

# LYNX Audit Committee Agenda




Board Date: 1/31/2013  
Time: 10:30 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 November 8, 2012 Audit Committee Meeting

Pg 2

## 3. Audit Agenda Items

- A.  FY2014 Proposed Budget Development Assumptions  
- Attachment 

Pg 10

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

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

**DATE:** November 8, 2012

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

---

---

**Members in Attendance:**

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

**Members Absent:**

Seminole County Commissioner, Carlton Henley, Chairman

---

---

**1. Call to Order**

The Vice Chairman, Commissioner Brandon Arrington, called the meeting to order at 10:30 a.m.

**2. Approval of Minutes**

The Vice Chairman asked the Committee if there were any additions or deletions to the September 27, 2012 as presented.

**Motion** was made and seconded to approve the Minutes as amended of the September 27, 2012 Audit Committee meeting. The motion passed unanimously.

**3. Audit Agenda Items**

**A. Paratransit Ridership Increases and Cost Containment Options**

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

Ms. Darnall noted that for calendar year 2011, the ACCESS LYNX program had a ridership increase of 9.46%. However, ridership projections are currently more in line with estimates for calendar year 2012 at a 3.23% increase.

Several cost containment efforts are already in place including:

- NeighborLink services
- Reduced fare program for elderly and disabled
- Complimentary travel training

Other cost containment options that could be considered include:

- Free fixed route fare for eligible paratransit customers
- Additional NeighborLink routes
- Reduce ADA services to minimum Federally mandated requirements
- No longer provide Medicaid and/or Transportation Disadvantaged trips

MV Transportation, the current provider of LYNX' paratransit core-service, has announced the opening of a national call center in Dallas, Texas. MV is exploring whether LYNX may desire to relocate the call center from Orlando to Dallas. LYNX estimates the relocation could save approximately \$500,000 per year.

Additionally, there have been discussions regarding bringing some of the paratransit functions in-house; enforce closest facility for Medicaid customers; reduce ADA service to ¾ mile of fixed route, including days and times of the fixed route; no longer provide Transportation Disadvantaged (TD) or Medicaid trips; and evaluate financial and operational aspects of Medicaid and TD.

Ms. Darnall reported on Medicaid reform which will begin August 2013 with completion by April 2015.

LYNX currently receives \$500,474 monthly (\$6 million annually) in Medicaid funding and spending approximately \$900,000 monthly (\$10.8 million annually). LYNX also receives grant funding for TD trips but is able to stay within the allocations.

Staff has researched and found that there are 22 transit agencies in the State of Florida who are designated Community Transportation Coordinators (CTC) like LYNX with only 10 of the agencies providing Medicaid trips because of inadequate funding. Private providers will have a contract with Florida's Agency for Health Care Administration to provide the services. Riders cannot be denied a Medicaid compensable trip; however, service is not provided 24 hours per day.

LYNX must continue to provide ADA services but can do so with fewer vehicles, less new vehicle purchases, reduced contractor payments, and less staff.

Ms. Darnall noted that the State of Florida has made the decision to implement the reforms through managed care programs.

LYNX should consider its future role in providing Medicaid transportation services as well as its role as the Community Transportation Coordinator (CTC) for Central Florida.

Ms. Darnall outlined staff's recommendations to include:

- Free fares for paratransit eligible customers on NeighborLink and Fixed Route services
- Evaluate the continuation of providing Medicaid trips
- Evaluate the continuation of providing Transportation Disadvantaged trips, which included LYNX' CTC status
- Continue to implement additional NeighborLink routes
- Focus on conditional eligibility
- Review relocating MV's call center to MV's National Call Center in Dallas

Discussion ensued regarding staff coming back to the Audit Committee after a review and calculation of net savings.

The Audit Committee asked for staff to provide a comparison of on-time performance of other providers in cities utilizing centralized booking.

## **B. Funding Model Follow-up**

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

Ms. Sherman noted LYNX' reserves are currently utilized on an as-needed basis as approved by the Board of Directors. In order to formalize this process and appropriately address the establishment and use of reserves, LYNX' staff presented a proposed Reserve Policy to the Audit Committee for consideration and review on August 9, 2012.

The Reserve Policy is essential to maintain adequate levels of reserves to mitigate current and future risks and is based on sound fiscal principles. LYNX' Reserves will be as follows:

- Reserves for Operations (Cash Reserves): \$10,000,000 minimum \$20,000,000 maximum
- Reserves for Contingency (Emergencies): \$5,775,942
- Reserves for Capital Funds and Debt Service: \$2,000,000 and \$4,300,000
- Reserves for Self-Insurance Programs: \$5,000,000
- Reserves for Fuel Stabilization \$1,000,000

Ms. Sherman provided that staff will be presenting LYNX' Reserve Policy to the Board at its January, 2013 meeting and that staff will be seeking the Audit Committee's support.

### **C. LYNX' Funding Model Follow-up**

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

Ms. Sherman noted that staff discussed the possibility of applying LYNX' regional funding model in FY2014 with the Audit Committee at its meeting held on August 9, 2012 and September 27, 2012.

Based on discussions with LYNX' Board, various County Commissions and staff, LYNX is considering resuming the utilization of its funding model to allocate each jurisdiction's share of the costs of operations in FY2014. Through use of the funding 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 stated Mr. Lewis will make a presentation to the Board of Seminole County Commissioners on November 13, 2012. Additionally, LYNX staff continues to respond to questions of County Commission staff.

### **D. LYNX / LYMMO Real Time Bus Location System**

The Chairman recognized David Healey, Director of Engineering, for presentation.

Mr. Healey provided a status of the Automatic Vehicle Location (AVL) project.

- The current Mentor AVL system updates a central system every 30 second with the bus location, driver data and route adherence information.
- The next generation AVL will provide real time predictive schedule information, allowing riders to view bus departure information on displays and kiosks at selections stations via smartphone apps and in SMS text message alerts.
- Recent activity (2012)
  - All buses began using CAD / AVL – June, 2012
  - Replaced 274 MDT screens to resolve high failure rate – September, 2012
  - Infrastructure upgrades ordered to better support processing of real time data – October, 2012
  - Operator refresher training on MDT – November, 2012
- To be completed (2012-2013)
  - Document / validate maintenance process and procedures – November, 2012
  - Resolve replacement parts issues – November, 2013
  - Implement infrastructure upgrades – November, 2012 – February, 2013

- Next Steps:
  - Test next generation system using existing LYMMO buses and stations
  - Implement new system on all LYMMO routes
  - Procure new system with new buses
- LYMMO Expansion:
  - LYMMO will implement a new generation AVL system that provides real-time bus location information to riders via in-station kiosks and displays
  - LYMMO will be the test of the potential platform for future real time bus location services
  - LYMMO expansion and upgrades to existing LYMMO line will be completed – October, 2013

The Committee asked and Mr. Lewis responded that the new technology will be available with the new East / West and Parramore BRT projects. He also noted that LYNX' Board will be considering today the grant to retrofit the current LYMMO.

Discussion ensued regarding the capital investment for screens and displays. Staff responded that screens will be utilized at high use areas and not throughout the system. Staff is working on a “real-time” demonstration project which is anticipated to roll out in the next 90 days.

The Committee further discussed the capital investment system-wide. Mr. Lewis noted that the implementation of the technology is included in the BRT projects. He provided that, like the Shelter program, a line item will be in the annual Capital Budget and staff will continue seeking grants as LYNX moves forward implementing the technology at SuperStops and major transfer points.

## **E. Discussion of Three Year Risk Management Analysis**

The Chairman recognized Baunie McConnell, Director of Risk Management and Safety, for presentation.

While there has been a reduction in reported incidents (9.9% decrease FY 09/10-11/12), the alleged liability claims against the Agency have increased (35%); however, by investigating and adjusting these claims internally, claim fees and settlement dollars are down.

An incident is anything that happens on the bus that does not involve operating a bus. A claim results from an incident where the claimant feels they should be compensated because LYNX was in some way negligent for an injury.

While LYNX will continue to utilize a Third Party Administrator (TPA) for its workers' compensation claims until the end of March, 2013 at which time it is

anticipated that the Contract will not be renewed; the TPA is no longer utilized for liability claims. A more cost efficient, less adversarial method is a medical managed team approach. This will eliminate the high cost of claim fees and allow the Agency to direct the medical treatment, light duty assignments and take an active role in loss control and prevention.

Ms. McConnell stated that LYNX can accomplish a safer working environment and safer ridership for our customers and Operators with continued participation in the mandatory safety meetings held four times a year, forming tier safety committees and using videos as a teaching tool.

- Four top types of claims:
  - Passenger Illnesses
  - Passenger Injured on Bus
  - Car Hit Bus
  - Passenger on / off front Door
- Three most frequent Workers' Compensation claims:
  - Back
  - Lower Extremities
  - Upper Extremities

The Committee requested staff provide regular Risk and Safety updates.

#### **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 asked to recognize Pat Christiansen, LYNX' General Counsel, for an update on the negotiations with RIDA Development (400 N. Orange) which is on LYNX' Board Action Agenda.

Mr. Christiansen provided a summary of the discussions regarding the public accessway along the 60' strip of land adjacent to the east side of the SunRail corridor linking LYNX' transit facility with a Transit-Oriented Development (TOD).

Mr. Christiansen provided historical information concerning the property and previous negotiations to bring the members current.

He explained that a Joint Participation Agreement (JPA) was entered into in 1998 between LYNX, Federal Transit Administration (FTA), Florida Department of Transportation (FDOT) and City of Orlando. The JPA includes the 60' strip and requires it to be utilized for transportation purposes.

Early in 2012, the current developer proposed LYNX convey a perpetual and exclusive Easement for the 60' strip. After meetings in which both FDOT and the City of Orlando have participated, staff is recommending the following:

- Elimination / relocation of LYNX' parking
- 400 N. Orange will improve and maintain the 60' strip; utilize a portion of the strip for underground retention
- LYNX is seeking:
  - 400 N. Orange, at its expense, construct and incorporate Gertrude's Walk into the development
  - Right of review over façade facing LYNX
  - 400 N. Orange will develop a TOD passenger corridor

The final Agreement will be subject to review and approval by the City of Orlando, FDOT, and FTA.

Initially, staff requested LYNX' Board of Directors' authorize granting the Developer an easement over the 60' strip. While the Board did authorize granting the easement, the approval was quantified upon further discussions and review. The Easement structure over the 60' strip is no longer in place.

Staff is currently working on a Transit Oriented Development Joint Agreement where in LYNX' ownership of the property is retained. By retaining ownership, LYNX will have certain liabilities. The Developer will improve the surface of the property, construct the retention pond, and maintain the pond. The Developer will form a Property Owners Association (POA). Once formed, the Developer will no longer have liability under the TOD Joint Agreement. The liability will be assumed by the POA. Insurance will be in place to cover LYNX' liability during construction and after the Developer will carry an on-going policy.

LYNX has required and the Developer has agreed that the improvement of the 60' strip will be completed under a separate construction contract. The contract will provide LYNX a reasonable right of review over the contract, the job will be bonded both with payment and performance bond, and LYNX will have a reasonable right of inspection.

The initial phase of the project will include residential and garage, the 60' strip, and the TOD. The Developer has agreed that Phase 1 will be complete by December 31, 2014 with the right to seek a one year extension.

Without objection, the Audit Committee recommended the Chief Executive Officer (CEO) with concurrence of the Chairman of LYNX' Board of Directors be authorized to negotiate and execute the agreement with the Developer subject to the approval of the City of Orlando, FDOT, and FTA.

## **5. Review of Board Package**

The Chairman recognized John Lewis, Chief Executive Officer.



Mr. Lewis noted there are no changes to the Board Agenda.

**The meeting adjourned at 11:55 p.m.**

**Audit Committee Agenda Item #3.A**

**To:** LYNX Board of Directors

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

**Phone:** 407.841.2279 ext: 6100

**Item Name:** FY2014 Proposed Budget Development Assumptions

**Date:** 1/31/2013

---

Staff is in the process of developing the FY2014 Operating and Capital Budgets. The key assumptions that LYNX' budget team will use in the preparation of these budgets will be presented. This item gives the Audit Committee an opportunity to provide direction and feedback to management at the beginning of the budget development process. Staff will also present the budget calendar for the FY2014 budget.

The key overall budget assumptions are as follows:

- FY2014 Funding based on LYNX Adopted Funding Model
- Maintain current Preventative Maintenance funding level
- Maximize current service levels through efficiencies
- Apply additional Flex (NeighborLink) services, where appropriate (?)
- Assess impacts of legislative changes to Medicaid (?)

# FY 2014 Budget Development Assumptions

Presented to the LYNX Audit Committee

January 31, 2013



# Key Budget Assumptions - Overall

- FY2014 Funding based on LYNX Adopted Funding Model
- Maintain current Preventative Maintenance funding level
- Maximize current service levels through efficiencies
- Apply additional Flex (NeighborLink) services, where appropriate (?)
- Assess impacts of legislative changes to Medicaid (?)

# Key Budget Assumptions - Revenue

- Fare increase in FY2014 (?)
- Maximize utilization of JARC/NFP funds

# Key Budget Assumptions - Expenses

- No salary increases
- Full year effects of LYNX' New Group Health Insurance program
- Impact of year two Union wage re-opener (?)
- Impact of pension reform contribution rate (?)

# Key Budget Assumptions - Expenses

- Continuation of Fuel Hedging Program
- Application of reductions based on LYNX ownership of paratransit vehicles

# Pending Items

- Continue Bio-diesel Program and assess potential for other alternative fuel types (CNG)
- Toll Revenue Credits (?)
- Impact of SunRail



# Future Items

- Continue to review the type of fixed route vehicles used in future operations
- Assess impact of public/private partnership (BRT satellite facilities)

# Budget Calendar

<b>Key Budget Assumptions Presentation to Audit Committee</b>	<b>January 31</b>
<b>Preliminary Budget Presentation</b>	<b>April 11</b>
<b>Funding Request Letters Submitted to Funding Partners</b>	<b>May</b>
<b>Budget Presentation Osceola &amp; Orange Counties</b>	<b>June/July</b>
<b>Budget Presentation Seminole County</b>	<b>August</b>
<b>Final Board Action</b>	<b>September 19</b>
<b>Budget Year FY2014 Commences</b>	<b>October 1</b>