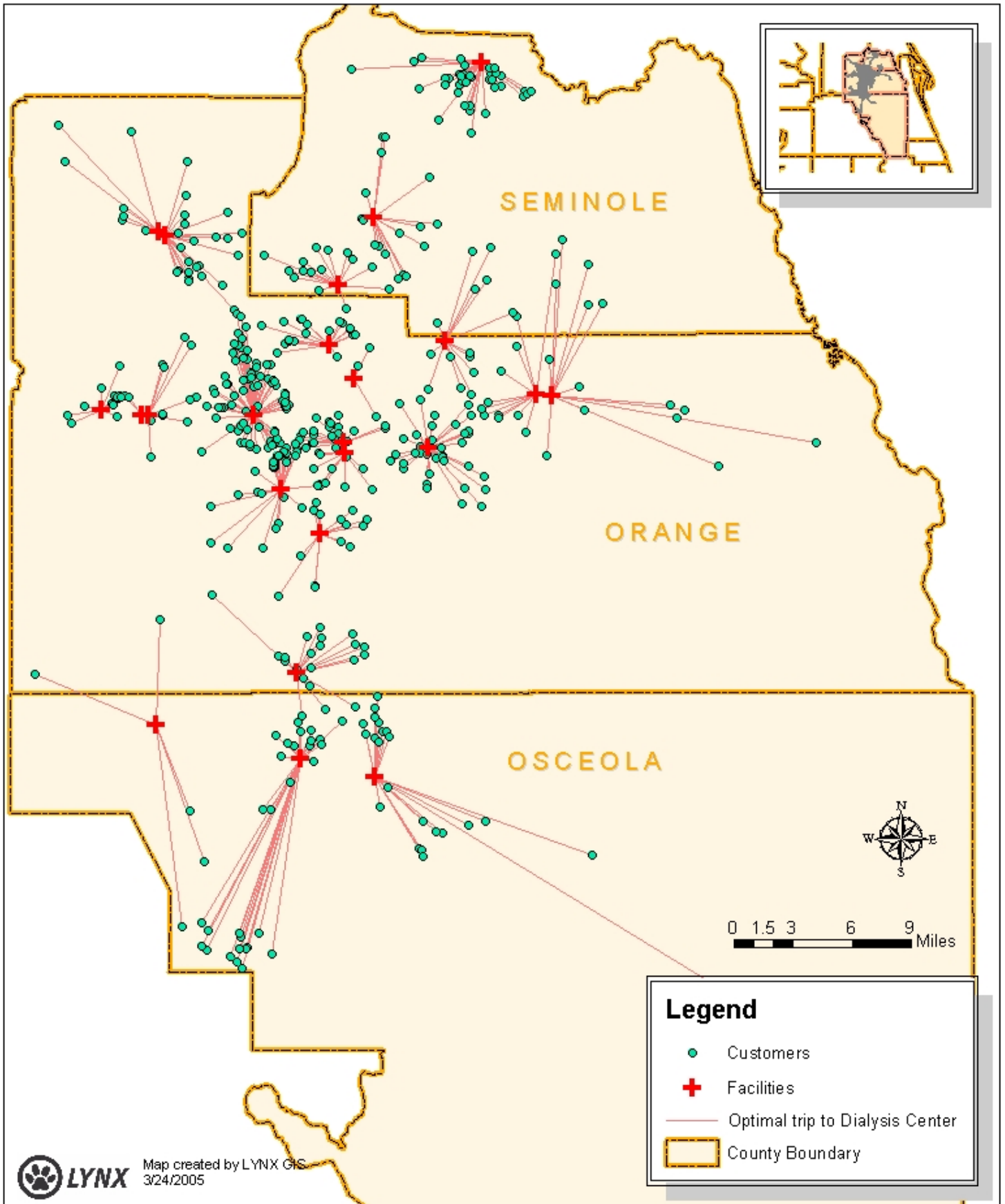
What are other alternatives to the high level of service provided to the dialysis customers? Stop providing dedicated routes for dialysis facilities; enforce Medicaid's closest provider requirement; work with the facilities to better schedule their treatments; provide vehicles for the dialysis facilities to transport their own customers; force conditional customers to use fixed route for the trip to the facility.

Additional analysis information and maps are attached.

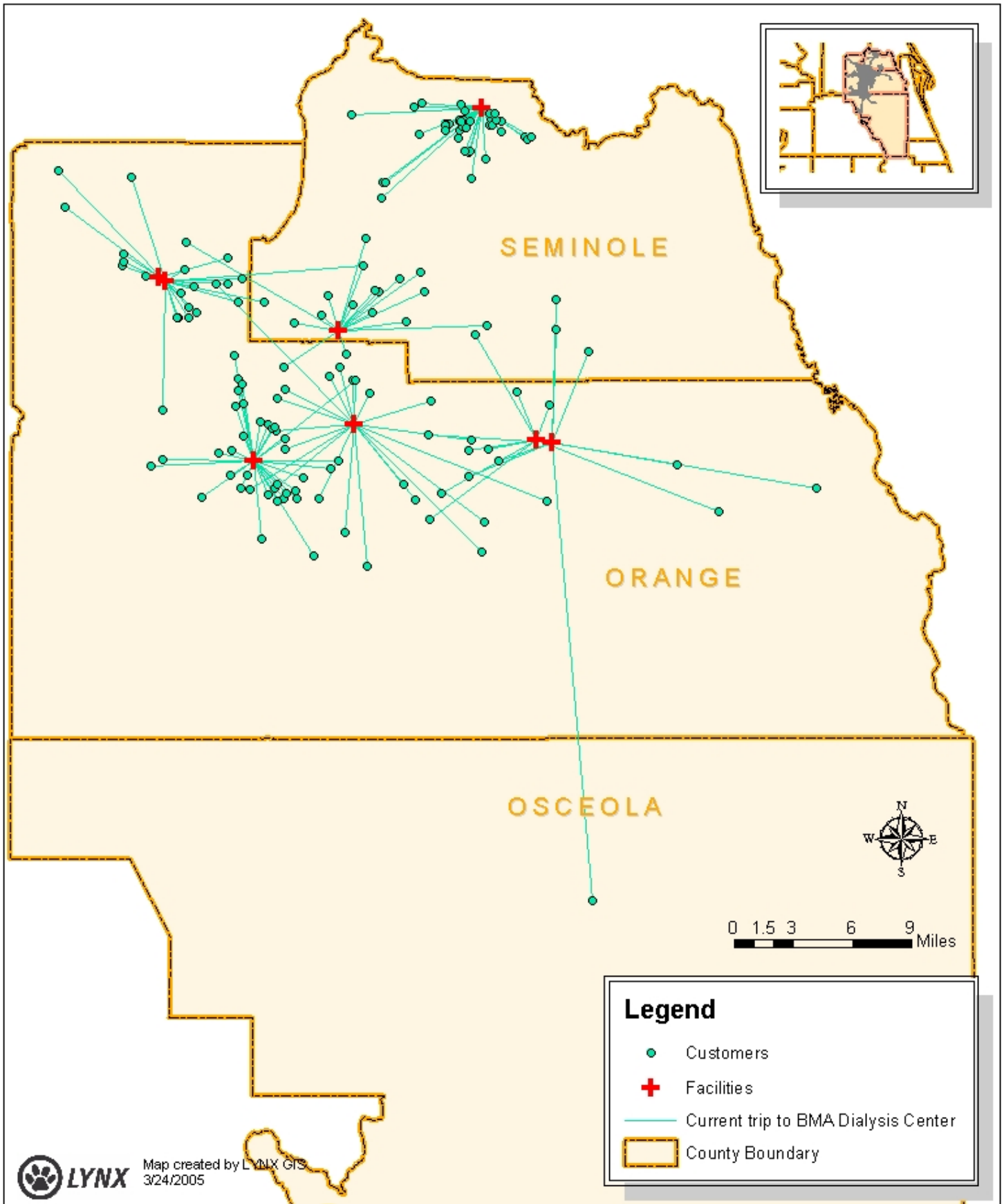
Current Trips to Dialysis Facilities



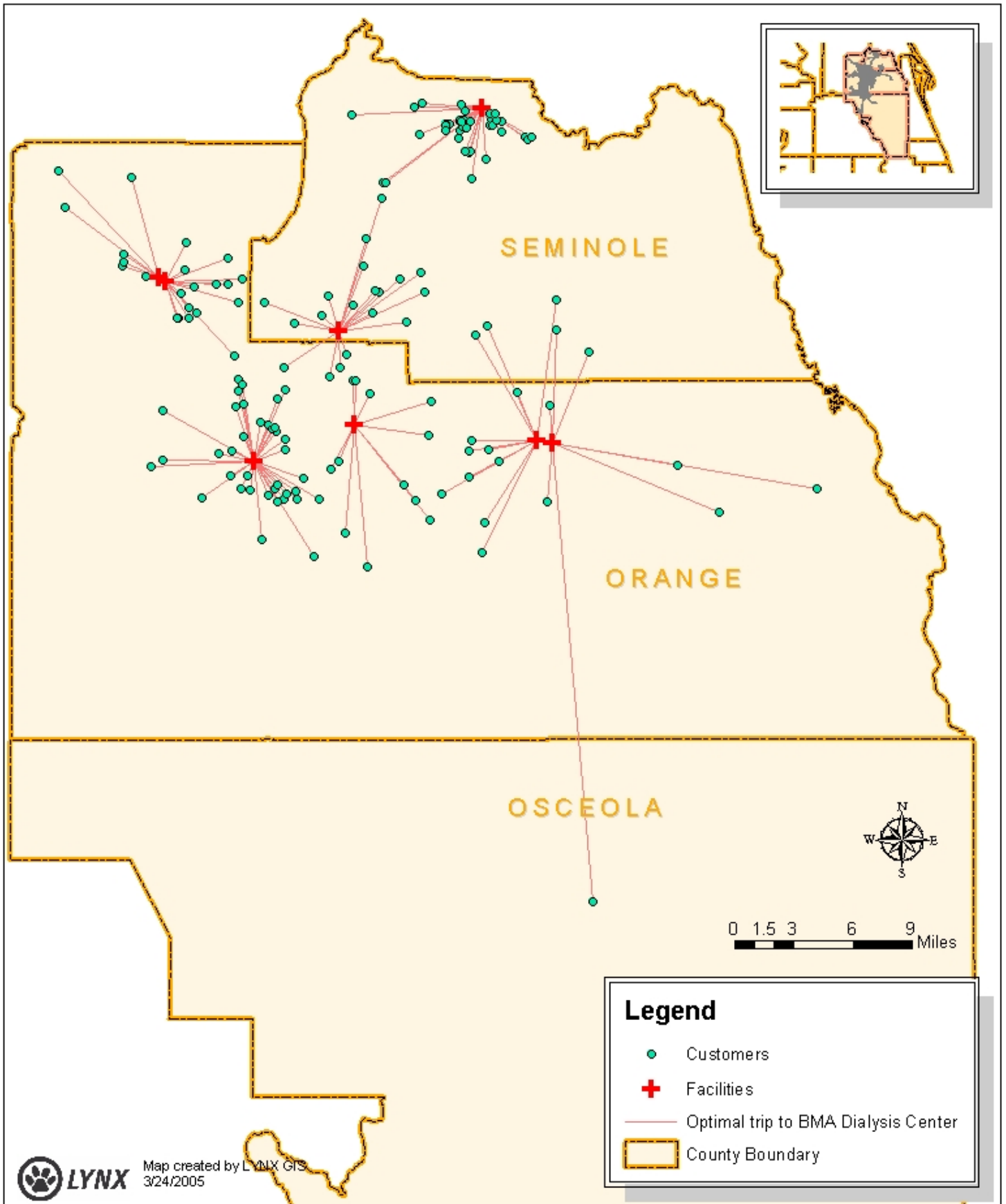
Optimal Trips to Dialysis Facilities



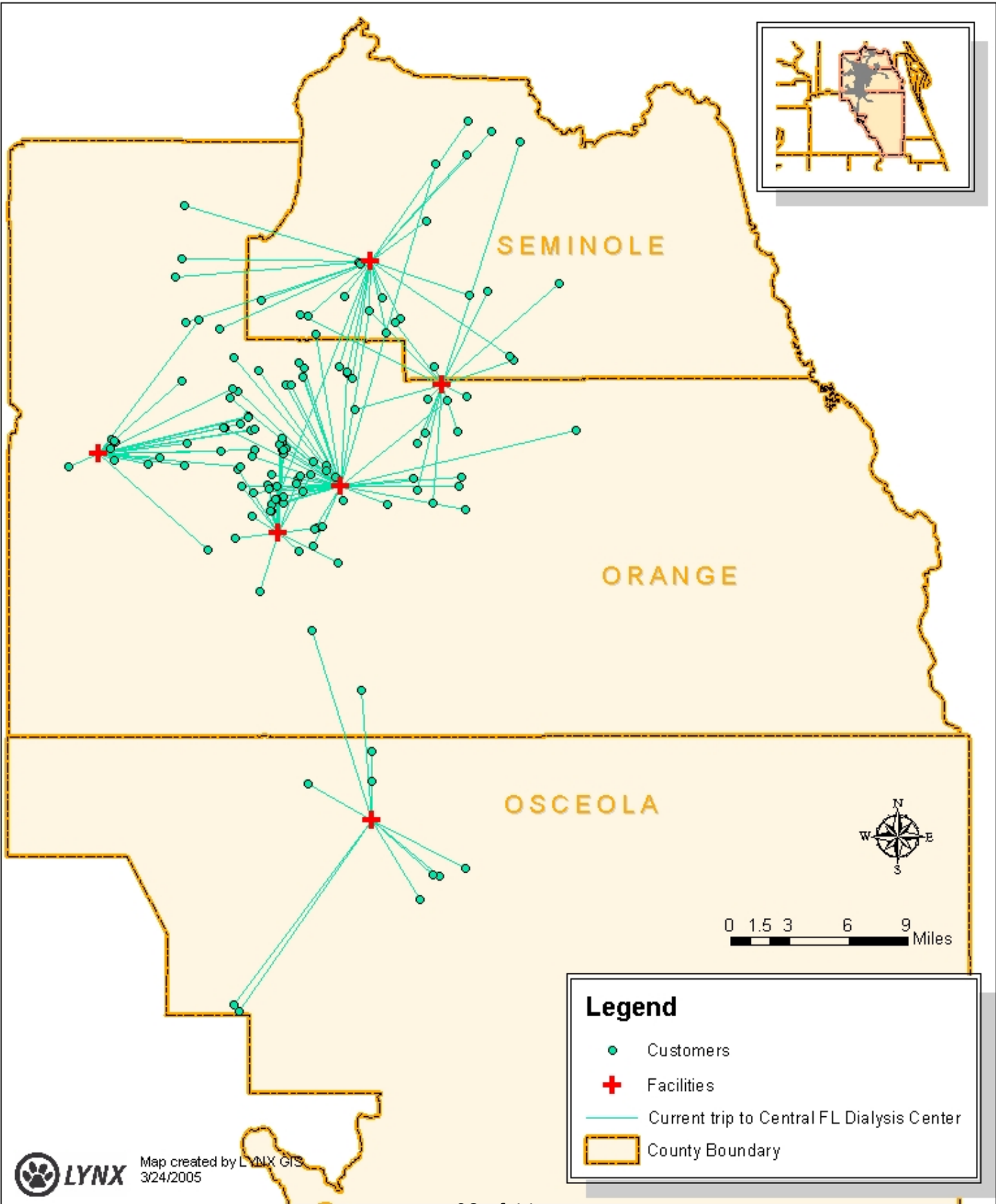
Current Trips to BMA Facilities



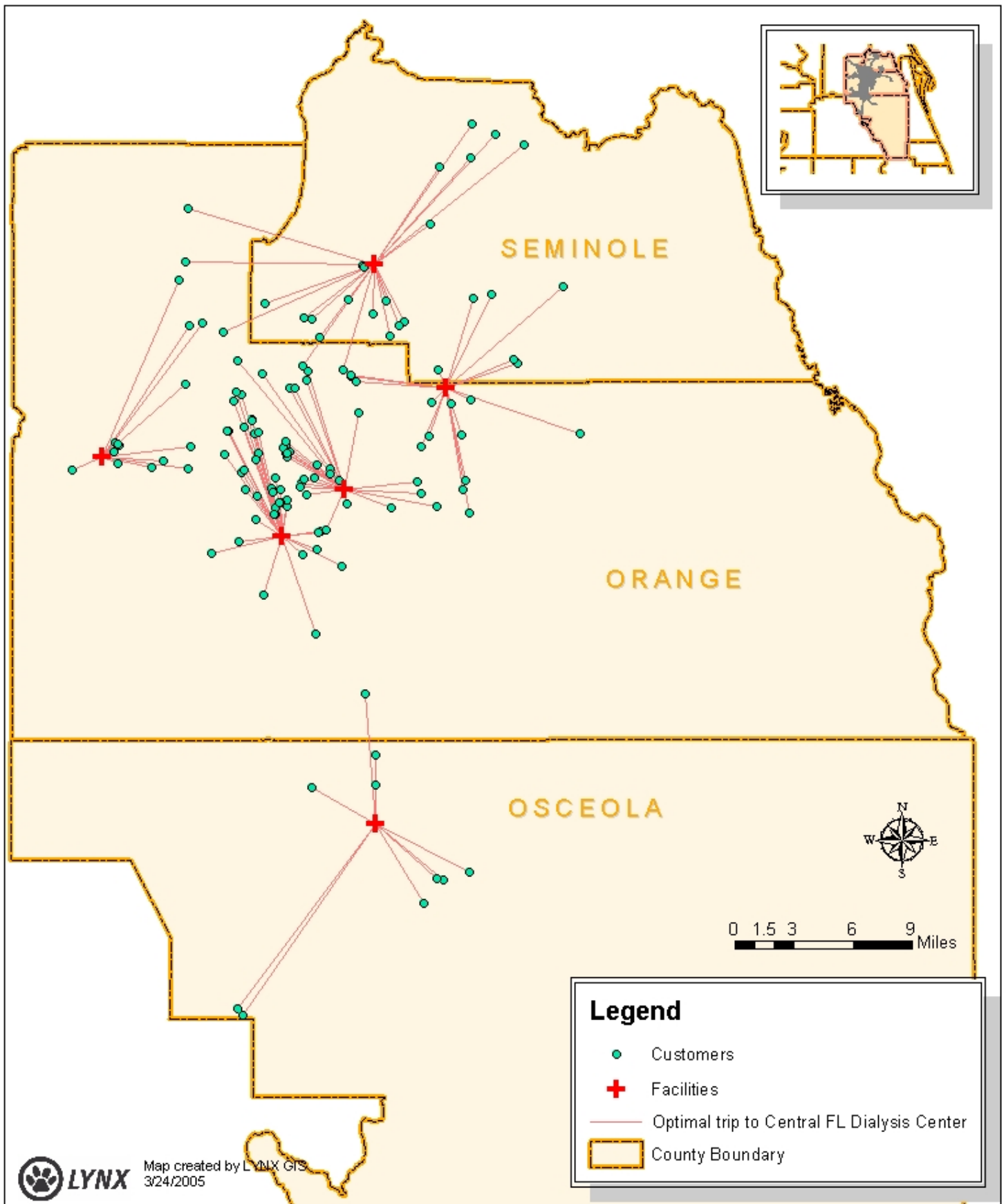
Optimal Trips to BMA Facilities



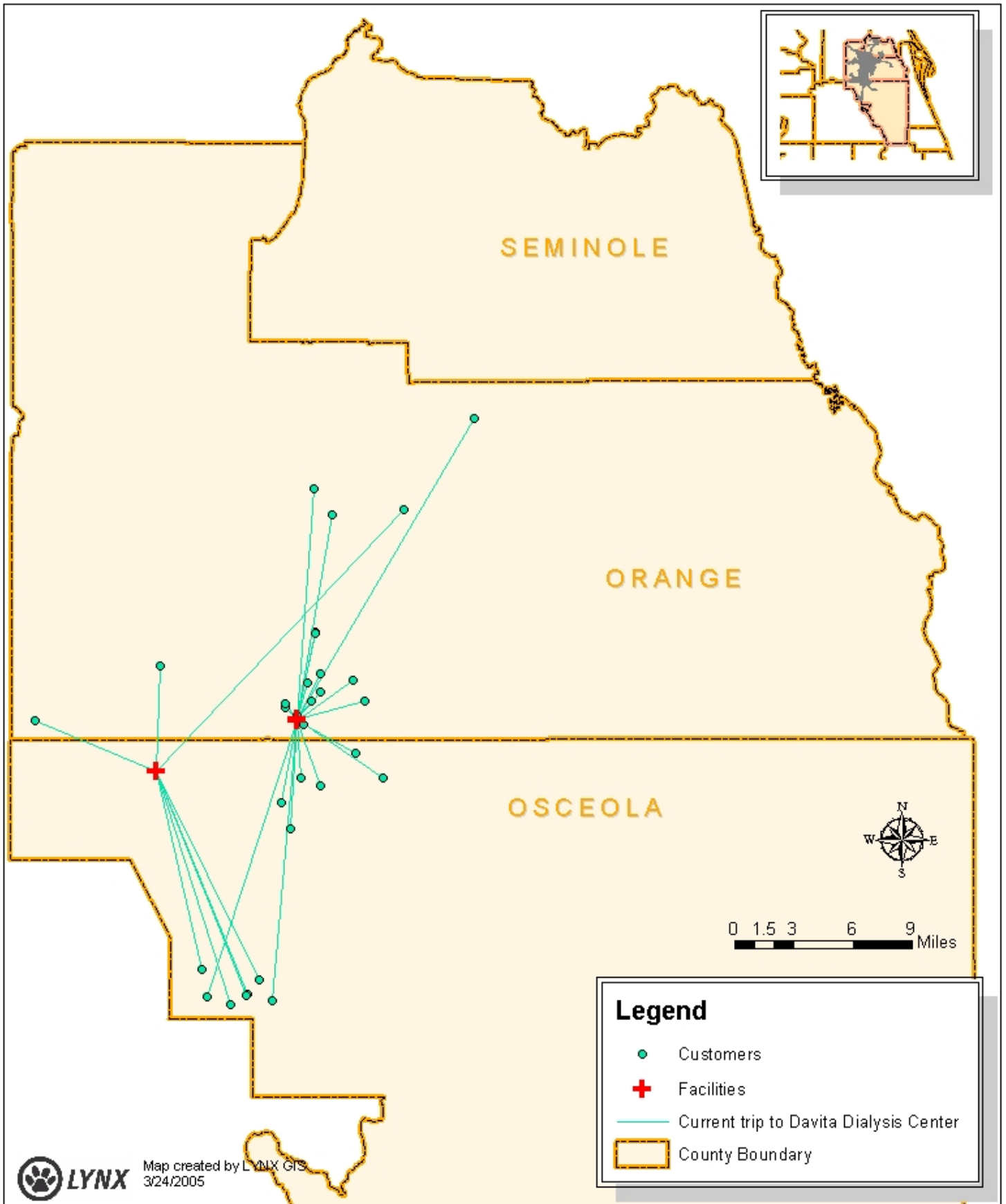
Current Trips to Central Florida Facilities



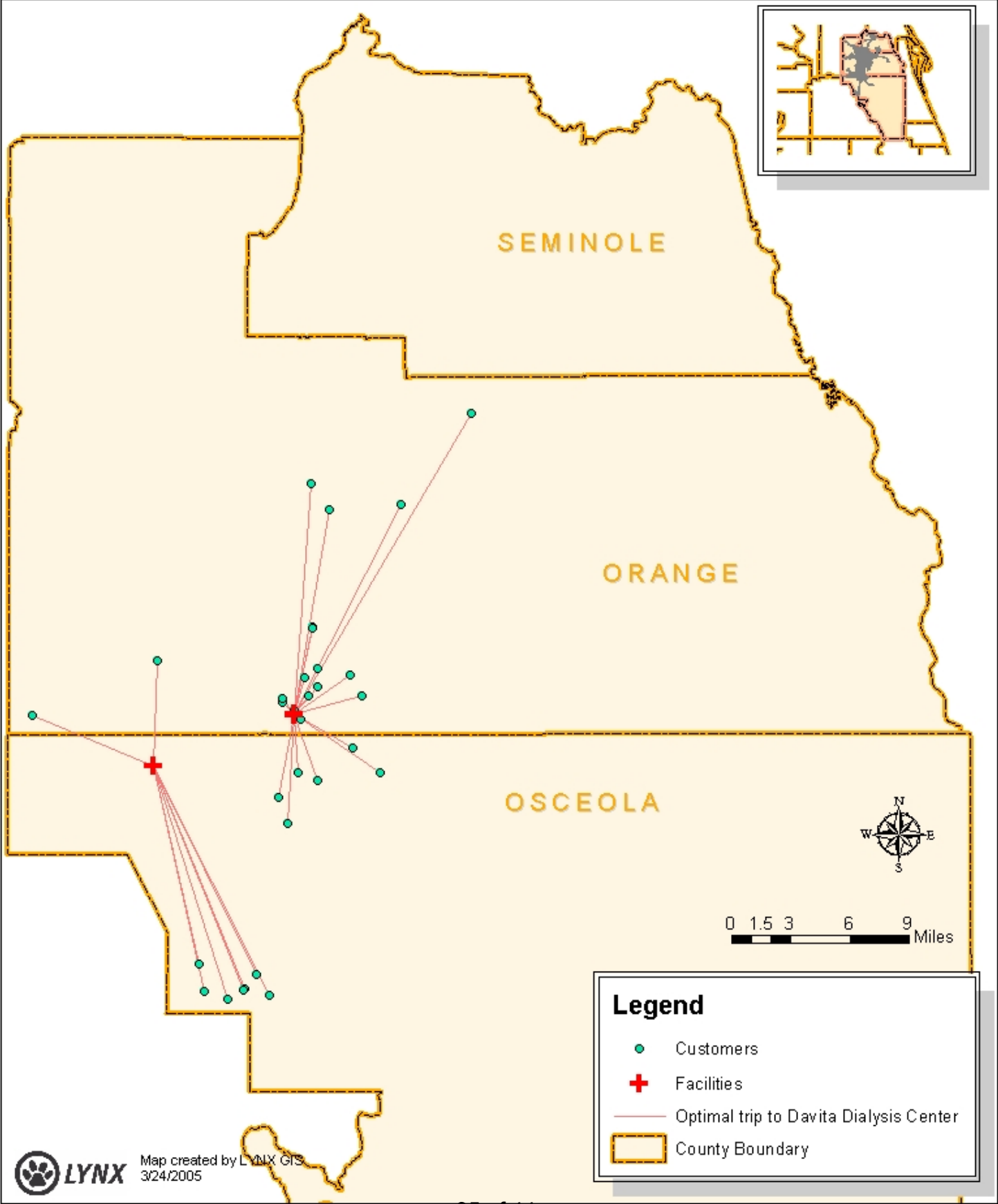
Optimal Trips to Central Florida Facilities



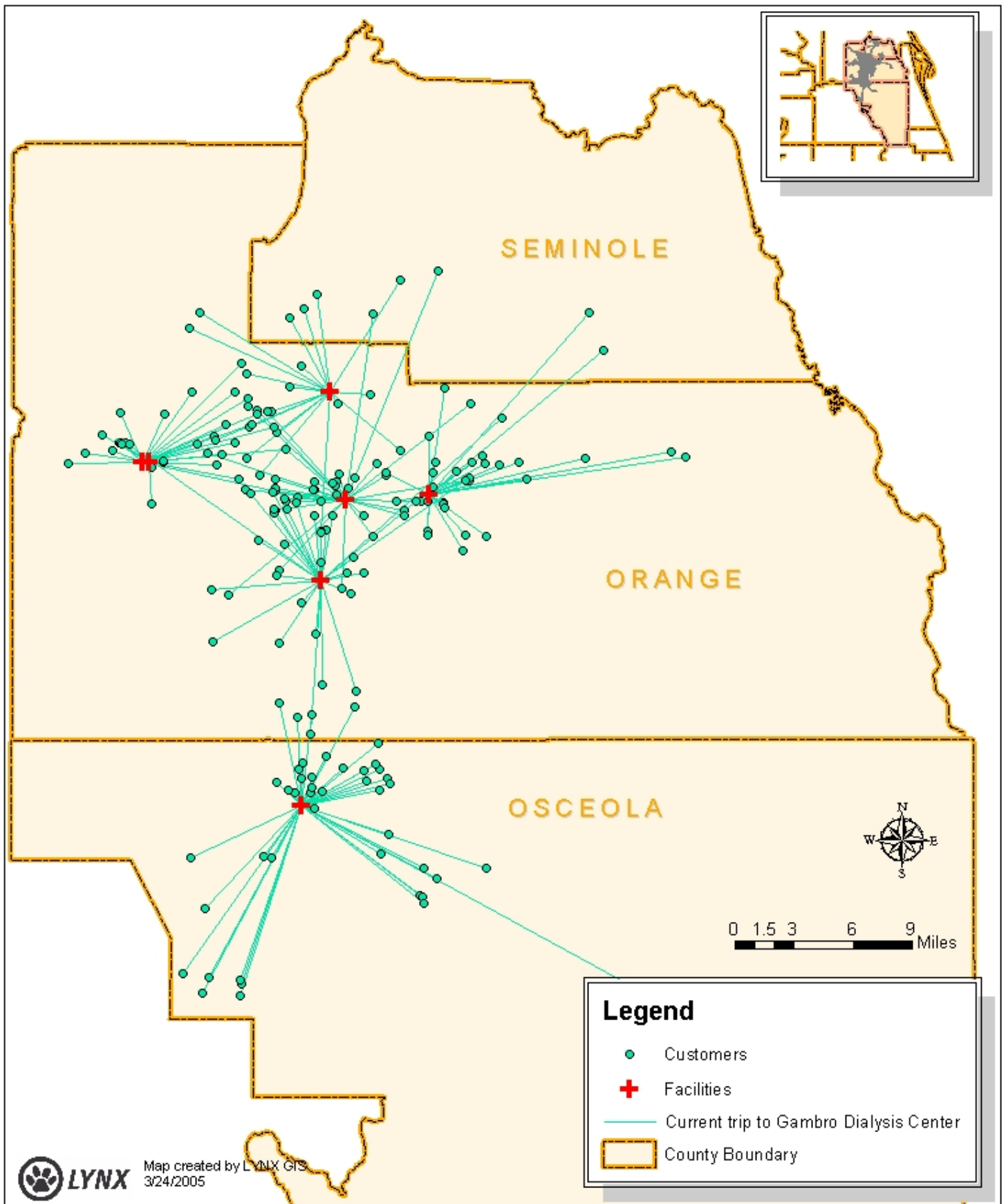
Current Trips to Davita Facilities



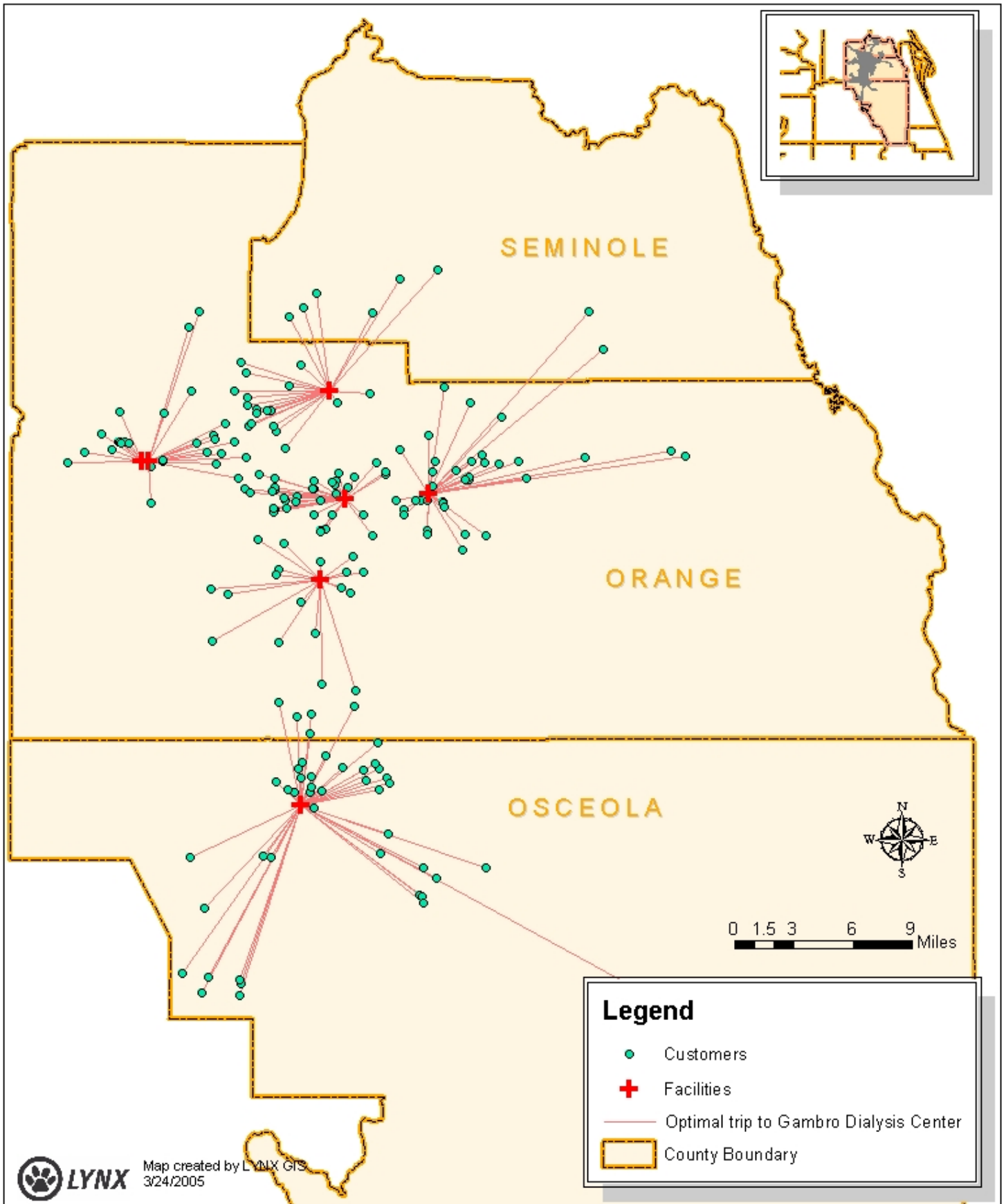
Optimal Trips to Davita Facilities



Current Trips to Gambro Facilities



Optimal Trips to Gambro Facilities



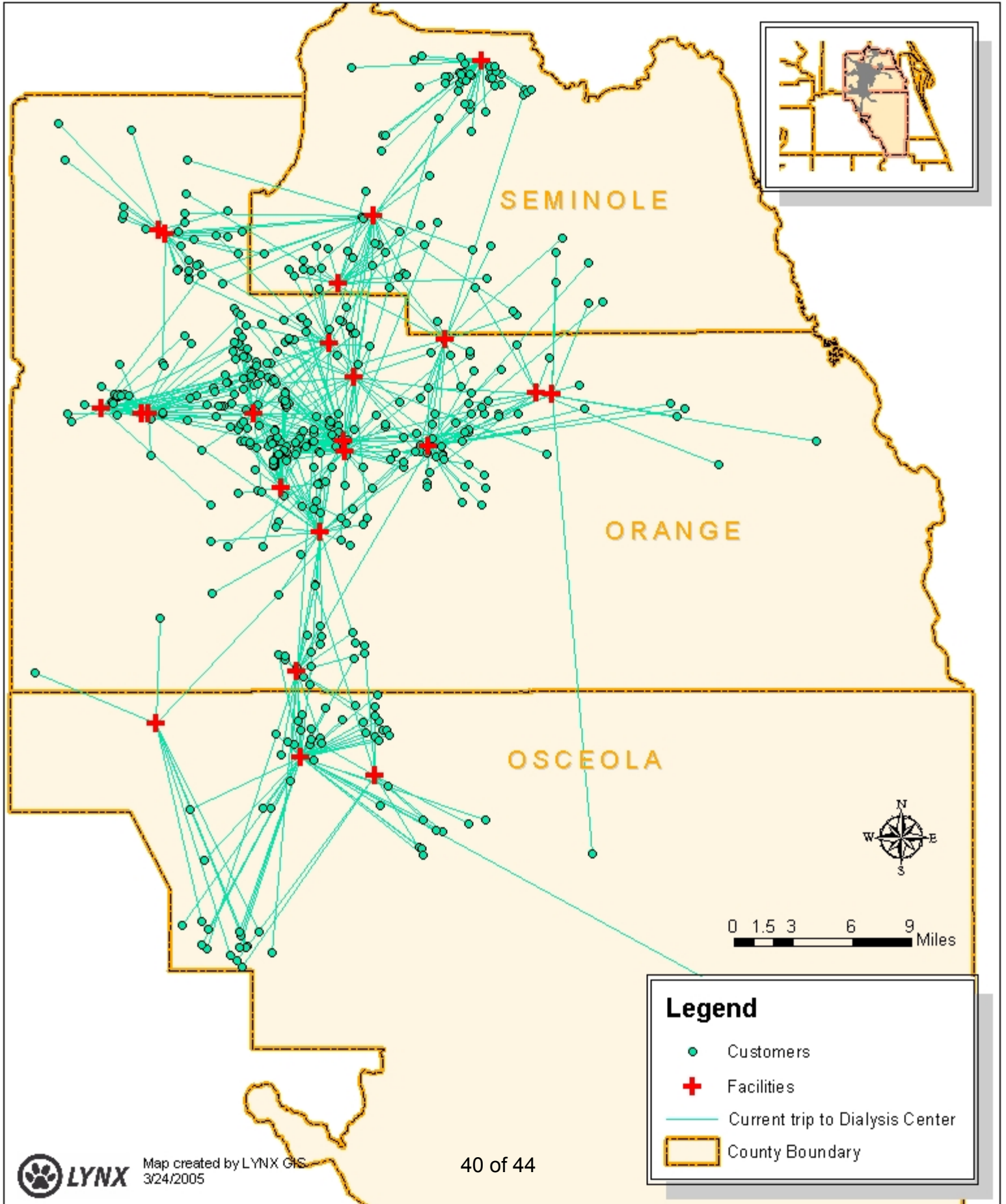
**Customers not utilizing closest
Dialysis Facility by Jurisdiction**

CITY	COUNTY			Grand Total
	ORANGE	OSCEOLA	SEMINOLE	
ALTAMONTE SPRINGS			7	7
APOPKA	4			4
CASSELBERRY			3	3
EATONVILLE	4			4
KISSIMMEE		7		7
LAKE MARY			2	2
LONGWOOD			3	3
MAITLAND	4			4
OCOEE	5			5
ORANGE UNINCORPORATED	114			114
ORLANDO	71			71
OSCEOLA UNINCORPORATED		20		20
OVIEDO			3	3
SANFORD			3	3
SEMINOLE UNINCORPORATED			13	13
ST CLOUD		7		7
WINTER GARDEN	7			7
WINTER PARK	2			2
WINTER SPRINGS			2	2
Grand Total	211	34	36	281

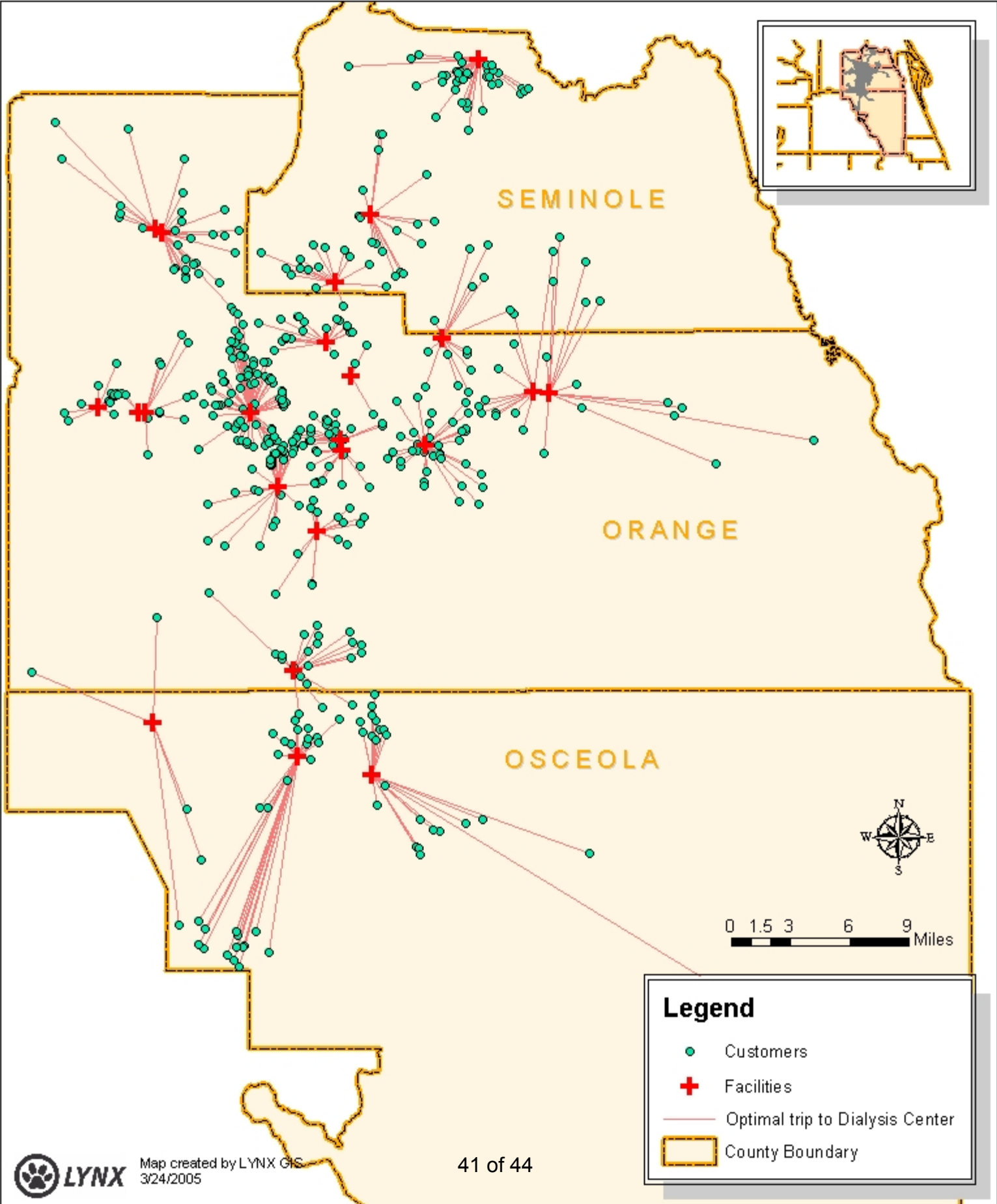
Dialysis Customers Home Location

City	COUNTY			Grand Total
	ORANGE	OSCEOLA	SEMINOLE	
ALTAMONTE SPRINGS			14	14
APOPKA	7			7
CASSELBERRY			4	4
EATONVILLE	4			4
EDGEWOOD	1			1
KISSIMMEE		18		18
LAKE MARY			2	2
LONGWOOD			10	10
MAITLAND	6			6
OCOE	14			14
ORANGE UNINCORPORATED	212			212
ORLANDO	111			111
OSCEOLA UNINCORPORATED		39		39
OVIEDO			6	6
SANFORD			38	38
SEMINOLE UNINCORPORATED			28	28
ST CLOUD		14		14
WINTER GARDEN	14			14
WINTER PARK	3			3
WINTER SPRINGS			3	3
Grand Total	372	71	105	548

Current Trips to Dialysis Centers



Optimal Trips to Dialysis Centers





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Analysis of Dialysis and Medicaid Routing

July 2005

Overview

The purpose of this analysis was to estimate the impact of enforcing the rule requiring Medicaid and TD riders to go to the closest dialysis center and the impact of restricting runs to predominately serve individual dialysis centers.

The analysis shows substantial savings in both time and mileage can be achieved by removing scheduling restrictions which favor having runs dedicated to individual dialysis centers. These savings are further enhanced when trips are changed to reflect the closest dialysis center.

Analysis

There are currently 548 Medicaid and TD dialysis active subscription trips (see Attachment 1). Of these, 330 are not traveling to the closest dialysis center. 281 travel more than one mile further than the closest dialysis center.

The following methodology was used for the simulations.

1. Tuesday, April 26th was selected to represent typical Tuesday – Thursday – Saturday dialysis service. Wednesday April 20th was selected to represent typical Monday - Wednesday – Friday dialysis service.
2. These days were copied to a simulation day and all actual times and odometers removed. No Show and Cancel at Door trips were also removed from the routes since the drop offs for these trips were never completed.
3. All non-routed Lynx trips were also removed (routes LA, OMH, etc.).
4. Hours and miles were then calculated to create a baseline for "As Scheduled".
5. All KID and Stretcher trips were frozen to preserve their routing during simulations and prevent other trips from being routed with them.
6. Trips were then batched using current weights. Minimal manual scheduling was conducted after batching to meet or exceed the minimum on-time performance goal of 94% and keep taxi/unscheduled trips the same or lower than on the control day.

Analysis of Booked Trips for April 26, 2005

	As Scheduled	Simulation 1	Variance
Total Trips	1638	1638	0.00%
Trips Scheduled	1625	1629	0.25%
Trips Unscheduled/Taxi Trips	13	9	-30.77%
OTP (Non Taxi)	85.8%	98.3%	14.57%
OTP Appt. (Non Taxi)	87.2%	98.4%	12.86%
Hours Productivity			
Total Hours	1349.00	1274.50	-5.52%
Garage Deadhead	113.80	91.10	-19.95%
Service Hours	1235.20	1183.40	-4.19%
Total Deadhead	312.21	272.20	-12.82%
Slack Time > 1 Hour	139.78	255.61	82.87%
Total Slack Time	338.93	370.63	9.35%
Trips/Srv Hour	1.32	1.38	4.63%
Trips/Tot Hour	1.20	1.28	6.11%
Miles Productivity			
Total Miles	21150.00	20087.00	-5.03%
Non-Srv Miles	3564.00	2378.00	-33.28%
Service Miles	17586.00	17709.00	0.70%
Total Deadhead	8978.94	7736.21	-13.82%
Srv Miles/Trip	10.82	10.87	0.45%
Tot Miles/Trip	13.02	12.33	-5.26%
Avg Trip Length	5.30	6.12	15.58%

Analysis of Booked Trips for April 20, 2005

	As Scheduled	Simulation 1	Variance
Total Trips	1604	1604	0.00%
Trips Scheduled	1597	1597	0.00%
Trips Unscheduled/Taxi Trips	7	7	0.00%
OTP (Non Taxi)	88.5%	94.9%	7.29%
OTP Appt. (Non Taxi)	86.9%	94.5%	8.77%
Hours Productivity			
Total Hours	1362.12	1271.36	-6.66%
Garage Deadhead	113.82	84.36	-25.88%
Service Hours	1248.30	1187.00	-4.91%
Total Deadhead	314.32	285.57	-9.16%
Slack Time > 1 Hour	163.56	175.48	7.29%
Total Slack Time	368.60	314.80	-14.60%
Trips/Srv Hour	1.28	1.35	5.16%
Trips/Tot Hour	1.17	1.26	7.14%
Miles Productivity			
Total Miles	20720.00	19481.00	-5.98%
Non-Srv Miles	3554.00	2420.00	-31.91%
Service Miles	17166.00	17061.00	-0.61%
Total Deadhead	8933.98	7628.45	-14.61%
Srv Miles/Trip	10.75	10.68	-0.61%
Tot Miles/Trip	12.97	12.20	-5.98%
Avg Trip Length	5.15	5.91	14.58%

Simulation 1 shows the results of not restricting routes to predominately serve individual dialysis centers. The current scheduling practice is to "reserve" runs servicing dialysis centers to maximize driver familiarity with the passenger base and improve overall service to the center.

The result is improved customer service, but less efficient routing. The analysis shows 74.5 hours could be saved on a typical Tuesday and 90.76 hours could be saved on a typical Wednesday.

This translates into 495.78 hours per week or over 25,000 hours per year.

In addition, mileage on each day was reduced by over 5% which could potentially result in 350,000 less overall miles per year.

Analysis of Booked Trips for April 26, 2005

	As Scheduled	Simulation 2	Variance
Total Trips	1638	1638	0.00%
Trips Scheduled	1625	1630	0.31%
Trips Unscheduled/Taxi Trips	13	8	-38.46%
OTP (Non Taxi)	85.8%	98.5%	14.86%
OTP Appt. (Non Taxi)	87.2%	99.1%	13.64%
Hours Productivity			
Total Hours	1349.00	1237.60	-8.26%
Garage Deadhead	113.80	92.40	-18.80%
Service Hours	1235.20	1145.20	-7.29%
Total Deadhead	312.21	263.69	-15.54%
Slack Time > 1 Hour	139.78	265.23	89.75%
Total Slack Time	338.93	394.31	16.34%
Trips/Srv Hour	1.32	1.42	8.19%
Trips/Tot Hour	1.20	1.32	9.34%
Miles Productivity			
Total Miles	21150.00	18878.00	-10.74%
Non-Srv Miles	3564.00	2354.00	-33.95%
Service Miles	17586.00	16524.00	-6.04%
Total Deadhead	8978.94	7426.80	-17.29%
Srv Miles/Trip	10.82	10.14	-6.33%
Tot Miles/Trip	13.02	11.58	-11.02%
Avg Trip Length	5.30	5.58	5.37%

Analysis of Booked Trips for April 20, 2005

	As Scheduled	Simulation 2	Variance
Total Trips	1604	1604	0.00%
Trips Scheduled	1597	1597	0.00%
Trips Unscheduled/Taxi Trips	7	7	0.00%
OTP (Non Taxi)	88.5%	97.1%	9.70%
OTP Appt. (Non Taxi)	86.9%	96.0%	10.50%
Hours Productivity			
Total Hours	1362.12	1242.60	-8.77%
Garage Deadhead	113.82	74.50	-34.55%
Service Hours	1248.30	1168.10	-6.42%
Total Deadhead	314.32	7491.96	2283.55%
Slack Time > 1 Hour	163.56	186.00	13.72%
Total Slack Time	368.60	301.60	-18.18%
Trips/Srv Hour	1.28	1.37	6.87%
Trips/Tot Hour	1.17	1.29	9.62%
Miles Productivity			
Total Miles	20720.00	19190.00	-7.38%
Non-Srv Miles	3554.00	2234.00	-37.14%
Service Miles	17166.00	16956.00	-1.22%
Total Deadhead	8933.98	7491.96	-16.14%
Srv Miles/Trip	10.75	10.62	-1.22%
Tot Miles/Trip	12.97	12.02	-7.38%
Avg Trip Length	5.15	5.93	14.97%

For Simulation 2, we updated Medicaid and TD dialysis trips with their closest center. Trips were then batched with the same parameters as Simulation 1.

If Medicaid and TD clients were forced to go their closest center and run restrictions were removed, this could result in a reduction of 111.4 hours on a typical Tuesday and 119.52 hours on a typical Wednesday. This translates into 692.76 hours per week or over 36,000 hours per year.

Mileage under this simulation was reduced by 7 to 10 percent. This could potentially result in a reduction of over 590,000 miles per year.