

# LYNX Finance & Audit Committee Agenda

Meeting Date: 1/10/2019

Meeting Time: 2:00 PM

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

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

## 1. Call to Order

## 2. Approval of Committee Minutes



Finance Committee Minutes - November 28, 2018

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## 3. Public Comments

- Citizens who would like to speak under Public Comments shall submit a request form to the Assistant Secretary prior to the meeting. Forms are available at the door.

## 4. Chief Financial Officer Report

## 5. Committee Discussion Items



A. Presentation of FY2018 Audit Plan by Ron Conrad of Cherry Bekaert, LLP

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B. Recap Presentation of FY2019 Operating and Capital Budgets as presented in the September 27, 2018, LYNX Board of Directors' Meeting Package.

Pg 10

-Attachments



C. Recap Presentation of FY2018 Reserve Status and Review of FY2019 (Preliminary) Reserve Status through November 30, 2018.

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-Attachments



D. Discussion on the Regional Funding Model and Proposed Assumptions for FY2020 Operating Budget.

Pg 54

-Attachments



## 6. Committee Action Items





A. Recommendation to Amend Funding Partner Agreement with Seminole County for FY2019 for \$168,932.


Pg 63


-Attachments



- B.  Recommendation to Amend Funding Partner Agreement with Orange County for FY2019 for \$72,514. Pg 67

-Attachments 

- C.  Recommendation to Amend Bus Service Agreement No. 18-C144 with Lake County for \$25,058. Pg 73

-Attachments 

## 7. Other Business

Section 286.0105, Florida Statutes states that if a person decides to appeal any decision made by a board, agency, or commission with respect to any matter considered at a meeting or hearing, he will need a record of the proceedings, and that, for such purposes, he may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.

In accordance with the Americans With Disabilities Act of 1990, persons needing a special accommodation at this meeting because of a disability or physical impairment should contact Benjamin Gonzalez at 455 N. Garland Ave, Orlando, FL 32801 (407) 254-6038, not later than three business days prior to the meeting. If hearing impaired, contact LYNX at (407) 423-0787(TDD).

LYNX  
Central Florida Regional Transportation Authority  
Finance and Audit Committee Meeting Minutes

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

DATE: November 28, 2018

TIME: 9:00 a.m.

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Members in Attendance:  
Amanda Clavijo, Osceola County  
Michelle McCrimmon, City of Orlando  
Jo Santiago, FDOT, 5<sup>th</sup> District  
Kurt Petersen, Orange County  
Timothy Jecks, Seminole County

Staff in Attendance:  
Edward Johnson, Chief Executive Officer  
Bert Francis, Chief Financial Officer  
Tiffany Homler, Chief Administrative Officer  
John Slot, Chief Innovation & Sustainability Officer  
Leonard Antmann, Director of Finance  
Kim Forbragd, Manager of Financial Planning & Budgets  
Chris Plummer, Manager of Financial Reporting

Members Absent:

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1. Call to Order

Chair Clavijo called the meeting to order at 9:08 a.m. Chair Clavijo welcomed new member Timothy Jecks.

2. Approval of Minutes

Chair Clavijo requested a motion for approval of the Finance & Audit Committee minutes from the September 25, 2018, Finance & Audit Committee meeting. Motion to approve the September 25, 2018 minutes was made by Michelle McCrimmon, seconded by Kurt Petersen and unanimously adopted. The minutes were approved as presented.

3. Public Comments

No members of the public were present to speak.

#### 4. Chief Financial **Officer's Report**

Chair Clavijo recognized Bert Francis, LYNX Chief Financial Officer. Mr. Francis stated that there are two blue sheet items: Authorization to Increase Contract #15-C12 for Cherry Bekaert, LLP by \$7,500 for One Year to Comply with the **Federal Transit Administration's NTD Reporting Requirements** – added to the Action Items and Summary of First-Time Fuel Audit by the State of Florida Department of Revenue – added to the Discussion items. There were no objections to the change in the agenda, and the items were added.

#### 5. Committee Action Items

##### A. Authorization to Approve the Updated LYNX Purchasing Card Procedure

Chair Clavijo recognized Mr. Francis to make the presentation. Mr. Francis stated this this procedure was outdated and has now been updated to address what can and cannot be purchased using the p-card. Motion to Approve the Updated LYNX Purchasing Card Procedure was made by Kurt Petersen, second by Michelle McCrimmon. Motion passed unanimously.

##### B. Authorization to Submit a Grant Application to the Federal Transit Administration's Surface Transportation Program in the Amount of \$1,841,408 for Automatic Passenger Counters and ACCESS LYNX Cameras

Chair Clavijo recognized Belinda Balleras, Manager of Grants, to make the presentation. This grant would give our paratransit vehicles the option for continuous recording. There is a soft match provided by FDOT. Motion to Submit a Grant Application to the Federal Transit Administration's Surface Transportation Program in the Amount of \$1,841,408 for Automatic Passenger Counters and ACCESS LYNX Cameras was made by Michelle McCrimmon, second by Jo Santiago. Motion passed unanimously.

##### C. Authorization to Submit Grant Applications to the Florida Department of Transportation (FDOT) for the Enhanced Mobility of Seniors and Individuals with Disabilities Section 5310 Program, the Formula Grants for Rural Areas 5311 Program and the Bus and Bus Facilities Section 5339 Program in the Total Amount of \$3.1 Million

Ms. Balleras continued with this item. This is a recurring request for funds. For the 5310 program, we are requesting operating and capital funds. The capital funds are above the amounts that are supplied by the ADA. The

matches are included in the budget. Motion to Submit Grant Applications to the Florida Department of Transportation (FDOT) for the Enhanced Mobility of Seniors and Individuals with Disabilities Section 5310 Program, the Formula Grants for Rural Areas 5311 Program and the Bus and Bus Facilities Section 5339 Program in the Total Amount of \$3.1 Million was made by Kurt Petersen, second by Michelle McCrimmon. Motion passed unanimously.

- D. Authorization to Issue a Purchase Order to New Flyer for the Purchase of Ten (10) CNG (Compressed Natural Gas) Sixty-Foot (60') Articulated Buses with a Not-to-Exceed Amount of \$8,700,000

Chair Clavijo recognized Jim Fetzer, Director of Maintenance, to make the presentation. The buses will be purchased from the existing contract with New Flyer. This grant is FTA funded. Motion to Issue a Purchase Order to New Flyer for the Purchase of Ten (10) CNG (Compressed Natural Gas) Sixty-Foot (60') Articulated Buses with a Not-to-Exceed Amount of \$8,700,000 was made by Kurt Petersen, second by Jo Santiago. Motion passed unanimously.

- E. Authorization to Order Two (2) 15-Passenger Vans in an Amount Not to Exceed \$80,000 for 5310 Sub-Recipient Awards

Mr. Fetzer continued with this item. These buses will be purchased through **the 5310 program from last year's funding.** Motion to Order Two (2) 15-Passenger Vans in an Amount Not to Exceed \$80,000 for 5310 Sub-Recipient Awards was made by Michelle McCrimmon, second by Kurt Petersen. Motion passed unanimously.

- F. Authorization to Award a Contract for Fresh Food, Traditional Vending and Related Services with Compass Group USA, Inc. at No Cost to LYNX, for a Period of Three (3) Years With the Option to Extend for Two (2) One (1) Year Periods

Chair Clavijo recognized Terri Settingington, Director of Human Resources, to make the presentation. The open markets would be located at the LOC location. This will offer employees healthier options. The revenues will be used to enrich the wellness programs. Motion to Award a Contract for Fresh Food, Traditional Vending and Related Services with Compass Group USA, Inc. at No Cost to LYNX, for a Period of Three (3) Years With the Option to Extend for Two (2) One (1) Year Periods was made by Tim Jecks, second by Jo Santiago. Motion passed unanimously.

G. Blue Sheet Item – Authorization to Increase Contract #15-C12 for Cherry Bekaert, LLP by \$7,500 for One Year to Comply with the Federal Transit Administration's **NTD Reporting Requirements**

Chair Clavijo recognized Bert Francis to make the presentation. FTA wants the auditors to look at new agreed upon procedures. This is done every ten years and increases the scope. Motion to Increase Contract #15-C12 for Cherry Bekaert, LLP by \$7,500 for One Year to Comply with the Federal Transit Administration's **NTD Reporting Requirements** was made by Amanda Clavijo, second by Michelle McCrimmon. Motion passed unanimously.

6. Committee Discussion Items

A. Update on LYNX FY2018 Reserve Analysis

Chair Clavijo recognized Bert Francis to make the presentation. Mr. Francis explained that there were funds from the state that were not included in previous cash flow projections. Our projected cash reserves, with the state funds, are now three million dollars above the forty-five day reserve requirement. That gives us about a forty-nine day reserve. Mr. Francis discussed a list of possible funding solutions. It was discussed that a combination of these items may need to be implemented.

B. Customer Refund for Overpayment at Farebox

Chair Clavijo recognized Bert Francis to make the presentation. Mr. Francis stated that we have been following this procedure for a while, but we did not have anything in writing. This is a written guideline about how to handle a customer who does not have exact change when boarding the bus.

C. Discussion on Finance and Audit Committee Purpose and 2019 Meeting Dates

Mr. Francis continued with this item. He inquired about the items that the Finance & Audit committee are approving and hearing. Mr. Johnson stated that the committee should be meeting on a regular basis. It was recommended that the meetings take place in the mornings. It was also stated that the committee should only hear items that would have a financial impact, or an increase to the budget. The committee does not feel the need to hear day to day business and policies. Mr. Goldsmith stated that the funding partners may use designees, if they are not able to attend the meetings. Mr. Johnson would like a list of appointees and substitutes. Motion to approve the listed committee meeting dates as provided, subject to change, and subject to cancel a meeting if not needed, with moving the

September 5, 2019 meeting to September 12, 2019, was made by Michelle McCrimmon, second by Amanda Clavijo. Motion passed unanimously.

D. Blue Sheet Item – Summary of First-Time Fuel Audit by the State of Florida Department of Revenue

Mr. Francis stated that this audit has not been done before. We have paid the tax on this audit, and we are awaiting a response from the Department of Revenue on the abatement of the penalties. We have already made changes to comply with this audit going forward.

7. Committee Information Items

A. Mobility Management Update

Chair Clavijo recognized John Slot, Chief Innovation & Sustainability Officer, to make the presentation. Mr. Slot stated that we are working on enhancing our customer experience. We are enhancing our website to try and get customers to use our website and apps to schedule their trips. The figures presented at this meeting were from October 2018. Mr. Johnson commented on the wages that are paid to our call center representatives. The wages are very low, so he would like to do a wage study to see how our wages compare to other call centers.

B. Update on the Electric Vehicle Analysis for ACCESS LYNX Paratransit Service

John Slot continued with this item. He stated that there is not a suitable electric vehicle on the market today for the paratransit mission that would meet our requirements. We have designed a specification sheet for our vendors. Our NeighborLink vehicles are good suitable vehicles and could meet the electric vehicle requirement.

C. Update on the Results of the Computer Aided Dispatch and Automatic Vehicle Location Conversion Pilot

John Slot continued with this item. The pilot has commenced this week. We are testing a five-vehicle pilot. The conversions are taking a little longer than was expected.

D. Update on the Installation of Digital Signage in the LYNX Central Station Bus Bays and the Operator's Lounges

John Slot continued with this item. We have installed digital displays in the bus bays. Passengers can now see the route maps on the displays. We can add emergency text on the display. Our next step would be to monetize by adding advertising to the display.

8. Other Business

No other business was discussed.

The meeting adjourned at 11:37 a.m.



# LYNX Finance & Audit Cmmittee Agenda

## Finance Committee Discussion Item #5.A.

**To:** LYNX Finance & Audit Committee

**From:** Albert Francis  
CHIEF FINANCIAL OFFICER  
Christopher Plummer  
(Technical Contact)  
LEONARD ANTMANN  
(Technical Contact)

**Phone:** 407.841.2279 ext: 6058

**Item Name:** Presentation of FY2018 Audit Plan by Ron Conrad of Cherry Bekaert, LLP

**Date:** 1/10/2019

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Cherry Bekaert, Audit Partner Ronald Conrad will deliver a presentation on the FY2018 audit plan and FTA required agreed upon procedures. His presentation will be crafted to open discussion and is a solicitation for feedback on this topic.

# LYNX Finance & Audit Committee Agenda

## Finance Committee Discussion Item #5.B.

**To:** LYNX Finance & Audit Committee

**From:** Albert Francis  
CHIEF FINANCIAL OFFICER  
LEONARD ANTMANN  
(Technical Contact)  
Kimberly Forbragd  
(Technical Contact)  
VIVIAN REVIS  
(Technical Contact)

**Phone:** 407.841.2279 ext: 6058

**Item Name:** Recap Presentation of FY2019 Operating and Capital Budgets as presented in the September 27, 2018, LYNX Finance & Audit Committee' Meeting Package.

**Date:** 1/10/2019

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At the July 26, 2018, Board meeting, LYNX staff presented the preliminary FY2019 Operating Budget in the amount of \$135,846,498 to the Board of Directors. Since then, presentations have been made and information has been provided to Orange, Osceola, and Seminole counties. Assumptions have been re-examined related to the cost of providing Fixed Route, Paratransit, NeighborLink, and Road Rangers service for next fiscal year. As a result, the FY2019 Operating Budget increased by 4.8% (\$6,524,913) for a total FY2019 Operating Budget of \$142,371,411.

Final approval from the funding partners regarding their proposed funding levels of service is needed. If the final approved funding levels are different than expected, we will adjust our budget accordingly. At this time there are no changes being proposed to the Funding Partners.

### OVERVIEW:

#### Budget Highlights

The FY2019 proposed budget totals \$249,279,710, of which \$142,371,411 represents operating expenses and \$106,908,299 represents capital expenditures. This is a net increase in the total budget of \$50,234,741 or 25.2% from the FY2018 Amended Budget.

#### Operating Budget

The proposed Operating Budget for FY2019 is \$142,371,411, which is an increase of \$6,180,669 or 4.5% over the FY2018 Amended Operating Budget of \$136,190,742.

# LYNX Finance & Audit Committee Agenda

The Operating Budget is funded by a combination of LYNX-generated revenue and federal, state, and local dollars. These revenues are used to fund personnel, services, materials, supplies, taxes, utilities, casualty & liability, purchased transportation, leases and miscellaneous expenses.

Specifically, this budget includes revenues from the following sources:

## FY2019 Preliminary Operating Budget

	<b>FY2019 Proposed Budget</b>	<b>FY2018 Amended Budget</b>	<b>Dollar Change Amount</b>	<b>% Change</b>
<b>Operating Revenues</b>				
Lynx Fund Balance	\$ 6,598,821	\$ 4,091,720	\$ 2,507,101	61.3%
Customer Fares	24,826,294	25,408,169	(581,875)	-2.3%
Contract Services	6,468,234	6,240,392	227,842	3.7%
Advertising on Buses	2,200,000	2,175,000	25,000	1.1%
Advertising - Trade	30,000	30,000	-	0.0%
Interest & Other Income	1,382,660	1,111,283	271,377	24.4%
Federal Revenue	19,323,455	18,056,585	1,266,870	7.0%
State Revenue	13,020,037	12,000,325	1,019,712	8.5%
Local Revenue	68,521,910	67,077,268	1,444,642	2.2%
<b>Total Revenue</b>	<b>\$ 142,371,411</b>	<b>\$ 136,190,742</b>	<b>\$ 6,180,669</b>	<b>4.5%</b>

The revenues are programmed to fund the following expenses:

## FY2019 Preliminary Operating Budget

	<b>FY2019 Proposed Budget</b>	<b>FY2018 Amended Budget</b>	<b>Dollar Change Amount</b>	<b>% Change</b>
<b>Operating Expenses</b>				
Salaries/Wages/Fringes	\$ 78,814,862	\$ 79,658,715	\$ (843,853)	-1.06%
Other Services	11,749,111	12,042,475	(293,364)	-2.44%
Fuel	11,805,560	10,820,264	985,296	9.11%
Materials & Supplies	7,849,819	8,097,032	(247,213)	-3.05%
Utilities	1,611,880	1,558,424	53,456	3.43%
Casualty & Liability	2,224,751	2,353,031	(128,280)	-5.45%
Taxes & Tags	470,166	529,391	(59,225)	-11.19%
Purchased Transportation	26,155,955	19,614,332	6,541,623	33.35%
Leases & Miscellaneous	1,629,544	1,436,031	193,513	13.48%
Interest	59,763	81,047	(21,284)	-26.26%
<b>Total Operating Expenses</b>	<b>\$ 142,371,411</b>	<b>\$ 136,190,742</b>	<b>\$ 6,180,669</b>	<b>4.54%</b>

# LYNX Finance & Audit Committee Agenda

The most significant increase in the FY2019 Preliminary Operating Budget over the FY2018 Amended Operating Budget is Purchased Transportation. This is directly related to the increased volume of ParaTransit customers served by LYNX in Orange, Osceola, and Seminole counties.

## Capital Budget

The proposed Capital Budget for FY2019 is \$106,908,299, which is an increase of \$44,054,072 approximately 70.1% more than the FY2018 Amended Capital Budget. The increase in the capital budget from the FY2018 Amended Capital Budget results from rollover of FY2018 dollars as well as an increase in Facilities, Passenger Amenities, Revenue Vehicles and Support Equipment, the largest of which were in the categories of Passenger Amenities (\$13,036,483 rollover) and Revenue and Support Vehicles (\$31,153,875).

The capital budget is funded from a combination of federal, state and local sources, and includes items such as the planned purchase of replacement buses and vans, bus shelters, and the use of technology to assist in service delivery and improvements. The majority of the capital budget, 97.6% is funded through federal grants, .3% is funded through state grants, and the remaining 2.1% through local funds. The local contribution from the funding partners covers the capital bus lease, paratransit vehicles and LYMMO BRT expansion projects. In addition, funding through LYNX negotiated agreements will contribute to passenger shelter costs.

Specifically, this budget includes funds from the following areas:

<b>Capital Contributions</b>	<b>FY2019 Proposed Budget</b>	<b>FY2018 Amended Budget</b>	<b>Dollar Amount Change</b>
<b>Federal Contributions</b>	\$ 104,307,669	\$ 59,011,369	\$ 45,296,300
<b>State Contributions</b>	356,428	1,073,584	(717,156)
<b>Local Contributions</b>	2,244,202	2,769,274	(525,072)
<b>Total</b>	<b>\$ 106,908,299</b>	<b>\$ 62,854,227</b>	<b>\$ 44,054,072</b>

# LYNX Finance & Audit Committee Agenda

The funds are programmed to fund the following types of capital expenditures:

<b>BRT</b>	\$ 533,862	\$ 783,021	(249,159)	-31.8%
<b>Facilities</b>	5,714,875	5,999,648	(284,773)	-4.7%
<b>Passenger Amenities</b>	19,817,183	14,295,774	5,521,409	38.6%
<b>Security</b>	2,161,301	752,837	1,408,464	187.1%
<b>Support Equipment</b>	8,807,666	5,675,385	3,132,281	55.2%
<b>Technology</b>	3,864,452	3,849,072	15,380	0.4%
<b>Support Vehicles</b>	333,306	407,991	(74,685)	-18.3%
<b>Revenue Vehicles</b>	65,675,654	31,090,499	34,585,155	111.2%
<b>Total</b>	<b>\$ 106,908,299</b>	<b>\$ 62,854,227</b>	<b>\$ 44,054,072</b>	<b>70.1%</b>

Notes:

- 1) Vehicles include expansion and replacement vehicles for fixed-route, vanpool, paratransit services and support vehicles.
- 2) BRT includes the Orange and Grapefruit line capital activities, as well as, the FlexBus project.
- 3) Facilities include funds for LCS, LOC, Osceola, and LOC Expansion Projects.
- 4) Passenger amenities include shelters, transfer centers, solar power, benches, and trash receptacles.
- 5) Technology includes items to improve communication and information delivery such as copiers, network improvements, servers, software upgrades and real time information.
- 6) Security includes equipment to enhance security and surveillance.
- 7) Support equipment includes items such as mobile ticketing, fare payment on board validators, shop tools, furniture, and radios.

## SUMMARY:

The FY2019 Proposed Operating and Capital Budgets will be presented to the Oversight Committee and Board of Directors for final consideration and approval at the September 27, 2018 meetings.

# FY2019 Capital Budget (Final)

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Presented to the  
LYNX Board of Directors  
by Bert Francis  
Chief Financial Officer  
September 27, 2018

# Key Capital Budget Assumptions

- Enhance LYNX facilities
- Fare Collection Enhancements
- Fleet to support all service modes
- Passenger Amenities Program improvements
- Enhancement of security and surveillance systems
- Continued Technological Improvements

# FY2019 Capital Budget Overview

<b><u>Capital Contributions</u></b>	<b><u>FY2019 Preliminary Budget</u></b>	<b><u>FY2018 Amended Budget</u></b>	<b><u>% Change</u></b>
<b>Capital Contributions</b>	\$ 106,908,299	\$ 62,854,227	70.1%
<b>Capital Expenditures</b>	<u>106,908,299</u>	<u>62,854,227</u>	<u>70.1%</u>
<b>Total</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>N/A</u></u>



# FY2019 Capital Budget by Category

<b>Description</b>	<b>FY2019 Preliminary Budget</b>	<b>FY2018 Amended Budget</b>	<b>Dollar Amount Change</b>
<b>BRT</b>	\$ 533,862	\$ 783,021	(249,159)
<b>Facilities</b>	5,714,875	5,999,648	(284,773)
<b>Passenger Amenities</b>	19,817,183	14,295,774	5,521,409
<b>Security</b>	2,161,301	752,837	1,408,464
<b>Support Equipment</b>	8,807,666	5,675,385	3,132,281
<b>Technology</b>	3,864,452	3,849,072	15,380
<b>Support Vehicles</b>	333,306	407,991	(74,685)
<b>Revenue Vehicles</b>	65,675,654	31,090,499	34,585,155
<b>Total</b>	<b>\$ 106,908,299</b>	<b>\$ 62,854,227</b>	<b>\$ 44,054,072</b>

# FY2019 Capital Budget Contributions

<b>Capital Contributions</b>	<b>FY2019 Preliminary Budget</b>	<b>FY2018 Amended Budget</b>	<b>Dollar Amount Change</b>
<b>Federal</b>	\$ 104,307,669	\$ 59,011,369	\$ 45,296,300
<b>State</b>	356,428	1,073,584	(717,156)
<b>Local</b>	2,244,202	2,769,274	(525,072)
<b>Total</b>	<b>\$ 106,908,299</b>	<b>\$ 62,854,227</b>	<b>\$ 44,054,072</b>

# FY2019 Capital Budget - Calendar



Final Board Action

September 27

FY2019 Commences

October 1



# FY2019 Operating Budget (Final)

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Presented to the  
LYNX Board of Directors  
by Bert Francis  
Chief Financial Officer  
September 27, 2018

## Federal Funding:

- Increase current Preventative Maintenance Funding Level by \$1,000,000. FY2018 approved funding totaled \$8,794,752.

## Other Revenues:

- Utilize reserves to fund budget shortfalls.

# Proposed Expense Changes



## **Personnel Expenses:**

- Revised medical insurance program expenses (\$700,000)

## **Fixed Route, Paratransit, and NeighborLink Services:**

- Increase in Paratransit costs

## **Fuel Programs:**

- Stabilize fuel costs, as appropriate:
  - Fuel Hedging
  - Bio-diesel
  - Compressed Natural Gas
  - Revised fuel costs - added \$700,000

# FY2019 Operating Budget – Overview



<b>Summary</b>	<b>FY2019 Budget (Preliminary)</b>	<b>FY2018 Budget as Amended</b>	<b>% Change</b>
Operating Revenue	\$135,772,590	\$132,099,022	2.80%
Operating Expense	<u>\$142,371,411</u>	<u>\$136,190,742</u>	<u>4.50%</u>
Operating Income (Deficit)	<u><u>(\$6,598,821)</u></u>	<u><u>(\$4,091,720)</u></u>	<u><u>61.30%</u></u>

# FY2019 Operating Budget – Revenue



<b>Operating Revenue</b>	<b>FY2019 Budget (Preliminary)</b>	<b>Change</b>	<b>FY2019 Budget Revised</b>
Customer Fares	\$24,826,294	\$0	\$24,826,294
Contract Services	\$6,628,578	(\$160,344)	\$6,468,234
Advertising on Buses	\$2,200,000	\$0	\$2,200,000
Advertising - Trade	\$30,000	\$0	\$30,000
Interest & Other Income	\$1,157,660	\$225,000	\$1,382,660
Federal Revenue	\$18,372,985	\$950,470	\$19,323,455
State Revenue	\$14,226,714	(\$1,206,677)	\$13,020,037
Local Revenue	\$66,677,802	\$1,844,108	\$68,521,910
<b>Total Revenue</b>	<b>\$134,120,033</b>	<b>\$1,652,557</b>	<b>\$135,772,590</b>
<b>Reserve Requirement</b>	<b>\$1,726,465</b>	<b>\$4,872,356</b>	<b>\$6,598,821</b>
<b>Required Revenue</b>	<b>\$135,846,498</b>	<b>\$6,524,913</b>	<b>\$142,371,411</b>



# FY2019 Operating Budget – Expense



<b>Operating Expense</b>	<b>FY2019 Budget (Preliminary)</b>	<b>Change</b>	<b>FY2019 Budget Revised</b>
Salaries, Wages & Fringes	\$79,514,862	(\$700,000)	\$78,814,862
Other Services	\$11,248,188	\$500,923	\$11,749,111
Fuel	\$11,029,817	\$775,743	\$11,805,560
Materials & Supplies	\$7,843,304	\$6,515	\$7,849,819
Utilities	\$1,611,880	\$0	\$1,611,880
Casualty & Liability	\$2,224,751	\$0	\$2,224,751
Taxes & Tags	\$470,166	\$0	\$470,166
Purchased Transportation	\$20,214,223	\$5,941,732	\$26,155,955
Leases & Miscellaneous	\$1,629,544	\$0	\$1,629,544
Interest	\$59,763	\$0	\$59,763
<b>Total Expense</b>	<b>\$135,846,498</b>	<b>\$6,524,913</b>	<b>\$142,371,411</b>

# FY2019 Operating Budget – Revenue



<b>Operating Revenue</b>	<b>FY2019 Budget (Preliminary)</b>	<b>FY2018 Budget as Amended</b>	<b>Change</b>
Customer Fares	\$24,826,294	\$25,408,169	-2.30%
Contract Services	\$6,468,234	\$6,240,392	3.70%
Advertising on Buses	\$2,200,000	\$2,175,000	1.10%
Advertising - Trade	\$30,000	\$30,000	0.00%
Interest & Other Income	\$1,382,660	\$1,111,283	24.40%
Federal Revenue	\$19,323,455	\$18,056,585	7.00%
State Revenue	\$13,020,037	\$12,000,325	8.50%
Local Revenue	<u>\$68,521,910</u>	<u>\$67,077,268</u>	<u>2.20%</u>
 Total Revenue	 <u>\$135,772,590</u>	 <u>\$132,099,022</u>	 <u>2.80%</u>

# FY2019 Operating Budget – Expense



<b>Operating Expense</b>	<b>FY2019 Budget (Preliminary)</b>	<b>FY2018 Budget as Amended</b>	<b>% Change</b>
Salaries, Wages & Fringes	\$78,814,862	\$79,658,715	-1.10%
Other Services	\$11,749,111	\$12,042,475	-2.40%
Fuel	\$11,805,560	\$10,820,264	9.10%
Materials & Supplies	\$7,849,819	\$8,097,032	-3.10%
Utilities	\$1,611,880	\$1,558,424	3.40%
Casualty & Liability	\$2,224,751	\$2,353,031	-5.50%
Taxes & Tags	\$470,166	\$529,391	-11.20%
Purchased Transportation	\$26,155,955	\$19,614,332	33.40%
Leases & Miscellaneous	\$1,629,544	\$1,436,031	13.50%
Interest	\$59,763	\$81,047	-26.30%
Operating Income (Deficit)	<u>\$142,371,411</u>	<u>\$136,190,742</u>	<u>4.50%</u>

# FY2019 Regional Funding Model



Local Funding	FY2019 Budget (Preliminary)	FY2019 SR436 Study	FY2019 Funding Agreement (Preliminary)
<b>Operating:</b>			
Orange County	\$44,741,822	(\$90,034)	\$44,651,788
Osceola County	\$7,380,518		\$7,380,518
Seminole County	\$7,396,179	(\$211,626)	\$7,184,553
City of Orlando	\$4,213,969	(\$210,963)	\$4,003,006
City of Orlando - Lymmo	\$2,459,071		\$2,459,071
	<u>\$66,191,559</u>	<u>(\$512,623)</u>	<u>\$65,678,936</u>
 FDOT (SunRail Feeder Routes)	 \$1,507,449		 \$1,507,449
Altamonte Springs	\$120,900		\$120,900
City of Sanford	\$93,000		\$93,000
Lake County	\$273,912		\$273,912
Reedy Creek	\$335,090		\$335,090
	<u>\$2,330,351</u>	<u>\$0</u>	<u>\$2,330,351</u>
 <b>Total Operating Funding</b>	 <b>\$68,521,910</b>	 <b>(\$512,623)</b>	 <b>\$68,009,287</b>
 <b>Capital Contributions:</b>			
Orange County	\$1,779,414		\$1,779,414
Osceola County	\$246,024		\$246,024
Seminole County	\$218,764		\$218,764
	<u>\$2,244,202</u>	<u>\$0</u>	<u>\$2,244,202</u>
 <b>Total Local Funding</b>	 <b><u>\$70,766,112</u></b>	 <b><u>(\$512,623)</u></b>	 <b><u>\$70,253,489</u></b>



# FY2019 Funding vs FY2018 Funding



Local Funding	FY2019 Budget (Preliminary)	FY2019 SR436 Study	FY2019 Funding Agreement (Preliminary)	FY2018 Budget as Adopted	FY2018 SR436 Study	FY2018 Funding Agreement (Final)	Dollar Change	% Change
<b>Operating:</b>								
Orange County	\$44,741,822	(\$90,034)	\$44,651,788	\$43,266,413	(\$124,589)	\$43,141,824	\$1,509,964	3.5%
Osceola County	\$7,380,518		\$7,380,518	\$7,130,935		\$7,130,935	\$249,583	3.5%
Seminole County	\$7,396,179	(\$211,626)	\$7,184,553	\$7,249,404	(\$307,807)	\$6,941,597	\$242,956	3.5%
City of Orlando	\$4,213,969	(\$210,963)	\$4,003,006	\$4,399,737	(\$300,478)	\$4,099,259	-\$96,253	-2.3%
City of Orlando - Lymmo	\$2,459,071		\$2,459,071	\$2,607,482		\$2,607,482	-\$148,411	-5.7%
	<u>\$66,191,559</u>	<u>(\$512,623)</u>	<u>\$65,678,936</u>	<u>\$64,653,971</u>	<u>(\$732,874)</u>	<u>\$63,921,097</u>	<u>\$1,757,839</u>	<u>2.4%</u>
FDOT (SunRail Feeder Routes)	\$1,507,449		\$1,507,449	\$1,433,976		\$1,433,976	\$73,473	5.1%
Altamonte Springs	\$120,900		\$120,900	\$120,900		\$120,900	\$0	0.0%
City of Sanford	\$93,000		\$93,000	\$93,000		\$93,000	\$0	0.0%
Lake County	\$273,912		\$273,912	\$248,854		\$248,854	\$25,058	10.1%
Reedy Creek	\$335,090		\$335,090	\$297,115		\$297,115	\$37,975	12.8%
	<u>\$2,330,351</u>	<u>\$0</u>	<u>\$2,330,351</u>	<u>\$2,423,297</u>	<u>\$0</u>	<u>\$2,423,297</u>	<u>(\$92,946)</u>	<u>-3.8%</u>
<b>Total Operating Funding</b>	<b>\$68,521,910</b>	<b>(\$512,623)</b>	<b>\$68,009,287</b>	<b>\$67,077,268</b>	<b>(\$732,874)</b>	<b>\$66,344,394</b>	<b>\$1,664,893</b>	<b>2.2%</b>
<b>Capital Contributions:</b>								
Orange County	\$1,779,414		\$1,779,414	\$1,738,768		\$1,738,768	\$40,646	2.3%
Osceola County	\$246,024		\$246,024	\$237,704		\$237,704	\$8,320	3.5%
Seminole County	\$218,764		\$218,764	\$211,366		\$211,366	\$7,398	3.5%
	<u>\$2,244,202</u>	<u>\$0</u>	<u>\$2,244,202</u>	<u>\$2,187,838</u>	<u>\$0</u>	<u>\$2,187,838</u>	<u>\$56,364</u>	<u>2.6%</u>
<b>Total Local Funding</b>	<b>\$70,766,112</b>	<b>(\$512,623)</b>	<b>\$70,253,489</b>	<b>\$69,265,106</b>	<b>(\$732,874)</b>	<b>\$68,532,232</b>	<b>\$1,721,257</b>	<b>2.2%</b>

Maximum 3.5% increase over Prior Year for Orange, Osceola, and Seminole Counties.

# FY2019 Operating Budget – Summary



Summary	FY2019 Budget (Preliminary)	FY2018 Budget as Amended	% Change
Operating Revenue	\$135,772,590	\$132,099,022	2.80%
Reserve Requirement	<u>\$6,598,821</u>	<u>\$4,091,720</u>	<u>61.30%</u>
Total Revenue	\$142,371,411	\$136,190,742	4.50%
Total Expense	<u>\$142,371,411</u>	<u>\$136,190,742</u>	<u>4.50%</u>
Difference	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>0.00%</u></u>

# FY 2019 Operating Budget – Calendar



Finance & Audit Committee

September 25<sup>th</sup>

Final Oversight Committee and Board Action

September 27<sup>th</sup>

FY2019 Commences

October 1<sup>st</sup>

# FY2019 Operating Budget – Summary



LYNX staff will seek direction from the Oversight Committee and Board as we complete the FY2019 Operating Budget.



# LYNX Finance & Audit Committee Agenda

## Finance Committee Discussion Item #5.C.

**To:** LYNX Finance & Audit Committee

**From:** Albert Francis  
CHIEF FINANCIAL OFFICER  
LEONARD ANTMANN  
(Technical Contact)  
Kimberly Forbragd  
(Technical Contact)  
VIVIAN REVIS  
(Technical Contact)

**Phone:** 407.841.2279 ext: 6058

**Item Name:** Recap Presentation of FY2018 Reserve Status and Review of FY2019  
(Preliminary) Reserve Status through November 30, 2018.

**Date:** 1/10/2019

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LYNX' Reserve Policy is based on sound fiscal principles designed to allow LYNX to maintain continuation of operations in adverse conditions. The Reserve Policy is essential to maintain adequate levels of reserves to mitigate current and future risks such as revenue shortfalls, emergencies, natural disasters, and unanticipated expenditures.

At the September Committee meeting, it was discussed that due to Paratransit trips increasing by thirty percent, the FY2019 operating budget included the use of reserves for funding in the amount of \$6,598,821. This created a projected shortfall to the forty-five day reserve requirement of \$5,395,006. LYNX aggressively pursued the collection of Federal and State grant opportunities to eliminate this shortfall.

The FY2019 budget was based on current running rates for paratransit service. Trip demand is continuing to grow at a twenty percent pace, this will create additional ongoing shortfalls in funding. The following are discussion items for funding solutions:

1. Funding Partners provide additional funding (Break out Paratransit from other funding)  
Fund separately
2. Change Policies for PT to meet FTA's ADA standards – update eligibility requirements
3. Implement Phase II of mobility mgt. (1<sup>st</sup> / Last mile)
4. Bring Services in-house (\$1.5M savings per year)
5. New RFP for Paratransit
6. Transition customers to Fixed route
7. Preventative Maintenance Policy – How we utilize this pool of funding
8. Fare Increase
9. Dedicated Funding
10. Consider Block Grant

# LYNX Finance & Audit Committee Agenda

11. Amend the \$2.00 capital funding partner provision from per service mile to per capita

LYNX' Reserves are as follows:

- **Reserves for Operations (Cash Reserves)**

**\$17.9mm forty-five days, \$23.8mm sixty days, \$35.7mm ninety days**

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)**

**\$7,118,571 - 5% of FY2018 Adopted Operating Budget**

LYNX should establish a goal to maintain a contingency reserve at a not to exceed 5% 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.

- **Reserves for Capital Funds and Debt Service**

**\$942,951 (CNG bus lease), \$2,724,662 (Pine Hills Transfer Center), \$21,273 (Orlando Urban Trail), \$278,759 (Other Capital Projects)**

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**

**\$6,275,235 (Workers Compensation and General Liability Claims), \$1,700,000 (Medical Self Insured Surplus Assets) and \$1,570,432 Medical Insurance Claims)**

# LYNX Finance & Audit Cmmittee Agenda

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.

Florida Statue requires that a self-funded medical plan offered by a public entity maintain surplus assets equal to at least 60 days of claims either as assets in the plan or in the form of unencumbered surplus elsewhere in the organization to pay claims. These funds are in addition to the run out liability. As such, LYNX established a reserve equal to two months to support unanticipated increases in medical insurance expenses.

- **Reserves for Fuel Stabilization**

## **\$1,000,000 Budget 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 provide 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.

# LYNX Finance & Audit Committee Agenda

In summary, the reserves are as follows:

LYNX Reserves	45 days	60 days	90 days
Operations	\$17,850,000	\$23,800,000	\$35,700,000
Contingency -5%	7,118,571	7,118,571	7,118,571
Debt Service	0	0	0
Pine Hills Transit Center	2,724,662	2,724,662	2,724,662
Bus Shelters	28,759	28,759	28,759
Orlando Urban Trail Project	21,273	21,273	21,273
Other Capital Projects - CNG Bus State Rebate	250,000	250,000	250,000
Capital Bus Lease	942,951	942,951	942,951
Self-Insurance Programs			
General Liability	4,590,172	4,590,172	4,590,172
Worker's Compensation	1,119,963	1,119,963	1,119,963
Medical Claims - IBNR	565,100	565,100	565,100
State required – Medical self-insured surplus	1,700,000	1,700,000	1,700,000
60 days medical insurance claims	1,570,432	1,570,432	1,570,432
Compensated Absences	4,461,265	4,461,265	4,461,265
Fuel Stabilization	1,000,000	1,000,000	1,000,000
<b>Total Reserve Requirement</b>	<b>\$43,943,148</b>	<b>\$49,893,148</b>	<b>\$61,793,148</b>
FY2019 \$2 Capital Funding	(358,174)	(358,174)	(358,174)
FY2018 \$2 Capital Funding	(2,001,877)	(2,001,877)	(2,001,877)
Self-Insurance (Long-term)	(3,802,661)	(3,802,661)	(3,802,661)
SIB Loan – Federally Funded	0	0	0
Pine Hills Transfer Center	(2,724,662)	(2,724,662)	(2,724,662)
Bus Shelters	(28,759)	(28,759)	(28,759)
Orlando Urban Trail Project	(21,273)	(21,273)	(21,273)
Other Capital Projects - CNG Bus State Rebate	(250,000)	(250,000)	(250,000)
<b>Operating Reserve Fund Requirement</b>	<b>\$34,755,742</b>	<b>\$40,705,742</b>	<b>\$52,605,742</b>
Restricted Fund Balance	(7,153,612)	(7,153,612)	(7,153,612)
Unrestricted Fund Balance	(36,405,008)	(36,405,008)	(36,405,008)
FY2019 Budget - Use of Reserves	6,598,821	6,598,821	6,598,821
Unpaid Investment in Capital Assets	5,384,745	5,384,745	5,384,745
<b>Adjusted Net Position</b>	<b>(\$31,575,054)</b>	<b>(\$31,575,054)</b>	<b>(\$31,575,054)</b>
<b>FY2019 (Excess) Shortfall Cash Reserves</b>	<b>\$3,180,688</b>	<b>\$9,130,688</b>	<b>\$21,030,688</b>
Days of Reserve	41 Days		

# LYNX Finance & Audit Cmmittee Agenda

Third Payroll in November	2,477,253		
Delayed Osceola Payment	1,842,159		
<b>Adjusted FY2019 (Excess) Shortfall Cash Reserves</b>	(\$1,138,724)		
Adjusted Days of Reserve	46.5 Days		

# **LYNX' Reserves Update**

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Presented to the  
Finance & Audit Committee  
January 10, 2019

## Reserves for Operations (Cash Reserves)

- ✓ To be used for short term cash flow purposes, or to ensure adequate resources for operating purposes at the beginning of the fiscal year.
- ✓ Not to exceed forty-five to sixty days

## Reserves for Contingency (Emergencies)

- ✓ To be used in the case of a major storm or other unforeseen disaster.
- ✓ Not to exceed 5% of the total budget.
- ✓ 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.

# Policy Requirements

## Reserves for Capital Funds and Debt Service

- ✓ In the event that the operating reserve balance exceeds the amount set forth 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

- ✓ Annual actuarial study to ensure financial viability for Workers Compensation and General Liability Claims.
- ✓ Florida Statute requires that a self-funded medical plan offered by a public entity maintain surplus assets equal to at least 60 days of claims either as assets in the plan or in the form of unencumbered surplus elsewhere in the organization to pay claims. These funds are in addition to the run out liability.
- ✓ LYNX established a reserve equal to two months to support unanticipated increases in medical insurance expenses.

# Operating – Reserve Requirement



LYNX Reserves	45 Days	60 Days	90 Days
Operations	\$17,850,000	\$23,800,000	\$35,700,000
Contingency 5%	7, 118,571	7, 118,571	7, 118,571

# Capital – Reserve Requirement



LYNX Reserves	45 Days	60 Days	90 Days
Pine Hills Transit Center	\$2,724,662	\$2,724,662	\$2,724,662
Bus Shelters	28,759	28,759	28,759
Orlando Urban Trail Project	21,273	21,273	21,273
Other Capital Projects – CNG Bus State Rebate	250,000	250,000	250,000
Capital Bus Lease	942,951	942,951	942,951

# Statutory – Reserve Requirement



LYNX Reserves	45 Days	60 Days	90 Days
General Liability	\$4,590,172	\$4,590,172	\$4,590,172
Worker's Compensation	1,119,963	1,119,963	1,119,963
Medical Claims – IBNR	565,100	565,100	565,100
State Required – Medical self insured surplus	1,700,000	1,700,000	1,700,000

# Funding Policy – Reserve Requirement



LYNX Reserves	45 Days	60 Days	90 Days
60 Days Medical Insurance Claims	\$1,570,432	\$1,570,432	\$1,570,432
Compensated Absences	4,461,265	4,461,265	4,461,265
Fuel Stabilization	1,000,000	1,000,000	1,000,000

# Total Reserve Requirement



LYNX Reserves	45 Days	60 Days	90 Days
Operations	\$17,850,000	\$23,800,000	\$35,700,000
Contingency 5%	7,118,571	7,118,571	7,118,571
Pine Hills Transit Center	2,724,662	2,724,662	2,724,662
Bus Shelters	28,759	28,759	28,759
Orlando Urban Trail Project	21,273	21,273	21,273
Other Capital Projects – CNG Bus State Rebate	250,000	250,000	250,000
Capital Bus Lease	942,951	942,951	942,951
General Liability	4,590,172	4,590,172	4,590,172
Worker's Compensation	1,119,963	1,119,963	1,119,963
Medical Claims – IBNR	565,100	565,100	565,100
State Required – Medical self insured surplus	1,700,000	1,700,000	1,700,000
60 Days Medical Insurance Claims	1,570,432	1,570,432	1,570,432
Compensated Absences	4,461,265	4,461,265	4,461,265
Fuel Stabilization	1,000,000	1,000,000	1,000,000
<b>Total Reserve Requirement</b>	<b>\$43,943,148</b>	<b>\$49,893,148</b>	<b>\$61,793,148</b>

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# Operating – Capital Reserve Requirement



LYNX Reserves	45 Days	60 Days	90 Days
FY2019 \$2 Capital Funding	(358,174)	(358,174)	(358,174)
FY2018 \$2 Capital Funding	(2,001,877)	(2,001,877)	(2,001,877)
Pine Hills Transfer Center	(2,724,662)	(2,724,662)	(2,724,662)
Bus Shelters	(28,759)	(28,759)	(28,759)
Orlando Urban Trail Project	(21,273)	(21,273)	(21,273)
Other Capital Projects – CNG Bus State Rebate	(250,000)	(250,000)	(250,000)

# Operating – Statutory Requirement



LYNX Reserves	45 Days	60 Days	90 Days
Self-Insurance (Long-Term)	(3,802,661)	(3,802,661)	(3,802,661)





# Operating – Total Reserve Fund Requirement



LYNX Reserves	45 Days	60 Days	90 Days
<b>Total Reserve Requirement</b>	<b>\$43,943,148</b>	<b>\$49,893,148</b>	<b>\$61,793,148</b>
FY2019 \$2 Capital Funding	(358,174)	(358,174)	(358,174)
FY2018 \$2 Capital Funding	(2,001,877)	(2,001,877)	(2,001,877)
Pine Hills Transfer Center	(2,724,662)	(2,724,662)	(2,724,662)
Bus Shelters	(28,759)	(28,759)	(28,759)
Orlando Urban Trail Project	(21,273)	(21,273)	(21,273)
Other Capital Projects – CNG Bus State Rebate	(250,000)	(250,000)	(250,000)
Self-Insurance (Long-Term)	(3,802,661)	(3,802,661)	(3,802,661)
<b>Total Operating Reserve Requirement</b>	<b>\$34,755,742</b>	<b>\$40,705,742</b>	<b>\$52,605,742</b>

# Available Funds



LYNX Reserves	45 Days	60 Days	90 Days
Restricted Fund Balance	(7,153,612)	(7,153,612)	(7,153,612)
Unrestricted Fund Balance	(36,405,008)	(36,405,008)	(36,405,008)

# Existing Commitments



LYNX Reserves	45 Days	60 Days	90 Days
FY2019 Budget – Use of Reserves	6,598,821	6,598,821	6,598,821
Unpaid Investment in Capital Assets	5,384,745	5,384,745	5,384,745

# Net Position



LYNX Reserves	45 Days	60 Days	90 Days
<b>Total Operating Reserve Fund Requirement</b>	<b>\$34,755,742</b>	<b>\$40,705,742</b>	<b>\$52,605,742</b>
Restricted Fund Balance	(7,153,612)	(7,153,612)	(7,153,612)
Unrestricted Fund Balance	(36,405,008)	(36,405,008)	(36,405,008)
FY2019 Budget – Use of Reserves	6,598,821	6,598,821	6,598,821
Unpaid Investment in Capital Assets	5,384,745	5,384,745	5,384,745
<b>Adjusted Net Position</b>	<b>(\$31,575,054)</b>	<b>(\$31,575,054)</b>	<b>(\$31,575,054)</b>
<b>FY2019 (Excess) Shortfall Cash Reserves</b>	<b>\$3,180,688</b>	<b>\$9,130,688</b>	<b>\$21,030,688</b>

# Net Position



LYNX Reserves	
<b>FY2019 (Excess) Shortfall Cash Reserves</b>	<b>\$3,180,688</b>
<b>Days of Reserve</b>	<b>41 Days</b>
<b>Third Payroll in November</b>	<b>\$2,477,253</b>
<b>Delayed Osceola Payment</b>	<b>1,842,159</b>
<b>Adjusted FY2019 (Excess) Shortfall Cash Reserves</b>	<b>(\$1,138,724)</b>
<b>Adjusted Days of Reserve</b>	<b>46.5 Days</b>



# LYNX Finance & Audit Committee Agenda

## Finance Committee Discussion Item #5.D.

**To:** LYNX Finance & Audit Committee

**From:** Albert Francis  
CHIEF FINANCIAL OFFICER  
LEONARD ANTMANN  
(Technical Contact)  
Kimberly Forbragd  
(Technical Contact)  
VIVIAN REVIS  
(Technical Contact)

**Phone:** 407.841.2279 ext: 6058

**Item Name:** Discussion on the Regional Funding Model and Proposed Assumptions for FY2020 Operating Budget.

**Date:** 1/10/2019

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### **ACTION REQUESTED:**

LYNX Chief Financial Officer Bert Francis will lead a discussion on the Regional Funding Model and the proposed assumptions for FY2020.

### **BACKGROUND:**

Several years ago the LYNX Board of Director's adopted the Regional Funding Model as the agreed upon approach to allocate the cost of Fixed Route, ParaTransit, and NeighborLink service among the Funding Partners of Orange, Osceola, and Seminole Counties. The Regional Funding Model is based on the following assumptions:

- Fixed Route – Allocate “net” operating expense to the Funding Partners on the basis of Service hours *planned* in each county.
- ParaTransit – Allocate “net” operating expense to the Funding Partners on the basis of Complete Trips *planned* in each county.
- NeighborLink – Allocate “net” operating expense to the Funding Partners on the basis of Service Hours *planned* in each county.

Please note the above assumptions are based on *planned* results. This is necessary because the annual budget is prepared and adopted before the start of each fiscal year. The current Regional Model has no provision for true-up based on actual results versus planned results.

# LYNX Finance & Audit Committee Agenda

The Regional Funding Model also called for a capital contribution from each Funding Partner equal to the number of service hours in each county multiplied by \$2.00. This capital contribution is often used to meet local match requirements for Federal, State, and Local grant programs. In some years, the Capital Contribution was waived.

In the years of FY2015 through FY2019, LYNX Funding Partners requested that LYNX limit any request for increased funding to 3.5% over the prior year request. LYNX was able to honor this request by subsidizing the shortfall with Fund Balance.

LYNX is now at a point where the Fund Balance is insufficient to continue honoring the 3.5% cap requested by the Board of Directors. LYNX staff has identified several options to reduce expense and increase revenue. LYNX will seek guidance from the Board of Directors on how to mitigate the operating loss forecast for FY2019.

## **FISCAL IMPACT:**

LYNX has identified several revenue increasing/cost reduction possibilities to contain or reduce costs in FY2020:

1. Offer employee only (no spouses, no children, no families) health insurance coverage.  
Estimated savings: \$600,000 to \$1,000,100.
2. Align ParaTransit ADA and TD service with minimum Federal standards.  
Estimated savings: ??.
3. Adjust ParaTransit TD fares to align with ADA fares.  
Estimated additional revenue: \$335,000.
4. Consideration of a Fixed Route Fare Increase.  
Estimated additional revenue: \$564,000 to \$988,000.
5. Should non-Funding Partners be charged the Funding Partner rate?  
Estimated additional revenue: \$776,572.
6. Should Funding Partner Carve-outs share in increases year over year?  
Estimated additional revenue: \$147,592.
7. Reduce the use of Federal dollars for Preventative Maintenance.  
Estimated savings: \$1,000,000 to \$3,000,000.
8. Seek additional funding from State for Medicaid riders.  
Estimated income: ??.
9. Seek additional funding from State for Transportation Disadvantaged (TD) riders.

# LYNX Finance & Audit Cmmittee Agenda

10. Renegotiate the contract with MV Transportation for ParaTransit Services. (Shift more trips to lower cost TNCs.)
11. Bring ParaTransit transportation in-house. (Use no TNCs.)  
Estimated savings: \$1,000,000.
12. Continue aggressive fuel hedging to minimize fuel expense.
13. Aggressively pursue Rx rebates with our medical claims processor.



# Proposed FY2020 Budget Issues

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Presented to the  
Finance & Audit Committee  
by Bert Francis  
January 10, 2019

# Major Assumptions for FY2020



• Discontinued use of Reserves	\$6,600,000
• Revert Back to Original Preventative Maintenance Levels	3,000,000
• Salary Increases in Accordance with the CBA	4,000,000
• Other Increases	1,400,000
• Increases in Paratransit/Neighborlink Activity	3,000,000
• Reduction in Farebox	<u>3,000,000</u>
Total Potential Funding Shortfall	\$21,000,000

	FY2019 Funding Model Amount	FY2019 SR 436 Corridor Study	FY2019 Funding Agreement	
<b>Operating Funding</b>				
Orange County	\$44,741,822	(\$90,034)	\$44,651,788	75.4%
Osceola County	\$7,380,518	\$0	\$7,380,518	12.5%
Seminole County	\$7,396,179	(\$211,626)	\$7,184,553	12.1%
City of Orlando	\$4,213,969	(\$210,963)	\$4,003,006	
City of Orlando - LYMMO	\$2,459,071	\$0	\$2,459,071	
Subtotal	\$66,191,559	(\$512,623)	\$65,678,936	
FDOT (SunRail Feeder Routes)	\$1,507,449	\$0	\$1,507,449	
Altamonte Springs	\$120,900	\$0	\$120,900	
City of Sanford	\$93,000	\$0	\$93,000	
Lake County	\$273,912	\$0	\$273,912	
Reedy Creek	\$335,090	\$0	\$335,090	
Subtotal	\$2,330,351	\$0	\$2,330,351	
Subtotal Operating Funding	\$68,521,910	(\$512,623)	\$68,009,287	
<b>Capital Contributions</b>				
Orange County	\$1,779,414	\$0	\$1,779,414	
Osceola County	\$246,024	\$0	\$246,024	
Seminole County	\$218,764	\$0	\$218,764	
Subtotal	\$2,244,202	\$0	\$2,244,202	
Total Local Funds	\$70,766,112	(\$512,623)	\$70,253,489	

\*The FY2019 Funding Model included the use of reserves, additional revenues, and cost savings to reduce the local funding requirements to 3.5% increase.

# Major items for Consideration



- Offer employee only (no spouses, no children, no families) health insurance coverage.  
Estimated savings: \$600,000 to \$1,000,100.
- Align ParaTransit ADA and TD service with minimum Federal standards.  
Estimated savings: ??.
- Adjust ParaTransit TD fares to align with ADA fares.  
Estimated additional revenue: \$335,000.
- Consideration of a Fixed Route Fare Increase.  
Estimated additional revenue: \$564,000 to \$988,000.
- Should non-Funding Partners be charged the Funding Partner rate?  
Estimated additional revenue: \$776,572.

# Major items for Consideration



- Should Funding Partner Carve-outs share in increases year over year?  
Estimated additional revenue: \$147,592.
- Reduce the use of Federal dollars for Preventative Maintenance.  
Estimated savings: \$1,000,000 to \$3,000,000.
- Seek additional funding from State for Medicaid riders.  
Estimated income: ???
- Seek additional funding from State for Transportation Disadvantaged (TD) riders.

# Major items for Consideration



- Renegotiate the contract with MV Transportation for ParaTransit Services. (Shift more trips to lower cost TNCs.)
- Bring ParaTransit transportation in-house. (Use no TNCs.)  
Estimated savings: \$1,000,000.
- Continue aggressive fuel hedging to minimize fuel expense.
- Aggressively pursue Rx rebates with our medical claims processing.

# LYNX Finance & Audit Committee Agenda

## Finance Committee Action Item #6.A.

**To:** LYNX Finance & Audit Committee

**From:** Albert Francis  
CHIEF FINANCIAL OFFICER  
LEONARD ANTMANN  
(Technical Contact)  
Kimberly Forbragd  
(Technical Contact)  
VIVIAN REVIS  
(Technical Contact)

**Phone:** 407.841.2279 ext: 6058

**Item Name:** Recommendation to Amend Funding Partner Agreement with Seminole County for FY2019 for \$168,932.

**Date:** 1/10/2019

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### **ACTION REQUESTED:**

Staff is requesting the Finance Committee's recommendation for the Chief Executive Officer (CEO) or designee to amend the Funding Partner Agreement with Seminole County in the amount of \$168,932 for the provision of public transportation services corresponding with its respective funding contribution for the Fiscal Year 2019 Budget.

### **BACKGROUND:**

The Funding Partner Agreement with Seminole County for the Fiscal Year 2018 Budget contained an error in the calculation of the 3.5% increase from Fiscal Year 2017 Budget to Fiscal Year 2018 Budget. Specifically, the error applied the 3.5% increase to funds prepaid by Seminole County and held by LYNX for a traffic study on SR436. These funds should have been excluded from the 3.5% calculation. Seminole County has not requested a correction on the base amount for the Fiscal Year 2018 Budget.

The error was corrected in the calculation of the 3.5% limit on the increase from Fiscal Year 2018 Budget to Fiscal Year 2019 Budget. However the incorrect base from the Fiscal Year 2018 Budget was used as the starting point for the Fiscal Year 2018 Budget calculation. Seminole County has requested a correction on the base amount for the Fiscal Year 2019 Budget:

FY2019 Funding Partner Agreement	\$7,184,553
FY2019 Capital Contribution	\$218,764
Correction	<u>(\$168,932)</u>
FY2019 Funding Partner Agreement - Corrected	\$7,234,385

# LYNX Finance & Audit Cmmittee Agenda

For this reason an amendment is proposed for the Funding Partner Agreement to reflect correction of this error.

## **FISCAL IMPACT:**

Please reference the following **Exhibit “B”**, which shows the corrected amount due of \$7,234,385 for FY2019. LYNX Staff proposes to offset the shortfall in revenue with budget savings in operating expenses resulting from the fuel hedging program.



# Seminole County Transit Service Costs

## Exhibit B

Description of Appropriated Amount  
October 1, 2018 through September 30, 2019

### *Fixed Route Operating Costs*

<b>Link Services</b>	<b>Amount</b>
Link 1	\$187,356
Link 23	\$249,141
Link 34	\$795,692
Link 45	\$678,487
Link 102	\$593,676
Link 103	\$1,467,600
Link 434	\$1,008,219
Link 436N	\$1,504,070
Link 436S	\$671,693
Link 46E	\$510,081
Link 46W	\$155,892
	<b>\$7,821,907</b>

<b>Operating Cost Recoveries</b>	<b>Amount</b>
Estimated Farebox Recovery	(\$2,148,582)
SunRail Feeder Service	(\$407,635)
City of Sanford	(\$93,000)
City of Altamonte Springs	(\$120,900)
	<b>(\$2,770,117)</b>

**Net Fixed Route Cost** **\$5,051,790**

<b>NeighborLink Operating Costs</b>	<b>Amount</b>
NL 622	\$113,115
NL 651	\$169,104
	<b>\$282,219</b>

<b>ParaTransit Operating Costs</b>	<b>Amount</b>
Americans with Disabilities Act (ADA) Funds	\$2,280,297
Transportation Disadvantaged (TD) Funding	\$277,230
	<b>\$2,557,527</b>

<b><i>Capital Funding Cost</i></b>	<b>Amount</b>
\$2 per Hour Capital Funding	\$218,764
	<b>\$218,764</b>
<b>Total Operating Costs</b>	<b>\$8,110,300</b>
<b>Less: Lynx Contribution of Reserves</b>	<b>(\$875,915)</b>
<b>Net Funding Request from County</b>	<b>\$7,234,385</b>

<b><i>Other County Payments to Lynx</i></b>	<b>Amount</b>
SunRail Feeder Service	\$407,635
City of Sanford	\$93,000
City of Altamonte Springs	\$120,900
	<b>\$621,535</b>
<b>Total County Transit Service Cost</b>	<b>\$7,855,920</b>

***FY2019 Billing Schedule***

October-18	\$602,865
November-18	\$602,865
December-18	\$602,865
January-19	\$602,865
February-19	\$602,865
March-19	\$602,865
April-19	\$602,865
May-19	\$602,865
June-19	\$602,865
July-19	\$602,865
August-19	\$602,865
September-19	\$602,870
<b>Annual Funding Request from County</b>	<b>\$7,234,385</b>

# LYNX Finance & Audit Committee Agenda

## Finance Committee Action Item #6.B.

**To:** LYNX Finance & Audit Committee

**From:** Albert Francis  
CHIEF FINANCIAL OFFICER  
LEONARD ANTMANN  
(Technical Contact)  
Kimberly Forbragd  
(Technical Contact)  
VIVIAN REVIS  
(Technical Contact)

**Phone:** 407.841.2279 ext: 6058

**Item Name:** Recommendation to Amend Funding Partner Agreement with Orange County for FY2019 for \$72,514.

**Date:** 1/10/2019

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### **ACTION REQUESTED:**

Staff is requesting the Finance Committee's recommendation for the Chief Executive Officer (CEO) or designee to amend the Funding Partner Agreement with Orange County in the amount of \$72,514 for the provision of public transportation services corresponding with its respective funding contribution for the Fiscal Year 2019 Budget.

### **BACKGROUND:**

The Funding Partner Agreement with Orange County for the Fiscal Year 2018 Budget contained an error in the calculation of the 3.5% increase from Fiscal Year 2017 Budget to Fiscal Year 2018 Budget. Specifically, the error applied the 3.5% increase to funds prepaid by Orange County and held by LYNX for a traffic study on SR436. These funds should have been excluded from the 3.5% calculation. Orange County has not requested a correction on the base amount for the Fiscal Year 2018 Budget.

The error was corrected in the calculation of the 3.5% increase from Fiscal Year 2018 Budget to Fiscal Year 2019 Budget. However the incorrect base from the Fiscal Year 2018 Budget was used as the starting point for the Fiscal Year 2018 Budget calculation. Orange County has requested a correction on the base amount for the Fiscal Year 2019 Budget:

FY2019 Funding Partner Agreement	\$44,651,788
FY2019 Capital Contribution	\$1,779,414
Correction	(\$72,514)
FY2019 Funding Partner Agreement - Corrected	<u>\$46,358,688</u>

# LYNX Finance & Audit Cmmittee Agenda

For this reason an amendment is proposed for the Funding Partner Agreement to reflect correction of this error.

## **FISCAL IMPACT:**

Please reference the following **Exhibit “B”**, which shows the corrected amount due of \$46,358,688 for FY2019. LYNX Staff proposes to offset the shortfall in revenue with budget savings in operating expenses resulting from the fuel hedging program.

# Orange County Transit Service Costs

## Exhibit B

Description of Appropriated Amount  
October 1, 2018 through September 30, 2019

### *Fixed Route Operating Costs*

Link Services	Amount
Link 1	\$461,812
Link 3	\$1,005,145
Link 6	\$318,720
Link 7	\$786,467
Link 8	\$5,099,593
Link 9	\$774,954
Link 11	\$1,291,185
Link 13	\$1,145,090
Link 15	\$1,494,702
Link 18	\$729,187
Link 20	\$742,345
Link 21	\$2,385,860
Link 23	\$451,157
Link 24	\$319,435
Link 25	\$1,171,334
Link 28	\$1,163,754
Link 29	\$1,161,394
Link 36	\$1,006,360
Link 37	\$2,888,503
Link 38	\$722,466
Link 40	\$1,398,664
Link 42	\$2,662,603
Link 44	\$651,814
Link 48	\$1,180,273
Link 49	\$1,148,022
Link 50	\$2,555,410
Link 51	\$898,738
Link 54	\$531,319
Link 55	\$119,636
Link 56	\$614,271
Link 57	\$599,969
Link 58	\$277,745
Link 60	\$1,298,765
Link 61	\$1,158,677
Link 62	\$1,961,090

<b>Link Services</b>	<b>Amount</b>
Link 63	\$656,533
Link 102	\$1,716,312
Link 104	\$1,772,518
Link 105	\$1,679,984
Link 106	\$1,732,759
Link 107	\$1,902,595
Link 108	\$1,038,754
Link 111	\$1,218,745
Link 125	\$2,343,812
Link 210	\$77,231
Link 212	\$85,168
Link 300	\$79,948
Link 301	\$167,762
Link 302	\$170,909
Link 303	\$142,448
Link 304	\$157,894
Link 305	\$53,418
Link 306	\$97,325
Link 313	\$484,909
Link 319	\$1,144,232
Link 405	\$445,865
Link 407	\$53,990
Link 418	\$665,973
Link 434	\$45,838
Link 441	\$436,139
Link 443	\$889,584
Link 436N	\$448,654
Link 436S	\$1,737,192
	<b>\$63,622,950</b>

<b>Operating Cost Recoveries</b>	<b>Amount</b>
Estimated Farebox Recovery	(\$17,476,443)
SunRail Feeder Routes	(\$614,648)
Reedy Creek	(\$331,985)
Shingle Creek	(\$301,326)
City of Orlando	(\$4,003,006)
	<b>(\$22,727,408)</b>

**Net Fixed Route Cost** **\$40,895,542**

<b><i>NeighborLink Operating Costs</i></b>	<b>Amount</b>
NL 611	\$112,615
NL 612	\$115,815
NL 613	\$110,115
NL 621	\$113,015
NL 641	\$111,615
NL 652	\$63,413
	<b>\$626,588</b>

<b><i>ParaTransit Operating Costs</i></b>	<b>Amount</b>
Americans with Disabilities Act (ADA) Funding	\$7,952,404
Transportation Disadvantaged (TD) Funding	\$4,227,811
	<b>\$12,180,215</b>

<b><i>Capital Funding Cost</i></b>	<b>Amount</b>
\$2 per Hour Capital Funding	\$1,779,414
	<b>\$1,779,414</b>

<b>Total Operating Costs</b>	<b>\$55,481,759</b>
<b>Less: Lynx Contribution of Reserves</b>	<b>(\$9,123,071)</b>
<b>Net Funding Request from County</b>	<b>\$46,358,688</b>

<b><i>Other County Payments to Lynx</i></b>	<b>Amount</b>
Reedy Creek	\$297,115
Shingle Creek	\$125,383
City of Orlando	\$4,003,006
	<b>\$4,425,504</b>

<b>Total County Transit Service Cost</b>	<b>\$50,784,192</b>
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***FY2019 Billing Schedule***

October-18	\$3,863,224
November-18	\$3,863,224
December-18	\$3,863,224
January-19	\$3,863,224
February-19	\$3,863,224
March-19	\$3,863,224
April-19	\$3,863,224
May-19	\$3,863,224
June-19	\$3,863,224
July-19	\$3,863,224
August-19	\$3,863,224
September-19	\$3,863,224
<b>Annual Funding Request from County</b>	<b>\$46,358,688</b>



# LYNX Finance & Audit Committee Agenda

## Finance Committee Action Item #6.C.

**To:** LYNX Finance & Audit Committee

**From:** Albert Francis  
CHIEF FINANCIAL OFFICER  
**LEONARD ANTMANN**  
(Technical Contact)  
**Kimberly Forbragd**  
(Technical Contact)  
**VIVIAN REVIS**  
(Technical Contact)

**Phone:** 407.841.2279 ext: 6058

**Item Name:** Recommendation to Amend Bus Service Agreement No. 18-C144 with Lake County for \$25,058.

**Date:** 1/10/2019

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### **ACTION REQUESTED:**

Staff is requesting the Finance Committee's recommendation for the Chief Executive Officer (CEO) or designee to amend Bus Service Agreement No. 18-C144 with Lake County in the amount of \$25,058 for the provision of public transportation services corresponding with its respective funding contribution for the Fiscal Year 2019 Budget.

### **BACKGROUND:**

Bus Service Agreement No. 18-C144 with Lake County contained an error in service hours funded by Lake County:

FY2019 Bus Service Agreement - Original	\$273,912
Correction	(\$25,058)
FY2019 Bus Service Agreement - Corrected	<u>\$248,854</u>

For this reason an amendment is proposed for Bus Service Agreement No. 18-C144 to reflect correction of this error.

### **FISCAL IMPACT:**

Please reference the following **Exhibit "B"**, which shows the corrected amount due of \$248,854 for FY2019. LYNX Staff proposes to offset the shortfall in revenue with budget savings in operating expenses resulting from the fuel hedging program.

# Lake County Transit Service Costs

## Exhibit B

### Description of Appropriated Amount

October 1, 2018 through September 30, 2019

#### *Fixed Route Operating Costs*

Link Services	Amount
Link 55 - Polk County Portion	\$93,705
Link 55 - Lake County Portion	\$195,720
	<b>\$289,425</b>

Operating Cost Recoveries	Amount
Estimated Farebox Recovery	(\$40,571)
	<b>(\$40,571)</b>

Net Funding Request from County	<b>\$248,854</b>
	<b>\$0</b>

#### *FY2019 Billing Schedule*

October-18	\$20,738
November-18	\$20,738
December-18	\$20,738
January-19	\$20,738
February-19	\$20,738
March-19	\$20,738
April-19	\$20,738
May-19	\$20,738
June-19	\$20,738
July-19	\$20,738
August-19	\$20,738
September-19	\$20,736
Annual Funding Request from County	<b>\$248,854</b>