



Board Date: 9/27/2012
Time: 10:00 AM

Central Florida Regional Transportation Authority
455 N. Garland Ave.
2nd Floor Conference Room
Orlando, FL 32801








As a courtesy to others, please silence all electronic devices during the meeting.

1. Call to Order

2. Approval of Minutes


-  Minutes from the August 9, 2012 Audit Committee Meeting Pg 2

3. Audit Agenda Items

- A.  Overview of FY2012 Amended Operating and Capital Budgets Pg 10
 - Attachment 
- B.  Overview of FY2013 Operating and Capital Budgets Pg 19
 - Attachment 
- C.  LYNX' Funding Model Discussion Pg 32
 - Attachment 
- D.  Update on RIDA Development Partnership Pg 47

5. Information Items

(For Review Purposes Only - No action required)

- i.  Update on LYNX' Debt Service Requirements Pg 48

LYNX
Central Florida Regional Transportation Authority
Audit Committee Meeting Minutes

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

DATE: August 9, 2012

TIME: 2:00 p.m.

Members in Attendance:

Seminole County Commissioner, Carlton Henley, Chairman
Osceola County Commissioner, Brandon Arrington
FDOT District 5 Secretary, Noranne Downs
Orange County, Office of Regional Mobility, Jim Harrison
City of Orlando, Transportation Policy Advisor, Christine Kefauver

Members Absent:

1. Call to Order

The Chairman, Commissioner Carlton Henley, called the meeting to order at 2:00 p.m.

2. Approval of Minutes

The Chairman asked the Committee if there were any additions or deletions to the May 24, 2012 as presented.

The Chairman recognized Commissioner Arrington.

Commissioner Arrington noted that during staff's presentation of proposed service enhancements, the Committee discussed staff's request of a Comprehensive Operation Analysis (COA). During discussion regarding the COA, the Committee discussed the possibility of accelerating the schedule of the COA. Commissioner Arrington noted the Committee discussed the timeline and possibility for the COA to be completed within 8 months and requested the discussion be added to the May 24, 2012 Minutes.

Mr. Lewis reiterated an agency will periodically request a COA to examine the efficiency of the system. Once the Board has ratified the Transit Development Plan

(TDP) before them today, staff will request their authorization of a consultant to conduct a COA at the September meeting. Staff projects that the 8 month timeframe from Notice to Proceed can be met and provide significant findings or recommendations. While the final document may not be complete, issues will be identified within the timeframe.

Motion was made and seconded to approve the Minutes as amended of the May 24, 2012 Audit Committee meeting. The motion passed unanimously.

3. Audit Agenda Items

A. LYNX' Reserve Policy Discussion

The Chairman recognized Blanche Sherman, Director of Finance, for presentation.

Ms. Sherman noted that LYNX does not currently have a reserve policy which formalizes the process and addresses the establishment and use of reserves. The Reserve Policy would consist of fund components which the Board would establish goals or targets for their funding:

Reserves for Operations (Cash Reserves)

LYNX should establish a goal to maintain a reserve of forty-five to sixty days, or fifteen to twenty percent of regular operating expenditures to be used for short term cash flow purposes, or to ensure adequate resources for operating purposes at the beginning of the fiscal year. The cash reserve also helps to protect LYNX in the event it must respond to a natural or man-made disaster. This appropriation may also be considered to fund one-time capital outlay, but shall not be used to support ongoing operating expenses.

Reserves for Contingency (Emergencies)

LYNX should establish a goal to maintain a contingency reserve at a not to exceed 10% of the total budget. The contingency is commonly known as the emergency reserve to be used in the case of a major storm or other unforeseen disaster. The contingency reserve may also be used to cover unanticipated expenditures of a non-recurring nature, to meet unexpected immediate increases in service delivery costs, and to temporarily maintain service levels in the event that an economic downturn should cause a shortfall in revenues.

The Committee discussed the proposed Policy language:

“ ... and to temporarily maintain service levels in the event that an economic downturn should cause a shortfall in revenues.”

The Committee recommended the following change to the proposed language:

“ ... and to temporarily maintain service levels in the event of a shortfall in revenues.”

Reserves for Capital Funds and Debt Service

In the event that the operating reserve balance exceeds the amount set forth in this policy, the excess will be transferred to Reserves for Capital. The goal will be to fund the future infrastructure. This only pertains to items and/or projects included in the annual capital budget. Debt Service Reserves are subjected to the creation of a very specific reserve amount as a part of the Loan Covenants. Therefore, the amount to be appropriated must adhere to these requirements and will be budgeted, accordingly.

Reserves for Self-Insurance Programs

Risk Management should maintain a minimum reserve equal to the 80% to 90% undiscounted confidence level of the annual actuarial study to ensure financial viability for Workers Compensation and General Liability Claims. In addition, should a claim be made against LYNX that is identified subsequent to the actuarial report and prior to the issuance of the Comprehensive Annual Financial Report that is financially material to the fund and highly likely to succeed, additional reserves should be established to provide adequate funds in reserve.

Reserves for Fuel Stabilization

In 2011, LYNX established a fuel hedging program to curtail some of the extreme volatility experienced in the price of fuel. The hedging program is not meant to “out-guess” the market for fuel, but rather is an attempt to eliminate some of the pricing volatility and provided budget stabilization. This program, combined with establishing a Fuel Stabilization Reserve, will give LYNX, and ultimately our funding partners, some assurance of price and funding stability, as it pertains to the costs of fuel. The reserve will be funded via reserving excess revenues.

Compensated Absence Reserve

The liability for Compensated Absences (payment to employees who retire or leave LYNX for accumulated benefits) will be fully funded on a current basis unless deemed impractical or unavailable for accounting reasons by the Chief Executive Officer or designee.

The Committee asked staff for the approximate amount associated with each component. Ms. Sherman provided:

Reserves for Operations (Cash Reserves)	\$20,000,000
Reserves for Contingency (Emergencies)	\$ 1,000,000
Reserves for Capital Funds and Debt Service	\$ 1,000,000
Reserves for Self-Insurance Programs	
Workers Compensation & General Liability	\$ 1,000,000
Medical Benefit Claims	\$ 1,200,000
Reserves for Fuel Stabilization	\$ 1,000,000

The Committee requested the final Policy be brought back for their consideration and for staff to provide the actual total amount associated with the Policy.

Discussion ensued regarding clarification of the Reserve for Self-Insurance Programs, Workers Compensation and General liability Claims language.

Pat Christiansen, LYNX' General Counsel, noted that while the reserve amount would be equal to the 80% to 90% undiscounted confidence level of the annual actuarial study, LYNX holds to the 80% conservative side of the recommendation. Ms. Sherman provided LYNX records 80% of the liability; however, this amount is not fully funded (approximately \$3+million).

The Committee requested staff revise the language of the Self-Insurance Programs component.

The Committee asked staff if reserves were divided into the components outlined, would the funding be available for service adjustments, i.e., Link 111 or paratransit providers. Mr. Lewis provided funding for these examples would come from contingency funds. As a follow-up, the Committee noted that all partners fund reserves and the imbalance if service adjustments funded by the reserves favored one partner. In response, Mr. Lewis suggested that if the follow-up discussion were taken in concert with the potential for the partners adhering to the funding model, the ambiguity is removed. The reserves can be used by Board approval for immediate service issues but would automatically become a part of the calculations for all of the funding partners according to the funding model.

The Committee suggested clarifying language prior to presenting the Policy to the Board.

The Committee asked if there was a list of existing routes similar to the Link 111 that may not be sustainable or based on creative funding and/or formulas. Mr. Lewis responded that staff will provide a list of routes, if any, in order for the Committee to understand the current liability.

B. LYNX' Funding Model Discussion

The Chairman recognized Blanche Sherman, Director of Finance, for presentation.

Ms. Sherman noted that in discussions with the LYNX' Board and various County Commissions and staff, it was recommended LYNX resume utilizing its funding model to allocate each jurisdiction's share of the costs of operations beginning FY2014. Through use of the model, LYNX will be able to properly fund its operation and the costs of services will be appropriately distributed based on service supplied.

Ms. Sherman provided an overview of the funding model:

➤ FY2013 Preliminary Operating Expenses

	FY2013
Preliminary Operating Expenses	\$ 113,862,952
Less:	
Paratransit Services	(20,821,828)
NeighborLink Services	(1,938,861)
LYMMO Services	(1,231,575)
Votran Services	(170,752)
Road Ranger Services	(1,388,487)
Lake County Services	(389,258)
Shingle Creek Services	(262,146)
Disney Services	(2,731,670)
Less - Incremental Services:	
Link 102	(207,120)
Link 103	(403,216)
Link 434	(766,841)
Less - Bus Lease Interest	(242,983)
Subtotal	\$ 83,308,215
Less - Federal, State, & Other Revenue	** (25,115,595)
** includes \$2,000,000 additional PM dollars	
Net Fixed Route Costs	\$ 58,192,620
Base Service Hours	996,654.46
System-Wide Hourly Rate	\$ 58.39
Assessed Maintenance & Capital Cost \$2.00 per hour	2.00
FY2013 Preliminary Hourly Rate	\$ 60.39

This provides information for fixed route (big bus) service funded by funding partners.

Ms. Sherman noted that the \$2.00 per hour Assessed Maintenance & Capital cost is not a cost adopted by formal policy but that staff is recommending to be implemented to help meet capital funding needs and can also be applied for matching grants.

The Committee asked staff to provide a comparison of cost associated with moving riders on fixed route / big bus, NeighborLink, and other services. Mr. Lewis noted that staff can provide the cost information.

➤ FY2013 Preliminary Operating Expenses by Jurisdiction

FY2013 Allocation of Net Fixed Route Costs (Excluding \$2 Capital) By County Fixed-Route Hours				
	Orange County	Osceola County	Seminole County	Region
Fixed Route Hours	824,137.66	85,720.26	86,796.54	996,654.46
FY2013 Preliminary Operating Hourly Rate	\$ 58.39	\$ 58.39	\$ 58.39	\$ 58.39
Net Fixed Route Costs (Excluding \$2 Capital)	\$ 48,119,939	\$ 5,004,920	\$ 5,067,761	\$ 58,192,620
Less - Estimated County Farebox Revenue	(19,649,841)	(2,043,766)	(2,069,427)	(23,763,034)
Net County Fixed Route Costs	\$ 28,470,098	\$ 2,961,154	\$ 2,998,334	\$ 34,429,586
Local Contributions - Paratransit Services:	5,950,096	1,577,503	1,449,766	8,977,365
Local Contributions - Other Services:	510,194	151,543	1,110,774	1,772,511
Grand Total Funding Request	\$ 34,930,388	\$ 4,690,200	\$ 5,558,874	\$ 45,179,462
Less - Cities (Status Quo)	(3,482,292)	(161,999)	(213,900)	(3,858,191)
County Specific Request	\$ 31,448,096	\$ 4,528,201	\$ 5,344,974	\$ 41,321,271
Local Contributions - Bus Lease	1,253,026	-	-	1,253,026
County Specific -Funding Request	\$ 32,701,122	\$ 4,528,201	\$ 5,344,974	\$ 42,574,297
Proposed Funding - Per County	(32,893,056)	(4,279,194)	(4,083,948)	(41,256,198)
Preliminary Funding Excess (Shortfall)	\$ 191,934	\$ (249,007)	\$ (1,261,026)	\$ (1,318,099)
Route Capacity and On Time Performance (OTP)	(675,118)	(785,274)	(139,421)	(1,599,813)
Link 111 Funding Shortfall	(2,183,246)	-	-	(2,183,246)
Funding Excess (Shortfall)	\$ (2,666,430)	\$ (1,034,281)	\$ (1,400,447)	\$ (5,101,158)

The Committee asked staff how ridership by jurisdiction is determined; i.e., where a passenger boards.

Ms. Sherman provided that currently ridership is based on the percentage of service hours:

- Orange County 82.68%
- Osceola County 8.74%
- Seminole County 8.58%

Discussion ensued regarding allocation of service hours and farebox revenues. Mr. Lewis noted that currently approximately 1/3 of LYNX' fleet has Automated Passenger Counters (APC's) and that if LYNX receives capital funding to replace the unequipped fleet; the entire fleet is projected to have APC's in approximately 5 years. He further provided that, inasmuch as the current method of allocating service hours and farebox recovery is not an exact measurement, the allocations are consistent.

Ms. Sherman provided information for FY2012, FY2011, FY2010, FY2009, FY2008 and FY2007 preliminary operating expenses by jurisdiction; funding trends by jurisdiction for FY2007 – FY2013; Federal Preventative Maintenance funding trend FY2007 – FY2013.

In the interest of time required for the Committee to hear the balance of Agenda items, the Chairman asked that the discussion be suspended and brought back to the Committee at its next scheduled meeting.

C. Review and Recommendation for the Amendment of Administrative Rule 4 – Procurement and Contracts to Include the Acceptance of Unsolicited Proposals

The Chairman recognized Ben Guida, Director of Procurement and Contracts, for presentation.

Mr. Guida noted that at the May 24, 2012 Audit Committee Meeting, the Committee asked staff to develop a draft Unsolicited Proposal Policy for its review and consideration.

Staff prepared the draft policy after its review of the Federal Transit Administration's (FTA's) best practices and similar policies of other public agencies.

In summary, the draft policy provides:

- Defines exactly what constitutes an unsolicited proposal
- Provides requirements of a valid unsolicited proposal
- Establishes submittal requirements for unsolicited proposals and,
- Details LYNX evaluation procedures for unsolicited proposals

Motion was made and seconded to recommend the Board of Directors approve an amendment to Administrative Rule 4 to incorporate the policy for unsolicited proposals.

D. Presentation on MV Transportation, Inc., Increased Trip Demand Beyond RFP Projections

The Chairman recognized Lisa Darnall, Chief Operating Officer, for presentation.

Ms. Darnall noted that in calendar year 2011, paratransit ridership increased by 9.46% and is currently projected to increase by 3.23% in calendar year 2012. LYNX released RFP #11-R02 for Core Paratransit Services with ridership statistics based on calendar year 2010's ridership, plus a small increase projected for growth in March 2011. The 9.46% increase experienced in 2011 was unforeseen and unaccounted for in both the Core Paratransit Services RFP and Fiscal Year 2012 budget.

While all programs have experienced increases in ridership, the most growth has been in the Medicaid and Transportation Disadvantaged (TD) programs.

The Committee requested an explanation of a Medicaid trip. Ms. Darnall provided that it is a trip classification for a customer who applies for paratransit service and is eligible under Medicaid. For Medicaid recipients, trips must be a medical compensatory trip. All other trips, the rider would have to qualify under ADA or TD. Ms. Darnall noted that the vast majority (approximately 45%) of Medicaid trips are to dialysis centers.

Discussion ensued regarding riders residing in one area and travelling to another to obtain medical services. As an example, Ms. Darnall provided that the dialysis centers are provided a monthly report listing the customer name, and distance to the closest facility.

The Committee discussed that the travelling distance is a contributing factor to the budget overruns of \$1 to \$2 million per year.

Ms. Darnall provided the Committee with information concerning Medicaid Reform beginning August 2013 and provided some options to control costs before the reforms are implemented.

In conclusion, Ms. Darnall noted that staff will be seeking the Board's approval to amend MV Transportation's contract to increase the not-to-exceed amount and amend the budget accordingly

Discussion ensued regarding the potential for incentive programs to help shift the ridership.

The Chairman noted again, that in the interest of time, the discussion on incentive programs would have to be continued at a later date.

The Chairman recommended that staff consider allotting more time to the Committee's meeting.

4. Review of Board Package

The Chairman recognized John Lewis, Chief Executive Officer, to provide an overview of items that will come before the Board.

Mr. Lewis noted that the name of the company identified in Consent Agenda Item 6.B.i, Affiliated Computer Services, Inc., (ACS) for Ticket Vending Machines was incorrectly identified in the title and at the beginning of the staff write-up and correctly identified at the end of the staff write-up as ACS Transport Solutions, Inc.

Pat Christiansen, LYNX' General Counsel, provided the correction can be noted to the Board during the Executive Officers Report prior to their consideration of the Consent Agenda.

The meeting adjourned at 3:05 p.m.

Audit Committee Agenda Item #3.A

To: LYNX Board of Directors

From: Blanche Sherman
-DIRECTOR OF FINANCE
Christopher Plummer
(Technical Contact)

Phone: 407.841.2279 ext: 6100

Item Name: Overview of FY2012 Amended Operating and Capital Budgets

Date: 9/27/2012

On March 22, 2012, LYNX staff presented the FY2012 Amended Operating and Capital Budgets in the amount of \$113,707,941 and \$78,787,163, respectively for Board approval. Since approval of the Amended FY2012 Operating and Capital Budgets, LYNX has brought several items to the Board requesting approval and corresponding amendment to the operating and capital budgets to include additional positions, new and amended contracts and projects, and revisions to lease agreements. Based on the Board's previous approval of those items, staff is requesting an amendment to the FY2012 Operating and Capital Budgets in the amount of \$1,470,241 and \$4,526,204, respectively. Approval of this amendment will formally amend the FY2012 Operating and Capital Budgets to accurately reflect approved revenues and expenses. The amended FY2012 Operating and Capital Budgets will be in the amount of \$115,178,182 and \$83,313,367, respectively.

LYNX staff will make a full presentation of the revisions supporting the amendment of the FY2012 Operating and Capital Budgets at the Audit Committee meeting.

FY2012 Amended Operating & Capital Budgets

Presented to the
LYNX Audit Committee

September 27, 2012



FY2012 Operating Budget Overview

	FY2012 Amended March 2012	FY2012 Amended September 2012	% Change
Operating Revenue	\$ 112,859,578	\$ 112,661,644	-0.2%
Operating Expenses	113,707,941	115,178,182	1.3%
Operating Income/(Deficit)	\$ (848,363)	\$ (2,516,538)	196.6%



FY2012 Operating Revenue

	FY2012 <u>Amended</u>	FY2012 <u>Amended</u>	<u>% Change</u>
Fund Balance	\$ 848,363	\$ 2,516,538	196.6%
Fund Balance - Disney Carryover	-	\$ 899,873	0.0%
Customer Fares	23,269,789	23,409,583	0.6%
Contract Services	11,033,319	9,453,764	-14.3%
Advertising on Buses	1,075,000	1,075,000	0.0%
Advertising - Trade	30,000	30,000	0.0%
Interest & Other Income	580,244	580,244	0.0%
Local	45,040,227	45,040,227	0.0%
State	10,746,814	10,504,010	-2.3%
Federal	21,084,185	21,668,943	2.8%
Total Operating Revenue	<u><u>\$ 113,707,941</u></u>	<u><u>\$ 115,178,182</u></u>	<u><u>1.3%</u></u>



FY2012 Operating Expenses

	FY2012 <u>Amended</u> <u>March 2012</u>	FY2012 <u>Amended</u> <u>September</u> <u>2012</u>	<u>% Change</u>
Salaries/Wages/Fringes	\$ 61,802,532	\$ 61,802,532	0.0%
Other Services	8,016,790	8,178,739	2.0%
Fuel	15,183,795	15,183,795	0.0%
Materials & Supplies	5,876,777	5,876,777	0.0%
Utilities	1,337,354	1,337,354	0.0%
Casualty and Liability	1,418,269	1,418,269	0.0%
Taxes & Tags	414,137	414,137	0.0%
Purchased Transportation	18,519,318	19,827,610	7.1%
Miscellaneous	950,349	950,349	0.0%
Leases	188,620	188,620	0.0%
Total Operating Expenses	\$ 113,707,941	\$ 115,178,182	1.3%



FY2012 Capital Budget Overview

	FY2012 Amended March 2012	FY2012 Amended September 2012	% Change
Capital Contributions	\$ 78,787,163	\$ 83,313,367	5.7%
Capital Expenditures	78,787,163	83,313,367	5.7%
Capital Income/(Deficit)	\$ -	\$ -	N/A



FY2012 Capital Budget Contributions

Capital Contributions	FY2012 Amended		FY2012 Amended	
	March 2012	Revisions	September 2012	
Federal Contributions	\$ 69,172,402	\$ 2,752,902	\$ 71,925,304	
State Contributions	1,173,291	-	1,173,291	
Local Contributions	8,441,470	1,773,302	10,214,772	
Total	\$ 78,787,163	\$ 4,526,204	\$ 83,313,367	



FY2012 Capital Expenditures

Capital Expenditures	FY2012 Amended March 2012	BRT & AA Projects	ARRA	Veterans Livability Initiative	Bus Stop Accessibility	Lake County Vanpool	FY2012 Amended September 2012
Access LYNX Vehicles	1,524,080	1,097,625					2,621,705
Capital Bus Lease	1,005,094						1,005,094
LYMMO Expansion	23,436,317						23,436,317
Facility Improvements	1,996,741						1,996,741
Flex-bus/BRT Study	3,373,711						3,373,711
Intelligent Transportation System	3,162,710						3,162,710
LYMMO AA/NEPA Process	1,500,000						1,500,000
LYNX Urban Trail Project	1,553,132						1,553,132
Passenger Amenities	11,731,202			(971,520)	2,259,790		13,019,472
NeighborLink Vehicles	3,306,260						3,306,260
Transit Buses	16,937,673	889,760					17,827,433
Safety/Security Enhancements	3,377,389					285,240	3,662,629
Support Equipment	4,128,100				373,523		4,501,623
Vanpool Program Vehicles	254,754	591,786					846,540
SR 50 AA UCF Connector	1,500,000						1,500,000
Total	\$ 78,787,163	\$ 2,579,171	\$ -	\$ (971,520)	\$ 2,633,313	\$ 285,240	\$ 83,313,367



Board Action Requested

LYNX staff is asking for approval of the amended FY2012 Operating and Capital Budgets.

	FY2012	FY2012	% Change
	Amended	Amended	
Operating	\$ 113,707,941	\$ 115,178,182	1.3%
Capital	78,787,163	83,313,367	5.7%
Total	<u>\$ 192,495,104</u>	<u>\$ 198,491,549</u>	3.1%



Audit Committee Agenda Item #3.B

To: LYNX Board of Directors

From: **Blanche Sherman**
-DIRECTOR OF FINANCE
Christopher Plummer
(Technical Contact)

Phone: 407.841.2279 ext: 6100

Item Name: Overview of FY2013 Operating and Capital Budgets

Date: 9/27/2012

The key assumptions used by the LYNX budget team in preparation of the FY2013 Operating and Capital Budgets were presented at the January 26, 2012 Audit Committee meeting. On March 22, 2012, LYNX staff presented the FY2013 Preliminary Operating Budget totaling \$113,862,952. The FY2013 Operating Budget has been presented to the funding partners.

The FY2013 Operating and Capital Budgets, are being presented to the Board of Directors for final consideration and approval at the September 27, 2012 Board meeting.

LYNX staff will make a presentation to the Audit Committee of the FY2013 Operating and Capital Budgets in the amount of \$115,518,832 and \$98,306,238, respectively.

FY2013 Adopted Operating & Capital Budgets

Presented to the
LYNX Audit Committee
September 27, 2012



Key Budget Assumptions - Overall

- Status Quo Funding from Local Funding Partners for FY2013, **except Orange County who provided a 4% increase over the FY2012 funding amount.**
- Maximize current service levels through efficiencies
- Apply additional Flex (NeighborLink) services, where appropriate



Key Budget Assumptions - Revenue

- Utilize additional Federal Preventative Maintenance Funding
- Application of New Advertising Revenue Program increases
- Utilize new federal fuel subsidy
- Utilization of Operating Reserves (establish a minimum reserve level-60 days cash flow)



Key Budget Assumptions - Expenses

- Effects of LYNX' New Group Health Insurance program **with CIGNA and the anticipated increase in insurance over the FY2012 levels.**
- Continuation of Fuel Hedging Program
- Impact of New Paratransit Providers
- Application of Reductions based on LYNX ownership of Paratransit vehicles



FY2013 Operating Budget Overview

	<u>FY2012 Amended</u>	<u>FY2013 Adopted</u>	<u>% Change</u>
Operating Revenue	\$ 112,661,644	\$ 112,800,080	0.1%
Operating Expenses	115,178,182	115,518,832	0.3%
Operating Income/(Deficit)	(2,516,538)	(2,718,752)	8.0%



FY2013 Operating Revenue

	FY2012	FY2013	
	<u>Amended</u>	<u>Adopted</u>	<u>% Change</u>
Fund Balance	2,516,538	2,718,752	8.0%
Fund Balance - Disney Carryover	899,873	-	-100.0%
Customer Fares	23,414,700	26,502,613	13.2%
Contract Services	9,448,647	9,912,200	4.9%
Advertising on Buses	1,075,000	1,525,000	41.9%
Advertising - Trade	30,000	-	-100.0%
Interest & Other Income	580,244	566,500	-2.4%
Federal	21,653,943	17,160,759	-20.7%
State	10,519,010	10,692,276	1.6%
Local	45,040,227	46,440,732	3.1%
Total Operating Revenue	<u>115,178,182</u>	<u>115,518,832</u>	<u>0.3%</u>



FY2013 Operating Expenses

	FY2012	FY2013	
	<u>Amended</u>	<u>Adopted</u>	<u>% Change</u>
Salaries/Wages/Fringes	\$ 61,802,532	\$ 63,902,160	3.4%
Other Services	8,178,739	7,875,976	-3.7%
Fuel	15,183,795	16,180,425	6.6%
Materials & Supplies	5,876,777	5,304,372	-9.7%
Utilities	1,337,354	1,350,102	1.0%
Casualty and Liability	1,418,269	1,331,276	-6.1%
Taxes & Tags	414,137	430,180	3.9%
Purchased Transportation	19,827,610	18,215,643	-8.1%
Miscellaneous	950,349	768,638	-19.1%
Leases	188,620	160,060	-15.1%
Total Operating Expenses	<u><u>\$ 115,178,182</u></u>	<u><u>\$ 115,518,832</u></u>	<u><u>0.3%</u></u>



FY2013 Local Revenue by Jurisdiction

	FY2012 Amended	FY2013 Preliminary	% Change
Orange County	\$32,382,067	\$33,583,056	4%
Osceola County	4,279,194	4,279,194	0%
Seminole County	4,083,948	4,083,948	0%
City of Orlando	3,482,292	3,482,292	0%
Total Local Funds	\$44,227,501	\$45,428,490	3%
Cities	375,899	375,899	0%
Other Agencies & Private	1,567,994	1,641,437	5%
Capital Contributions	(1,131,167)	(1,005,094)	-11%
Total	\$45,040,227	\$46,440,732	3%



FY2013 Capital Budget Overview

	<u>FY2012 Amended</u>	<u>FY2013 Adopted</u>	<u>% Change</u>
Capital Contributions	\$ 83,313,367	\$ 98,306,238	18.0%
Capital Expenditures	<u>83,313,367</u>	<u>98,306,238</u>	<u>18.0%</u>
Capital Income/(Deficit)	\$ -	\$ -	N/A



FY2013 Capital Budget Contributions

Capital Contributions	FY2012	FY2013	% Change
	Amended	Adopted	
Federal Contributions	\$ 71,925,304	\$ 87,883,129	22.2%
State Contributions	1,173,291	1,454,091	23.9%
Local Contributions	10,214,772	8,969,018	-12.2%
Total	\$ 83,313,367	\$ 98,306,238	18.0%



TOTAL BUDGET SUMMARY

	<u>FY2012</u> <u>Amended</u>	<u>FY2013</u> <u>Adopted</u>	<u>Change</u>
Operating Revenue	\$ 112,661,644	\$ 112,800,080	0.1%
Operating Expenses	115,178,182	115,518,832	0.3%
Operating Income/(Deficit)	\$ (2,516,538)	\$ (2,718,752)	8.0%
Capital Funding	83,313,367	98,306,238	18.0%
Capital Expenditures	83,313,367	98,306,238	18.0%
Capital Income/(Deficit)	-	-	
Total Sources of Funding	195,975,011	211,106,318	7.7%
Total Uses of Funding	198,491,549	213,825,070	7.7%
Net Financial Position	\$ (2,516,538)	\$ (2,718,752)	
Staffing Count	1,039	1,068	



Operating Budget Calendar

Final Board Action

September 27

Budget Year 12– 13 Commences

October 1



Audit Committee Agenda Item #3.C

To: LYNX Board of Directors

From: Blanche Sherman
-DIRECTOR OF FINANCE
Blanche Sherman
(Technical Contact)

Phone: 407.841.2279 ext: 6100

Item Name: LYNX' Funding Model Discussion

Date: 9/27/2012

Staff discussed the possibility of applying LYNX' funding model in FY2014 with the Audit Committee at a meeting held on August 9, 2012. Staff will continue the discussion at this meeting.

Based on discussions with the LYNX Board and various County Commissions and staff, it was recommended that in FY2014 LYNX resume utilizing its funding model to allocate each jurisdiction's share of the costs of operations. Through use of the model, LYNX will be able to properly fund its operation and the costs of services will be appropriately distributed based on service supplied.

History of LYNX Jurisdictional Funding

Presented to the
LYNX Audit Committee

August 9, 2012



Blanche W. Sherman
Interim Chief Financial Officer



FY2013 Preliminary Operating Expenses

	FY2013
Preliminary Operating Expenses	\$ 113,862,952
Less:	
Paratransit Services	(20,821,828)
NeighborLink Services	(1,938,861)
LYMMO Services	(1,231,575)
Votran Services	(170,752)
Road Ranger Services	(1,388,487)
Lake County Services	(389,258)
Shingle Creek Services	(262,146)
Disney Services	(2,731,670)
Less - Incremental Services:	
Link 102	(207,120)
Link 103	(403,216)
Link 434	(766,841)
Less - Bus Lease Interest	(242,983)
Subtotal	\$ 83,308,215
Less - Federal, State, & Other Revenue	** (25,115,595)
** includes \$2,000,000 additional PM dollars	
Net Fixed Route Costs	\$ 58,192,620
Base Service Hours	996,654.46
System-Wide Hourly Rate	\$ 58.39
Assessed Maintenance & Capital	
Cost \$2.00 per hour	2.00
FY2013 Preliminary Hourly Rate	\$ 60.39



FY2013 Preliminary Operating Expenses by Jurisdiction

FY2013

Allocation of Net Fixed Route Costs (Excluding \$2 Capital)

By County Fixed-Route Hours

	Orange County	Osceola County	Seminole County	Region
Fixed Route Hours	824,137.66	85,720.26	86,796.54	996,654.46
FY2013 Preliminary Operating Hourly Rate	\$ 58.39	\$ 58.39	\$ 58.39	\$ 58.39
Net Fixed Route Costs (Excluding \$2 Capital)	\$ 48,119,939	\$ 5,004,920	\$ 5,067,761	\$ 58,192,620
Less - Estimated County Farebox Revenue	(19,649,841)	(2,043,766)	(2,069,427)	(23,763,034)
Net County Fixed Route Costs	\$ 28,470,098	\$ 2,961,154	\$ 2,998,334	\$ 34,429,586
Local Contributions - Paratransit Services:	5,950,096	1,577,503	1,449,766	8,977,365
Local Contributions - Other Services:	510,194	151,543	1,110,774	1,772,511
Grand Total Funding Request	\$ 34,930,388	\$ 4,690,200	\$ 5,558,874	\$ 45,179,462
Less - Cities (Status Quo)	(3,482,292)	(161,999)	(213,900)	(3,858,191)
County Specific Request	\$ 31,448,096	\$ 4,528,201	\$ 5,344,974	\$ 41,321,271
Local Contributions - Bus Lease	1,253,026	-	-	1,253,026
County Specific -Funding Request	\$ 32,701,122	\$ 4,528,201	\$ 5,344,974	\$ 42,574,297
Proposed Funding - Per County	(32,893,056)	(4,279,194)	(4,083,948)	(41,256,198)
Preliminary Funding Excess (Shortfall)	\$ 191,934	\$ (249,007)	\$ (1,261,026)	\$ (1,318,099)
Route Capacity and On Time Performance (OTP)	(675,118)	(785,274)	(139,421)	(1,599,813)
Link 111 Funding Shortfall	(2,183,246)	-	-	(2,183,246)
Funding Excess (Shortfall)	\$ (2,666,430)	\$ (1,034,281)	\$ (1,400,447)	\$ (5,101,158)

FY2012 Preliminary Operating Expenses by Jurisdiction

FY2012 Allocation Net Fixed Route Costs (Including \$2 Capital) By County Fixed-Route Hours				
Fixed Route Hours % of Hours	Orange County 820,570.14 82.68%	Osceola County 86,761.62 8.74%	Seminole County 85,149.81 8.58%	Region 992,481.57 100.00%
FY2012 Adopted Hourly Rate	\$ 57.46	\$ 57.46	\$ 57.46	\$ 57.46
Grand Total Funding Request	\$ 37,313,906	\$ 4,831,235	\$ 4,648,619	\$ 46,793,760
Less - Cities (Status Quo)	(3,482,292)	(161,999)	(213,900)	(3,858,191)
County Specific Request	\$ 33,831,614	\$ 4,669,236	\$ 4,434,719	\$ 42,935,569
Less: County Specific - Capital Request:	(1,641,140)	(173,523)	(170,300)	(1,984,963)
County Specific - Operating Request	\$ 32,190,475	\$ 4,495,713	\$ 4,264,419	\$ 40,950,606
Local Contributions - NeighborLink Services	392,618	141,219	79,310	613,147
Local Contributions - Incremental Services	88,818	-	683,796	772,614
Local Contributions - Bus Lease	1,253,026	-	-	1,253,026
Proposed Operating Funding - Per County	(32,382,067)	(4,279,194)	(4,083,948)	(40,745,209)
Funding Excess (Shortfall)	\$ (1,542,870)	\$ (357,738)	\$ (943,577)	\$ (2,844,184)
Additional Preventative Maintenance Funding - 5307 Funds				(6,205,248)
Preliminary Funding Excess (Shortfall)				\$ (9,049,432)

FY2011 Preliminary Operating Expenses by Jurisdiction

FY2011 Allocation Net Fixed Route Costs (Including \$2 Capital) By County Fixed-Route Hours				
	Orange County	Osceola County	Seminole County	Region
Fixed Route Hours % of Hours	804,722.90 82.21%	89,733.97 9.17%	84,400.06 8.62%	978,856.93 100.00%
FY2011 Adopted Hourly Rate	\$ 55.51	\$ 55.51	\$ 55.51	\$ 55.51
Grand Total Funding Request	\$ 34,040,039	\$ 4,364,292	\$ 4,196,810	\$ 42,601,141
Less - Cities (Status Quo)	(3,482,292)	(161,999)	(213,900)	(3,858,191)
County Specific Request	\$ 30,557,747	\$ 4,202,293	\$ 3,982,910	\$ 38,742,950
Less: County Specific - Capital Request:	(1,609,446)	(179,468)	(168,800)	(1,957,714)
County Specific - Operating Request	\$ 28,948,302	\$ 4,022,825	\$ 3,814,110	\$ 36,785,236
Local Contributions - NeighborLink Services	433,096	140,119	76,429	649,644
Local Contributions - Incremental Services	1,383,317	-	555,682	1,938,999
Local Contributions - Bus Lease	1,253,026	-	-	1,253,026
Proposed Operating Funding - Per County	(32,382,067)	(4,279,194)	(4,083,948)	(40,745,209)
Funding Excess (Shortfall)	\$ 364,326	\$ 116,250	\$ (362,273)	\$ (118,304)
Additional Preventative Maintenance Funding - ARRA Funded				(4,890,000)
Capitall Cost of Contracting Funding - ARRA Funded				(1,000,000)
Preliminary Funding Excess (Shortfall)				\$ (6,008,304)

FY2010 Preliminary Operating Expenses by Jurisdiction

FY2010 Allocation Net Fixed Route Costs (Including \$2 Capital) By County Fixed-Route Hours				
Fixed Route Hours % of Hours	Orange County 801,020.29 82.09%	Osceola County 89,576.88 9.18%	Seminole County 85,185.86 8.73%	Region 975,783.03 100.00%
FY2010 Adopted Hourly Rate	\$ 59.32	\$ 59.32	\$ 59.32	\$ 59.32
Grand Total Funding Request	\$ 37,014,777	\$ 4,688,991	\$ 4,540,545	\$ 46,244,313
Less - Cities (Status Quo)	(3,744,400)	(174,192)	(230,000)	(4,148,592)
County Specific Request	\$ 33,270,377	\$ 4,514,799	\$ 4,310,545	\$ 42,095,721
Less: County Specific - Capital Request:	(1,602,041)	(179,154)	(170,372)	(1,951,567)
County Specific - Operating Request	\$ 31,668,337	\$ 4,335,645	\$ 4,140,173	\$ 40,144,155
Local Contributions - NeighborLink Services	171,879	265,639	-	437,518
Local Contributions - Incremental Services	1,285,165	-	692,189	1,977,354
Local Contributions - Bus Lease	1,253,026	-	-	1,253,026
Proposed Operating Funding - Per County	(34,819,427)	(4,601,284)	(4,391,342)	(43,812,053)
Funding Excess (Shortfall)	\$ 441,020	\$ -	\$ (441,020)	\$ -
Additional Preventative Maintenance Funding - ARRA Funded				(2,000,000)
Preliminary Funding Excess (Shortfall)				\$ (2,000,000)

FY2009 Preliminary Operating Expenses by Jurisdiction

	FY2009 Allocation Net Fixed Route Costs (Including \$2 Capital) By County Fixed-Route Hours			
Fixed Route Hours % of Hours	Orange County 810,357.66 82.70%	Osceola County 89,552.86 9.14%	Seminole County 85,217.31 8.70%	Region 985,127.83 100.00%
FY2009 Adopted Hourly Rate	\$ 69.76	\$ 69.76	\$ 69.76	\$ 69.76
Grand Total Funding Request	\$ 45,363,858	\$ 5,549,856	\$ 5,452,530	\$ 56,366,244
Less - Cities (Status Quo)	(4,524,658)	(494,192)	(230,000)	(5,248,850)
County Specific Request	\$ 40,839,200	\$ 5,055,664	\$ 5,222,530	\$ 51,117,394
Less: County Specific - Capital Request:	(1,620,715)	(179,106)	(170,435)	(1,970,256)
County Specific - Operating Request	\$ 39,218,485	\$ 4,876,558	\$ 5,052,095	\$ 49,147,138
Local Contributions - Cities Reductions	269,658	100,000	-	369,658
Additional Budget Adjustments	43,853	(563,160)	(167,693)	(687,000)
Local Contributions - Incremental Services	774,323	-	-	774,323
Local Contributions - Bus Lease	1,253,026	-	-	1,253,026
Local Capital Contributions	-	-	-	-
Proposed Operating Funding - Per County	(39,761,235)	(4,767,365)	(4,622,465)	(49,151,065)
Funding Excess (Shortfall)	\$ (1,798,110)	\$ 353,967	\$ (261,937)	\$ (1,706,080)
Additional Preventative Maintenance Funding				(2,000,000)
Additional Service Efficiencies				(800,000)
Additional Budget Adjustments				98,508
Preliminary Funding Excess (Shortfall)				\$ (4,407,572)

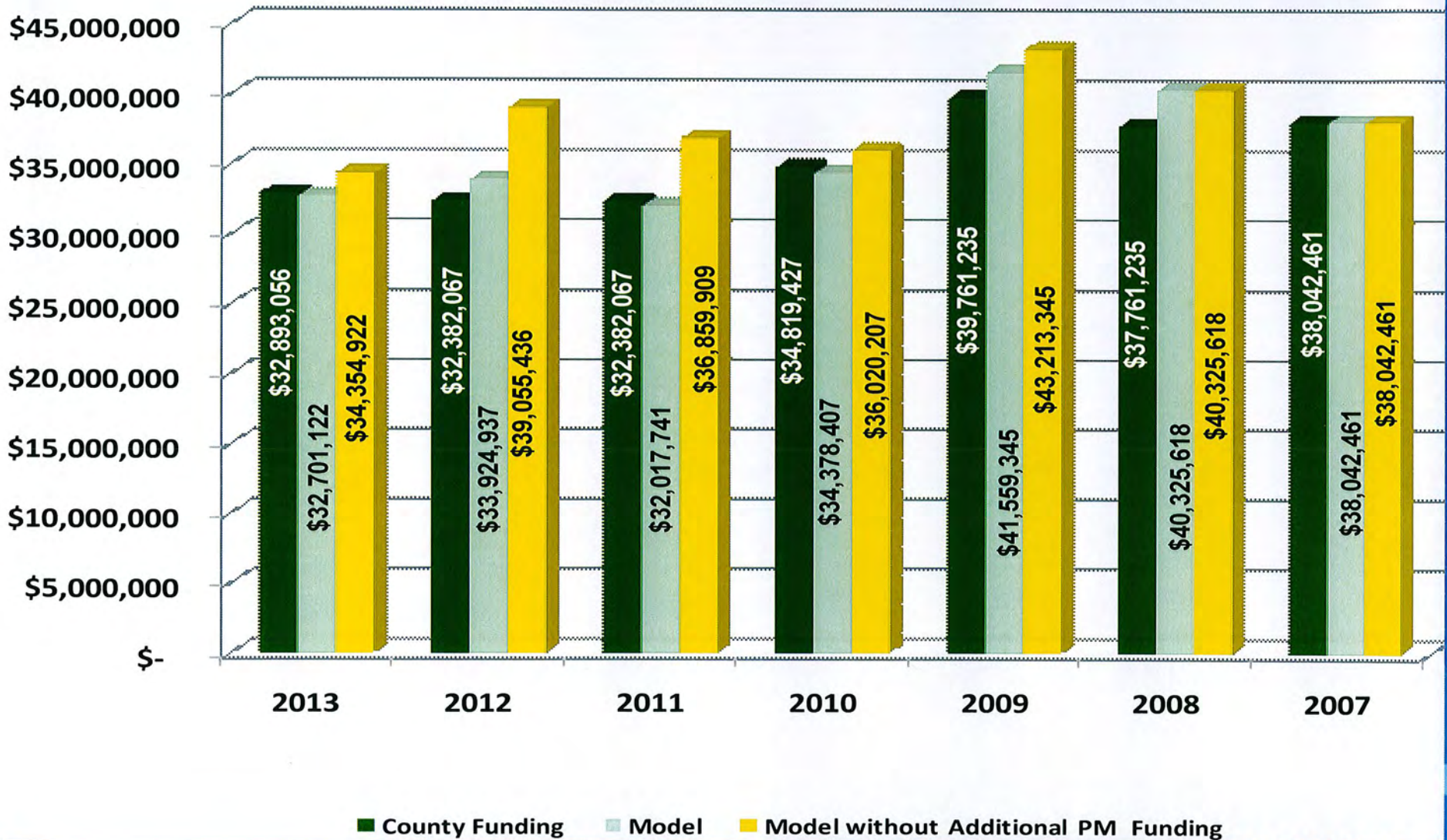
FY2008 Preliminary Operating Expenses by Jurisdiction

FY2008 Allocation				
Net Fixed Route Costs (Including \$2 Capital) By County Fixed-Route Hours				
	Orange County	Osceola County	Seminole County	Region
Fixed Route Hours	908,846.43	96,369.24	88,221.16	1,093,436.83
% of Hours	83.12%	8.81%	8.07%	100.00%
FY2008 Adopted Hourly Rate	\$ 60.37	\$ 60.37	\$ 60.37	\$ 61.38
Grand Total Funding Request	\$ 44,085,416	\$ 5,044,731	\$ 4,940,007	\$ 54,070,154
Less - Cities (Status Quo)	(4,524,658)	(494,192)	(230,000)	(5,248,850)
County Specific Request	\$ 39,560,758	\$ 4,550,539	\$ 4,710,007	\$ 48,821,304
Less: County Specific - Capital Request:	(1,817,693)	(192,738)	(176,442)	(2,186,873)
County Specific - Operating Request	\$ 37,743,065	\$ 4,357,801	\$ 4,533,565	\$ 46,634,431
Local Contributions - Prepaid	764,860	-	-	764,860
Local Contributions - Bus Lease	1,270,000	-	-	1,270,000
Local Capital Contributions	547,693	192,738	176,442	916,873
Proposed Operating Funding - Per County	(37,761,235)	(4,550,539)	(4,710,007)	(47,021,781)
Funding Excess (Shortfall)	\$ (2,564,383)	\$ -	\$ -	\$ (2,564,383)

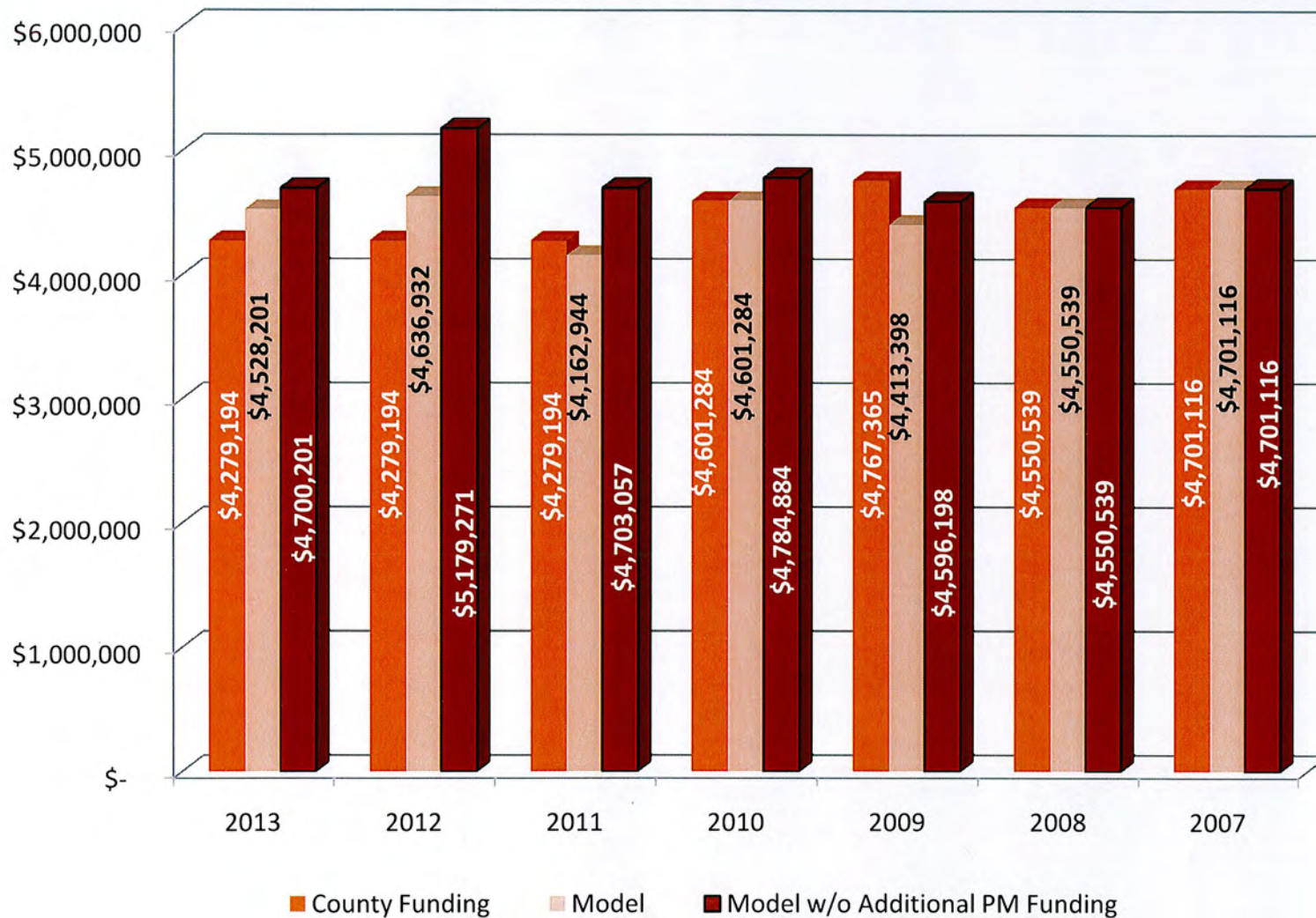
FY2007 Preliminary Operating Expenses by Jurisdiction

FY2007 Allocation				
Net Fixed Route Costs (Including \$2 Capital)				
By County Fixed-Route Hours				
	Orange County	Osceola County	Seminole County	Region
Fixed Route Hours	828,458.53	90,752.77	81,946.41	1,001,157.71
% of Hours	82.75%	9.06%	8.19%	100.00%
FY2007 Adopted Hourly Rate	\$ 61.38	\$ 61.38	\$ 61.38	\$ 61.38
Grand Total Funding Request	\$ 42,567,119	\$ 5,195,308	\$ 5,246,943	\$ 53,009,370
Less - Cities (Status Quo)	(4,524,658)	(494,192)	(230,000)	(5,248,850)
County Specific Request	\$ 38,042,461	\$ 4,701,116	\$ 5,016,943	\$ 47,760,520
Less: County Specific - Capital Request:	(1,656,917)	(181,506)	(163,893)	(2,002,316)
County Specific - Operating Request	\$ 36,385,544	\$ 4,519,610	\$ 4,853,050	\$ 45,758,204
Local Contributions - Bus Lease Interest	142,775	-	-	142,775
Local Contributions - Bus Lease Principal	966,449	-	-	966,449
Local Contributions - Other	547,693	181,506	163,893	893,092
Proposed Operating Funding - Per County	(38,042,461)	(4,701,116)	(5,016,943)	(47,760,520)
Funding Excess (Shortfall)	\$ -	\$ -	\$ -	\$ -

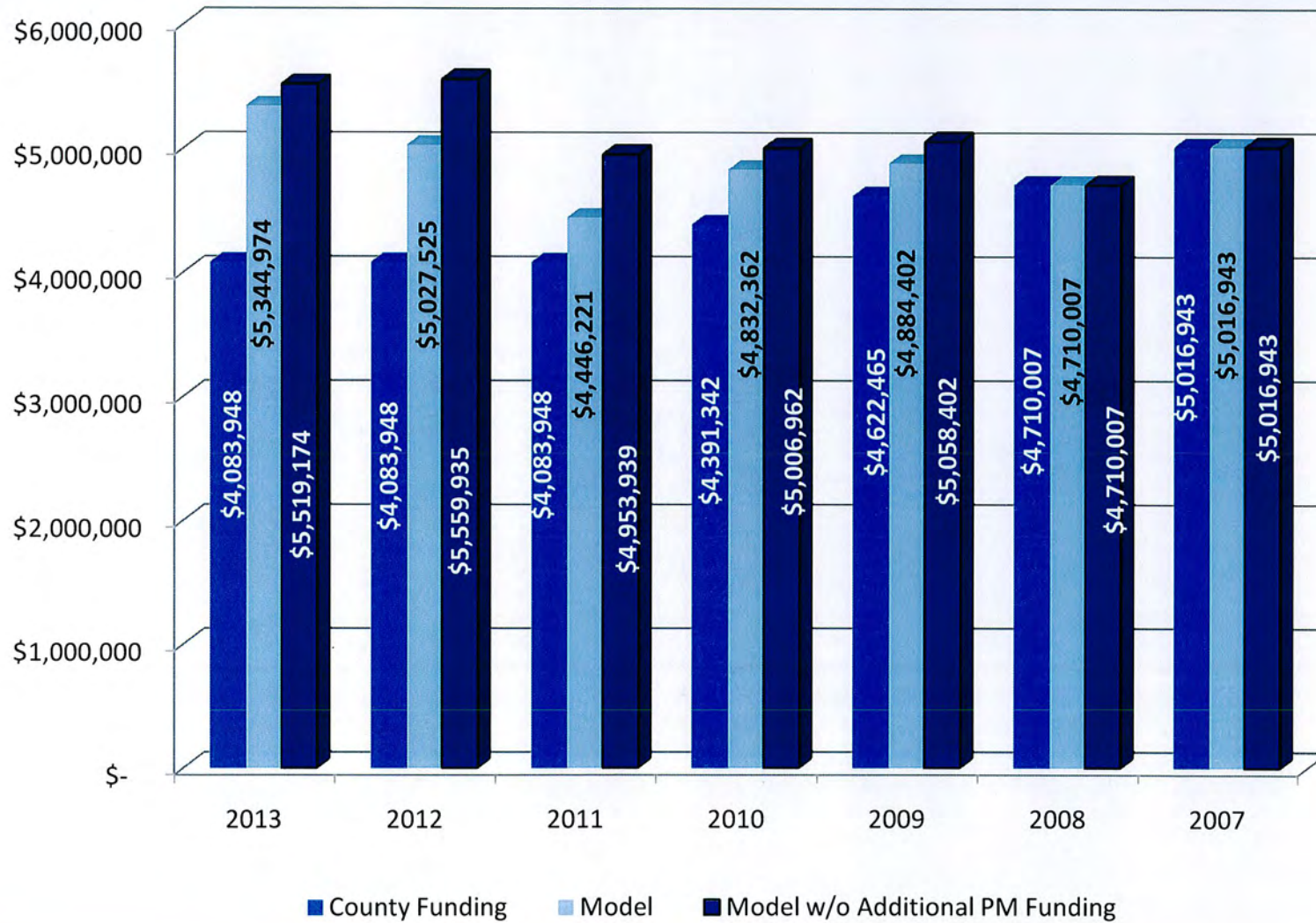
Orange County Funding Trend



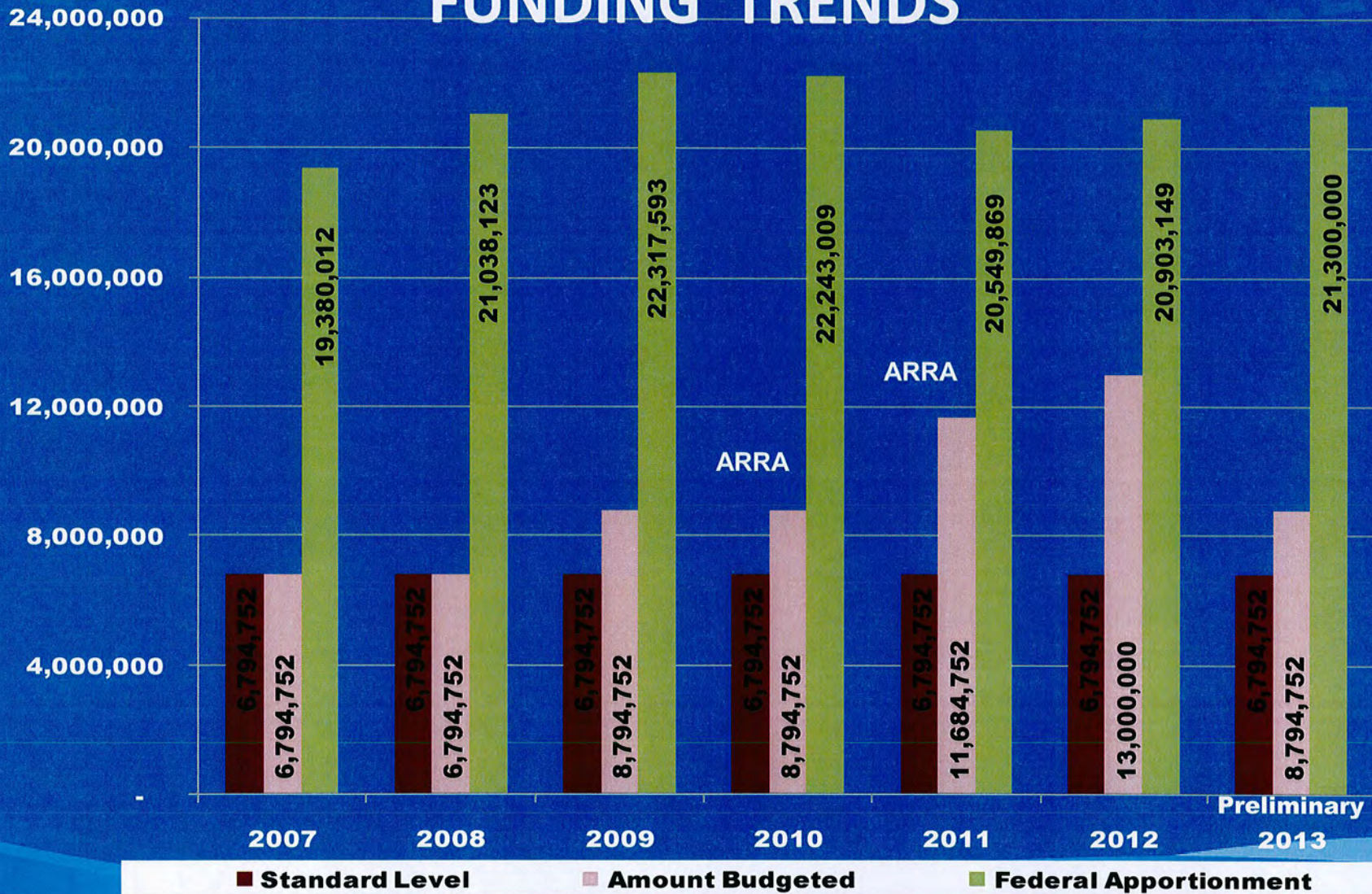
Osceola County Funding Trend



Seminole County Funding Trend



FEDERAL PREVENTATIVE MAINTENANCE FUNDING TRENDS



Thank You!



Audit Committee Agenda Item #3.D

To: LYNX Board of Directors

From: Edward Johnson
GENERAL MANAGER
Edward Johnson
(Technical Contact)

Phone: 407.841.2279 ext: 6058

Item Name: Update on RIDA Development Partnership

Date: 9/27/2012

Pat Christiansen will provide the Committee with an update on the RIDA Development Partnership.

Audit Committee Information Item #.i

To: LYNX Board of Directors

From: **Blanche Sherman**
-DIRECTOR OF FINANCE
Blanche Sherman
(Technical Contact)

Phone: 407.841.2279 ext: 6100

Item Name: Update on LYNX' Debt Service Requirements

Date: 9/27/2012

On August 16, 2001, LYNX entered into a State Infrastructure Bank Loan Agreement (SIB #1), allowing draws of up to \$7,958,991 for the construction of the LYNX Central Station. The loan matured in 2011, it was non-interest bearing until October 1, 2006 and thereafter the interest rate was 5%. On June 9, 2004, LYNX entered into another SIB Loan (SIB #2), allowing draws of up to \$7,600,000 for the construction of the New Operating Base Facility. This loan matures in 2016, was non-interest bearing until October 1, 2007, and bears an interest rate of 2%, thereafter. On August 14, 2006, LYNX entered into another SIB Loan (SIB #3), allowing draws of up to \$7,140,000 for the acquisition of rolling stock, including paratransit vehicles. The allowable amount, \$7,140,000, of SIB #3 was executed in FY2006. This loan matures in 2013, was non-interest bearing until October 1, 2008, and bears an interest rate of 1%, thereafter. Loans payable activity at September 30, 2011 was as follows:

Loans Payable
September 30, 2011

	Beginning Balance	Additions	Payments	Ending Balance	Amounts Due Within One Year
SIB #1	\$ 206,407	\$ -	\$ 206,407	\$ -	\$ -
SIB #2	5,368,462	-	722,122	4,646,340	736,565
SIB #3	4,255,022	-	-	4,255,022	-
Total	\$ 9,829,891	\$ -	\$ 928,529	\$ 8,901,362	\$ 736,565

Pursuant to the State Infrastructure Bank Loan Agreement, LYNX committed to use its Federal Transit Administration 5307 grant funds as the source to fund the payment obligations of the loans for SIB#1 and SIB#2, provided such funds are available after funding capital expenditures. The amount of pledged revenues was \$18,697,912 for fiscal year 2011. LYNX committed to use directly generated local funds and FTA 5307 funds for non-TRIP projects as the source to fund the payment obligations of SIB#3. The amount of pledged revenues for capital expenditures and

LYNX Board Agenda

SIB#3 loan payments was \$1,951,961 and \$1,906,698 for fiscal years 2011 and 2010, respectively. Fiscal year 2011 principal and interest payments were \$928,529 and \$117,689, respectively, and fiscal year 2010 principal and interest payments were \$3,084,747 and \$236,673, respectively.

Repayments to be made in fiscal years 2012 through 2017 are as follows:

Fiscal Year	Principal	Interest	Total
2012	\$ 736,565	\$ 92,927	\$ 829,492
2013	5,006,319	207,126	5,213,445
2014	766,322	63,170	829,492
2015	781,649	47,843	829,492
2016	797,282	32,210	829,492
2017	813,225	16,265	829,490
Totals	\$ 8,901,362	\$ 459,541	\$ 9,360,903

LYNX is currently leasing 21 buses that were received in July 2007. As of September 30, 2011, these buses were included in property and equipment at a cost of \$7,632,976. Amortization of assets under capital leases is included in depreciation expense. Leases payable activity for the years ended September 30, 2011 was as follows:

Leases Payable					
September 30, 2011					
Leases Payable	Beginning			Ending	Amounts
	Balance	Additions	Payments	Balance	Due Within One Year
Lease # 4	\$4,616,150	\$ -	\$1,087,080	\$3,529,070	\$1,130,548
Total	\$4,616,150	\$ -	\$1,087,080	\$3,529,070	\$1,130,548

Future minimum payments and the present value of the minimum payments applicable to capital leases are as follows for the years ending after September 30, 2011:

Year	Present Value of Minimum Lease Payments	Amount Representing Interest	Total Minimum Lease Payments
2012	\$ 1,130,548	\$ 122,478	\$ 1,253,026
2013	1,175,754	77,272	1,253,026
2014	1,222,768	30,258	1,253,026
Total	\$ 3,529,070	\$ 230,008	\$ 3,759,078

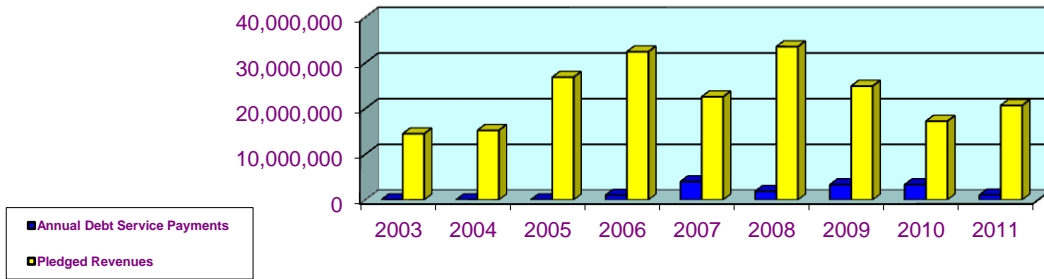
The above do not represent borrowings but are considered capital leases under generally accepted accounting principles due to the length of respective lease terms as compared to estimated useful lives of assets leased.

The information below shows the total debt over the last ten years:

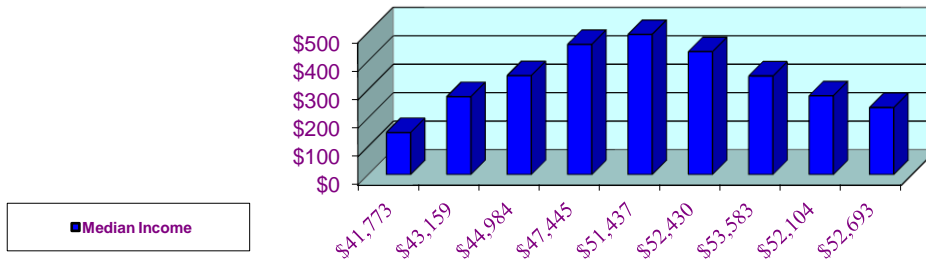
**CENTRAL FLORIDA REGIONAL TRANSPORTATION LYNX d/b/a
LYNX
Total Debt
Last Ten Years
(Unaudited)**

Year	Total Debt	SIB Loans	Capital Leases	Annual Debt Service Payments	Pledged Revenues	Debt Service Coverage	Median Income	Debt per Median Income
2002	\$1,168,323	\$1,000,000	\$168,323	-	\$21,362,967	-	\$41,773	\$27.97
2003	\$6,183,767	\$6,000,000	\$183,767	-	\$14,449,402	-	\$41,773	\$148.03
2004	\$11,830,468	\$11,749,569	\$80,899	-	\$15,210,218	-	\$43,159	\$274.11
2005	\$15,656,517	\$15,558,991	\$97,526	-	\$26,818,013	-	\$44,984	\$348.05
2006	\$21,722,909	\$21,677,898	\$45,011	\$1,021,093	\$32,413,802	31.74	\$47,445	\$457.85
2007	\$25,331,967	\$17,698,991	\$7,632,976	\$3,978,907	\$22,551,897	5.67	\$51,437	\$492.49
2008	\$22,662,882	\$15,996,355	\$6,666,527	\$1,850,585	\$33,529,785	18.12	\$52,430	\$432.25
2009	\$18,576,071	\$12,914,638	\$5,661,433	\$3,321,419	\$24,881,390	7.49	\$53,583	\$346.68
2010	\$14,446,041	\$9,829,891	\$4,616,150	\$3,321,420	\$17,211,000	5.18	\$52,104	\$277.25
2011	\$12,430,432	\$8,901,362	\$3,529,070	\$1,046,219	\$20,649,873	19.74	\$52,693	\$235.90

Annual Debt Service Payments and Pledged Revenues



Debt Service Per Median Income



Source: Financial Statements, NTD Report, and Orlando Economic Development Commission.

Note: Total debt consists of State Infrastructure Bank loans and capital lease obligations but annual debt service payments consist only of payments on State Infrastructure Bank loans. Available pledged revenues are for capital expenditures and debt service payments.