



Board Date: 4/11/2013
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 Audit Committee Meeting January 31, 2013 Pg 2

3. Audit Agenda Items

- A.  Transportation America Discussion Pg 8
- B.  Presentation on the Annual Financial Audit and Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ending September 30, 2012 Pg 10
- C.  Overview of the FY2013 Amended Operating and Capital Budgets Pg 11
 - Attachment 
- D.  FY2014 Preliminary Budget Discussion Pg 21
 - Attachment 

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: January 31, 2013

TIME: 10:34 a.m.

Members in Attendance:

Seminole County Commissioner, Carlton Henley, 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:

Osceola County Commissioner, Frank Attkisson

1. Call to Order

The Vice Chairman, Commissioner Brandon Arrington, called the meeting to order at 10:34 a.m.

2. Approval of Minutes

The Chairman asked the Committee if there were any additions or deletions to the November 8, 2012 as presented.

Motion was made and seconded to approve the Minutes of the November 8, 2012 Audit Committee meeting. The motion passed unanimously.

3. Audit Agenda Items

A. FY2014 Proposed Budget Development Assumptions

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

Ms. Sherman noted that staff is in the process of developing the FY2014 Operating and Capital Budgets.

Ms. Sherman presented the key budget assumptions as follows:

- FY2014 Funding based on LYNX Adopted Funding Model
- Maintain current Preventative Maintenance funding level

John Lewis, LYNX' Chief Executive Officer (CEO), provided that in the past Preventative Maintenance funds had been used to defray budget deficits; however, as LYNX enters the Bus Replacement Schedule, it is important that the funds remain available at a consistent level for operations.

- Maximize current service levels through efficiencies

Discussion ensued regarding the acquisition and utilization of articulated buses.

- Apply additional Flex (NeighborLink) services, where appropriate
- Assess impacts of legislative changes to Medicaid

Discussion ensued regarding the impact of Medicaid reform scheduled to be implemented August, 2013.

➤ 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
- Continuation of Fuel Hedging Program

Mr. Lewis provided that staff is reviewing the potential for transitioning to Compressed Natural Gas (CNG). Staff anticipates receiving unsolicited proposals from providers and will evaluate the capital cost component and its potential cost savings. CNG options will be added to the State Bus Procurement contract managed by LYNX.

- 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)

Mr. Lewis noted there are several opportunities arising from conversations organizations in the private sector that are proposing partnerships for property acquisition, construction and lease-back of satellite facilities. Satellite facilities will continue to provide operating efficiencies.

➤ Budget Calendar

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

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.

➤ Consent Agenda

- ✓ Release for Proposal (RFP)
 - RFP for printing bus passes
 - RFP for heavy duty transit buses
 - RFP for FlexBus capital components
- ✓ Issue Invitation for Bid (IFB)
 - IFB for pressure cleaning services
- ✓ Award Contracts
 - Award Contract for computer servers
 - Award Contract to PCL Construction for rehab of existing LYMMO
 - Award Contract to West Construction for Multimodal Center in Kissimmee
 - Award Contract to Bank of America for banking services
 - Authorization to Piggyback with Osceola County Public School District for employee uniforms, shop supplies and floor mats

- Award Contract to Baker Hostetler for labor / employment legal services
- Award Contract to A & Z General Cleaning Services for janitorial service
- ✓ Extension of Contract
 - Execute second option year with Solantic of Orlando for occupational health services
 - Execute second option year with Zimmerman Kiser Sutcliffe for general liability legal services
 - Execute second option year with Fishback, Dominick, Bennet for worker's compensation legal services
 - Execute the second option year with Fisher, Rushmer for general liability legal services
- ✓ Miscellaneous
 - Initiate the Public Participation Process of proposed service efficiency changes for April 14, 2013
 - Purchase Twelve Hybrid Electric or Diesel expansion buses for SunRail feeder service

Discussion ensued regarding the source of funds for the purchase includes grant funds and a SIB loan. The Committee asked Mr. Lewis if the purchase utilizing a SIB loan was not approved by the Board, what the impact would be on the bus purchase and what would the impact be on service.

Mr. Lewis addressed the question of the impact on service. He noted that without the purchase of the twelve vehicles, it would be a challenge to consistently apply the new routes and extensions to service SunRail.

The Committee provided the concern for increased debt now with the projected need for increased service as a result of SunRail.

Ms. Sherman provided that initially LYNX had three SIB loans. One loan has been re-paid. Of the two outstanding, the proceeds from one will be applied toward the purchase at an interest rate of about 1%, and the other is the balance of funds that were initially secured for the LYNX Operation Center (LOC). She noted that re-payment of the loans is funded through the Federal 5307 funds.

The Committee requested for staff to be clearer in requests that require budget amendments.

The Committee asked staff to provide an update on the SIB loans to include the rate of interest and total indebtedness.

- Ratification of the submittal of JARC / NFP grant applications
- Amend the ATU 1596 Pension Plan for re-definition of disability
- Amend the ATU 1596 Pension Plan vesting interest rate

The Committee noted that while the two Pension Plan items may not be pulled from the Consent Agenda, the Board may make mention of its disappointment that the Pension Board did not approve the contracts.

Pat Christiansen, LYNX' General Counsel, asked if the two ATU items were approved by the Pension Board. Mr. Lewis responded the items came about as recommendations of the Pension Board and were approved by that Board.

- Execute First Amendment to Bus Service Agreement with University of Central Florida Student Government Association (UCF SGA) adding service from UCF Campus to downtown Orlando
- Issue a purchase order for 12 paratransit replacement vehicles

➤ Action Agenda

- ✓ Adoption of LYNX' 2013 legislative priorities

The Committee asked that staff communicate with MetroPlan Orlando and its funding partners to present a unified message to the Legislature.

It was noted that LYNX' Chairman of the Board requested to be provided weekly legislative updates either by phone or e-mail and other members may wish to have updates as well.

- ✓ Enter into Collective Bargaining Agreement Wage Re-opener with ATU 1749
- ✓ Adopt LYNX' Reserve Policy
- ✓ Adopt LYNX' Funding Model for allocation of costs to Funding Partners in FY2014
- ✓ Approval of the Chief Executive Officer's (CEO) Annual Review
- ✓ Appointment of a representative on the MetroPlan Orlando Board of Directors
- ✓ Election of the FY2013 Board of Directors' Vice Chairman

Mr. Christiansen asked the Chairman for clarification on the Consent Agenda item for the purchase of the twelve expansion buses with regard to staff's intent to amend the capital budget. Mr. Lewis noted that staff's intent is to amend the Capital Budget at the Board's April 11, 2013 meeting to reflect the Board's action to authorize the purchase of the twelve buses.

Chairman Henley provided an update on the Seminole County shelter program. He noted that the contract with the previous provider has expired and the County is desirous of LYNX overseeing the program. He suggested a Memorandum of Understanding or Inter-local Agreement with LYNX is needed to cover the period of time until the next LYNX Board meeting in April. To accomplish this, the Chairman stated that he will bring a Motion to the Board to authorize the Chief Executive Officer (CEO) to prepare and execute the necessary agreement with the approval of LYNX' General Counsel.

The Committee asked for Staff to analyze and provide an update as to whether the increased federal withholding which reduced the amount of take-home pay impacts ridership.

The Chairman noted that LYNX' Board has not discussed nor entered into any agreements or commitments with the Cities that are moving forward with FlexBus. Each City committed \$700,000 to match the funds provided by Florida Department of Transportation (FDOT). It is unclear if the Cities are going to fund the operation. Other than the software which LYNX received grant funding, LYNX has not agreed to provide services. He suggested that LYNX' Board should be briefed and provided an understanding of what role, if any, LYNX will participate in the project operation.

Mr. Lewis stated that Staff will provide an update to the Audit Committee at its April 11, 2013 meeting.

He provided that LYNX sought authorization to release an RFP for the software development to prove or disprove the concept. If the software is developed, there is a small amount of federal funds (approximately \$500,000) for a very small pilot project to implement the software. Any operations will be the responsibility of the localities. The Cities did ask that the RFP to be a joint effort for the software and bring a vendor in for operations; however, that is not LYNX' intent.

The meeting adjourned at 11:50 p.m.

Audit Committee Agenda Item #3.A

To: LYNX Board of Directors

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

Phone: 407.841.2279 ext: 6058

Item Name: Transportation America Discussion

Date: 4/11/2013

Changes for Non-Core Paratransit Services

Transportation America, the provider for the non-core paratransit services which operates between the hours of 6 p.m. and 4 a.m. and on Sundays, officially notified LYNX on January 7, 2013, requesting LYNX' consideration of a rate adjustment or termination for convenience.

LYNX had been in discussions with Transportation America since late July 2012 regarding various accommodations they requested as a result of significant losses they were anticipating during the first year of their contract. Some of those accommodations included requesting MV to utilize their services for overflow trips during the core hours to make better use of their employees and equipment during their off hours. These efforts began in early September 2012. Transportation America also requested to allow their vehicles to be fueled at the LYNX South Street facility to reduce the cost they were paying at the pumps, because LYNX' price per gallon is considerably lower. This effort began in September 2012, as well.

Transportation America came back to LYNX in October 2012 to inform us that their losses were in excess of \$600,000 in year one. They requested a change in their per trip rate or consideration to cancel their contract for convenience. Some of the suggestions discussed were relocating their operations to South Street because they were notified they had to vacate their leased facility by December 31, 2012; maintain their per trip rate from year one versus the reduced rate LYNX began paying them on October 1, 2012, per the contract; and roll their 28 vehicles into the program if we needed them or if we needed Transportation America to purchase additional vehicles. Without these accommodations, Transportation America's staff believed that they would no longer be able to sustain their contract. Given these concerns, LYNX began discussions with MV Transportation to determine if they were willing to pick up the non-core paratransit services if Transportation America were allowed to terminate their contract.

The core paratransit services contract contains language that gives the core provider the ability to assume the non-core paratransit services.

LYNX began financial analysis of various options for Transportation America as well as a financial analysis if MV Transportation were to assume the non-core paratransit services.

In late November 2012, MV Transportation informed us they would be willing to pick up the non-core paratransit services for the same hourly rate as the core paratransit services, which is lower than their original bid for the non-core paratransit services. In early December 2012 discussions continued with Transportation America on an exit strategy. Because we were still in discussions, Transportation America was able to negotiate a month-to-month extension of their lease.

Transportation America was requested to provide their official request to LYNX in writing. Transportation America's letter was received on January 7, 2013. Transportation America provided two options: (1) allow them to receive their year one per trip rate for the remainder of the contract (three years, eight months) (currently \$28.72, versus the year one rate of \$34.08) and pay for all of their fuel or (2) termination for convenience and in turn would pay LYNX a mitigation amount of \$200,000.

After much discussion, LYNX determined that option one, if accommodated, would be a cardinal change to the contract terms and conditions and LYNX' best option, although more costly to LYNX, would be to mutually agree to terminate Transportation America's contract, accept the \$200,000 mitigation payment and enter into a contract amendment with MV Transportation to assume the non-core paratransit services pending Board approval.

Financial Impact

The annual budgetary impact to LYNX for year two of the contract is projected to be \$281,089, of which \$273,280 is related to rates being charged by Transportation America compared to the rate proposed by MV Transportation. The residual is related to higher trips than anticipated for the year. The budgetary impact for year two will be mitigated with the \$200,000 from Transportation America.

If LYNX continues with MV Transportation over the term of the contract (years three, four, and five), it is anticipated that LYNX will continue to experience a higher cost because Transportation America's contract rate is less costly than MV Transportation's contracted rate.

Audit Committee Agenda Item #3.B

To: LYNX Board of Directors

From: Blanche Sherman
DIRECTOR OF FINANCE
Patricia Bryant
(Technical Contact)

Phone: 407.841.2279 ext: 6100

Item Name: Presentation on the Annual Financial Audit and Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ending September 30, 2012

Date: 4/11/2013

Mr. Robert Conrad, Partner with the firm of Cherry, Bakeart & Holland, L.L.P. will present results of the annual financial audit and Comprehensive Annual Financial Report (CAFR) for the fiscal year ending September 30, 2012.

Audit Committee Agenda Item #3.C

To: LYNX Board of Directors

From: **Blanche Sherman**
DIRECTOR OF FINANCE
Leonard ANTMANN
(Technical Contact)
Salawu Ajala
(Technical Contact)

Phone: 407.841.2279 ext: 6100

Item Name: Overview of the FY2013 Amended Operating and Capital Budgets

Date: 4/11/2013

On September 27, 2012, LYNX staff presented the FY2013 Operating and Capital Budgets in the amount of \$115,518,832 and \$98,306,238, respectively for Board approval. Since approval of the Adopted FY2013 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 service changes, new and amended contracts and projects, human service agency sub-recipient agreements and vehicle purchases. Based on the Board's previous approval of these items there is need to amend the FY2013 Operating and Capital Budgets in the amount of \$4,332,302 and \$6,725,010, respectively. Approval of this amendment will formally amend the FY2013 Operating and Capital Budgets to accurately reflect approved revenues and expenses. The amended FY2013 Operating and Capital Budgets will be in the amount of \$119,851,134 and \$105,031,248, respectively.

LYNX staff will make a full presentation of the revisions supporting the amendment of the FY2013 Operating and Capital Budgets at the Audit Committee meeting.

FY2013 Amended Operating & Capital Budget

Presented to the
LYNX Audit Committee

April 11, 2013



FY2013 Operating Budget Overview

	<u>FY2013 Adopted</u>	<u>FY2013 Amended</u>	<u>% Change</u>
Operating Revenue	\$ 115,518,832	\$ 119,851,134	3.8%
Operating Expenses	<u>115,518,832</u>	<u>119,851,134</u>	<u>3.8%</u>
Operating Income/(Deficit)	\$ -	\$ -	0.0%



FY2013 Operating Revenue

	<u>FY2013 Adopted</u>	<u>FY2013 Amended</u>	<u>% Change</u>
Fund Balance	\$ 2,718,752	\$ 2,233,239	-17.9%
Customer Fares	26,502,613	26,502,613	0.0%
Contract Services	9,912,200	9,924,852	0.1%
Advertising on Buses	1,525,000	1,525,000	0.0%
Advertising - Trade	-	-	0.0%
Interest & Other Income	566,500	566,500	0.0%
Federal	17,160,759	21,690,292	26.4%
State	10,692,276	10,692,276	0.0%
Local	46,440,732	46,716,362	0.6%
Total Operating Revenue	<u><u>\$ 115,518,832</u></u>	<u><u>\$ 119,851,134</u></u>	<u><u>3.8%</u></u>



FY2013 Operating Expenses

	FY2013 <u>Adopted</u>	FY2013 <u>Amended</u>	<u>% Change</u>
Salaries/Wages/Fringes	\$ 63,902,160	\$ 63,902,160	0.0%
Other Services	7,875,976	9,357,781	18.8%
Fuel	16,180,425	16,193,077	0.1%
Materials & Supplies	5,304,372	5,793,716	9.2%
Utilities	1,350,102	1,350,102	0.0%
Casualty and Liability	1,331,276	1,331,276	0.0%
Taxes & Tags	430,180	430,180	0.0%
Purchased Transportation	18,215,643	20,276,514	11.3%
Miscellaneous	768,638	780,638	1.6%
Leases	160,060	160,060	0.0%
Reserves	-	275,630	N/A
Total Operating Expenses	<u><u>\$ 115,518,832</u></u>	<u><u>\$ 119,851,134</u></u>	<u><u>3.8%</u></u>



Key Operating Budget Amendment Basis

- Additional Job Access and Reverse Commute (JARC) and New Freedom Grant Programs
- Alternative Analysis (AA) Studies Transfer from Capital
- ARRA Funds for Paratransit Capital Cost of Contracting
- JARC/NF Awards to Human Service Agencies



Key Capital Budget Amendment Basis

- Alternatives Analysis Studies Transfer to Operating
- SunRail Vehicle Purchases
- LYNX Transit Bus Purchases
- LYMMO Rehabilitation



FY2013 Capital Budget Overview

	<u>FY2013 Adopted</u>	<u>FY2013 Amended</u>	<u>% Change</u>
Capital Contributions	\$ 98,306,238	\$ 105,031,248	6.84%
Capital Expenditures	<u>98,306,238</u>	<u>105,031,248</u>	<u>6.84%</u>
Capital Gains/(Losses)	\$ -	\$ -	N/A



FY2013 Capital Budget Contributions

Capital Contributions	FY2013 Adopted Capital Budget		Revisions	FY2013 Amended Capital Budget	
Federal Contributions	\$	87,883,129	\$	(638,977)	\$ 87,244,152
State Contributions		1,454,091		7,363,987	8,818,078
Local Contributions		8,969,018			8,969,018
Total	\$	98,306,238	\$	6,725,010	\$ 105,031,248



FY2013 Capital Expenditures

Capital Expenditures	FY2013 Adopted Capital Budget	AA Studies	SunRail Bus Vehicles	LYNX Bus Vehicles	LYMMO Rehabilitation	FY2013 Amended Capital Budget
BRT	30,649,581	(1,983,149)				28,666,432
Facility Improvements	5,959,559					5,959,559
Fare Payment System Upgrade	3,087,279					3,087,279
Kissimmee Transfer Center	175,369					175,369
Paratransit Fleet Capitalization	1,065,495					1,065,495
Passenger Amenities	6,388,972				750,000	7,138,972
Real Time Customer Information	573,000					573,000
Revenue Vehicles	36,472,034		7,363,987	594,172		44,430,193
Safety/Security Enhancements	2,420,643					2,420,643
Shelters/Transfer Centers	201,000					201,000
Support Equipment	1,664,066					1,664,066
Technology	9,649,240					9,649,240
Total	\$ 98,306,238	\$ (1,983,149)	\$ 7,363,987	\$ 594,172	\$ 750,000	\$ 105,031,248



Audit Committee Agenda Item #3.D

To: LYNX Board of Directors

From: **Blanche Sherman**
DIRECTOR OF FINANCE
Leonard ANTMANN
(Technical Contact)
Salawu Ajala
(Technical Contact)

Phone: 407.841.2279 ext: 6100

Item Name: FY2014 Preliminary Budget Discussion

Date: 4/11/2013

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 were presented at the January 31, 2013 Audit Committee meeting. Staff also presented the budget calendar for the FY2014 budget.

This item gives the Audit Committee an opportunity to provide direction and feedback to management at the beginning of the budget development process. On April 11, 2013, staff will present the FY2014 Preliminary Operating Budget to the LYNX Audit Committee and Board for further direction.

FY2014 Preliminary Operating Budget

Presented to the
LYNX Audit Committee

April 11, 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
- Continued application of reductions based on LYNX ownership of paratransit vehicles



FY2014 Operating Budget Overview

	<u>FY2013</u> <u>Amended</u>	<u>FY2014</u> <u>Preliminary</u>	<u>% Change</u>
Operating Revenue	\$ 119,851,134	\$ 124,796,817	4.1%
Operating Expenses	<u>119,851,134</u>	<u>124,796,817</u>	<u>4.1%</u>
Operating Income/(Deficit)	\$ -	\$ -	N/A



FY2014 Operating Revenue

	FY2013	FY2014	
	<u>Amended</u>	<u>Preliminary</u>	<u>% Change</u>
Fund Balance	\$ 2,233,239	\$ 144,649	-93.5%
Customer Fares	26,502,613	29,429,794	11.0%
Contract Services	9,924,852	11,034,191	11.2%
Advertising on Buses	1,525,000	1,730,000	13.4%
Advertising - Trade	-	-	0.0%
Interest & Other Income	566,500	492,099	-13.1%
Federal	21,690,292	17,258,830	-20.4%
State	10,692,276	11,225,104	5.0%
Local	46,716,362	53,482,150	14.5%
Total Operating Revenue	<u><u>\$ 119,851,134</u></u>	<u><u>\$ 124,796,817</u></u>	<u><u>4.1%</u></u>



FY2014 Operating Expenses

	FY2013	FY2014	
	<u>Amended</u>	<u>Preliminary</u>	<u>% Change</u>
Salaries/Wages/Fringes	\$ 63,902,160	\$ 65,626,301	2.7%
Other Services	9,357,781	9,658,173	3.2%
Fuel	16,193,077	16,289,360	0.6%
Materials & Supplies	5,793,716	8,139,493	40.5%
Utilities	1,350,102	1,401,578	3.8%
Casualty and Liability	1,331,276	1,397,267	5.0%
Taxes & Tags	430,180	432,141	0.5%
Purchased Transportation	20,276,514	20,863,426	2.9%
Miscellaneous	780,638	807,958	3.5%
Leases	160,060	181,120	13.2%
Reserves	275,630	-	-100.0%
Total Operating Expenses	\$ 119,851,134	\$ 124,796,817	4.1%



FY2014 Local Revenue by Jurisdiction

	FY2013 Amended	FY2014 Preliminary	% Change
Orange County	\$ 33,583,056	\$ 35,644,169	6%
Osceola County	4,554,824	5,776,072	27%
Seminole County	4,083,948	5,920,884	45%
City of Orlando	3,482,292	3,864,624	11%
City of Orlando - LYMMO	1,231,575	1,883,055	53%
Total Local Funds	\$ 46,935,695	\$ 53,088,804	13%
Cities, Other Agencies & Private	785,761	537,995	-32%
Subtotal	\$ 47,721,456	\$ 53,626,799	12%
Capital Contributions	(1,005,094)	2,113,746	-310%
Total	\$ 46,716,362	\$ 55,740,545	19%



Future Items

- Impact of Medicaid Legislation
- Maximized use of JARC and NFP funding



Operating Budget Calendar

Present to LYNX Board	April 11
Funding Request Letters Submitted to Funding Partners	April/May
Budget Presentation Osceola & Orange Counties	June/July
Budget Presentation Seminole County	August
Final Board Action	September 19
Budget Year 13– 14 Commences	October 1

